

Corporate Governance and Transparency for Companies in Myanmar

UK-Myanmar Chamber of Commerce
13 August 2019
Pan-Pacific Hotel, Yangon

About me

- ❑ Director of Myanmar Centre for Responsible Business (MCRB) since July 2013
- ❑ Mining company Rio Tinto: HQ lead on transparency, human rights and resource nationalism/resource curse issues
- ❑ Civil servant/Diplomat:
 - Director of Global & Economic Issues
 - UK ambassador to Myanmar 2002-2006 (and 2nd Secretary 1990-1993)
 - European Commission, Cabinet of Commission Chris Patten, External Relations
 - Press spokeswoman



MCRB aims to provide a trusted and impartial platform for the creation of knowledge, building of capacity, undertaking of advocacy and promotion of dialogue amongst businesses, civil society, governments, experts and other stakeholders with the objective of encouraging responsible business conduct throughout Myanmar.

Myanmar Centre for
Responsible Business



myanmar.responsible.business
www.mcrb.org.mm

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Financial support from governments of:

- UK
- Norway
- Switzerland
- Netherlands
- Ireland
- Denmark (2014-2017)

Founders:



THE DANISH
INSTITUTE FOR
HUMAN RIGHTS

Today's discussion

My presentation

- Recent developments in corporate governance and transparency in Myanmar
- MCRB/Yever Pwint Thit Sa report 'Transparency in Myanmar Enterprises'
- Implications for corporate governance of the recent FactFinding Mission report on military economic interests

Discussion with Aaron Jay, Deloitte and Kenneth See, Yoma



Pwint Thit Sa

Transparency in Myanmar Enterprises

Fifth Report | 2019

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Pwint Thit Sa is intended to encourage better corporate governance and increased transparency by Myanmar businesses.

Corporate Governance

- “The mechanisms, processes and relations by which corporations are controlled and directed”
 - Rights and responsibilities, rules and procedures for decision-making
 - Setting objectives in the context of the regulatory/market/social environment
 - Monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders.
- A **corporation** is an organization, usually a group of people or a company, authorized to act as a single entity (‘legal person’) and recognized as such in law.
 - Business
 - State-owned enterprise
 - NGO or charity

ကဏ္ဍပုံရိတ်
အပျစ်ပျစ်

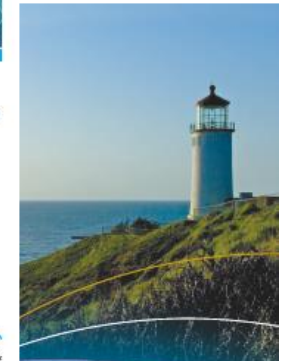


What is driving improvements in CG?

- Investor demand - private equity, business and JV partners/due diligence,
- Regulatory:
 - 2017 Companies Law - Directors' Duties, requirement for audited financial statements (except small companies) etc
 - Central Bank of Myanmar Directives
 - *Securities and Exchange Commission of Myanmar (SECM)*
- International support (particularly UK/Australia):
 - IFC - CG Scorecard, translation of resources
 - Myanmar Institute of Directors
 - OECD (Japan-supported) to support Myanmar CG Code
- Myanmar media and societal pressure
 - MCRB's Pwint Thit Sa/Transparency in Myanmar Enterprises report



Myanmar Corporate Governance Scorecard 2018:
A Report on the Assessment of Myanmar Companies



Home >> Events & Learning Series >> Learning Series

PROFESSIONAL DEVELOPMENT: OUR LEARNING SERIES

We provide corporate governance and board-level training courses for directors and senior executives. Our flagship courses include:

DIRECTOR CERTIFICATION PROGRAM (DCP)

FOR NEWLY-APPOINTED AND CURRENT BOARD MEMBERS, SENIOR MANAGEMENT OF CORPORATIONS, GOVERNMENT AND NON-PROFIT ORGANIZATIONS AND SENIOR PARTNERS OF PROFESSIONAL FIRMS WHO INTERACT WITH BOARDS AND WOULD LIKE TO UNDERSTAND THE INTRICACIES OF BOARD ROLES AND RESPONSIBILITIES.

GOVERNANCE FOR DIRECTORS

FOR BOARD DIRECTORS, C-SUITE & OTHER EXECUTIVES

FAMILY CORPORATE GOVERNANCE

BOARD/COMPANY SECRETARY PROGRAM

STRATEGY AND RISKS FOR DIRECTORS

FOR NEW AND ASPIRING DIRECTORS AND SENIOR EXECUTIVES

INTERNAL AUDIT MASTER PROGRAM (IAMP)

FOR BOARD DIRECTORS AND SENIOR EXECUTIVES

WOMEN ON BOARDS & BUSINESS LEADERSHIP LUNCHEON

FINANCE FOR DIRECTORS

UNDERSTANDING YOUR ROLE IN FINANCIAL GOVERNANCE AND REPORTING

WOMEN ON BOARDS & BUSINESS LEADERSHIP: IGNITING CHANGE

AN INTERACTIVE WORKSHOP FOR WOMEN IN CORPORATE LEADERSHIP

THE AUDIT COMMITTEE MASTER PROGRAM (ACMP)

FOR BOARD DIRECTORS, AUDIT COMMITTEE MEMBERS, AND SENIOR EXECUTIVES

Home >> Membership

BENEFITS OF MEMBERSHIP

- Enjoy priority booking and reduced rates to join events and training courses to enhance your skills as a director/executive.
- Be part of a network of members and get inspired by knowledge-sharing on best corporate governance practices.
- Receive regular information updates and newsletters to learn the latest corporate governance trends.
- Meet top Myanmar and international speakers as well as industry experts at MIOD-organized forums, seminars, and conferences.
- Contribute to our research and standard setting.
- Enhance your reputation as a corporate leader committed to good corporate governance and transparency.

WHO SHOULD JOIN?

- Board directors
- Senior company executives
- Regulators
- Academics
- Legal, accounting, and finance professionals
- Other market stakeholders

[Download MIOD Application Form](#)

[Download MIOD Membership Program](#)

Membership	Annual Fee (MMK)	Benefits
Certified Member	400,000	<ul style="list-style-type: none"> • Certified members can attend one Breakfast Series per year for free; • Voting Rights for MIOD Board Elections; • Can attend MIOD annual conference and other public events on a priority basis; • Will be nominated by MIOD to boards if requested by companies, subject to the fit between professional qualifications and requirements for potential directors; • Discounts for MIOD trainings (5% for 1.5 days & below programmes, 10% for 2 days & up programmes);
Member	250,000	<ul style="list-style-type: none"> • Can attend MIOD annual conference and other public events on a priority basis; • Discounts for other MIOD trainings courses (5% for 1.5 days & below programmes, 10% for 2 days & up programmes)

What is driving improvements in disclosure/transparency?

- MyCo database (DICA)
- *Myanmar Investment Law*
 - *Rule 196/199 annual report*
 - *MIC Proposal publication*
- *Environmental Impact Assessment*
- *Securities and Exchange Commission Notification 1/2016 on continuous disclosure*
 - *Including for public companies with > 100 shareholders*
- *Central Bank of Myanmar Directives*

The screenshot shows the DICA Myanmar Companies Online (MyCO) website. The page displays the company profile for MYANMA ECONOMIC HOLDINGS PUBLIC COMPANY LIMITED. The profile includes the following information:

Company Name (English)	Company Name (Myanmar)	Registration Number	Registration Date
MYANMA ECONOMIC HOLDINGS PUBLIC COMPANY LIMITED	မြန်မာ့ စီးပွားရေး ဦးစီးဌာန အများပိုင်ကုမ္ပဏီလီမိတက်	156387282	27/04/1990

Additional information includes:

- Company Type:** Public Company Limited by Shares
- Status:** Registered
- Foreign Company:** No
- Small Company:** -
- Annual Return Due Date:** 27/05/2020
- Principal Activity:** 5 - Mining of coal and lignite, 32 - Other manufacturing, 50 - Water transport, 64 - Financial service activities, except insurance and pension funding

The FILING HISTORY section shows the following records:

Document No.	Form/Filing Type	Filing Date	Effective Date
13794310011	D-1 - Particulars of directors and secretary	02/08/2019	02/08/2019
12840270015	G-5 - Financial statements of public company	09/05/2019	09/05/2019
12838540013	AR - Annual Return	09/05/2019	09/05/2019

What is holding CG back?

- Family owned businesses and the old way of doing things
- Myanmar culture - reluctance to question and challenge
- Lack of role models for good CG, including government
- 66D (Telecoms law - defamation) and other laws have a chilling impact on investigative journalism
- Lack of capacity and scarcity of:
 - Qualified Directors and Independent Non-Executive Directors
 - Company Secretary
 - Corporate Legal Counsel
 - Media and Government/Corporate Relations
- Culture of 'donations'

Some recent regulatory developments

- Central Bank of Myanmar Directives from March 2019
 - 8/2019 Fit and Proper criteria for all directors, Officers and auditors of banks
 - 9/2019 on Directors:
 - approval by CBM;
 - 1 NED for <11 Directors, 2 NED for 11-15 Directors
 - 10/2019 External Auditors
 - 11/2019 Related Parties
 - 12/2019 Acquisition of Substantial Interest
- Myanmar Accountancy Council Notification 20/2018 July 2018 requiring public accountants to use international auditing standards by 2022/23
 - DICA Announcement of 5 December 2018 encouraging earlier compliance by companies
- Anti-Corruption Commission Notification 14/2018 on anti-corruption codes for companies (next slide)
- IRD Practice Statement 1/2018 - gifts to government officials are not tax deductible
- IRD Practice Statement 2/2018 - tax deductibility of donations
- For further info see part 2 of the 2019 Pwint Thit Sa report



Code of conduct on gifts for public officials

One of the first acts of the NLD Government (April 2016)

Basic principle

- It is forbidden for members of the government, or of Commissions or organisations established by the government, or public employees to receive or accept Gifts from any person or organization which are offered due to their official position.

Gifts from persons and organizations which are prohibited

- A person or organization that is seeking a favor based on one's position or authority;
- A person or organization that is doing business or seeking to do business with an organization that is under one's responsibility or supervision;
- A person or organization that will benefit from an action pursuant to one's responsibilities; or
- A person or organization that will benefit from an omission to act pursuant to one's responsibilities.

Exceptions

- (a) Gifts with a value of no more than **25,000** kyats (the maximum value of gifts which may be received from a person or organization within a year shall be 100,000 kyats);
- (b) Gifts which are received not because of one's official position but because of family relationship or personal relationship, unless one of the situations in section 5 pertain; and
- (c) Gifts with a value of no more than 100,000 kyats and which are given on a special annual occasion such as Christmas or Thadingyut.

IRD: ‘Gifts to government officials are not tax-deductible’

This Interpretation is published by IRD. The English translation is intended to the taxpayers’ clarification. Only Myanmar version is official.

The Republic of the Union of Myanmar
Ministry of Planning and Finance
Internal Revenue Department

Practice Statement No. 1/2018
Nay Pyi Taw
29 October 2018

Deductibility of Gifts to Government Officials

(a) Example 1

(i) Facts

Ko Ko is a public official. Ko Ko’s wife receives a present from an executive of a construction company, Company A, as a motive for persuading her husband to agree to an official assessment for the company for the 2016/2017 income year that is lower than the tax actually due. Company A deducts the cost of the gift in its tax return for the 2017/2018 income year.

(ii) Application of Practice Statement

IRD will decline the deduction because it is a gift intended to induce a public official to confer an undue advantage on, and favours, Company A. Also, this cost is an inappropriate expenditure.

1. Pursuant to Section 51(c) of Income Tax Law, IRD is empowered to interpret that the cost of gifts provided to public officials is not allowed as deductible expenses for income tax purpose.

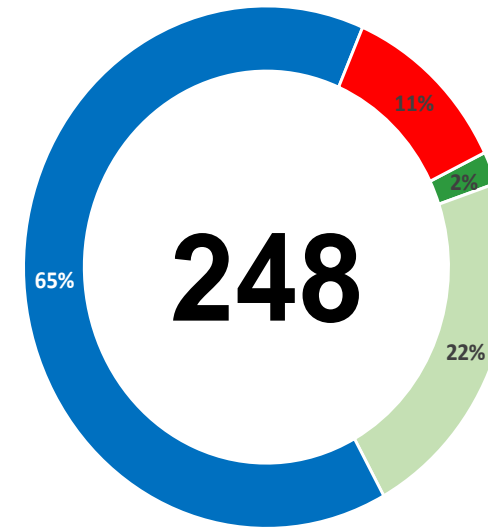
Myanmar Internal Revenue Department Practice Statement 2/2018 of October 2018

The IRD states that the following donations shall be considered as **non-deductible donations**:

- (a) Donations to non-religious organisations or charitable institutions which do not fulfill the abovementioned specifications;
- (b) Donations made with an expectation of receiving goods or service in return;
- (c) Donations made directly to hospitals, schools, libraries or donation of useful equipment for public, donation of public buildings (although such donations are charitable donations for the public, however, they are not considered as donations to recognised charitable organisations, since they do not comply the above specifications);
- (d) Donation activities for the private companies which are related parties of the company (however, those companies are organising the donation activities, they are not recognised charitable organisations that comply the above specifications);
- (e) Donations to government organisations and ministry departments;**
- (f) Donation/gift to individuals, departmental chiefs, officers or their families;
- (g) Donation for traditional festivals or sport events;
- (h) Donation to religious or charitable organisations in abroad.

5th Pwint Thit Sa Report - Transparency in Myanmar Enterprises (TiME) 2019

- Assessment of publicly available information on corporate governance, profile, sustainability and reporting
- Criteria from ASEAN Corporate Governance Scorecard and Integrated Reporting Framework
- 248 Myanmar companies
 - Listed Companies and major public companies
 - Top 100 Income/Top 100 Commercial Tax payers
 - Major State-owned Economic Enterprises (SEEs) - included for the first time
 - Previously sanctioned companies
 - Companies volunteering to be included
- MCRB partnered with Yever, a Myanmar sustainability consultancy, working *pro bono*



- Listed Companies (5)
- Public Companies (55)
- Private Companies (160)
- State-owned (28)

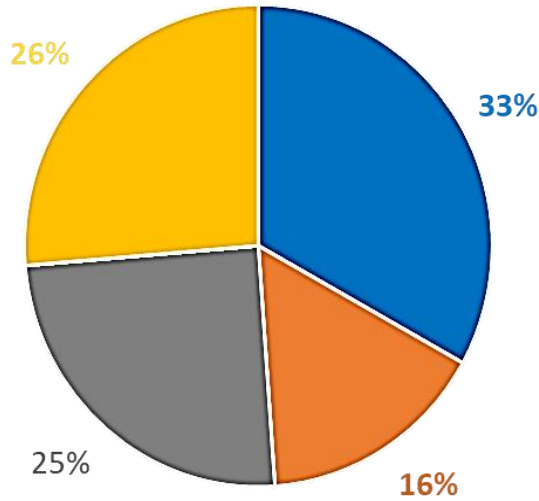


Pwint Thit Sa
Transparency in Myanmar Enterprises
Fifth Report | 2019

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Pwint Thit Sa is intended to encourage better corporate governance and increased transparency by Myanmar businesses.

Criteria for scoring



Corporate governance
Reporting

Corporate profile
Sustainability management



69
criteria

**ASEAN
Corporate Governance
Scorecard**

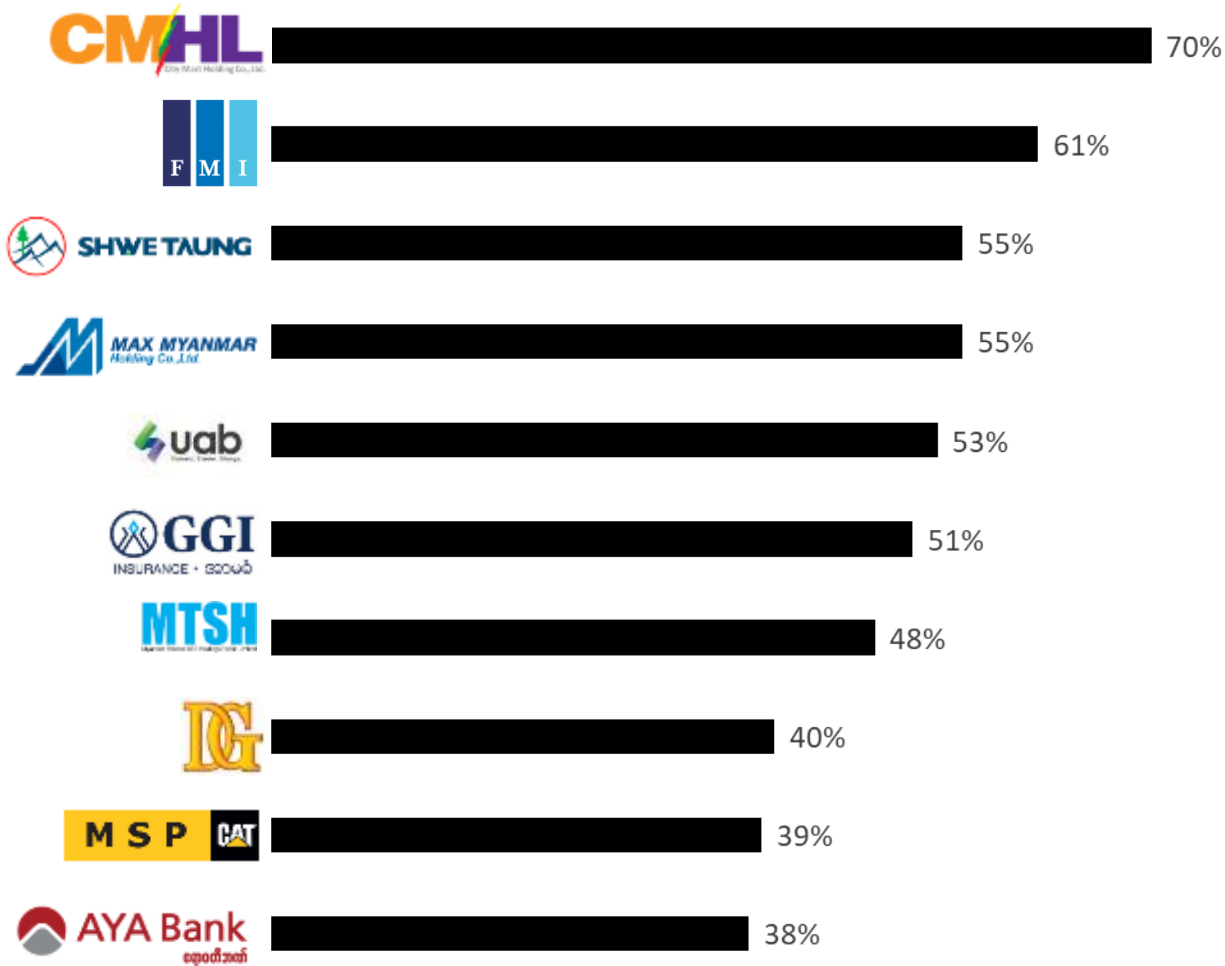


54
criteria

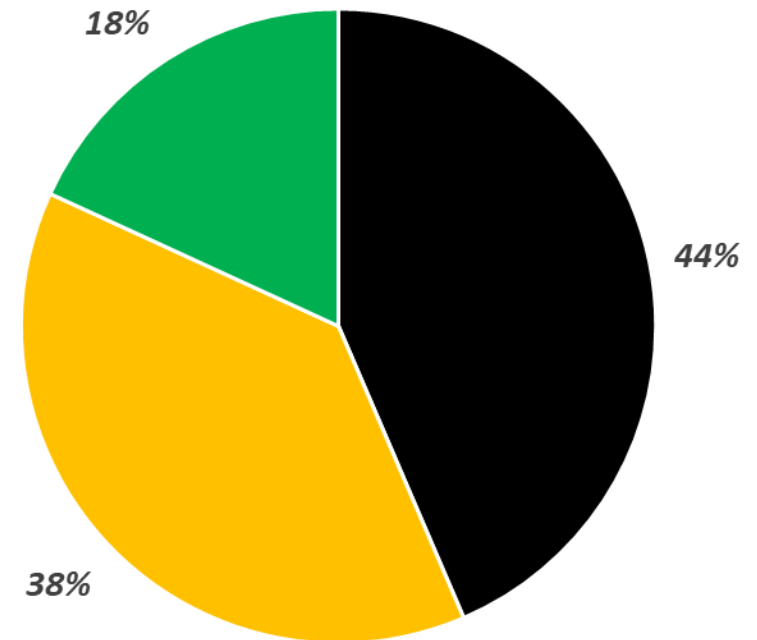
**Integrated Reporting
Framework**



Pwint Thit Sa 2019 results







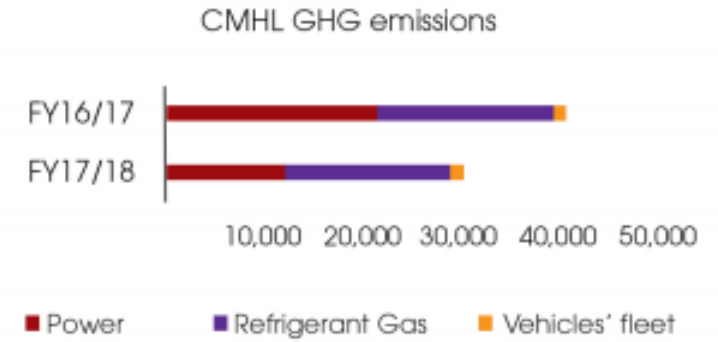
248 companies: Average/below average/No website



■ No disclosure ■ Score < average ■ Score > average

0% 10% 20% 30% 40% 50% 60% 70% 80%

Pillar	Priorities	KPIs	Results FY17/18	More details
 PEOPLE	Working conditions	Accident Frequency rate (per million hours worked)	3.4	pg 22
		Turnover rate (in %)	76%	pg 32
		% of women holding a management position	40%	pg 32
	Talent management	Average training hours per trainee	11.3	pg 24
		% of people trained	82%	pg 24
 PLANET	Waste management	Waste intensity of the saleable area (kg per sqft)	4.38	pg 28
		Number of plastic bags handed out per sale	1.37	pg 28
	Food waste	% of food waste recovered	2%	pg 33
	Resources consumption	Greenhouse gas (GHG) intensity of the saleable area (CO2 kg. eq. / sqft)	32	pg 26
		Energy intensity of the saleable area (kWh / sqft)	60	pg 26
 PRODUCT	Food safety	% of customer complaints related to food safety	10%	pg 16
		Number of food safety incidents	0	pg 17
	Responsible offer	% of sales made with Myanmar made food products	48%	pg 18
	Product quality	% of customer complaints related to product quality	2%	pg 16
 COMPANY	Company transformation	Customer Experience Index	68%	pg 16
	Stakeholders engagement	Number of breaches regarding the Code of Conduct	51	pg 10
	Supply chain management	Number of local Myanmar food supplier audits	36	pg 13
	Shared value	Budget for philanthropic activities (MMK million)	100	pg 14
		Economic footprint (MMK billion)	29.3	pg 14





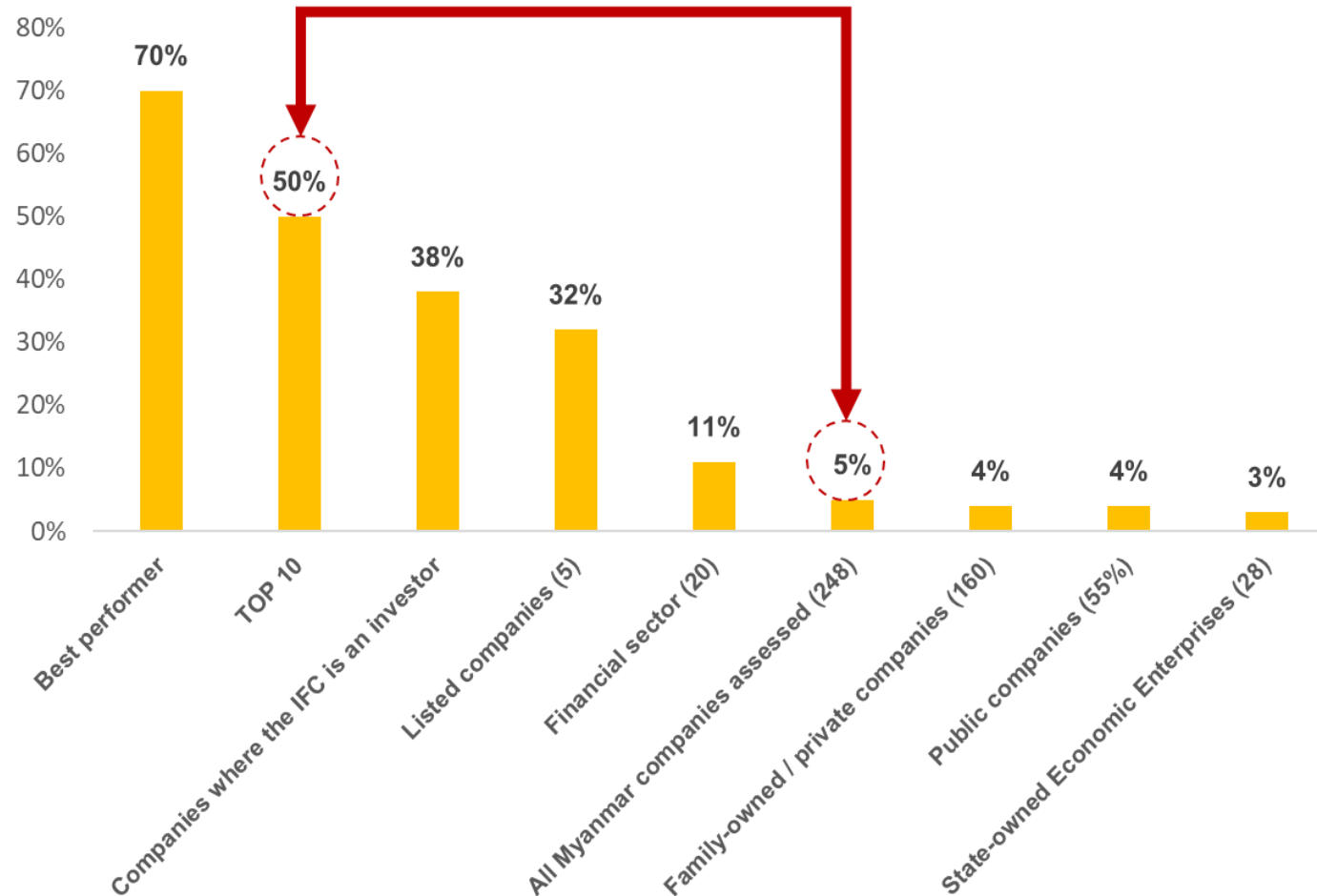
EMBRACING A BETTER FUTURE TOGETHER



SUSTAINABILITY REPORT
2018

2025
RETAIL PLAN

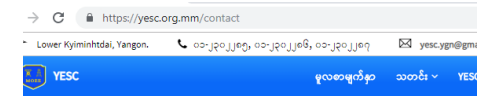
Overview



- One Myanmar company - CityMart - scores above 70% which indicates that the criteria are achievable for leading Myanmar companies.
- However average score for Myanmar companies examined is 5%
- Top 10: 10 x average
- Companies with IFC as their investor: 8 x average
- Listed companies are 6 x average
- Financial sector (banks, insurance): 2 x average
- Public companies and SEEs are below average

TABLE 6: TOP 10 STATE-OWNED ECONOMIC ENTERPRISES (SEES)

	Company Name	Corporate Profile	Corporate Governance	Sustainability Management	Reporting	TOTAL
1	CONSTRUCTION AND HOUSING DEVELOPMENT BANK LTD.	14%	10%	0%	2%	6%
1	YANGON ELECTRICITY SUPPLY CORPORATION	18%	0%	2%	9%	6%
3	MYANMAR RAILWAYS	11%	0%	0%	14%	5%
3	THILAWA SEZ MANAGEMENT COMMITTEE CO LTD	18%	0%	4%	5%	5%
3	MYANMAR SHIPYARDS	18%	6%	0%	0%	5%
6	ELECTRICITY SUPPLY CORPORATION	7%	2%	4%	2%	4%
6	MYANMAR PEARL ENTERPRISE	14%	0%	0%	5%	4%
8	MYANMAR ECONOMIC CORPORATION	14%	0%	0%	0%	2%
8	MYANMAR ECONOMIC BANK	11%	2%	0%	0%	2%
8	MYANMAR INVESTMENT AND COMMERCIAL BANK	4%	4%	0%	2%	2%



ရန်ကင်းလွှဲပစ် ဓာတ်အားပေးရေး ကော်ပိုရေးရှင်း (YESC) ရုံးချုပ်

Call Center

Lower Kyiminhthai, Yangon.
 ✉ yescygn@gmail.com

Yesc Call Center သို့ဆက်သွယ်ရန် Hotline No. (1717) သို့ဖြောင်းလဲ ဆက်သွယ်ခေါ်ယူနိုင်ပါသည်။

TABLE 7: TOP 10 PUBLIC COMPANIES

	Company Name	Corporate Profile	Corporate Governance	Sustainability Management	Reporting	TOTAL
1	GRAND GUARDIAN INSURANCE PUBLIC CO. LTD	71%	39%	49%	53%	51%
2	MYANMAR AGRIBUSINESS PUBLIC CORPORATION (MAPCO) CO. LTD	54%	29%	31%	21%	32%
3	MYANMAR AGRO EXCHANGE PUBLIC LTD	46%	20%	31%	21%	28%
4	GREAT HOR KHAM PUBLIC CO., LTD	39%	24%	11%	23%	23%
5	MYANMAR TECHNOLOGIES AND INVESTMENT CORPORATION LTD	29%	14%	4%	9%	13%
6	MYANMAR PAYMENT UNION PUBLIC CO. LTD	21%	6%	0%	14%	9%
7	YANGON BUS PUBLIC CO. LTD	14%	12%	4%	2%	8%
8	EVER FLOW RIVER GROUP OF COMPANIES	18%	8%	0%	2%	6%
9	ELITE TELECOM PUBLIC CO. LTD	11%	6%	2%	5%	5%
9	ASIA BUSINESS SYNERGY PUBLIC CO. LTD	7%	8%	0%	0%	5%

Military-owned enterprises covered in Pwint Thit Sa

Myanmar Economic Corporation (MEC)	<p>'SEE' (actually Tatmadaw-owned economic enterprise).</p> <p>Not under Auditor-General control</p>	<p>Est. 1997</p>	<p>Private company subsidiaries owned by MEC include:</p> <ul style="list-style-type: none"> • Myanmar Economic Corporation Ltd • Innwa Bank • Star High Co <p>These can be found on MyCo</p>	<p>Score 2% (for Company Profile)</p> <p>=68 in Pwint Thit Sa 2019 (down from =53 in 2018)</p> <p>=8th for SEEs</p>
Myanma Economic Holdings Public Company Limited (MEH) previously known as Union of Myanmar Economic Holdings Limited (UMEHL) aka 'oo-bine'	<p>Public Company</p> <p>Included in MyCo</p> <p>Reg: 156387282</p> <p>242,527,359 shares (each of 1,000 MMK)</p>	<p>Est. 1990</p>	<p>Private company subsidiaries on MyCo owned by MEH include:</p> <ul style="list-style-type: none"> • Myawady Bank • Myawady Trading • Myanmar Imperial Jade 	<p>No website</p>

Details of the mining and quarrying licences held by MEC and MEH are available in [Appendix 10 of the 2016/2017 Myanmar Extractives Industries Transparency Initiative \(MEITI\) report](#)

Independent Fact-Finding Mission on Rakhine, Kachin, Shan: Sep 2018 report to UN

Recommendations to business :

1. Apply the UN Guiding Principles on Business and Human Rights

1716. All business enterprises active in Myanmar or trading with or investing in businesses in Myanmar should demonstrably ensure that their operations are compliant with the United Nations Guiding Principles on Business and Human Rights. They should respect human rights, avoiding infringing on the human rights of others and addressing the adverse human rights impacts with which they are involved. They should have:

(a) a policy commitment to meet their responsibility to respect human rights;

(b) a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;

(c) processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

2. Address economic relationships with the military

3. Extensive recommendations to Facebook and other social media



Military-owned enterprises

September 2018 report of the UN Fact-Finding Mission on the human rights situation in Rakhine, Kachin and Shan States recommended:

1690. The Government of Myanmar, including the civilian authorities and the Tatmadaw as relevant, should immediately undertake significant security sector reform. It should:

(f)..... require parliamentary approval of all funding for the Tatmadaw and prohibit any income for the Tatmadaw that is not under parliamentary control; consequently, remove the Tatmadaw from Myanmar's economic life, prohibiting it by law from engaging in any form of economic activity and prohibiting serving Tatmadaw officers from having a controlling interest in any economic ventures.

And recommended to business that:

- *1717. No business enterprise active in Myanmar or trading with or investing in businesses in Myanmar should enter into an economic or financial relationship with the security forces of Myanmar, in particular the Tatmadaw, or any enterprise owned or controlled by them or their individual members, until and unless they are re-structured and transformed as recommended by the Mission”.*

Latest FFM report on the economic interests of the Myanmar military

FFM Recommendations ('intended to encourage transformation of the Tatmadaw', affect income):

- U.N. Security Council and Member States should immediately impose targeted sanctions against companies run by the military, known as the Tatmadaw.
- Encouraged consumers, investors and firms at home and abroad to engage with businesses **unaffiliated** with the military.
- Imposition of an arms embargo



Human Rights Council
Forty-second session
9–27 September 2019
Agenda item 4
Human Rights situation that require the Council's attention

The economic interests of the Myanmar military

Independent International Fact-Finding Mission on Myanmar

August 2019 Report intended to assist businesses with implementation of Recommendation 1717

Chair: **Marzuki Darusman**, lawyer and human rights campaigner and former Attorney-General of Indonesia
Members: **Radhika Coomaraswamy**, a lawyer and former UN Special Rapporteur on Violence against Women and UN Special Representative for Children and Armed Conflict; and **Christopher Sidoti**, international human rights lawyer and former Australian Human Rights Commissioner.

The FFM investigated five areas of 'economic interest'.....

- a) Tatmadaw's principal conglomerates, Myanma Economic Holdings Ltd (MEHL) and the Myanmar Economic Corporation (MEC), subsidiaries owned and controlled by them, the Tatmadaw's role in SOEs the Tatmadaw's close ties with a subset of domestic private business enterprises, known as 'crony companies'
- b) Tatmadaw's economic interests in the continuing armed conflicts in Kachin and Shan States in northern Myanmar
- c) Companies and organisations that provided Tatmadaw-solicited donations in support of the military's clearance operations that began in August 2017 against the Rohingya in northern Rakhine, as well as businesses that have carried out infrastructure development projects in northern Rakhine State
- d) Tatmadaw's joint venture and other commercial relationship with foreign companies, and
- e) Companies and states selling or transferring arms and related equipment to the Tatmadaw since October 2016



THE REPUBLIC OF THE UNION OF MYANMAR
MYANMAR ECONOMIC CORPORATION



https://www.mycoduka.gov.mm/Corp/EntityProfile.aspx?id=0cc03347-af13-4e4d-8e15-1326a05482a7

HOME MYCO GUIDES COMPANY SEARCH HELP CREATE AN ACCOUNT LOGIN

INFORMATION	SEARCH	SEARCH	SEARCH
Company Name (English) MYANMA ECONOMIC HOLDINGS PUBLIC COMPANY LIMITED	Company Name (Myanmar) မြန်မာ့စီးပွားရေးနှင့် အခြေခံကုန်သွယ်ရေးကော်ပိုရေးရှင်းလီမိတက်	Registration Number 156387382	Registration Date 23/04/1990
Company Type Public Company Limited by Shares	Status Registered	Foreign Company No	Small Company No
Principal Activity 05 - Mining of coal and lignite 32 - Other manufacturing 50 - Water transport 64 - Financial service activities, except insurance and pension funding			

FILING HISTORY ADDRESSES OFFICERS

Form/Filing Type	Effective Date
G-5 - Financial statements of public company	09/05/2019
A8 - Annual Return	09/05/2019
C-3 - Change to share capital or register of members	08/05/2019
G-4 - Declaration of compliance and request for certificate of commencement of business of public company	28/05/2019
C-3 - Change to share capital or register of members	07/05/2019
1-14 - Notice of special resolution to maintain objects	21/05/2019
B-2 - Application for re-registrations of a public company limited by shares	04/05/2019

Recommendations to business in the Aug 2019 report

188a: No business enterprise active in Myanmar or trading with or investing in businesses in Myanmar should **enter into or remain in a business relationship of any kind** with the security forces of Myanmar, in particular the Tatmadaw or any enterprise owned or controlled by them (including subsidiaries) or their individual members until and unless they are restructured and transformed as recommended by the Mission. These enterprises include in particular MEHL and MEC and all of their subsidiaries and business relationships. Relevant business relationships include **granting loans** to these companies or **investing capital** into their operations and **procuring services** from Tatmadaw related companies (including **real estate rentals**). With respect to companies owned or controlled by family members of Tatmadaw leaders, business enterprises should exercise extreme caution and only enter into such relationships if they have assured themselves after heightened due diligence that it is a legitimate business not linked to or supporting the Tatmadaw. Businesses active in Myanmar or trading with or investing in businesses in Myanmar or considering doing so should use credible information, including this report, its list of companies in the Annexes (and any updated information as it becomes available) and the Mission's 2018 report when carrying out their due diligence assessments,

Recommendations to businesses contd

188b: Prohibit all **contributions and donations** to, and other funding of the Tatmadaw directly or indirectly through business relationships with Myanmar companies

188c: Conduct all investment including foreign investment in **conflict-affected areas**, especially in Kachin, Shan and Rakhine States, in line with the UN Guiding Principles for Business and Human Rights and subject all investments that are not already precluded from the recommendations above to **heightened due diligence**, given the Mission's findings.

Recommendations to businesses (contd)

188d: Any business enterprise purchasing **natural resources** from Myanmar highlighted in this report and in particular jade and rubies and timber from Kachin and Shan States should conduct heightened due diligence to ensure that the resources were not produced or sold by enterprises owned or influence by the Tatmadaw (including subsidiaries and joint ventures or individual members of the Tatmadaw. If so, they should not purchase or use, directly or indirectly, the resources. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflicted-Affected and High-Risk Areas provides useful guidance in this regard.

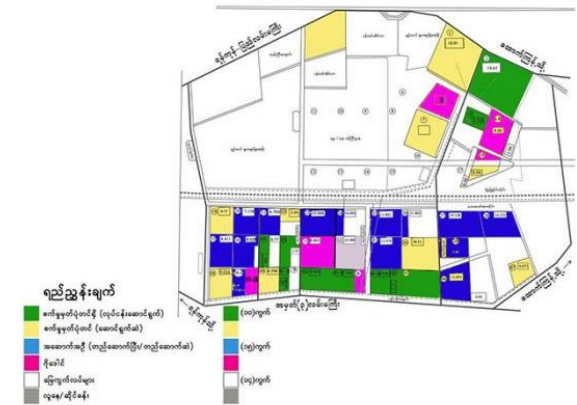
188e: Businesses **buying goods** from Myanmar should apply rigorous standards of due diligence to their supply chains, to ensure that none of their products are coming from Tatmadaw-related businesses. Businesses should also make the **origins** of their products clear, to allow consumers to make informed choices.

Annex 2

Lists by name

- 59 alleged subsidiaries of MEHL
- 12 alleged affiliates of MEHL
- 61 alleged subsidiaries of MEC
- 15 alleged affiliates of MEC
- Jade and ruby licences held by MEC/MEHL
- 45 companies and individuals making donations to the Tatmadaw
- 15 JV partnerships with MEC or MEHL
- 44 foreign companies with contractual or commercial ties to MEHL and MEC
- 16 arms suppliers and 7 dual use equipment suppliers

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What should foreign investors do?

- Make enquiries about any allegations raised which are directly connected with the company
- Make enquiries of business partners e.g. banks which are mentioned in the report as having made donations to the Tatmadaw
- Ensure good governance and oversight of company's donations and those of business partners
- Share good practice with Myanmar companies e.g. on company foundations
- Provide corrections to the Fact-Finding Mission myanmarffm@ohchr.org

Thank You!
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Responsible Business

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HUMAN RIGHTS



Panel Session – Q & A

Vicky Bowman
Director, Myanmar Centre for Responsible Business

Aaron Jay Dason
Manager, Risk Advisory at Deloitte

Kenneth See
Managing Counsel, Yoma Strategic Holdings Ltd

Moderated by -
Peter Crowhurst
CEO, British Chamber of Commerce Myanmar