

# ***Code of Conduct***

Guidelines for Business and Work Ethics

**MYANMAR THILAWA SEZ  
HOLDINGS PUBLIC LIMITED**

## ***Statement of Corporate Governance Commitment of the Board of Directors and Executive Directors of Myanmar Thilawa SEZ Holdings Public Limited (MTSH)***

### Implementation of Corporate Governance at Myanmar Thilawa SEZ Holdings Public Limited.

We, the Boards of Directors and Executive Directors of MTSH, understand that the implementation of Corporate Governance is highly necessary and important to create a sustainable business activities of the Company and to ensure the Company's competitive edge and improved corporate image.

We are sincerely committed from time to time and in good faith to improve the implementation of the Corporate Governance principles and make the effort to make it necessary and important for all parties in MTSH. As such, to ensure the implementation of the Corporate Governance for the achievement of high standards based on best practices, we will consistently do our best to :

1. Comply with the applicable laws and regulations
2. Provide exemplary leadership
3. Give priority to the Company's interests (MTSH first)
4. Avoid any conflict of interest
5. Make a positive and significant contribution to the MTSH's value
6. Exercise fairness, transparency, accountability and responsibility in any decision-making process.
7. Make a positive contribution to the development of job safety, health and environment as well as to community development.

We will consistently strive to achieve the vision and mission of Myanmar Thilawa SEZ Public Limited as a world class company based on Corporate Governance.

We will continuously from time to time to review and update as necessary to the content of MTSH Corporate Governance and Code of Conduct.

## ***Foreword***

As a public company with an obligation to implement the principles of Corporate Governance, include fairness, transparency, accountability and responsibility, MTSH needs a code of business ethics and work ethics (Code of Conduct) that will serve as operational guidelines in order to create harmonious working relations between top management and employees and among employees at all levels.

The Code of Conduct lays down business ethics and behavioral values to all personnel at MTSH in order to achieve Company's vision, mission, goals and company's strategies. Such achievement is possible through the development of work cultures so that people can work professionally, transparently, fairly and responsive to each and every MTSH's activities and to the interests of its stakeholders.

We believe that it is necessary and important to remind all members of MTSH that the Code of Conduct should be properly understood and comply continuously with the Code of Conduct as each of every individual in MTSH is taking a greater roles and responsibilities in every decision making process.

It is expected that through the released of Code of Conduct it will be a reference by all MTSH's employees in carrying out their duties. As such, it is required all the employees to be honest and contribute to the benefits of the company. We will once again request that all individuals at MTSH to read understand and comply with the Code of Conduct.

***Table of Contents***

<b>Section</b>	<b>Overview</b>	<b>Page</b>
1	Statement of GCG commitment of Board of Directors and Executive Directors	1
2	Foreword	2
3	Table of Content	3
4	Code of Conduct Basic Principles	4
5	Corporate Governance Principles	7
6	Scope of Code of Conduct	9
7	Business Ethic	11
8	Work Ethic	20
9	Code of Conduct Manual	31
10	Disclosure Manual	34
11	Conclusion	39
12	Appendix : Compliance Statement Form	40

# ***1. Code of Conduct Basic Principles***

## ***1.1 Rationale***

Corporate Governance implementation is inevitably a necessity and important for global business development and company image improvement. Corporate Governance serves as both a system and a structure which MTSH needs to convince its stakeholders that MTSH is properly managed and supervised to protect their interests in compliance with the prevailing laws and regulations and with Corporate Governance principles which are currently applicable and which will be developed later based on universal values.

MTSH recognizes the importance of Corporate Governance implementation as a means to enhance values and ensure long-term and sustainable business growth, not only for its shareholders but also for all stakeholders. In this regard the company is committed to consistently implement Corporate Governance, and one way is to formalize the Code of Conduct. The Code of Conduct is a written statement regarding MTSH's Corporate Governance requirement to its employees and other stakeholders. It explains our values and business philosophy in achieving our business targets (objectives) and corporate vision.

MTSH Code of Conduct is a compilation of commitments which includes business and personnel work ethics prepared to influence, shape, regulate and exercise behavioral conformity in order to generate outcome that is consistent with MTSH cultures to achieve its vision and mission. MTSH will communicate this policy to its stakeholders in order to actively promote synergy and consistent application of the Code of Conduct.

With shared commitments, MTSH will move forward, grow and excel to achieve its vision and mission to become a World Class company a status that will in turn create added value to MTSH itself, all its employees and the society in observance of Corporate Governance values.

## ***1.2 MTSH Vision, Mission and Values***

This Code of Conduct is expected to serve as reference in creating and establishing values, norms and ethics which all personnel of MTSH should follow to establish and maintain healthier and harmonious and fair relations with the company's shareholders, customers, partners, communities, the government and other stakeholders so that significant improvement of performance and productivity shall be possible. In order to achieve this a strong connection should exist between aspects in the Code of Conduct and the MTSH's vision, mission and values.

### **Vision**

To invest in the development of Thilawa SEZ, Yangon Region, for all round socio and economic growth of the Republic of the Union of Myanmar and to become a regional leader attracting foreign direct investment.

### **Mission**

To create value for all our stakeholders, investors, partners, employees and communities by investing and providing reliable, sustainable business environment through the development of world class industrial and commercial infrastructure with responsible international practices and good governance ensuring long term growth.

### **Corporate Values**

Sustainability, Transparency, Responsibility, Efficiency, Notable, Goal Oriented, Learning, and Health and Safety.

### ***1.3 Code of Conduct Purposes***

- a. Identify values and ethical standards that are in line with the MTSH's vision and mission.
- b. Establish a good relationship between Company and its personnel and external entities related to the Company's businesses according to the principles of Corporate Governance and Corporate Ethics.

### **1.4 Code of Conduct Benefits**

It is vital that the Code of Conduct is consistently observed and followed to ensure long term benefits for:

#### **a. Personnel**

It serves as guidance with respect to behavior which the company expects and does not expect from its employees. It helps create a working environment that highly respects honesty and integrity, ethical values, transparency and customer satisfaction in order to improve personnel's overall productivity and well-being.

#### **b. MTSH**

It increases MTSH's values and gives stakeholders assurance and protection while dealing with the Company and generate a good reputation which will in turn ensure long-term business achievement. It establishes a good reputation and protection against possible legal claims to guarantee sustainable prosperity and business success.

#### **c. Shareholders**

It builds greater confidence that MTSH is managed prudently, efficiently, transparently, accountably, and fairly to achieve the level of profitability expected by shareholders while taking account of the company's interests.

## ***2. Corporate Governance Principles***

### ***2.1 Fairness***

- a. Guarantee equitable treatment to all stakeholders which are engaged in any business activities carried out by MTSH.
- b. Ensure that all parties understand their rights and obligations under prevailing laws and regulations.

### ***2.2 Transparency***

- a. Guarantee openness in any decision-making process and disclosure of material and relevant information. Accurate material information includes corporate performance, financial condition and other information to be disclosed openly, clearly and timely.
- b. Comply with laws and regulations governing information disclosure and transparency applicable to the company.
- c. Concerns with matters relevant to information that the public requires with respect to the Company's products, services and operational activities that may potentially affect the way customers, members of the society and the environment behave.
- d. Transparency cannot be construed as unlimited openness. All proprietary information of MTSH should be treated according to the company's policies.

### ***2.3 Accountability***

- a. Guarantee clear organic functions, organization and accountability so that the management of MTSH can run effectively.
- b. Accountability refers to the responsibility of individuals or work unit regarding the exercise of authority delegated to them and or responsibility given to them.
- c. There are three (3) recognized levels of accountability:
  - 1. Individual Accountability



Refers to lines of accountability in the superior – subordinate context. Accountability applies to both sides – the one with authority and the one taking assignments from the authority holder.

## 2. Group Accountability

Refers to accountability shared by all members of a group to achieve conditions and performance.

## 3. Corporate Accountability

Refers to the accountability assumed by MTSB in playing its role as a business entity and in taking responsibility of all activities carried out.

### ***2.4 Responsibility***

The Company ensures that the business activities carried out are in compliance with the principles of sound corporation, fulfill its obligation to Government according to the applicable laws, respects the culture of local community in which it operates, actively works with relevant parties for mutual benefit and strives to make real contribution to the Company.

For the MTSB Corporate Governance details please refer to MTSB Corporate Governance guidelines and roadmap.

### **3. Scope of Code of Conduct**

MTSH is committed to uphold the highest ethical standards and business behavior with respect to relationships established by the Company and its customers, suppliers, shareholders, investors and social communities where the Company operates as well as relationships between and among employees at all levels of the organization.

#### **1. MTSH and its Customers**

- a. Provide high quality and values, competitive prices and fair transactions to the users of its products and services.
- b. Business with customers in compliance to applicable laws and ethics.
- c. Guarantee confidentiality of customer information unless such confidential information is required or allowed by any regulation to be disclosed, or the customer has given prior approval for such disclosure.

#### **2. MTSH and its Personnel**

- a. Treat all employees fairly, and exercise employment practices providing equal opportunities to all personnel.
- b. Recognize personnel's privacy and treat them with high regard and respect.
- c. Commit to provide safe and healthy working conditions and maintain open-communication environment for all employees.

#### **3. MTSH and its Supplier and Business Partners**

- a. Engage the Company in fair business with suppliers and business partners.
- b. Maintain the highest standards in establishing business relationships with its suppliers and appoint only suppliers which are capable of doing business according to values and standards applied by MTSH.

#### **4. MTSH and its Shareholders and Investors**

- a. The Company strives to provide maximum returns to its shareholders and investors.
- b. Protect the value of investment through tactful management of the Company's resources and comply to the highest legal standards and ethics in all aspects of operation and business.

#### **5. MTSH and its Competitors**

- a. Run its operations in compliance with the Code of Conduct and engage itself in competition persistently and fairly.
- b. With regard to relationship with all business competitors, information disclosure is highly prohibited.

#### **6. MTSH and the Government and Regulators**

- a. Adhere to all laws on corruption and bribery and other related regulations, requirements applicable in Myanmar.
- b. Consistently maintain mutual trust, respect and understanding with the government and regulators by securing transparent and constructive relations with regulatory bodies.

#### **7. MTSH and its Communities**

- a. Undertake to be a responsible and Good Corporate Citizen in communities in which MTSH operates.
- b. Make all efforts to assist to improve the well-being of the communities by preserving natural resources, encouraging participation of its personnel in charitable and social activities, and taking active part in Community Development programs.

## ***4. Business Ethic***

MTSH runs its business based on general business ethics, economics and management of people potential with emphasis on quality and strict observance of work ethics.

As Company engaged in development of special economic zone area in Thilawa, MTSH will work together with the authorities and general public, adhere to applicable laws and respect local cultures, minimize negative impacts and make possible transfer of benefits and greater opportunities to improve local economies. The Company believes that its future depends on whether or not it can successfully play its role as a Corporate Citizen and the other factors including personnel competence and quality of products delivered.

MTSH is therefore committed to implement the principles of Corporate Governance in doing business and strive to meet what its stakeholders require and other parties having interest in its activities.

The company will apply Corporate Governance as long as they are applicable. As a policy, business ethics contained in this Code of Conduct should be strictly practiced and all applicable laws and regulations observed in carrying out business activities or making transaction with external parties.

In making business transactions/dealings with external entities, MTSH complies with all relevant laws and regulations. In case of incomprehensive laws/regulations that may be misinterpreted as potential loopholes, MTSH elects to play fair and with high integrity.

In order to guarantee proper and strict implementation of this Code of Conduct, the following attitudes are required of all personnel:

1. Terminate any business dealing that would expectedly benefit MTSH but would cause MTSH to intentionally abandon the Corporate Governance principles.
2. Report to their supervisor any possible non-compliance with the prevailing laws and regulations in making any business transaction/arrangement.
3. Posses high integrity and assume full responsibility in preparing a budget or conducting a feasibility study for a proposed project.

4. Follow all regulations, rules and policies made by MTSH with regard to Finance, Accounting and supervision, by properly and accurately recording all transactions in the company's books of account.
5. Be transparent to auditors by not concealing or falsifying facts and information.

Critical Aspects which MTSH finds necessary to include in the business ethics guidance for its personnel relations with both internal and external environment are;

### **1. General Aspects**

In order to create a corporate added value, MTSH has in place ethical business standards that govern what should be done by the MTSH to achieve its set targets, how it should be done and what media should be used. Provisions under this general aspect reflect the MTSH strong commitment to consistently implement code of conduct.

#### **a. Target to be achieved by personnel and members of MTSH**

The employees and members of MTSH should make effort to meet targets set in MTSH's short term and long term business plan, which are part of the commitment written in the management contract by shareholders, Board of Directors and Executive Directors with regard to MTSH target achievement within a specific time frame, and should continue to consistently fulfill and comply with the management contract

#### **b. MTSH Internal Control**

- Develop an effective functional internal control system to protect corporate assets and investments, and secure consistent implementation of Corporate Governance.
- Ensure that information or data managed and reported are accurate, reliable, timely, consistent and useful for all parties, and as regulated by prevailing policies, procedures, rules and laws and regulations.

- Carry out regular and periodic audits, evaluations and consultations regarding the capacities, effectiveness, consistency and quality of work of the operational management of MTSH.

c. **Compliance with Laws & Regulations**

In all business undertakings, the Company will always encourage compliance with applicable laws and regulations and the principles of a sound corporation as part of the effort to be a good Corporate Citizen and a responsible agent of economic growth.

d. **Making Donations**

- Making donations as part of MTSH's responsibility to the surrounding communities, for charitable purposes or for educational development projects.
- As long as it is of a reasonable amount, making a donation for charities is allowed; however, donating money for other purposes is subject to applicable laws and regulations.
- Donation of funds or bestowal of corporate assets by MTSH to any political party or in particular to a legislative or an executive official shall be subject to prevailing laws and regulations.

**2. Relationship with Personnel**

MTSH will treat its employees fairly in all aspects, regardless of their ethnic group, faith and race. The Company is aware that all employees have their own significant roles and positions. Each member of the personnel is required to take active part and play a significant role by increasing output and improving professional productivity, all of which are achievable by establishing a dynamic, harmonious, consistent, synchronous and balanced relationship between MTSH and its employees.

- a. **Giving employees equal opportunities with regard to employment, promotion and at termination of employment.**
- MTSH provides equal opportunities to each and every employee in terms of competency and career development. Fair employee career development is promoted and based on individual professional

performance, individual potentials, results of employee performance evaluation as well as attitudes and competence.

- MTSH gives to all employees' equal opportunities to take part in any educational and training programs under the Company's human resource development plan.
- As regard to termination of employment, MTSH applies the same corporate policies to all employees.

b. Safety, Health and Environment

- MTSH guarantees a safe and healthy working environment for each employee, and provides sufficient infrastructures and facilities, and make available a work place free of any discriminatory acts and sexual harassment. The Company also provides and guarantees legal protection and a comfortable working environment.
- MTSH seeks to guarantee its personnel's safety and health while working for the Company. It develops various occupational health and safety management programs and provide necessary infrastructure (protective equipment and tools and warning sign boards).
- MTSH prohibits any use, sale, purchase, transfer, possession or intake of illegal drugs by any individual on the Company's premises. This prohibition does not apply for prescribed or legally-consumed drugs.

c. Compensation and Allowance

- MTSH will recruit, motivate and maintain employees who are competent and dedicated, and develop a competitive compensation and allowance package compared with those offered by companies engaged in similar lines of business.

d. Employee Privacy

- MTSH honors the privacy of its employees and will obey the laws applicable in all jurisdictions where it collects, use and disseminate employee private information.
- Any personal opinion not related to MTSH is not of MTSH's concern, unless such opinion affect the employees' performance or the company's

image or other business concerns. MTSH does not tolerate this kind of attitude and will take any necessary action according to the applicable laws and regulations and Company policy.

e. Other working relationships

- Unless approved in writing by MTSH, employees may not, as long as they are still under employment by the Company, either directly or indirectly, commit themselves to or show interest in other jobs or business activities other than those related to their responsibilities or one which do not concern MTSH.

### **3. Relationship with Customers**

MTSH understands that customer satisfaction is one of the important elements that support company's business. In dealing with customers, MTSH seeks to give the best services and minimize complaint.

In establishing relationships with customers, MTSH takes into account the following:

a. Professional Standards

- Consistently promote professionalism and do business professionally and respects the rights of its customers subject to applicable regulations.
- MTSH will make the effort to sell products and provide services according to prescribed quality standards. Products should be designs, produced or manufactured and delivered with primary attention to the safety and health of the customers, users of the products, its employees and other related parties.
- MTSH will be responsible for designing, producing and delivering products of high quality. All required product inspection and testing procedures should be properly complied with.
- MTSH will hold to its commitment to provide competitive prices, quality, reasonable delivery time, product warranty and after sales services according to applicable Company policies and prevailing laws and regulation.

b. Customer Information Confidentiality



MTSH highly regards any information from customers and shall not disclose such information for purposes other than to complete its work.

c. Aspects of Marketing and Sales

- MTSH shall compete in the national wide market on the basis of product and service values, sell products and services fairly, and avoid making sales that would result in MTSH breaking the law or violating any ethical standards.
- Gifts are generally accepted in business practice if the value is within the reasonable amount. A gift is prohibited if it is given or received for a reason to get the special treatment or if it is prohibited by the recipient or the company. MTSH shall not give or offer bribe of any kind.

**4. Relationship with Shareholders**

a. Shareholders

- MTSH highly respects and honors both its minority and majority shareholders as stipulated in the Company's articles of association and other applicable laws and regulations.

b. Responding to Shareholders Requirements

- MTSH continues to maintain good relationship with its shareholders and quickly and responsively acts to satisfy their needs according to applicable policies. Any request from shareholders for information on MTSH and its business operations will be forwarded to and properly handled by Board of Directors.

c. Reporting

- MTSH shall comply with all laws, rules and regulations with regard to the preparation and submission of reports. All periodic reports, register and general communications, both verbal and written, should be complete, fair, accurate, timely and understandable, with no part intentionally omitted.

d. Shareholder Values

- MTSH seeks to provide optimum performance and maintain its image in order to create value for its shareholders. Exercise of shareholders' right is subject to the Company's articles of association and prevailing laws and regulations.

## **5. Relationship with the Government and Regulators**

The Government and regulators play a significant role for MTSH as they are in a strategic position to determine and affect the Company's directions and policies. With regard to relationships with the government and regulators, MTSH ;

- Maintain good rapport with government institutions or officials at both national and local levels.
- Establishes sound and constructive relations on the basis of fairness and integrity and mutual levels.
- Provides information transparently and objectively subject to prevailing laws and regulations.
- Works with the authorities, particularly officials in regions where MTSH operates, to run community development programs.
- Seeks to give support for national and regional educational, social, economic and cultural programs.
- Proactively keeps itself updated and informed of all relevant laws and regulations.
- Commits to comply with all obligations set by the government subject to prevailing laws and regulations.

## **6. Relationship with environment**

- Running all operations while protecting and preserving the natural environment. All permits and licenses are to be obtained by meeting all requirements as stipulated in applicable environmental laws and regulations.
- Taking responsibility and active part in any environmental-protection program and operating facilities according to procedures which are not in violation of applicable environmental laws and regulations.

## **7. Relationship with Goods/Service Providers**

Providers of goods and services are MTSH's business partners whose business is supplying goods and services that the company needs. With regard to relationship with goods/service providers, MTSH:

- Makes arrangement for open, transparent and accountable tenders involving prospective goods/service providers with good reputation.
- Avoid involving suppliers with familial relations with the Company's decision makers and /or relations with possible conflict of interest.
- Maintain sound communications with providers of goods/services and properly follow up claims and objections.
- Do not accept, offer or give presents or make payments that would allegedly affect decision making processes or anything similar that would be considered embarrassing or inappropriate.
- Lay down agreements in written documents, the preparation of which shall be based on good faith and mutual benefits.

## **8. Relationship with Creditors/Investors**

In dealing with creditors, MTSH will always take into consideration appropriateness, fairness with respect to creditors/investors.

### **a. Equal opportunities**

- Establishing relations with creditors/investors on the basis of equality, equity and mutual trust.
- Selecting creditors/investors based on professionalism, strategic benefits and matching internal and external values and accountable reliability.
- Providing actual and fair information to prospective creditors/investors.

### **b. Accountability**

- Comply with applicable laws and regulations.

- Laying down agreements in written documents based on good faith and mutual benefits.
- Avoiding conflicts of interest with prospective creditors/investors.

## **9. Relationship with Surrounding Communities**

- Giving support to community organizations and activities all over the country so long as it is not against the principles of Corporate Governance and taking part in beneficial social and charitable programs. Personnel of MTSH are encouraged to get involved as individuals in such organizations and activities or programs to help improve MTSH's image.
- Engaging it in businesses that would create value and positively impact economic growth.
- Preventing businesses that would be in conflict with the ethical standards and applicable laws and regulations and detrimental to the public laws.

## **5. Work Ethic**

Work ethics govern the ways individuals act and behave toward, and interact and work with, other parties inside and outside the company, and establish corporate and work cultures.

### **1. Guide to Individual Behavior**

#### **a. Individual attitudes**

- Act as a good Corporate Citizen by obeying company policies and applicable laws and regulations.
- Remain fully loyal toward the company by avoiding undertakings that would potentially or actually result in conflicts of interests between the individual and the company.
- Work professionally and cost-efficiently to provide optimum performance.
- Capitalize on and develop personal capacities, and consistently make improvement for the best interest of the company.
- Take part in the effort to create an environment that is conducive to work and work together to establish a sound working culture.
- Channel aspiration using appropriate means in a logical and rational manner.

#### **b. Attitudes of an individual in relation to authority and position**

- Use his/her authority and position with full responsibility for the benefits of the Company and not for his/her own interest or the interest of others.
- Use his/her authority and position to protect and use all Company's data, information, facilities and assets for the benefits of the company and not for his/her own interest or the interest of others.
- Maintain the reputation of the MTSH by demonstrating attitudes and behavior expected from an individual with his/her authority, both inside and outside the company.

c. Relations of an individual with his/her superiors and subordinates

- As a role model, lead and guide his/her subordinates and superior is responsible for his/her subordinate's attitudes, work, performance and achievements.
- A Subordinate should be active in developing and implementing his/her personal potential under the direction and supervision of his/her superior.
- Accept and respect each other and work together in an atmosphere of openness and fairness based on the principles of equality and sincerity and with good faith.

d. Relations among individuals

- Respect, remind and encourage each other and work together for the required performance of each individual's duties and responsibilities.
- Ensure integrity and transparency and develop capacities to establish harmonious relationship.
- Develop and share information and knowledge gained.

e. Relations between a corporate individual with another stakeholder individual

- Respect stakeholder outside the company regardless of their status, ethnic group, race, religion and gender.
- Each corporate individual should treat stakeholder with respects and give them the best services as expected in the performance of his/her duties.
- Provide services to stakeholders with orientation toward result, problem solving and timeframe.

**2. Compliance with Laws and Regulations**

- Every employee will always perform his/her duties and responsibilities in dealing with other parties according to internal MTSH policies and applicable laws and regulations.
- Compliance with internal company policies and prevailing laws and regulations is part of every individual and group accountability, working in

parallel with the accountability of MTSH as stipulated in the Company's code of business ethic.

### **3. Information Confidentiality**

- Every employee shall keep confidential MTSH's business information including but not limited to MTSH's corporate customer data, processes, products and services, either in writing or otherwise, as well as information related to research, accounting, marketing and sales and information related to identified or prospective customers and other customer information and information which is not public consumption and other valuable documents classified as confidential.

Every employee shall treat confidential information which comes under his/her possession during the performance of his/her duties according to the following rules :

#### **a. Protecting confidential information**

- Every employee shall protect and not disclose confidential information of the MTSH, accepts as permitted and stipulated in the Code of Conduct. This rule also applies to employees not working for MTSH subject to prevailing laws and regulations.
- Any former member of the Board of Directors and Executive Directors and employee of the company and any shareholder who has transferred his/her shares, are not allowed to disclose any information which the company considered as confidential and which they obtained while they were still working for the Company or holding the Company's shares, unless such information is required for the purpose of examination or investigation according to prevailing laws and regulations or is no longer considered confidential by the Company.
- Every member of MTSH's Board of Directors and Executive Directors, shareholders and employees is prohibited from abusing information related to the company, including but not limited to information on business takeover, merger and buyback plans.

#### **b. Information access**

Every employee, based on his/her authority and scope of work, can access to company information both general and specific nature, which he/she requires. Information which he/she has obtained cannot be disclosed to any other party who does not have any interest in it or who is not authorized to receive it, inside or outside the Company.

c. Information disclosure

Disclosure or use of Company confidential information either orally or in writing, to any party, either an individual, a company, an association and any other legal entity, either for their own benefit or for the benefit of others, must be approved in writing by MD/CEO.

d. Insider Trading

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of MTSH as well as that of all persons affiliated with the Company. "Insider trading" occurs when any person purchases or sells a security while in possession of inside information relating to the security. While, "inside information" is information that is both "material" and "non-public." Insider trading is also prohibited to all MTSH Board of Directors, Executive Directors and employees, and violation of this Policy may result in Company-imposed sanctions, including removal or dismissal for cause and also it is punishable by law Any employees who, due to his/her position or job, have access to material information that may affect MTSH value is not allowed to disclose such information to any other party. MTSH will make all efforts possible to protect the interest of its stakeholders who might potentially suffer from any act of insider trading.

- No members of Board of Directors, Executive directors or employee shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company.
- No members of Board of Directors, Executive directors or employee shall directly or indirectly communicate (or "tip") material, non-public information to anyone outside the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know.



- Insider trading refers to the purchase or sale of a security while in possession of “material non public” information relating to the security or its issuer, “ Securities” includes stocks, bonds, debentures, options, warrants and other convertible securities as well as derivative instruments.
- The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security, or if the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information about corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers or dispositions; major new products or product developments; important business developments such as trial results, developments regarding strategic collaborators or the status of regulatory submissions; management or control changes; significant financing developments including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company’s business.

- Insider include officers, directors and employees of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company’s securities.

All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company’s business, activities and securities. Officers, directors and employees may not trade in the Company’s securities while in possession of material, non-public information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

Individuals subject to this Policy are responsible for ensuring that

members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account.

## **Example of Insider Trading**

### **Trading by Insider**

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits.

### **Trading by Tippee**

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits, and each is liable for all civil penalties of up to three times the amount of the friend's profits. The officer and his friend are also subject to criminal prosecution and other remedies and sanctions.

## **4. Conflict of Interest**

A Conflict of interest is a condition in which the economic interest of the company is conflicting with the personal economic interest of a shareholder, a Board of Directors, a Director or an employee of the Company.

### **a. Basic Principles regarding Conflict of Interest**

1. Every employee shall avoid conflict of interest of any kind. Employees are prohibited from carrying out any activity that would benefit to his/her own or to his/her family member or relative, either directly or indirectly.
2. An employee is not allowed to take advantage of his/her own position or company facilities to support particular political activities.
3. Shareholder who is having a conflict of interest shall cast a vote in a General Meeting of Shareholders (GMS) according to the resolution made by the shareholders with no conflicting interests.

4. Employees should not take advantage of their position for their own benefit or for the benefit of any other individual or party connected to MTSH.

b. Conflict of Interest Category

1. Having a financial interest in particular supplier or entities participating in a tender for supplying goods or services.
2. Having a significant financial interest in a listed company which is a competitor of MTSH.
3. Accepting or giving a gift or special treatment.
4. A condition in which an external consultant gives advice to MTSH in the same time that particular consultant is also acting for the benefit of another party.

Except for the Arm-length transaction (Interested Person Transaction) as per description below is not considered as a conflict of interest.

### **General Procedures**

The following procedures will be implemented by the Company in relation to Arm-length Transactions:

- (a) When purchasing any products or procuring any services from an Interested Person, two (2) additional quotations from non-Interested Persons will be obtained as a comparison to ensure that our Group's interests and minority Shareholders' interests are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) additional quotations from non-Interested Persons. Pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be considered in determining the most competitive price or fee;
- (b) When selling any products or supplying services to an Interested Person, the price or fee and terms of two (2) other successful transactions of a similar nature with non-Interested Persons will be used as comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The price or fee for the sale of products or the supply of services shall not be lower than the lowest price or fee of the two (2) other successful transactions with non-Interested Persons;
- (c) when renting properties from or to an Interested Person, appropriate steps will be taken to ensure that such rent is matched with prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (including an independent valuation report

by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rates of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries; and

- (d) Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the Interested Person Transaction will be approved by either our MD/CEO or Chief Financial Officer, if he has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

## **Review and Approval Procedures**

- (a) All Interested Person Transactions entered into by the Company will be categorised in the following manner:
  - (i) Category 1: An Interested Person Transaction where the value thereof is equal or in excess of 3.0% of the latest audited net tangible asset of the Company.
  - (ii) Category 2: An Interested Person Transaction where the value thereof is below 3.0% of the latest audited net tangible asset of the Company but is equal to or in excess of Ks 100,000,000.
  - (iii) Category 3: An Interested Person Transaction where the value thereof is below Ks 100,000,000.
- (b) The relevant thresholds applicable in determining each category of Interested Person Transaction may be revised by our Board from time to time as may be considered appropriate by our Board.
- (c) Category 1 Interested Person Transactions must be approved by our Audit Committee prior to entry.
- (d) Category 2 Interested Person Transactions need not be approved by our Audit Committee prior to entry, but must be approved by our MD/CEO and Chief Financial Officer prior to entry and shall be reviewed on a quarterly basis by our Audit Committee.
- (e) Category 3 Interested Person Transactions need not be approved by our Audit Committee or MD/CEO or Chief Financial Officer prior to entry, but shall be reviewed on a quarterly basis by our Audit Committee.
- (f) Our Audit Committee will review all Interested Person Transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis. In accordance with the procedures outlined above, our Audit Committee will take into account all relevant non-quantitative

factors.

- (g) We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all Interested Person Transactions. The basis for entry into the transactions, including the quotations and other evidence obtained to support such basis, shall also be recorded in the register.
- (h) The following will apply to the review and approval process for all categories of Interested Person Transactions:
  - (i) If our MD/CEO or Chief Financial Officer has an interest in the transaction or is a nominee for the time being of the relevant Interested Person, the review and approval process shall be undertaken by the Chairman of our Audit Committee or another member of our Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of our Audit Committee from time to time for such purpose.
  - (iii) If a member of our Audit Committee has an interest in a transaction or is a nominee for the time being of the relevant Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

## **Disclosure**

We will disclose in our annual report the aggregate value of Interested Person Transactions entered into during the financial year under review. The aggregate value of the Interested Person Transactions entered into with the same Interested Person (as determined reasonably by our Board) will also be disclosed.

## **5. Giving and Accepting Gifts**

### **a. Prohibition on Awarding Gifts, Bribes and the Like**

Employees of MTSH are not allowed to give or promise to give, either directly or indirectly, a gift, bribe or the like, to any government official, business partner or any other party connected to the Company, when such award is known to be or allegedly used to influence or encourage the party concerned to do or not do something in his/her position that would be contradict to his/her responsibilities.

### **b. Prohibition on Accepting Illegal Fees**

Employees are prohibited from collecting any illegal fees from stakeholders for his/her own personal benefit and to the disadvantage of the Company, requesting any gift or entertainment or the like.

## **6. Protecting Company's Assets**

- a. MTSH assets include tangible (buildings, money, equipment and system information technology) and intangible (intellectual property rights, trade secrets, inventions, business and technical information of sensitive nature, computer application programs, business and production knowledge and expertise) assets to be utilized properly and according to the authority given by the management.
- b. MTSH's assets cannot be used for personal benefit. All transactions should be approved by the management taking into account the delegation authority, review processes, and internal approval procedures.

## **7. Occupational Health and Safety**

All employees shall observe all occupational health and safety rules in order to establish a safe and healthy working environment.

## **8. Corporate Image**

- a. The image of MTSH which was established based on corporate values serves as the foundation to the employees to execute the operational activities, particularly in interacting and serving the Company's customers, business partners and other stakeholders.
- b. All employees utilize and develop their own capacities and constantly create innovations for the Company's benefit and maintain company's image, loyalty and infrastructures and comply with what they should do or should not do to ensure customer satisfaction.

## **9. Accuracy of Recording**

- a. All assets, liabilities, revenues, expenses and business transaction must be accurately recorded in the company's accounts and records, comply with prevailing laws and regulations, accounting principles and financial procedures of MTSH.
- b. Performance evaluation of MTSH annual business plan and budget must include all necessary information as proposed or suggested.

- c. Inform customers and suppliers of any errors and make necessary settlement by credit, reimbursement or other methods accepted by all parties concerned.

## ***6. Code of Conduct Manuals***

### **1. Underlying Principles**

- a. This Code of Conduct applies to all employees without any exception.
- b. The Executive Directors of MTSH is responsible for ensuring that the Code of Conduct is communicated to and understood and observed by all employees.
- c. Employees may raise questions about items in the Code of Conduct which are doubtful or which they do not understand to their superiors.

### **2. Socialization**

Socialization is an important stage on the implementation of the Code of Conduct. MTSH is committed to run an effective and comprehensive socialization program taking into account the following:

- a. Encourage all business partners to make a mutual and shared commitment.
- b. Socialize the Code of Conduct during employees induction and subsequent refresher programs run by MTSH to all its employees.
- c. Make application of ethics an integral part of the Company's business practices and assessment of all employees' performance.
- d. Update and revise the Code of Conduct and when necessary, elucidate it in various company policy and rules.
- e. Impose sanctions for violation of Company rules and develop a system for monitoring the implementation of the Code of Conduct.

### **3. Reporting a breach**

- a. Employees may report any alleged violation of the code of ethics to their superiors or to the head administrative unit, either direct or indirect, or by mail. A written report should be addressed to Chairman and Managing Director/CEO of MTSH.



- b. An employee who is aware of any violation or attempted to do violation which is considered to have significant impact to the Company but fails report such event, might be considered to have committed equal to the offender.
- c. An official or superior who tries to cover up an offence or does not want to charge any sanction to an employee proven to have committed an offense, shall be considered to commit the same and may be subject to a sanction under applicable Company policy.

The following should be taken into consideration:

- a. Reporting individuals should supply clear identity and give recommendations or even provisional evidence of the alleged offense.
- b. Reporting individuals may conceal their identity (although it should be reminded that lack of identity information may hamper the Company's effort to run a fair investigation and may also lead to the Company's inability to conduct a proper investigation).

A letter sent without details identification might be used as initial information based on certain considerations. However, a letter without clear identity will not be prioritized for further investigations and may be ignored.

- c. No sanction shall be imposed on the reporting individual if the offense is proven to be committed, unless he/she is involved in the violation of the ethical standards and or his/her report is incorrect or is a false accusation.
- d. Confidentiality of the reporting individual's identity shall be maintained unless its disclosure:
  - is required in relation to the report or the investigation currently run by the authorities.
  - is for the interest of the Company and is in line with the Code of Conduct implementation purposes.
  - is required to maintain the position of MTSH before the law.

### **3.1 Whistle Blowing Policy**

All employees or third party contractors who are related in term of businesses with MTSH are expected to carry out their duties in a manner that is consistent with the Code. As a conscious and vigilant organization, MTSH believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. When employees or others above mentioned third parties become aware of circumstances, which are not in compliance with the Code, then they should communicate their suspicions using the “whistle blowing” policy.

The term “whistle blowing” is used to describe when an employee (or ex employee) discloses wrongdoing within an organization. Such wrongdoing can include unlawful conduct, financial malpractice or dangers to the public or the environment. Public disclosure of confidential information about an organization could clearly be a breach of an employee’s contract; therefore special arrangements are needed to protect both the employee and the organization. It is important that the employee’s concerns about illegal or unethical activities can be raised without fear of victimization, retaliation and that the organization is alerted to malpractice early so that it can be stopped and the perpetrators dealt with.

A whistle blowing procedure allows employees to raise concerns with management about the conduct of others that they consider to be in some way damaging to the organization or others within it.

### **4. Sanctions**

- a. Any violation of the Code of Conduct will be strictly responded.
- b. Employees are expected and required to immediately inform any actual or alleged violation of the Code of Conduct to their own unit.
- c. Human Resource Department through the Employee Case Settlement unit has the authority to determine whether or not there has been a Code of Conduct non-compliance.
- d. Every proven violation of the Code of Conduct shall be subject to sanction under the Employee Discipline.

## **7. Disclosure Manuals**

The essence of Corporate Governance is transparency. The more transparent the internal working of the Company, the more difficult for Executive Directors to mismanage the Company or misappropriate the assets.

### **7.1 Overseeing and Coordinating Disclosures**

- The Board of the Company shall identify an Employee who would be responsible to ensure timely and adequate disclosure of Price Sensitive Information (Public Spokesperson) pursuant to this Code as required under the Regulations. In case there is no Public Spokesperson appointed by the Board, the Compliance Officer shall discharge the relevant functions. In case the Public Spokesperson is not the Compliance Officer, he/she shall report to the Managing Director/Chief Executive Officer as the case may be and shall also coordinate with the Compliance Officer.
- The Public Spokesperson /Compliance Officer as the case may be, shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and coordinating disclosure of Price Sensitive Information to stock exchanges, analysts, shareholders and media, and educating staff on disclosure policies and procedures. The Public Spokesperson /Compliance Officer as the case may be, shall also ensure that the guidelines for Interacting with Media & External Publics applicable for MTSH are complied with.
- All disclosure/dissemination whatsoever of any information (save and except disclosure required to be made under any law or under this Code) on behalf of the Company shall be first marked to the Public Spokesperson/Compliance Officer as the case may be, for approval. Any such information shall be made public or published on behalf of the Company only if the same is approved by the Public Spokesperson/Compliance Officer as the case may be. In case of doubt, the Public Spokesperson/ Compliance Officer as the case may be, shall consult and seek approval of the Managing Director/ Chief Executive Officer before dissemination of such information.

- Should any dissemination of information on behalf of the Company takes place without prior approval referred above, out of accidental omission, by any Employee or Director of the Company , such Employee/Director shall forthwith inform the Public Spokesperson/Compliance Officer as the case may be, about such disclosure irrespective of the fact whether such information is Price Sensitive Information or not

## **7.2 Responding to Market Rumor**

- The Employees/Directors of the Company shall promptly direct any queries or requests for verification of market rumors received from stock exchanges or from the press or media or from any other source to the Public Spokesperson/Compliance Officer as the case may be.
- The Public Spokesperson/Compliance Officer as the case may be, shall on receipt of requests as aforesaid, consult the Managing Director/ Chief Executive Officer as the case may be and respond to the same without any delay.
- The Public Spokesperson/Compliance Officer as the case may be, shall be also responsible for deciding in consultation with the Managing Director/Chief Executive Officer of the Company as to the necessity of a public announcement for verifying or denying rumors and thereafter making appropriate disclosures.
- All the requests/queries received shall be documented and as far as practicable, the Public Spokesperson/Compliance Officer as the case may be, shall request for such queries/requests in writing. No disclosure in response to the queries/request shall be made by the Public Spokesperson/Compliance Officer as the case may be, unless the Managing Director/ Chief Executive Officer approve the same.

## **7.3 Timely Reporting of Shareholding/ownership and changes in ownership**

- The Compliance Officer shall be responsible for ensuring that disclosures of shareholdings/ownership of major shareholders and disclosure of changes in ownership as required under the Stock Exchange Listing

Agreements and/or any rules/regulations made under the Securities & Exchange rules and regulations of Myanmar are made in a timely and adequate manner.

- Any such shareholding/ownership reporting by the Compliance Officer shall also be reported to the Managing Director/ Chief Executive Officer from time to time.

#### **7.4 Disclosure/ dissemination of price sensitive information with special reference to analysts, institutional investors:**

- No person, except those authorized by the Public Spokesperson/Compliance Officer as the case may be, shall disclose any information relating to the Company's Securities to analysts and institutional investors. The Public Spokesperson/Compliance Officer as the case may be, shall be invited to meetings/ conferences organized by the Company with the analysts/institutional investors.
- All Directors, Officers and Employees of the Company should follow the guidelines given hereunder while dealing with analysts and institutional investors:

#### **7.5 Sharing of non public information**

- The Directors, Officers and Employees shall provide only public information to the analysts/ research persons/ large investors like institutions. In case nonpublic information is proposed to be provided, the person proposing to so provide information shall consult the Public Spokesperson/Compliance Officer as the case may be, in advance. The Public Spokesperson/Compliance Officer as the case may be, in such cases, shall ensure that that the information provided to the analyst/research person/investor as above is made public simultaneously with such disclosure.
- The Company shall take extreme care and caution when dealing with analysts' questions that raise issues outside the intended scope of discussion.

- The Public Spokesperson/Compliance Officer as the case may be, should tackle the unanticipated questions carefully. The unanticipated questions may be noted and a considered response be given later in consultation with the Managing Director/ Chief Executive Officer. If the answer to any question requires dissemination of Price Sensitive Information, the Public Spokesperson/Compliance Officer as the case may be, shall report the same to the Managing Director/Chief Executive Officer and obtain necessary approval for its dissemination to the Stock Exchanges/public announcement through press. The Public Spokesperson/Compliance Officer as the case may be, shall, after dissemination of such Price Sensitive Information aforesaid, respond to such unanticipated questions.

## **7.6 Reporting Disclosures**

- a. MTSH shall file its financial statement and its disclosures as required by Yangon Stock Exchange which includes the semi-annual un-audited and annual audited financial statement with Yangon Stock Exchange and at the same time make known to the public.
- b. The Board Directors and Executive Directors commits at all time to full disclosure of material information dealings. It shall cause the filling of all required information through public and Yangon Stock Exchange mechanism for listed companies. MTSH shall disclose timely or in accordance to Yangon Stock Exchange requirement after the decision or the occurrence of facts or information which might impact to MTSH shares value.

Events, information or decisions which are considered to have impact on shares valuation includes:

- Merger, acquisition of shares, joint ventures;
- Stock split or distribution of dividend;
- Extraordinary dividend income;
- Newly acquired important contract or discontinuation of important contract;

- Change in Management controlling structure;
- Change in representative directors or representative executive officers;
- Repurchase of stock;
- Materially assets purchased or materially sales of assets;
- Right issue
- Important litigation case against MTSH or Board of Directors or Executive Directors
- Changes in Certified Public Accountant;
- Changes in accounting year (change the end date of business year);
- Rationalization such as personnel reduction;
- Change in trade name or a corporate name;

## ***8. Conclusion***

The implementation of Code of Conduct will ensure morally sound and principle based business practices by MTSH. The Code of Conduct is prepared based on legal and social developments, norms, regulations and the business achievements made by MTSH as publicly listed business.

MTSH expects that all parties would give input and feedback regarding the Code of Conduct in order to make it in line with and accommodative to MTSH existing values.

Successful implementation of the Code of Conduct depends on support, communication and shared commitment to enforce it consistently in the MTSH's daily operational activities; corporate culture will be in place and eventually add value to the Corporate Governance at MTSH, which serves as a sound business performance foundation.

The most important factor for successful implementation of the Code of Conduct is the Company officials showing that they act strictly base their business practices on the code.