



The United Nations Global Compact

Annual COP (Communication on Progress), 2017

Participant: KMD Company Limited
Date of joining to the Global Compact: May 7, 2012

COP Time period: May 2016 to May 2017 (5th Anniversary COP)
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Statement of continued support by the Chief Executive Officer (CEO)

To our stakeholders,

Last year 2016 was the 30th anniversary year for KMD (established since 1986), and this year is our 5th year of joining to the UN Global Compact. We got aware that the United Nations has launched a ground-breaking set of global 17 Sustainable Development Goals (SDGs) for 2016 – 2030 as the future development framework while the era of the Millennium Development Goals (MDGs) for 2000 – 2015 had expired in 2015.

We KMD accept the fact that, Sustainable Development Goals (SDGs) meant to transform our World by providing an historic opportunity to unite all global stakeholders to end extreme poverty, fight inequality and injustice, and protect our planet, and UN Global Compact activates companies globally to advance the SDGs through their operations, innovations and partnerships.

KMD had joined the UN Global Compact since May, 2012, to support the 10 universally- accepted principles in the areas of *Human Rights, Labour, Environment* and *Anti-corruption*, by believing the fact that these principles will bring the World to be better and safer living World.

We will continue maintaining the standard practices we have achieved for last 30 years while we will keep continuing our best to blend the Global Compact & its 10 principles into our business strategies, plans, practices, ethics, behaviors, cultures and to our day-to-day operations and activities.

From 2017 and beyond, we will continue to study the 17 SDGs in order to realize that which Goals are mostly relevant and applicable to our business, which Goals are feasible and achievable for us, and we will try to define our priorities based on an assessment of our positive, open-minded exploration and its potential impacts & consequences of the SDGs across our value chains. By aligning our company goals with these SDGs, we can demonstrate our commitment of sustainable development.

We believe that, by integrating sustainability considerations across the value chain, companies can protect and create value for themselves such as increasing sales, developing new market segments, strengthening the brand, improving operational efficiency, stimulating product innovation and reducing employee turnover.

We are pleased to share this information with our stakeholders, using our channels of communication through KMD website and annual report.

Your Sincerely,
Mr. Ronald Shwe, CEO, KMD Company Limited

Description of practical actions of the 4 issue areas (Human Rights, Labour, Environment, Anti-corruption)

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Assessment, policy and goals

KMD believe that all 30 Articles mentioned in the Universal Declaration of Human Rights are the common standard of achievement for all peoples and all nations. Common understanding of these rights and freedoms are the greatest importance and realization of this pledge.

Our Policies and Goals include:

1. To require our employees, business partners, suppliers, and our customers to understand, respect, support, and adhere to the principles of Universal Declaration of Human rights.
2. To address Human Rights risk, discover incidents of Human Rights abuse within the company and to act upon the Human Rights related issues.

Implementation

During 2016, awareness explanation has been given to every newcomer employees about the importance of the UN Global Compact and the company's participation.

We continue to keep ourselves in our operations that we are not complicit in human rights abuses or not conflicted with the Universal Declaration of Human Rights.

Keeping in the mind that Social Responsibility is the part of the company's responsibilities, CSR (Corporate Social Responsibility) related several activities such as blood donation activities (3 times per year), donations to elder people, contributions to schools, Museum, monasteries, donations for religious events and traditional fairs have been continued by the leading affords of top management and senior management group during 2016.



Blood donation activity lead by Ms. Tyn Tyn Aye - the President of KMD in 2016



Blood donation activity lead by the President of KMD 2016



Blood donation activity participated by employees of KMD 2016



Donation activity to elder people, by Management of KMD 2016



Care to elder people, arranged by KMD 2016

During 2017 – 2018,

1. Awareness training session will be given to all relevant level of employees within the company to raise the awareness on 30 Articles mentioned in the Universal Declaration of Human Rights.
2. Suggestion system such as suggestion box, email complaint system will be continued in each location for employees to submit their complaints and/or issues with regards to unfair treatment or abuses of Human Rights. These complaints will be reviewed by HR department, senior management group and will take actions.
3. Effectiveness of suggestion system, and resolution on Human Rights abuses will be reviewed and updated within the company.
4. Human resources, and other policies and procedures relating to Human Rights will be reviewed and updated.
5. Consultation with stakeholders will be made regarding Human Rights policy and implementation.
6. CSR (Corporate Social Responsibility) related activities will be continued every year.

During 2018 – 2020,

1. Human Rights related concerns will be kept discovered, resolved and protected.
2. Further advanced consultations with stakeholders will be arranged that are based on seriousness regarding Human Rights policy, implementation, concerns, and resolutions.
3. CSR (Corporate Social Responsibility) related activities will be continued.

Measurement of outcomes

During our 5th year (2016 – 2017), we have no significant cases of human rights violations, and we keep ourselves that we are not complicit in any of human rights abuses.

For upcoming years, we will continue measuring our progresses by:

- Reviewing our implementation results by senior management
- Internal audits of Human Rights performance
- Consultation with stakeholders
- Continued investigations of incidents of Human Rights abuses within the company
- Resolutions of Human Rights related issues within the company



Blood donation activity with staff members of KMD 2016



Religious affair activity by KMD 2016



Religious affair activity lead by top management group of KMD 2015



Donation to History Museum, by Management of KMD 2016

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory Labour;

Principle 5:

the effective abolition of child Labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Assessment, policy and goals

We KMD believe that UN Global Compact's 4 principles on Labour reflects the International Labour Organization's Fundamental Conventions, and the ILO Declaration on Fundamental Principles and Rights at Work, adopted in June 1998, highlights this set of core Labour principles endorsed by the international community. The Declaration covers 4 main areas.

Our Policy and Goals include:

1. To require our employees and our business partners to understand, to respect, to support, and to adhere to the 4 principles on Labour.
2. To monitor and resolve Labour-related risks within the company.
3. To periodically review and promote human resource development.
4. To periodically review and promote employee welfare policies, allowances, bonuses and employee benefits.

Implementation

During 2016,

1. Awareness explanation has been given to every newcomer employees about the importance of the UN Global Compact and the company's participation.
2. As a part of human resource development, numerous numbers of internal trainings such as Sales & Mobiles products trainings, Sales & Mobiles services trainings, new and updated ICT courses trainings, marketing & management trainings, orientation trainings for fresh employees, quality control trainings, etc. have been given. Overseas external trainings include attending overseas seminars,

exhibition tours, and product trainings.

3. As a part of staff social welfare program, holidays & vacation, salary increments, performance allowance and bonus, loans without interest, seasonal religious ceremony events, annual dinner, and other activities have been done as usual.

4. Scholarships for employees to earn ICT related degree, diploma, certificate have been offered, and discount & grant program were allowed for employees to attend KMD's ICT courses.

5. Staff performance awards were honored at KMD Annual party. Other awards include Lecture notes preparation awards, franchise centre performance awards, sales centre performance award, etc.

During 2017 – 2018,

1. Awareness training sessions will be continued for relevant level of employees within the company to raise the awareness of 4 principles on Labour.

2. Human Resource policies and procedures within the company supporting the Labour principles will be reviewed and updated.

3. Labour-related issues will be assessed and monitored within the company.

4. Safety supports for Labour such as First-aid box and accident log-book are planned to locate at work and offices. Security guards have been employed for safety and security at work and offices.

5. Suggestion system such as suggestion box, email complaint system will be continued in each location for employees to submit their complaints and/or issues with regards to unfair treatment or abuses of Labour. These complaints will be reviewed by top management and will be discussed promptly.

6. Effectiveness of suggestion system, and resolution on Labour related issues will be reviewed and updated within the company.

7. Labour Rights related knowledge will be shared to our business partners and suppliers to understand, to respect, and to support 4 principles on Labour.

8. Consultation with stakeholders will be made regarding Labour related policy, issues, and resolutions.

During 2018 – 2020,

1. Labour-related risks will be continuously monitored and prevented before they happen seriously.

2. Further advanced consultations with stakeholders will be made, based on seriousness regarding Labour related policies, risks, concerns, and resolutions.

3. Labour and human resources related policies will be reviewed and updated.

Measurement of outcomes

So far as of 2017, KMD has no known cases of discrimination in respect of hiring and employment practices whether those are based on race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion, and there is no abuse of Child Labour.

It treats all its employees with dignity and respect, and not using corporal punishment or threats of violence or other physical or mental abuse.

Management of KMD always promotes human resources development and staff welfare policies.

For upcoming years, we will keep our progresses by:

- Reviewing our policy, goals and implementation relating to Labour principles and Human Resource development
- Keeping conforming to 4 principles on Labour
- Internal audits of Human Resource and performance
- Consultation with stakeholders
- Investigations of incidents of Labour abuses within the company
- Resolutions of Labour related issues within the company



Staff Performance Award offered by Ms. Tyn Tyn Aye - the President of KMD



Staff Performance Award offered by CEO



Mr. Thaung Tin - Founder & Chairman of KMD Group of Companies given the speech at KMD Annual Dinner. January 2017

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals

KMD recognizes the benefit, usefulness, and need of environmentally friendly technologies in 21st century and beyond. We hope that, global 17 Sustainable Development Goals (SDGs) for 2016 – 2030 will protect our planet and transform our World to better, healthy and resourceful World.

Being an IT Education Training company, and IT & Mobile products sales company, the nature of our operations makes us no direct, significant bad impact on environment, or negative impact on environment was relatively very small.

KMD always tries to provide its employees with safe and healthy workplace. And ensure reasonable access to drinkable water and sanitary facilities, adequate lighting, ventilation, and fire safety, while protecting the natural nature of environment.

Our Policy guidelines include:

1. To maintain the environment clean & healthy, safety, and enjoyable.
2. To prevent accidents and cases of work-related ill health in working environment, and provide adequate control of health and safety risks arising from work activities.
3. To implement emergency procedures such as evacuation in case of fire or other significant incident at working environment.
4. To monitor safe and healthy working conditions.
5. To provide necessary training to ensure that employees are competent to do work at their working environment.
6. To reduce energy usage, to use renewable energy and recycled paper, to implement efficient consumption of natural resources, and to protect the environment.



Neat & clean environment of KMD shopping mall, downtown Yangon

Implementation

Over the past years,

1. KMD made its working environment and shopping areas of Sales centre clean, neat & tidy, safe, and enjoyable places. Energy saving LED lights had been deployed. Re-cycled papers were used. LCD monitors had been totally deployed in place of CRT monitors, and energy efficient Air-Cons were used.
2. As usual, all working areas were well lit including stairs or dark

areas. Cleaner staffs kept working areas & shopping areas clean daily. Toilets were cleaned daily. Purified, drinkable waters were provided at work places for easy access.

For upcoming years 2017 - 2020,

1. We will continue to give awareness raising trainings to all employees on environmental protection.
2. We will promote to reduce waste materials and consumption of resources (energy, fuels, water, electricity, paper, packaging, etc.)
3. We will participate in activities that are aimed at improving the energy efficiency of products, services and processes.
4. We will use environmentally friendly technologies.
5. We will raise awareness among suppliers by asking them for environmental safety data on their products.
6. We will study environmental management systems & procedures for evaluating the progress, minimizing negative impacts on environment, and transferring good practices.



Keeping the KMD Institute training premises clean and green

Measurement of outcomes

So far as of 2017, KMD has no known cases of legal cases or fines that are related to environmental principles. Costs on electricity power consumption are reduced after deploying energy saving LED lights, and LCD monitors in place of old CRT monitors. Environmentally hazarded waste materials were not produced.

For upcoming years, KMD will try its best to comply with applicable environmental laws, regulations and standards, as well as implement an effective system to identify and eliminate potential hazards to the environment. KMD will continue to deploy efficient use of energy, renewable energy, and prevent waste materials output, and protect the natural resources and green environment.



Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, policy and goals

We KMD believe that, from the ethical point of view, corruption is a violation of vital principles of social and economic life. For business companies, corruption creates unfair conditions for trade and finance. We appreciate the initiative effort of the United Nations Convention against Corruption (UNCAC) which came into force in December 2005.

KMD will not tolerate or in any way be involved in any form of corruption or bribery, including any kind of illegal payment offer or similar benefit to administrative officials, in order to influence decision-making.

KMD will undertake that, none of its employees or managers will offer, pay, promise, authorize or give anything of value to any employee or manager for purposes of obtaining or retaining favors or any improper advantages.

Within the company, KMD has policies towards corruption, bribery and extortion:

1. Not to give and take any form of bribery among employees.
2. Not to give any form of bribery to management levels.
3. Not to accept any form of bribery from customers, suppliers, and business partners.
4. To obey applicable local and regional legal laws.
5. To respect international legal frameworks against corruption.

Implementation

Over the past years, internal and external checks & balances system over the business transactions were audited by internal audits, external audits, finance, administration and HR department, in order to detect and minimize anti-corruption risks and to respond appropriate actions to incidents.

For upcoming years 2017 - 2020,

1. We will communicate to all employees to follow on the anti-corruption commitment.
2. Internal and external checks & balances system over the business transactions will be kept audited, maintained, and controlled by internal audits, external audits, finance, administration and HR department.
3. Appropriate actions will be taken against to incidents.
4. Our policies and implementations towards corruption, bribery and extortion will be reviewed and amended, based on priority and requirement.

Measurement of outcomes

KMD has not been involved in any legal cases with its business suppliers, partners, related to corruption and bribery. Because of regular and compulsory auditing system practiced within the company, corruption risks were almost minimized or non-existed.

For upcoming years, KMD will continue to keep its commitment to be in compliance with its policies, applicable regional laws, regulations and standards; as well as implement an effective system



to identify and eliminate hazards of corruption, bribery and extortion; and all its outcomes will be periodically measured, reviewed, and necessary actions will be further carried out against the problems.



Religious event by KMD on Full Moon day, March 2017



Dance performance by KMD employees at KMD Annual Dinner. January 2017



Dance performance by KMD senior management group at KMD Annual Dinner. January 2017