

United Nations Global Compact
Communication on Progress Report 2022

Statement of Continued Support
By Chief Executive Officer

Dedication to be a responsible developer/ operator of Thilawa Special Economic Zone of Myanmar since 2015, Myanmar Japan Thilawa Development Limited (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 2022. We believe that business should promote responsible and sustainable development in business practices and leadership activities as valuable investment for the better future.

MJTD had made a strong 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,



Shigeo Fukuda

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 Business are not complicit in human right abuses.

Relating to Human Rights Principles, Myanmar Japan Thilawa Development Limited-MJTD supports and respects to fundamental human rights as internally agreed in the Universal Declaration of Human Rights and is committed to uphold the human rights of employees and to treat them with dignity and respect as understood by international standards and practices. Also, we expect the same from our employees, locators(investors) and other business stakeholders. MJTD is in full support of human rights with the intention of creating better community for all people who have connected with us directly or indirectly.

MJTD stands that all people deserve to basic rights and freedoms, regardless of their nationality, gender, religion, race, color or any other status. As the very first step towards in respecting human rights. We practice mutual respect, trust and understanding among us by setting up with a transparent and comfortable workplace. Any forms of discrimination or harassment in regards to different status of employees is not tolerated in the company. Furthermore, MJTD practices Gender Equality and Equal Employment Opportunity, Respect Multicultural Workplace, and Non-harassment, Non-Bulling and Non-Discrimination. There are no forced labour and child labour in MJTD and there is no bearing for MJTD to accept any inappropriate manners that will be perilous to our working community.

MJTD provides “Employee Handbook” which include policies, practices and code of conduct of the company with the aim of structuring the best working environment for our employees. With related to human rights, we take in an account to provide a clear set of standards for our business conduct which, together with our commitment to responsible and sustainable business, guide to support and respect for human rights.

(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 benefit package according to their role and types of contracts, MJTD will not discriminate to any existing staff members and/or prospective staff member.

(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 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 opens to all employees to report any illegal or unethical behaviors or conflict of interest or general misconduct at any time.

Thilawa SEZ Complaints Management Procedure (TCMP)

The Thilawa SEZ Complaints Management Procedure (TCMP) allows stakeholders to raise questions or concerns with the Thilawa SEZ and have them addressed in a prompt and respectful manner. The TSEZ aims to address all complaints received, regardless of whether they stem from real or perceived issues. Any stakeholder who considers themselves affected by the TSEZ's activities will have access to this mechanism at no cost.

The TSEZ seeks to foster trust in the process and its outcomes. To this end it will communicate this TCMP in an understandable manner to affected stakeholder groups. Confidentiality will be respected and the TSEZ will take all reasonable steps to protect parties to the process from retaliation.

This TCMP aligns with existing TSEZ Management Committee (TSMC) and Myanmar Japan Thilawa Development Limited (MJTD) directives and initiatives regarding responsible business, as follows.

- Thilawa Special Economic Zone (TSEZ) Management Committee Notice No. 04/2015: The Notice to Ensure the Responsible Investment in the Thilawa SEZ.
- The United Nations (UN) Global Compact (UNGC)'s Ten Principles; MJTD has been a signatory since October 2015.
- The UN Guiding Principles on Business and Human Rights, Principles 29-31 (2011).
- International Finance Corporation (IFC) Performance Standard: Assessment and Management of Environmental and Social Risks and Impacts (2012).

(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 work place practices, with more emphasizing and cautiously during the Covid-19 pandemic period. Prevention and Safety programs 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 work place preparations: Temperature Checking, wearing facemask, encourage to hand wash, providing Hand sanitizers, social distancing, installation of protective partitions, and regular disinfection procedures are still practicing.
- Providing Covid-19 Vaccine Shots to all employees working in Thilawa SEZ.

(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 forms of harassment, corporal punishment, mental or physical coercion or verbal abuse of workers; nor shall there be the threat of any such treatment.

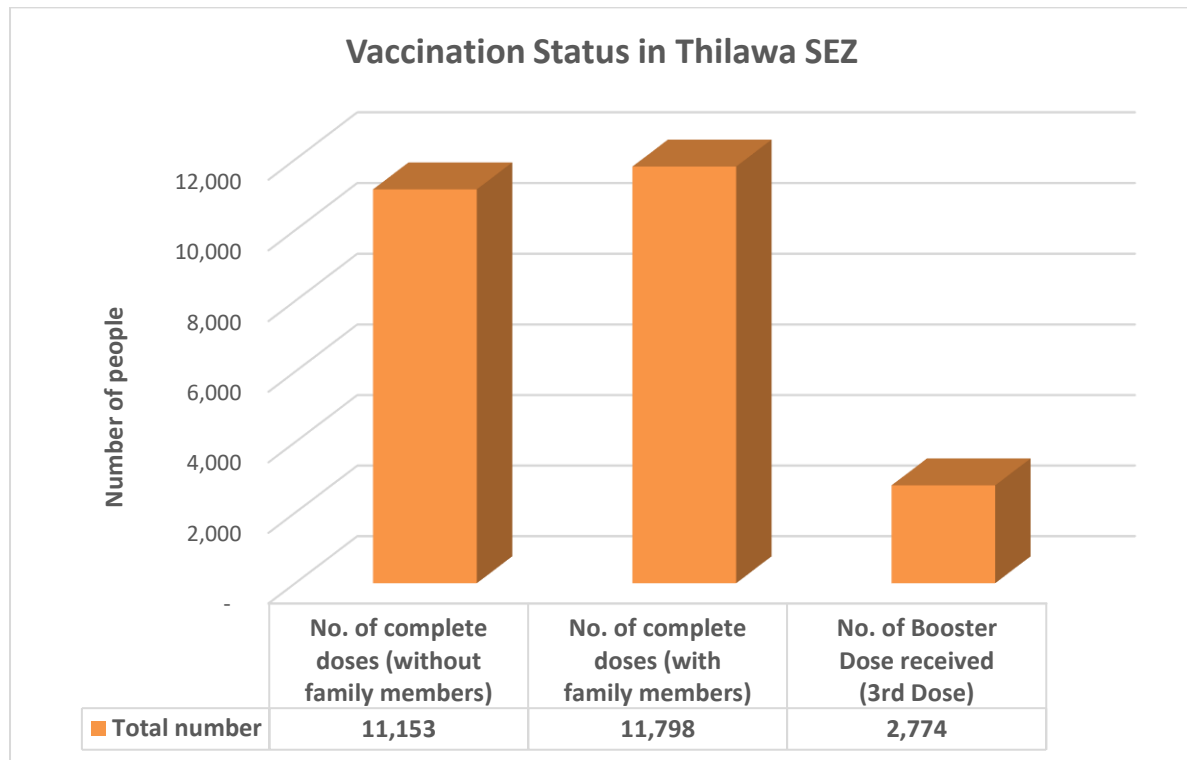
MJTD respects and protects the Human Rights in our daily operations and encourages relations to do the same. During the covid-19 pandemic, MJTD Management Team officially launched the **Business Continuity Plan** during covid-19 period since March 2020 until now. This plan includes totally work from 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 Applications. Also, MJTD set 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.

Trying to be a responsible business developer and operator of Thilawa SEZ, MJTD has been initiating and contributing in social responsible programs to treat all the neighboring communities with respect and support the people from vulnerable groups and neighboring communities of Thilawa SEZ including TSEZ employees. To fulfill the needs and requirements of our neighboring local communities as much as we can, the Community Relation Department of MJTD is consistently performing social support programs on behalf of all investors/locators in Thilawa SEZ including MJTD with mainly focusing on Education Support, Social Welfare Support, Health Care Support, Basic Infrastructure Support and Stakeholders Engagement.

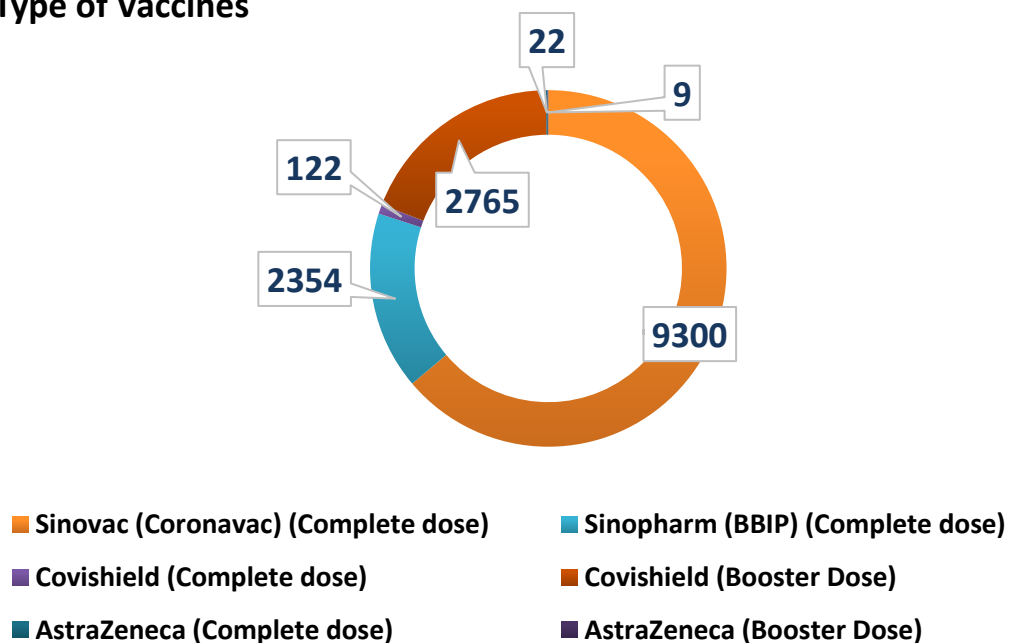
Due to the limitations of Covid-19 pandemic and local situations, we are unable to provide assistance to all communities as compared to last years. However, we emphasized to support more in the sectors of Social and Health Care during 2021 June to 2022 June. With collaboration between TSMC and Township Health Department, Community Relation Department of MJTD could provide the series of Covid-19 Vaccination Programs to all employees working in Thilawa SEZ and some of the family members since 2021 August to

until now. Currently we are providing the 3rd Dose of Vaccines (Booster Dose) to all employees of TSEZ as in prevention and control measurement of Covid-19 pandemic. No case of hospitalization and death due to corona virus in MJTD and it may be due to effective prevention measures at workplace, completion of vaccines and strictly following the necessary precautions by all employees.

Status of Covid-19 vaccinations in Thilawa SEZ



Type of Vaccines



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 is no complaints on break of code of conduct and violations related to Human Rights policy during the period 2021 June to 2022 June. No tolerance to Human Rights abuse in our daily operations and with respecting to protect international proclaimed human rights and local human rights, we are pleased to report that MJTD has no grievance and any breach of Human rights in our workplace. We reaffirm our commitment to support and respect the Human Right principles of UNGC since the time of development of our company and being the member of UNGC since 2015.

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.

Respecting and recognizing 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 representative 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. MJTD inquire about the profile and background history carefully before offering jobs in order to prevent child labour in the workplace, as any form of child labour is strictly prohibited in every operation of the business. Our employment policy not to use or benefit from forced labour and child labour 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.

Moreover, the Non-discrimination policy and equal opportunity policy of MJTD emphasize that sustainable development relies on ending discrimination towards women, and so we encourage

women empowerment opportunities by giving the equal pay, benefits and providing equal opportunities for employment. According to employment data until the end of May, 2022, it is found that percent portion of female employees per Class A employees is **60.6%** and per total employees is **36.5%**. Administration and HR Department of MJTD set the target for women's representations at the Board of Directors; C-suite/Executive Management; Middle Management which will be increased to over 50% by 2025.

MJTD ensures that the working hours of employees are in accordance with Labor laws and also makes the adjustment with the local situations (reduces working hours at Office and attend office alternately with 2shifts) and provides overtime allowances, travel allowances, transportation services, mobile-phone bill allowances and other necessary offices stuffs that all are well-deserved beneficiary of all employees. Furthermore, bonus, increment and promotion have been equally assessed and determined through KPI and individual performances without having any bias and discrimination. To support that we have well-organized SOP software systems 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 for sickness, maternity, parental and work-related injury allowance. Additionally, MJTD provides annual medical check-up program, annual medical allowance for hospitalization and non-hospitalization, vaccination programs, Social Supports (Wedding, Funerals) to all employees. To improve operational capabilities of all employees, MJTD offered various training programs in order to be more skillful and qualified employee as investing to human capital development. During the period of 2021 June to 2022 June, MJTD provided Kaizen Project training and ISO 9001:2015 and 140001:2015 Awareness training as quality training and team building training. (41) employees joined the Kaizen Project training and (64) employees attended for ISO awareness training.

The effect of economic hardship due to prolonged Covid-19 and unexpected turmoil that has happened since 1st February this year profoundly make the difficulties to MJTD and all locators in Thilawa. Despite facing the cold business, MJTD Management concerns to "Protect Thilawa" which includes in protecting the company as well employees of MJTD, Thilawa Locators and last but not least, to protect local communities around Thilawa SEZ. MJTD does not reduce the number of our staffs and pay fully wages to all employees, and the Flat pay of evaluation bonus

to all employees was paid on November 2021 and the annual Myanmar New Year bonus was paid to all employees in April 2022. This can reflect MJTD does really care and consider for the social welfare and safety of employees.

Hereby, we can mention that MJTD take fully responsible for the safety of our staffs from every aspect and strictly follow the labor rights not to deviate any single point. MJTD HR team constantly monitors and reviews the performance of the employees and resolves the problems effectively so that the employees can be part of a more effective and productive workforce. We are trying to be more descent workplace for all employees by complying the international and national labor rights.

Measurement of Outcomes

Improving “Operational Capability” is set up one of the company goals to achieve and success for the future, our company places great emphasis on human resources and completely complies with the principles of labour rights so as to maintain and enhance the competencies of employees. Having an expert, qualified and healthy workforce is a key factor in MJTD success in achieving our objectives. That is why MJTD is committed to attracting, retaining and captivating the right people, offering them extensive scope for training and development, and facilitating a healthy work/life balance. Both MJTD Management and employees obey and being aware of rules and regulations of Labor rights, and retain our good reputation through building the mutual engagement as for complying the principles of UNGC not only as being a member of UNGC but also being a responsible developer of Thilawa SEZ. Hereby we mention that zero case of grievance of employees and labor abuses within the organization has reported during the period 2021 June to 2022 June.

Environment Principle

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.

MJTD strives to be a good steward of nature and the environment by preventing waste and limiting negative impacts. One of our practices as the developer of Thilawa Special Economic Zone (TSEZ), the very first special industrial zone in Myanmar, is to support the precautionary principles through the concerns of the least environmental impact by factories in Thilawa SEZ. With regard 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 Land, 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 industrialization, 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 project 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.

To promote activities and methods that are beneficial to Environmental improvement and reduce the negative impact of the environment, MJTD is implementing to become Thilawa SEZ to “**Eco-friendly**” Industrial Park starting from 2022 and the multidisciplinary approach for being eco-friendly Industrial Park will include to promote water-saving, re-use/recycle plans and reduce total water consumption and improve managing in water usage. Regarding air quality, trying seeking to limit and mitigate air pollution and GHG emission and also for waterway and soil pollution. In performing renewable energy and clean energy, MJTD is trying to set up new energy resources - solar power energy as for renewable energy consumption which will be covered as approximately 15% of total energy consumption in TSEZ in the future. Moreover, the Waste management system is approaching systematically - recycling the wastes and properly disposing for unusable materials.

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 land contamination, the plantation and landscaping team of MJTD solely uses natural fertilizers(biofertilizers) by means of eco-friendly techniques to grow trees and grasses. Moreover, the Plantation and Landscaping team of MJTD developed “the Botanical Garden” in area of (60 m x 60 m) space in the compound of MJTD office where more than 3,000 plants of different species have been planted.

Measurement of Outcomes

Our environmental impact assessments and environmental monitoring reports are publicly disclosed and available in our website. Starting from small step to big achievement, we have practiced to “no electricity usage/no electrical power consumption” during the Lunch Time at MJTD office since April 2022. 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.

As a registered company, MJTD follows the rules and instructions guided and regulated by DICA (Directorate of Investment and Company Registration). MJTD have made the effort to have Corporate Governance, Code of Conduct, Audit Charter, and Delegation of Authority with intention to apply in management and operation procedures with any conflicts by representatives from major shareholders. Moreover, 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.

MJTD has “Zero Tolerance” against any level of fraud, bribery and corruption. 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.

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

MJTD's Finance and Accounting Department ensures that the risks are being assessed properly by reviewing the cases on monthly-basis procedure. 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 during the reporting period. 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.