

United Nations Global Compact
Communication on Progress Report 2021

Statement of Continued Support
By Chief Executive Officer

Myanmar Japan Thilawa Development Limited has committed to be a responsible developer of Thilawa Special Economic Zone and since 2015, we, MJTD, do our business responsibly by aligning our strategies, rules and regulations, policy and practices and operations in accordance with International Standards and Procedures and UNGC Ten principles which focus on human and labor rights, environmental considerations and anti-corruption.

It is honored to us, to take an active role in improving our reputation and our environment as a part of the UNGC member, and therefore we are submitting our COP report for this year. We believe that business should promote responsible and sustainable development in business practices and leadership activities as valuable investment for the better future.

I herewith confirm our long-term commitment to the United Nations Global Compact goals. It is our intention to support and implement the UNGC principles continuously in the future whenever possible. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours Sincerely,



Tomoyasu Shimizu
President and CEO
Myanmar Japan Thilawa Development Limited

Human Rights Principles

Principle 1: Business should support and respect the protection of international proclaimed human rights.

Principle 2: Make sure Businesses are not complicit in human rights abuses.

MJTD supports and respects the protection of internationally proclaimed human rights and is committed to upholding the human rights of employees and treating them with dignity and respect as understood by international standards and practices. Relating to Human Rights Principles, MJTD is in full support of the Universal Declaration of Human Rights with the intention of creating a better community for all people who may be connected with us directly or indirectly.

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. There is no bearing for MJTD to accept any inappropriate manners that will be perilous to our working community.

For practices, MJTD has our employee handbook and company policy and procedure has been revised and updated based on the said Human Rights policies with the aim of structuring the best working environment for our employees. The policy with respect to Human Rights includes:

(a) Equal Employment Opportunity

MJTD provides equal employment opportunity regardless of race, religion, social status, gender identification, sexual orientation, political affiliation, ethnicity, and physical appearance but not allow to do or argue religion and political matters within the workplace. All the staff members are able to get the benefits package according to their role and types of contracts, MJTD will not discriminate to any existing staff members and/or prospective staff members.

(b) Harassment, Bullying, and Discrimination

Zero Tolerance to bullying or harassment at the workplace of MJTD. All employees are to be treated with respect, dignity, fairness, and non-discrimination while working in our environment. Everyone is freedom from religion, creed, gender identity, sex, age, race, material status, color, agentic information, or membership in other protected groups and without prejudice to create a mutually respectful and positive working environment.

(c) Grievance and complaints

All employees are entitled to the rights to raise their concern of misconduct of the Human resources policies and procedures to the Senior Management Level. Any reporting of any breach of the Code of Conduct is entirely confidential and will be dealt with discreetly and seriously. Retaliation of any reports being made in good faith is strictly forbidden by MJTD. Admin and HR department always open to all employees to report any illegal or unethical behaviors or conflict of interest or general misconduct at any time.

(d) Health and Safety of employees

We consider our employees to be our most important asset, and it is important for us to ensure that MJTD provides a safe and healthy working environment. We have a strong focus on our employees' health, both mentally and physically.

We commit to provide a safe and healthy workplace and to help educate and train each employee in safe workplace practices, with more emphasis and cautiously during the Covid-19 pandemic period. Prevention and Safety program for employees has been developed and practiced according to National Covid-19 prevention guidelines such as:

- Providing Awareness on Covid-19 pandemic and ensuring its preventive measures.
- Safety workplace preparations: Temperature Checking, wearing facemasks, encouragement to hand wash, providing Hand sanitizers, social distancing, installation of protective partitions, and regular disinfection procedures are still practicing.

(e) Obligation to respect Human Rights

The workplace of MJTD ensures for employees that there is no abuse of Human Rights, harsh or inhumane treatment including any form of harassment, corporal punishment, mental or physical coercion or verbal abuse of workers; nor shall there be the threat of any such treatment.

MJTD Business Continuity Plan during covid-19

MJTD Management Team officially launched the Business Continuity Plan during the covid-19 period in March 2020. This plan includes totally work-from-home arrangements, alternative Office assigned groups for employees who are unable to avoid attending Office due to work nature, the process for approval workflow, upgrading cloud-based software systems in HR, Procurement, and Financial Payment Application. Also, MJTD sets the responsibilities and conduct for employees working from home to ensure they are connected and able to perform the employment contractual obligations at home as they are in the office. This Work from Home and Shift Assign Plan is applicable to all employees in response to work safety and health and in respecting the employees' human rights to a safe and flexible working environment.

Being a responsibility of the developer of Thilawa SEZ, MJTD initiates social responsibility programs to treat all neighboring communities with respect and making special efforts to help the people from vulnerable groups and neighboring communities of TSEZ. With the focus on Education, Social Welfare, Health Care, Infrastructure Development and Stakeholders engagements, the Community Relation Department of MJTD are performing socially responsible activities, by contributions of all locators including MJTD itself, with the intention to fulfill our community needs and requirements. With the limitation of covid-19 pandemic situations, we have provided the Renovation and Installation of Isolation Rooms for Hospital Quarantine and Isolation Ward at Thanlyin Township General Hospital in response to Covid-19, School Items support to students from neighboring communities (Back to School Program), Kahtina Robe Offering Ceremony (Traditional Ceremony) and Providing Rice Bags and Instant Noodles to over 1,300 households from neighboring communities as hardship assistance for our communities.

Thus, we are making our best effort to comply with Human Rights policies by attempting to bring welfares and benefits to our communities, stakeholders, and employees as being a member of UNGC.

Measurement of Outcomes

There are no complaints and violations related to Human Rights policy. Without accepting Human Rights abuse in our daily operations and with respecting to protect international proclaimed human rights and local human rights, we are pleased to say that MJTD has no grievance and any breach of Human rights in our workplace. We reaffirm our commitment to support and respect the Human Rights principles of UNGC since the time of development of our company and being a member of UNGC.

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.

MJTD recognizes the right to freedom of association and collective bargaining; MJTD does not interfere in an employee's decision to associate, or discriminate against the employee or their representatives. MJTD freely and fairly discusses issues at work with employees or their representatives to reach jointly acceptable solutions. All employees have their Employment Contracts that are registered in Government Labor Office ensure to get full legal protections. MJTD understands that the success of the company is primarily based on their employees and value our employees at most and always keep to protect employees in accordance with related International and National Labor Laws and regulations.

MJTD is strictly opposed to all forms of forced and compulsory labor; all our employees are free to leave in accordance with contractual terms and National labor law. Every employee has an understandable employment contract stating their terms and conditions of service and the procedures for termination of employment.

Our employment policy is in accordance with legal requirements and we have no employees under the age of 18, no kind of forced or compulsory labor.

We do not engage in, or support, discrimination in hiring, remuneration, access to training, promotion, termination or retirement, based on race, national or social origin, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, political opinions, age, or any other condition that could give rise to discrimination.

MJTD emphasizes that sustainable development relies on ending discrimination towards women, and so we encourage women empowerment opportunities by giving equal pay, benefits and providing equal opportunities for employment. According to employment data until the end of May 2021, it is found that 57% of Class A employees are female employees.

MJTD ensure that the working hours of employees are in accordance with Labor laws and provide overtime allowances, travel allowances, transportation services, mobile-phone bill allowances and other necessary office stuffs that all are well-deserved beneficiary of all employees. Furthermore, bonuses, increments, and promotions have been equally assessed and determined through KPIs and individual performances without having any bias and discrimination. To support that we have well-organized SOP software system which includes and reflects individual's tasks, related job descriptions and job accomplished and proper reporting systems for their accomplished jobs.

As social welfare benefits, all employees are being the member of Social Security Board and they are entitled to sickness, maternity, parental and work-related injury allowance. Additionally, MJTD provides an annual medical check-up program, annual medical allowance for hospitalization and non-hospitalization, vaccination programs, Social Supports (Weddings, Funerals), Annual Staff Party, and Company Trip, to all employees. To improve the operational capabilities of all employees, MJTD offered various training programs (most in online training during the Covid-19 pandemic), in order to be a more skillful and qualified employee as investing in human capital development.

Although we are facing the effect of economic hardship due to prolonged Covid-19 and unexpected turmoil that has happened since 1st February this year, MJTD does not reduce the number of our staffs and pay full wages to all employees, and even the annual Myanmar New Year bonus is paid to all employees. This can reflect MJTD does really care and consider the social welfare and safety of employees.

Hereby, we can mention that MJTD takes fully responsible for the safety of our staff from every aspect and strictly follow the labor rights not to deviate any single point. We are trying to be a more decent workplace for all employees by complying the international and national labor rights.

Measurement of Outcomes

No case of grievance of employees and labor abuses has been reported in MJTD. Both MJTD Management and employees obey and being aware of the rules and regulations of Labor rights, and retain our good reputation through building mutual engagement as for complying with the principles of UNGC not only as being a member of UNGC but also being a responsible developer of Thilawa SEZ.

Environment Principles

Principle 7: Business should support a precautionary to environmental challenges.

Principle 8: Undertake to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technology.

As a developer of Thilawa Special Economic Zone (TSEZ), the very first special industrial zone in Myanmar, MJTD applies the precautionary principles related to Environmental responsibilities with the concerns of the least environmental impact by factories in TSEZ. In regards to environmental safety, the strong internal regulations that the operating factories in TSEZ must strictly follow, have developed and practiced since the time of developing the Zone to manage, monitor and evaluate for the least contamination of the Soil, Water and Air, the proper disposal of hazardous waste, the management of toxic emission and the compliances of all the factories with government and international environmental regulations.

Despite the nature of our business activities are focused on Special Economic Zone, the environment is protected systematically by our unique designed systems and high-tech protection systems in order to mitigate the side-effects upon the environment. Before the projected started, Environmental Impact Assessments were conducted in accordance with the SEZ Law and its related regulations and EIA guidelines where the assessments on Air Quality Impact, Noise Impact, Water Quality Impact, Waste-Management Implications, Soil Contamination Impact, Environmental benefits and disbenefits of different options on various issues including sewage treatment level, bypass culvert alignment, and disinfection options examined under the relevant environmental aspects are systemically monitored without fail. Moreover, the periodical monitoring of air quality, the monthly waste-water monitoring, and internal regulations inspection and online weather monitoring system are conducted as a precautionary approach to the environmental challenges.

We always concern to mitigate any harmful effects on our environment and neighboring communities with the serious intention of being sustainable development, MJTD pays fully attention to take care of our environment in every

stage of operation. The prohibition of consumption of underground water and only the water resources from reservoirs are the proof that we are much taking care to the environmental responsibility. The own waste-water management system in Sewage Treatment Plant, Water Purification Plant and proper waste-disposal methods are systematically built up since the time of opening the Zone and now effectively operating in TSEZ.

We encourage to promote activities and methods that are beneficial to Environmental improvement and reduce the negative impact of the environment. In order to be green environment, we developed the green area inside the TSEZ and set up the target for increasing green area year by year up to 40% of the projected Landscape. To minimize the soil contamination, the plantation and landscaping team of MJTD solely uses natural fertilizers(biofertilizers) by means of eco-friendly techniques to grow trees and grasses.

Measurement of Outcomes

Our environmental impact assessments and environmental monitoring reports are publicly disclosed and available in our website. With the fully compliance to National Environmental Rules and Regulations, UNGC Principles related to Environment and SEZ Laws, we, MJTD make our best effort to minimize the environmental footprints and reduce the damage to neighboring environment.

Anti-corruption Principle

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

MJTD had signed the Anti-Corruption Agreement on the same day that the Myanmar Government and Japanese Government signed the MOU Agreement for Thilawa SEZ (Zone B) Development Project in Nay Pyi Taw on 12 November, 2014. The investors are also required to sign the agreement to ensure that they abide by the agreement which is also a firm conviction of the government policy to be free from corruptible practice such as bribery, embezzlement, irrelevant trading practice and dishonest and fraudulent conduct.

The Code of Conduct relates to the legal and ethical standards of conduct developed by MJTD also reflects all of our Partners and Employees to comply with while carrying out the responsibilities and duties required on behalf of MJTD. Accordingly, MJTD conducts all of its business free from any corruption, fraud of “unethical” activities whatsoever and expects all of the Partners or Employees to do the same. The company and our employees do not accept any tangible or intangible bribes from anyone.

Policy and Principles in regards to Fraud, Bribery and Corruption

Policy Statement

- (i) MJTD has “Zero Tolerance” against any level of fraud, bribery and corruption.
- (ii) All MJTD employees, partners, vendors and contractors have responsibility to protect the assets and resources of MJTD and to obey the necessary laws related to National and International practices and laws set by MJTD.

Principle guidelines of MJTD’s Fraud, Bribery and Corruption Policy

- **Integrity:** All Employees must act honesty and high moral principles.
- **Legitimacy:** All employees must obey all applicable frauds, bribery and anti-corruption laws.
- **Timeliness:** All employees must report any potential violation of fraud bribery or anti-corruption laws immediately.

- **Fairness:** MJTD must carry out thorough investigation of any alleged violation of fraud, bribery or corruption in a just manner.

We constantly committed to keep frauds, bribery and corruption to be absolute minimum and to handle effectively if any violation or breach occurs or is suspected. In case of any suspected or actual instances of such violation or breaching happens, the necessary disciplinary and/or legal actions will be taken immediately against them. Anyone who tries to violate fraud, bribery or corruption will be handled equally as those who committed the violation. Also, Negligence to report or inform fraud, bribery or corruption will be dealt significantly with disciplinary measures.

To assure for good corporate governance, MJTD possess its own Code of Conducts, Financial Compliance procedures, Payment application and settlement procedures and Auditing Systems which all are developed in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Rules and Regulations from Internal Revenue Department of Ministry of Planning, Finance and Industry, in order to being a no-briber business and eradicating any practices or behaviors in company daily transactions.

Since MJTD has its own Utility Management System, Procurement System, Payment Application Services system and the cloud-based data storage systems, we can proudly say that all the systems and practices developed in MJTD are reflecting the effective internal control and transparency in order to be a responsible business with free from any form of corruption.

Measurement of Outcomes

There are no incidents or records or reports of corruption in all its forms since we have the effective internal and external control systems in every step of financial procedures against corruption. We are constantly trying to forward to a responsible developer from the extent of employees and our investors to the neighboring communities around Thilawa SEZ and we are keeping our good cooperate governance structure by assuring the commitment to UNGC Principles.