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August 31, 2017.

MANAGING DIRECTOR OF MEDI MYANMAR GROUP LTD. STATEMENT OF CONTINUED SUPPORT

At Medi Myanmar Group Ltd., we are committed in our support and alignment with the United Nations Global Compact guidelines and principles. Throughout the years, we have observed the positive changes worldwide where businesses and corporations are aiming towards becoming more socially responsible. At Medi Myanmar Group Ltd., we encourage all managers, supervisors, employees, and staff to take an active role in the business community and share the knowledge and experiences we gained by supporting the Ten Principles of the UNGC within our organization. We are continuously seeking more ways in which we can integrate all of these principles into our corporate culture and business policies. It is one of the most important goals and within the core values of our company to stay and continue to be ethically and social responsible in all our practices in order to build a sustainable future.

In 2015, Medi Myanmar Group Ltd. achieved a remarkable milestone to work towards our aim of introducing organizational change in order for our management and operating systems to achieve our goals of success and sustainability. Our senior management and management teams management, together hand in hand, worked to systematically integrate the UNGC principles into our corporate culture in the areas of sales and marketing, operations, finance, and human resources. GIC (UK) awarded Medi Myanmar Group Ltd.

ISO 9001:2008 certificate under certification no. 722776 dated March 5, 2015. By earning this certificate, there is great responsibility for leaders, senior management, managers, supervisors, employees, and staff to continuously meet and uphold the standards of both ISO and UNGC in order to work towards achieving the sustainable development goals. Medi Myanmar Group Ltd. will continue to review any areas for improvement where we can integrate a sustainable management system and adjust our core processes to align with the UN Global Compact and commit ourselves towards SDGs.

In this annual Communication on Progress, we highlight our initiatives within the past year on how we maintain and gradually improve from the preliminary implementations of the Ten Principals of the UNGC. It contains an overview of how we integrated the UNGC principles within our company policies, organizational culture, and structure. Even though we are very encouraged and proud of our progress every year, we recognize that there is always more to do. However, we will continuously strive to be a social responsible corporate citizen and contribute towards sustainable development for the future. We thank everyone involved in our daily operations for their support and implementation of these principles in order to move forward and bring positive change for the future.

Sincerely,



DR. WIN SI THU
MANAGING DIRECTOR
MEDI MYANMAR GROUP LTD

From: September 2016 To: August 2017

The Ten Principles of the United Nations Global Compact

The Global Compact asks companies to embrace, support and enact on “**The Ten Principles of the United Nations Global Compact**” within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption:

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Medi Myanmar Group Ltd. supports and respects human rights by providing a safe and healthy working facility and environment. This organization also adheres to protect all its workers by ensuring non-discrimination in daily employment practices.

We are a trading company that believes that our employees are our key assets that deserve our particular attention. This organization provides opportunities for personal and career development and creates a healthy working environment for health and well-being of everyone. In addition, Medi Myanmar Group Ltd. has 9 branch offices across the country, where all of them provide workers with good facilities for a safe and healthy work environment in addition to ensuring that non-discrimination in our work practices. Human resources regulations and policies are set up by the Head Office, but processes are in place in order to provide all workers with same standards at all branch offices on practices such as but not limited to: working hours, overtime wages, support on health, career development, education and personal development benefits, and no discrimination.

Assessment, Policy and Goals

- Our policy is to cultivate and maintain an ideal workplace that is free from harassment and other forms of discrimination based on race, color, religion, sex, national origin, age, disability, and sexual orientation. We do not tolerate any form of harassment, abuses, or unlawful discrimination.
- Our employment and hiring policies consider all candidates and applicants of available job positions at the company equally without any discrimination based on gender, race, religion, sex, national origin, age, disability, and sexual orientation.
- At our company, career opportunities are visible for all employees regardless of gender, age, sex, religion, etc. Assessment of professional competencies and performance of our employees are done in systems in which we apply the KPI's. Assessment exams are done for potential and current employees and in order to offer all workers a fair chance at a position, promotion, or pay raise.
- All business partners and suppliers will adhere to our principles on Human Rights. If they do not, we will not establish working ties with them.
- In line with our sexual harassment policy, this form of harassment is not tolerated in any way.
- We allow our employees and business partners to freely express their cultural values and participate in activities without discrimination or judgment.
- We are highly active and committed to improve the lives of underprivileged people in Myanmar socially and economically. Our philanthropic activities and efforts revolve mainly around the areas of health and education. Philanthropy is one of the core values and activities of our organization.
- Our country currently faces sporadic religious conflicts between the Buddhists and Muslims. We are continuously observing and keeping ourselves informed about the tense situation in order to ensure that this type of conflict does not take place within the workplace of our organization.

- We support career development and capacity building of all employees by investing in training, education, skills-development, and career planning according to their interests.
- We support our employees for basic healthcare needs such as treatment, pregnancy care, operation, and other forms of medical needs because of the inefficient and incomprehensive healthcare system provided by the country.

Implementation

- We have an open door policy with our employees in order to provide them with support and care. Support is present throughout the entire organization at all levels, from top management, senior management to the bottom level. We want to express to our employees that their health, safety, and well-being is a priority.
- Human rights policies are shared amongst all employees. This organization has assigned a team and middle management employees to follow and act accordingly with these policies.
- This organization welcomes any advice, suggestion, recommendation, and feedback from our employees, business partners, and affiliates on how we can improve our policies and be more progressive on solutions regarding Human rights. By learning from our many stakeholders, we can implement solutions and ideas to create a better workplace for our employees.
- We conduct continuous, regular assessment and monitoring of our policies especially in areas that we feel can be improved within our organization. Top management and HR cooperate with each other regularly in order to find a solution to many issues involving people of all levels where necessary.
- We provide widespread support to any undergraduate students that are employed by our company. For example, we provide them with skills training, capacity building seminars, educational courses, and more. In addition, we support their educational needs by providing “education leaves” where these undergraduates are still on pay roles but are on leave in order to take the exams until they graduate.

- We hold full responsibility for awareness and protection of Human Rights throughout the stakeholders and supply chain of our company.
- Any unlawful act such as discriminatory (of all forms) and harassment (of all forms) is taken into account where these reported incidents are dealt with immediately with high priority by HR and top management.
- Our policy is that all employees are allowed to practice their religion freely without any discrimination or judgment.
- We believe that education can improve and change people's lives. Hence, this organization supports capacity building of our employees by investing in language skills, training, and educational seminars for personal development in order for them to acquire valuable skills in their areas of interests in relation to business regardless of their educational background.
- We support our employees in their healthcare needs from minor to major illnesses, maternity care, and surgical procedure cases since there is an insufficient healthcare system for comprehensive healthcare or national health coverage provided to all citizens by the country.
- Our Head Office and branch offices throughout the country hold annual charity events by following Myanmar tradition and culture. Examples of such events are the Warso occasion, Thadingyut offerings, Kahtein tree offering to monasteries, and Myanmar New Years offerings where donations go to monks and people from underprivileged backgrounds or rural areas.
- We have an annual budget that is dedicated regularly support educational needs of underprivileged and poor children by annually donating school supplies to underfunded public schools in South Dagon Township, Yangon, Meikhtila, Mandalay and other areas in need.
- This organization has contributed to the University of Medicine (1) Alumni for three consecutive years by supporting prizes for the outstanding students award for 4 categories with Gold medal awards. This support towards these outstanding medical students is done so that they can one day contribute to the medical community.

- This organization supports victims of natural disasters that regularly occur in the country (e.g. flooding, cyclones) by dispensing medicine, food supplies, and household items to the affected areas.
- Our Company strongly supports Breast Cancer Awareness Campaign. For 5 consecutive years we have been organizing the Breast Cancer Awareness Campaign in collaboration with Cancer Foundation in Myanmar. This campaign enables women from different sectors (e.g. industrial female workers from garment factories, teachers, female staffs from banks, trading offices, airlines, students, nurses and also general public) to gather at events where knowledge is shared, education of breast cancer in local language leaflets are distributed, self-breast examination methods is educated and breast examination by doctors is also provided.
- We participate in the local project for sight together with Global L'Occitane Foundation for the prevention and treatment of blindness amongst the Myanmar rural people who have vision and eye problems. Our company participates in this by providing health education, distribution of eyes glasses and medicine, surgical treatment and helps them for full recovery. (In 2016, we helped more than 40 Myanmar people for their cataract operation till full recovery and provided eye care check up and distributed eyeglasses to more than 1500 people in the district areas.)
- Top management is a member of Visākhā Foundation, which is an officially registered foundation. This foundation is well-known for supporting young adults in vocational training, providing decent jobs with decent income, and reducing poverty for people from underprivileged and poor social-economic backgrounds including orphans through skills training. In collaboration with the foundation we are fully supporting education and vocational training. We are involved in taking responsibility for nearly 200 young adults with vocational training in the development of their skills. This foundation has provided decent jobs with decent income to these young adults that enable them to continue their education to get a degree and support their families.

Measurement of outcomes

- HR reports any incidents relating to human rights to top management as soon as they are aware of any situation that is against our policy. We will assess and take action thoroughly and compressively.
- We assess our company demographics annually to see where we can improve (i.e. gender, race, educational distribution and etc.) for diversity and inclusion.
- Regular, continuous assessment and monitoring are done. We analyze and identify the areas for improvement and where additions can be made for better implementation of company policies supporting to responsibility on human rights.
- We assess our charitable contributions annually in order to be able to implement and participate in philanthropic efforts with a broader view and wider scope to reach people within areas in need. These efforts will benefit the community and contribute towards the goals of UNGC and SDG.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: 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.

Assessment, Policy and Goals

- This organization follows and abides by the nation's labour laws for wages, compensation of overtime work, leave benefits, health and other benefits.
- Medi Myanmar Group Ltd. does not practice torture, child labour, forced, and compulsory labour within our organization or within the practices of any of our business partners and/or suppliers. If our suppliers or business partners are found to not adhere to these labor standards, we will not form business ties with them.
- Our human resources department has written policies that clearly explain employee rights and responsibilities for compensation and benefits. These rights and

responsibilities are regularly and annually updated in accordance with national regulations.

- Our policy requires our business partners and suppliers to adhere to our labor policies when hiring staff and working with our employees. If our suppliers or business partners are found to not adhere to these labor standards in their hiring processes, we will not form business ties with them.
- We have a goal to reduce our employee complaints and turnover rate to cultivate a safe, healthy, and harmonious working environment without discrimination in order to promote their welfare.
- Medi Myanmar Group Ltd., as a member of the UNGC, takes an active role and commits itself to follow the principles of labour rights.

Implementation

- Labour policies are recorded, assessed and updated regularly by the HR department. Any violations toward our policies are reported directly to top management in order to be dealt with in a timely manner with a proper system.
- If any company policies concerning labour rights need to be amended and revised due to changes in national regulations or other reasons, a company memo is issued to keep all employees informed and updated about the situation.
- When new employees are recruited, policies and regulations of the company are shared with them in order for them to understand and be aware of our policies and practices.
- Training is provided to all members in senior and middle management levels in order for them to understand, learn, and assess different types of discrimination and how it can affect the workforce. These steps are taken to promote a non-discriminatory work environment in order to promote employee welfare and well-being.
- As a leading organization in the health industry, the health and safety of our employees are given high priority. We ensure that our staff is provided with adequate medical care and support where our resources allow (i.e. Medical leave, maternal leave, Health checkups, medical examinations, medications, operation procedures,

treatment and etc.).

- Our organization supports the health and well-being of our employees in other ways that require more attention. For example, we pay for operation/surgical fees, cardiac procedures, pregnant employees with labour expenses, death expenses with support for their immediate families and also provide the medicine supplies for emergency and chronic health problems. This support mechanism is provided to employees because our country does not have national health coverage or an efficiency healthcare system to provide for all citizens.
- Myanmar has opened up to the world and organizations including our company are progressing towards providing more support and career building opportunities for our employees. We support our employees in capacity building and personal development by providing classes that assist in improving their English language fluency, knowledge in their related responsibilities, and skills development. Throughout the years, we have provided opportunities to many employees by supporting them to attend courses in English, Marketing, Strategic Management, Human Resource Management, Business management, Accounting and MBA degrees. In addition, we have permitted 5 MBA students in our company to work with flexible hours during their course of study until they graduate.
- We implemented systems to increase employee motivation through a reward system with incentives and bonus programs, appreciations through local and overseas trips, and promotions within the company.
- All of our offices close accordingly with all religious and national holidays.
- Labour policies are shared amongst staff, business partners, and business affiliates when recruitment and upon request at all times. All policies act within accordance of the country's labour laws.
- The Board of Directors and Senior Management take full responsibility of the protection of workers and adherence of labour rights within our organization. We also encourage employees to support each other as a family, protect, and educate each other to understand and stay aligned with company labour policies. We hope

that these steps can help our employees to become good performers and socially responsible persons in the company.

- We have an open door policy with the public sector employees at the Labour Union of Myanmar, which is a Government Ministry. This policy is intended to openly welcome them to educate our HR department and top management about labour laws and rights whenever requested upon. HR has the responsibility to communicate and share this information internally to our employees so that the latter can learn and understand any updates and knowledge.

Measurement of outcomes

- We will assess and monitor our company statistics annually to see where we can improve (i.e. Gender, Pay scale, Job Title, Sick Leave, Health Care, Educational Training).
- Senior Management has created many Key Performance Indicators systems for our employees in order to monitor and assess their performance fairly and equally without discrimination. These systems are used to fairly assess employees in their quests for promotions and pay raises.
- Medi Myanmar Group Ltd. does not tolerate any violations of the UNGC labor principles by our organization or any of our business partners, affiliates, and suppliers. If there is found to be any violation of these labor principles, we will assess the situation and examine if business ties need to be terminated due to this violation. If the situation can be dealt with in a reasonable manner in order for them to improve their actions, we will monitor the progress and reassess regularly.
- Our company, particularly the senior management level, systematically reviews the company's labor policies in order to ensure that they act within accordance of the law. We also assess previous cases or issues in order to evaluate how we can improve our company policies and processes in relation to labor rights and principles.

Environment

Principle 7: Businesses should 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

- Medi Myanmar Group Ltd. undertakes a proactive and precautionary approach to protect the environment from its modern day challenges in order to promote greater environmental responsibility within the community and the world.
- All employees are educated and guided to understand the company's support on environmental responsibility and encouraged to follow through accordingly.
- We continue to meet our goal of decreasing our carbon footprint by 10 to 15% annually. We will move forward strategically and systematically to assess and examine areas within our company where we can further decrease our environmental footprint even further in the following years.

Implementation

- This organization continues and regularly promotes “not to litter” and “throw waste into the bins” practice within the company. All wastes employees are educated about the negative impacts of littering upon the environment and are taught to dispose litter in designated bins. There is also a policy of no beetle nut chewing in the office premises and no smoking inside the office buildings and all warehouses.
- At our office, every Friday is designated as “clean up day” when all employees throw away trash, remove clusters around their areas, and clean up their spaces.
- We encourage all our employees to use a car-pooling system throughout our supply chain processes.
- We are regularly and continuously replacing fluorescent lamps to LED lamps to save energy. We hope that these changes throughout all the offices and warehouses will maximize saving energy.
- This organization monitors and strictly adheres to environmental policies within our country. High-density polyethylene (HDPE) is no longer in compliance with the

environmental policy of Myanmar so we have changed to alternative materials such as recycled bags and paper bags.

- We do not take part in local business activities that expose risk to the environment (i.e. carbon emissions of factories, disposing chemicals into water sources, etc.).
- In the interest with saving paper, the company has transitioned most of the paper reports into a digital reporting system in all departments.
- Replaced travelling for meetings from district offices to head office from monthly to quarterly and replaced with weekly teleconference meetings.
- Assessment is made by the assigned team for following UNGC guidelines to ensure that employees are aware of being responsible for the environment.
- The organization continues and regularly holds quarterly activities for employees in order for them to be able to share and gain knowledge of environmental issues.
- The company also promotes saving electricity by encouraging less use of air conditioning within reasonable means. For example, during our cool season, we encourage alternative means such as opening windows. Other means to save electricity include turning off air condition during lunch breaks or turning on “eco-mode” where there are few people at the office.
- We also educate all employees not to waste water sources and use with care.
- In addition to our initiatives to educate staff, we also encourage our employees to share ideas about going green and reduce their environmental footprint using their experiences of working out the company.
- We educate our employees nationwide about environmental protection at a basic level (i.e. Paperless communication, data storage, encouraging the use of garbage cans as opposed to littering, saving water usage, car pooling, installing air cooling fans in some areas, encouraging to use natural light source wherever possible, saving electricity on air conditioning and lighting usage).
- We regularly contact our business partners to let us reuse and recycle existing resources such as but not limited to usage for promoting or marketing purposes; for example when planning for roadshows, instead of producing new furniture we reuse

existing fixtures and decorate it with vinyl, stickers, and other resources to reduce waste.

- We encourage and request from our business partners and business affiliates to share their annual report of their environmental policies and activities to understand their methods in reducing their carbon footprint. These reports are also used to learn how other organizations use creative methods to reduce waste at their workplaces.

Measurement of outcomes

- Monitoring the environmental footprint of company is done through the monthly electricity bill, water bill, gasoline bills, purchase of papers, checking the office premises, warehouses cleanliness and usage of resources.
- Assessment and review on supply chain activities are done monthly in order to see if the usage of resources can be lowered to reduce our carbon footprint.
- Regularly educating managers, supervisors, and employees are conducted at the company in order to share the knowledge of environmental protection and to support company initiatives relating to it. Middle management level employees are also responsible in organizing knowledge-sharing activities among staff in order for them to understand and improve our methods to reduce waste and protect the environment.
- Follow up on annual reports of environmental policies from our business partners and affiliates and encourage them to gradually reduce their environmental footprint annually.

Anti-Corruption

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

Assessment, Policy and Goals

- We clearly mention and state in our policies to all our employees and to all our business partners that a core value of this organization is to avoid any form of extortion or bribery for anti-corruption purposes. We are a proud organization that

expects ethical and socially responsible business practices so we do not want to participate in any form of corrupt activities. New employees, existing employees, and business partners are guided through our company values and practices to meet our expectations of conducting activities and practices without corruption, extortion, or bribery.

- This organization does not tolerate any activities where people within our organization, business affiliates, or partners engage in corrupt business practices. If found of corruption, bribery, or extortion, our company takes this very seriously to the extent that we will not continue to establish business ties with them.
- The risk of bribery and corruption within our country is one of the main concerns in business and national development. We aware of these risks and make clear to all stakeholders to respect these values.

Implementation

- We integrate anti-corruption policies into our business practices so that management and employees deal with strategic decisions and activities in a responsible and ethical manner.
- This organization provides training and educational seminars to our employees on what is considered malpractice in terms of corruption, bribery, and extortion in order for them to be aware of it and take action when it is being practiced. Any incidences of extortion, bribery, and other corrupt forms of practices must be informed to HR and senior management upon finding out about situation in order to deal with it comprehensively and thoroughly.
- The anti-corruption policies of the company are circulated amongst all stakeholders: employees, customers, business partners and its affiliates in order to ensure that the entire company's activities are acting in accordance of these rules. This organization will refuse to work with any stakeholders that do not respect our anti-corruption policies and views.
- Each department at this organization is audited regularly - monthly and quarterly -

within the company to ensure that there is no malpractice or violation in accordance with the anti-corruption policies. The respective department heads must review these audit reports in order to align with company's expectations and stay free from corruption.

- Reports from the department heads from all offices are reviewed thoroughly and comprehensively to uncover any presence of extortion and bribery. Any incidences are to be reviewed and discussed with management for necessary decisions and actions.

Measurement of outcomes

- All incidents of corruption, bribery, or extortion reported within the organization are reviewed regularly - monthly, quarterly, and annually - to adhere to the anti-corruption policy. Corrective and improvement actions are taken in order to stay free from corruption, bribery, and extortion in future dealings.
- We assess and evaluate the incidents reported and record the severity of the situation. Appropriate actions are taken in line with our anti-corruption policies.
- Reported incidents of corruption (if any) are compared with previous records to monitor for improvement and the success of our anti-corruption policies. We regularly update our policies and work with experts to ensure that our policies aim to prevent and solve issues of corruption in an efficient and justified manner.
- Top management and owners conduct internal audits within each department annually in order to ensure that they all adhere to the anti-corruption policies of the organization.

Concluding Statements

In conclusion, Medi Myanmar Group Ltd. has taken steps and will further continue to conduct practices that align with the Ten Principles of the UNGC. This organization is also aware and in support of SDGs of the United Nations that we believe are attainable such as: No poverty, zero hunger, good health and well being, quality education, gender equality,

decent work and economic growth, reduced inequalities and partnership for the goals.

Medi Myanmar Group Ltd is proud to be a member of UNGC and we fully support the Ten Principles highlighted in the UNGC guidelines. This organization is proud and committed to be an ethically and socially responsible corporate citizen of the world.
