

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

Via Email

May 8, 2014

U.S. Department of State
2201 C Street NW
Washington, DC 20520
BurmaPublicReport@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.

Sincerely,



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

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

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
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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

b. Nature of Business in Burma

Clipper, through its wholly owned and jointly owned subsidiaries, is a provider of automobiles, heavy equipment, mechanical, engineering, power generation services and food and beverage services in Burma. RMA Services Company Limited provides

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

heavy equipment and power solutions to governments, businesses and non-governmental organizations; Automotive Services Limited provides automotive solutions for private and commercial use throughout the country; Comin Asia Limited offers Mechanical, Engineering and Power services primarily to commercial businesses and municipalities; and Express Food Group (Myanmar) Limited operates food and beverage franchises.

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. 27/A, Kabaraye Pagoda Rd, Yankin Township
Warehouse & Service Facility	RMA Services and Comin Asia	Yangon	Block 7, Myintawthar Street, Tharkayta Township
Training Center	RMA Services and Comin Asia	Yangon	No. E1/E2, Ayarwun Road, Tharkayta Township
Sales & Service Center	RMA Services and Comin Asia	Mandalay	No. 517, Yardaw Block, YGN-MDY Highway Road
Head Office	Express Food Group (Myanmar)	Yangon	No 2, Corner of Kantkaw Lane & 3rd Sabai lane Mingalar City Housing Tamwe Township
Head Office and Showroom	Automotive Services Limited	Yangon	No. 3 Insein Road, Hlaing Township

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

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

As of the date of this Report, Clipper employed approximately 315 people in Burma. 94% of our workforce is Burmese. Approximately 40% of Clipper employees in Burma are female and 60% 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 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.

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

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 five offices in Yangon and one in Mandalay. By the end of 2014, we expect to open additional locations across the country. We make a priority of investing in the quality and infrastructure of our offices, so that they will be a positive addition to the community in which they reside. Whenever practical, we hire employees for a new office from the surrounding area – creating jobs and opportunity for the local workforce. In 2013, we created almost 300 jobs locally and anticipate doubling that number in 2014. To further encourage community involvement, we are currently building a facility in Yangon that will provide classrooms and accommodation for a local orphanage. We are investigating other opportunities to positively contribute to the communities in which we operate; for example, we plan to partner with a local non-profit to build schools in Burma.

Our employees:

Clipper has made quality education for our workforce a primary mission of our operations in Burma. We have hired one full-time training manager with almost 30 years of training experience and anticipate hiring additional staff dedicated to 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 or 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, who may send trainers to Burma for months at a time.

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

Our goal is to equip employees with the skillset necessary to operate successfully in an international company, such as Clipper. 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. If any of 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.

Clipper is eager to stay ahead of the rapidly changing Burmese labor market. We have 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 take all employees on an annual two-day long staff retreat with all expenses paid by the Company. We have also 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 plan to participate in a countrywide road safety campaign that we will disseminate through radio, TV and billboard advertisements. Additionally, our heavy equipment subsidiary has begun a program to train customers on the safe use of the machines we sell, including a dedicated training facility in Yangon, staffed by both international and Burmese trainers

- 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**

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

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 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

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

- Penalizing employees for failing to achieve business objectives as a result of compliance with this policy

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);**

Safe Security Services.

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

To provide a secure work environment and to protect the premises, assets and employees at Clipper locations in Burma; our security service does not undertake any force and no weapons are allowed on the premises. Safe Security Services are responsible for checking vehicles as they arrive at the office and guarding the property after work hours.

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

- 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.

- 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

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

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”);**

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.