

COMMUNICATION ON PROGRESS

SHWE TAUNG GROUP

MAY 2013 / MAY 2014



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OUR FUTURE DEVELOPMENTS

CHAIRMAN'S STATEMENT

To our stakeholders,

I am pleased to confirm that Shwe Taung Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Through our activities, we are committed to ***inspire lives with responsible investment and sustainable development***. This vision is fully embedded into our corporate culture. It is our identity, our guiding principle and we want to share it with all our stakeholders.

In Shwe Taung Group's first Communication on Progress, we provide a description of our actions and the steps taken to continuously improve the integration of the Global Compact and its principles into our business strategies, culture and our daily operations. This report will be shared with our stakeholders through our primary channels of communication.

Shwe Taung Group has always been determined to participate in enhancing stability and advancing economic development in Myanmar. We acknowledge that the respect of the Ten Principles of the Global Compact, together with a pro-active behavior to support social stability and economic development are keys for reaching out this goal. We look forward to supporting the UN Global Compact in 2014 and beyond.

Sincerely,



Aik Htun



"We are committed to inspire lives with responsible investment and sustainable development"

Aik Htun
Chairman

COMPANY PROFILE

Shwe Taung Group is one of the leading corporations in Myanmar. Founded in 1991, our mission is to *inspire lives through responsible investment and sustainable development.*

We conceive and execute business strategies that align investors' interest with broader environmental, social and economic objectives for the society.

We are proud to shape the future of Myanmar by operating real estate projects and infrastructure developments aiming to enhance the lives of the Myanmar people.

STG is one of the country's largest employers with a workforce of more than 6,000 people.

As a good corporate citizen, we pursue pro-active social and environmental programs dedicated to enhancing human capital, protecting the environment, profiting the community and insuring transparent governance and accountability practices.



Our portfolio:

- Real Estates
- Asset Management
- Constructions
- Construction Materials
- Energy & Infrastructure
- Trading
- Insurance

REAL ESTATES



Property Development

Shwe Taung has more than 20 years of experience in the design, development and construction of real estate projects in Myanmar. From 1992 till today, the company has developed over 788 acres of land which include thousands of residential units, offices, shop houses, hotels and industrial properties. Shwe Taung develops quality housing projects at good locations to meet the rising needs of people.

Property Marketing and Management

We are committed to deliver excellent service to our customers. We focus on bringing value to all the stakeholders through implementing real estate solutions that meet the market needs. Our market intelligence and in-depth study expertise helped us to provide quality after sales service and effective preventive and pre-emptive property management programs.

Shwe Taung Asset Management Junction

Shopping Centre Group is a leader of retail segment and one of the biggest shopping centre operators in Myanmar. Company's portfolio comprises 5 shopping centres & 2 office buildings across the country. Opened in 2012, Junction Square is one-stop shopping centre with distinctive design, international brand stores, two-theater Cineplex and multiple dining options.

COMPANY PROFILE

CONSTRUCTION AND ENGINEERING



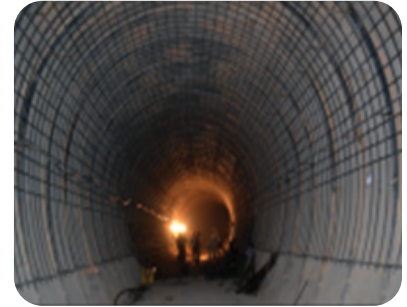
Building and Construction

Setting high standards in construction industry since 1991, we have an extensive experience in carrying out construction projects such as residential housing, high-rise skyscrapers, condominiums, plazas, hospitals, university buildings, school buildings, office buildings, television and radio production complexes, shopping centres...



Road, Bridges, Geotechnical Engineering

The Division has been entrusted with the construction of Upper Yeywa Bridge, Shwe Li (3) Bridge and the 71.59 miles of road. The most recent completed project is the Hledan Flyover, designed to smoothen the traffic and better connect the different parts of Yangon. Golden Tri Star has been serving the society with the state-of-the art ge-engineering technology.



Hydropower Construction

High Tech Concrete Technology Co., Ltd, provides ready mixed CVC and RCC concretes for commercial and residential buildings, federal government projects, bridge constructions and crushing facilities for aggregate production. It is the main and only supplier of RCC concrete for Yeywa Hydropower Project (ISO 9001-2008) construction, the third largest RCC dam in the world.

CEMENT AND CONSTRUCTION MATERIALS



Cement Manufacturing

Shwe Taung Development Co., Ltd. ventured into cement manufacturing project - later known as Pyi Nyaung project - in 2008. In 2010, the company formed Shwe Taung Cement Co., Ltd. (STC) to implement this project which was upgraded to 1000 tpd dry process clinker production plant. The core activities of the company include exploration mining for cement raw materials, production and distribution of cement with planned annual production capacity of 450,000 tons.



Construction materials

One of the domestic leaders in construction materials industry, High Tech Concrete manufactures and supplies ready-mixed concrete and provides related services all over Myanmar. HTC offers a wide range of high quality concrete products (low heat concrete, high durable concrete, high early strength concrete, waterproofing concrete, self-compacting concrete and retarding concrete). HTC also supplies concrete related products (concrete brick and pavers, piles, precast concrete, colour pebbles, pozzolan cement)

COMPANY PROFILE

ENERGY AND INFRASTRUCTURE



Toll Roads

We have track record of construction and operation of highway toll roads. We currently runs 2 projects: the Yangon–Mandalay Highway Project (between Nyaung Lay Pin and Zayawati) and the Sagaing-Monywa/Shwebo Road.



Energy Distribution

Shwe Taung Energy Co., Ltd. operates 14 gasoline and diesel distribution centers across Yangon, Pegu, Mandalay and Sagaing division. The distribution centers are equipped with up-to-date gas pumps, computer-controlled point-of-sale terminals, digital inventory control system and environmentally-safe gas storage tanks.



Energy and Infrastructure Investment

Through our subsidiary Future Energy Co., Ltd., we develop and generate hydropower. We are one of the first and major players in the Myanmar energy industry. Our latest Baluchaung No. 3 Hydropower project in Kayah State has an installed capacity of 52 MW and annual average production of 334 GWhr. The power produced by this project is distributed to the national grid.

RETAIL AND HOSPITALITY



Hospitality

We have just opened Eskala Resort, a luxury resort ideally located on Ngwe Saung Beach. Junction Hotel opened in 2010 in Nay Pyi Taw providing cozy accommodation for travelers. Park Royal Naypyitaw, operated by Pan Pacific Hotels Group, is now opened in the capital.



Entertainment

Junction Cineplex is one of Myanmar's leading multiplex cinema exhibitors. Operating since 2009, it is the first cinema with multiplex concept, international standard facilities and Digital 3D technology.



Radio Station

Since its first airtime on 88.9FM in 2009, Padamyar FM spreads across 12 major locations in Myanmar with over 14 million listeners.

HUMAN RIGHTS

Principle 1

Support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses



HUMAN RIGHTS ASSESSMENT, POLICY, AND GOALS

We fully support the Universal Declaration of Human Rights to which every human being is entitled to. The 30 Articles mentioned in the Universal Declaration of Human Rights are recognized within the company as the common standard of achievement for all peoples and all nations.

We acknowledge that the common understanding and compliance to these rights and freedoms are of the greatest importance. As our aim is to inspire lives through responsible investment and sustainable development, we give a particular attention to embedding Human Rights principles into our company's philosophy and day to day operations.

A guiding principle of our company is that everyone accords to others the rights that individuals claim for themselves and accept the moral and humanitarian values that this embraces. Each person has to be considered as an individual whose happiness and prosperity is a concern of all.

We want to be a good corporate citizen, caring about the community at large. We will always operate so that our corporate actions comply and encourage the respect of Human Rights.

We make sure that all our policies and practices are complying with the fundamental principles described in the Declaration. This includes equal chance, right to life, liberty, security of the person, as well as the freedom of thought, conscious, religion and expression.

We are committed to address Human Rights risk, discover incidents of Human Rights abuse within the company and to act upon the Human Rights related issues.

We are expecting all our stakeholders, external and internal publics to respect and comply with these core principles. We are aiming to spread this vision and become an example for other institutions in Myanmar and beyond.



HUMAN RIGHTS IMPLEMENTATION

THE COMPANY ENCOURAGES TOLERANCE, MUTUAL HELP, RESPECT AND TEAM SPIRIT. WE HAVE SET UP PROCEDURES TO MAKE SURE THAT THESE PRINCIPLES ARE RESPECTED AMONGST OUR STAFF AND BUSINESS PARTNERS.



RESPONSIBILITY OF THE SUPPLY CHAIN

We are expecting our business partners to comply and behave in accordance with the respect of Human Rights. Shwe Taung group will put an end to any cooperation with a business partner who is found to breach these principles.



PARTICIPATION TO THE ENHANCEMENT OF MYANMAR

We are aiming to enable long-term societal prosperity for the communities in the areas where we operate. To achieve this goal, we have set up a very active CSR policy aiming to support Myanmar's development in the fields of education, health, community welfare, natural disaster relief.



PROVIDE INFRASTRUCTURE FOR COMMUNITIES IN NEED

We believe that it is our responsibility to use our skills in order to answer the lack of access to resources in Myanmar. We have developed a series of programs to support villages where we operate. We build roads, bridges, water supply solutions and electricity supply systems .



THE EMPLOYEE'S HANDBOOK

The Employee Handbook is an important document for us. Given personally to each employee after the probation period, it describes the culture of the Company. Each staff is expected to read, understand and comply with the rights and duties listed in this document. It highlights the importance of mutual respect, tolerance and equality. The Employee Handbook is our Code of Conduct, and reflects our corporate vision.



ORIENTATION TRAINING

We provide Orientation Training to all new employees during which the values of integrity, respect, ethic, trust, generosity and communication are presented as the company's core values. Any breach to these core principles are taken very seriously by the managing team and are subject to sanctions going to termination or dismissal. The direct reporting of any incident, complaint or observation to management teams are largely encouraged and rewarded.



SUPPORTING PEOPLE'S WELFARE

At Shwe Taung Group, we want to make sure that each of our staff have enough to enjoy an adequate living standard. We provide food, clothes, toiletries, medical check, medicines and housing when necessary to our staff. HIV and malaria awareness training , detection and treatment campaigns are put into place. We also operate clinics in our remoted sites that are not only open to our staff but also to their families and neighbours.

HUMAN RIGHTS

MEASUREMENT OF THE OUTCOMES

WE ARE VERY ACTIVE IN THE FIELD OF HUMAN RIGHTS, AND THE RESULTS OF OUR COMMITMENT CAN BE OBSERVED AT DIFFERENT LEVELS OF OUR ACTIVITY, FROM OUR COMPANY'S CULTURE TO OUR DAILY OPERATIONS



ZERO case of human right breach has been reported this year. We believe the whistle blowing policy in place as well as the particular attention given by management teams have allowed us to prevent Human Rights-related incident



INSURANCE We are one of the first companies in Myanmar to provide insurance to our employees. The integrality of our permanent staff (3 300 people) benefit from this program.



HEALTH care programs have been put into place at our project sites across the country. Two clinics are operating to welcome our employees as well as the local communities. The picture here was taken in one of our remote project in Sagaing Region.



ACCESSIBILITY. We promote the application of universally-accessible design in our shopping malls, offering higher level of service and better mobility for all, including people using wheelchairs. Since the end of March 2014, we have made our washrooms barrier-free (flat and level floor), installed parking spaces and toilets for people with disabilities.



EXCHANGE. We have had the chance to participate to a certain number of local and international platforms on the topic of Human Rights. We have notably taken part to the debates organized by the Women's Forum in Myanmar. We have been able to exchange ideas and communicate our vision on "Women in a fast opening economy".

PARTICIPATION TO THE DEVELOPMENT OF MYANMAR

AS A LOCAL MYANMAR COMPANY, IT HAS ALWAYS BEEN A PRIORITY FOR US TO PARTICIPATE TO THE COUNTRY'S ENHANCEMENT. THANKS TO THE COMPANY ACTIVITIES AND A PRO-ACTIVE CSR STRATEGY, WE ARE HOPING TO CONTRIBUTE TO THE IMPROVEMENT OF PEOPLE'S LIVES



Since 1995 up to March 2014, USD 18.471 million have been dedicated to CSR activities in the fields of Education, Health, Community welfare, Infrastructure and Natural Disaster Relief. Over the years, the company has contributed to the construction of 3 hospitals and 78 schools across the country, including a school for children with disabilities capable of welcoming 200 students.



We support the International Cultural and Charity Group (ICCG), a non-political, non-profitable private organization aiming to enhance cultural relations, mutual understanding and charity activities for more than 40 years. The donation were used to help children suffering from cleft lip in Mandalay region and to finance saving medical equipment for the Central Women's Hospital in Yangon.



Our CSR commitment is not limited to donations. For example, in Yay Twin Gaung Village, Magwe Division, our company is supporting employees' children education, by taking in charge the school fees, providing transportation to school and a tutor for helping them with their homework. 17 children are currently concerned by this program aiming to promote education over child labour.



More than a 15 000 people living in Kayah State can now have an access to Electric Power thanks to the installation of Micro Hydro Power Electricity Supply with transmission lines, accessories and wires.



We are participant of the Myanmar Business Coalition on AIDS. Our aim is to prevent against HIV/AIDS inside our teams by increasing awareness and knowledge, manage and mitigate the impact of HIV /AIDS, care and support workers infected and affected by HIV/AIDS. We also hope that our engagement can have an impact on the whole country, by working towards the elimination of stigma and discrimination.



The first Padamyar FM audio book features more than 100 hours of aired radio programs and as a contribution to the Community Give Back Program, the audio books donation becomes the annual activity of Padamyar FM



At the occasion of the Myanmar Thingyan (Water Festival) celebrated in April 2014, we have organized the "Give a Gift of Life" campaign. About 350 of our staff participated by giving their blood to the National Blood Center.

LABOUR

Principle 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

and 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.



LABOUR ASSESSMENT, POLICY, AND GOALS

We understand and support the principles of the ILO Declaration and its Articles on the Fundamental Principles and Rights at Work covering the areas of freedom of association and common bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

We work in full compliance with the labour laws and regulations in the area that we operate in. Desirous to be an employer of choice, we aim to have a pro-active behavior in terms of the respect of labour rights and the improvement of working conditions. This leads us to adopt and operate a human resource strategy that goes beyond the national regulations.

We do not forbid the creation and the commitment to any trade union, and recognize the right to collective bargaining as long as it is done in accordance with the law.

The principles of non-discrimination, no forced labour, no child labour (under 18 years old) are highly respected by Shwe Taung Group. We expect our business partners, suppliers and contractors to respect the same principles.

We will make sure that each employee does not suffer from any kind of discrimination, feels integrated and happy within the company.

As a responsible employer, we are committed to do our utmost to participate to our employees and their families' life enhancement.



LABOUR IMPLEMENTATION

AS ONE OF THE MAIN COMPANIES IN MYANMAR, WE WANT TO BE CONSIDERED AS AN EMPLOYER OF CHOICE. OUR HUMAN RESOURCE STRATEGY IS IN LIGN WITH OUR GLOBAL COMPANY'S VISION. WE AIM TO INSPIRE AND ENHANCE THE LIVES OF OUR CO-WORKERS.



COMPLY WITH UNIVERSAL PRINCIPLES

We do not employ staff aged under 18 years old.

We strictly condemn forced labour.

Conscious of the responsibility of the supply chain, we make sure that our subcontractors and business partners respect these principles. The principles of "no child labour" and "no forced labour" are mentioned in the contracts with our stakeholders.

Any breach to these rules by our (sub)contractors lead to the direct rupture of the contract.



EQUAL OPPORTUNITY EMPLOYER

We are an equal opportunity employer. The recruitment of our co-workers is based on merit, skills, experience and ability, regardless of age, race, gender, physical condition, religion or family status. We are notably attached to make no discrimination towards people with disabilities or people affected with HIV.

A policy of non-discrimination prevails throughout all aspects of the employment relationship including recruitment, selection, placement, transfer, promotion, layoff, termination, training, working conditions, benefits and compensation. We follow an "equal salaries for equal job" policy as well as an "equal opportunity of evolvment within the company" policy.



WORK LIFE BALANCE PROGRAMS

We believe the place of work should also be a place for personal development. We organize series of team bounding activities such as annual trips (on the photo in Bagan) aiming to create a positive work environment in which everyone can evolve harmoniously. We also encourage the formation of sport teams, the celebration of birthdays and other events of the Myanmar calendar, as well as the expression of group initiatives. Caring about family cohesiveness, our initiatives also include our staff's relatives.



TRAINING

Orientation training is provided to all new employees in order to raise their awareness on their rights, as well as on the terms and conditions of employment (salary, leave policies, company values...).

Training to all employees in different disciplines is provided in order to allow staff to develop and strengthen their skills. Our aim is to provide our associates with fair and dignified employment that enhances each associate's ability in the long term to contribute to the company's growth as well as elevate their job prospects with Shwe Taung Group and beyond.

LABOUR IMPLEMENTATION

OUR HUMAN RESOURCE STRATEGY IS BASED ON A FAIR AND EQUAL TREATMENT WE TAKE EXTRA CARE TO OVERSEE THE BENEFITS PROVIDED BY THE COMPANY ARE IN FULL COMPLIANCE WITH THE LABOUR LAW OF THE REPUBLIC OF THE UNION OF MYANMAR.

Comfort

- All our employees are provided with food or food allowance for the meals during working hours. They are also given the necessary clothes and equipments (uniform, raincoats, security hats, sun hats etc).

Health

- Medical check-up is insured by an infirmary set up at the working place and stocked with adequate medicines in remote areas where staff cannot have an access to health insitution. Qualified physicians and doctors are engaged by the Company so that in case of emergency and accidents, employees can be cured free of charge.

Safety

- We offer a safe working environement by providing our staff with necessary equipment and training. The conceptualization of our major developments is often accompanied with a safety and security assessment

Leave

- Medical leave, maternity leave, annual leave, etc. are drawn up and included in the employees' welfare plan.

Overtime

- Overtime allowance is paid above the legal minimum amount.

Bonus

- Annual bonus are paid to all employees upon development of the employees' working capacity around the celebration of Myanmar's New Year (month of April). The amount of bonus depends on the performance of the individual employees and the company's profit earning.

Prevention

- We also pilot programs of prevention against Malaria (vaccination, blood tests, distribution of mosquito nests and medicines) on remote sites. We organize check up for Hepatitis B and C and HIV and treat our employee if they are found to be infected.

Transportation

- Transportation fees are taken care of by the company for the staff to commute from their house to the workplace.

MEASUREMENT OF THE OUTCOMES



ONE OF MYANMAR'S LARGEST EMPLOYER

We count **more than 6 000 co-workers** across the country. Our employees are present in 7 divisions (Yangon , Bago, Mandalay, Sagaing , Magway, Ayeyarwaddy,Thaninthayi) and are from more than 10 different ethnic origins (including Kachin, Kayah, Karen, Chin, Mon, Burmar , Rakhine, Shan, Chinese, Gurkha, Indian.)

ENGAGE OUR STAKEHOLDERS

In order to communicate to potential applicants our non-discrimination policy and invite everyone to apply, every job advertisement mentions that **"STG is an equal opportunity Employer"**. Equally, all our contracts with business partners now contain the mention of "no child labour and no forced labour". It is also stated that the breach to the respect of these principles will lead to the rupture of the contract.

GIVE AN ACCESS TO KNOWLEDGE

We operate company libraries, which provide open access to all employees to allow them to keep abreast with up-to-date technology and information. The library features different literatures such as newspapers, periodicals, magazines publications on engineering, management, economics, marketing, computer technology, banking, finance & accounting, languages, novels and general knowledge.



A CLEARLY WRITTEN POLICY

Our **Employee Handbook** describes the rights and clearly state the principles that have to be respected at Shwe Taung. Our corporate values are all mentioned, including the principles of ethic, mutual respect, team spirit, non-favoritism, etc...

MEN/ WOMEN EQUALITY OF CHANCES

At STG, we make sure that men and women have the same chances of hiring, of evolution, and are paid an equal salary for an equal job. We are proud to count **752 women and 660 men holding managerial positions.**

TRAINING

In 2013, **2228 people** were trained (1356 in 2012)
They had the opportunity to follow **61 different training programs** (51 in 2012)
The equivalent of **918 days of training** have been given.
45,700, 000 kyats have been spent for training activities for the year 2013/2014

LIST OF TRAINING PROGRAMS PROPOSED IN 2013/ 2014

Engineering	Customer Service	Personal Development & Language	Health Education	Computer and IT	Management	CSR
<ul style="list-style-type: none"> • Basic AT Engineering Technology Development Course • Advanced AT Engineering Technology Development Course • Design Concept of Bridge & Material Testing, • Road Design, Quality Control and Construction of Road Training • AT Technical Services Course <ul style="list-style-type: none"> • Construction Management Courses • Etab Software Structure Design Course • Building Mechanical & Electrical Service Course 	<ul style="list-style-type: none"> • Customer Service Training • Hotel Project (Ngwe Saung) Pre-Opening Training • Personal Grooming Training 	<ul style="list-style-type: none"> • English Language 4 Skills Course • Shwe Taung Group's Orientation Training <ul style="list-style-type: none"> • Fire Safety Management Training • Insurance Awareness Seminar 	<ul style="list-style-type: none"> • HIV Awareness Seminar • Occupational Safety & Health Specialist Program 	<ul style="list-style-type: none"> • Basic Computer Office Application Course • Hotelier Software Training <ul style="list-style-type: none"> • Linux Network Engineer Course • MYOB Computerized Accounting Software Course • MIT Software Review Program 	<ul style="list-style-type: none"> • Business Management & Executive Development Course 	<ul style="list-style-type: none"> • Shwe Taung Group's Awareness of CSR Seminar • CSR & UN Global Compact Awareness Training



ENVIRONMENT

Principle 7

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.



ENVIRONMENT ASSESSMENT, POLICY, AND GOALS

ENVIRONMENTAL PROTECTION MEANS SOUND MANAGEMENT OF NATURAL RESOURCES AND OPERATING ON THE TERMS OF THE ENVIRONMENT. PROTECTING THE AIR, SOIL AND WATER, AS WELL AS COMBATING CLIMATE CHANGE AND USING NATURAL RESOURCES IN A SUSTAINABLE WAY ARE ALL IMPORTANT OBJECTIVES, WHETHER THESE APPLY TO STG'S OWN OPERATIONS OR TO HOW THE COMPANY'S PRODUCTS AND SERVICES ARE USED.

We recognize the importance of the respect of the environment and feel concerned about the environmental issues. We understand the complexity of the climate change challenges and the fact that government actions alone cannot provide the urgent solutions required. For this reason, we are committed to participate to the necessary global effort.

We are committed to identify opportunities in managing our activities to deliver long term benefits to our stakeholders while responding to climate change risks.

We wholly support and comply with or exceed the requirements of current local environmental legislation and code of practice. We understand that the respect of the environment can have immediate impact by daily improving people's quality of life and can therefore be included to our customer care principles.

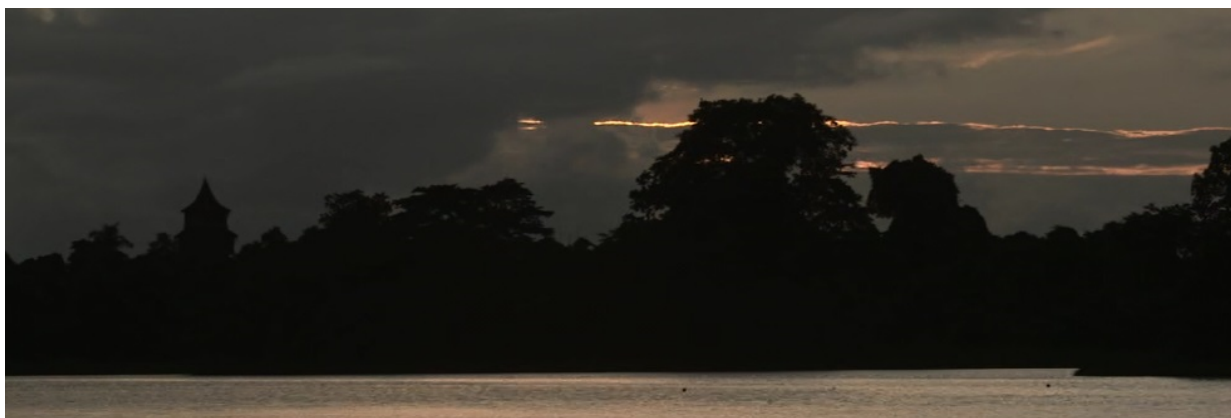
We are committed to sustainably reduce our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. We recognize the importance of settling policies on a long term, sustainable basis. We are committed to participate to the development of green technologies and renewable resources.

We understand that our engagement can also serve our interests, as energy and climate risks can directly impact our own operations, whether because of rising resources prices, operation costs, and legislative changes...

Our commitment also makes particular sense in an area like Myanmar where the access to natural resources and energies are still limited. We see this particularity as a great opportunity to develop green technologies and environmental-friendly practices.

Our mission is to be an environmentally responsible organization. We aim to raise awareness amongst our staff, our stakeholder and our overall public.

We are aiming to align with the international standards (such as ISO 14001:2004) for environmental management systems and to refer notably to the UN Global Compact assessment principles and the Global Reporting Initiative to set up our environmental policy.



ENVIRONMENT IMPLEMENTATION

WE ARE PUTTING INTO PLACE PROCESSES TO UNDERSTAND OUR ENVIRONMENTAL IMPACTS AND RISKS. WE ARE WORKING ON REDUCING THESE IMPACTS AND PROMOTING ENVIRONMENTALLY-FRIENDLY POLICIES.

MINIMIZE OUR ENVIRONMENTAL IMPACT

In order to reduce our environmental footprint, we have put into place a series of measures in our different offices and sites. We prefer LED lights compared to conventional lights, hand dryers to tissues, digital communication to paper communication. We turn off all electronic devices when no one is using them and have a "no air conditioning policy" once a week for an hour. When paper is needed, we use eco label certified paper products (such as FSC, SFI, PEFC). We try to use as much as possible the environment-friendly technologies available. We are dedicated to pursue a strategy of continuous improvement by keeping updated on the new green technologies available.

Batching / Mixer plants can deliver high quality pre-mix concrete, but they are usually located out of city area and distance away from point of use due to the large plant space, storage space for raw materials and nuisance created to the surrounding. Transportation efficiency and methodology of pre-mix are therefore major considerations in construction projects for reducing overall embodied energy of concrete. Concrete is batched as near to the place of use as possible for quality assurance, minimizing the transportation time and thus amount of additives and retarders. Our subsidiaries GRCE and HTCT are using on-site batching plant in all major developments to reduce embodied energy during the construction stage.

For our all major real estate and hydropower projects and developments, we conduct an Environment Impact Assessment (EIA) report in a logic of precautionary approach as part of the feasibility phase. These reports are produced by international consultants. The EIA focuses on identifying environmental threats or opportunities related to the site and its surroundings, covering areas such as air quality, noise, biodiversity, connectivity, heritage and resources.

We use natural Pozzolans from indigenous sources as ordinary Portland Cement (OPC) partial replacement, instead of importing fly ash from other countries to construct RCC dam and other mass concrete uses. One of the prominent projects used Pozzolans is Yeywa Hydropower Project construction, the third largest RCC dam in the world with installed capacity of 790 MW.

DEVELOP ENVIRONMENT-FRIENDLY PRODUCTS



Our sister company High Tech Concrete (HTC) has developed a range of products in line with our environmental commitment. We manufacture precast and pile for rapid construction with better quality control. These technologies allow us to diminish material wastage and to better manage the protection of the environment. Manufacture Cellular Light Weight Concrete is aiming to reduce substantially weight with saving in raw materials (no coarse aggregate required) and steel reinforcement in high rise developments. Equally, we distribute highly durable, environmental friendly with low noise, fire resistance and thermal insulated Concrete Brick, Block and Paver.



Solar Street Lamps are used in our factories at Shwe Pyi Thar Township, Tharkayta Township and Thingangu Township, Yangon

ENVIRONMENT IMPLEMENTATION

PROTECT BIODIVERSITY



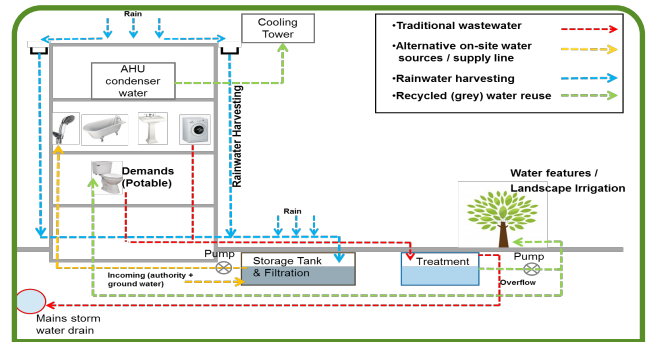
We are committed to preserving the biodiversity around the sites it operates. For example, to fight against deforestation, Shwe Taung Group is following a “one tree cut, ten trees replanted” policy. In 2001, we decided to increase the greenery around expressways construction site office at 130 miles on the Yangon - Mandalay Old High Way. Initial activities included planting trees around the site office to prevent deforestation.

RECYCLE

We try as much as possible to put into place Waste and water management and disposal systems.



Our recycling plant for residual concrete has gained much ground in recent years as an environmentally acceptable measure. The basic function separates left over ultra-fine particles from mixer trucks and can be re-used for conserving the natural resources.



The discharged water from all major developments are treated before discharge to public drain. We gradually put into place systems of Waste Water Treatment, Water Recycling & Rain Water Harvesting

GET CERTIFICATIONS

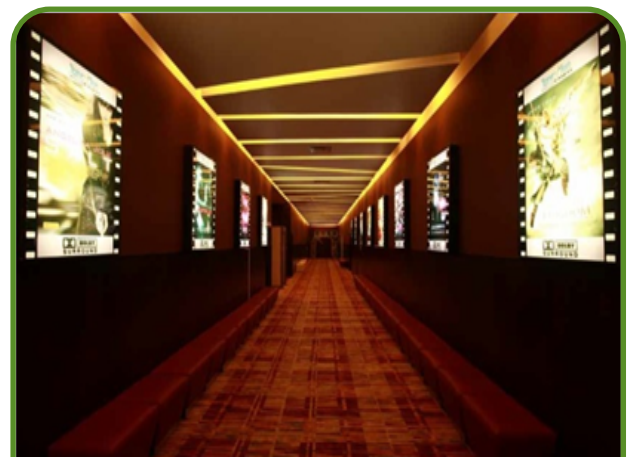
We are working on getting international green building certificates for all major developments. These green buildings are designed to reducing their environmental footprints through sustainable site selection and conservation of energy, water and resources, while improving the health and productivity of their occupants.

RAISE AWARENESS

Beyond developing environmentally sustainable projects and materials, and operating them under environmental performance best practices, Shwe Taung Group understands the importance that the wider community has to play as the end-users of these projects. We encourage the Group's stakeholders and publics to play a role in protecting the environment. To do so, we propose different activities aiming to raise awareness amongst them and encourage good practices.



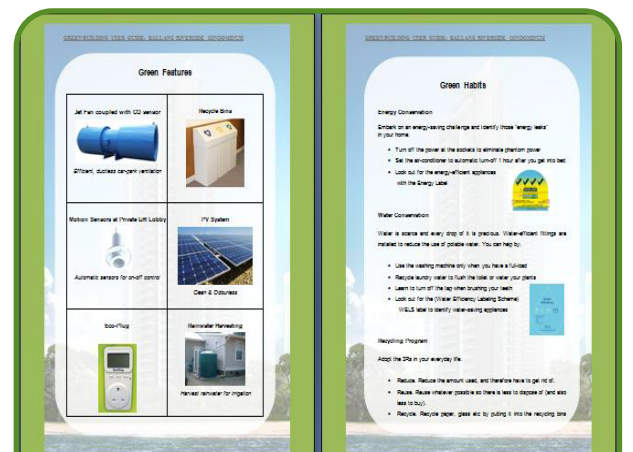
Employees from all subsidiaries have participated to training on environmental awareness provided by one of our engineer and member of the Corporate Sustainability Team specialized in the Environmental issues.



The cinema unit, Junction Cinexplex, has partnered with NGOs to show a video clip destined to communicate on environmental issues. The video clip is broadcast on the cinema lobby's screens. We expect it to be seen 835,000 times in Myanmar.



We display education poster around the walkaways of our shopping malls in order to raise awareness on environmental issues and their impact on the community in a fun and playful way.



For our future projects, and notably Junction City, a mix development to be completed in 2016, we are preparing a green building user guide, green lease and recycling facilitators to encourage environmentally friendly practices.

ENVIRONMENT MEASUREMENT OF THE OUTCOMES

THE MEASUREMENT OF THE OUTCOMES IN TERMS OF OUR ENVIRONMENTAL STRATEGY IS ONE OF THE MAIN AREAS WE WOULD LIKE TO EXPAND IN THE YEARS TO COME. WITH THE DEVELOPMENT OF RELEVANT MEASUREMENT TOOLS, WE ARE ENGAGED TO STRENGTHEN OUR EVALUATION TECHNIQS.

PLANT TREES FOR A GREENER COUNTRY

After 12 years, the trees planted along the Yangon-Mandalay highway have enhanced the urban forest. Trees were planted along the road as part of the landscaping to protect nearby wooded areas and added landscaping for a safer, more comfortable driving. Current objectives include the prevention of global warming, the preservation of wildlife habitats and the protection of ecosystems. These activities are now valuable for drivers and local residents alike.

DEVELOP INFRASTRUCTURE FOR A GREENER CITY

Traffic congestion results in economic loss by impeding drivers and decreasing the travel-time reliability. In addition, the lower driving speeds and repeated stops and starts during the congestion increase automobile emissions that include carbon dioxide (CO₂), nitrogen oxides (NOX) and suspended particulate matter (SPM). In April 2013, 0.76 km of Hledan Junction Flyover was opened to traffic. This flyover provides the solution to traffic congestion and environmental deterioration in city areas. The photos below show the change in congestion at the Hledan Junction before and after the opening of the Hledan flyover. The congestion that used to occur during the morning and evening peak hours have been substantially reduced. Equally, all our major future developments have been designed to propose innovative and eco-friendly solutions participating to the responsible urbanization of the city.



Before

After

RAISE AWARENESS FOR GREENER MENTALITIES

About 400 of our staff have attended the training on environmental issues. This training explained the importance of the protection of the environment and gave a first overview of simple everyday life gestures and habits. We will continue to develop such program amongst our staff, including a "Green Office Guide" currently in preparation.

ENVIRONMENT

SAFETY AND SANITARY OUTCOMES

IN ADDITION TO OUR COMMITMENT TOWARDS THE ENVIRONMENT, WE ALSO WANT TO ASSESS AND MANAGE THE SAFETY AND SANITARY RISKS THAT CAN DERIVE FROM OUR ACTIVITIES. TO DO SO, WE HAVE DEVELOPED A STRATEGY AIMING TO INSURE THE SAFETY AND SECURITY OF OUR STAFF, CUSTOMERS AND STAKEHOLDERS.



We work on the systematic auditing of risk assessment for all our activities. Each risk is being dealt with by providing the necessary training, equipment, security procedures and processes necessary to prevent danger.



All our cement factories and products are respecting the standards settled by the World Health Organization. Our products and procedures are ISO 9001:2000 certified and therefore conform with the international standard requirements in terms of systematic quality. We also make sure that our staff is provided with the appropriate equipment when dealing with products potentially harmful for their health.



In order to provide food safety to our customers, all the snacks served in our Cineplex cinemas are approved by the National Food and Drugs Administration (FDA).



As emergency preparedness procedure, fire safety training have been put into place in all our sites. Fire Drill are operating at Junction Square Shopping Mall and GRCE sites for our customers' safety and other developments will be equipped soon. Equally, all the staff working on sites with potential risks of fire are trained to fire fighting.



ANTI CORRUPTION

Principle 10

Work against corruption in all its forms, including
extortion and bribery



ASSESSMENT, POLICY, AND GOALS

We believe that business excellence is underpinned by an unwavering focus on strong corporate governance and prudent financial management. Transparency and accountability are core features of our approach and we remain focused on the highest standards of governance and ethics in all our business practices and dealings.

We believe high standards of corporate governance and transparency ensure sustainability and success for our activities as well as the safeguard of our shareholders' interests.

By inscribing corporate responsibility into our agenda, we want to send the strong signal that we recognize the private sector shares responsibility to address and counter corruption.

We observe a high standard of corporate conduct in line with local policies, as well as applicable regional laws, regulations and standards. We aim to respect the ISO 26000 standards to guide us in our efforts to operate in a socially responsible manner that society increasingly demands.

We publicly state our commitment to work against corruption in all its forms, including bribery and extortion. In order to do so, we aim to implement an effective system to identify and eliminate hazards of corruption, bribery and extortion. All outcomes will be periodically measured and reviewed.

We aim to contribute positively to public policy making process by raising awareness amongst our teams and our stakeholders.

We want to insure relations of trust with our stakeholders, and make sure that they will be complying with the same principles of ethic, transparency and accountability.



ANTI-CORRUPTION IMPLEMENTATION

OUR MEASURES ON ANTI-CORRUPTION ARE FULLY EMBEDDED INTO OUR GOVERNANCE POLICY, INVOLVING TRANSPARENCY AND ETHIC. OUR IMPLEMENTATION SCHEME IS AIMING TO INSURE THE RESPECT OF THESE VALUES FOR THE SUSTAINABLE SUCCESS OF OUR COMPANY, CLIENTS AND STAKEHOLDERS.

The values of integrity and ethic are central in our policy. They are mentioned in the Employee's Handbook and presented in the Bribery and Corruption Prevention induction training attended by all new staff. We provide necessary training, advice, information as may be necessary to personnel at all levels.

We have a zero tolerance policy in terms of corruption and we care to ensure that no financial or other inducements to gain or retain work are offered or accepted by or on behalf of Shwe Taung. The "zero tolerance policy" is mentioned in our Employee Handbook. The Employee Handbook states that it is clearly forbidden to accept or give any kickback or bribe from and to anyone.

The sanctions to any breach of this zero tolerance policy are described in the Employee Handbook, and can lead to termination or dismissal.

Employees are encouraged to report any form of corruption to the management team. A continuous control from the senior management team is set up to ensure that no form of corruption is observed. If even with these precautions a present is accepted, it has to be given to the administration team that will organize a lucky draw with the complete team.

We make appropriate financial and staff resources available to progressing sustainable procurement throughout the company. We integrate ethical considerations into our design and business decisions and make sure to practice fair competition, via open tenders when choosing our business partners.

We have transparent reporting procedures and try to continuously improve our practices. We attach a very high importance to contracts and make sure we always honour contractual commitments made.

ANTI-CORRUPTION

MEASUREMENT OF THE OUTCOMES

WE ARE AIMING TO GRADUALLY COMPLY WITH INTERNATIONAL BENCHMARKS IN ORDER TO BETTER ASSESS OUR GOVERNANCE PRACTICES. ANTI-CORRUPTION POLICIES ARE STILL BEING DRAFTED AT A NATIONAL LEVEL AND WE HAVE COMMITTED TO BEHAVE PRO-ACTIVELY TO HELP REACHING THE HIGHEST LEVELS OF TRANSPARENCY

One case of bribery has been reported last year. After examination of the facts, the company has decided to dismiss the Employee concerned. Simultaneously, we have awarded the person reporting the incident at the occasion of our Annual Dinner.

In March 2014, we have participated to two workshops organized by CSR Asia Network in partnership with UNGC Myanmar and UNIDO on "Forum on Business and Business- Collective Action Against Corruption in ASEAN" and "Workshop on ISO 26000 and other international CSR frameworks- Boosting Efficiency through a Holistic CSR Approach"

100% of our permanent staff has received a training and a Employee Handbook mentioning our zero tolerance policy towards corruption.

Shwe Taung DDevelopment has been awarded Excellent Performance Tax Payer Award by the President on the 3rd of May 2014.



OUR FUTURE DEVELOPMENTS

THIS FIRST YEAR OF ENGAGEMENT HAS ALLOWED US TO THINK ABOUT NEW STRATEGIES WE WOULD LIKE TO DEVELOP IN THE FUTURE. OUR ENGAGEMENT TOWARDS SUSTAINABILITY IS INSCRIBED IN THE LONG TERM, AND WE WILL KEEP ON WORKING TO THE IMPROVEMENT OF OUR PROCEDURES, PRACTICES AND DAY-TO-DAY OPERATIONS

All areas

- Draft a strategy with a precise agenda of the goals to reach for the years to come
- Set up a series of assessment instruments to provide more accurate and precise evaluation of our policies
- Provide more guidance for the managers of different subsidiaries for allowing better common understanding, implementation and assessment processes of our UNGC related commitments.
- Create a more systematic collection of datas related to the group actions on Human Rights, Labour Rights, Environment, Anti-Corruption.

Human Rights

- Create a Foundation dedicated to better coordinate our support to community
- Continue our CSR programs with a focus on Health and Education

Labour

- Participate to the national debates on improving working conditions and collective bargaining laws
- Develop further Work-life balance programs

Environment

- Develop relevant tools to measure our environmental impact
- Insert an Environment Charter to our Code of Conduct
- Launch a Green Office Program
- Continue to develop green product such as "green cement"

Anti-Corruption

- Participate to platforms aiming to improve transparency in Myanmar
- Reinforce internal and external auditing
- Reinforce the control on our business partner's practises.





Shwe Taung Group

*Inspiring Lives with
Responsible Investment &
Sustainable Development*



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.