



# DAGON GROUP OF COMPANIES

**Diversified Myanmar Conglomerate**



## Sustainability Report 2019



## VISION & MISSION

- ❖ DAGON Group to become leading diversified Myanmar conglomerate conducting responsible business that will also contribute to advancement of society.
- ❖ Creating and growing learning work place to pass down generation to generation.
- ❖ Conducting business that is sustainable for all stakeholders with integrity and transparency.

At Dagon Group, we believe that every project, regardless of scale and size, deserves our complete attention from creation through to implementation, complemented with proper maintenance and after-care.

### 3 Underlying Principles :

1. To have good business ethics in every activity we engaged in.
2. To produce or offer products and services which are reliable and of good quality.
3. To create a safe working environment where employers can demonstrate and excel with the responsibility they have taken up.

## GOALS

### Equipping our staff with 21st Century skills

- Conducting new skills training
- More empowerment in a team work setting
- Create more opportunities for innovation

### Gender equality and eliminate pay discrimination

- Increase female ratio in management position
- Similar work to receive similar pay regardless of race, gender or religion. Strict pay scale and evaluation method to be introduced according to skills and qualification.

### Digitalization

- Develop new and existing business with IT as a key driver
  - To use IT as a tool for management, collaboration and reporting tools
  - Strengthening standard operating procedures to become more reliant on systems implemented with IT rather than persons

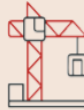
## BUSINESS PRIORITIES



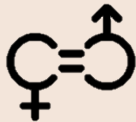
Engaging with and enhancing the wellbeing of our **people** and **helping communities**



Reducing **resource use** and **waste** and being ready for **climate change**



Optimising **off-site construction** and related standardisation, modularisation, mechanisation and design for manufacture and assembly



Achieving **gender equality** is **important** for workplaces not only because it is 'fair' and 'the right thing to do,' but because it is also linked to a country's overall economic performance. ... Improved national productivity and economic growth. Increased organisational performance



Continuation of our **digital transformation** journey and adoption of **latest technology** to allow active collaboration of the value chain in digital environment

## Our Retreats' Objectives

As the country is in the transformational stage, Dagon Group decided to provide the highly investment in the staff capacity to keep up with the change of market trend. Employees are the foundation of any successful business. It's therefore essential that the team is working effectively together. An organizational retreat has a diverse range of benefits, all of which can be powerful methods of enhancing our businesses' success and bringing our teams together. We had 60 of our top management team participated at our annual Retreat.

**The Management Retreat 2019 " Building a 21<sup>st</sup> Century Organization "** is organized with the objectives of:

- To get a Good future plan
- To identify capacity gaps and build a good 21st Century Organization
- To implement Innovation and technology in the organization
- To perform more efficiently
- To get excellent development
- To have a better financial performance
- To improve and restructure organization.



# Construction Retreat

The Construction Retreat 2019 “ Raising The Bar ” is mainly to develop leadership skills set based on human behavioral management, to build up self-esteem, to possess professionalism, to be responsible and accountable in a workplace and to build an effective and efficient team.

- To engage in a planning process that involves all the major units or contributors {objectives, strategies, implementation plans}
- To create a degree of shared ownership/commitment in key planning issues, or in solutions to organizational problems
- Department leaders to take ownership and accountabilities which links directly with overall business outcomes
- To build a more effective team in an organization
- To take supervision and monitoring of project progress and to identify the process of change for organizational development
- To develop a positive mind-set and create happy, healthy working environment within the organization
- To improve leadership and communication skills within the organization
- To influence the skills of an individual, thus, to improve employee performance
- To have better relationships among new and current employees by transmitting learning and development
- To understand the concept of organizational development and the importance of every employee’s contribution
- To encourage employees in order to perform and contribute their idea’s, skills and performance for shaping the future of organizational development.



## Group Code of Conduct

The Dagon Group's code of conduct is contained in our daily activities and supplier terms and conditions. The standards defined are the minimum standards required. A detailed Dagon Group's Code of Conduct is discussed with all stakeholders. Over the years, we have established links with factories, mills and farms we utilize within Myanmar and close countries. Mapping this process is critical to the Group, and the Group feels that an ongoing support of our partners and how we can help affect the lives of their workers in a positive manner. The group will only work with suppliers who are committed to working to our standards and to improving conditions for our shared workforce.

- Our Code of Conduct lays out the following principles for our business operations to which all employees must adhere:
  - to instill a high standard of integrity, ethics and environmental responsibility in all aspects of our business dealings and operations;
  - to abide by the legal and regulatory requirements in the countries where we operate;
  - to observe the rights of our employees and the communities in which we work; and
  - to create the means to make the Code of Conduct an integral part of daily practice.

## Dagon Group's Code of Conduct

- 1) Employment is freely chosen. There must be no forced labor, bonded or involuntary
- 2) Freedom of Association and the right to collective bargaining must be respected
- 3) Workers conditions are safe and hygienic
- 4) Child labor shall not be used
- 5) Living wages are paid in line with local laws and for a standard working week, overtime
- 6) A premium rate
- 7) Working hours must not be excessive and must be voluntary
- 8) No discrimination
- 9) Regular employment is provided
- 10) No harsh or inhumane treatment is tolerated
- 11) Health & safety of workers is paramount in all areas of our business, direct or otherwise



Our stakeholders are employees, customers, suppliers, investors, organization and other entities that can affect or be affected by our activities and products. Maintaining an open dialog with our stakeholders is essential to understanding their interests and expectations. DAGON performs specific actions depending on its activity size, location and culture and all sites have regular exchanges with local stakeholders such as local authorities.

## Employees

### Key Expectations

- Quality
- Health & Safety
- Ethic & Compliance

### Engagement Channels

- Seminars, conferences, forums
- Online meetings
- Recognition, awards, contests
- Intranet, internet, news, emails, videos
- Training, workshops
- Employee survey
- Application week

## Customers

### Key Expectations

- Ethics & Compliance
- Governance
- Quality

### Engagement Channels

- Trade show
- Conventions, technical seminars
- Audits and sites visits
- Joint seminars, conferences. Techno days, workshops
- Meetings

## Suppliers Key

### Expectations

- Health & Safety
- Ethic & Compliance
- Labor and human right

### Engagement Channels

- Meeting
- Technological roadshow

## Media

### Key Expectations

- Company Information
- New service and progress
- Innovation
- Chemicals

### Engagement Channels

- Conferences, conventions, meetings
- Press release

## Local Partner

### Key Expectations

- Ethic & Compliance
- Labor and Human Rights
- Waste & Effluent

### Engagement Channels

- Partnerships
- Conferences, conventions, meetings
- Sites visits
- Donations, training, volunteering, local initiatives

## National & Local Authorities

### National & Local Authorities Key Expectations

- Quality
- Ethic & Compliance
- Health & Safety

### Engagement Channels

- Partnerships with municipalities
- Meeting, conferences, seminars
- Annual reports
- Site visits

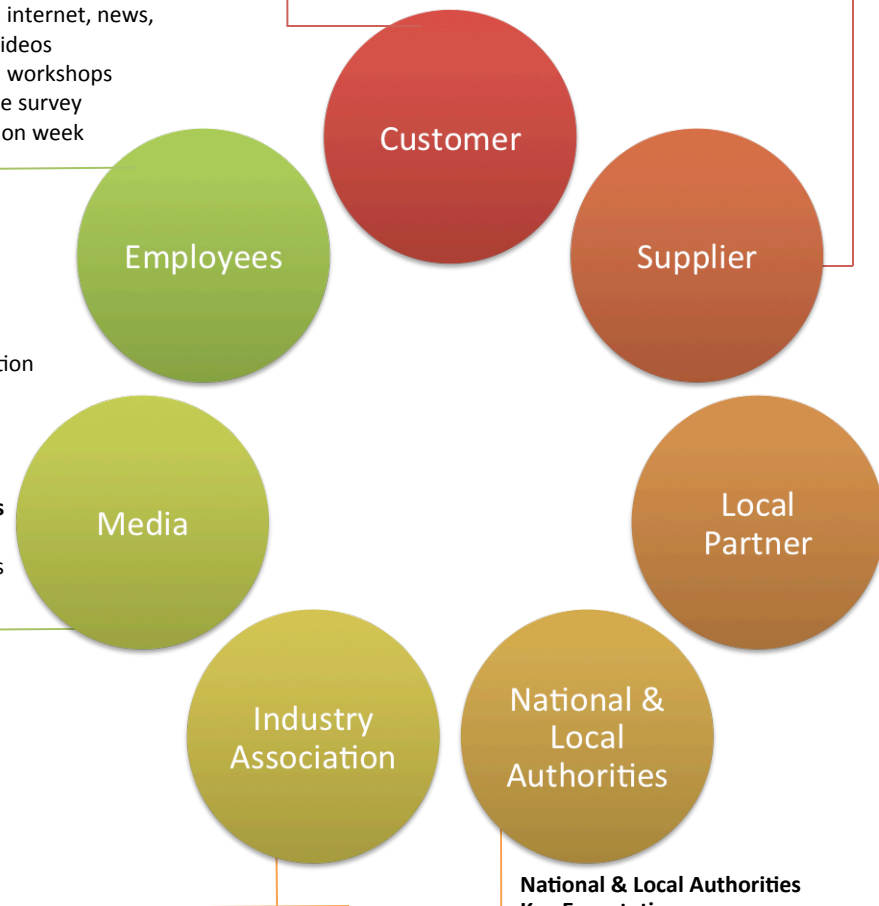
## Industry Associations

### Key Expectations

- Governances
- Ethic & Compliance
- Diversity & Inclusion
- Market information

### Engagement Channels

- Membership in public- private partnerships, international association
- Meeting, conferences, seminars



# Succession Planning

Dagon Group's establish succession planning through our "Future Leaders Program" which is our flagship management trainee program. The unique program is designed to develop Dagon Group's Future Leaders by providing challenging and purposeful opportunities that accelerate their readiness to take on business leadership roles.



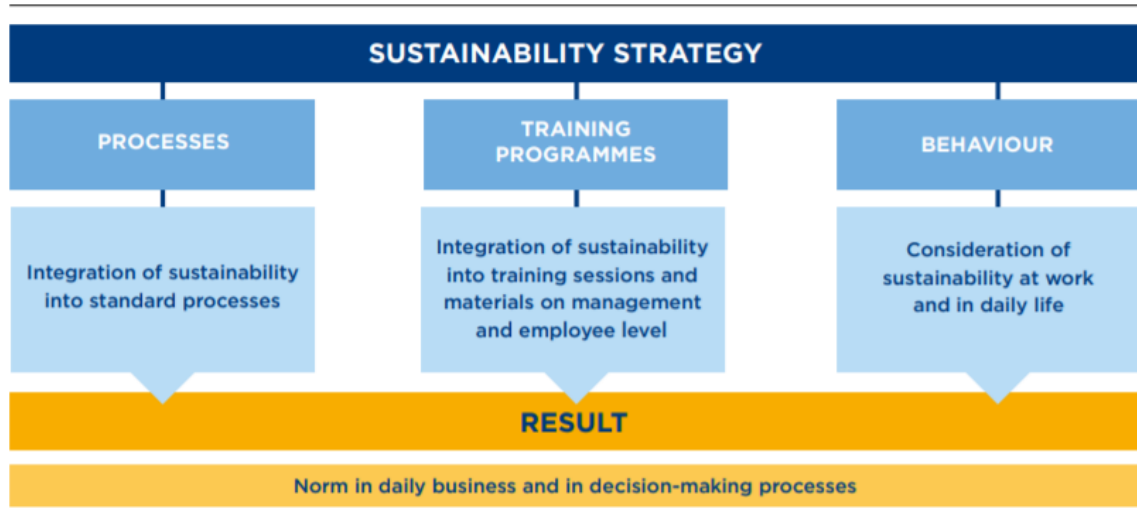
Dagon Group wishes to develop the staffs to become more aware of what their role is and how to become better at what they do. Dagon Group uses consultants and trainers in order to help develop the staffs to become the future leaders of the company and more effective in their roles. In order to get a good understanding of the current levels the staff and to create the training needs analysis, future leaders program is tailor made for each and every one from this, by using the information gathered.

The program encompasses rotations within and across functions in the organization to provide them with an accelerated and well-rounded learning experience. The stages are designed to provide each participant with formal and on-the-job training through exposure to business challenges, mentoring sessions to develop business and functional skills and international exposure early in their careers.

During the program, participants are evaluated against their performance and provided regular feedback and coaching to build on their key strengths and development areas.



Dagon Group has a set of core values that define our work ethic and guide our workforce in today's rapidly changing and challenging world. The core values – Safety, Integrity and Excellence – have been incorporated into our Mission and Vision. At Dagon, our ultimate goal is to deliver a high level of quality to our customers. This means not only the quality of our built products and service outcomes, but also in the way they are delivered: reliably, safely and responsibly. We believe we can best deliver the level of quality to which we aspire by concentrating on our three core values.



Real Estate development and construction has an essential role to play in meeting the global challenges posed by population growth, increasing urbanization and resource scarcity. At Dagon Group, we believe that sustainability creates value for our business, our shareholders and society.

As can be seen from our Goals, our way forward is to rely heavily on encouraging creativity, innovation and digital transformation which inspire new ways of thinking, nurturing and working as one without any discrimination among our employees in both pay and gender.

#### UN GLOBAL COMPACT (UNGC)

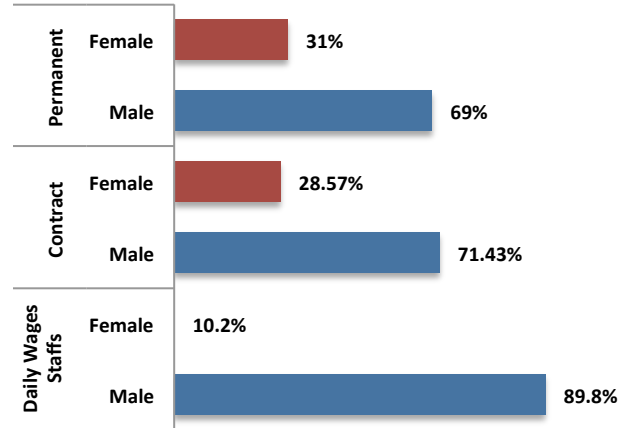
With our integrated approach to sustainable development, Dagon Group aims to embrace the UNGC principles. We strive to implement the ten principles of the Global Compact and to use it as a basis for advancing responsible corporate citizenship. We use this opportunity to further push our own ongoing programs and processes in the areas of human rights, labor standards, the environment and anti-corruption. In order to demonstrate our commitment, we publish a yearly Communication of Progress (COP). All our COP reports are available on the Global Compact website.

**Sustainable Operations:** We always look for ways to systematically improve environmental and community outcomes from our facilities' operations while ensuring efficiency, reliability and stakeholder value. Focus areas within Sustainable Operations include safety, GHG emissions and carbon utilization, water, industrial waste and biodiversity.

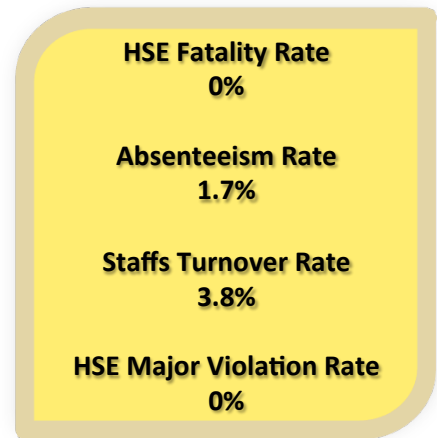


# Our People

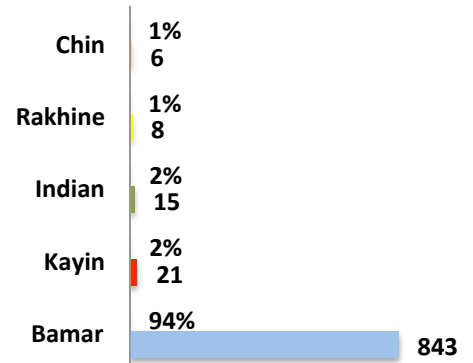
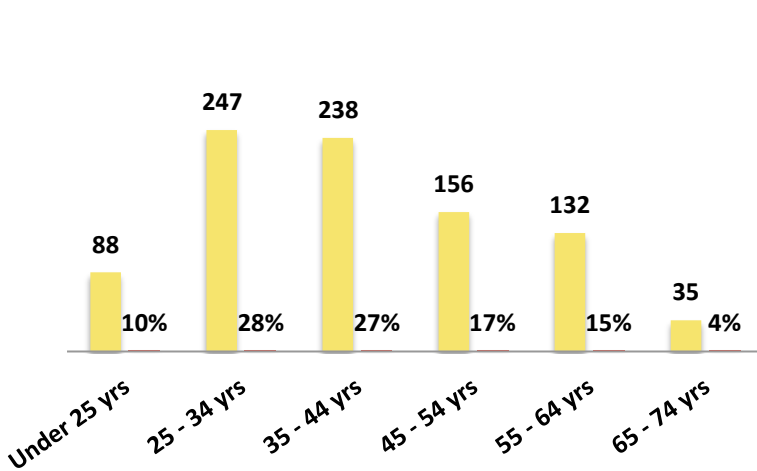
Diversity of Employees by Management Class	2019
<b>Board of Director Level (Total)</b>	<b>10</b>
Male	70%
Female	30%
Under 30 years old	0%
30 - 50 years old	40%
over 50 years old	60%
<b>Senior Management Level (Total)</b>	<b>20</b>
Male	55%
Female	45%
Under 30 years old	0%
30 - 50 years old	10%
over 50 years old	90%
<b>Middle Management Level (Total)</b>	<b>85</b>
Male	71%
Female	29%
Under 30 years old	13%
30 - 50 years old	55%
over 50 years old	32%
<b>Staffs (Total)</b>	<b>787</b>
Male	70%
Female	30%
Under 30 years old	27%
30 - 50 years old	50%
over 50 years old	22%



Employees by Contract Types



## Employees by Age Group



Employee's Race & Ethnicity Rate

The focus area of People under our new strategy covers caring for both our employees and the community. Below we highlight some of the many areas where we have been making improvements or driving new initiatives to enhance employees' wellbeing and development, as well other examples of corporate social activities to support local communities.

The group gives full and fair consideration to applications for employment by people who are disabled, to continue whenever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

Although adopting more modern methods of management provides solutions to make us a leaner operating model, we will always need skilled people to execute those solutions. Apprenticeships and continuous career and professional development for our people therefore remain essential.

Throughout 2019, Dagon Group have ran 19 courses which involved 440 participants (10% increase over 2018). Enhancing 21<sup>st</sup> Century Skills competence was one of the focus areas and we ran a total of 19 different internal and external courses for managers and supervisors to be more innovative and collaborative skills.

Identifying talent and investing in our peoples' future will continue to be a key area of focus in 2018-2019. Our expanding network will provide further opportunities for career progression.



#### **FLP PARTICIPANTS' SHARING PROGRAM**

21<sup>st</sup> September 2019 @Mingalar Cinema Hall, Dagon Centre



#### **Work-Life Balance Workshop by Well-Being**

March 2019 @Dagon Group Training Hall

## Ethical Sourcing

The Group continues to review its policies on ethical sourcing on a regular basis and works with its suppliers to improve conditions in their factories. Our intention is that all business within the Group are compliant with our Group policy and we will continue to work towards this.

## Human Rights

The Group endorses the principles set out in the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work which seek to ensure safe and fair working conditions on a global scale. Our suppliers are selected upon and contractually committed to the Group on the basis of their adherence to these principles.



Dagon Group's Rainy Season Plantation Ceremony, June 27, 2020 at Naypyitaw.

## Environment

The Group embraces its responsibility to manage the impact that its business have on the environment and is committed to carry out its activities with due considerations for the potential environmental impact, both now and in the future.

Whilst we continue to ensure compliance with local government, the Group has undertaken, or invested in, a number of projects and actions to further reduce our environmental footprint. The Group has an Environmental policy which sets out our commitment to reducing pollution and advancing our environmental performance.

We adopted a variety of techniques on the project to reduce environmental impacts, the most significant of which included:

Early installation of a temporary transformer room to reduce the use of diesel generators and minimise noise, exhaust emissions and carbon footprint – approximately 60% reduction in diesel consumption. Adoption of system formwork to reduce timber use and waste – about 500m<sup>3</sup> of timber was saved. Use of offsite rebar cut and bend – only 1.9% rebar wastage. Also use rebar waste to man hole covers and other things.

We've provided modular subcontractor offices that can be reused, have standardised parts and design fittings for easy assembly, and require no welding which is a safety benefit. It took just four man days to install six units, as opposed to the three man days it takes to install one traditional corrugated iron-type unit. We also reused concrete pile head as marking posts and re use them fencing pole.



## Energy

The Group's core business as a conglomerate encompasses a variety of different segments that eventually embraces each sector. It is our aim to give customers an all-time enjoyable experience working with any subsidiary. However, the Group accepts that all our businesses must be responsible with their respective energy usage and associated carbon emissions. The Group maintains a Carbon Management Program with the following objectives:

- 1) Reduce energy usage in non-trading periods ,
- 2) Reduce energy usage through investment in improved and up-to-date technology ,
- 3) Reduce energy usage through staff awareness and training ,
- 4) Ensure all business activities are aware of their impact on energy consumption
- 5) Ensure that the program applies to all business in all territories
- 6) Purchase energy competitively from sustainable sources wherever possible

Dagon Group practice to reduce the electricity consumption as shutdown the computers if not necessary, choose the right light (LED), unplug idle electronics, turn off some lights and use natural sunlight. As result of this practices, DCSM I & II's 2019 Electricity meter usage units reduced about 8.5% than 2018 usage.

We planned to reduce the electricity usage in 2020 year about 10% than 2019. And for the future, Dagon Group plan to use Greenhouse Gas in some project areas.



**Interpersonal Skills Development**  
Self-Awareness & True Authentic  
Self (2 Days Training) October 2019  
@Dagon Group Training Hall



**Interpersonal Skills Development**  
Self-Esteem (2 Days Training)  
November 2019 @Dagon Group  
Training Hall



**Interpersonal Skills Development**  
Team-Work (2 Days Training)  
December 2019 @Dagon Group  
Training Hall

We continue to run our Future Leader Program Programme in 2018 with its selected 40 high-potential managers and supervisors from all across our business who are engaged and understand business challenges. Future Leader Program training includes English language, leadership, team building, management methods, IT, digitalisation and presentation skills before pitching innovative ideas to our executive committee and further discussions on their career development within the company

We also began a 'Soft skills' series training programme for all employees who have worked in the Group for a minimum of 3 years, covering areas such as influencing, coaching, self-awareness and presentation skills.

The well-being of those who work for us is a key business priority, and in this year we enhanced our paid maternity and paternity leave allowance. We have also provided leave for employees for further education and trainings.

Under our new sustainability strategy, we identified diversity and inclusion (D&I) as an area for more focused effort and in the next year, we will established our first D&I champions who will begun to study issues surrounding gender as a starting point.

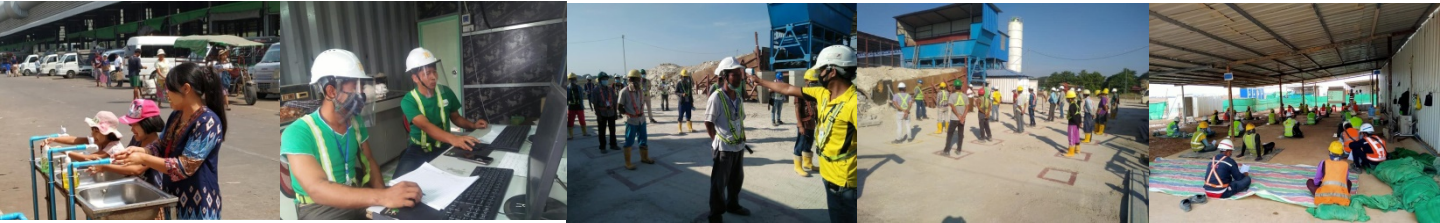
We offer employment conditions that meet or exceed the minimum legislative requirements and accepted conventions and do not use involuntary labour and under aged labour or restrict free movement of our employees. We do not allow discrimination or harassment and provide equal opportunities, with recruitment and career progression based on objective criteria, individual performance and merit. As mentioned in the Zero Harm section, we observe the rights of employees and subcontractors to a safe and healthy work place.

Dagon Sports Day 2019 was held on 2<sup>nd</sup> February 2019. About 800 Dagon Group employees attended and participated in 44 fun activities and games. We run this Sports Day annually to promote health conscienceless and to build team work.



## Health And Safety

Our commitment to continuous health and safety improvement is demonstrated by: 1) The development across the Group of our induction and training programs ensuring every colleague has the competence, understanding and awareness to work safely and at a minimum risk. 2) Safety input into all our locations and investments as from design to opening. Our health and safety team conducts its own audit programs to ensure the highest safety standards are maintained during the construction phase of new existing and new projects 3) The policies and processes review process that is in place, with the aim of implementing best practice in all areas of the Group. With a continuous review of the Management Policy towards Health & Safety.

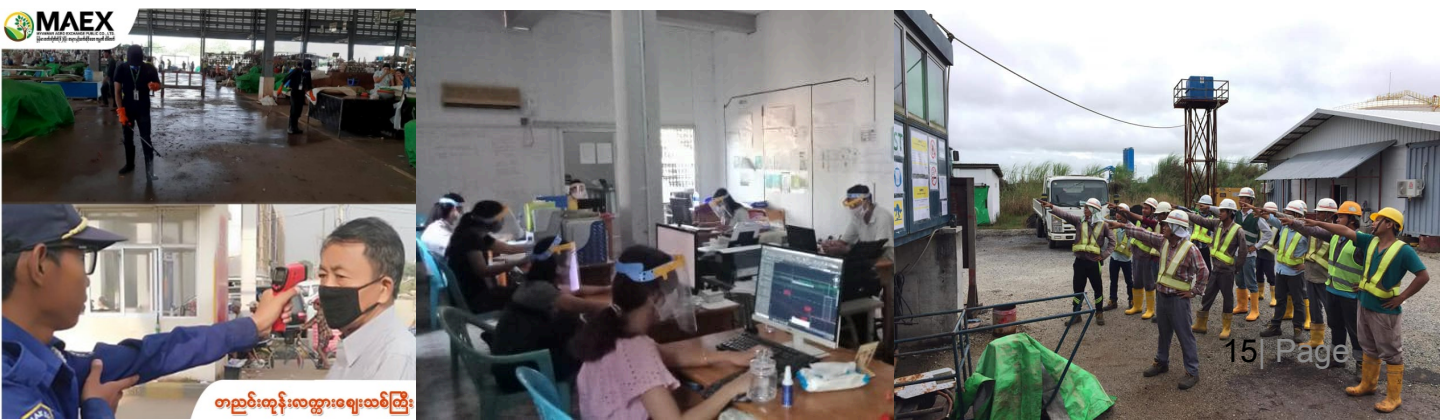


## SAFETY – ZERO HARM

Key target for 2025: 25% reduction in the number of accidents on our sites

Objectives	Actions	Target 2025
1. Improve safety on our sites and our methods to reduce the number of accidents	Undertake more modular, standardized and offsite construction to reduce accidents on site and the risk of heatstroke from climate change induced warming. Enhance resilience measures to reduce risks and injuries from increases in extreme weather events.	25% reduction in the number of reportable accidents
2. Achieve zero fatalities	Remove the risk of serious and fatal injuries from our business through modern methods of construction (e.g. offsite, mechanization, and automation), detailed work sequencing, and planning for safe access. Ensure readiness for climate change induced extreme weather events.	Zero
3. Achieve zero permanently disabling injuries		Zero
4. Achieve zero injuries to our workers		Zero
5. Achieve zero injuries to members of the public		Zero

Remarks: It includes both Dagon employees and non-employees for whom we are responsible on our work sites.



## Corporate Social Responsibility and Philanthropic Activities

Dagon Group also support various initiatives that are related to community livelihoods, social associations, education, religious, environment and health sectors. Likewise, we ensure that the organizations we support are reputable and trustworthy

Dagon Group spent MMK 333.8 million for FY2018-2019 and FY2019



We donated via Myanmar Construction Entrepreneurs Federation for the development of skill labour together with NSSA (National Skill Standard Authority). Hundreds of skill labour graduate from this academy every year furnishing our construction industry growing needs.



We have also supported other community projects together with MCEF. This year we have donated for the flood victims of Swar area in Bago Region, where we distributed necessary household supplies as immediate needs and later re build them housing for their security.



We sponsored for the Myanmar Licensed Contractor Association, annual general meeting where discussion were made for the development of building contractors in Myanmar in terms of construction standards, level playing field, job creation and many more.







# Myanmar Clinical Psychology Consortium

We sponsored Myanmar Clinical Psychology Consortium. MCPC is a volunteer-based group of Myanmar and international mental health professionals and community partners.

The Consortium provides common ground for the psychology, psychiatry, social work, and education communities as well as other supportive entities in Myanmar to move toward the goal of developing well-trained mental health practitioners, educators, supervisors, and other mental professionals and para-professionals. MCPC is a movement.

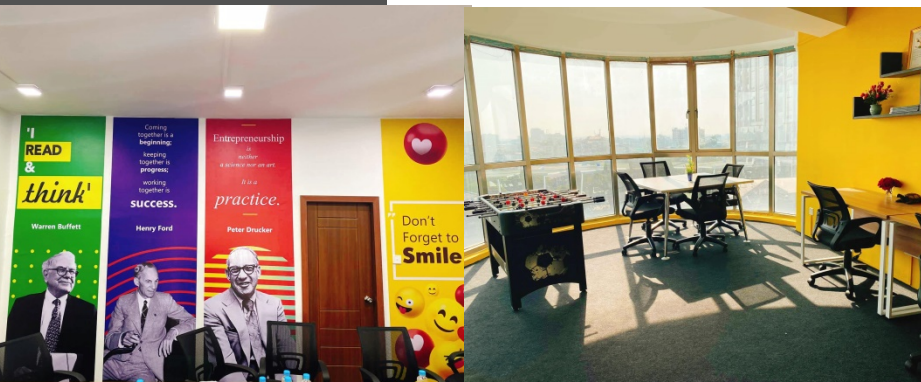
Dagon Group open up our inventories to make use as accommodation for 300 Medical Staffs who have trouble going back to their residences during medial emergency,



We sponsored Yangon Region Young Entrepreneurs Association (YRYEA). YRYEA is a regional association under Myanmar Young Entrepreneurs Association (MYEA) in 2019.

We like their Mission which is: to create a center of excellence resource platform where young entrepreneurs can learn, share and promote innovation, professionalism as well as responsible business practices.

Dagon Group support them by providing office rental with reduced rate with 70% discount of normal rate in Dagon Centre II



**Dagon Group's 23<sup>rd</sup> Kahtein Donation Ceremony on October 19, 2019**







**Address** : 262-264, Pyay Road, Dagon Centre,  
#A 06-02/03, Myaynigone, Sanchaung Township,  
Yangon 11111, Union of Myanmar.  
[www.dagon-group.com](http://www.dagon-group.com)