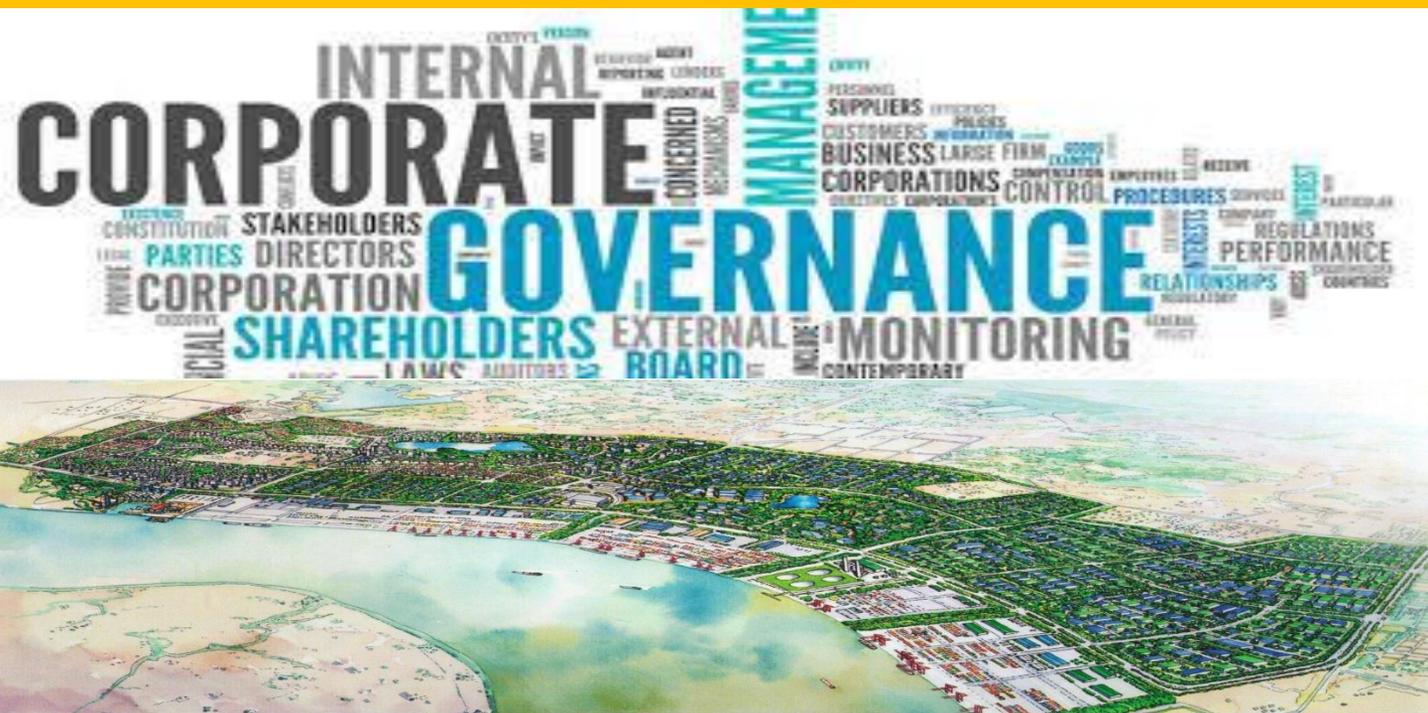


Corporate Governance

Guidelines and Roadmap

version : 1



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SEZ Holdings
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Introduction

1

1.1 Brief Overview

The financial crisis of 1997-1998 which affected many countries in Asia, has encouraged reforms and led to the emergence of various initiatives to strengthen the national economy and regional cooperation. Several proposals and agreements have been made to establish broader and more thorough cooperation, including cooperation to develop the ASEAN community by 2015. Cooperation covers areas including Corporate Governance (CG).

The financial crisis has also demonstrated the importance of the role of capital markets for the national economy. Well developed capital markets can be mutually supportive with a solid and stable banking system. Capital markets provide an alternative to long-term corporate financing and investment facility for investors. To that end, CG plays an important role in ensuring that capital markets is managed based on the principles of transparency, accountability, responsibility, independence and fairness, in order to gain investor confidence.

The corporate governance framework is the foundation for effective implementation of good governance. The World Bank defines the meaning of corporate governance as follows: “A blend of legal, laws and regulations and practices carried out by the private sector on a voluntary basis which enables companies to attract financial capital and labor, performs efficiently, and with all of these can continuously generate long-term economic value for the shareholders, and at the same time pay attention to the interests of the stakeholders and the public as a whole”.

The corporate governance principles issued by the OECD (OECD CG Principles) state that a corporate governance framework should promote transparency and efficient markets, in line with the rule of law, and clearly divide the duties and responsibilities of the authorities that run the functions of supervision, regulation and law enforcement.

1.2 Principle and Commitment

Basic element of Corporate Governance (CG) include Transparency, Accountability, Responsibility, Independency and Fairness (TARIF), with the belief that this will ensure the creation of business balance as a whole all form of interest internal and external, economically and socially, individual and group will lead to a balance point.

The Company through top level management MD/CEO and Board of Directors shall be committed to the implementation of CG, which shall be expected to be the role models for each of the company personnel. Furthermore the commitment will be gradually delivered to the whole elements of organization.

Main objectives of CG implementation:

1. To direct and control the work relation among the company's organ namely General Meeting of Shareholders, Board of Directors and Executive Management .
2. To enhance the responsibility of company's management to shareholders by considering the interest of shareholders.
3. To create a definite work relationship between the Company and stakeholders.
4. To encourage and support people development, business development and effective risk management to enhance corporate values.
5. To direct corporate vision and mission achievement.
6. To be the basis of corporate culture development and implementation.

1.3 Corporate Governance Goals

In line with Company's vision and mission, we are committed to making "CG the culture of the Company." to achieve this goal, the Company has set the mission for GCG as follows:

1. To realize the achievement of corporate sustainability through governance based upon the principles of transparency, accountability, responsibility, independence and fairness.
2. To realize the empowerment of the function and independence of each corporate body, that is, the General shareholders Meeting, the Board of Directors and the Executive Management.
3. To realize a condition in which all corporate bodies make their decisions and implement them on the basis of high moral values and adherence to existing laws and regulations.

Company applies good governance principles to guarantee the achievement of optimal results which include:

- To improve Company performance through the creation of better decision-making processes, improving the operational efficiency of the Company and improving services to stakeholders.
- To improve corporate value, through improving financial performance and minimizing investment decision risks that contain conflicts of interest.
- To improve investor trust.
- To achieve stakeholder satisfaction resulting from corporate value and Company dividends.

Through strong commitment and consistency with respect to the application of good corporate governance, the Company believes it will improve business performance and sustainable growth, so that ultimately, corporate value will improve for shareholders and other stakeholders.

***Corporate
Governance
Infrastructure
and Soft -
Structure***

2

2.1 CG Guidelines

The Company will have a complete formulation of its Corporate Governance Code as well as Corporate Code of Conduct Manual. The Company will also compile the guideline for the work of the Board of Directors, Executive Management and their officers to implement governance. The Company shall continuously improve its standard operating procedures (SOP) for every business process included in MTSH's Management System.

Infrastructure	Soft Structure
<ul style="list-style-type: none">• General Meeting of Shareholder• Board of Directors• Executive Management• Boards Support Committees :<ul style="list-style-type: none">• Audit Committee• CG Committee• Nominating Committee• Remuneration Committee• Corporate Secretariat• Risk Management• Internal Audit• External Audit	<ul style="list-style-type: none">• Corporate Governance Roadmap• Corporate Governance Code• Code of Conduct Manual• Committee Charter• Internal Audit Charter• Conflict of Interest Policy• Whistle Blower Policy

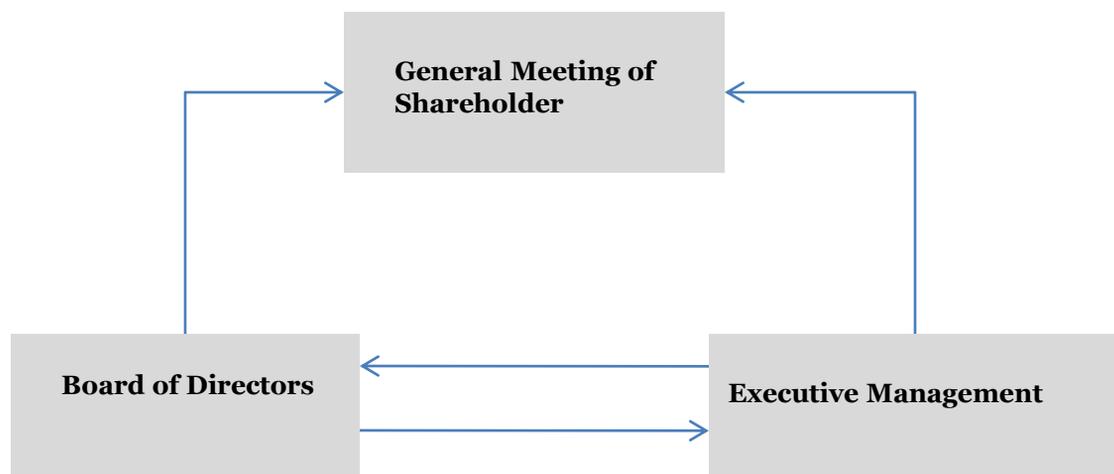
The guidelines and policies clearly establish all aspect of corporate management including Company's vision, mission and values; explaining policies to define strategies, establish organization, corporate offices, risk management, system for internal control and supervision, standard of ethic, finance and accounting and people management.

2.1 CG Guidelines (Cont'd)

<i>CG Soft Structure</i>	
CG Roadmap	Direction or guidance in running the process of CG implementation as part in achieving its goals.
CG Code	Set of values and practices that serves as the basis and reference for the Shareholders, the Board of Directors, all levels of management in managing the Company and dealing with other stakeholders. CG code sets out principle of CG implementation that consistent with legislation, vision and mission, as well as corporate culture. The Company places CG Code as an “umbrella” in making technical rules.
Code of Conduct	Guideline for individual in the Company in running corporate activities in accordance with the expected cultures. It serves as business ethic and values of the Company that govern how to manage the Company in achieving its vision, mission and objectives. It is a written commitment on CG implementation by management and employees of the Company.
Committee Charter	As a guideline for the Audit , CG, Nomination and Remuneration Committee to perform their duties as a supporting organs of the Boards.
Internal Audit Charter	Role to enhance the controlling function integrated in MTSH as well as to ensure the operational activities which have been executed according to any applicable regulations.
Conflict of Interest Policy	Policy defines what activities are considered as conflict of interest a long with the solutions and any other aspects.
Whistle Blower Policy	Policy administers the violation of reporting mechanism. It also regulates the report reception stage, investigation until decision making and sanction applied if the violation is proven.

2.2 Governance Structure & Mechanism

Corporate Governance consist of primary organs which include General Meeting of Shareholder (GMS), Board of Directors and Executive Management. Details procedures of conducting GMS and selection of BOD should be accordance with MTSH Article of Association (AoA) and Memorandum of Association (MoA).



The above organs play key role in succeeding the CG implementation in the Company. The organs serve their functions as stated in regulation, Article of Association of the Company, and other provision based on key principles mentioning that each organ has independence in fulfilling duties, functions and responsibility for the interest of the Company. GMS, Board of Directors and Executive Management, respect each other duties, responsibilities and authorities.

Each member of Board of Directors and Executive Management has responsibilities, obligations, rights, required ethics of Boards and Executives according to companies code of conduct as well as meeting mechanism and relations between Board and Executive.

2.2 Governance Structure & Mechanism (Cont'd)

General Meeting of Shareholders (GMS)

The General Meeting of shareholders (GMs) comprises the annual General Meeting of shareholders (AGMs), which is held routinely every year and convened at least once; and the extraordinary General Meeting of shareholders (EGMs), which can be convened at a time other than the time of the AGMs.

Annual General Meeting of Shareholder shall have main resolutions covering:

- Approval on the annual report describing the Company's management and operations.
- Endorsement the financial statement audited by external public accountant.
- Discharge the Company's Board of Directors and Executive Management from their responsibility (acquit et de charge) for the coordination and supervision undertaken in financial year, on condition that those actions were recorded in the Company books and were not in conflict with any regulations or laws.
- Approval of the decision to use Company's net income either for final dividend or retained earning.

The important resolutions that may be taken by the extraordinary GMs include the following:

- Changes in the Board of Directors and representatives on the Executive Management prior to the end of their term of office, due to resignations and /or other reasons.
- Material transactions involving the Company's assets as collateral, the sale of key material assets, the takeover of the Company, or the closure of a significant business unit.
- Transactions that involve a conflict of interest.
- Corporate actions of a material and extraordinary nature, such as a buyback of Company shares or a stock split.

2.2 Governance Structure & Mechanism (Cont'd)

Board of Directors (BOD)

BOD is collectively responsible for general and or special supervision as stated in the article of association and provide input to Executive Management. BOD does not participate in the decision making process for operational matter of the Company. Each Board member, including Chairman of Board has equal position on the duty. The Chairman is in charged for coordinating activities of Board of Directors. All BOD member is appointed and terminated by GMS according to AoA and MoA.

Duties and responsibilities of the Board of Directors can be divided into two types:

- Responsibility for Internal liability covers the supervisory tasks undertaken internally in the Company, for which an accountability report is provided once a year at the annual General Meeting of shareholders.
- Responsibility for external liability appears at the time when third party losses arise in matters of bankruptcy caused by the mistakes or negligence of the Board in exercising supervision over the Executive Management.

The policy principles of the Board regarding the giving of advice and recommendations to the Executive Management and the treatment of stakeholders are as follows:

- The Boards exercises supervision over management policies, both concerning the Company and Company business, and gives advice to the Executive Management concerning the management of the Company.
- Policies are based on good faith, prudence and a sense of responsibility and are in the interests of the Company and in accordance with the aims and objectives of the Company.
- Policies are made transparent to the Executive Management and the stakeholders.
- Policies are based on objectivity and fair and consistent treatment regarding data and information presented by Executive Management to the Board of Directors.

2.2 Governance Structure & Mechanism (Cont'd)

Board must recognize their roles in establishing ethical values that support a culture integrity, fairness, trust and high performance.

Board must recognize their roles in ensuring that the Company not only operates successfully but sustains growth over the long term.

Roles and Responsibility of the Boards

Boards must ensure that they do not have interest or ties in the Company that could adversely affect independent and objective judgment and place the interest of the Company above all other interest.

Independence of the Boards

Boards must ensure the right mix of members with the appropriate skills and experience to cope with : Complexity, Competition and Changes.

Composition of the Boards

Boards must devote sufficient time and fully commit to drive the Company and undertake continuous development of skills to enable fulfillment of their responsibilities to the Company.

Commitment of the Boards

2.2 Governance Structure & Mechanism (Cont'd)

Executive Directors

The Executive Director has collegial responsibility for managing the Company in such a way that the value drivers function at their maximum to enable improved operational profitability, which in turn will increase the Company's value. Each member of the Executive Management undertakes and makes decisions in accordance with the division of duties and authority; however, collegial responsibility still applies.

The function of the Company's management by the Executive Management comprises five main duties, i.e.:

- **Management**
The Executive Management conceives the vision, mission and values of the Company as well as short term and long term programs; effectively and efficiently controls resources; gives fair and due attention to the interests of minority shareholders; and has clear working procedures and a charter.
- **Risk Management**
The Executive Management formulates and implements risk management, covering every operational aspect of the Company.
- **Internal control**
The Executive Management arranges internal control units to supervise and protect against the occurrence of fraud or failure to apply Company strategies.
- **Communication**
The Executive Management ensures the continuity of internal communication or communication between sections and external communication with stakeholders.
- **Social responsibility**
The Executive Management also conceives and undertakes corporate social responsibility activities in accordance with the applicable laws and regulations.

In addition to the functions mentioned above, Executive Management has the duty to ensure that information related to work units is always available to the Board of Directors. Executive Management is required to compile an annual report, including a financial statement, a Company performance report, and a social and environmental responsibility activity report, as well as a report detailing problems that have arisen during the financial year and that influence the activities of the Company. The Annual Report must be approved by the AGMs and the Financial statement must be endorsed by the AGMs.

2.2 Governance Structure & Mechanism (Cont'd)

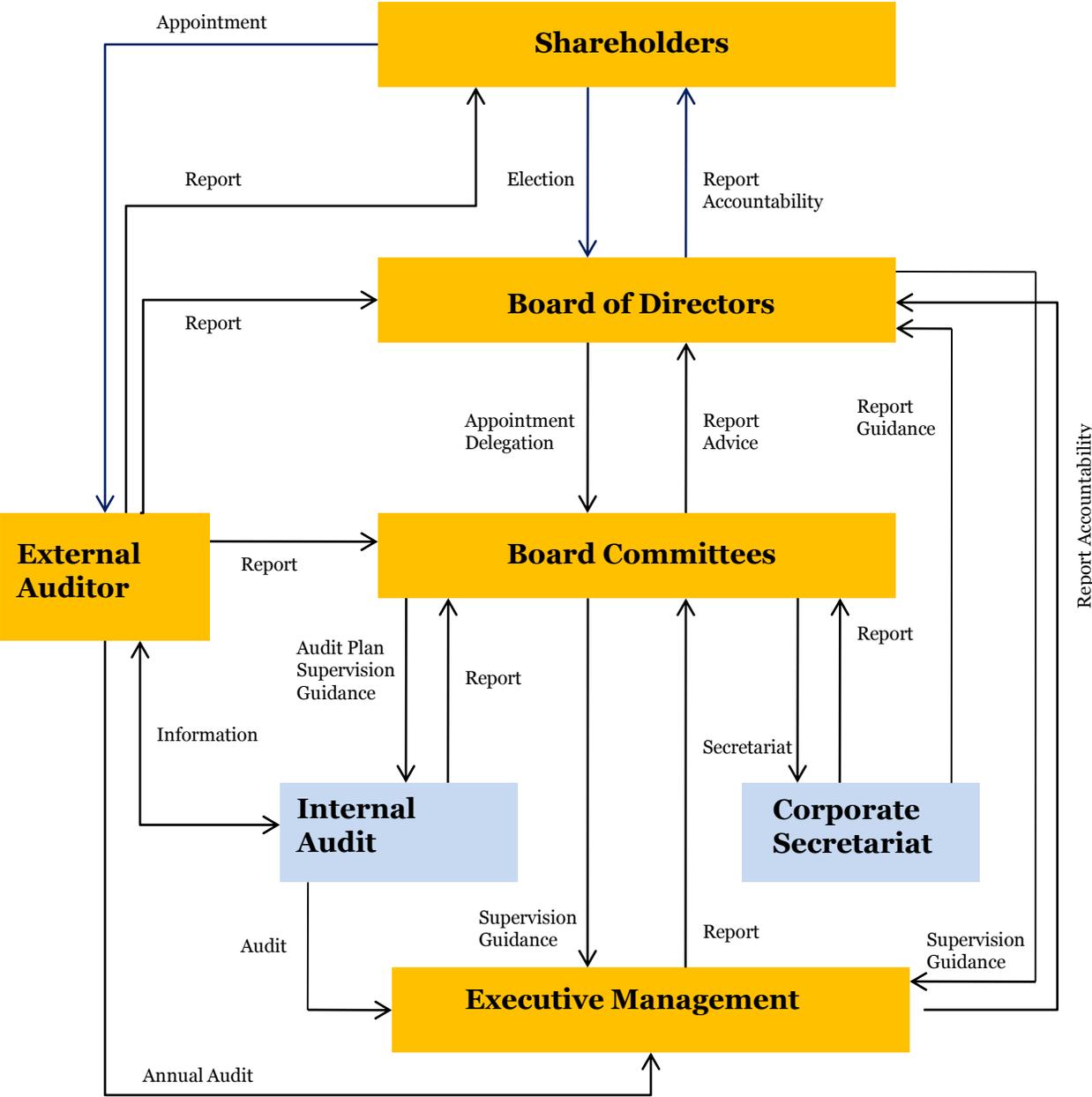
Coordination between Board of Directors and Executive Management

The Board of Directors and Executive Management, as two of the most important organs of the Company, have scheduled meetings on a regular basis. Coordination between the those two is effected through the Board of Directors' monthly meeting, which is attended by Executive Management, among other things to discuss the Company's performance in the previous month, the plans of the Executive Management coming month to seize existing opportunities, and strategic issues that require the approval of the Boards. This is undertaken in line with the application of the principles of accountability and responsibility in implementing CG.

Among the most important items on the working agenda, which form the substance of the meetings between the Board of Directors and the Executive Management are the following:

- The determination of long term plans and strategies, the work plan, and the annual budget.
- Discussion of policies to ensure the fulfillment of and compliance with the laws and regulations and the Company's articles of association and to avoid conflicts of interest in any form.
- The determination of the policies and methods for evaluating the Company, its business units and supporting personnel.
- Discussion and determination of an organizational structure, up to one level below the Board of Directors, that can support the achievement of the Company's vision, mission and values through an agreed strategy.

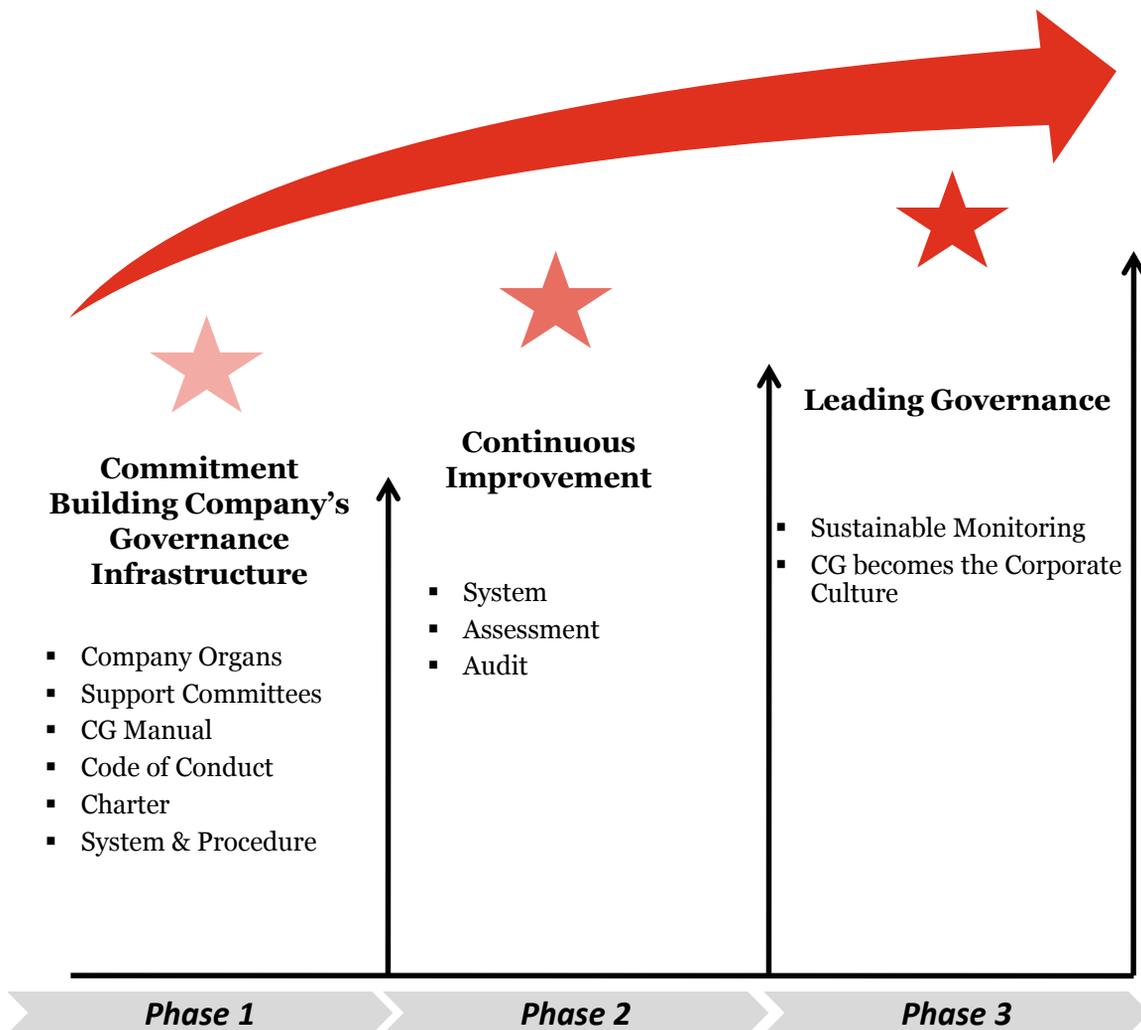
2.3 Corporate Governance Reporting Structure



***Corporate
Governance
Roadmap***

3

3. Corporate Governance Roadmap



The Company has established steps for applying CG with the goal of becoming an ethical and responsible business, by making the practice of good governance part of the culture of corporate management. There will be 3 phases, include :

1. Completing the remainder of the soft structure and conducting studies to improve the elements that are already in place to improve the quality of CG application.
2. Regular monitoring, reporting and review of the application of CG, as well as facilitating the assessment by an Independent party of the implementation of CG in the Company in order to obtain feedback for CG application in future.
3. Achieve leading governance company where it becomes part of the Company 's culture.

Roles and Responsibilities

4

4.1 MD/CEO Job Description



The MD/CEO is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value. The MD's/CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.



MD/CEO shall be held accountable to the Board and its shareholders

Typical Duties and Responsibilities of MD/CEO

1	to lead, in accordance with the strategy set by the Board for the development of the company	7	to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
2	to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;	8	to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
3	to ensure the Company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;	9	to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
4	to ensure that expenditures of the Company are within the authorized annual budget of the Company;	10	to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments;
5	to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;	11	To request that special meetings of the Board be called when appropriate;
6	to ensure effective internal controls and management information systems are in place;	12	to ensure the integrity of all public disclosure by the Company;

4.2 Chairman Job Description



The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the MD/CEO. The Chairman acts as the communicator for Board decisions where appropriate.



The concept of separation of the role of the Chairman from that of the CEO implies that the Chairman should be independent from management and free from any interest and any business or other relationship which could interfere with the Chairman's independent judgement other than interests resulting from Company shareholdings and remuneration.

Duties and Responsibilities of Chairman

1	to act as a liaison between management and the Board;	6	to facilitate Committees consultation prior meeting with the Board;
2	to provide independent advice and counsel to the MD/CEO;	7	to assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors;
3	to keep abreast generally of the activities of the Company and its management;	8	to recommend to the Board, after consultation with the Directors, management and the Governance and Nominating Committee, the appointment of members of the Committees of the Board;
4	to ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;	9	to review and sign minutes of Board meetings;
5	to act as Chair at meetings of the Board;		

The End