



United Paints Group Co., Ltd.

**Global Compact Report
End of 2012**



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Letter From Managing Director



U AYE HAN
Managing Director
United Paints Group Co., Ltd.

Dear Friends,

We are pleased to express our progress on United Nations Global Compact. We have labored tirelessly to build on our position as the top leading paint manufacturer in Myanmar and improved the lives of many people with our products. In our business field, we concentrate on the health of people and on the area of energy and resource efficiency. And we do this with a great sense of responsibility and a clear commitment to sustainable business development. Because only in this way can we create the society acceptance that is of such importance for our business. Specifically, this means that safety has top priority for us. The safety of our products and facilities is our license to operate. It is the foundation for gaining the trust of our customers, stockholders, public authorities, neighbors and employees that is absolutely essential for us.

That's why safety training measure - both for our employees and for external service providers, suppliers and contractors are standard operating procedures at all our sites. The safe handling and use of our products lie at the focus of our activities, which include transparent communication and distribution of our product safety information. Here, we also follow the precautionary principle of the United Nations We also focus constantly on the issue of legal compliance. Because of our efforts, our company has been accredited with Quality Management System (ISO 9001:2008) in September 2003, Environmental Management System (ISO 14001:2004) and Occupational Health and Safety Assessment System (OSHAS 18001:2007) in October 2008. Furthermore, we have been practicing Responsible Care System. Thus, we have been conferred the permission to use the RC logo. We are committed to implement the Integrated Management System comprising Quality Management System Environmental Management System Occupational Health and Safety Assessment System and Responsible Care System to maintain our status as a leading paints manufacturer.

We care about our stakeholders' satisfaction. We have developed win-win-win-win situation among our stakeholders. We do not only emphasize on our profit, we will support and help those who are waiting for our hands.

Thank you very much for giving your precious time to read my letter.

Sincerely,

A handwritten signature in black ink, appearing to be 'U Aye Han', written over a horizontal line.

AYE HAN,
Managing Director

OUR PRODUCTS



**UNITED PAINTS
GROUP CO., LTD.**



Certificate Number : 2292



Certificate Number : 1250



Certificate Number : 233



Responsible Care®

Our Values

The UPG employees, with quality consciousness and valid team spirit, work at their best to satisfy customer needs and wants. Properly trained UPG employees undertake every task in genuine entrepreneurial manner.

A Passion for Innovative

Understanding the future requirement of the customers, the UPG has taken every opportunity to utilize innovative technology and resources. It embraces new ideas to harness its manufacturing process to deliver top of the line products to the market.

Import & Export Promotion

The UPG imports raw materials from Australia, China, Germany, Indonesia, India, Japan, Malaysia, Netherland, Philippines, Singapore and Thailand. UPG exports its finished products to China, India, Malaysia and Sri Lanka.

OUR PRODUCTS



DECORATIVE COATING

INDUSTRIAL COATING

MARINE AND PROTECTIVE COATING

WOOD COATING

AUTOMOTIVE COATING

OUR MILESTONES



**UNITED PAINTS
GROUP CO., LTD.**



Certificate Number : 2292



Certificate Number : 1250



Certificate Number : 233



Background History of UPG

United Paints Group Co., Ltd, a wholly Myanmar owned company established the UPG Factory to produce paint and paint related products with the aim of import substitution & export promotion in 1995.

UPG's ideals targeted the production of quality products that would ensure Customer satisfaction, internationally accepted systems of management, health and safety of the employees and maintain a clean and friendly environment in the process. The realization of these ideals earned for UPG, the QMS (Quality Management System ISO 9001:2008) on 22 September 2003 and the OHSAS (Occupational Health and Safety Assessment Series 18001:2007) and the EMS (Environmental Management System ISO 14001:2004) on 29 October 2008 from UKAS (United Kingdom Accreditation

Service) under the auspices of BM Trada (Malaysia).

In addition to these ISO achievements, UPG is also undertaking the responsibilities as laid out by Chemical Industry Group CIG of Myanmar Industries Association and practices the Responsible Care Management System using the Responsible care Guidelines of Japan Responsible Care Council (JRCC) and Japan External Trade Organization (JETRO).

UPG's Activities

Import & Export Promotion

The R & D Department is set up with international standard laboratory equipment to keep up with ever changing technical advances in paints and coatings manufacturing knowledge and practices. A competent and dedicated team of professionals and technicians runs the R&D laboratory of UPG ensuring excellent performance.



Quality Assurance

In accordance with the company's policy to provide high quality products to satisfy customer requirements, the Quality Assurance Department takes stringent quality control measures by inspecting every stage of production process from incoming raw materials through finished products.

Our Commitment towards Customer Satisfaction

The Comprehensive technical expertise of service personnel and effective logistical support has made UPG as a reputable and reliable partner Catering Customer Delight.



Distribution Network

UPG has established a swift and reliable system of distribution and logistic support network ensuring timely, efficient and effective supply chain operation.

COMPANY POLICY

Company Policy

UPG as a leading paint manufacturer in Myanmar is committed to implement the Integrated Management System comprising Quality , Environmental , Health and Safety , Responsible Care systems and to fulfil all the applicable legal and other regulatory requirements with the aim to ensure satisfaction of interested parties (customers, suppliers, employees, local authorities and neighbours) by creating a corporate culture. In order to achieve the company policy, we are committed to the following :

- *To promote the awareness of Quality, Environmental, Health and Safety, Responsible Care systems to interested parties.*
- *To prevent pollution, incident, injury, ill health, environmental impact and health hazard through systematic risk identification, assessment, control with proper procedure and training.*
- *To periodically analyse, set, implement and evaluate the company objectives and targets.*
- *To strictly adhere to all procedures and continually improve the Integrated Management System .*

The management shall accept responsibility for the effective implementation of this policy and provide systems , enhance awareness and support to ensure an environmentally friendly, safe and healthy working condition.



Managing Director

Dated : 01-07-2009



UNITED PAINTS GROUP CO., LTD.





United Paints Group Co., Ltd.

Implementation of GC Principles

HUMAN RIGHTS

Principle-1: Business should support and respect the protection of internationally proclaimed human rights.

Principle-2: Business should make sure that they are not complicit in human rights abuses

Employee's Human Rights

UPG joined the UN Global Compact (UNGC) on 7, May 2012 and has been supporting the internationally-declared principle of human rights of employees and abiding by the Labor Law of Myanmar and ILO's labor standards and principles. At UPG, unfair practices and discriminations regarding recruitment, promotion, compensation or training are strictly prohibited and qualified employees are given a full and fair opportunity.

Fair Assessment and Compensation

To ensure fair assessment and compensation, UPG conducts both management evaluation and performance evaluation together every year. Management evaluation is to review the unit-level attainment of management goals and efficiency in so doing and the result is utilized as criteria for bonus pay and performance assessment. Besides, the evaluation outcome is considered in determining division manager's annual salary level to ensure management accountability in respective divisions. On top of this, performance evaluation is to assess achievement and competency on an individual level and its results serve as key data to decide individual employee's salary scale increases, promotions and competency development. UPG will fine-tune its assessment and compensation system and operate it more rigorously to make sure all UPG employees are evaluated and compensated fairly for what they achieved, and thus motivated to do better.

Employment-Management Relationship of Mutual Benefits and Harmony

UPG considers its employees as a partner for sustainable development and works for mutually beneficial and cooperative relations.. We are building mature and trustworthy employee relations through such events as Annual Dinner, Monsoon Sports ,and Vacation Trip that unite labor and management as one. Offering money as a gift for employees getting married. Offering condolence money for employees whose parents, spouses and off springs passed away and providing assistance in funeral service.

Social Security

Employees are entitled to join as members of Social Security Board and enjoy the rights prescribed by the Social Security Board.

Health

UPG offers health care training, doctor counseling services and in-house vaccination programs to promote employee health. Financial assistance is given to the sick employee and sometimes, blood donation is given by the employees to the needy sick employee or his family member. The blood donor is given a day off the next day in order to restore his energy.

Leaves

Employees are entitled to enjoy the following leaves as prescribed by the Leave & Holidays Act of Myanmar.

1. Casual Leave
2. Earned Leave
3. Medical Leave
4. Hospitalization Leave
5. Special Disability Leave
6. Maternity Leave
7. Vacation Leave
8. Leave Without Pay
9. Quarantine Leave

Customer Relationship

In the case of consumers, we have transparent and well-tested procedures in place to address their complaints fairly and speedily without undue cost or burden to them. Sometimes our relationship with contractual partners will allow us to influence them to adopt principles and standards similar to our own. We also draw to their attention the rationale and importance of our Code of Business Principles.

ACTIVITIES



Photo Gallery

ACTIVITIES

“ We're not looking only on our profit ”

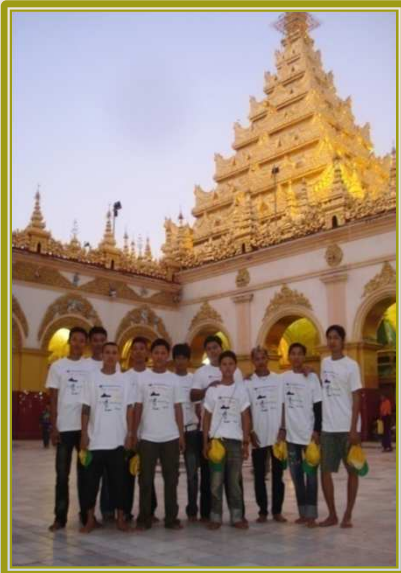


Photo Gallery

LABOR

Principle-3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle-4: Business should elimination of all forms of forced and compulsory labor.

Principle-5: Business should effect the abolition of child labor.

Principle-6: Business should effect the elimination of discrimination in respect of employment and occupation.

At UPG, discrimination on the grounds of education, gender and age is strictly prohibited to offer equal employment opportunities.

| | Process implemented | Effectiveness of the process |
|----------------------------|--|--|
| Prevention of child Labor | 100% verification of age of employee when hired | 100% employees are over 18 years of age when hired |
| Prevention of Forced Labor | 100% Employment contract based on employee's voluntary agreement | 100% Employees have a right to unilateral termination of the employment contract |

Corporate Learning Culture

- ❖ To get knowledge and awareness, we provide training to our employee.
- ❖ Increase the commitment of employees by encouraging them to identify with the mission and objectives of the organization.
- ❖ Help to develop a positive culture in the organization, one, for example, that is oriented towards performance improvement.
- ❖ Improve individual, team and corporate performance in terms of output, quality, speed and overall productivity.
- ❖ We establish both external and internal training, if necessary we provide further study.

Trainings Conducted in 2012



| Technical Skills Training | Management Skills Training | Safety Knowledge Training | General Knowledge Training |
|--|--|---|--|
| General Knowledge of Wetting and Dispersion Additive | Industrial Human Resources Development | Electrical Safety Training | Customer Seminar and Training |
| Product Technical Data (Part-1) | Certified Energy Manager | Fire Fighting and Fire Safety | How to stay positive in work environment |
| Product Technical Data (Part-2) | Team Building | OSH Management & Work Environment Improvement | Marketing Knowledge |
| Forklift Driving Training | Marketing Management | First Aid Training | English Fluency Course |
| Production Management & Quality Control | HR Management | Basic OSH Training | International Trade Cause |
| Water Usage for cleaning | Production Management for executive in Myanmar | | Thinking and Problem Solving |
| Wetting and Dispersing Additives | General Management | | |
| Dispersing process | | | |
| Vehicle Manager Software | | | |
| Production Instruction and Method | | | |

ACTIVITIES

“ We're care our employees ”



Medical Treatment & Clinic



Fire Fighting Training



Photo Gallery

ENVIRONMENT

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : Undertake initiatives to promote greater environmental responsibility.

Principle 9 : Encourage the development and diffusion of environmentally friendly technologies.

Our Commitment or Policy

- UPG has an **Environmental Management System** that is accredited to the ISO14001 standard and UPG has been conferred the logo of **Responsible Care Management System** (RCMS).
- UPG commits to promote the awareness over the environmental conservation to all the interested parties.
- UPG commits to review our aspects and impacts on the environment and take action that is necessary to reduce our environmental impacts.
- UPG commits to set the yearly objectives and targets and to implement it successfully.



Precautionary Measures on Aspect-Impact Identification

In order to prevent the accident /incident happening, hazard/aspect identification and risk/impact assessment have being performed systematically based on 6 steps of general procedures of risk assessment (Risk Assessment VER.5).

The risk/impact assessment is carried out not only for the production process line, but also for the maintenance operations for emergency situations. Then corrective and preventive actions are taken into account for hazard/aspect identification. According to the assessment registration hand-book “Content List of Hazard-Risk Assessment *and* Aspect-Impact Assessment”, comprises 47 assessments (A- 01 ~ A-47). Some assessments were also revised or added. The assessments are based on the plant/location, process/procedures, OHS and EC and mentioned as revised/review or additional or new assessment.



**Hazard-Risk Assessment *and*
Aspect-Impact Assessment**

Waste Water Treatment System

Waste water generated from the water based paint production plant, QC and R&D laboratories is being collected and treated at the waste water treatment plant. Effluent water quality from treatment plant is tested before it is discharged into the public drain. If it meets the UPG standard specification for discharge, it is discharged into the public drain . If it does not meet the standard it is sent back to the treatment plant

Reaction Tank

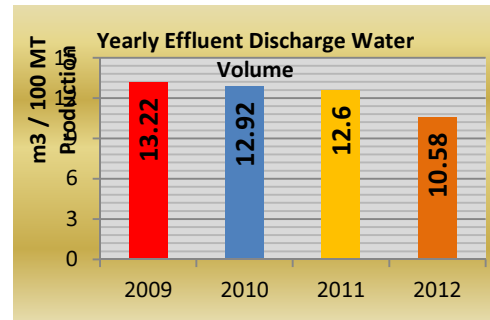


Filter Press



Decreasing Effluent Discharge Volume

One of the objectives and targets of UPG is to reduce the volume of discharge water. The achievement of reduction of yearly effluent discharge water volume is shown in figure.



Aquatic Life Testing

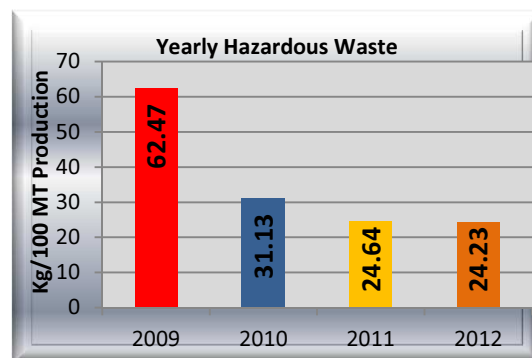
To assess the quality of effluent water from the wastewater treatment plant, it is tested with water hyacinth plants (aquatic plants). Recently, discharge water from the treatment plant flowing through the drains is allowed to pass through the water hyacinth ponds and thence to the public drains leading to the nearby river.



Hazardous Waste Disposal

Hazardous wastes generated from the solvent based paint production plant, QC and R&D laboratories are collected in drums at scheduled waste storage area located at the waste water treatment plant. Hazardous wastes are disposed of at the designated Municipal {Yangon City Development Council (YCDC) landfill}.

To reduce the amount of waste generated from solvent based paint production, 5% reduction against previous year is targeted as an objective for 2013, and UPG is taking full utilization of 3R method over the waste.



Solid Waste Disposal

Plastics and paper bags are the solid wastes generated from production. These wastes, so called recycle wastes, are collected in the waste bags disposal room as well as in the waste brick-tanks. Then they are sold to the contractors for recycling. The amount of plastics and paper bags increased proportionally with the amount of production.

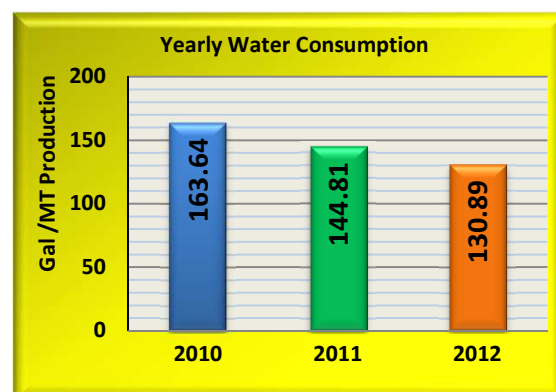


At the water based production plant, waste bags disposal room was constructed separately to prevent the spreading of powders to the ambient air and flowing down the drain leading to the public drain. The waste paper bags are compacted and put into long plastic bags.



Water Consumption

Water is used in UPG in two ways. It is used in water based paint production after being treated and also for general use. General use includes the utilization for cleaning, washing, bathing, gardening and toilets. UPG has been practicing to save this natural resource to preserve the environment. The guidelines for water saving was conducted to the employees and mottos are displayed at water taps. Individual water meters will be installed at each location for the recording of actual water consumption during 2013.

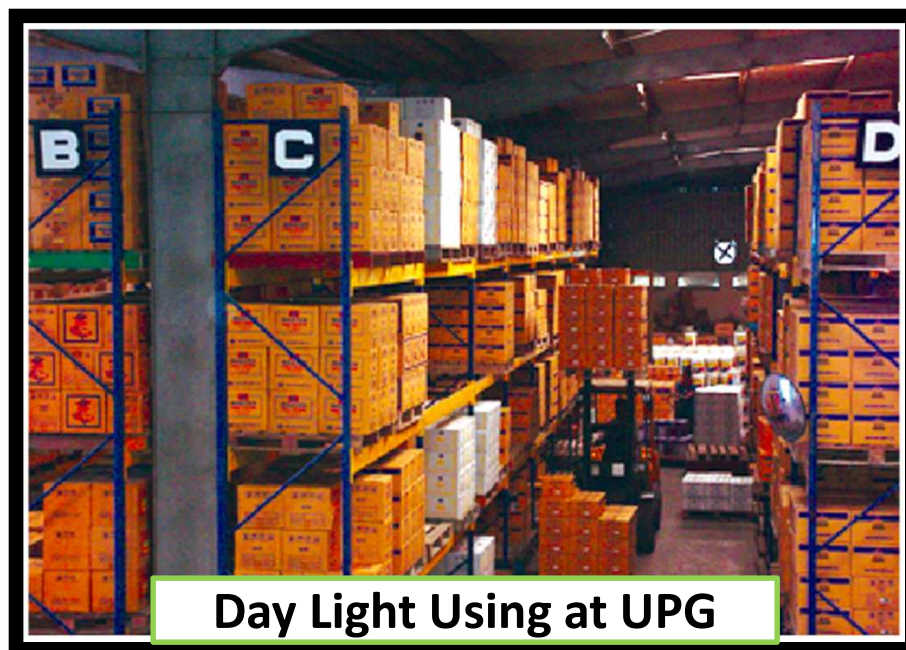
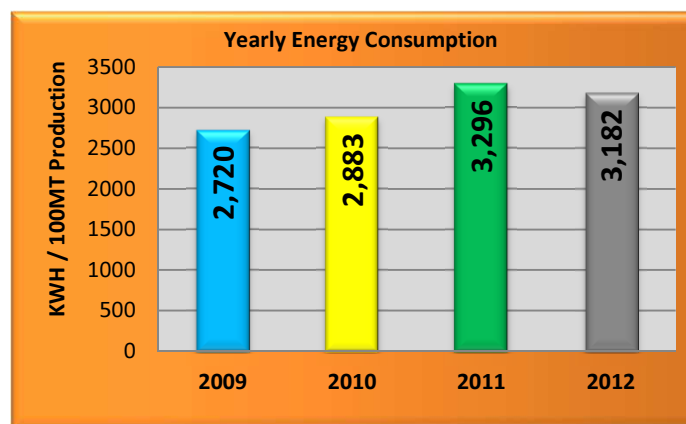


Electrical Energy Consumption

Frequency inverters (Energy saving type) are installed at electric motors. Frequency inverter drives can save energy about 40% of ordinary motors. Electrical utilization depends on the machines utilization at production plant.

The new water based plant started production in July 2010. Due to the operation of new added machineries, the electrical energy consumption increased from July 2010. Similarly, solvent based production line was also transferred to the new plant in July 2011 and electrical energy consumption increased because of some new addition of equipment and facilities.

In 2012, all the added machines and equipment are fully utilized and the power consumption became stable. Power consumption has increased with a resultant increase in production but it is much lower than 2012.



Day Light Using at UPG

Saving Energy in Office

In order to help cut GHG emissions, temperature of our office except for training rooms is set above 28 degree Celsius in the summer. Considering our working environment conditions, we start with small and easy steps such as putting office and electronic devices into low power mode, turning off computers and printers when not in use, and turning off the light during lunch time.

With unprecedented high oil prices today , UPG is saving energy: its office temperature is maintained at appropriate levels, air conditioning facilities are managed in an efficient manner and cooling /heating facilities in the summer and winter season are operated and maintained efficiently.

These efforts enable UPG to reduce its oil consumption and contribute to cutting GHG emissions.

Eco-friendly Interior at UPG

UPG used eco-friendly interior materials for environmental considerations. The building also used water paints instead of oil paints on the wall.


Air Quality Monitoring

Monitoring of air quality at the water based paint production plant, was carried out in 2012 by the methods of *Area Sampler and Personal Sampler*. Area sampler testing method shows how much particulate matter is spreading in the air at workplace environment. Personal sampler testing method shows how much the worker may inhale the particulate matter from the ambient air.

| Measurement of Dust Analyst | Result | | Unit | Reference Value |
|--|-----------|-----------|-------------------|---|
| | 13.6.2012 | 14.6.2012 | | |
| Particulate Matter (Area Sampler) | 2.77 | 1.44 | mg/m ³ | TWA (Time Waited Average) = 5 mg./m ³ |
| Particulate Matter (Personal Sampler) | 2.77 | 0.56 | mg/m ³ | |

Air Quality Monitoring

Dust measurement was conducted at the powder transferring area on 13/6/12 and at the packaging area on 14/06/2012. The results reveal that the particulate matter was higher at the powder transferring area but in both places, it was significantly lesser than the reference values.



Occupational Health Laboratory

Building 475, New York Ave.
 1000 14th Street, Northwest, Washington, DC 20005
 Tel: (202) 461-7100, 411-126, (412) 621-1080
 Fax: (202) 461-7100, 411-126

| | | | |
|---------------------|--------------------------------------|-----------------------|-----------------------|
| Sample Name: | Measurement of Dust | Received By: | COI (Changed): |
| Address: | LPGL Picking Operations | Received Date: | 1-14-2012 |
| | Hong Tye Co., Industrial Zone | Reported Date: | 1-14-2012 |
| | | Lab Rep. No: | 0795-2012 |

| Measurement of Dust | | | | |
|---|--------|------|-------------------|--|
| Analyte | Result | Unit | Remark | |
| Particulate Matter (Total Suspended) | 5 | 1.44 | mg/m ³ | |
| Particulate Matter (Personal Suspended) | 5 | 0.56 | mg/m ³ | |

| | |
|--------------|---|
| Instruments: | Air Sampling Pump Personal Sampler |
| Reference: | 29NA (Time Weighted Average) (mg/m ³) <i>it hec</i> |

Tested by

Dave Jane Martha Ayk *DAJ*

Dave Ni No Thon *DNT*


1/15 For This Eng

Checked by

Dave Jane Martha Ayk *DAJ*

Dave Ni No Thon *DNT*

Signed by



*Dr. Jay L. Lee, D.C.
 M.D., B.S., M.P.H.
 Deputy Director
 Occupational Health Services
 Department of Health*



Area Sampler Method



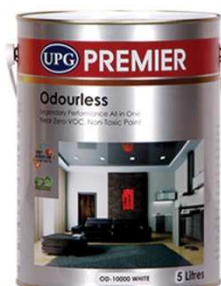
Personal Sampler Method

In fact, UPG has been utilizing closed vessel types and dust collectors for the filling process of chemicals in powder form into the mixing vessels. Ambient air quality was also monitored at UPG factory frequently with the aid of the Occupational Health Division, Ministry of Health.



Environmental Friendly Technology

UPG has been taking effort to develop and diffuse the environmental friendly technologies over the UPG paint products such as lead free and odourless paint.



Odoursless • Antimicrobial and Hygienic • Environmentally friendly

အသွေးမရှိသောသုတ်ဆေးပျံ့နှံ့ရန်အတွက် ဖြူသန့်စေရန် **All in one** အသုံးပြုနိုင်သောအထက်ဖော်ပြပါပစ္စည်းများ

- အသွေး၊ အဆိပ်၊ အဆေး၊ ဓာတ်ငွေ့နှင့် ဖြိုစီးပေါက်ပေါက်မှုများကို ဖျက်ဆီးနိုင်သည်။
- ဆေးဝါးကြော့သွေးနှင့် ချိန်ရည် အသွေးအကျက်များကို ဖျက်ဆီးနိုင်သည်။
- အသုံးပြုရန်လွယ်ကူရာ ကာကွယ်ဆေးနှင့် ခြေကြေးကုသဆေးနှင့်ညီညွတ်သော သုတ်ဆေးပျံ့နှံ့ရန်ပစ္စည်း
- စပျက်၊ ခြောက်သွေ့မှု၊ အပူပေးကိရိယာတို့ကို ဖျက်ဆီးနိုင်သည်။
- စိမ့်ယူနိုင်စွမ်းကောင်းမွန်ပြီး ဖြိုစီးပေါက်ပေါက်မှုများကို အသုံးပြုနိုင်သည်။
- ချိန်ရည်ပေါက်ပူမှု၊ ချိန်ရည်အထောက်အကူပေးသည့် ပြုတ်ပတ်ကိရိယာတို့နှင့် သဟဇာတဖြစ်စေရန်

| | |
|-----------------------|--|
| Uses: | Recommended for all interior masonry surfaces, plaster concrete brickwork, gypsum board and rendering. |
| Drying Time: | Touch dry: 15 - 30 minutes, Hard dry: 1-2 hours. |
| Coverage: | 10-12m ² /litre per coat |
| Standard Packing size | 0.8L, 1L, 5L, 10L |
| သုံးရန် | အသုံးပြုရန်အတွက်အခြေခံအားဖြင့် ယာယီသတ်မှတ် ဂရုတစိုက် ပြုပြင်ဆင်ခြင်မှုများကို ပြုလုပ်ရန် လိုအပ်ပါသည်။ အသုံးပြုမှုအတွက် သုံးရန်ဆိုင်ရာညွှန်းကြမ်းများကို အောက်ဖော်ပြပါအတိုင်း ဖော်ပြထားပါသည်။ |
| အသုံးပြုရန် နည်းစနစ် | အသုံးပြုပုံစံအားအခြေခံအားဖြင့် အောက်ဖော်ပြပါအတိုင်း ဖော်ပြထားပါသည်။ |
| အသုံးပြုရန် နည်းစနစ် | အသုံးပြုပုံစံအားအခြေခံအားဖြင့် အောက်ဖော်ပြပါအတိုင်း ဖော်ပြထားပါသည်။ |
| အသုံးပြုရန် နည်းစနစ် | အသုံးပြုပုံစံအားအခြေခံအားဖြင့် အောက်ဖော်ပြပါအတိုင်း ဖော်ပြထားပါသည်။ |

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Anti-Corruption at UPG

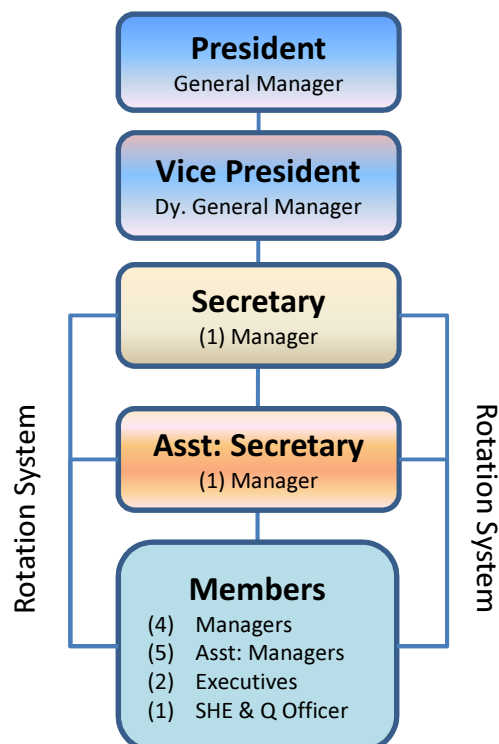
We understand that corruption can impact long term interest of our organization. We promote corruption free organization and we are strongly against corruption because we have a strong management team that acts against corruption based on a transaction system.

In order to get a transparency relationship between management and employees, we have simple rules and regulations which every employee can obey. We always watch and listen about bribery and we use 360 degree appraising in our organization. We build a clean management team to get a good management. We have a personal affairs committee which held a meeting once a month. But to date, corruption cases have not been reported yet. Employees are empowered to resist the demand for bribes by instituting a mechanism like "Suggestion box", so any employee can participate to create a free corruption organization.

Anti-Corruption Training

Eliminating bribery and corruption from organizations and supply chains requires more than just legal compliance. Our anti-corruption training course will give the necessary orientation to find solutions to specific corruption problems, and to relate anti-corruption to the broader challenge of corporate sustainability.

Structure of Personal Affairs Committee



CERTIFICATES



**Quality Management System
ISO-9001:2008**

**Environmental Management
System
ISO 14001:2004**



**Occupational Health & Safety
Management System
OHSAS-18001:2007**

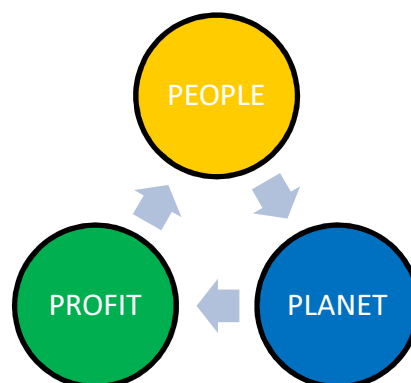


CERTIFICATES



COPORATE SOCIAL RESPONSIBILITY

In order to get win-win-win-win situation with our customer, UPG's marketing system is leading to social responsibility marketing. Just buying our product you can participate in the activities of our social service. Now our business trend is based on Socially Responsible Business. So our customers can be a donor by buying just a liter of our product because a portion of the earnings will be donated to the Corporate Social Responsibility Fund.



Conclusion

This is our first report for UN Global Compact. We will follow each and every GC principle in order to implement it in our organization as a good culture and take part in the process of creating a better world. We are making plans to meet GRI soon and we think our activities will give us a good reflection in our process.



UNITED PAINTS GROUP CO., LTD.

ISO 9001:2008 ISO 14001:2004 OHSAS 18001:2007



ယူနိုက်တက်ပိန့်(စ်)ဂရု(ပ်)ကုမ္ပဏီလီမိတက်

Website : <http://www.upgpaint.com>

e - mail : info@upgpaint.com

No. 174/ 188, 2nd Floor, Bo Myat Tun Street, Shwe Gabar Tower (II), Pazundaung Township,
Yangon, Myanmar.

Tel: 95-1-200535, 299432 Fax: 95-1-299605