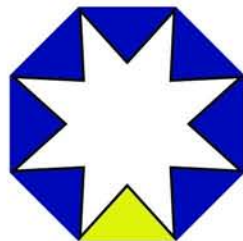


COMMUNICATION ON PROGRESS

JANUARY 2016 ~ DECEMBER 2016



OCTAGON

OCTAGON INTERNATIONAL SERVICES CO., LTD

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CHAIRMAN'S STATEMENT

I am pleased to share with you the Fourth annual Communications on Progress (COP) report produced by Octagon International Services Co., Ltd (OIS), reaffirming our consistently support to strengthen the sustainability of our company by upholding the ten principles of the United Nations Global Compact (UNGC).

Between January 2016 and December 2016, we have been working on improving and mastering our commitment towards the 10 UNGC Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In 2016, we continued our journey towards adopting a more sustainable business model and fine-tuning our tools to measure our sustainability practices in accordance with the UNGC principles. This year COP report demonstrates our progress towards a deeper description of our actions and the steps taken to improve the integration of the Global compact and its principles, in accordance with the aim “Bringing the Best Products and Services” to our society and environment.

We acknowledge that the respect of the Ten Principle of the Global Compact, together with a pro – active behavior to support economic development and social stability are essential to allow the sustainable development and the success of our country.

OCTAGON and its employees actively strive to respect and support the UNGC Ten Principles – today and in the future.

Your sincerely,



Aung Zaw Naing

Chairman

Octagon International Services Co., Ltd

ABOUT THE REPORT

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Octagon International Services Company Limited (OIS) is committed to being a good corporate citizen and contributing to our society.

Our aim is to achieve sustainable outcomes by offering world-leading brands an efficient and sustainable presence in Myanmar. We provide quality products and services and build long term relationships with our stakeholders by pursuing business in a sustainable way.

We strive to create value for our stakeholders while conducting sustainable business practices, caring for our community and protecting our environment. To achieve these goals, we are committed to identifying, managing and mitigating sustainability-related risks including human capital risks, environmental risks as well as fraud and corruption risks. We adopt a pro-active approach and aim to comply with both Myanmar laws and international best practices.

This year's report contains more details on our sustainability practices as we deepen our commitment and improve our CSR expertise. We aim to eventually reach the Core Global Reporting Initiative (GRI) guidelines to communicate OIS's progress on the UNGC principles. We will continue our practice of issuing our COP report annually.

Data Collection

The data collection for this report was overseen by our Sustainability Working Group who holds permanent positions in OIS. This allows for a holistic approach to gathering relevant information and ensures each company has a voice within the COP report. OIS is in the process of implementing an external audit in order to allow for an objective assessment of our sustainability strategy in future.



UNITED NATIONS 2015 SUSTAINABLE DEVELOPMENT GOALS

- End poverty in all its forms everywhere.
- End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- Ensure healthy lives and promote wellbeing for all at all ages.
- Ensure inclusive equitable quality education and promote lifelong learning opportunities for all.
- Achieve gender equality and empower all women and girls.
- Ensure availability and sustainable management of water and sanitation for all.
- Ensure access to affordable, reliable, sustainable and modern energy for all.
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- Reduce inequality within and among countries.
- Make cities and human settlements inclusive, safe, resilient and sustainable.
- Ensure sustainable consumption and production patterns.
- Take urgent action to combat climate change and its impacts.
- Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
- Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



SUAINABILITY CONTEXT

Myanmar is rich in natural resources particularly forest, land and water resources. Achieving sustainable development of these resources is vital to our country. We all have the responsibility to ensure that the development process is sustainable and equitable for all stakeholders in Myanmar. Economic development can lead to positive externalities – reduction of unemployment, increase of government revenue, increase in the standard of living and others but also negative ones – negative impact on communities and the environment, rapid urbanisation, lack of improvement in standard of living for the underprivileged etc.

It is our responsibility to adopt a set of good business practices and to ensure the sustainability of our activities in Myanmar. OIS is developing our sustainability strategy beyond CSR and we are always trying to assess how to make our sustainability measures more relevant to the environment around us.

OIS is currently working on further developing a comprehensive set of tools to measure the outcomes of our sustainability progress and practices. These will include an updated version of our Code of Conduct, which will reflect newly implemented policies in Myanmar and the principles of the UNGC. We are also in the process of updating our Handbook of Ethical Practices, which will be used as a tool to provide all of OIS's clients, stakeholders, suppliers and employees with a full understanding of our company's ethical principles.

Head Office Address:

No.37, Corner of Yangon–Patheingyi Road & WYTU Street, Hlaing Thar Yar Township, Mya Sein Yaung Industrial Zone, Yangon, Myanmar.

<http://www.octagoninternationalservices.com>

Phone: +95 9 860 9888

Fax: +95 9 730 650 28

G4-5 & G4-57



The head office of OIS is in Yangon, Myanmar, and is based in No. 42-47, Conner of Yangon Patheingyi Road and Yaw Aung Mye Thaya Street, Haling Thayer Township.

G4-5 & 6

Company's Value

- Customer focus
- Quality conscious
- Creative
- Systematic
- Accountability

G4-56



OCTAGON

Octagon International Services (OIS) has operated businesses across different locations in Myanmar since its establishment in 2005. Its activities are dedicated to the Myanmar market, continually driving economic growth in the country.

G4-3 SDG 8

8 ongoing operations

OIS maintains a wide portfolio of work with four operations across the country.

G4-3 SDG 8

779
employees

Octagon International Services (OIS) employs 779 people across all companies.

G4-9



Our supply chain comprises principle, suppliers, government and customers across various sectors of our work.

G4-13



OIS has been a member of the UNGC since August 2013. This year, we align our COP report to the calendar year 2016, and future COP reports will follow future calendar years.

G4-15

OIS has been established since 2005 as a distributor of world-leading brands for machinery and vehicles in Myanmar. We currently import and distribute Liebherr, Scania, Kone, and BMW in Myanmar. With 779 employees, our strength lies in our extensive experience and expertise in premium passenger buses, generator, heavy machineries including construction and mining equipment, cranes, and vehicles as well as related spare parts for repair and maintenance.

LIEBHERR

Liebherr has been supplying excavators, wheel loaders, concrete machinery, mobile and tower cranes, and crawler cranes to the Myanmar market since 2007. Liebherr's head office is located at Hlaing Thar Yar township, Yangon, and its other two branch offices are at Nay Pyi Taw and Pha Kant.



SCANIA

Scania was incorporated in Myanmar since 2007 and is the only authorised distributor in the country. In the mining sector, Scania Myanmar has been present since 2008 through its partners. Scania Myanmar has successfully established Scania's trucks and bus services, and has developed a close partnership with mining companies. In 2009, Scania extended its range of products in Myanmar by offering trucks, tractors, buses and generators. We opened service centres in Yangon, Mandalay and Nay Pyi Taw to ensure convenient after care services for customers. Our service centres are fully equipped with the latest diagnosis equipment and tools, and are served by well-trained technicians, engineers and service consultants providing 24-hour maintenance services.



KONE

OIS has been exclusively distributing KONE in Myanmar since 2013. KONE Myanmar provides complete, innovative and eco-efficient solutions for installing, modernising and maintaining elevators and escalators. We provide modern products catered for the design and purpose of each of each building type such as residential, office, retail, hotels, hospitals, industrial and public transportation. KONE solutions can be found in many prominent buildings in Myanmar, including Junction City, Crystal Tower, Union Financial Centre, Gamone Pwint Shopping Centre, and Malikha Condominium. KONE's maintenance team aims to improve the eco-efficiency of all phases in a building's life cycle – design, build, maintain and modernise.



BMW



BMW's showroom is located at the corner of Pyay Road and Namattaw Street in Kamayut township, Yangon. The newly built facility comprises a display area along with a customer lounge area, and houses the sales office and meeting rooms. The service centre is located on the third floor, with four working bays that can service more than 200 cars per month. The aftersales facility also provides body and paint repair services, and structural repairs for damaged vehicles. The facility offers ample parking space of more than 80 parking lots located both indoors and outdoors.

A second showroom, BMW Pavilion Mandalay, was opened in July 2016. It is located at Oo Boke Taw Quarter, Mandalay-Madaya Road, Aung Myea Tha Zan township, Mandalay.



HUMAN RIGHTS

Principle 1

Support and respect the protection of internationally proclaimed human rights

Principle 2

Make sure that they are not complicit in human rights abuses

ASSESSMENT, POLICY AND GOALS

OIS is committed to being a good corporate citizen and contributing to the society of Myanmar. We fully support the Universal Declaration of Human Rights, to which every human being is entitled. As a company we utilize the 30 articles from within the Universal Declaration of Human Rights as a common standard of achievement across all facets of our work. We acknowledge that understanding and compliance to these rights are of the utmost importance.

As a good corporate citizen, all our policies and practices comply with the fundamental principles described in the Universal Declaration of Human Rights. This includes equal chance, the right to life, freedom of speech and religious expression, and security of the person. By maintaining a high standard of human rights protection practices, we aim to support the needs of our employees, stakeholders and beneficiaries, and also set a good example for other companies in Myanmar to follow suit for the betterment of our community at large.

IMPLEMENTATION

Responsibility of the supply chain

OIS expects our business partners to comply and behave in accordance with the respect of Human Rights. OIS will terminate to any cooperation with a business partner who is found to breach these principles.

Reporting

In 2016 there were no reports of human rights abuses and zero incidents occurred.

This is largely due to the effectiveness of the grievance mechanism policy OIS has implemented, in addition to the extra training all management teams across each operation received in relation to human rights abuse prevention strategies. All of OIS's suppliers and contractors are expected to maintain the same principles in relation to human rights protection, and the company is working towards making this contractually binding for future partnerships.

G4-HR12



Shared Information

On 3rd of August 2016, Chairman and CEO of Octagon attended the “Scania Sustainable Transport Forum- Driving The Shift” event which was the launch of next generation Scania products and services that deliver greater profitability and sustainability. The event was held in conjunction with the High Level Roundtable- Sustainable Development Goals by Embassy of Sweden and Business Sweden in France. Participated by world leaders, policy makers, academics and members of the business community, the unique event encompassed the whole transport eco-system. Scania believes it is only through stronger partnerships that they can achieve real change, faster.



IMPLEMENTATION

Spotlight on International White Cane Day

- In October 2016, Padamyar FM assisted in the promotional efforts for the International White Cane Day for the sixth consecutive year. Employees and family members from OIS participated in the walk. It is dedicated to furthering the education of the blind in Myanmar.



IMPLEMENTATION

Spotlight on We Are The Future 4th Batch

• From November 15th to 21st, 2016, OIS organised an Internship programme and an excursion for the 4th batch “We are the future” young professional and students to gain practical workplace experience. OIS supports students from the West Yangon Technological University in Myanmar by offering options to undertake either of the two programmes in order to help them combine their academic skills with practical experience.



IMPLEMENTATION

Spotlight on Philanthropy

- Education has always been a key focus for our philanthropy efforts. We donated essential school supplies – stationeries to No (14) Basic Education, Middle School in Kamaryut Township, Yangon, Myanmar.





LABOUR

Principle 3

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

Principle 4

Eliminate all forms of forced and compulsory labour

Principle 5

The effective abolition of child labour

Principle 6

The elimination of discrimination in respect of employment and occupation.

ASSESSMENT, POLICY AND GOALS

OIS fully understands and supports the International Labour Organization's (ILO) Core Conventions and Principles. We comply with national labour laws and regulations and actively work towards the elimination of all forms of illegal compulsory labour and child labour in Myanmar. We strive to achieve an international standard on labour policies and will continue to develop tools to measure the outcomes of our policies and practices for greater advancement in this area.

We allow participation and formation of trade unions by our employees and we recognise their right to collective bargaining as long as it is done in accordance with the law. We do not employ child labour and we strictly condemn forced labour.

We expect our business partners, contractors, suppliers and other stakeholders to uphold an equal standard of labour rights and 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 enhance the lives of our employees and their families.

IMPLEMENTATION

Universal Standards

G4-HR5

Comply with universal principles

We do not employ staff aged under 18 years old and we strictly condemn forced labour. We make sure that our subcontractors and business partners respect these principles. The principles of "no child labour" and "no forced labour" are in most of our contracts with our stakeholders.



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. 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 involvement within the company" policy.



Collective Bargaining

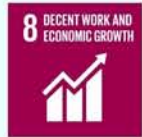
G4-HR4 & G4-11

In compliance with the national laws, OIS upholds the right of their employees to practice collective bargaining. At OIS, collective bargaining is encouraged as we believe employees should understand their value to the company and be compensated fairly.

IMPLEMENTATION

Work-life balance Programmes

We believe the place of work should also be a place for personal development. We organise 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, birthday celebrations. Caring about family cohesiveness, our initiatives also include our employee's families.



Allowance

G4-LA2

Food is provided on worksites where possible, otherwise a food allowance is provided to all employees during work hours.

Health and Safety Programme

OIS employees attend health and safety trainings and awareness seminars on a regular basis. Personal Protective Equipment (PPE) is distributed to employees to ensure their safety during operations. Rules and regulations specific to different operations and projects by OIS are clearly laid out in the workplace in order to effectively communicate our safety measures and precautions to all employees. Penalty fees have been collected from employees who do not follow the rules and regulations. The penalty fees are then used to buy first aid kits and medical equipment.



OIS conducted Aerial Mosquito Fogging Programme in all business units compound. Aerial control helps to reduce mosquito populations in the area that are hard to reach. During the entire process we focus on areas where mosquitoes populate.



Leave

G4-LA3

Appropriate leave is granted for medical, maternity/paternity and emergency needs as well as annual leave and days in lieu for additional working hours. Overtime is paid out above the legal minimum in accordance with the company's internal policies. % of the total parental leave taken for the year; 100% of both our female and male employees returned to work at OIS after their paid maternity and parental leave. This statistic reflects the welcoming attitude and adaptable environment OIS offers for employees with families.



IMPLEMENTATION

Transport

Employees working in all areas are transported to and from work and transportation fees are taken care of by OIS for all employees who commute.



A clearly written policy

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

Training

Orientation is provided to all new employees to ensure every employee has full understanding. This orientation provides employees with details of the company's policies and practices and also provides them with further skills training in the area of work they are entering. This helps to develop their skill sets for growth within the company and beyond.



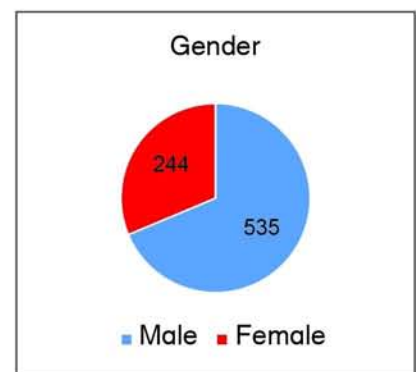
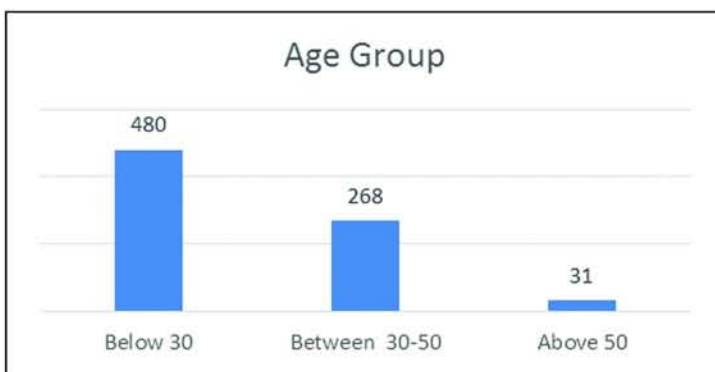
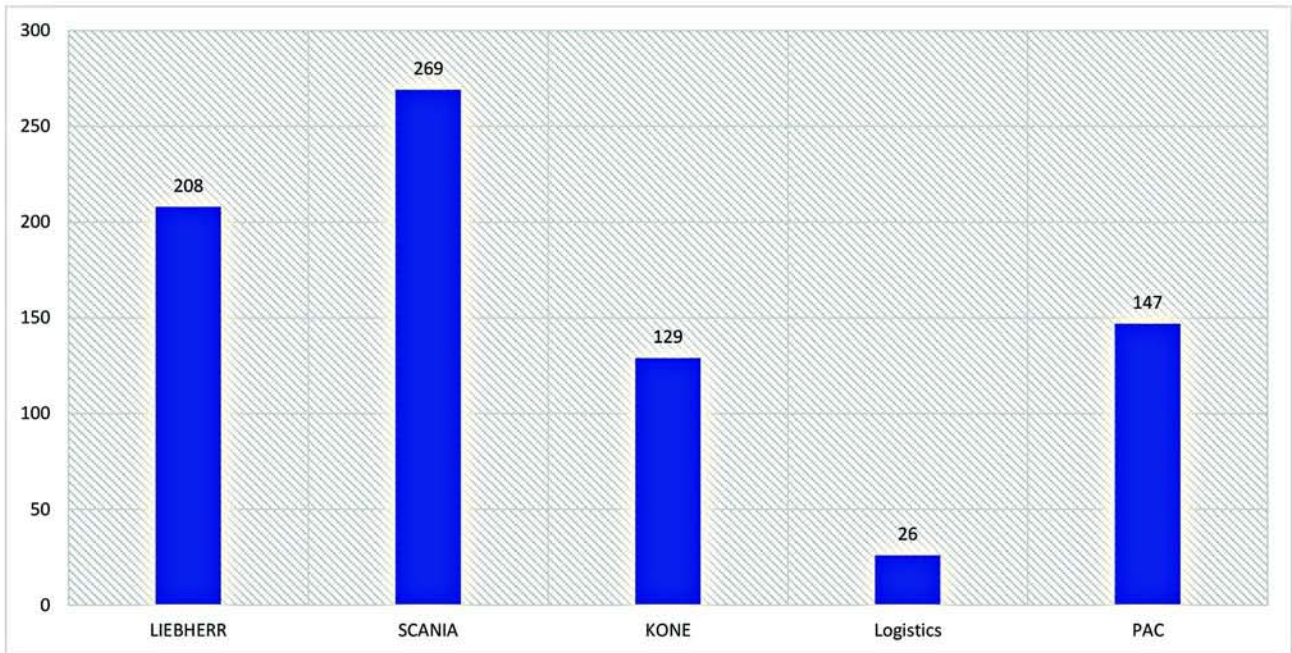
Men/ Women equality of chances

At OIS, 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.

MEASUREMENT OF OUTCOMES

Number of Employees

We have 779 co-workers across the country, of which 535 are males and 244 are females. According to the HR data records, there was male 535 and 244 female employee. According to HR collected data, there was 33% of unpaid leave, 27 % of casual leave, 33% earned leave, 13% of parental leave.



MEASUREMENT OF OUTCOMES

TRAINING AND DEVELOPMENT COURSES

OIS provides staff members with on-going skills development and training opportunities. In total 41 training programmes have been delivered by OIS for the benefit of its employees. Our Employee Handbook is a valuable tool for educating our employees on OIS's Values, Ethics, Policies and Practices. The training programmes coupled with the Handbook are designed to protect the ethics of our company and also the rights of our employees. We want to ensure our employees feel safe at work and are able to maintain a healthy work-life balance.

Type	Training & Courses
Management	<ul style="list-style-type: none"> • IFC Audit Committee Master Program • Management Consultant Training • Operational HR Management • Scania Professional Module (1,2,3) • Scania Dealer Operating Standard Conference (Sweden)
Engineering	<ul style="list-style-type: none"> • Service Technician Certification Training Step 3 & 4
	<ul style="list-style-type: none"> • TMSi Training • Wheels & Tire for Aftersales Training • ICT for Service Assistant Training Phase II & III • PDR Tools Training • ICT Technician 1 Introduction BMW Technology • Aftersales Service & Driving Technic Training • Basic Chasis and Suspension Technology Training • Rolls-Royce Ghost Training • Parts & Accessories Sales Advisor Foundation II • ICT Technician Step 2 - Electric I Training • BMW Initial Certification Training for Service Advisor - Phase II • Service Consultation at the vehicle with ISPA • FMS Training • Gear Box Training • Forklift Driving & Maintain Training • Interlock Training • Marcopolo Body Training • Preventive Maintenance Training • Service Exchange Training • ABC Analysis • Accident Repair Training
Sales	<ul style="list-style-type: none"> • Product Launch & Sales Management Training • Premium Selling Skills I & II • ICT Basic Product Knowledge & Product Knowledge 1 • Sales Manager Training • Selling Skills Training • BMW Asia on job Training • Sale Portal Training / Presale Training
Computer & IT	<ul style="list-style-type: none"> • SAP Training
Sustainability	<ul style="list-style-type: none"> • Labor Law Training
Health & Safety	<ul style="list-style-type: none"> • Fire Safety Training

Activities Highlights



Dos Certification at Nay Pyi Taw Office (Dealer Operating Standard) 14th June 2016



Scania Dealer Operating Standard Conference at Sweden 31st May 2016 to 2nd June 2016



Scania Professional Training at Novotal Hotel, Myanmar 23th - 27th May 2016



Scania Professional Training at Bangkok 18th - 22nd January 2016



Sales Certification Assesment Training



Fire Drill Training 2nd April 2016

Activities Highlights





ENVIRONMENT

Principle 7

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

ASSESSMENT, POLICY AND GOALS

At OIS, we recognise the need to respect the environment and be cautious when conducting projects that may adversely harm the eco-system and bio-diversity of Myanmar.

We are fully committed to tackling the challenges brought about by climate change. We are actively working towards reducing our carbon footprint across all our operations and continue to develop tools to measure the outcomes of our progress in the direction of being more carbon neutral and environmentally sustainable. We support the newly elected Myanmar government in its implementation of the 2012 Environmental Law.

We strive to achieve greater environmental management and will continue to refer to the UNGC principles and the GRI indices as we continue to develop our environmental policies. OIS targets to align according to the international standards such as ISO 14001:2004 for environmental management systems and to refer to the UNGC assessment principles and the Global Reporting Initiative when reviewing our environmental policy.

IMPLEMENTATION

Twelve ways we implement sustainable practices across our projects and operations.

- ✔ Energy efficient LED light bulbs are a company standard
- ✔ Our office only uses energy efficient electrical hand dryers
- ✔ Cutting down paper usage through the digitisation of internal and external documents and communications.
- ✔ Switch off all devices when they are not to use
- ✔ Energy efficient air conditioners are installed in all buildings
- ✔ When paper is needed we only purchase eco-friendly products such as FSC, SFI and PEFC
- ✔ We upgrade our appliances where possible when greener technologies are available.
- ✔ Water from maintenance workshop are treated before being discharged into public drain.
- ✔ OIS designs washing bays capture all contaminates from vehicles after cleaning and 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 maximising 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 and staffs are aware of our business partner guidelines for corporate social responsibility and business ethic.
- ✔ OIS aims to align according to the international standards such as ISO 14001 :2004 for environmental management systems and to refer to the UNGC assessment principles and the Global Reporting Initiative when reviewing our environmental policy.



MEASUREMENT OF OUTCOMES

OIS monitors data on resource consumption on a monthly basis and tracks key performance indicators such as power consumption, paper usage, and water consumption to minimise the ecological footprints on our environment. OIS's imported products such as trucks, coaches and passenger cars contain more sustainable designs such as greater fuel efficiency and safer user guidelines. Our business partners design international standard technologies that reduce carbon dioxide emissions in order to minimise air pollution. By importing and distributing products with latest technologies, OIS incorporates sustainability into our business strategy.

OIS fully adheres to guidelines on HSE Legislation, safety and fire protection, health and environment, and business ethics. OIS is a recipient of the Dealer Operating Standard certificate given by our supplier Scania.



IMPLEMENTATION



Industrial Zone and Project Site Tree Plant

OIS runs a 'one for one' policy where a tree is planted for every one cut down. This policy is recognised across all of our projects and is honoured by all of our subsidiaries. By doing this we are helping to conserve the environment in which we operate in. In 2016, 250 trees were planted in the surrounding areas of our project sites.



ANTI-CORRUPTION

Principle 10

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

ASSESSMENT, POLICY AND GOALS

Corporate governance is fundamental to maintaining a successful business. At OIS, we believe that transparency and accountability are necessary to ensure our company maintains a high standard of corporate governance and in turn remains a sustainable business model. We publicly state our commitment to fight corruption at all levels, and in order to manage this commitment, we have implemented an effective system to identify the signs of corruption and eliminate them at their core. In actively working to fight corruption, OIS sends a strong message to our stakeholders that the private sector shares in the responsibility of removing corruption from Myanmar. As a successful Myanmar business, we aim to positively contribute to policy development at the national level in this area. OIS ensures business partnerships are built on trust and that both parties operate with equal respect for ethics, transparency and accountability.

OIS management sets stringent policies and procedures which do not allow any corruption and bribery regardless of any level of management position. Every employee has to strictly follow the company's policies.

IMPLEMENTATION

OIS's zero-tolerance policy on corruption is fully reflected in our governance policy. We believe that ethical work practices are key to the sustainable success of our company, clients and stakeholders.

Integrity and ethics are central in our policy. We communicate these values in our Employees' Handbook and in the Bribery and Corruption Prevention training attended by all employees. We provide training, advice and information relevant to personnel at all levels.

All employees are prohibited from accepting any gift, cash and benefits from customers and suppliers. Employees are trained to politely decline any offers of gifts, cash and benefits by customers.

Employees are encouraged to report any form of corruption to management. A control team comprising senior management staff is set up to monitor corruption.

OIS makes available financial and technical resources for sustainable procurement throughout the company. We integrate ethical considerations into our design and business decisions and make sure we prepare open tenders when choosing business partners. We have transparent reporting procedures and try to continuously improve our practices. We attach high importance to contracts and ensure that we always honour contractual commitments made.

MEASUREMENT OF OUTCOMES

OIS uses internal audits and controllers to identify any payment that could be related to bribery or corrupt behaviour. All our permanent employees receive training and our Employee Handbook specifying our zero tolerance policy towards corruption. All of new employees receive orientation and training that set out our guiding values and principles. OIS has not been involved in any legal cases related to corruption and bribery.

- Top 100 Myanmar Largest Tax Players for 2015
88th Octagon International Services Co., Ltd
- Top 100 Commercial Tax Player for 2014-2015
63th Octagon International Services Co., Ltd
- Top 100 Commercial Tax player for 2015-16
24th Octagon International Service Co., Ltd



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.