



# COMMUNICATION ON PROGRESS

OCTAGON INTERNATIONAL SERVICES CO., LTD.  
AUGUST 2014 ~ AUGUST 2015

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## CHAIRMAN'S STATEMENT

To our Stakeholders;

We are pleased to confirm that Octagon International Services Co., Ltd (OIS) is reaffirming its support of the Ten Principles of the United Nations Global Compact with this second year of our Communication on Progress.

In this Communication on Progress, we describe our operations and actions taken to improve the integration of the Global Compact and its principles in accordance with our commitment, long-term business strategies, and daily activities in bringing the best to our society and environment providing safety and premium products and services exceeding our customer's expectations.

We respect the Ten Principles of Global Compact, together with a pro-active behavior to support social stability, safety and responsible economic development by sharing this information with our stakeholders through our primary channels of communication in order to reach our goal, easy to find, easy to access and give a good overall impression.

We look forward to supporting the UN Global Compact and its principles.

Yours Sincerely,



Aung Zaw Naing

Chairman

Octagon International Services Co., Ltd

## ABOUT OIS

Octagon International Services Company Limited (OIS) has been established since 2005 as a distributor of world's leading brands for machinery and vehicles in lower and upper Myanmar with over 600 employees.

Our business model is currently based on the accomplishment to carry the business importer and distributor of international automotive brands including Liebherr, Scania, Kone and BMW in Myanmar. We provide broad experience and comprehensive expertise of premium passenger buses, generator, heavy machineries including construction and mining equipment, cranes and vehicles as well as related spare parts for repair and maintenance.



## PRODUCTS AND SERVICES



Commercial vehicles, Dump trucks, Generator, Related parts and accessories.



Earth moving, Tower crane, Port crane, Batching plant.



Elevators, Escalators, Autowalks, Modernization of elevators and escalators, Automatic building doors.



BMW Car, Lifestyle products and parts and accessories.

# 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. 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 freedom 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 principles 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

### Training

OIS offers variety-developing programs to our employees according to the related departments either local or foreign countries. We have annual training budget 2% of total revenues for all employees. OIS has internal training for all employees including all emergency situations in the organization as well as working place areas.

### Driving Training

OIS also trains customers regarding to the safety of being using our products especially Buses and Coaches for public transportation to achieve a better road safety, and greater efficiency and uptime for their vehicles.

### Insurance

OIS is one of the first companies in Myanmar, which provides life for all permanent employees since 2013 and all our employees have life insurance registration. The entitled employee / person has fully benefits according to the instructions by the provided insurance company.

### Employee Provident Fund

OIS also has provident fund for all employees because this is very important when he/she retirements from this company. The entitled employee has fully rights to withdraw his / her amount of provident fund according to given of the company's policy.

### Responsibility of the supply chain

OIS expects 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.



# HUMAN RIGHTS

## MEASUREMENTS OF OUTCOMES

OIS ensures that all employee has been given orientaion and related training as well as Life Insurance registration.

OIS finished 100% driving training for all new Buses and Coaches customers in previous year. We also promise to provide this training program for our customer in the future.

Octagon International Services Co., Ltd has not been investigated in any legal case that related to Human Rights violations.

# 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

OIS supports the principles of the ILO Declaration and its Articles on the Fundamental Principles and Right at Work covering the Area of Freedom of association and common bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation.

OIS works in full compliance with the labor laws and regulations in our daily operations. We will not tolerate discrimination, whether due to races, color, sex, age, religion, political, opinion, nationality, ethnic origin or any other characteristic which protected by law.

OIS highly respects the principles of non-discrimination, no forced labor, no child labor. We also expect our business partners respect the same practices.

OIS strongly believes that all employees are entitled to safe and healthy working environment and feels integrated and happy with the company.

# LABOUR

## IMPLEMENTATION

### Training

OIS provides orientation training to all new employees in order to raise their awareness on their related rights, as well as on the terms and conditions of employment such as payroll, leave policies and company values, etc.

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

Employee Handbook clearly states that the principles have to be respected. Our corporate values include the principles of ethic, mutual respect, team spirit, non-favoritism and etc.

### Work life balance programs

OIS believes that the workplace should be a place for personal development. We organize series of team bonding activities such as annual trips to create a positive working environment, which everyone can evolve harmoniously.

OIS also encourages the formation of sport teams, the celebration of birthdays and other events of the Myanmar calendar, as well as the expression of group initiatives including caring about family cohesiveness and staff's relatives.



# LABOUR

## Collective Bargain

OIS encourages collective bargain especially between suppliers or contractors because there is no law related collective bargain in Myanmar. In the same way, Our customers or buyers also highly appreciate collective bargain on whatever they make a purchase. Collective bargain is very common between buyers and sellers in our culture.

## Comply with universal principles

OIS does not take any benefits or advantages by any force in our business operation. We do not employ staff who is under 18 years old. We believe that our subcontractors and business partners respect these principles “no forced labor” and “no child labor” are mentioned under the contracts between our stakeholders. Any breaches to these rules by our subcontractors leads to the direct rupture of the contract. OIS and all employee fully support Social Security Benefit according to the labour law.

## Equal opportunity

As OIS practices an equal opportunity employer, so that 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. OIS is notably attached to make no discrimination towards people with disabilities or who 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.

OIS practices an “equal salaries for equal jobs” policy as well as an equal opportunity of involvement such as comfort, health, safety, leave, overtime, bonus, prevention, and transportation for all employees.



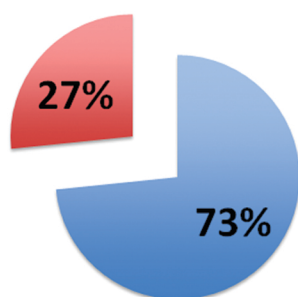
# LABOUR

## MEASUREMENT OF OUTCOMES

OIS treats all employees fairly with respect. Currently, we have run business with 759 employees up to the financial year 2014 and 2015. According to the HR data records, there were 73% male and 27% female employees.

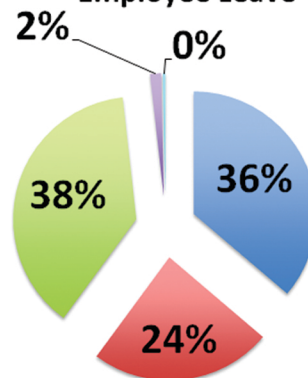
According to HR collected data, there was 38% of unpaid leave, 36% of casual leave, 24% of earned leave, and 2% of medical leave while no female employee took maternity leave in the previous year.

Employee Ratio



■ Male Employee ■ Female Employee

Employee Leave



■ Casual Leave ■ Earned Leave ■ Unpaid Leave  
■ Medical Leave ■ Maternity Leave

# LABOUR

## MEASUREMENT OF OUTCOMES

OIS ensures that 100% permanent or new employee are given orientation, related healthy and safety training especially into the workplace. According to the HR records last year, total training 6,068 hours had been given to related departments, of which 150 male employee from technical team and another 70 female employee from administration department had been attended training courses related to their careers. We believe that our training gives future technicians a complex foundation of skills to most into industry confidently.

OIS has not been involved any relevant cases related to the contravention of the Global Compact Labor principle last year.



# LABOUR

## MEASUREMENT OF OUTCOMES

OIS has not been involved any relevant cases related to the contravention of the Global Compact Labor principle last year.





# 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

# ENVIROMENT

## ASSESSMENT, POLICY AND GOALS

OIS recognizes the importance of the respect of environment and concerns about the environmental issues. We understand the complexity of the climate challenges and the fact that government actions alone cannot provide the urgent solutions required. According to the mention reason, we are committed to participate to the necessary global effort.

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

OIS aims to align according to 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

OIS tries to replace low energy consumption equipment as well as latest technology into the workplace. We turn off unnecessary electronic devices as well as power consumption.

OIS uses paper, which proved with the eco label certificates as well as digital communication.

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

OIS designs washing bays capture all contaminates from vehicles after cleaning and therefore help to reduce environmental damages. OIS uses Water-Based Paints instead of Oil-Based Paints for car body and paint to be friendly to our environment.

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

OIS management is formed and aware of our business partner guidelines for corporate social responsibility and business ethic. OIS believes that traffic safety is one of our most important assets, put of our customers and end users. So that an alcohol interlock training is required to be provided to all drivers of our customers.



# ENVIRONMENT

## IMPLEMENTATION



SCANIA  
DEALER  
OPERATING  
STANDARD

### THE SCANIA CUSTOMER PROMISES

- 1 We promise that we are easy to find, easy to access and give a good overall impression.
- 2 We promise you a friendly and professional atmosphere.
- 3 We promise to be a dependable and easily accessible business partner identifying and caring for all our customers' needs.
- 4 We promise to keep the agreed-upon delivery time.
- 5 We promise a comprehensive vehicle handover.
- 6 We promise to carry out or arrange for any work on your vehicle.
- 7 We promise you quality work carried out by competent personnel.
- 8 We promise to earn your trust by carrying out correct and cost efficient repairs.
- 9 We promise to make your business our priority.
- 10 We promise to deliver parts to you so that you can take full advantage of your vehicle.
- 11 We promise to provide emergency assistance 24 hours a day, 365 days a year.
- 12 We promise to take your complaints seriously and continuously improve our services.
- 13 We promise to protect the environment and the wellbeing of our staff and visitors.
- 14 We promise to apply Scania's guidelines for corporate responsibility and business ethics.

# ENVIRONMENT

## MEASUREMENT OF OUTCOMES

OIS internal controllers monitors and records data consumption rate monthly basis on some KPIs such as power consumption, paper usage, water and wastes have to be proper consumed in work place in order to minimize the ecological footprints to our environment.

OIS's imported products including trucks, coaches, and passenger cars are maintained more sustainably thanks to greater fuel efficiency and safer user practices. Our business partners designs international standard technologies to reduce CO<sub>2</sub> emissions in order to minimize air pollution to environment. OIS seeks to identify that we consider environmental correlations in our business strategy by importing and distributing latest technologies to our customers.

OIS fully follows and review our supplier guidelines and standards regarding to the environmental, health, safety and work related to the business ethnics. so that OIS officially got DOS from our supplier, SCANIA.



# ANTI-CORRUPTION

## Principle 10

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

# ANTI-CORRUPTION

## ASSESSMENT, POLICY AND GOALS

OIS believes 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 focus on the highest standards of governance and ethics in all our business practices and dealings.

OIS highly believes standards of corporate governance and transparency ensure sustainability and success for our activities as well as the safeguard of our stakeholder's interests. By inscribing corporate responsibility into our agenda, we would like 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 respect the ISO 26000 standards to guide us in our efforts to operate in a socially responsible manner that society increasingly demands.

OIS publicly states 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 to identify and eliminate hazards of corruption, bribery and extortion. All outcomes will be periodically measured and reviewed. We respect to contribute positively to public policy making process by raising awareness amongst our organization and stakeholders.

# ANTI-CORRUPTION

## IMPLEMENTATION

OIS measures on anti-corruption is fully embedded into our governance policy, involving transparency and ethic. Our initiative scheme is to ensure 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 under Employees' Handbook and presented in the Bribery and Corruption Prevention induction training attended by all new staffs. We provide necessary training, advice, information as may be necessary to personel at all levels.

OIS has a zero tolerance policy in terms of corruption and we ensure that no financial or other inducements to gain or retain work are offered or accepted on behalf of the company. 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 management team. A continuous control from the senior management team is set up to ensure that no form of corruption is observed. If even 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.

OIS makes 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 fire 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 ensure we always honor contractual commitments make.



# ANTI-CORRUPTION

## MEASUREMENT OF OUTCOMES

OIS uses internal audits and controllers to identify any payments that could be related to bribery or corrupt behavior. 100% permanent employees have received a training and Employee Handbook mentioning our zero tolerance policy towards corruption. 100% of new employees received the key speeches, setting out our guiding values and principles. OIS group has not been involved in any legal cases related to corruption and bribery.

# CSR ACTIVITIES



OIS's Subsidiary Company, Prestige Automobiles sponsored 70 units of BMW limousines to Government in order to serve the leaders and delegates attending the 24<sup>th</sup> ASEAN Summit meetings on 10-11 May 2014 in Nay Pyi Taw, Myanmar. The fleet comprises of the flagship BMW 7 Series, the BMW 5 Series executive sedan and the premium BMW X5 Sports Activity Vehicles.



Prestige Automobiles continued sponsored fleet 99 BMW limousines to serve the leaders and delegates attending the 25<sup>th</sup> ASEAN Summit meetings on 11-13 November 2014 in Nay Pyi Taw, Myanmar.



Prestige Automobiles continued did the BMW Sport Activity on 21 December 2014 to bring a healthy and joyful concerns to our young environment.