

**United Nations Global Compact
Communication on Progress (COP Report)-2018**

Statement of Continued Support

It is a great pleasure for MTSH to be a member of the United Nations Global Compact since 2015 and this is the third time we have produced and submitted Annual Communication on Progress (COP). I am pleased to confirm that MTSH strongly reaffirms our continued support to make the ten principles stronger in the four main areas of Human Rights, Labor Rights, Environmental Rights and Anti-Corruption guided by the United Nations Global Compact (UNGC).

As we realize that COP report is very important to mention our achievements in building of sustainable and responsible business. By reason of this, this year COP report also highlights our actions were well integrated with the Global Compact and its principles in our business strategy, culture and daily operations.

Further to this, we will commit to share this information with our stakeholders using our primary channels of communication.

Yours Sincerely



Aung Soe Tha

Managing Director

Myanmar Thilawa SEZ Holdings Public Limited

Human Rights Principles

Principle (1) - Businesses should support and respect the protection of international proclaimed human rights.

Principle (2) - Make sure Businesses are not complicit in human right abuses.

As Myanmar Thilawa SEZ Holdings Public Limited (MTSH) is a publicly Listed Company, it is committed to build good corporate governance and sustainability, transparency and responsibility are the top three important corporate value for us. To be a sustainable and responsible business, our company made a great effort to be a member of United Nations Global Compact (UNGC) and at present, MTSH has been one of the members of UNGC for three years.

Since being a member of UNGC, we all are responsible for ensuring our operations and performances have been implemented by obeying the ten principles of UNGC which mainly focus upon four significant areas: Human Rights, Labor Rights, Environmental rights and Anti-corruption.

Relating to Human Rights Principles, MTSH is in full support of the Universal Declaration of Human Rights with the intention of creating better community for all people who may be connected with us directly or indirectly. Additionally, our employee handbook has been revised and updated based on the said Human Rights policies with the aim of structuring the best working environment for our staff.

As a first step towards respect of Human Rights, we set up a transparent and comfortable workplace by practicing Human Rights such as mutual respect, trust and understanding among staff. Any form of discrimination or harassment with regard to gender, religion, color and ethnicity is not acceptable. Furthermore, Forced labor and child labor are strictly forbidden in our company and all the employees are well educated to avoid breaking the internal policies of human rights accidentally or intentionally.

Employees need to be secure in their working environment if we want our organization more productive and successful. For that reason, everyone is allowed to have an access to the high levels of management in order to report regarding human rights abuses without any fear. If necessary, the unbiased investigation will be conducted and appropriate action will be taken to all grievances.

In the same way, MTSH constantly endeavor to contribute and support long-term benefits to our stakeholders and community of Thilawa SEZ as well. As responsible corporate organization, Corporate Social Responsibility Program (CSR) is one of the commitments to sustainable development by bringing social and environmental benefits for the Community. The MTSH group has organized and carried out various CSR activities, relating to the main sectors of education, infrastructure and community development. At present, MTSH has gained lots of great experience of partaking in CSR programs from the time when the company was established.

As a member of the United Nations Global Compact, MTSH is keen to involve promoting peace and responsible business conduct. Accordingly, MTSH successfully co-organized “**Business for Peace Seminars**”, a joint effort by related government personnel, the Union of Myanmar Federation Chambers of Commerce and Industry (UMFCCI) and the Chairman of United Nations Global Compact Network Myanmar, Prof. Dr. Aung Tun Thet. The said seminars were held with the main aim of promoting peace and development through business since there is a close correlation between Business and Peace. With support from the Union and State Governments, a total of six B4P Seminars were held successfully in different regions throughout the year 2017 and ensuring that such seminars can improve the situations of economic growth, peace and social responsibility to be in harmony.

As significant activities for year 2018, first of all, MTSH donated (100) million kyats to the Union Enterprise for Humanitarian Assistance, Resettlement and Development in Rakhine – UEHRD. Similarly, when Yangon Region Government has set up a fund for victims of the riot erupted in Maung Daw Township, Rakhine State, MTSH made a contribution, (50) million kyats, for providing necessary assistance and rehabilitation.

In January 2018, MTSH participated as a Gold Sponsor in “**Myanmar Investment Outlook Seminar 2018**” which is beneficial to the community by sharing knowledge of investments in Myanmar and it may be a step towards economic growth in Myanmar.

For education sector, MTSH cooperated with Myanmar Japan Thilawa Development Limited (MJTD) in organizing “**Back to School Program**” in Thilawa area. As MTSH, we provided basic essential stationeries and school uniforms for (500) students before the academic year starts in June.

In line with our aim, “to deliver a long-term and sustainable benefit to all stakeholders”, we devote a lot of effort to complying with Human rights policies and being a responsible business which can bring many benefits to our employees, shareholders and community. We believe that the aforementioned activities will prove that we are trying the best to achieve our goals.

Measurement of Outcomes

It is a great pleasure to announce here that there is no grievance and complaint regarding Human Rights breaches and abuses has been caused by our company and its related businesses. To keep such a good image in the long-term future of our company, we always value and listen to our employees and stakeholders’ voices and their opinions to be sure that we never break Human Rights Principles in our daily performances. MTSH reaffirms its solemn commitment to support and respect the protection of the international proclaimed human rights and not to be involved in Human Rights abuses.

Labor Principles

Principle (3) - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle (4) - The elimination of all forms of forced and compulsory labor

Principle (5) - The effective abolition of child labor

Principle (6) - The elimination of discrimination in respect of employment and occupation

MTSH has pledged support for International Labor Organization's ("ILO") eight fundamental core conventions. In accordance with national labor laws and regulations, and international applicable laws, we make sure that there is zero forced labor in our company and there is not any child who has been unlawfully offered a job in MTSH. All the time, MTSH makes an attempt to be in line with our commitments to labor rights.

In keeping with the related international and national labor laws and regulations, our employee hand book has been created with the intention of protecting all our staff against any form of situations in which there is not any fairness and equality. In addition, Employment Contract has been well prepared for every staff in which detailed information is included protecting the staff against compulsory labor and any form of labor abuses. The staff has been given the right to collective bargaining and they can feel free to negotiate and discuss their working condition with the employer or management.

In MTSH, leave allowance, the reasonable working hour and other benefits allowance such as overtime package and travel allowance are offered equally to all staff. As an additional social welfare benefit, all employees of MTSH are the members of Social Security Board that is a government organization and its service provides sickness allowance, maternity and work-

related injury allowance for its members. In MTSH, ferry service has also been provided for the staff with the purpose of commuting easily from work to home. Every evening of Friday, light refreshments have been arranged and provided for all staff and it is a break time for relaxation in the workplace.

We strongly believe that everyone has a right to get equal job opportunity if they have the same competency. Therefore, MTSH strives to ensure that all of our employees are treated in the same way and they are given equal pay for equivalent work and job opportunity for the same proficiency. The management appraises employees' performance through KPI and yearly salary increment and bonus payment are provided for each staff without any form of unfairness. In addition, there is not any form of discrimination in our working environment. MTSH endeavors to close the gender gap so as to boost women's empowerment and therefore, there is no gender discrimination at all.

To be a long-standing successful business, there is no denying that skilled and experienced human resources are one of the important reasons and the effective human resources can bring huge advantages for both the Company and our Nation. For that reason, MTSH values our human resources and appreciates individual's capacity and their performance. Then, external and internal trainings are organized frequently and every staff has an access to have adequate training in their respective occupation.

During this year 2018, English four skills class was provided for the staff with the main aim of improving their English skills that is absolutely vital to performance well in their daily work. Following English Language training class, there is Professional Excel Training for staff to keep on their learning. Besides, the management has arranged and sent our staff to the relevant trainings and seminars in order to boost their capacity.

If there is any case to be considered unfair or it may seem to be labor abuses, all employees have been given the right to report their grievances freely. We will not tolerate any case that breaks labor rules and regulations in some way, that will be investigated and there is an appropriate punishment for that case. The management including human resource department

and related head of department constantly keep a close watch on the performance of each employee and the relationship among them, in an attempt to be more pleasant and productive working environment.

Measurement of Outcomes

MTSH completely complies with the principles of labor rights set up by UNGC and as a result, there is zero case of labor abuses and breaches of our commitments up till now. We always pay full attention to our employees to be qualified and effective human resources and make certain that their contribution will be beneficial to the prosperous business and vice versa. In the future, MTSH will retain its success and good image through building up a harmonious relation between well-organized management and valuable workforce of employees.

Environment Principles

Principle (7) - Businesses should support a precautionary to environmental challenges.

Principle (8) - Undertake initiatives to promote greater environmental responsibility.

Principle (9) - Encourage the development and diffusion of environmentally friendly technology.

As a responsible and sustainable business, protecting and taking care of our environment from the harmful effects is one of our commitments. MTSH realizes the immense value of our planet and its environment, so we offer full support for the UNGC principles regarding environmental responsibilities. Also, all employees are being well educated frequently to be more aware of environmental issues in every operation of our business.

MTSH trains its workers to follow and practice the environmental rules and regulations during performing their daily tasks. Although we have to depend on the light from electrical devices in order to get enough brightness in the workplace, we use energy-efficient light bulbs to reduce energy consumption. Moreover, it is understood that employees must switch off the light and their computers or laptops and other electrical devices when they are not in use or after work. Whoever breaks the said rules and then they will be given a warning for that. To avoid consuming vast amount of natural resources and minimize the environmental footprint, we strive to reduce paper usage and intend to be a paperless working environment by substituting electronic communication for using large amount of paper when sharing information among the internal and external network.

Since MTSH's business operation is based in Thilawa Special Economic Zone, it is committed to abide by SEZ special laws and implement the relevant environmental guidelines without any harmful environmental impacts on such area. Before the project started, the Environment

Impact Assessments (EIAs) and Social Impact Assessments (SIAs) were initially conducted to avoid a disastrous impact on its surroundings and community. In accordance with international and local environmental management policy, Thilawa SEZ is protected systematically by setting up its own sewage treatment plant, water treatment plant and other high-tech protection systems with the good purpose of taking the necessary precaution against negative side effects upon the environment. With the intention of being sustainable development, we take full responsibility to care for our environment to be healthier.

Measurement of Outcomes

MTSH devotes a lot of effort to be involved in preserving the environment and make certain that every operation of our business has been implemented towards sustainable development and responsible business. As a consequence, we would like to proclaim that there is no intense occurrence or serious damage to the environment caused by our business. As stated by UNGC principles, MTSH encourages our staff to value the environment and to follow the environmental rules in their daily life and MTSH actively implements the sustainable practices in our every single operation as well.

Anti-Corruption Principle

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

As MTSH is a publicly listed company, we are committed to the implementation of good corporate governance that mainly focuses on the accountability, fairness and transparency. The Board of Directors of MTSH has established Corporate Governance Guidelines which provide a framework for the effective governance of the Company and its guidelines include corporate governance missions and goals which all are implemented towards a sustainable business model. Code of Conduct also guides us to understand and comply with business and work ethics to promote the dignity and good reputation of MTSH. Furthermore, MTSH provides training on the subject of ethics and professional code of conduct for related employees.

With the aim of promoting the long-term interests of the Company, Shareholders and Community, we need to build up public trust in the Company. MTSH Group sets high standards for the Company, employees, officers and directors and our internal policy strongly states that “giving or accepting gifts or bribes to anyone or from anyone, in a direct or indirect way, are strictly prohibited” in our Company and its related business operation.

In line with “zero tolerance policy” on any form of corruption, everyone in MTSH is well educated not to be involved in such kind of corruption. Moreover, Whistle Blowing policy has been set up to protect against corruption and therefore, if there is something wrong regarding bribery in the workplace, the management encourages our staff to report on that case without any hesitation or fear of being intimidated.

Measurement of Outcomes

As a result of effective internal and external control system in an attempt to combat corruption, MTSH has no record or report of corruption in all its forms start from the date when the company was established and up to now. We reaffirm our commitments to constantly comply with the ten principles of UNGC in our business operation and move forward for the betterment and sustainable development of our company, shareholders, employees, our community and the environment.