



MYANMAR AGRIBUSINESS PUBLIC CORPORATION LIMITED (MAPCO)

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CORPORATE GOVERNANCE  
POLICIES, PRINCIPLES & GUIDELINES  
2016

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# CORPORATE GOVERNANCE POLICIES, PRINCIPLES & GUIDELINES

## OBJECTIVES

MAPCO intends to introduce and practice Corporate Policies, Governance Principles and Guidelines based on OECD G20 Corporate Governance Principles and Guidelines.

### The key objectives are

1. to achieve sustainable business growth and investor confidence
2. to create market confidence and business integrity & ethics
3. to ensure stable access to equity capital and to support capital formation and allocation
4. to improve MAPCO's Good Corporate Governance System in line with international best practices and to raise the awareness on the crucial role of Good Corporate Governance within MAPCO's Board, staff force and to encourage each and every member to practice and improve his or her role towards the long term success and improved business performance of MAPCO
5. to improve decision-making processes, such as environmental, anti-corruption and bribery, human rights and social matters

#### Objective 1

- ◆ Sustainable business growth
- ◆ Investors' confidence

#### Objective 2

- ◆ Business integrity & ethics
- ◆ Market confidence

#### Objective 3

- ◆ Stable access to equity capital
- ◆ Capital formation and allocation

#### Objective 4

- ◆ Good Corporate Governance System

#### Objective 5

- ◆ Decision making processes on environmental, anti-corruption and anti-bribery, human rights, and social matters

\*OECD = Organization for Economic Cooperation and Development  
(An international economic organization and forum to stimulate global economic development and international trade)

# BRIEF DEFINITION OF CORPORATE GOVERNANCE

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As per OECD's principles, corporate governance is a very important process which involves a set of relationships between a company's management, its Board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

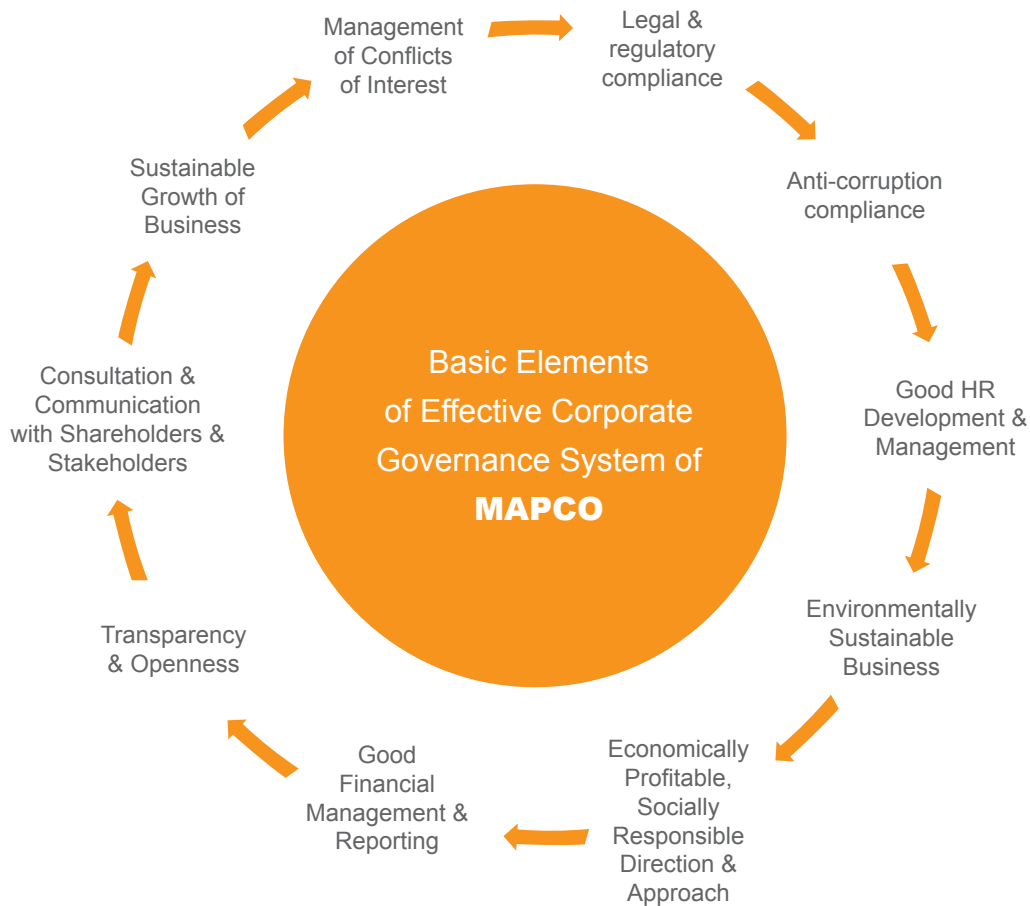
MAPCO practices Good Corporate Governance system in accordance with Myanmar context and Myanmar regulatory requirements. However, MAPCO does pay attention to international best practices and principles on Good Corporate Governance.

# BASIC ELEMENTS OF EFFECTIVE CORPORATE GOVERNANCE

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MAPCO's Corporate Governance comprises the following basic elements:

1. Legal and regulatory compliance
2. Anti-corruption compliance
3. Economically profitable, socially responsible direction and approach
4. Environmentally sustainable business
5. Good human resource development & management schemes
6. Good financial management & reporting practices
7. Transparency & openness in right direction
8. Effective & efficient consultations, communication with shareholders and stakeholders
9. Sustainable growth of business performance
10. Efficient self-regulatory measures to deal with conflicts of interest



## BASIC SHAREHOLDERS' RIGHTS

Shareholders in MAPCO are the most important institution. Shareholders are owners of MAPCO. Shareholders must meet at least once every year during annual general meeting (AGM) as a compulsory requirement. Sometimes, shareholders may be invited every quarter or as proposed by Chairman or as proposed by Managing Director to address extraordinary matters relating to sustainable growth of MAPCO and relating to Companies Act.

Basic shareholder rights should include the right to

- 1) secure methods of ownership registration;
- 2) convey or transfer shares;
- 3) obtain relevant and material information on MAPCO on a timely and regular basis as defined by the regulation;
- 4) participate and vote in general shareholder meetings;
- 5) elect and remove members of the board; and
- 6) share in the profits of MAPCO

# THE RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS

## Key Principles

1. MAPCO's equity investors have certain property rights. For example, an equity share in MAPCO can be bought, sold, or transferred. An equity share also entitles the investor to participate in the profits of MAPCO, with liability limited to the amount of the investment. In addition, ownership of an equity share provides a right to information about MAPCO and a right to influence MAPCO, primarily by participation in general shareholder meetings and by voting.
2. MAPCO's corporate governance framework protects and facilitates the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority (and foreign shareholders- in the future, when Myanmar law allows) All shareholders should have the opportunity to obtain effective redress for violation of their rights.
3. Shareholders are not expected to assume responsibility for managing corporate activities. The responsibility for corporate strategy and operations is typically placed in the hands of the Board and a management team and the management committees that are selected, motivated and, when necessary, replaced by the Board.
4. Shareholders' rights to influence MAPCO centre on certain fundamental issues, such as the election of Board members, or other means of influencing the composition of the Board, amendments to the company's MOA, AOA documents, approval of extraordinary transactions, and other basic issues as specified in Myanmar Companies law and MAPCO's Memorandum and Articles of association.
5. MAPCO will always ensure investors' confidence that the capital they provide will be protected from misuse or misappropriation by corporate managers, Board members or controlling shareholders. MAPCO's Board, managers and controlling shareholders should and must not take the opportunity to engage in activities that advance their own interests at the expense of non-controlling shareholders.
6. MAPCO's Members of the Board and key Executives should be required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the MAPCO's business. Shareholders should have access to know those related party transactions.
7. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.



# MAPCO'S BOARD AND ITS RESPONSIBILITIES

Board of Directors comprises Directors, Executive Directors and Independent Directors. Board of Directors must meet at least once in every four-month time. Board of Directors set the policies, strategies and is responsible for sustainable growth, sustainable development and continual prosperity and improvement of MAPCO.

BOD is headed and presided over by Chairman who is appointed by Shareholders. Managing Director serves as the Secretary to the Board. Board of Directors may appoint a Vice Chairman or Vice Chairmen by selecting a member or members or non-members of the Board. If so Vice Chairman (or Vice Chairmen) is (are) appointed, he (they) will be responsible only for advisory and honorary purpose. Board Committees are formed by the approval of Board of Directors on the proposal made by Chairman and Managing Director.

The Board of Directors of MAPCO is to ensure and to be responsible for the following matters:

1. strategic guidance for MAPCO
2. effective monitoring of business plans, directions and business policies
3. sustainable business growth and development
4. shareholders' profitability and benefit in the long term
5. effective and efficient Good Corporate Governance System
6. matters as mentioned in Company law, other laws, rules and matters as mentioned in MAPCO's MOA and AOA

## ROLE OF THE BOARD OF DIRECTORS

Three important institutions have direct responsibility for shaping the future of MAPCO; its shareholders (usually acting in annual general meetings), the Board of directors and the MAPCO's executive management and staff members. The shareholders appoint the Board and control the MAPCO's constitution- the Memorandum and Articles of Association. Executive management and staff utilize and optimize the resources of MAPCO in pursuit of its strategic objectives and in compliance with the policies determined by the Board to achieve the goals.

Between the shareholders and management stands the Board of Directors.

The Board of MAPCO takes collective responsibility for:

- Reviewing and determining the Group's strategic objectives.
- Determining the Group's key policies
- Determining the Group's values and standards
- Establishing the framework of controls which enable risk to be assessed and managed
- Establishing the culture of MAPCO
- Ensuring that the necessary human and financial resources are in place
- Monitoring progress towards the achievement of objectives and compliance with policies, values and standards
- Giving an account of the Group's activities to its stakeholders.

The main components of these responsibilities are:

### **STRATEGY**

- Reviewing and determining the business activities in which the Group should engage
- Ensuring that the Group has adequate long-term objectives and strategies, expressed in both physical and financial terms
- In reviewing and carrying out its obligations to the Group, considering in the context of its corporate and social responsibility(CSR)on the necessary balance between the interests of shareholders, employees, customers, suppliers, creditors and the community. Ensuring that the Group policies are clearly understood by these stakeholders and support the achievement of its strategic objectives
- Ensuring that the Group reviews its business plans in the wider context of the current and likely local, national and international environment and with adequate intelligence as the activities of its major competitors and developments in technology
- Approving the budgets presented by management and ensuring that they are compatible with short-term and long-term objectives
- Determining the extent and priority of the Group's investment in relation to the opportunities and threats ahead, having regard to the resources available
- Approving specific major investments and policy proposals
- Deciding on dividend policy

#### Appointing senior management

- Selecting the CEO, CFO, COO and/or other senior positions, determining the terms of their contracts
- Ensuring the adequacy of the Group's management structure and resources for specific and general tasks. The planning of senior management motivation, remuneration, development, recruitment and succession.

#### **MONITORING**

- Ensuring the Group's information systems are relevant and adequate to monitor performance at a business level and sufficient for Board and management performance review and decision purposes
- Reviewing the Group's financial position, liquidity and solvency
- Monitoring management performance against strategic objectives and compliance with strategic policies and initiating appropriate corrective action if failures are revealed
- Reviewing the effectiveness of the system of internal controls for reporting, risk assessment, compliance and regulatory purposes.

#### **ACCOUNTABILITY**

- Ensuring effective communication with shareholders and the Group's identification with their interests
- Ensuring that the Group complies with its legal obligations and maintains an appropriate level of transparency about its business.

# ROLE STATEMENT

## CHAIRMAN OF THE BOARD

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**Responsibilities:** To lead the MAPCO's Board, set its agenda and ensure its effectiveness.

To conduct Board meetings and general meetings.

To ensure the membership of the Board has the right balance of skills and experience to support the needs of the business in determining the necessary strategies and policies to maximize its opportunities for successful business development and profit growth which enhance share performance relative to competitors and the industry.

To lead the Board in ensuring that a coherent strategic plan or framework is agreed by the Board which is supported by detailed annual business plans, budgets and action plans for the major subsidiaries.

To ensure that appropriate and related objectives are established for the executive directors of the MAPCO.

To ensure that the Board receives accurate, timely and clear information and the MAPCO has the necessary processes to prepare strategic and business plans and report progress on strategic operational and business objectives.

To facilitate the effective contribution of non executive directors.

To ensure Board Committees carry out their appropriate duties and report to the Board.

To ensure that the performance of individual directors and of the Board as a whole and its committees are evaluated at least once a year.

To review with the Managing Director the overall management performance of the MAPCO, the Group and its key executives providing advice and counsel to ensure the highest standards of management performance are achieved.

To generally support the Managing Director by acting as confidant, adviser and mentor as requested and ensuring effective liaison and continuity of communication on developments occurring between formal Board meetings.

To ensure effective communication with shareholders.

To act and represent MAPCO in dealing with Government, Legislature and other important institutions of Myanmar and of other countries

# ROLE STATEMENT MANAGING DIRECTOR

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Managing Director is appointed by Shareholder's meeting. Managing Director is responsible for overall management of all the matters in consultation and coordination with Executive Directors. Managing Director acts in the interest of shareholders and represents and reports to Chairman and Board of Directors.

**Responsible to:** The Board

**Responsibilities:** To accept the key accountability for the performance of the Group.

To accept responsibility for the executive management of the MAPCO and to lead the full-time management in meeting the objectives agreed on an annual and continuing basis.

To establish appropriate and related objectives for the executive directors of the MAPCO.

To prepare an outline strategic plan for the business having regard to the requirements of shareholders, stakeholders and investors taking full account of business threats and opportunities and the relative competitor comparison for discussion and agreement at the Board.

To prepare a detailed business plan for the MAPCO and its major operating subsidiaries that sets out the principal objectives to be achieved in meeting an agreed annual profit plan or budgets and related financial objectives- profits, cash, borrowings, earnings per share objectives or other performance measures agreed.

To ensure that there is an adequate reporting process which monitors the performance of the MAPCO and its main subsidiaries on a monthly

basis to enable appropriate corrective and other actions to be taken on a timely basis.

To monitor and review progress on the strategic plan on a quarterly or six-monthly basis as is appropriated.

To review the organizational framework and to ensure that policies relating to management selection, performance review, development and de-selection are operated on an agreed and consistent basis having regard to the need to motivate managers and ensure the MAPCO operates in the upper quartile of management effectiveness and make recommendations for change as appropriate to the Board.

To liaise with the Chairman as appropriate on issues which related to the Board and to keep the Chairman informed on all material matters relative to the performance of the MAPCO and its strategic and market circumstances.

To ensure adequate standards of financial management and control taking account of the required standards of corporate governance and the particular requirements in relation to business risk management and processes.

To finalize and effectively monitor risk assessment processes within the businesses and those relating to investment policies and ensure compliance with procedures.

To ensure compliance with legal and regulatory requirements, and ensure that there are appropriate processes in place for communication with regulators.

To represent the MAPCO as required in the industry and business Community

To act and represent MAPCO in dealing with Government, Legislature and other important institutions of Myanmar and of other countries

To ensure that MAPCO has adequate plans and processes for communication with its stakeholder groups.



# ROLE STATEMENT EXECUTIVE DIRECTOR

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Executive Directors must meet at least once in every two-month time. Executive Directors implement the business matters under the guidance of Chairman, under the leadership and close supervision of the Managing Director for achieving the vision, mission and goals of MAPCO. Executive Directors strive for continual prosperity, profitability and future-oriented long term benefits for MAPCO. Executive Directors set guidelines and manage the Corporate Departments, Divisions and operational Corporate Units by coordinating with Managing Director.

Executive Directors undertake the Good Corporate Governance within MAPCO, exercise the Business Ethics and ensure Corporate Social Responsibility.

# DISCLOSURE & TRANSPARENCY POLICY

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## **Key Principles**

1. MAPCO's corporate governance framework ensures that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of MAPCO.
2. Disclosure must include, but not limited to, information on audited financial results and operation results of MAPCO. MAPCO will also disclose, from time to time, procedures and practices relating to business ethics, environmental and social issues, human rights and other public policy related matters.
3. MAPCO will disclose major share ownership, related party transaction, foreseeable risk factors and remuneration of members of Board and key executives.



# RISK MANAGEMENT POLICY

## 1. Statement of Policy

A “risk” is defined as anything that threatens to prevent MAPCO from achieving its business objectives. It is the policy of MAPCO to ensure that the risks are identified, analyzed and managed systematically and appropriately. In order to implement its policy, MAPCO aims to conduct effective risk management by operating the processes described below.

## 2. Approach to Risk Management

The Board considers it essential that the various categories of risk are clearly identified and that appropriate senior management accountability is designated, which together with adequate risk management processes, ensures that the need to be conscious of and identify risk is part of the embedded management processes in MAPCO.

Included in the key categories of risk are:-

- Business development (Strategies/practices, joint ventures, acquisition and disposals)
- Financial management, cash flow and debt management
- Operational performance
- Statutory responsibilities
- Health and Safety
- Environment
- Reputation

The Board considers it essential that all levels of management and employees have knowledge of and are made aware of the types of risks involved in both planning activities and day to day performance aspects of the business. Apart from senior management accountability, **every employee is responsible for managing risks in his or her work supported as necessary by expert advice and assistance, both internal and external. It is the Board’s aim to engender a culture in which risks are communicated to appropriate levels in MAPCO and information on risk is shared through effective communication.** This enables appropriate action to be identified and taken.

### 3. Risk Management Process

Risk management within MAPCO is aimed to be comprehensive, systematic and continually improved and based on constant monitoring of business risks.

Risk analysis identifies the risks to which MAPCO is exposed, the basic causes of each risk, the impact of its potential realization and assesses how that risk should be managed. This includes analysis of MAPCO's operating environment, business processes and information used in decision making. Any negative consequences of taking a risk are compared with the benefit derived from it and decisions are made accordingly.

Following risk analysis, MAPCO shall determine whether the risk is acceptable. If it is decided that the risk is to be taken, then an assessment shall be made as to how the risk is to be managed, which may be by one or more of the following methods:

- Acceptance of the risk (i.e. do nothing)
- Transfer of the risk to a third party (e.g. insurance or outsourcing)
- Reduction of the risk (its impact or likelihood) through internal controls.

If a control system is adopted it should be assessed regularly and if necessary, improved.

Details of the main risks that have been identified and the control systems applicable to them should be recorded in a **risk register**. This is continuously monitored and updated. The function of the risk register is to:

- Identify and prioritize the significant risks faced by MAPCO
- Identify owners for each risk
- Set out methods by which each risk is managed
- Set out any action plan required to improve control mechanisms.

### 4. Responsibility for Risk Management

The Board is responsible for identifying and managing the risks arising from the strategic objectives and policies which it sets. In addition the Board has overall responsibility for risk management. The Board shall, on a quarterly basis, monitor and, where necessary, act upon the aggregation of risks across MAPCO and the efficacy of the risk management process, including the actions to be taken. In addition, the Board shall undertake a formal annual review.

Except in relation to the risks for which the Board has retained direct responsibility, the Board has delegated the responsibility for implementing the process of risk management to operational managing director. The responsibility is allocated in each and every concerned committee and department as well as business units.

Operational managing director is responsible for ensuring that:

- The process of risk management is operated within the approval risk management policy framework and that it is implemented satisfactorily.
- Key risks are identified and assessed, that management responsibility is properly allocated and that monitoring is carried out to ensure that risks remain adequately identified, analyzed and controlled.

Each business unit executive director or other identified risk owner shall be responsible for:

- Regularly reviewing the risk register and ensuring that the risk management processes and control systems in their area are appropriate.
- Developing an open and transparent culture for the identification and management of risk and encouraging employees to instill risk awareness in their behavior.
- Demonstrating that risk issues and any new risks are considered, via an explicit item on the Leadership Teams' agenda.
- Ensuring ownership of risks is properly allocated to permit clear responsibility for controls and action plans.
- Ensuring that support and assistance is provided to all employees in fulfilling their individual risk management duties.
- Ensuring that appropriate employees are aware of the key risk issues facing MAPCO.
- Providing quarterly reports on risk management activities to Board which should aim to assess the risks in the area covered and identify steps to mitigate such risks.

Each employee shall, in the context of their business unit objectives, be responsible for:

- Identifying risks surrounding their work.
- Implementing and operation controls over those risks through

application of MAPCO policy and processes.

- Highlighting any areas for concern (e.g. new risks, internal control weaknesses or breakdown) through normal management controls.

An internal management committee will be responsible for monitoring and overseeing the operation of the risk management process. It will report to the Audit Committee, Managing Director, the Board of Directors, at least on a bi-annual basis. In carrying out its monitoring function, the risk management committee aims to review the quarterly reports it receives from business units, to consider and, where necessary, make recommendations or changes to improve the effectiveness of MAPCO's internal controls.

Undertake an annual assessment, the results of which will be reported to the Audit Committee, to enable the Board to make its annual statement on internal control. In this context, the risk management committee aims to consider, in particular, any changes in the risk profile of MAPCO, the scope and quality of the ongoing management of risk and internal control and the extent and effectiveness of the regular reporting and monitoring process.

## **5. The Audit Committee**

It is the responsibility of the Audit Committee to review the systems which are in place and to provide assurance to the Board that the process of risk management is operating effectively.

# HUMAN RESOURCE POLICY

## **Purpose**

HR policies ensure that everyone in MAPCO is treated fairly and consistently and that their contributions to the success of MAPCO are appropriately recognized and rewarded. All employees shall be fully aware of what MAPCO expects of them and what they, in return, should expect from MAPCO. HR Policies summarize MAPCO's responsibility to individuals and their responsibility to MAPCO.

## **The Policies**

Detailed HR policies and procedures are contained in the respective HR handbook and directives, which are in Myanmar Language issued from time to time in consultation with HR Consultants and Staff Government.

## **Summary of Key Elements of Policies**

### ***1. Recruitment and Selection***

It is MAPCO's policy to recruit on merit, regardless of sex, ethnicity, political membership, sexual orientation, race, disability, age or religion. Wherever possible, existing employees will have an opportunity to apply for vacancy/promotion opportunities. All newly appointed employees should be integrated into their new role through a supervised induction or orientation program and therefore be given appropriate support and guidance until they are fully competent to do the job.

### ***2. Development and Training***

MAPCO recognizes that its staff and people are the key to future success. Through performance management processes, MAPCO aims to ensure that all employees know what is expected of them and that they possess the necessary skills, knowledge, values and experience to achieve the highest level of performance of which they are capable. Whenever possible, MAPCO undertakes to provide development opportunities, such as study for qualifications, secondments, project work and undertaking other challenging roles.

### ***3. Reward and Motivation***

It is MAPCO's policy to reward with fair and competitive salary and benefit packages and an opportunity to share in the success of the business. All elements of reward are designed to support the achievement of desired behavior, values and standards as well as high performance and continuous improvement/development. Within each of the subsidiary companies, reward procedures and mechanisms shall be accessible and transparent, and applied consistently. MAPCO also recognizes that pay/benefits are only one element of reward, and that personal development, recognition and celebration of achievement are also equally significant.

### ***4. Equality, Equity, Diversity and Dignity at Work***

MAPCO's employment policies are based on the principles of equality, equity and diversity, this being in the belief that the elimination of unfair discrimination in the workplace contributes to productivity and performance as it allows people's talents to be most effectively utilized. The managing director, executive directors and heads of departments are accountable for ensuring that these principles are followed and for establishing appropriate action plans for their business.

MAPCO is committed to the dignity at work and fair treatment of all colleagues. Managing director is accountable for ensuring that procedures are in place for resolving any grievance or harassment issue which colleagues may have in connection with their employment.

### ***5. Conduct and Capability***

It is MAPCO's policy to ensure that there is a strong management framework and key principles to support people at work. The purpose of the policy is to allow managers to deal effectively with colleagues when their conduct, performance or attendance falls below acceptable standards. The managing director is accountable for ensuring that guidance and rules under which people can operate effectively, and through which the MAPCO can ensure compliance with the relevant Myanmar employment and labor law, is in place.

## **6. Job Security**

MAPCO is strongly committed to the long-term sustainability of its business and also the long-term security of its employees. Where individuals are affected by changes to their role or their personal/health circumstances, all reasonable steps are taken to enable them to stay with the organization. This may be through discussing possible solution to enable them to continue in their role, adjusting working hours/patterns, or helping find a new role within or outside the Group.

## **7. Well-being and Safety**

MAPCO values its reputation as an “Employer of Choice” for all sectors of the working community. It also recognizes that as a responsible employer, the need to have in place policies which support a reasonable work-life balance. The Health and Safety Policy sets out MAPCO’s approach to managing Occupational Health and Safety of all its employees. In addition, at MAPCO, there are numerous policies, systems and guidelines to support well-being and a healthy work-life balance, including many family-friendly arrangements. These can be found in the HR handbook.

## **8. Communications, Information and Consultation**

MAPCO aims to have an open and honest culture, and to ensure that all employees are regularly updated with what is happening in all areas of the group, and that consultation takes place as appropriate. Two way and face-to-face communication is essential, giving everyone the opportunity to ask questions and have a voice in decision making. MAPCO encourages a ‘no-blame’ culture, so that all can have their say without fear of reprisal or discrimination. MAPCO takes responsibility for putting in place channels of communication (direct and indirect) and feedback, as well as making sure that communication is timely and inclusive.



# HUMAN RIGHTS POLICY

MAPCO has the firm and steadfast commitment to respecting human rights which is in line with our Operational Procedures and our Business Conduct and Ethics. Reflecting this commitment, MAPCO has laid down a new corporate Human Rights Policy in 2016 that is as mentioned below.

We believe in respecting human rights and declare that it is our primary duty to protect and ensure fulfillment of human rights.

We have a responsibility to play a positive role in the communities where we operate. To this end, our conduct in business operations is to be consistent with rules, laws and regulations of Republic of the Union of Myanmar; United Nations Universal Declaration of Human Rights; the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, where applicable to business; and other applicable international principles, including the principles of UN Global Compact.

In many areas and regions of Myanmar and in communities where we operate, social issues are part of a broader set of complex socioeconomic and poverty concerns. This is why the management of human rights issues in MAPCO is based on the totality of our efforts and not on a single activity. Our corporate policies, management processes, community-based agribusiness programs and participation in various initiatives are complementary and are intended to reinforce our commitment to respecting human rights.

MAPCO's Human Rights Policy will foster greater awareness of human rights issues and will enhance our capabilities to identify and manage human rights issues in the areas relevant to our business.

All employees of MAPCO are required to comply with this policy, whose key elements are as follows.

## **Employees**

We treat all of our employees with respect and dignity and promote diversity in the workplace. Our company policies and procedures adhere to all applicable laws and are consistent with Myanmar labor law and principles concerning freedom of expression and



nondiscrimination, forced labor, and underage workers in the workplace.

### **Safety**

We protect our staff members and assets and provide a safe and secure environment in which business operations can successfully be conducted. Our guidelines and management processes on safety and security in our areas of operations are consistent with international standards on Human Rights.

### **Community**

We respect human rights in the following ways:

- Through our contributions and commitment to rural development, poverty reduction and socioeconomic improvement in the communities where we operate.
- By fostering interactive and open communication with communities and knowledgeable stakeholders.
- Through our corporate governance policies, procedures and guidelines, which are consistent with relevant international best practices.

## **HEALTH & SAFETY POLICY**

MAPCO and its subsidiary companies are committed to achieving high quality and high standards throughout the business. The management of the health and safety is an integral part of this. The main intention of Health and Safety Policy is to avoid injuries, occupational illness and accidental damage to the property as well as to the individuals by means of cautionary measures, preparedness and prevention. The contribution of each and every employee shall be valued as an essential part of improved health and safety performance.

Towards this end, MAPCO shall:

- (I) Take all reasonably practicable steps to provide and maintain for all employees a safe and healthy working environment.
- (II) Ensure of its products, services and activities do not put at risk the health and safety of its customers and the general public.

Priority equal to other statutory duties shall be given to the discharge of health and safety responsibilities.

MAPCO shall encourage all employees to work safely and shall provide such information, instruction, training and supervision as is reasonably necessary to enable them to do so.

MAPCO shall provide occupational health, safety and welfare services as appropriate for discharging these obligations.

Companies within MAPCO shall adopt these principles and comply with the appropriate local legal requirements. Executive Directors at each appropriate organizational level will provide written or oral statements on health and safety, as and when required, detailing the relevant organizational arrangements in their business areas.

It is the responsibility of the Group Managing Director to ensure that this policy is implemented and monitored.

## ENVIRONMENT POLICY

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MAPCO's vision is "Taking Responsibility for Conserving and Sustaining the Environment & Mother Earth" and our plan to deliver this vision is always implemented whenever and wherever we do business. To achieve our plan, it is essential that we work with the natural environment. This requirement informs all of the stages of our operations as we provide clean and sustainable actions and conserve our environment.

We drive for continual improvement of our approach; to enable us to enhance our environmental and quality performance, maintain a clear focus on meeting the needs of our customers and the environment and to work effectively in partnership with our key stakeholders. This is at the heart of our approach.

In line with MAPCO's environment vision and our strategic Business Objectives, we aim to:

- Maintain compliance with applicable legal and relevant rules, regulations, laws and obligations of Myanmar
- Foster constructive relationships with our stakeholder groups and regulators, and take an active and positive role in the community where we work.

- Ensure we reliably deliver clean, safe products and services to our customers, remove the industrial waste and return cleanly to the environment without causing harm.
- Ensure that all our employees and those who work on our behalf have received appropriate environmental and quality training and have developed an awareness of issues included in this policy.
- Continue to reduce and prevent pollution through innovative technology, effective management control systems, and through targeted efficient investment, shared throughout the Group.
- Proactively conserve and enhance biodiversity, through efficient and effective practices.
- Manage our land resources in a socially and environmentally responsible manner, balancing the needs of our shareholders, customers, partners and stakeholders with our duty as promoter of the natural environment.
- Maintain and enhance services for our customers, especially farmers, in the face of extreme weather and the changing climate, to an acceptable level.
- Play our part in mitigating future climate change by managing the greenhouse gas emissions produced in our operations and embedded in our supply chain, and also by managing the emission of pollutants
- Help to ensure energy security for Myanmar and our business by being efficient and by optimizing the use.
- Work with colleagues and our supply chain (goods and services) to drive improvements in the sustainable use of resources.
- We will aim to do all of the above where practicable and at an affordable cost to our shareholders and to our customers.

The policy applies to all companies in which MAPCO has a substantial controlling interest. These companies will adapt this policy, and we will encourage them to translate it into appropriate objectives and targets. We will communicate this policy to all employees, those working on our behalf, interested parties as appropriate, and it will be made available to the public. We welcome comments and suggestions for improvements and will review this policy periodically in light of new knowledge, changing legislation, and the views of the public and advisory panels.

# ANTI-CORRUPTION AND BRIBERY POLICY

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It is MAPCO's steadfast and firm policy to conduct all of our business in an honest and ethical manner. MAPCO takes a strict approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates, and to implementing and enforcing effective systems to counter bribery.

MAPCO will uphold Myanmar Anti-corruption and bribery law, relevant rules, regulations and directives issued by Myanmar Union Government, Regional Governments of Myanmar, Union and Regional legislature of Myanmar. Bribery and corruption are punishable for individuals by up to many years' imprisonment and if the Company is found to have taken part in corruption, it could face substantial fine, be excluded from tendering for public contracts and face damage to its reputation. MAPCO therefore takes its legal responsibilities very seriously.

In strict adherence to this anti-corruption and bribery policy, it is compulsory to be zero corruption and zero bribery in third-party engagements and activities such as dealing with any individual or organization, MAPCO and its staff come into contact with, during the course of work and business for MAPCO, and third party includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives, officials and politicians and political parties.

This policy applies to all individuals working at all levels and grades, including general managers, senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with MAPCO, wherever their workplace is located.

Each and every member of MAPCO's staff force must ensure that he or she reads, understands and complies with this policy. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for MAPCO or under its control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. The giving or receipt of gifts is not prohibited, if the following requirements are met:

- (a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) it complies with local law;
- (c) it is given in the MAPCO's name, not in individual's name;
- (d) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (e) it is appropriate in the circumstances - for example, in Myanmar, it is customary for gifts to be given at Myanmar Thadingyut Lighting Festival;
- (f) taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time; and
- (g) it is given openly, not secretly.

Gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the Compliance Officer and/or Group Managing Director

MAPCO appreciates that the market practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

It is not acceptable for an individual (or someone on his or her behalf) to:

- (a) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- (b) give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- (c) accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;

- (d) accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- (e) threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- (f) engage in any activity that might lead to a breach of this policy.

MAPCO only makes charitable donations that are legal and ethical under Myanmar laws and practices. No donation must be offered or made without the prior approval of the CSR Committee and the Managing Director.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for MAPCO or under the Company's control. As such, every staff at MAPCO must ensure that he or she reads, understands and complies with this policy and must notify the Compliance Officer as soon as possible if believed or suspected that a conflict with this policy has occurred, or may occur in the future.

Any employee who breaches this policy will face disciplinary action, which could even result in dismissal for gross misconduct.

Training on this policy forms part of the induction process for all new employees and other workers. All existing employees and workers will receive regular, relevant training on how to implement and adhere to this policy. The Company's strict approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of its business relationship with them and as appropriate thereafter.

The board of directors has overall responsibility for ensuring this policy complies with MAPCO's legal and ethical obligations, and that all those under the Company's control comply with it. Comments, suggestions and queries should be addressed to the Compliance Office or to Managing Director.



# NOMINATION COMMITTEE

## Term of Reference

### **DUTIES**

to act under the corporate governance system of MAPCO, with the primary focus and function on selection and evaluation of Board members and candidates who want to be elected as Board members

to review at least annually the structure, size, composition and successional needs of the Board and make recommendations with due regard for Board diversity in its broadest sense, including gender;

to keep under review the Board Diversity

to prepare a written description of the role and capabilities for Board appointments;

to satisfy itself with regard to succession planning, that processes and plans are in place with regard to both Board and Senior Management appointments that take into account the challenges and opportunities;

to review a candidate's other commitments and ensure that on appointment, a candidate has sufficient time to undertake the role;

to ensure that the Head of Admin & HR has formally written to any appointed director proposing an induction plan and orientation

to review the results of the annual Board evaluation process as it relates to the Board and Committee performance and composition;

to make recommendations to the Board concerning membership of Board Committees in consultation with the Chairman of the Committees; and

to make recommendation concerning any matters relating to the continuation in office as a director of any director at any time.

### **MEMBERSHIP**

The Committee shall be appointed by the Board from the existing directors of MAPCO and shall consist of not less than one member, who is independent non-executive director and one member who is the Board's advisor

The Chairman of the Committee shall be either the Chairman of the Board or an independent non-executive director of MAPCO or the Board's advisor. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

The Head of Admin & HR Department shall act as the Secretary of the Nomination Committee. The Board shall ensure that the membership of the Nomination Committee is refreshed in accordance with MAPCO's Corporate Governance Policy.

### **ATTENDANCE AT MEETINGS**

Only members of the Committee have the right to attend Committee meetings and a quorum shall be at least two members. The Nomination Committee may extend an invitation for other persons to attend meetings, if necessary.

### **FREQUENCY OF MEETINGS**

The Nomination Committee Chairman shall, in consultation with the Managing Director, decide on the frequency and timing of the Nomination Committee meetings.

Meetings shall be held no less than two times a year.

### **AUTHORITY**

The Nomination Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary, the expense of which is borne by MAPCO.

### **REPORTING PROCEDURES**

The Chairman of the Committee shall make reports to Managing Director and to Chairman of the Board and to the main Board on the business of the Committee.

The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. The Committee shall review at least annually, review its own performance and terms of reference to ensure it is operating effectively and recommend any changes necessary to the Board for approval.



# REMUNERATION COMMITTEE

## Term of Reference

### DUTIES

Duties of the remuneration committee are as follows:

#### Remuneration for Managing Director & Executive Directors, CEO

- Responsibility for setting and determining the level / scope of basic pay, Support facilities and other benefits of Managing Director, Executive Directors and CEO.
- To receive and review recommendations from the Managing Director for the salaries and overall remuneration of Executive Directors, CEO and Senior Management and approve if satisfied;
- To agree policy for authorizing claims for expenses of the Managing Director, CEO and Executive Directors;

#### Fees for Chairman & Non-Executive Directors

- For the Committee to review the Chairman's fees and present any recommendations to the Board for approval;
- to review the Non-Executive Directors' fees and present any recommendations to the full Board for approval;

#### Incentive plans – Short Term & Long Term

- To review and approve incentive plan structures, targets, goals and payment recommendations from the Managing Director
- To review the effectiveness of short term and long term incentive schemes;
- To ensure the link between the reward policy and corporate strategy / risk;
- To ensure appropriate payment between shares and cash and attain shareholder approval where applicable;
- To keep an overview of the operation of the all short and long term incentive plans;

#### Contractual terms

- To ensure the contractual terms of Board members are deemed fair and reasonable for both individual and company and that failure or poor performance is not rewarded;

- To review the status and terms and conditions for the next level of Senior Management;

### **Remuneration Report**

- To place before shareholders at each AGM, a Remuneration Report outlining the Company's policy and disclosure on Director remuneration;

### **External remuneration Consultants**

- To appoint external remuneration consultants where required at the Company's expense, set their terms of reference and approve any fees paid to them;
- The Committee shall review at least annually, its own performance and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval;

### **General**

- To remain up to date in relation to the climate and conditions of pay across the Group for employees and Senior Management;
- To ensure commercial awareness of trends, practice, regulation and governance for Senior Executives.

### **MEMBERSHIP**

The Committee shall be appointed by the Board from the existing directors of MAPCO and shall consist of not less than one member, who is independent non-executive director and one member who is the Board's advisor

The Chairman of the Committee shall be either the Chairman of the Board or an independent non-executive director of MAPCO or the Board's advisor. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of fees for the chairmanship.

The Head of Audit & Finance Department shall act as the Secretary of the Committee. The Board shall ensure that the membership of the Committee is refreshed in accordance with MAPCO's Corporate Governance Policy.

## **ATTENDANCE AT MEETINGS**

Only members of the Committee have the right to attend Committee meetings and a quorum shall be at least two members. The Remuneration Committee may extend an invitation for other persons to attend meetings, if necessary. No director or senior executive shall be involved in any decisions as to his or her own remuneration.

## **FREQUENCY OF MEETINGS**

The Committee Chairman shall, in consultation with the Managing Director, decide on the frequency and timing of the Remuneration Committee meetings. Meetings shall be held no less than two times a year.

## **AUTHORITY**

The Remuneration Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary, the expense of which is borne by MAPCO.

## **REPORTING PROCEDURES**

The Chairman of the Committee shall make reports to Managing Director and to Chairman of the Board and to the main Board on the business of the Committee.

The Committee shall make a remuneration statement in the annual report about its activities. The Committee shall review at least annually, review its own performance and terms of reference to ensure it is operating effectively and recommend any changes necessary to the Board for approval.

# AUDIT COMMITTEE

## Term of Reference

### DUTIES

The duties of the Committee shall cover the following areas:

Annual Report and Financial Statements

- review and monitor the contents of the Annual Report and Accounts including the financial statements of MAPCO and its subsidiaries, with regard to the findings of the audit of the Annual Report and Accounts including financial statement before submission to the Board, focusing particularly on

- (i) significant accounting policies and practice;
- (ii) major estimates and judgments;
- (iii) clarity and completeness of disclosures;
- (iv) the going concern assumption;
- (v) compliance with financial reporting and accounting standards;
- (vi) compliance with other legal requirement;

- Discuss problems and reservations and any significant adjustments arising from external audits, and any matters the external auditor may wish to discuss;

### INTERNAL CONTROL

- Review MAPCO's (including subsidiaries') financial and accounting policies and practices;
- Review, on behalf of the Board, the system of internal control (including financial, operational, compliance and risk management) and risk management systems and the effectiveness of the said system and make recommendations to the Managing Director and to the Board;
- Review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and for the proportionate and independent investigation of such matters and for appropriate follow-up action including the reports of any such investigations;

- EXTERNAL AUDIT** - Make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- discuss and agree with the external auditor before the audit commences the annual audit plan and the nature and scope of the audit;
  - review and monitor annually the external auditor's independence and objectivity and the effectiveness (including cost effectiveness) of the audit process
  - develop and review annually the policy on the engagement of the external auditor to supply non-audit services and its implementation, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Managing Director and to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
  - review the letter of representation to the external auditor, management letter and management's response;

- INTERNAL AUDIT** - periodically review the internal audit program, monitor and review the co-ordination between the internal and external auditors, monitor and review the effectiveness of the internal audit function and its activities and ensure that it is adequately resourced and has appropriate standing

- OTHER**
- consider other topics as defined by the Board;
  - report to the Managing Director and to the Board on how it has discharged its responsibilities.

**AUTHORITY** The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

**MEMBERSHIP**

The members of the Committee shall be appointed by the Board and shall comprise at least one non-executive directors of the Board. Members of the Committee shall have recent and relevant financial management and reporting experience.

**CHAIRMAN**

The Chairman of the Committee shall be a non executive director appointed by the Board.

**ATTENDANCE**

The Group Managing Director and the Head of Audit & Finance shall normally attend meetings by invitation. The Committee may also invite the Chairman of the Company, Executive Directors and any relevant employee to attend meetings as they consider appropriate. The external auditors shall be invited to attend meetings of the Committee if required.

**FREQUENCY OF MEETING**

Meetings shall be held not less than two times a year and at such other times as the Chairman of the Committee shall require.

**ADVISERS**

The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary.

**SECRETARY**

Chairman shall appoint a member to be the secretary of the Committee.

**QUORUM**

The quorum of the Committee shall be determined by the resolution of the Committee after forming the Committee by internal directive.

**MINUTES**

The minutes of meetings of the Committee shall be circulated to all members of the Board

**REPORTING**

The Committee Chairman shall report formally to the Managing Director and to the Board on its proceeding

# SENIOR MANAGEMENT COMMITTEE

## Term of Reference

**DUTIES/POWERS** The duties and powers of the Committee shall be:

- To deal with all matters remitted to it by the Board on the terms, if any, set by the Board: and
- In the case of emergency or when it is impracticable to convene a Board meeting or to obtain a written resolution of the Board in accordance with the MAPCO's Articles of Association from time to time, and the interests of MAPCO would be prejudiced by delay, the Committee shall take steps to contact all directors and, having done so, and taken account of the views of those it has been possible to contact, shall have power to act as it then sees fit on behalf of the Board. The Committee shall report any such actions and the reasons for taking them, to the Board as soon as practicable.

**MEMBERSHIP** The members of the Committee shall be decided by Chairman with the recommendation of the Managing Director and shall comprise the executive directors, directors, Managing Director and heads of departments.

**ATTENDANCE** Members of the Committee may appoint suitable alternates to represent them either at a specific meeting or generally, but such alternates shall not be counted as part of the required quorum.

**CHAIRMAN** Managing Director shall chair the Committee.

**SECRETARY** MAPCO's Heads of Admin & HR Department shall be secretary of the Committee.

**QUORUM** The quorum shall be at least the simple majority of the members' presence.

**MINUTES** The minutes of meetings of the Committee shall be circulated to all members of the Committee and made available on request to other members of the Board.



# INVESTMENT COMMITTEE

## Term of Reference

### **DUTIES**

The duties of the Committee shall be to:

Make recommendations to the Board of Directors after reviewing proposals from management regarding the investment, joint-ventures, acquisition and divestment proposals

The Committee shall recommend to the Board:

- Whether or not to proceed with a transaction; and
- The parameters and procedures upon which any transaction should proceed.

The Committee shall be presented with management's proposals, in respect of the above, for consideration by the Committee.

In formulating such proposals, managements shall, inter alia and as appropriate:

- Provide an analysis of the cash available for investment
- Consider the debt-equity, liquidity
- Provide an analysis of the funding available for investment
- Review and analyze all possible implications of the transaction and make recommendations on the strategy and direction
- Review all implications of existing guarantees and significant contractual agreements;
- Provide an analysis of opportunities, current and potential risk and a brief SWOT analysis
- Recommend to the Board concerning other political, economic, social and environmental factors, both positive and negative, related to the transaction

### **MEMBERSHIP**

The members of the Committee shall be appointed by the Board and shall comprise at least one non-executive directors (or one independent shareholders) plus an independent advisor, an executive director, Group Managing Director, Head of Business Development and Head of Audit & Finance Department.

### **CHAIRMAN**

The chairman of the Committee shall be appointed by the Board.

### **ATTENDANCE**

The Chairman of the Board and other Executive Directors shall be invited to attend the Committee meetings, if and when necessary, to discuss the Committee's business with such other management representatives appropriate to the relevant matters under consideration.

### **FREQUENCY OF**

The Committee shall meet at such times as the needs of the business shall require.

### **MEETINGS**

### **SECRETARY**

Head of Audit & Finance of MAPCO shall be the secretary of the Committee.

### **QUORUM**

At least 3 members of the Committee must be present at the meetings.

### **MINUTES**

The minutes of meetings of the Committee shall be circulated to all members of the Board.



# CSR COMMITTEE

## Term of Reference

### **DUTIES**

The duties of the Committee shall be to:

- Demonstrate the corporate commitment and leadership in the area of corporate social responsibility to help drive the MAPCO's ambitions and targets;
- Determine an agenda for the key issues and areas to be addressed by MAPCO
- Select appropriate criteria against which the environmental and corporate social responsibility performance of MAPCO can be monitored and judged;
- Recommend to the Board of MAPCO concerning the environmental policy of MAPCO and any changes to such policy;
- Recommend to the Board of MAPCO concerning the corporate responsibility policy of MAPCO and any changes to such policy;
- Report on the above matters to the Annual General Meeting of MAPCO with the permission of the Board.

The Committee shall be responsible for:

- Annual Delivery of the MAPCO's corporate social responsibility report;
- The creation of a culture of environmental and corporate social responsibility awareness within the MAPCO.

### **MEMBERSHIP**

The members of the committee shall be as determined from time to time by the Group Managing Director.

### **ATTENDANCE**

The Committee may invite members of the Board, Senior Officers, General Managers and middle level managers within MAPCO's workforce to attend its meetings from time to time.

### **CHAIRMAN**

The Chairman of the Committee shall be the Group Managing Director.

### **ADVISERS**

The Committee shall be entitled to seek appropriate professional advice inside and outside of the MAPCO Group.

### **SECRETARY**

The Chairman of the Committee shall appoint the secretary of the Committee.

### **QUORUM**

The quorum of the Committee shall be determined by the resolution of the Committee after forming the Committee by internal directive.

### **MINUTES**

The minutes of meetings of the Committee shall be received by the Board of MAPCO and the necessary extracts shall be described in Newsletters and Annual Reports.

## INDEPENDENT PROFESSIONAL ADVICE

Managing Director shall be entitled to seek independent professional advice in furtherance of their duties as directors.

MAPCO will bear the cost of such advice provided that:

- (I) It was necessary for the Managing Director and Executive Director concerned in furtherance of his duties as a Managing Director/Executive Director of the MAPCO (or of any subsidiary of MAPCO); and
- (II) The director discusses the need for, and source of such advice in advance with MAPCO's Managing Director.

## IPT PROCEDURES

MAPCO has resolved to adopt the IPT Procedures with a view to ensuring that Interested Person Transactions are on normal commercial terms and are transacted on an arm's length basis on terms and prices not more favorable to their Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of MAPCO and our minority Shareholders. MAPCO may from time to time revise the IPT Procedures in such manner as may be considered appropriate by the Board.

### 1. DEFINITIONS

For the purpose of the IPT Procedures, unless the context otherwise requires:

**“associate”** means :

- (a) in relation to any Director, the Managing Director or controlling shareholder of MAPCO (being an individual):
  - (i) his immediate family
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of **25%** or more.

- (b) in relation to a controlling shareholder of MAPCO (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of **25%** or more;

**“associated company”** means a company in which at least **10%** but not more than **50%** of its shares are held by MAPCO or our Group;

**“control”** means, in relation to a company, the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;

**“controlling shareholder”** means a person who:

- (a) holds directly or indirectly **15%** or more of the total issued and paid-up share capital of our Company, unless the Board reasonably determines that a person who satisfies this paragraph is not a controlling shareholder; or
- (b) in fact exercise control over our Company;

**“Entity at Risk”** means (a) MAPCO; (b) a subsidiary of MAPCO that is not listed on a stock or securities exchange recognized by our Board for this purpose; or (c) an associated company of our Board for this purpose, provide that our Group, or our Group and its Interested Person(s), has control over the associated company;

**“Group”** means MAPCO and our subsidiaries (if any);

**“Immediate family”** means, in relation to a person, the person’s spouse, child, adopted child, step-child, sibling and parent;

**“Interested Person”** means: (a) a Director, an Executive Director, the Managing Director or controlling shareholder of our Company; or (b) an associate of such Director, an Executive Director, Managing Director or controlling shareholder;

**“Interested Person Transaction”** means a transaction between an Entity at Risk and an Interested Person; and

**“transaction”** includes, without limitation:

- (a) the provision or receipt of financial assistance;
- (b) the acquisition, disposal or leasing of assets;

- (c) the provision or receipt of services;
  - (d) the issuance or subscription of securities;
  - (e) the granting of or being granted options; and
  - (f) the establishment of joint ventures or joint investments;
- whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities)

## **2. GENERAL PROCEDURES**

The following procedures will be implemented by our Group in relation to Interested Person Transactions:

- (a) when purchasing any products or procuring any services from an Interested Person, at least two (2) additional quotations from non-Interested Persons will be obtained as a comparison to ensure that MAPCO'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 MAPCO 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 enquires 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 enquires; 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 Managing Director 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.

### **3. REVIEW AND APPROVAL PROCEDURES**

- (a) All Interested Person Transactions entered into by MAPCO will be categorized 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 MAPCO.
  - (ii) Category 2: An Interested Person Transaction where the value thereof is below 3.0% of the latest audited net tangible asset of MAPCO but is equal to or in excess of Ks 200,000,000.
  - (iii) Category 3: An Interested Person Transaction where the value thereof is below Ks 200,000,000.
- (b) The relevant thresholds applicable in determining each category of Interested Person Transaction may be revised by the Board from time to time as may be considered appropriate by the Board.
- (c) Category 1: Interested Person Transaction must be approved by our Audit Committee prior to entry.
- (d) Category 2: Interested Person Transaction need to be approved by Audit Committee prior to entry, but must be approved by Managing Director and Chief Financial Officer prior to entry and shall be reviewed on a quarterly basis by our Audit Committee.
- (e) Category 3: Interested Person Transaction need to be approved by Audit Committee or Managing Director or Chief Financial Officer prior to entry, but shall be reviewed on a quarterly basis by Audit Committee.

- (f) 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) MAPCO's Audit and Finance Department shall prepare all the relevant information to assist 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 Managing Director 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 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 Audit Committee from time for such purpose.
  - (ii) 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.

#### **4. DISCLOSURE**

MAPCO 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 Transaction entered into with the same Interested Person (as determined reasonably by the Board) will also be disclosed.





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