

**U.S. Government Annual Report For Responsible Investment in Burma  
Clipper Holdings Incorporated  
Public Report**

Via Email

July 1, 2016

U.S. Department of State  
2201 C Street NW  
Washington, DC 20520  
[BurmaUSGReport@state.gov](mailto:BurmaUSGReport@state.gov)

Re: Report on Responsible Investment in Burma

To Whom It May Concern:

Clipper Holdings Limited ("Clipper"), on behalf of its subsidiaries in Burma, both jointly and wholly owned, hereby submits the enclosed Report on Responsible Investment in Burma, pursuant to the U.S. Department of the Treasury, Office of Foreign Assets Control Burmese Sanctions Regulations General License No. 17 and the U.S. Department of State's "Reporting Requirements on Responsible Investment in Burma" issued on May 23, 2013. Clipper operations in Burma include the supply of goods and services, as well as the operation of food and beverage franchises. Certain aspects of our operations in Burma may be construed as "new investment" in Burma as defined by 31 C.F.R. §537.311.

Clipper operations in Burma are managed in accordance with the U.S. Department of the Treasury, Office of Foreign Assets Control Burmese Sanctions Regulations General License No. 17.

If you have any questions regarding this matter, please contact Christopher Ladd Heffner, Vice President, Business Development and New Markets, at [kit.heffner@rmagroup.net](mailto:kit.heffner@rmagroup.net).

Sincerely,



Christopher Ladd Heffner  
Clipper Holdings Limited  
Vice President, Business Development and New Markets

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**Reporting Questions**

**1. Name:**

Clipper Holdings Ltd.

**2. Acknowledgement**

By signing this report, Clipper Holdings Limited acknowledges that the Public Report will be made public. No information included in items 1 through 8 of this report is exempt from public disclosure under FOIA Exemption 4. As such, no redactions have been made to items 1 through 8.

**3. Point of Contact**

Christopher Ladd Heffner  
Vice President – Business Development and New Markets  
Clipper Holdings Limited  
36/F, Tower Two, Times Square  
1 Matheson Street, Causeway Bay, Hong Kong  
Phone: +662 762 8500  
Email: Kit.Heffner@rmagroup.net

**4. Overview of Operations in Burma:**

**a. Clipper Holdings Limited operates in Burma through several wholly-owned and jointly owned subsidiaries, including:**

- i. RMA Services Company Limited
- ii. Automotive Services Limited
- iii. Comin Asia Limited
- iv. Express Food Group (Myanmar) Limited
- v. Jasia Logistics (Myanmar) Company Limited

**b. Nature of Business in Burma**

Clipper, through its wholly owned and jointly owned subsidiaries, is a provider of automobiles, heavy equipment, agricultural equipment, mechanical, engineering,

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power generation, warehousing, inventory management and food and beverage services in Burma. RMA Services Company Limited provides heavy equipment and power solutions to businesses and non-governmental organizations; Automotive Services Limited provides automotive and agricultural solutions for private and commercial use throughout the country; Comin Asia Limited offers mechanical, engineering and power services primarily to commercial businesses and municipalities; Express Food Group (Myanmar) Limited operates food and beverage franchises; and Jasia Logistics (Myanmar) Company Limited provides warehousing and inventory management services, as well as food processing line services to the Yangon region .

**c. Location(s) of operations in Burma:**

Please see table below of locations of Clipper offices in Burma:

Head Office	RMA Services and Comin Asia	Yangon	No. 37, Kabar Aye Pagoda Road, Inya Lake, Mayangone Township, Yangon
Sales & Service Center	RMA Services	Mandalay	No. 517, Oo Paing No. 11/148, Ayar Taw Ward, PyiGyi Tagon Township, Mandalay
Warehouse & Service Facility	RMA Services	Yangon	1196, Myintawthar Street, Ward (7), Thaketa Township, Yangon
Sales Office	RMA Services	Mawlamyine	No. 55/3, Myoshaung Road, Myaynigone Ward, Mawlamyine
Sales Office	RMA Services	Taunggyi	No. 3, Nya/57 West Circular Town Road, Nyaung Phyu Sakhon Qtr, Taunggyi
Sales Office	RMA Services	Myitkyina	NO.GD-77, Sitapur ward, Munkharain street, Gindaing area,

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			Myitkyina
Head Office	Express Food Group (Myanmar)	Yangon	No 2, Corner of Kantkaw Lane & 3rd Sabai lane Mingalar City Housing Tamwe Township
Head Office and Yangon Showroom	Automotive Services Limited	Yangon	No. 3 Insein Road, Hlaing Township
Mandalay Showroom	Automotive Services Limited	Mandalay	No.59-55, Corner of 78th St & 10th Street Kyawe, Sae Kan Street Pyigidagaw Township
Agricultural Equipment Showroom	Automotive Services Limited	Yangon	Block No.99, Min Gyi Mahar Min Khaung Street, Shwe Than Lwin Industrial Park, Zone 4, Hlaing Thayar Township
Logistics Office	Jasia Logistics (Myanmar)	Yangon	No. 22, Kaba Aye Pagoda Road, Bahan Township
The Pizza Company & Swensen's Stores	Express Food Group (Myanmar)	Yangon	262/264, Pyay Road, San Chaung Township
The Pizza Company & Swensen's Stores	Express Food Group (Myanmar)	Yangon	No. 120, Corner of Shwe Gone Daing St & Banyardala St, Bahan Township
Swensen's Store	Express Food Group (Myanmar)	Yangon	No. 105, Corner of Lann Thit Street and A Naw Ya Htar Road, Lanmadaw Township
The Pizza Company & Swensen's Stores	Express Food Group (Myanmar)	Yangon	No. 192, Kaba Aye Pagoda Road, Bahan Township

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- d. **Approximate maximum number of employees in Burma during the reporting period (broken down by Burmese and non-Burmese employees).**

As of the date of this Report, Clipper employed approximately 570 people in Burma. 94% of our workforce is Burmese. Approximately 38% of Clipper employees in Burma are female and 62% are male.

**5. Human Rights, Worker Rights, Anti-Corruption, and Environmental Policies and Procedures:**

- a. **Due diligence policies and procedures (including those related to risk and impact assessments) that address operational impacts on human rights, worker rights, and/or the environment in Burma**

All Clipper subsidiaries are required to comply with the human rights, worker rights and environmental policies of Clipper.

Through its various subsidiaries, Clipper represents several world-renowned brands whose products or services Clipper provides to the Burmese market. Clipper subsidiaries are required to comply with all human rights, worker rights and environmental policies set by its franchisors regardless of where the franchise is located.

Local partners and suppliers are expected to comply with the same policies as Clipper and its subsidiaries. We (Clipper) conduct thorough due diligence before contracting with a local company to ensure it meets the standards of both Clipper and the franchisor.

In addition to being vetted personally and with the business community for compliance with Clipper's ethical and reputational standards, all potential partners are checked against the U.S. Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons List and screened for Politically Exposed Person status.

- b. **Policies and procedures that address anti-corruption in Burma**

Clipper is an active participant and supporter of the United Nations Global Compact and is dedicated to operating a strict zero-tolerance policy towards bribery and corruption in all forms and in all countries. Clipper is committed to complying

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with anti-bribery and anti-corruption laws, including but not limited to the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

Clipper requires all employees to complete training in anti-corruption and anti-bribery on an annual basis, in their local language.

Our anti-corruption and anti-bribery policies are reviewed on an annual basis and updated if necessary.

**c. Policies and procedures that address community and stakeholder engagement in Burma**

A core mission of Clipper is to create sustained value for our customers, our employees and the communities and societies in which we operate. We do this through investing in several spheres: our employees, our community, and our customers.

**Our community:**

Since beginning operations in Burma, we have set up six offices and seven stores in Yangon, as well as two offices in Mandalay and three additional sales offices in Taunggyi, Myitkyina and Mawlamyine. By the end of 2016, we expect to open additional locations across the country. We make a priority of investing in the quality and infrastructure of our offices and stores, so that they will be a positive addition to the community in which they reside. Whenever practical, we hire employees for a new office or store from the surrounding area – creating jobs and opportunity for the local workforce. Since 2013, we have created almost 600 jobs locally and anticipate adding additional jobs for locals in the next year. To further invest in the community, we have partnered with a local education non-profit to build schools in Burma. In 2014, we funded the construction of a new education center for the children who live and study at the Aung Zayar Min Monastery outside Yangon. In 2015, we built three separate educational facilities to meet the needs of almost 1,000 local students. In 2016, we will be completing a school for 550 students in Kayin State and have already pledged our support for another school building in Yangon to be built later this year. Our agricultural team regularly hosts lectures at the local Agricultural University in Yangon to teach new cultivation practices to students in an effort to improve the productivity of farming in Burma. Additionally, our heavy equipment division has partnered with the Daw Khin Kyi foundation on a project to increase rural connectivity in Burma. We plan to continue our investment

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**Our employees:**

Clipper has made quality education for our workforce a primary mission of our operations in Burma. We have hired two full-time training managers with almost 50 years of training experience combined and anticipate hiring additional staff dedicated to training. We also have highly experienced technicians based in both Mandalay and Yangon to advise our staff on technical matters and training. All employees receive intensive training upon joining our Burma businesses and continue to receive training during the course of their employment. We invest heavily in making sure that our employees receive a standard of training comparable to that provided by Clipper subsidiaries and franchisees elsewhere in the world. We frequently send local employees for week or month long training sessions at our facilities in Thailand and to courses in Dubai and Singapore; additionally, we regularly bring in international experts to lead training sessions at our facilities in Burma. Many of our staff employed by our franchisee companies receive training from the franchisor, which may send trainers to Burma for months at a time. Our goal is to equip employees with the skillset necessary to operate successfully in an international company, such as Clipper. We offer free English language training, with bi-weekly sessions held at our offices. Furthermore, if any of our employees wish to undertake additional training or education, we happily accommodate the hours from their normal working week. Across our entities in Clipper, we increased our annual training budget again for 2016, anticipating an increase in training provided to employees in Burma. We take pride in our track-record of being able to achieve the same high standard of operations across all of our markets, including Burma, and frequently offer opportunities to employees to work for Clipper subsidiaries in other parts of the world. We also take pride in our high rate of internal promotion as employees grow with the Company: approximately 20% of our employees in Burma have been promoted at least once within the organization. If our local employees should choose to leave Clipper at some point, they will be able to compete effectively in the international labor market.

Clipper's commitment to an international standard of excellence extends to its health and safety policies as well. We expect all Clipper subsidiaries, in any country of operation, to meet the same high level of health and safety standards. We issue free safety equipment to all employees who engage in physical labor and have hired a full-time health and safety manager with more than 20 years of experience in the field. This year, Clipper partnered with the Red Cross in Burma to provide onsite training to employees across the Group. In 2016, Clipper also began the process of

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obtaining our Occupational Health and Safety Management Systems (OHSAS) 18001 certification, which we expect to finalize by the end of the year.

Clipper is eager to stay ahead of the rapidly changing Burmese labor market. We engaged an external consultant to make an extensive investigation into local compensation packages to ensure that we offer our employees competitive pay. We offer incentive pay and annual bonuses to promote employee involvement in the performance of our company. Clipper also looks for non-financial ways to reward its staff. For example, we have taken all employees on a two-day long staff retreat with all expenses paid by the Company, an annual staff celebration recognizing staff milestones. We also throw monthly birthday and offices parties. Furthermore, we arranged bank accounts and debit cards for all employees; for almost all of these employees, these were their first bank accounts.

**Our customers:**

Clipper is committed, not only to the safety of its employees, but also to the safety of its customers. We have engaged in several initiatives to promote the safety of customers in our automotive and heavy equipment subsidiaries. In 2014, we participated in a countrywide road safety campaign disseminated through radio, TV and billboard advertisements. In 2015, our heavy equipment subsidiary trained over 600 customers in the safe use of the machines we sell. Our automotive division is an active participant in Ford Motor Company's Driving Skills For Life (DSFL) campaign. This year, we hosted 3 separate workshops for nearly 600 customers throughout the country aimed at raising awareness of safe driving techniques and driver safety. The program includes comprehensive classroom training, as well as hands-on driving sessions and it is free to attend. Our automotive division participated in a public-private sector national road safety conference, hosted by the Department of Road Traffic Authority. The agenda of the conference was to devise a strategy to educate school-aged children about road safety in Burma.

- d. Policies and procedures that address hearing grievances from employees and local communities, including whether grievance processes provide access to remedies, and how employees and local communities in Burma are made aware of said processes**

It is Company policy to never retaliate against an employee who, in good faith, reports a grievance. During initial employee training and again during the

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course of annually required compliance training, employees receive instruction on whom to contact concerning any grievances.

- e. Global corporate social responsibility policies, including those that address human rights, sustainability, worker rights, anti-corruption, and/or the environment**

**Human Rights and Worker Rights:**

We are dedicated to providing a work environment that is free from any form of discrimination or harassment particularly on the basis of race, religion, color, sex, nationality/ethnicity, citizenship status, age, genetic characteristics, sexual orientation, mental or physical disability. Harassment, bullying, vilification, coercion, threats or unwelcomed advances will not be tolerated.

Clipper expects that all employees will be treated with respect. Corporal punishment, threats of violence, or other forms of physical coercion or harassment are not acceptable. The use of child labor or human trafficking and forced labor are also absolutely prohibited. In addition, all rules related to wages and benefits will be met or exceeded. Managing occupational safety and health is an integral part of our work process, including taking a proactive approach to dealing with potential hazards and quick, effective responses to emergencies or incidents resulting from our operations.

**Anti-Corruption:**

Clipper, as an active participant and a supporter of the United Nations Global Compact, is committed to operating a strict zero tolerance policy towards bribery and corruption in all forms.

Clipper complies with anti-bribery and anti-corruption laws, including but not limited to the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Clipper's anti-bribery policy prohibits:

- Paying or accepting a bribe, however widespread or condoned the practice may be locally
- Asking or authorizing third-parties to do something that a Clipper employee is prohibited from doing under this policy or the law
- Penalizing employees for failing to achieve business objectives as a result of compliance with this policy

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**Environmental Policy:**

Clipper works to establish an environmentally conscious workforce and always conducts business in a way that minimizes the potential impact on the environment. We encourage and participate in cooperative environmental programs with business partners and customers whenever possible. Due to franchise agreements we have made in Burma, Clipper must comply with all UK and US environmental laws, regulations, objectives and goals dedicated to the wellbeing of the environment.

- f. Whether and the extent to which the policies and procedures described in Question 5.a through 5.d are applied to, required of, or otherwise communicated to related entities in Burma, including but not limited to subsidiaries, subcontractors, and other business partners.**

All policies and procedures described above apply to all employees of Clipper and its subsidiaries, jointly or wholly owned; Clipper expects all local business partners to adhere to the same policies and procedures and all Clipper policies and procedures described in Questions 5.a. through 5.d. are clearly communicated to local business partners.

- 6. Arrangements with Security Service Providers: Provide the below information regarding any arrangements the submitter has with security service providers**

- a. Name(s) of security service provider(s);**

None.

- b. Duties and responsibilities of security service provider(s)**

Not applicable.

- c. Whether security service providers are signatories to the International Code of Conduct for Private Security Service Providers and/or whether they have been certified to any private security provider national or international standards;**

Not applicable.

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- d. Private Security Service Providers and/or whether they have been certified to any private security provider national or international standards;**

Not applicable.

- e. A concise summary of due diligence policies or practices for engaging and utilizing security services providers including those focused on human rights and anti-corruption, e.g. oversight policies and procedures and whether security service providers are subject to third-party auditing.**

Not applicable.

- 7. Property Acquisition: For any purchase, use, or lease of land or other real property, or rights related thereto, by the submitter (including the submitter's subsidiaries) either (a) valued over \$500,000 or (b) larger than 30 acres of land or other real property, provide the information described below. For the purposes of this section, purchase, use, or lease of adjacent or otherwise related land or other real property shall be treated as a single transaction and must be reported where the cumulative value of the related transactions exceeds \$500,000 or is over 30 acres.**

- a. A concise summary of any policies procedures used to ascertain land or other real property ownership, use rights, dislocation, resettlement, or other claims and an explanation of how those policies were implemented for each land purchase, use, or lease transaction;**

Clipper has entered into a 10-year lease agreement with our local automotive joint venture partner for the property that now contains the joint venture head office and automotive showroom. The lease of this property and subsequent construction of the joint venture showroom was part of the initial joint venture agreement. The site of the lease was previously owned and operated by our local joint venture partner, and had been used as a warehouse location for over 20 years. No persons were displaced by the construction of the joint venture showroom.

- b. The city/state or province where the land or other real property was purchased, used, or leased (e.g., "Myitkyina, Kachin State");**

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Insein Township, Yangon, Burma

- c. **A concise summary of any policies or procedures, including grievance mechanisms, related to the dislocation or resettlement of people with respect to land or other real property and an explanation of how those policies were implemented for each land purchase, use, or lease transaction.**

Not applicable.

- d. **Any financial/material arrangements made to compensate previous users/residents of such land or other real property (other than to the lessor/owner), of which the submitter is aware; and**

Not applicable.

- e. **Any information of which the submitter is aware related to any involuntary resettlement or dislocation of people on land that meets the criteria as specified in question 7.**

Not applicable.

8. **Transparency: report total payments made by submitter or on its behalf valued over \$10,000 during the reporting year to each Government of Burma entity and/or any sub-national or administrative governmental entity or non-state group that possesses or claims to possess governmental authority over the submitter's new investment activities in Burma.**

None.