

OCTAGON

COMMUNICATION ON PROGRESS

Octagon International Services Co., Ltd.

August 2013/August 2014

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CHAIRMAN'S STATEMENT

To our stakeholders,

I am pleased to confirm that OIS is strongly committed to support and take responsibility of the ten principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

We are committed to “bring the best” to our customer by providing quality products and services exceeding our customer’s expectations. Providing the highest level of service to our customers is part of our company culture.

OIS applies the Ten Principles of Global Compact into business strategies, culture and daily operations with a description of our actions. OIS has always been determined to enhance the safety and premium products to society in Automotive Industry in Myanmar. We respect the Ten Principles of Global Compact with a pro-active behavior to support social stability, safety and responsible economic development in order to reach our goal. We look forward to supporting the UN Global Compact in 2014 and beyond.

Sincerely,



Chairman

Octagon International Services Co., Ltd

COMPANY PROFILE

Octagon International Services Company Limited (OIS) is a distributor of world's leading brands of machinery and vehicles. It was established in 2005. The principle activity of the company is to carry out the business of importer and distributor of Liebherr and Scania .

OIS provides its broad experience and comprehensive expertise in the importation of premium passenger buses , generator , heavy machineries (construction and mining equipment, cranes and vehicles) as well as related spare parts for repair and maintenance.

OIS currently boasts a strong and diligent workforce of over six hundred personnel. The company places great emphasis in innovation and learning. It is committed in its efforts to constantly develop the necessary competencies in its workforce benchmarking them according to international standards. A substantial number of its talented workforce is trained overseas.

OIS is determined to offer leading brands an efficient and sustainable presence on the Myanmar market, while giving local customers an access to the world's best products and services.



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 RIGHT

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 reconized 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 the greatest importance and we give a particular attention to embedding Human Rights principles into our company's philosophy and day to day operations .

We make sure that all our policies and practices are complying with the fundamental principles described in the Declaration. We are committed to address Human Rights risk, discover incidents of the Human Rights abuse within the company and to act upon the Human Rights related issues .

HUMAN RIGHTS

Implementation



Responsibility of the supply chain

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



Safety

Emergency situations and events are identified and assessed, and their impact minimized, by implementing emergency plans and response procedures. We also provide necessary training and fire distinguishers in workplaces and place a dedicated smoking area for public health concerns



Driving Training

Driving style has a big role to play in safety of passengers and prolong the life span of our products. We provide special driving training to all drivers of Buses and Coaches for public transportation to achieve a better road safety, and greater efficiency & uptime for their vehicles.



Customer Waiting Lounge

We place more focus on people than most garages. The opened workshop allows owners/ drivers to watch the repairs being done on their vehicles, while a comfortable waiting room offers free hot-cold shower facilities, snacks, noodles, cold and hot drinks, paid channels, and beds. They can also have clean and nutritious meals at Staff Canteen with very reasonable price compared to outside.

HUMAN RIGHTS

Implementation



Personal Protective Equipment must be worn in this area.



Zero accident rate

Health and Safety procedures and systems are managed, tracked and reported, We also consider occupational injury and illness. Zero case of accident has occurred in our industrial area.



Insurance for all employees

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



Health Programs

We provide health awareness programs (HIV, Tuberculosis and Hepatitis B) to all our employees and provide treatment if they are found to be infected.



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 Right 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. Octagon International Services Co., Ltd strongly believes non-discrimination is both an ethical standard and a fundamental human right. We will not tolerate discrimination, whether due to race, color, sex, age, religion, political opinion, nationality, ethnic origin or any other characteristic protected by law.

The principles of non-discrimination, no forced labour, no child labour (under 18 years old) are highly respected by Octagon International Services Co., Ltd. We expect our business partners to respect the same principle.

We strongly believe all employees are entitled to a safe and healthy working environment and do not suffer from any kind of discrimination, feel integrated and happy within the company.

LABOUR Implementation



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 evolution 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 bonding activities such as annual trips 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 OIS and beyond.

LABOUR

Implementation

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 institution. 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 environment by providing our staff with necessary equipment and training. All our projects are 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 is taken care of by the company for the staff to commute from their house to the workplace.

Measurement of outcomes



Engage our stakeholders

In order to communicate to potential applicants our non-discrimination policy and invite everyone to apply, every job advertisement mentions that "OIS 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 organize to send our employees to allow them an access to foreign training, giving them knowledge in up-to-date technology and information.



A Clearly Written Policy

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



Men/Women Equality of Chances

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.



Training

*In 2013/2014, 307 people were trained.
They had the opportunity to follow 12 different local training programs.
They had the opportunity to follow 26 different oversea training programs.*

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



Assessment , Policy and Goals

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 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 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 .

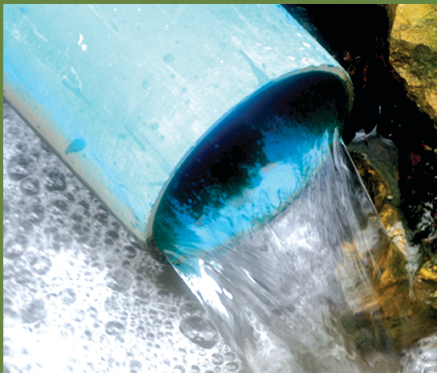
ENVIRONMENT

Implementation



Environmental Station

All parts such as used engine oil and filters are separately stored. We engage waste dealers to collect and recycle these parts, which allow us to minimize direct landfill.



Waste Water Treatment System

All discharged water from maintenance workshop is well treated before being discharged into public drain.



Washing Bay

Washing trucks, buses and coaches in the outdoor area increases the likelihood of water pollution. Our designated washing bays capture all contaminants from vehicles after cleaning and therefore help to reduce environmental damages.

ENVIRONMENT

Measurement of the outcomes



Reducing vehicle impact

Our trucks, buses and coaches are maintained more sustainably thanks to greater fuel efficiency and safer user practices.

They are also designed to reduce emission and noise pollution.



Eco-friendly Service Centers designed for a greener and cleaner environment

We ensure that there is no runoff of oil or other toxic materials into streets or storm water drains.



Environmental friendly Transportation, Logistics and Automobiles Distribution

Our role also involves maximising the positive contributions that our products and services bring to society and environment. We are proud to be distributing energy efficient and low carbon emitted buses, coaches and machineries that will help deliver tomorrow's sustainable transport, logistics and building solutions.

ANTI-CORRUPTION

Principle 10

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



ANTI-CORRUPTION

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.

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

Zero offence for corruption or bribery in the company have been reported this year.

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 have received a training and a Employee Handbook mentioning our zero tolerance policy towards corruption.

100% of new employees received the key speech, setting out our guiding values and principles.