

Myanmar Centre for
Responsible Business



PWINT THIT SA
Transparency in Myanmar Enterprises

Pwint Thit Sa

Transparency in Myanmar Enterprises

Fourth Report | 2018

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

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The Myanmar Centre for Responsible Business (MCRB) was set up in 2013 by the [Institute of Human Rights and Business](#), and the [Danish Institute for Human Rights](#) with funding from several donor governments. Based in Yangon, it 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. Responsible business means business conduct that works for the long-term interests of Myanmar and its people, based on responsible social and environmental performance within the context of international standards. MCRB receives funding from the governments of UK, Norway, Switzerland, Netherlands, and Ireland.

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Based in Yangon, Yever is a consultancy offering custom made solutions to corporate leaders. We aim to foster their company business transformation while building their market leadership responsibly and sustainably. Established in 2016, our team combines Myanmar talents and international expertise. The key of our business is trust. Earning and sustaining the trust of our customers, partners, employees and all other stakeholders drive all of our actions.

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Photos, front and back: Burma padauk blooming on tree, yellow flowers, by Praiwun Thungsarn.

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ABBREVIATIONS

ACGS	ASEAN Corporate Governance Scorecard
ACMF	ASEAN Capital Markets Forum
ASEAN	Association of South East Asian Nations
BoD	Board of Directors
CG	Corporate Governance
CSR	Corporate Social Responsibility
DfID	Department for International Development
DICA	Directorate of Investment and Company Administration
ESG	Environmental, Social and Governance
FY	Financial Year
IFC	International Finance Corporation
KPI	Key Performance Indicator
MCRB	Myanmar Centre for Responsible Business
MIC	Myanmar Investment Commission
MIL	Myanmar Investment Law
MIoD	Myanmar Institute of Directors
MIR	Myanmar Investment Rules
OECD	Organisation for Economic Cooperation and Development
OTC	Over the Counter (an organized market for trading of unlisted securities)
SECM	Securities and Exchange Commission of Myanmar
TRAC	Transparency in Corporate Reporting (from Transparency International)
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
YSX	Yangon Stock Exchange

This is the fourth *Pwint Thit Sa*/Transparency in Myanmar Enterprises (TiME) report. It assesses information disclosure on the corporate websites of 182 large Myanmar companies. Encouraging corporate transparency supports Myanmar's achievement of Sustainable Development Goal (SDG) 16.

Almost twice as many companies were assessed as in the last *Pwint Thit Sa* report (published 2016), using twice as many dimensions and criteria. This makes *Pwint Thit Sa* 2018 the most ambitious public report ever published about the state of corporate governance in Myanmar.

The 2018 report, although based on the same principle of rating online information disclosure by companies, adopts a different scorecard from the previous three reports. The scoring is now based on the ASEAN Corporate Governance Scorecard (ACGS) (Box 6) although not all ACGS criteria are used, and some additional ones are added. This change to using ACGS was made to reflect developments in Myanmar and the region. This year's report therefore has more focus on corporate governance of decision-making by large companies, compared to previous *Pwint Thit Sa* reports.

The scoring methodology uses a selection of the most relevant criteria from the ACGS. Five dimensions were assessed using 59 of the most relevant criteria from the ASEAN CG Scorecard together with a further 15 *Pwint Thit Sa* criteria, making 74 criteria in total (Annex 2):

- Corporate Governance (68% - 50 criteria)
- Corporate Culture (9% - 7 criteria)
- Reporting (9% - 7 criteria)
- Sustainability Management (7% - 5 criteria)
- Communication (7% - 5 criteria)

Further details are in the Methodology section in Part 4.

The top three companies in 2018 scoring highest for disclosure are First Myanmar Investment (FMI) Group, CMHL, and Serge Pun & Associates (SPA). While these companies have consistently featured in the Top 10 of previous *Pwint Thit Sa* reports, all of them have made added efforts in *Pwint Thit Sa* 2018 to enhance disclosure. Indeed, this was true for all 17 companies who opted for direct contact with MCRB/Yever to discuss their draft scores and gain a better understanding of the criteria and what they mean for company disclosure.

The main area of strength amongst the leading companies is Corporate Culture, with an average score of 91% for the top 10. The weakest area is Sustainability Management with an average score of 46% for the top 10.

Many companies amongst those assessed still do not have corporate websites (67 out of 182, or 37% of those surveyed had no website). Even where companies do, many of these websites publish little to no data relating to the criteria covered in this survey.

Of those 116 companies with websites, 80 of them (69%) scored less than 7%, which was the overall average score for all companies assessed.

As ever, this survey and the ranking it produces is limited by the fact that it only uses publicly available information provided by the company. It does not assess the quality or performance of the company or the accuracy of the data, something which requires the assurance of an independent expert audit. However, MCRB/Yever's direct engagement with companies suggested that those who have demonstrated more disclosure are also those developing a stronger corporate governance culture.

Part 2 of the report takes the opportunity to summarise the regulatory framework for disclosure, as well as recent Myanmar developments related to the wider objectives of MCRB's work on corporate governance and transparency, of which *Pwint Thit Sa* is just one part. This background information is provided with the intention of raising awareness and encouraging compliance. It is also intended to support corporate governance capacity-building initiatives such as the newly launched Myanmar Institute of Directors (MIoD).

It covers activities and regulatory reform by the Myanmar government, including the Myanmar Securities and Exchange Commission (SECM), to improve the quality of corporate governance and regulation of companies and their investments, and to increase transparency and access to information.

Part 2 also summarises initiatives to address corruption, and related activities by civil society organisations. Also covered are Myanmar's participation in global initiatives such as the Extractives Industries Transparency Initiative (EITI), Construction Sector Transparency Initiative (CoST), and UN Global Compact (UNGC).

The report draws attention to ongoing and future development partner international assistance to support these reforms by organisations such as the International Finance Corporation (IFC) (a member of the World Bank Group), the Organisation for Economic Cooperation and Development (OECD) and the UN Office of Drugs and Crime (UNODC).

Part 3 highlights some of the emerging issues and initiatives in the global debate about corporate governance and transparency, such as non-financial reporting and sustainability management, stakeholder engagement, diversity, including on gender, beneficial ownership, and human rights and modern slavery.

Finally in Part 5, recommendations intended to enhance corporate governance and transparency are made to Myanmar companies, government, the Anti-Corruption Commission, the Myanmar Parliament, institutional investors and civil society and the media.

PART 1: INTRODUCTION

The objective of the *Pwint Thit Sa*¹/Transparency in Myanmar Enterprises (TiME) report is to incentivise greater publication of corporate governance (CG) and other information by Myanmar companies through publicly recognising them for their disclosure and transparency. MCRB published its first report in July 2014², and further reports were published in 2015 and 2016.

Pwint Thit Sa is intended to support Myanmar in achieving Sustainable Development Goal (SDG) 16:

- SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.³

In particular it supports:

- SDG 16.5: Substantially reduce corruption and bribery in all their forms, and
- SDG 16.6: Develop effective, accountable and transparent institutions at all levels.

THE BUSINESS CASE FOR CORPORATE GOVERNANCE AND COMPANY TRANSPARENCY IN MYANMAR

Good corporate governance is fundamental to value creation. Myanmar companies who recognise and act on this are being rewarded by the market. The lifting of most sanctions, and reforms under the 2017 Companies Law, have opened up the country to private investors, including private equity funds, as well as to development finance institutions (e.g. IFC). These are looking for higher levels of corporate governance, transparency and responsible business conduct, to mitigate the risk of investing in Myanmar. A vanguard of Myanmar companies has recognised this, and a number of the larger ones are represented in the top 20 companies rated in this report.

There is also an internal business case for better CG and transparency. The opportunity to work for a company with a reputation for transparency supports recruitment and retention of qualified staff, a significant problem reported by many Myanmar companies.

Furthermore, a website and a Facebook page are also vital tools for any company to engage, inform and motivate its own staff, as well as customers. Staff who can easily access up-to-date information about the company's approach to responsible business on a website are more likely to be able to apply that approach in their work. They will also be better ambassadors for the company with external stakeholders. The company should also see more accurate media reporting of its activities if factual information written and uploaded by the company is easily available to journalists.

Recognising the internal and external value of benchmarking, some smaller companies have volunteered to be included. In February 2017, Irrawaddy

1 *Pwint Thit Sa* means 'new blooms' (and figuratively, 'new talent'). The name was chosen to reflect the emergence of transparency and corporate governance practices in Myanmar after 2012.
2 www.myanmar-responsiblebusiness.org/news/first-pwint-thit-sa-time-report.html
3 <https://sustainabledevelopment.un.org/sdg16>

Green Towers was the first to be benchmarked, and has been included again in PTS 2018.⁴

THE ROLE OF PWINT THIT SA IN PROMOTING CORPORATE GOVERNANCE

Pwint Thit Sa/Transparency in Myanmar Enterprises (TiME) remains one of MCRB's most popular reports. The 2016 report has been downloaded over 2,700 times from the website, and around 2,000 copies in English and Burmese, distributed to stakeholders in, and visitors to, Myanmar, including government Ministers and officials, and parliamentarians. It has received extensive media coverage, with over 40 media references known to MCRB, including in foreign media.⁵ It has also served as a reference point for many international organisations and companies conducting due diligence, and has been used for a Myanmar Companies Year Book.⁶ Myanmar civil society organisations and journalists have also been interested in the report. MCRB has encouraged them to hold companies to account against the CG policies they publish, and to make use of disclosed information such as Environmental Impact Assessments (EIA) to improve the design and environmental and social performance of investments.

THE 2018 REPORT

In 2017, MCRB decided to pause production of the report, and relaunch it in 2018 in partnership with Yever (see Box 1). In the 2014/2015/2016 reports, MCRB's approach to benchmarking company websites had been based on Transparency International's TRAC reporting, which focusses mostly on anti-corruption, organisational and tax transparency.⁷ MCRB adapted TI's methodology, dropping tax and adding benchmark questions broadly linked to human rights.

The 2018 *Pwint Thit Sa* Report is aligned with the emerging corporate governance agenda in Myanmar, and specifically the ASEAN Corporate Governance Scorecard. This reflects the importance of Myanmar's economic integration into ASEAN, and the various training and other CG initiatives underway. Furthermore, the list of companies assessed has been expanded to include all five companies publicly listed on the Yangon Stock Exchange (First Myanmar Investment Co, Myanmar Thilawa SEZ Holdings Public Ltd, Myanmar Citizens Bank Ltd, First Private Bank Ltd, TMH Telecom Public Co Ltd.), and around 50 'public' companies (Box 6) as well as over 100 large companies which are influential or significant taxpayers.

4 www.mcrb.org.mm/news/irrawaddy-green-towers-mini-pwint-thit-sa.html

5 www.myanmar-responsiblebusiness.org/pwint-thit-sa/2016.html

6 *Myanmar Companies Yearbook Vol 1*, FWP Research 2017

7 *Transparency In Corporate Reporting: Assessing Emerging Market Multinationals*, Transparency International, 11 July 2016. The main focus of *Pwint Thit Sa* 2014, 2015 and 2016 was (1) Anti-corruption Programmes; (2) Organizational Transparency; and (3) Human Rights, Health, Safety and Environment including human rights and grievance mechanisms.

LIMITATIONS OF THE PWINT THIT SA APPROACH

Pwint Thit Sa scores companies on policy commitments and data that they publish online, and not on what they actually do, or how far CG and business integrity is embedded throughout the company. The *Pwint Thit Sa* ratings are therefore not a measure of performance, but of disclosure. However, a company with a leadership which shows commitment to establishing the building blocks of good corporate governance through effective Board structures and disclosure is believed to be likely to be one which will also perform better on environmental, social and governance issues.

The switch to use of the ASEAN Corporate Governance Scorecard has led to a reduction in the amount of information on environmental and social governance (ESG), including human rights, which has been assessed, compared to the 2014-2016 *Pwint Thit Sa* reports. However, in the course of surveying, Yever has gathered data on how companies are adopting policies and reporting on wider ESG issues, and this is included in the overall rating and key points brought out in the report, particularly Part 3.

BOX 1: MCRB Partnership with Yever

WHO IS YEVEVER?: In 2018 MCRB decided to join forces with a new Myanmar-based business sustainability consultancy, whose Director, Nicolas Delange, had been conducting a similar private benchmarking exercise of sustainability reporting indicators of Myanmar companies for several years. Nicolas Delange is also supporting the IFC in the context of the SECM corporate governance scorecard initiative (see below).

RESPECTIVE ROLES: During *Pwint Thit Sa* 2018, MCRB managed the relationships with the companies that were analysed during the project. Yever performed the assessment for each company (on a pro bono basis), and compiled the feedback on draft scores. MCRB and Yever then provided this to the companies, and where companies asked for it, provided pointers for improvement.

CONFLICT OF INTEREST DECLARATION: Yever provides paid consultancy services to three companies included in the *Pwint Thit Sa* 2018 report namely City Mart Holdings Limited, Shwe Taung Group and Grand Global Insurance (GGI). To avoid conflict of interest, their final scores were independently checked by MCRB. All companies were provided with the same information and the same offers of dialogue.

PRACTICE WHAT YOU PREACH: MCRB and Yever both benchmarked their own disclosed information against the same criteria as the companies. The overall score of 27% for MCRB, equivalent to 16th place while Yever's overall score of 26% places them 17th. Although the survey questions were designed for large enterprises, the scores show that many of the disclosure criteria for the ASEAN CG Scorecard can be applicable even to micro-enterprises (MCRB has 17 employees, Yever has 4).

SUPPORTING IMPROVED COMPANY GOVERNANCE AND PERFORMANCE

Many Myanmar companies lack management capacity, as well as dedicated functions for corporate governance and compliance. As one private equity investor told MCRB:

*“One hurdle we keep facing when we look at companies for investment is that the management bench can be limited. The expertise within the company is so concentrated within one or two key management members. We then end up discounting the business’ value or doubting their ability to execute long term strategy. Where there is strong and broad management and where there is good governance and corporate records, investors and lenders will assign very high value”.*⁸

Recognising this, an increasing number of Myanmar companies have started to establish functions charged with overseeing corporate governance and compliance. They have also often brought in foreign or re-patriate advisers to establish these functions and draw on good international practice. Those that have put resources into this have tended to be the best performing companies in *Pwint Thit Sa*.

An important feature of MCRB's work is to support companies in improving their governance, with a particular focus on human rights, and business integrity.⁹ MCRB has held a number of workshops for companies since publishing the 2014 report, which are open to all companies, with all presentations from these workshops available on MCRB's website.¹⁰ MCRB has supported the publication and distribution of a bilingual Business Integrity Toolkit for Myanmar companies produced by Coffey with support from the UK government.¹¹ MCRB has also undertaken a Burmese translation of Transparency International's 'Business Principles for Countering Bribery (SMEs edition).'¹²

The launch of the Myanmar Institute of Directors (see below) and associated Director training programmes will significantly boost the availability of capacity-building training on CG for senior leaders in Myanmar.

Finally, it is essential to recognise the role that professional advisers play in assisting companies to improve corporate governance, in particular auditors. Reliable audit reports are needed for a Board of Directors to exercise their duties to act with care and diligence. Audited reports also need to be filed to meet regulatory requirements. An audit conducted to the appropriate standard can cost a significant amount more than many Myanmar companies are currently paying, judging by the professional fees they report in their annual accounts. The 2017 Report on Observance of Standards and Codes (ROSC): Accounting

⁸ Personal communication with MCRB, March 2018.

⁹ Collective capacity-building for companies is part of MCRB's donor-funded programme but the Centre does not provide paid consultancy services, which are available in Myanmar on the commercial market.

¹⁰ Workshops were held on anti-corruption/business integrity in September 2014 and [March 2016](#) and in [August 2017 with UNODC](#). Workshops have also been held for business on human rights policies (October 2014 and [September 2016](#)) and [human rights reporting \(November 2014\)](#) and [grievance mechanisms \(June 2015\)](#).

¹¹ [Good Governance Toolkit for Myanmar Businesses: A handbook for resisting corruption and working with integrity](#), December 2016. Produced by Coffey, a consultancy company, with funding and support from the UK government's Prosperity Fund.

¹² [Transparency International's 'Business Principles for Countering Bribery \(SMEs edition\) \(Burmese translation\)](#)

and Auditing by the World Bank, which was prepared in active collaboration with the Office of the Auditor General of the Union, the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants, identified concerns about audit quality, auditor independence and the low level of audit fees all of which have major corporate governance implications, and made a number of recommendations.¹³

13 The [Report on Observance of Standards and Codes \(ROSC\): Accounting and Auditing Module: Myanmar](#), World Bank with support from the Korean Ministry of Strategy and Finance under the Bank Executed Korean Trust Fund, June 2017

PART 2: DEVELOPMENTS SINCE THE 2016 PWINT THIT SA REPORT

DEVELOPMENTS IN COMPANY AND INVESTMENT REGULATION

MYANMAR COMPANIES LAW 2017

The situation concerning corporate governance, transparency and business integrity in Myanmar has generally been improving since reforms began in 2011 under then President U Thein Sein. The National League for Democracy government which was elected in November 2015 and assumed power in March 2016 has continued with the regulatory reforms initiated by the previous government, including a new Investment Law, and a new Companies Law (see below). The government has also stressed the importance it attaches to responsible business and fighting corruption.

An action point in Myanmar's draft Sustainable Development Plan¹⁴ is to "Improve corporate governance and disclosure rules and enforce them" (point 3.3.4). There is a growing trend in Myanmar towards regulatory requirements for better corporate governance and greater corporate disclosure, led by the Directorate for Investment and Companies Administration (DICA).¹⁵

A new Companies Law was adopted in December 2017 (MCL)¹⁶ to replace the 1914 Burma Companies Act¹⁷ and will come into force in August 2018. A significant change is that a 'Myanmar company' can now have up to 35% foreign equity.

The New Companies Law includes a comprehensive set of 'directors' duties' to ensure that a company is properly run and managed in the best interests of the shareholders as a whole. A balance is set between encouraging corporate activity and properly considered risk-taking behaviour with the need to protect shareholder interests. The various duties of directors are clearly set out in Sections 165 to 172 of the law for the first time and set high standards for corporate conduct which are:

- Duty to act with care and diligence;
- Duty to act in good faith in the company's best interest;
- Duty regarding use of position;
- Duty regarding use of information;
- Duty to comply with the new Companies Law and constitution;
- Duty to avoid reckless trading;
- Duty in relation to obligations (of a company); and
- Duty to disclose certain interests.

In some circumstances directors may become individually liable to penalties if they breach their duties¹⁸. Significant penalties for failure to comply with

14 Copy on file with MCRB.

15 [Presentation by Vicky Bowman](#), MCRB Director at an event on 21 June 2017 hosted by the YSX/SECM and IFC on 'Enhancing Corporate Transparency: trends and business case on transparent reporting and ongoing disclosure'.

16 2017 Myanmar Companies Law [EN](#) and [MM](#).

17 [Myanmar Companies Act Approved](#), Myanmar Times, 7 December 2017.

18 [BLP's Guide to Myanmar Company Law](#), November 2017.

the Law may be imposed by DICA multiple times (on the company, on each director, on each officer involved...) through penalty notices without court intervention (S. 439 CL). DICA may also seek to prosecute (S.440).

MYANMAR INVESTMENT LAW 2016

In October 2016, the Government passed a new Myanmar Investment Law (MIL)¹⁹, which supersedes the previous 2012 Foreign Investment Law and the 2013 Myanmar Citizens Investment Law. This creates a single law for both foreign and domestic/Myanmar citizen investors. In March 2017, the Myanmar Investment Rules (MIR) were adopted²⁰.

The new Law and Rules introduces a number of changes to the previous 2012 Foreign Investment Law. These include:

- The introduction of new types of permit, one being a ‘full’ Myanmar Investment Commission (MIC) Permit, and the other an approval or ‘Endorsement’ for permission to use land; the second process supposedly being a faster process. Full MIC Permits will be necessary for strategic, large, or environmentally/socially impactful projects (Section 36 of the MIL, defined further in Article 3-11 of the MIR)
- The MIL applies to all investors: The previous 2012 Foreign Investment Law applied only to those foreign investors holding an MIC permit. Under the new MIL, everyone who invests in Myanmar is an investor subject to the 2016 Investment Law, irrespective of whether they hold an MIC permit or not.

After adopting the Law, in December 2016, the government also adopted an Investment Policy.²¹ This highlights that Myanmar welcomes ‘responsible and mutually beneficial foreign investments’, and promises that these will be facilitated ‘through transparent, clear and expeditious procedures’. Point 5 of the Investment Policy notes that ‘Local and foreign investors shall comply with the principles for responsible investment and business conduct, including environmental and natural resources matters on an equal basis and in a non-discriminatory manner at all times’ (sic).

CORPORATE GOVERNANCE INITIATIVES

In addition to ad hoc activity by various organisations to promote corporate governance,²² several development partners including IFC and OECD have provided corporate governance support programmes to the Myanmar authorities. The World Bank is also assisting the CBM on issuing regulations under the Financial Institutions Law for the boards of financial institutions.

IFC’S MYANMAR CORPORATE GOVERNANCE INITIATIVE

The IFC, a member of the World Bank Group, has been implementing a Myanmar Corporate Governance Initiative (MCGI) in Myanmar since 2016 in partnership with the Australian Department of Foreign Affairs and Trade

19 VDB, [Client Briefing Note: What Changes in Practice under the New Investment Law?](#), 8 October 2016.

20 [Myanmar Investment Rules](#), MIC Notification 35/2017, 31 March 2017.

21 [Myanmar Investment Policy](#), December 2016.

22 An example is the [Corporate Governance workshop held](#) by the US Chamber of Commerce with DICA, 5 February 2018.

(DFAT), and the UK Department for International Development (DFID). MCGI aims to improve corporate governance standards and practices in Myanmar by focusing on the following:

- Raising public awareness and sharing knowledge on corporate governance issues by conducting seminars, disseminating best practice materials, and training business journalists;
- Building the capacity of local partners in delivering corporate governance training and consulting services, by training local trainers and sharing corporate governance tools and training modules/curricula on leading corporate governance practices;
- Working with regulatory bodies and government entities to improve corporate governance-related regulations and standards, thereby strengthening the overall business climate;
- Providing direct assistance to companies to improve their corporate governance practices.

In collaboration with the UMFCCI, IFC’s MCGI has conducted a series of two-day workshops for board directors, senior executives and significant shareholder including Corporate Governance Action Planning workshops, a specific offering for financial institutions, and a Family Business Governance workshop. It also partnered with the UK-Myanmar Financial Services Taskforce to deliver, with the Thai Institute of Directors, the Myanmar Director Accreditation Program.

In November 2016, the IFC launched the Burmese translation of its Family Business Governance Handbook, a concise and practical description of essential family business governance components and suggested approaches to resolving common family business governance dilemmas.²³

An important component of the IFC MCGI program has been the constitution of a cadre of Myanmar trainers through attendance at IoD director certification programs and train the trainer seminars. The cadre, composed of some 15 high level professionals, will form the core faculty of the Myanmar Institute of Directors and have become strong advocates for improving corporate governance activities in Myanmar.

IFC MCGI is also advocating for gender diversity on boards and in corporate leadership through the ‘Ring the Bell’ initiative held with YSX and SECM²⁴ as well as its ‘Igniting Change’ program for women corporate leaders.²⁵ Other IFC MCGI activities have included seminars, including one on Transparency and Disclosure at the SECM, in collaboration with MCRB.²⁶ Myanmar journalists have attended a regional training session on corporate governance in Bangkok,

23 [IFC Helps Family Businesses improve Corporate Governance, Attract More Investment](#), IFC 11 November 2016. Also, IFC Family Business Governance Handbook, 3rd edition, 2016, available in [English](#) or [Burmese](#).

24 [IFC, SECM and Myanmar Stock Exchange Ring the Bell for gender equality](#), IFC, 9 March 2018.

25 [Igniting Change: Women on Boards training](#), IFC with Government of Canada.

26 [There is a growing regulatory trend in Myanmar towards greater corporate disclosure](#), MCRB, 22 June 2017.

based on the IFC media toolkit on reporting on corporate governance.²⁷

Under a memorandum of understanding signed in March 2017, IFC is building the capacity of the Securities & Exchange Commission of Myanmar (SECM) in standard setting and supervision in the field of corporate governance. Key activities include:

- Development of a corporate governance scorecard based on the ASEAN Corporate Governance Scorecard;
- Training for key staff of SECM, DICA and YSX and;
- Joint conduct of the assessment of public and listed companies using the Scorecard.

The benchmarking exercise will cover initially some 30 Myanmar public and listed companies as well as some large private companies. Like *Pwint Thit Sa*, this benchmarking is based on the ASEAN Corporate Governance Scorecard, but using 144 indicators. The methodology also differs: in addition to public sources of information, it will rely on self-assessment by the companies and verification by SECM staff. A two-day workshop by SECM and IFC was held in January 2018 in Yangon for selected Myanmar companies to learn about the importance of corporate governance and best practices, and to launch the assessment.²⁸

MYANMAR INSTITUTE OF DIRECTORS (MIOD)

Corporate governance in Myanmar was given a boost on 21 March 2018 by the launch of the Myanmar Institute of Directors (MIoD) (see Box 2 for the interim Board members).

MIoD is an independent organization promoting corporate governance standards and best practices in Myanmar. MIoD was formed with support from the IFC, and the governments of Australia and the United Kingdom. It builds on the work initially carried out by the U.K.-Myanmar Financial Services Taskforce and the Myanmar Corporate Governance Initiative. Governed by a Board of Directors comprising both public and private sector representatives, the institute aims to advance board professionalism, promote business ethics and transparency, create networks between corporate leaders and stakeholders, and boost investor confidence in Myanmar's private sector.

The Institute's activities will include providing board and corporate governance training, helping raise awareness on governance topics, and advocating for market reforms. It intends to launch a flagship director certification program for Myanmar directors.

A Myanmar language version of the G20/OECD Principles of Corporate

27 [Who's running the company? A guide to reporting on corporate governance](#), IFC in partnership with the [International Center for Journalists](#), 2012.

28 [Workshop on Corporate Governance Assessment \(Based on ASEAN Corporate Governance Scorecard\)](#), SECM Jan 2018.

BOX 2:

Members of the first, Interim, Board of the Myanmar Institute of Directors

CHAIR: Harry Aung Zaw Naing, CEO, Shwe Taung Group

MEMBERS:

- Aung Naing Oo, Directorate of Investment and Companies Administration
- Prof Dr Aung Tun Thet (UN Global Compact, and member of various company BoDs)
- Marlene Nang Kham Nounng (KBZ Group)
- Melvyn Pun (Yoma Strategic Holdings)
- Caroline Yin Yin Htay (Telenor Myanmar)
- Nelson Htun Htun Naing (Myanmar Young Entrepreneurs Association)
- Rosaline Khine Khine Nwe (UMFCCI)
- Sie Sie Htun (KPMG Advisory, and Women Corporate Directors)
- Soe Win (Deloitte, and Myanmar Development Institute)
- Thura Ko Ko (YGA Capital Limited)
- Tin May Oo (SECM)
- Vicky Bowman (Myanmar Centre for Responsible Business)
- Win Win Tint (CMHL)

Company members of the Interim Board serve in a personal capacity and do not represent their companies, *per se*. However there is a strong congruence between the Board members, and companies scoring highly in *Pwint Thit Sa* 2018 (and previous reports), indicating their personal commitment, and that of their companies, to improving transparency and corporate governance.

ORGANISATION OF ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

Governance is in production, led by IFC, with OECD's authorization.²⁹ The G20/OECD Principles help policy makers evaluate and improve the legal, regulatory, and institutional framework for corporate governance. They also provide guidance for stock exchanges, investors, corporations, and others that have a role in the process of developing good corporate governance.

Building on the Principles, the OECD-Southeast Asia Corporate Governance Initiative, launched in 2014, supports the regional development of vibrant and healthy capital markets through the advancement of corporate governance standards and practices.³⁰ It is focussed on reforms in Cambodia, Lao PDR, Myanmar and Vietnam.³¹ On 28 March 2018, the OECD will launch a

29 G20/OECD Principles of Corporate Governance ([2015 edition, English](#)).

30 <http://www.oecd.org/daf/ca/oecd-southeast-asia-corporate-governance.htm>

31 The fifth meeting of the OECD-Southeast Asia Corporate Governance Initiative in Yangon takes place on 28 March 2018 hosted by DICA in collaboration with the OECD and with the support of the Government of Japan. It will discuss the steps taken by the respective governments towards the development and improvement of sound corporate governance frameworks.

DEVELOPMENTS IN COMBATTING CORRUPTION

Myanmar-OECD Corporate Governance Reform Programme, which seeks to support corporate governance reform in Myanmar with the aim of developing a capital market and improving access to finance for companies in Myanmar. The first step will be a diagnostic process.

Among the NLD's first priorities upon taking power in March 2016 was to address bribery and corruption. This included publishing new guidelines on the acceptance of gifts by public servants.³² These guidelines, which allow gifts up to a certain threshold in some cases (25,000 kyats or around \$20, a reduction from 300,000 kyats under the previous government) and forbid them outright in others, represented an important step toward reinforcing responsible business conduct in Myanmar. As a result, investors perceived an improvement in the corruption situation in Myanmar which was reflected in its position in various indexes (see below).³³

Nonetheless, far greater public sector reform and government leadership will be needed. A reputation for cronyism and corruption continues to overhang Myanmar. This is coupled with a culture of 'donations', not all of them philanthropic. MCRB's field research for the Mining Sector-Wide Impact Assessment, found widespread use of Myanmar mining companies' 'CSR budget' to make payments ('donations') to village elders and officials in return for signatures and support for mining projects.³⁴ Furthermore, the current government has resumed the practice of the previously military government of encouraging 'tycoons' to donate to government funds for causes such as 'peace', and more recently, northern Rakhine State³⁵. Under the military government, 'crony' businesses made similar donations in return for benefits such as car import permits, construction contracts, land deals and other opportunities.

Companies, government and political parties also need to be more transparent in declaring cash and in-kind contributions from business to government, Ministers and political parties. This includes free of charge (FOC) travel, accommodation and hospitality, both personal and professional.³⁶

REFORMS TO THE CIVIL SERVICE, AND RED TAPE

Combating corruption with the intent of increased transparency, predictability and accountability of government processes features in several action points of the first draft of Myanmar's Sustainable Development Plan³⁷, in support of Sustainable Development Goal 16.5 ("substantially reduce corruption and

32 ['NLD cracks down on nepotism'](#), Myanmar Times, 27 April 2016.

33 [Anti-corruption scores have shown an improvement under the NLD Government](#), October 2017, MCRB.

34 [Sector-Wide Impact Assessment on Limestone, Tin and Gold Mining in Myanmar](#), Myanmar Centre for Responsible Business, March 2018 p.51.

35 [Myanmar businessmen donate 167 billion kyat to Rakhine State](#), Mizzima, October 2017.

36 ['A fine line between FOC and Corruption'](#), Op-Ed by Vicky Bowman, Myanmar Times, 12 January 2016; [A Lavish Wedding is the Talk of the Town](#), Irrawaddy Magazine, 11 January 2018.

37 Feb 2018 zero draft, on file with MCRB.

bribery in all its forms")³⁸ and SDG 16.6 (Accountability):

- 1.4.5. Review and strengthen Anti-Corruption Law
- 1.4.6. Strengthen and enforce assets disclosure procedures and requirements
- 1.4.7. Develop action plan for strengthening grievance and whistleblower mechanisms
- 2.3.4. Introduce anticorruption measures to protect the integrity and reputation of tax system

Objective 4 of the Myanmar Civil Service Reform Strategic Action Plan 2017-2020, supported by UNDP, covers 'Integrity and Accountability across the Civil Service' and increasing transparency. Actions include a revised code of conduct for civil servants, publication of all relevant civil service procedures, and a review of the Official Secrets Act to challenge the assumption that all official information should be assumed to be secret.³⁹

The Perception Survey of civil servants conducted in 2016 as part of the preparation for the Action Plan showed that civil service personnel believe there are significant levels of bribery at their place of work. They believe that this is a way for civil servants to supplement their salary; small scale bribery was 'tolerated' or justified among survey respondents. More than half of survey respondents (56%) thought that some civil service personnel ask for additional payments, such as bribes, to do their work.⁴⁰

A major driver of facilitation payments is unnecessary red tape and the need for multiple approvals by bureaucrats rather than the government taking a risk-based approach to checks and controls. Some reforms have been adopted which should help, such as putting tax payment online. However in other areas it may be worsening, as new laws introduce more government approval processes. An example of this is the draft Occupational Safety and Health Law, which in its current form (in Parliament) requires an approval from the Director-General of the Labour Ministry prior to establishing any business.⁴¹

To demonstrate the cost in terms of money and effort of excessive layers of approvals, a study conducted for the Myanmar Business Forum's Tourism Sector Working Group showed that in applying for a land change of use for a guesthouse, the land use change involved 1,490,000 kyats in unofficial payments as presents and 'contributions to office funds', and 16 months of effort and the Guesthouse licence around 1,000,000 kyats in unofficial

38 SDG 16.5 indicators include 16.5.1: Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months and 16.5.2: Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months.

39 [Myanmar Civil Service Reform Strategic Action Plan 2017-2020](#)

40 [Perception Survey on Ethics, Equal Opportunities, and Meritocracy in the Myanmar Civil Service](#), Union Civil Service Board and UNDP, July 2017.

41 An example of this is the draft Occupational Safety and Health Law, which in its current form (in Parliament) requires

payments, five times the official fee.⁴²

Pillar 1 of the Private Sector Development Framework adopted by DICA in 2016 addresses 'Improving the Legal and Regulatory Environment'.⁴³ However to date, the implementation of this remains fragmented. Consultation of businesses – both Myanmar and foreign investors - on the impacts of draft regulation and policy is not systematic. This contributes to poor quality and impractical regulation and red tape. The above-mentioned Myanmar Business Forum, which had been an avenue for Myanmar and international companies to work together to advocate on better business regulation, is no longer active.⁴⁴

LEGAL FRAMEWORK FOR COMBATTING CORRUPTION

UN CONVENTION AGAINST CORRUPTION (UNCAC)

Myanmar ratified UNCAC in December 2012 and it entered into force in January 2013.⁴⁵ Myanmar was late in completing its First Cycle Review of UNCAC implementation in 2016. The Executive Summary of the Review has been published and this provides a useful gap analysis of the Myanmar legal framework against UNCAC requirements.⁴⁶

An UNCAC Second Cycle Review is underway,⁴⁷ but apart from a workshop in June 2017 to explain the process, no further information about this process is available⁴⁸. More transparency is therefore needed to meet good practice concerning meaningful engagement and consultation with civil society and the business sector to curb corruption, in line with UNCAC Articles 5, 13 and 39. It is hoped that this will improve with the advent of the new Commission and support from UNODC.

2013 ANTI-CORRUPTION LAW

The 2013 Anti-Corruption Law covers most forms of bribery in the public sector, including criminalising active and passive bribery, extortion, attempted corruption and abuse of office.⁴⁹ Myanmar's Penal Code covers some public sector bribery offences, but it is unclear how much the Code will be invoked following the introduction of the Anti-Corruption Law. The maximum punishment for corruption is fifteen years imprisonment and a fine (Article 55). Maximum sentences for corruption offences are fifteen years for persons who

42 Myanmar Business Forum Hotel and Tourism Working Group, [Position Paper – Licensing Issues](#) February 2017.

43 [Myanmar Indicative Private Sector Development Framework and Action Plan](#), March 2016, Myanmar Investment Commission, Ministry of Commerce, UMFCCI with support from ADB, Mekong Biz and the Australian Government.

44 www.myanmarbusinessforum.org/en/myanmar-business-forum/

45 [Myanmar becomes the 165th State Party to UNCAC](#), UNODC, December 2012

46 [Myanmar First Cycle UNCAC Review: Executive Summary](#). Note by the Secretariat to the Conference of the States Parties to the United Nations Convention against Corruption 12 October 2016

47 Reviewing Countries appear to be Uzbekistan and Iraq. See [UNODC Country portal](#). Myanmar will be part of the team for the 2nd Cycle Review of Nigeria, together with Ivory Coast.

48 [Workshop for National Experts on Preparation for the second cycle of the UNCAC Review Mechanism](#), June 2017. This was attended predominantly by government officials, but MCRB and Spectrum were present from civil society.

49 [2013 Anti-Corruption Law](#).

hold political power, ten for civil servants and seven years for all others.⁵⁰

The Law has undergone minor amendments since 2013. It is now the subject of a slightly more wide-ranging amendment to address some weaknesses,⁵¹ including potentially those referenced in the findings of the UNCAC First Cycle Review.⁵² This planned reform to the Law is also referenced in draft zero of Myanmar's Sustainable Development Plan.

THE ANTI-CORRUPTION COMMISSION

The 2013 Anti-Corruption Law established an Anti-Corruption Commission whose mandate is to investigate corruption cases and decide whether to further pursue/prosecute a case or to dismiss a complaint.⁵³ A new 12-member Anti-Corruption Commission headed up by former Minister U Aung Kyi was appointed on 24 November 2017.⁵⁴ MCRB met the Commission in February 2018 and briefed it on its activities, including *Pwint Thit Sa*, as well as introducing the Construction Sector Transparency Initiative (see below).⁵⁵ The new Commission has already shown itself to be more active and committed to outreach than the first Commission, appointed in 2013, which did not make any effort to engage business.

COMPANY LIABILITY FOR CORRUPTION

The Law is still not completely in line with Myanmar's UNCAC obligations to address private sector corruption. In particular, Article 26 of UNCAC requires that Myanmar establishes liability of legal persons for participation in corruption offences, whereas Myanmar's Anti-Corruption Law (2013), Penal Code and Myanmar Commercial Act (1914) appear to suggest that both domestic and foreign firms based in Myanmar are not liable for participating in corruption offences. There are also no penalties or sanctions (i.e. dissolution, debarment from public contracts, significantly higher monetary penalties for legal persons, etc) specifically targeted at firms which are involved in corruption.

Despite the absence of legal sanctions, there is nothing to stop Myanmar companies from getting ahead of future legislative changes and introducing effective anti-corruption and business integrity programmes, consistent with the NLD guidelines. Of companies surveyed in *Pwint Thit Sa*, 11% had established a code of conduct.

50 Business Anti-Corruption Portal, [Myanmar Legislation](#).

51 [Draft changes to corruption law raise hope but will they catch any big fish?](#), Frontier Magazine, 18 February 2018.

52 [Myanmar First Cycle UNCAC Review: Executive Summary](#). Note by the Secretariat to the Conference of the States Parties to the United Nations Convention against Corruption 12 October 2016.

53 www.accm.gov.mm/acc/

54 [Presidential Order 30/2017 23 November 2017](#) appointing the new Anti-Corruption Commission (Burmese only).

55 [Meeting with MCRB](#), ACC Website, 8 February 2018.

ASSET DISCLOSURE BY PUBLIC SERVANTS (AKA 'COMPETENT AUTHORITIES')

Section 13 of the Law requires 'competent authorities'⁵⁶ in the executive, judicial and legislative branches of the Government to declare their assets, with penalties for those who do not comply. Chapter VIII of the 2015 Anti-Corruption Rules⁵⁷ concerning 'Declaration of Currencies, Properties, Liabilities and Assets Owned by the Competent Authority' requires (Rule 37) the Commission, with the approval of the Union Government, to 'determine the level of the 'competent authority' who has to make such a declaration. The information shall compiled from the individuals by the relevant government organisations and be submitted to the Commission (Rules 38-41) on a Form 7.⁵⁸

There appears to be no requirement for the Commission to disclose publicly either the list of officials concerned, or their disclosures. In July 2016, the then new NLD government announced that it would not be publicly disclosing Cabinet members' assets.⁵⁹ It is therefore unclear how or whether the provisions in the Anti-Corruption Law have been implemented, although both the Civil Service Reform Plan, and the zero-draft Myanmar Sustainable Development Plan suggest this is still on the government's agenda.⁶⁰

UN OFFICE OF DRUGS AND CRIME (UNODC)

In 2017, the UNODC office in Myanmar stepped up its activity on combatting corruption. It provides support to the new Anti-Corruption Commission, including on the UNCAC reviews and to support the Commission's engagement with civil society and the private sector. As part of the joint UNODC-UNDP 2017 campaign 'United Against Corruption' in support of SDG16,⁶¹ an event was held in Naypyidaw to celebrate Anti-Corruption Day on 9 December 2017.⁶² UNODC supported the new ACC to hold a symposium for civil society and the media titled 'Promote Integrity to Counter Corruption' in January 2018.⁶³ The papers presented at the symposium may be published.

UNODC and MCRB co-hosted a business integrity workshop for the private sector in August 2017 in Yangon, with a keynote speech on collective action by Dr Bandid of the Thai IoD, and with presentations (available on MCRB's website) from Shwe Taung, Coca-Cola and Telenor on their business integrity programmes.⁶⁴ MCRB participated in the UNODC-hosted conference on 'Fast-

56 Competent Authority means the public servant, foreign public servant, person who possesses the political post, senior official or administrator or representative of any public organization.

57 Anti-Corruption Rules, 10 July 2015, Anti-Corruption Commission [EN](#) and [MM](#).

58 [Form 7](#) (Burmese) for Asset Declaration.

59 [NLD will not release list of cabinet members assets](#), Frontier magazine, 29 July 2016.

60 [Government to implement mandatory assets disclosure for senior officers](#), Myanmar Times 11 July 2017.

61 [www.anticorruptionday.org/actagainstcorruption/en/about-the-campaign/index.html](#)

62 [United against corruption in Myanmar 2017](#), 8 December 2017, UNODC.

63 [Paper reading on anti-corruption concludes in Yangon](#), Global New Light of Myanmar, 24 January 2018. Other Burmese language media reports can be found at <http://www.7daydaily.com/story/118545>, <http://news-eleven.com/news/33778> www.burmese.voanews.com/a/myanmar-anto-corruption-symposium-/4221808.html

64 [Workshop on building business integrity](#), MCRB August 2017

**TABLE 1:
World Bank Enterprise Survey (2016) Corruption Indicators**

2016 WORLD BANK ENTERPRISE SURVEY - CORRUPTION INDICATORS	MYANMAR 2016 (2014 IN BRACKETS) ⁶⁵	EAST ASIA & PACIFIC	ALL
Bribery incidence (% of firms experiencing at least one bribe payment request) ⁶⁶	29.3 (42.9)	29.4	17.5
Bribery depth (% of public transactions where a gift or informal payment was requested) ⁶⁷	26.7 (35.4)	23.3	13.7
Percent of firms expected to give gifts in meetings with tax officials	20.4 (37.1)	20.3	12.9
Percent of firms expected to give gifts to secure government contract	9.8 (32.5)	45.6	28.9
Value of gift expected to secure a government contract (% of contract value)	0.2 (1.0)	2.4	1.7
Percent of firms expected to give gifts to get an operating license	37.1 (38.9)	21.7	14.1
Percent of firms expected to give gifts to get an import license	26.4 (53.5)	29.9	14.1
Percent of firms expected to give gifts to get a construction permit	47.6 (46.5)	42.4	23.1
Percent of firms expected to give gifts to get an electrical connection	35.6 (55.8)	21.0	15.7
Percent of firms expected to give gifts to get a water connection	29.5 (30.1)	23.7	15.8
Percent of firms expected to give gifts to public officials "to get things done"	16.5 (26.8)	52.1	22.2
Percent of firms identifying corruption as a major constraint	6.3 (9.3)	15.9	32.5
Percent of firms identifying the courts system as a major constraint	5.3 (9.2)	6.3	14.5

65 www.enterprisesurveys.org/data/exploreeconomies/2014/myanmar

66 Bribery incidence is the percent of firms experiencing at least one bribe payment request during 6 transactions dealing with utilities access, permits, licences, and taxes.

67 Bribery depth is the percentage of transactions (out of 6 transactions dealing with utilities access, permits, licences, and taxes) where a gift or informal payment was requested.

Southeast Asia' in Bangkok in February 2017, and was a signatory to the civil society statement.⁶⁸ Its recommendations are reflected in the Recommendations of this report.

CORRUPTION INDEXES

WORLD BANK ENTERPRISE SURVEY

The World Bank Enterprise Survey⁶⁹ was conducted for the first time in 2014, and then repeated in 2016/2017 after the NLD government assumed power, with an improvement in scores on Corruption Indicators, not far off the regional average (Table 1). The 2016/7 results are based on business owners/top managers in 607 firms interviewed Oct 2016-Apr 2017 (the 2014 sample size was about twice as big).

However the general perception in 2018 is that the initial gains from the new government in fighting corruption have not been maintained, and facilitation payments (a payment made to a public or government official that acts as an incentive for the official to complete an action expeditiously) are still required. Facilitation payments are not explicitly mentioned in the Anti-Corruption Law.

TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTION INDEX RATING

The 2017 Transparency International Corruption Perception Index showed a slight improvement in Myanmar's ranking, up to =130th out of 180, the same level as Ukraine, and above Laos and Cambodia in the region.⁷⁰ Transparency International itself⁷¹ does not yet have a local Myanmar chapter, which may be a reflection of the reluctance of civil society organisations to work on corruption issues in view of threats to their safety.

BUSINESS ENVIRONMENT INDEX (MYANMAR BEI)

Dana Facility is working with the Asia Foundation on the first Myanmar Business Environment Index (Myanmar BEI).⁷² This will be generated from a nationwide survey of Myanmar businesses across the country's states and regions. The index aims to promote streamlining of regulatory practices at the sub-national level to facilitate private sector development and to remove unnecessary bureaucratic obstacles and opportunities for rent seeking. In this way, it will serve as a diagnostic tool for evaluating the local business environment in Myanmar.

DEVELOPMENTS IN DISCLOSURE AND TRANSPARENCY

A number of measures have been introduced to increase transparency around companies and investment in Myanmar since the last report, or are under

68 [Recommendations of the Regional Conference on Fast-Tracking Implementation of the UN Convention Against Corruption \(UNCAC\) in Southeast Asia](#), Bangkok 31 Jan-3 Feb 2017 and [Civil Society Statement](#)

69 www.enterprisesurveys.org/data/exploreeconomies/2016/myanmar

70 [Transparency International Corruption Perception Index 2017](#) February 2018

71 <https://www.transparency.org/country/MMR>

72 [Asia Foundation and Dana Facility launch new program to improve subnational business environment in Myanmar](#) 11/7/2017. The Asia Foundation has pioneered and implemented similar indices, including Vietnam's Provincial Competitiveness Index, and other tools in Indonesia, Sri Lanka, Bangladesh, Cambodia, and [Mongolia](#).

discussion. This section also sets out the disclosure requirements for public companies in the Securities Exchange Law and Rules. Despite being in place since 2015, these are poorly known and even more poorly implemented, particularly by 'public companies' who have not listed.

SECURITIES EXCHANGE COMMISSION

The SECM was established by the 2013 Securities Exchange Law,⁷³ with responsibility for supervising public companies; securities companies; Over-the-Counter Market; Stock Exchange and their representatives, licence holders, auditors and agents. Supervision of public companies includes a requirement in Chapter VI of the Law to obtain approval of the SECM before public offering of its securities with a 60 day notice period; and publication of a prospectus.

The SECM has also been charged with developing auditing and corporate governance standards for listed companies in line with regional and international standards. One missing piece is a Myanmar Code of Corporate Governance, which might be an output of the OECD's new programme (see above).

Chapter VI (Continuous Disclosure) of the Securities Exchange Rules⁷⁴ issued under the Law established reporting requirements. These requirements⁷⁵ apply to:

- Listed companies;
- Public companies which are traded OTC;
- Public companies which have the SECM's approval to make a public offering; and
- Public companies with more than the number of investors specified in the notification issued by the Commission.

These companies of the types listed above are required to submit:

- Annual reports (Rule 118), to be submitted within 3 months of FY end
- Half-yearly reports (Rule 121), to be submitted within 3 months after the first 6 months of FY end
- Extraordinary reports.

Annual reports must include balance sheet and profit and loss (P&L) accounts for the FY, as laid before and adopted by the company at the general meeting, and the associated auditor's report, as well as the material particulars of the company. Material particulars⁷⁶ are defined as:

73 [Securities Exchange Law](#) 20/13 of 31 July 2013

74 [Securities Exchange Rules](#), Ministry of Finance Order 1806/2015 of 27 July 2015 currently only available in Burmese.

75 Reporting exemptions are made for public companies which have ceased to do business, are being wound up, or where the total number of the holders of the securities of the company becomes fewer than the number specified in the notification issued by the Commission.

76 Rule 109 of the Securities Exchange Rules.

- Summary of the company's affairs including the information about the history and development of the company, its parent and subsidiary companies and related companies, its employees, etc;
- Business overview including the performance of the company's business, the activities and principal markets, the principal risks and uncertainties facing the company, material contracts, research and development, etc;
- Statement of the company's plant and equipment including the information about its investment in equipment, its main plant and equipment, etc; and
- Statement of the company including the information about major shareholders, dividend policy, organizational structure, management system, etc.

Half-yearly reports must include audited balance sheet and P&L, together with an interim directors' report or interim management statement providing an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of the company and its controlled undertakings. They must also include a general description of the financial position and performance of the company and its controlled undertakings during the relevant period.

All the above-mentioned reports are required under the Rule 124 to be freely available in printed form, in both Burmese and English, and published on both the company and the SECM websites for 5 years in the case of annual reports, 3 years for half-yearly and 1 year for extraordinary reports. Listed companies must also publish them at the YSX.

The SECM is funded from the Union budget. It has limited skills and capacity to carry out its supervisory tasks, particularly the supervision of the many public companies registered at DICA (Box 6), as well as the Over The Counter (OTC) market. These many public companies pre-date its establishment and need to be brought into compliance.

The Yangon Stock Exchange (YSX) was established under Chapter 8 of the 2015 Securities Exchange Rules and is supervised by the SECM. It was launched in March 2016 as a partnership between Japanese investment bank Daiwa Securities Group and majority-owner Myanmar Economic Bank (MEB).

Current YSX reporting provisions are limited. Notification 2/2015, Article 5 (a) requires the inclusion in the listing Prospectus of a '(vi) business overview including the performance of the company's business, the principal activities and principal markets, the principal risks and uncertainties facing the company, material contracts, research and development, etc'.⁷⁷ Continuous disclosure also requires YSX notifications in the case of disaster or a lawsuit.⁷⁸

⁷⁷ YSX Notification 2/2015 in [English](#) and [Myanmar](#)

⁷⁸ https://ysx-mm.com/wp-content/uploads/2016/03/n_en_022016_01.pdf

TRANSPARENCY ELEMENTS INTRODUCED IN THE NEW COMPANIES LAW

Following adoption of the 2017 Companies Law (CL), DICA is currently preparing new regulatory notifications and forms, public education, and the establishment of a new electronic companies registry system. The new registry will enable efficient company registration, submission of company filings and communication with the company registration office.⁷⁹ DICA has already taken steps towards this by undertaking a process to purge the register of dormant companies. While the new DICA website in 2017 initially included enhanced Company Search facilities with details of Directors names and ID numbers, data on Directors from recent company registrations does not appear to be being uploaded, which is a cause for concern.⁸⁰

Companies will have to file a Directors' report under CL Section 261, together with the financial statements. This is a report *'with respect to the state of the company's affairs....and must include a fair review of the company's business, including a description of the company's primary business, an analysis of the company's performance during the year, a description of risks and uncertainties facing the company and any other matters which may be prescribed'*.

Corporate data may enter the public domain (S. 421(e) CL: *"Any person may inspect the registers and records kept by the Registrar on payment of such fees as may be prescribed by the Union Minister (if any)"*) and (f) *Any person may require a copy of the certificate of the incorporation of any company, or extract of any other document or any part of any other document required by this Law to be filed with the Registrar and kept with the records of a company, to be certified by the Registrar on payment for the certificate, certified copy or extract, of such fees as prescribed by the Union Minister"*.

Company data such as annual financial statements should therefore be publicly available in future although it may not be easy to access unless it is put online and in an open data and searchable format to facilitate the research.

MYANMAR INVESTMENT LAW AND RULES

The 2016 MIL and 2017 MIR include new transparency provisions for projects seeking an MIC Permit. There is now a requirement (Rule 45) for MIC to publish the Proposal Summary within 10 days of receiving the Proposal, and before the Proposal is considered by MIC; and a requirement (Rules 196/199) for holders of an MIC Permit to publish an annual report including details of how it has invested responsibly and sustainably. However to date, MIC/DICA have not implemented these transparency provisions.

ENVIRONMENTAL IMPACT ASSESSMENT

On 29 December 2015, the government published an Environmental Impact Assessment (EIA) Procedure requiring timely public consultation and publication of Environmental Impact Assessments (which include social impacts). The Procedure (Article 38 for IEE, Article 65 for EIA) requires project proponents, whether companies or public agencies, to publish the EIA report no later than 15 days after its submission to ECD; ensuring that it is available to civil society, project-affected people, local communities and other concerned stakeholders

⁷⁹ www.dica.gov.mm/sites/dica.gov.mm/files/document-files/registration_fee_-e.pdf

⁸⁰ www.dica.gov.mm/en/company-search. Also www.opencorporates.com uses DICA information to present links between companies and Directors, which is a vital tool for due diligence.

by:

- posting the EIA on the project or project proponent's website(s);
- communicating by means of local media (i.e. newspapers);
- at public meeting places (e.g. libraries, community halls); and
- at the offices of the project proponent.

The EIA Procedure also requires ECD to make the report publicly available online upon receipt. However, with the exception of the oil and gas (dominated by multinational companies)⁸¹ very few EIAs have been published by companies, and none by ECD. Furthermore, the integrity of the EIA process is being damaged by a lack of transparency in administrative handling, including the absence of an online database to enable stakeholders to see which investments are undertaking IEE/EIA, track progress, and access disclosed reports.

As with audits, there is a problem of low quality low cost EIA in Myanmar. A number of local consultants undertaking EIAs are quoting fees at rates which mean that it will be impossible to undertake necessary baseline data gathering and testing, or sufficient public consultation. Project Proponents i.e. the investors are also not willing to pay. This is a false economy. MCRB is aware of several cases where companies commissioned a cheap 'EIA', only to have to redo it, either at the behest of the Ministry, or of an investor such as the IFC. Furthermore, 41% of EIA consultants polled at a workshop conducted by MCRB and Vermont Law School in November said that their biggest challenge was that Project Proponents were not willing to include an accurate assessment of negative environment and social impacts in their EIA.⁸²

TOP TAXPAYERS LIST

Now in its fifth year, the Inland Revenue Department's list of Top 1,000 Myanmar and Foreign companies paying Income Tax and Commercial Tax now bands the taxpayers by amount of tax paid, rather than just ranking them, giving a clearer picture of the approximate amount of tax paid by each, although not yet exact amounts.⁸³

EXTRACTIVES INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

EITI is a global initiative to promote the open and accountable management of natural resources⁸⁴. The EITI seeks to address governance of the oil, gas and mining sectors, in particular transparency surrounding how a country's natural resources are governed. This includes looking at how extraction rights are issued, how the resources are monetised, and how they benefit the people and the economy. Myanmar was granted EITI Candidate status in July 2014 and issued its first EITI report on revenue paid by companies and received by

81 www.myanmar-responsiblebusiness.org/news/mixed-picture-disclosure-environmental-impact-assessments.html and

www.myanmar-responsiblebusiness.org/news/eia-survey-update.html

82 www.myanmar-responsiblebusiness.org/news/consultants-biggest-challenge.html

83 www.irdmyanmar.gov.mm/Download.aspx

84 [Extractive Industries Transparency Initiative](http://ExtractiveIndustriesTransparencyInitiative)

government, based on 2013/2014 FY data, in December 2015⁸⁵. Its current status in EITI is 'Yet to be Assessed' under the 2016 standard⁸⁶, since the second report was delayed, following the change of government. Myanmar is now committed to submitting reports in March 2018 for the 2014/2015 and 2015/2016 FYs. These will be assessed against the 2016 Standard after July 2018. Having submitted the reports, Myanmar will be validated against the Standard and rated as having made Satisfactory Progress, Meaningful Progress, Inadequate Progress, or No Progress.

INTERNATIONAL STANDARDS AND REPORTING FRAMEWORKS

Some companies use or refer to international standards and reporting frameworks in their disclosed information. There are many such frameworks some of which are mentioned below.

UN GLOBAL COMPACT

Members of the UN Global Compact (UNGC) commit to reporting annually in a Communication on Progress (COP) on responsible business activities related to ten principles encompassing human rights, labour rights, environment and corruption. These are made available via the UNGC website.⁸⁷ Not-for-profit UNGC members submit a Communication on Engagement on a biannual basis.⁸⁸

As of March 2018, there were 186 Myanmar businesses (124 of them registered as SMEs) who were members of the Global Compact, with 45 of them designated 'non-communicating' i.e. having failed to publish a COP that year (failure to publish one after two years results in expulsion). This is a decline from the peak of 354 at the time of the 2016 *Pwint Thit Sa* report in August 2016.⁸⁹ Of those assessed in *Pwint Thit Sa* 2018, 17 were UNGC members. The COPs of FMI, Shwe Taung Group, CMHL and UPG disclosed information which was taken into account in scoring, such as safety statistics and sustainability information.

Since it is possible to use a company's own annual sustainability report to meet the commitment to produce a COP, Myanmar companies may wish to consider focusing on that in future, rather than creating a tailored UNGC report.

INTERNATIONAL STANDARDS ORGANISATION (ISO)

Some companies assessed claimed that they were reporting to, or certified by, ISO standards including:

- ISO 9001 (Quality management)⁹⁰ – 10 companies
- ISO 14001 (Environmental management)⁹¹ – 5 companies

85 MEITI, [Myanmar First EITI Report](http://MyanmarFirstEITIReport), December 2015.

86 The [2016 EITI Standard](http://2016EITISTandard)

87 www.unglobalcompact.org/participation/report

88 MCRB's October 2016 Communication on Engagement is available here.

89 www.unglobalcompact.org/what-is-gc/participants and www.facebook.com/ungcmyanmar/

90 www.iso.org/iso-9001-quality-management.html

91 www.iso.org/iso-14001-environmental-management.html

- ISO 26000 (Social Responsibility)⁹² – 3 companies

It should be noted that ISO 26000 is a form of guidance, and not a standard against which certification can be obtained.

GLOBAL REPORTING INITIATIVE (GRI)

GRI is an independent international organization that, through a multistakeholder process, has developed the GRI Sustainability Reporting Standards, which are widely used by international companies as a reporting framework.⁹³ Two companies in *Pwint Thit Sa 2018* – Shwe Taung and CMHL – reference GRI in their reporting.

SUSTAINABLE DEVELOPMENT GOALS

Five companies explicitly mentioned how their activities contribute to Myanmar’s achievements of the Sustainable Development Goals (SDGs). Both the UN Global Compact and the GRI are encouraging businesses to incorporate SDG reporting into their existing reporting processes.⁹⁴ This will also help Myanmar companies to engage with the government on this agenda.

ACTIVITIES BY CIVIL SOCIETY AND THE MEDIA

“Journalists have the unique ability to disseminate information on corporate governance to the business community and the wider public, and to make readers aware of company activities in ways that can have a significant impact not only on company shareholders but on society. Through their investigations and insight, journalists can show what happens when companies are poorly governed. Journalists can also illustrate how companies that abide by best practice not only perform better but are more resilient in a difficult economy”⁹⁵

There is still only limited media reporting on corruption and good corporate governance in Myanmar. This is partly as a consequence of fear of prosecution, particularly under Article 66(d) of the Telecoms Law which has been used to silence both the media and civil society activists seeking to expose wrongdoing by individuals in government and business.⁹⁶ 66(d) arrests are being documented by the Research team for the Telecommunications Law.⁹⁷ The continued retention and draconian use of these provisions including by members of government undermines their professed commitment to reform and combatting corruption. Freedom of Expression Myanmar has reported on the use of 66(d) over the last two years. They found that 10% of complainants using 66(d) between November 2015 and November 2017 were business-related, and 2%

92 www.iso.org/iso-26000-social-responsibility.html

93 <https://www.globalreporting.org/standards> & <http://database.globalreporting.org/>

94 www.unglobalcompact.org/take-action/action-platforms/sdg-reporting

95 Philip Armstrong, Global Corporate Governance Forum, quoted in ‘Who’s really running the company: a guide to reporting on corporate governance’, IFC 2012?

96 ‘66(d): No real change’, Freedom of Expression Myanmar December 2017.

97 [Research Team for the Telecommunications Law](#), Facebook page.

of defendants were in business.⁹⁸

The lack of reporting on business and corporate governance is also partly historical, as business reporting, particularly on individual companies, has not been a tradition in Myanmar. The lack of publicly listed companies with a widely held shareholding also reduces interest. Journalists also need support in how to write accurate stories about bad governance and corruption. Reporting on companies often focusses on reporting on their charitable donations. Indeed this is a source of corruption in itself. One press officer for a company told MCRB: ‘My job mostly involves getting pictures of my Chairman in the newspapers when he makes donations. Of course I have to pay the journalists to print it’.⁹⁹

There are also not many civil society organisations (CSOs) active on corruption in Myanmar. Again, it remains a risky area on which to be active, particularly on individual cases. The main CSOs are Myanmar Alliance for Transparency and Accountability (MATA), with a natural resources/EITI focus,¹⁰⁰ Spectrum,¹⁰¹ and the Access to Justice Initiative (A2JI), supported by USAID.¹⁰² Civil society groups including Myanmar PEN, have also been advocating for an Access to Information Law to be adopted and provided proposals to the Ministry of Information: this was discussed at the second Myanmar Digital Rights Forum in January 2018. Some regional Parliaments, particularly Yangon Region, have been active on issues such as transparency in public procurement and the budget.

CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE (CoST)

CoST is designed to address some of the above-mentioned issues related to procurement transparency. It is a global initiative that works with government, industry and civil society to promote transparency and accountability in public infrastructure investment through standardised publication of 40 standard data points throughout the procurement process.¹⁰³ This helps to inform and empower citizens and enables them to hold decision-makers to account. Informed citizens and responsive public institutions help drive reforms that reduce mismanagement, inefficiency, corruption and improve value for money from public investment.

The Executive Director of CoST visited Myanmar in October 2017 and February 2018 to meet the Ministry of Construction, the Anti-Corruption Commission, the Ministry of Planning and Finance and other stakeholders from across government, the private sector and civil society. In view of significant interest in how CoST could potentially add value to existing public infrastructure reforms, CoST is working with its main funder, DfID to propose a scoping study in

98 Examples include ‘[Facebook user sued over road-sweeper claims](#)’, 18 February 2017, and ‘[Defendant released on bail](#)’, 7-Day News 29 December 2017 (Burmese only). This story concerned a Rakhine businessperson who had commented on Facebook about lack of transparency in a tender process to refurbish municipal market and was charged with defamation under 66(d) by a government official.

99 MCRB conversation with Media Relations Officer from a Myanmar company, 2017.

100 <http://www.mata-nrg.org/>

101 www.spectrumsdkn.org/en/home/economic-justice/integrity-building-anti-corruption

102 <http://www.a2ji.org/wp-content/uploads/2018/01/Anti-corruption-day-report.pdf>

103 <http://www.constructiontransparency.org/home>

2018 to government to examine potential opportunities and constraints for introducing CoST into Myanmar, and how it could help improve transparency and accountability in public infrastructure investment in Myanmar.

A number of issues relating to corporate governance and transparency are rising up the agenda globally. These include sustainability management, Board and senior management diversity, including on gender, human rights, beneficial ownership, and the ‘non-financial’ or ‘integrated’ reporting of these issues.¹⁰⁴

¹⁰⁴ The [Integrated Reporting Framework](#) of the International Integrated Reporting Council gives more information on integrated reporting.

PART 3: EMERGING CORPORATE GOVERNANCE ISSUES AT GLOBAL LEVEL AND IN MYANMAR

NON-FINANCIAL REPORTING

Although many are not yet incorporated into the current ASEAN Corporate Governance Scorecard, this study has benchmarked company disclosure on some extra criteria of relevance.

These issues should be - and in some cases are already - part of the corporate governance debate in Myanmar, since many stakeholders consider them material particularly in a high-risk environment like Myanmar. Indeed the leading Myanmar companies are already starting to report on these issues. When reporting on non-financial issues, Myanmar companies can adopt international reporting standards such as GRI.

There is a global trend towards requiring companies to disclose more non-financial data on the way they operate and manage social and environmental challenges. In some cases this may be led by the market, whether by investors or consumers - examples being the FTSE4Good index¹⁰⁵ and the Dow Jones Sustainability Index.¹⁰⁶ These indexes help investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance of large companies and encourage these companies to develop a responsible approach to business.

In some cases non-financial reporting is being driven by regulation, on a compulsory, or ‘comply or explain’ basis. For example EU law¹⁰⁷ requires large companies (some of which have operations in Myanmar) to disclose certain non-financial data in their annual reports from 2018 onwards. This includes reports on:

- a brief description of the undertaking’s business model;
- a description of the policies, risks and outcomes as regards to environmental matters, social and employee aspects, respect for human rights, anti-corruption and bribery issues, and diversity in their board of directors;
- the outcomes of those policies; and
- non-financial key performance indicators relevant to the particular business.

These rules on non-financial reporting only apply to large public-interest companies with more than 500 employees, which covers approximately 6,000 large companies and groups across the EU. Companies have significant flexibility to disclose relevant information in the way they consider most useful, and may use international, European¹⁰⁸ or national guidelines to produce their statements.

To some extent, the new annual reporting requirements for MIC permitted projects under Rule 196 of the Myanmar Investment Rules go in a similar

¹⁰⁵ <http://www.ftse.com/products/indices/FTSE4Good>

¹⁰⁶ <http://www.sustainability-indices.com/>

¹⁰⁷ The [Non-Financial Disclosure Directive 2014/95/EU](#) which amended the Accounting Directive 2013/34/EU.

¹⁰⁸ European [Commission Guidelines on non-financial reporting](#), June 2017.

direction, but DICA needs to clarify the requirement. Another step to strengthen requirements for non-financial reporting could be for YSX to adopt sustainability reporting requirements for listed companies. A number of ASEAN Stock Exchanges are members of the Sustainable Stock Exchange Initiative (Malaysia, Thailand, Singapore, Vietnam)¹⁰⁹ which has produced guidance for stock exchanges on reporting.¹¹⁰ The Singapore Exchange (SGX) introduced sustainability reporting in June 2016, with effect from the 2017 Financial Year. This requires listed companies to publish annual sustainability reports covering environmental, social and governance (ESG) factors, sustainability targets and relevant policies.¹¹¹ The report, written on a “comply or explain” basis, must include a board statement to describe the company’s sustainability actions, identify ESG factors that affect business strategies, explain their practices and performances, and set targets. This practice is a step up from the voluntary sustainability reporting regime that has been in place since 2011¹¹².

STAKEHOLDER ENGAGEMENT

At the international level, there is greater emphasis on engagement not only with shareholders but also with stakeholders as an important part of good corporate governance. This is recognised in the corporate governance codes of Australia, South Africa and Malaysia. Proposed changes to the UK Corporate Governance Code include more focus on engagement of stakeholders, particularly employees¹¹³. Proposed changes to the Singapore Corporate Governance Code¹¹⁴ note that:

‘The long-term success of a company is influenced by its ability to foster and maintain effective relationships with not just shareholders but also other stakeholders such as employees, customers, suppliers, creditors, regulators, and the broader community. The G20/OECD Principles of Corporate Governance (2015) set out clearly that companies’ governance frameworks should give due regard to the interests of stakeholders’.

The Singapore Corporate Governance Council has recommended the introduction of a new Principle for companies to consider and balance the needs and interests of material stakeholders, and accompanying Provisions setting out expectations for companies to:

- Have arrangements to identify and manage relationships with material stakeholder groups;
- Disclose key focus areas in relation to their management of stakeholder

¹⁰⁹ www.sseinitiative.org/sse-partner-exchanges/list-of-partner-exchanges/

¹¹⁰ [Model Guidance on Reporting ESG Information to Investors: a Voluntary Tool for Stock Exchanges to Guide Issuers](#), 2015

¹¹¹ [SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide](#)

¹¹² [TODAY Online - Sustainability reporting for all listed companies mandatory from FY2017](#), 21 June 2016. This notes that a joint study by the Singapore Compact for Corporate Social Responsibility and National University of Singapore Business School found that as of end-2013, only about 160 out of 537 mainboard-listed companies filed these reports voluntarily.

¹¹³ [A sharper UK Corporate Governance Code to achieve long term success and trust in business](#), UK Financial Reporting Council, 5 December 2017. [Proposed Revisions to the UK Corporate Governance Code](#), December 2017.

¹¹⁴ [Consultation Paper on Recommendations of the Corporate Governance Council](#), Monetary Authority of Singapore, Jan 2018.

relationships; and

- Maintain a current corporate website for all stakeholders to stay informed of material updates in a timely manner.

These requirements, proposed as expectations on a “Comply or Explain basis”, are consistent with the criteria and methodology used in *Pwint Thit Sa*. Furthermore, the *Pwint Thit Sa* process, including company engagement, has demonstrated that leading Myanmar companies are interested in stakeholder engagement.

MCRB exists partly to support and encourage stakeholder identification and engagement by companies and to promote dialogue. Other stakeholder engagement opportunities for companies in Myanmar are increasingly being created, for example in the multistakeholder discussions around the IFC Strategic Environment Assessment on Hydropower, or the EITI Multistakeholder Group (MSG) for the extractives industries. If CoST is introduced, this also includes an MSG.

Other Myanmar reforms which encourage stakeholder engagement by companies include the compulsory requirements for public participation (consultation, disclosure) in the Environmental Impact Assessment (EIA) which have been developed into draft guidelines¹¹⁵.

The 2015 guidance from the Thilawa Special Economic Zone Management Committee¹¹⁶ sets out the expectation that ‘businesses investing and doing business in the SEZ, in addition to fully meeting their obligations under applicable Myanmar laws, will:

2. Engage with stakeholders: Companies should consult with all those affected by their activities, operations, and impacts, be they workers, consumers, or communities, as well as other stakeholders, so that companies have access to accurate and useful information about their actions and can create a two-way dialogue....’

A few companies are also establishing teams for engagement with external stakeholders including media, communities and government, and for sustainability. This is welcome, since civil society groups tell MCRB that one of the main challenges of pursuing company accountability is finding company staff willing to take responsibility for receiving and acting on grievances and engaging with stakeholders, particularly for companies in joint ventures with government.

Of the companies assessed, 6 had some form of stakeholder mapping or stakeholder engagement commitment, and 4 had undertaken a materiality analysis (CMHL, SPA, FMI and Max Myanmar).

¹¹⁵ [Draft Guideline On Public Participation In Myanmar’s EIA Processes](#), 31 May 2017

¹¹⁶ [Notice to Ensure the Responsible Investment in the Thilawa SEZ](#), Notice 4/2015 of the Thilawa SEZ Management Committee.

REDEFINING CORPORATE (SOCIAL) RESPONSIBILITY

Due to confusion around its meaning, and its widespread association, particularly in Asia including Myanmar, with donations and philanthropy, companies and international organisations are more cautious when using the 'CSR' acronym. Instead some use terms like 'responsible business conduct', 'creating shared value' and earning a 'social licence to operate'. These concepts and activities are more closely tied to business strategy and therefore more likely to be pursued in business downturns when philanthropy budgets are squeezed. Some of the foreign Chambers of Commerce in Myanmar have held events or used briefing papers to set out the approach of their member companies to these issues, and shared these with the Myanmar government and peers.¹¹⁷

In this assessment, extra *Pwint Thit Sa* criteria were added related to how companies managed and reported on sustainability issues, beyond the limited criteria in the ACGS.

Linked to the issue of corporate philanthropy is the question of governance of family business or company foundations. While many Myanmar companies appear to have established such a foundation, their legal and charitable status – including for tax purposes – is unclear. This lack of clarity extends to their governance, which is often non-existent.¹¹⁸ There is therefore a need for companies to ensure that not only their companies but also their foundations, have good corporate governance and transparency and clear philanthropic objectives.¹¹⁹ Otherwise, foundations might be used in a way which undermines the parent company's corporate governance policies, for example concerning donations to activities connected to Politically Exposed Persons.

An example of this was seen when some companies made donations related to the situation in Rakhine State direct to the military in September 2017, many of them using their 'foundations' for purposes which included the construction of a border wall, and support to the armed forces serving in Rakhine¹²⁰. Subsequently, donations were made by companies to the Union Enterprise for Humanitarian Assistance, Resettlement and Development in Rakhine (UEHRD), a fund run by the civilian government whose senior office holders also fulfil the definition of Politically Exposed Person (Box 4)¹²¹.

GENDER EQUALITY AND DIVERSITY IN BUSINESS LEADERSHIP

Reporting on board diversity, including gender, as a means of raising awareness of the need for equality, is increasingly a requirement in other countries (see for example the EU Non-Financial reporting requirement, above). In some countries such as Norway, and France there are mandatory requirements for

117 ['Position Paper on Incentivising Shared Value'](#), September 2016, Responsible Investment Working Group of the Australian-Myanmar Chamber of Commerce (co-chaired by MCRB); and [EuroCham White Book 2017, Trade & Investment Policy Recommendations](#) (Chapter 7).

118 The Myanmar legal framework on charities and foundations is unclear, including whether such Foundations should register as Associations under the Associations Law, and whether donations to them are tax exempt.

119 See for example CG guidance from the [Council on Foundations](#)

120 [Cash donations will be used in the areas where help is really in need in accordance with the wish of the donors](#), Facebook page of Commander in Chief, 21 September 2017

121 [Rakhine rebirth needs Unity – State Counsellor](#), New Light of Myanmar, 21 Oct. 2017

Board gender diversity.¹²²

Several business-led initiatives intended to support women leaders have begun in Myanmar in the last year including the establishment of a Business Coalition for Gender Equality involving FMI, CMHL, KBZ Group, Parami Energy, AYA Bank and Shwe Taung Group,¹²³ and Myanmar chapter of the Women Corporate Directors.¹²⁴ 'Ring the Bell for Gender Equality' events have been held at the Stock Exchange for International Women's Day in 2017 and 2018. Members of the Business Coalition are working with the IFC on EDGE gender equality assessments of their companies.¹²⁵

The ASEAN CG Scorecard does not address gender equality in senior leadership of companies, but Yever has compiled data about women directors in BoDs where this was disclosed in the companies surveyed. In the 36 companies where the identities of members of the Board of Directors were disclosed, 33 of them had one or more women members, and the average number of women members was 2.

Concerning a commitment to diversity, 15 companies either had diversity and/or non-discrimination policies, or contained this commitment in another document. These were AYA Bank, CMHL, Dagon Group, FMI, Grand Guardian, Irrawaddy Green Tower, KBZ Group, Max Myanmar, MPRL, MSP, Myanma Awba, Parami Energy, Shwe Taung, Smart Technical Service and SPA. However few had specific KPIs related to diversity on the Board or in senior management.

BENEFICIAL OWNERSHIP

According to EITI Requirement 2.5 by 1 January 2020, EITI implementing countries have to ensure that all oil, gas and mining companies that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract in the country disclose the identity(ies) of their beneficial owner(s) (BO), the level of ownership and details about how ownership or control is exerted. In addition, any politically exposed persons (PEP) holding ownership rights must be identified. This information must be publicly available (published in EITI Reports and/or public registries) and updated regularly. BO and PEP disclosure is required of all companies in the sector, including companies that are not currently required to participate in the EITI Report.

MEITI has released its Beneficial Ownership Roadmap consisting of an outline of the steps leading to beneficial ownership disclosure by 1 January 2020.¹²⁶ Technical assistance is being provided by development partners to MEITI via the World Bank to develop a pilot for disclosing beneficial ownership as well as establish a cadaster system.

The EITI Standard (2.5f) defines a "beneficial owner in respect of a company" as "the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity" but leaves it to national multistakeholder group (MSG) to

122 E.g. in [France](#), it is now mandatory for there to be at least 40% women in the BOD of companies with at least 500 staff and €50 Million revenue.

123 [Business Coalition for Gender Equality](#)

124 www.womencorporatedirectors.org

125 <http://edge-cert.org/>

126 [Myanmar Beneficial Ownership Roadmap](#), March 2017

agree an appropriate definition of the term beneficial owner aligned with this which takes international norms and relevant national laws into account¹²⁷, and should include ownership threshold(s). The MSG¹²⁸ has adopted a definition for Beneficial Owner (Box 3) and for Politically Exposed Person (PEP) (Box 4).¹²⁹

127 The 2014 Money Laundering Law Article 3(j) defines Beneficial owner as ‘a person who principally owns or controls a customer or delegates to conduct transaction with other person on his behalf. In this expression, a person who exercises effective control over any company or arrangement’. The 2017 Myanmar Companies Law S1(xxii) defines ownership interest as ‘a legal, equitable or prescribed interest in a company which may arise through means including:

- a direct shareholding in the company;
- a direct or indirect shareholding in another company which itself holds a direct shareholding, or an indirect shareholding, in the first company; or
- through an agreement which provides the holder with a direct or indirect right to exercise control over the voting rights which may be cast on any resolution of the company’.

128 Draft EITI report for 2015/2016 p111.

129 The 2014 Money Laundering Law defines PEPs as: 3(l) Domestic and foreign politically exposed person means a person who is prominent or has been entrusted with public functions within the country or in any foreign country and family members or close associates of such persons. 3(m) International politically exposed person means a director, a deputy director, a member of the board of directors and a senior member of an international organization, a member who has the similar position or a person who has been entrusted with such function and family members or close associates of such persons.

BOX 3:

Definition of Beneficial Owner agreed by the EITI Multistakeholder Group

The Myanmar MSG has defined a beneficial owner as “a natural person(s) who, directly or indirectly, ultimately owns or controls a public or private company or corporate entity. A person is automatically considered to be a beneficial owner if they own or control 5% or more of the public or private company or corporate entity.

THE DEFINITION STATES THAT:

- The individual holds, directly or indirectly, 5% and above of the shares within reporting period in the public or private company or corporate entity.
- The individual holds, directly or indirectly, 5% and above of the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- The individual holds, directly or indirectly, the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- The individual holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the public or private company or corporate entity.
- The individual has the right to exercise, or actually exercises, significant influence or control over the public or private company or corporate entity.”

Reference to “ultimately owns or controls” refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control. This definition should also apply to a beneficiary under a life or other investment.’

Q4 of the *Pwint Thit Sa* survey (and criterion D.1.1 of the ACGS) asks: ‘Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?’

Of companies assessed, 27 were found to disclose subsidiaries, and 15 companies disclosed Beneficial Ownership data.

BOX 4: Definition of Politically Exposed Person agreed by the EITI Multistakeholder Group

PEPs are defined as individuals belong to one of the following categories:

- **Domestic PEPs:** individuals who are or have been entrusted domestically with prominent public functions, for example, Cabinet Members at Union level & State and regional level, Members of Parliament both Union level and state and regional level, senior government (Deputy Ministers, Permanent secretaries, DGs, DDGs, Directors, Auditor General, Central Bank, etc.), judicial or military officials including Ethnic Armed Organizations' senior leaders and officials, senior executives of state owned corporations, important political party central committee members and key influencers.
- **Foreign PEPs:** individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government Officials, judicial or military officials, senior executives of state owned corporations, important political party officials and diplomats.
- **International organization PEPs:** persons who are or have been entrusted with a prominent function by an international organization, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e. directors, deputy directors and members of the board or equivalent functions, International Financial institution's leaders and senior staffs.

PEPs shall also be defined to include:

- **Family members** who are related to a PEP in one of the categories above either directly (consanguinity) or through marriage or similar (civil) forms of partnership, to the second degree of relation.
- **Close associates** who are closely connected to a PEP in one of the categories above, either socially or professionally.

HUMAN RIGHTS AND MODERN SLAVERY

The UN Guiding Principles on Business and Human Rights¹³⁰ established the 'corporate responsibility to respect' human rights. This requires companies to undertake due diligence of human rights impacts, and take steps to mitigate and remedy negative impacts. Since then, many international companies have adopted these principles into their corporate government frameworks.¹³¹

¹³⁰ UN Guiding Principles on Business and Human Rights, 2011, in [English](#) and [Burmese](#)

¹³¹ See [Corporate Human Rights Benchmark](#) March 2017 for examples. This initiative by one of MCRB's founding members, the Institute for Human Rights and Business (IHRB), assessed 98 of the world's largest publicly traded companies in 2016-2017 on 100 human rights indicators.

In some countries, legislative requirements on companies are trending towards a requirement on companies to publish information about the human rights impact of their activities, including the activities of their business partners. For example, the 2017 French *devoir de vigilance* Law ("Duty of Care of Parent Companies and Ordering Companies") establishes a legal requirement for human rights due diligence, and the establishment and implementation of annual vigilance plans by companies registered in France with either:

- a) more than 5,000 employees working for the company and its direct or indirect French-registered subsidiaries, or
- b) more than 10,000 employees working for the company and in its direct or indirect subsidiaries globally.

Companies meeting these criteria are required to develop and enact annual "vigilance plans" that detail the steps they will take to detect risks and prevent serious violations with respect to human rights and fundamental freedoms, and the health and safety of persons and the environment, which result from company, subsidiary, supplier and subcontractor activities¹³².

The UK's Modern Slavery Act of 2015 requires businesses to publish an annual slavery and human trafficking statement reporting the steps the company has taken - if any - to ensure that slavery and human trafficking are not taking place in its own business and any of its supply chains¹³³. For example, this could include whether there are labour broker fees leading to debt bondage or retention of workers' identity documents.

Myanmar companies who can publicly demonstrate that they are managing these risks will have a competitive advantage when it comes to attracting foreign business partners who are subject to these type of requirements in their home jurisdictions.

Of the Myanmar companies assessed in *Pwint Thit Sa* 2018, 17 had a human rights policy or included human rights in their code of conduct, and 15 included whistleblowing mechanisms in their code of conduct or specific policies.

¹³² [French Duty of Vigilance Law takes trend towards mandated corporate disclosure regimes to a new level](#), Freshfields, 8 April 2017.

¹³³ United Kingdom [Modern Slavery Act](#) 2015.

**PART 4:
THE 2018
PWINT THIT SA
REPORT**

METHODOLOGY

As mentioned above, MCRB and Yever have decided to redesign the scoring methodology for the 2018 report to align it with the ASEAN Corporate Governance Scorecard (ACGS) (Box 5). This enables Myanmar companies to compare their performance against their ASEAN peers and for Myanmar to align more closely with regional CG initiatives. The SECM is also working with the DICA/IFC/YSX to roll out awareness of the ACGS, using a wider set of ACGS criteria than *Pwint Thit Sa*, in view of the public status of some of the companies.

**BOX 5:
What is the ASEAN Corporate Governance Scorecard**

The ASEAN Corporate Governance Scorecard (ACGS) was launched in 2011 as part of the ASEAN Corporate Governance initiatives, one of the regional initiatives of the ASEAN Capital Markets Forum (ACMF)¹³⁴ of which the Central Bank of Myanmar is a member. It can be found online.¹³⁵

The scorecard was created by the ACMF in collaboration with the Asian Development Bank. It is based on the OECD Principles of Corporate Governance. It is benchmarked against international good practices to encourage companies to go beyond legislative requirements. Like *Pwint Thit Sa*, the Scorecard uses publicly available information. The ACGS is currently being used in Malaysia, Thailand, Philippines, Indonesia, Vietnam, and Singapore to track and rank (mostly publicly listed) companies for corporate governance.

The Scorecard covers the following five areas of the OECD principles:

- Part A: Rights of Shareholders,
- Part B: Equitable Treatment of Shareholders
- Part C: Role of Stakeholders
- Part D: Disclosure and Transparency, and
- Part E: Responsibilities of the Board

The scoring is conducted at two levels to better capture implementation of corporate governance policies:

- Level 1: items related to laws, regulations, and rules (145 items in total);
- Level 2: bonus for good practices and penalty for poor governance (13 bonus items, 25 penalty items)

ADB published its fourth overview of 'ASEAN Corporate Governance Scorecard Country Reports and Assessments 2015' in October 2017, in cooperation with the ACMF.¹³⁶ It includes the assessment of over 500 publicly listed companies in the six ASEAN countries and presents a country-by-country analysis on rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the board.

**SELECTION OF
BENCHMARKING
CRITERIA**

As a consequence of using the ASEAN CG Scorecard, the number of criteria examined in *Pwint Thit Sa* has increased from 35 to 74, and from three categories to five categories (see Table 2). The majority of questions (50, or 68%) relate to Corporate Governance, giving this a much greater emphasis in *Pwint Thit Sa* 2018 compared to 2016.

**TABLE 2:
Issues covered in *Pwint Thit Sa* 2018 Scoring**

<p>CORPORATE GOVERNANCE (68%) (50 CRITERIA)</p> <ul style="list-style-type: none"> • Board of Directors • Audit Committee • Nominating Committee • Remuneration Committee/ Compensation Committee • Risk Management • Performance Review and Board Appointments • Corporate Policies • Business Ethics • Whistleblowing 	<p>CORPORATE CULTURE (9%) (7 CRITERIA)</p> <ul style="list-style-type: none"> • Company profile <p>SUSTAINABILITY MANAGEMENT (7%) (5 CRITERIA)</p> <ul style="list-style-type: none"> • Management • Strategy • Reporting <p>REPORTING (9%) (7 CRITERIA)</p> <ul style="list-style-type: none"> • Non-financial <p>COMMUNICATION (7%) (5 CRITERIA)</p> <ul style="list-style-type: none"> • Corporate Communication
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The full ASEAN CG Scorecard was not used because there is heavy focus in Categories A and B of the ACGS on the Rights of Shareholders, and Equitable Treatment of Shareholders, neither of which is yet relevant to most Myanmar companies. Instead, and following discussion with Dr Bandid Nijathaworn of the Thai Institute of Directors, who has been closely involved in designing the ACGS and implementing it in Thailand, the focus was on Categories C, D, and E of ACGS: Role of Stakeholders; Disclosure and Transparency; and Responsibilities of the Board.

Of the 74 criteria used, 59 directly align with the 145 criteria of Categories C, D, E. The remaining 15 criteria are drawn from issues which although not included in the ACGS were considered to be important by MCRB/Yever, and relevant to the emerging global and Myanmar debate on issues such as sustainability and non-financial reporting (see Part 3).

134 www.theacmf.org

135 See: www.theacmf.org/ACMF/upload/asean_cg_scorecard_12_may_2017.pdf

136 'ASEAN Corporate Governance Scorecard Country Reports and Assessments 2015', Asian Development Bank, 2017.

The assessment questions used in the study are listed in Annex 2 and have been shared publicly on MCRB and Yever websites since November 2017. For most companies in this study, with the exception of those who are publicly listed and ‘public companies’, there is no legal requirement to disclose this information on their website under Myanmar law. However, to do so can help a company to obtain a competitive edge with potential business partners and investors whose first research on a company may involve looking at its website.

The assessment for *Pwint Thit Sa* examined all official company information which was publicly available on the internet. This included:

- company websites;
- company corporate policies, if they are accessible through the website;
- annual, sustainability and ad hoc reports, if they are downloadable and/or accessible;
- UN Global Compact Communications on Progress (COP)
- information uploaded on Facebook pages.

Yever led the online research which commenced in November after the public launch of the research phase. Overall, more than 150 *pro bono* working days were spent by Yever on preparation and data analyses, while company engagement was conducted together with MCRB.

For *Pwint Thit Sa* 2018, MCRB/Yever selected 182 companies which a significant increase from the last report covering 100 companies. This included:

- 5 companies that are listed on the Yangon Stock Exchange (YSX);
- 54 public companies recognised as such by DICA (see Box 6);
- 123 companies who are either influential or paid significant commercial and/or Income tax according to the Internal Revenue Department’s list of Top 1,000 Myanmar companies paying Income Tax and Commercial Tax for FY 2015/2016 and 2016/2017.

Of the 100 companies reviewed in 2016, 78 are included in the 2018 report. In addition, following on from the approach begun by MCRB in 2017 to benchmark companies on request (as ‘mini *Pwint Thit Sa*’), companies who previously volunteered for benchmarking are also included. The option to volunteer to be benchmarked remains open to other companies before publication of the next report.

137 <https://dica.gov.mm/en/step-by-step/registration-myanmar-public-companies>

138 [DICA to reeducate public companies](#), Myanmar Business Today, 17 September 2016

139 [Revised Registration Fees](#), Directorate of Investment and Companies Administration (DICA), May 2016

140 Notification to public companies of rules to be complied with www.dica.gov.mm/mm/news/270998 (Burmese only)

BOX 6:

What is a Public Company in Myanmar?

Under the 2017 Myanmar Companies Law, a Private Limited Liability Company (which is the normal form of company limited by shares) cannot offer shares to the public, and is limited to 50 members or shareholders. However, a Public Limited Liability Company (‘public company’ can issue shares to the public. It must have at least seven shareholders/members (no maximum number), and at least three directors, at least one of whom must be a Myanmar citizen, ordinarily resident in Myanmar (S. 4(a)(vi) Companies Law). It must also apply for a Certificate of Commencement of Business before its operations begin.¹³⁷ Generally public companies in Myanmar are not foreign owned, although the provision in the 2017 Companies Act to allow a foreign shareholding of up to 35% will change that.

There were 231 companies registered as public companies with DICA as of September 2016 of which DICA had identified 60 as non-compliant with the requirements of a public company. DICA’s Director-General U Aung Naing Oo attributed this as possibly due to the perception that by registering as a public companies, they would be prioritised in tenders by the U Thein Sein government.¹³⁸ To discourage this, registration fees for public companies were raised in May 2016 from K1 million to K2.5 million.¹³⁹

On 2 August 2016 DICA reminded public companies of their obligation to hold statutory meetings at least every six months, (but no more frequently than once a month), and submit a statutory report to DICA within 21 days after the meeting. The notification also reminded them that the first general meeting of the company must be held within 18 months of approval to operate as a public company, with the next AGM not later than 15 months from the previous one. Companies must submit the meeting results and annual financial statements including profits and losses to DICA. Companies intending to implement initial public offerings were reminded that they must first get approval from the Securities Exchange Commission (SEC). SEC rules state that companies that fail to inform the Commission about an IPO could face a 10-year prison sentence, fine, or both.¹⁴⁰

Furthermore, in a move to stamp out the growing problem of scams with illegal share sales and ‘Ponzi schemes’, on 15 August 2017, 55 public companies (including some listed on the YSX) were given permission by DICA to trade their shares on the OTC market. However the Securities and Exchange Commission has clarified that its approval must also be sought pursuant to the Myanmar Securities Exchange Law. Presently only two companies, Yangon Bus Public Company and Myanmar Agro Exchange Public, are permitted by the SECM to sell shares on the domestic OTC market. This report covers 54 of the 55 public companies.

PROBLEMS WITH IDENTIFYING COMPANIES AND ‘GROUPS’

As previous *Pwint Thit Sa* reports identified, the word “Group” in Myanmar is used inconsistently. Some operate as a registered entity with a clear legal structure while some loosely form an alliance of companies and call themselves a Group without a legal registration as a single entity. Those companies with the characteristics of a ‘group’ were asked about their structure and how they would prefer to be assessed i.e. as a whole group or individually. Some companies opted to nominate a single company for assessment, which was then treated as a ‘holding company’ even where it was not formally established as such.

COMPANY ENGAGEMENT

Following a media launch on 31 October that released the names of selected companies and assessment criteria via MCRB and Yever websites,¹⁴¹ emails and letters were sent to companies in December to further explain about the survey and the 2018 research methodology.

Draft scores were sent to companies in January with an offer of a debriefing session and discussion of the draft score with 18 companies contacting MCRB/Yever for feedback. In the end, 17 were either met in person or exchanged emails. These companies were: AYA Bank, CMHL, Dagon Group, Dawei Development Public Company, First Private Bank, FMI, Grand Guardian Insurance, Great Hor Kham, Irrawaddy Green Tower, Max Myanmar, Myanma Awba, Myanmar Citizens Bank, Myanmar Oriental Bank, Myawaddy Bank, Parami Energy, Shwe Taung Group and Supreme Group.

As a result of this dialogue, the majority of these companies significantly increased their disclosure of information and improved their score, on average by 120% between the draft and final score. The guidance from the *Pwint Thit Sa* process therefore had a significant effect. This suggests that similar guidance to companies on disclosure is needed from the regulators and would be welcome.

Companies had until the end of February to finalise the disclosure of information, although up to an extra week was given to those who requested it due to late updating of websites. Scores were finalised in early March, and those of the leading companies rechecked by MCRB.

Although companies were alerted in November via the launch, and many of them immediately made contact with MCRB, MCRB/Yever recognise that the time available for website update was limited, and that no doubt further disclosure would be possible if companies had more time.

SCORING

Each criterion was weighted equally, using YES = 1 point and NO = 0 points unless indicated otherwise (for instance, the number of ‘independent’ directors). To receive a point, the disclosure by the company needed to be sufficiently clear and complete as well as easily identifiable as officially established by the company, and accessible for the reader. It also needed to be up to date, and in the case of annual reports, not more than two years old.

¹⁴¹ www.myanmar-responsiblebusiness.org/pwint-thit-sa/2018.html

The total score for a company was then calculated by adding the score for each of the 74 criteria.

In the first assessment, one member from the Yever team undertook the assessment, and it was subject to internal/quality controls. A second assessment was undertaken on all the listed, public and largest companies and those in the Top 30. At this stage, lack of clarity around group structures were identified for raising with the companies concerned. The draft score was then shared with companies in hard copy and by email and they were invited to comment and encouraged to disclose further information. A final review was undertaken by Yever in early March, and the MCRB team cross-checked the scores of the leading companies.

LIMITATIONS OF THE RESEARCH METHODOLOGY

As with any corporate governance assessment based on publicly available information, there are limitations in the questionnaire and ranking of Myanmar companies. As the methodology relies on publicly available information via the internet, policies or reports that are only available in hardcopies are not captured in the assessment. Second, this research methodology simply assesses the online availability of information and does not measure performance or the reliability of the disclosed information.

RESULTS

A total of 116 companies out of 182 assessed (64%) have a website.

TABLE 3: Average Score by Company Type

All Myanmar companies assessed (182)	7%
Listed companies (5)	38%
Companies where the IFC is an investor	54%
Family-owned / private companies (123)	6%
Public companies (54)	4%
Banks (16)	10%
Companies in the top 10	60%

Table 3 shows that there is a strong correlation between top-scorers and those companies with international investors, such as the IFC (Table 3). This suggests both cause and effect: companies with a commitment to disclosure and transparency are more likely to attract the IFC (and other foreign investors) as a partner and pass their due diligence. Those partners in turn encourage them to improve their governance further.

Indeed this international investor effect on boosting CG and transparency is

stronger than the influence of the YSX: IFC partners have the highest average score – 54%, which is higher than 38% for the listed companies. Public companies (30% of those measured) are the worst performers of all types of companies, suggesting a major problem of governance (see Box 6 for analysis as to why that might be).

The spread for Total Score is from 0% to 91% (FMI), with FMI scoring particularly strongly on Corporate Governance. This ability to achieve high scores indicates that this adapted form of the ASEAN CG Scorecard is relevant for the Myanmar market. However only 20% of the companies have a score higher than the average of 7%.

One area where many companies need to improve performance is Sustainability Management. Many still focus on reporting donations and philanthropy (which might be better left to their foundations where they have them) rather than adopting and reporting on a sustainability strategy that is linked closely to business operations. CMHL is the stand-out performer in this field, with strong linkage between sustainability, KPIs and the business agenda. It is the only company disclosing a materiality analysis that aligns to its sustainability strategy, its business strategy and the expectations of its stakeholders. AYA Bank scored well on Reporting, being IFRS compliant, and covering issues like risk management, and financial communication.

The Top 31 performing companies with greatest disclosure are listed in Table 4 overleaf. The full list of 182 companies assessed, and their scores, is in Annex 1.

Legend for four company types in Table 4 and Annex 1:

- P:** Public company
- PL:** Publicly Listed company
- PR:** Private company
- NW:** No website

TABLE 4: Companies assessed in <i>Pwint Thit Sa</i> 2018 with the most disclosure of information					CORPORATE CULTURE	CORPORATE GOVERNANCE	SUSTAINABILITY MANAGEMENT	COMMUNICATION	REPORTING	TOTAL
RANK 2018	RANK 2016	COMPANY NAME	TYPE	WEBSITE						
1	1	First Myanmar Investment (FMI)	PL	www.fmi.com.mm	100%	90%	80%	100%	86%	91%
2	8	City Mart Holding Co Ltd (CMHL)	PR	www.cmhl.com.mm	71%	70%	100%	60%	86%	73%
3	2	Serge Pun & Associates (SPA)	PR	www.spa-myanmar.com	100%	62%	80%	60%	86%	69%
4	6	AYA Bank	PR	www.ayabank.com	100%	62%	20%	100%	57%	65%
5	3	Max Myanmar Group	PR	www.maxmyanmargroup.com	100%	58%	60%	100%	14%	61%
6	11	Shwe Taung Group	PR	www.shwetaunggroup.com	100%	46%	60%	40%	57%	53%
7	10	Dagon Group	PR	www.dagon-group.com	86%	54%	0%	40%	29%	50%
7	-	Grand Guardian Insurance	P	www.ggipinsurance.com	71%	44%	20%	100%	57%	50%
9	18	Myanmar Thilawa SEZ Holdings	PL	www.mtshmyanmar.com	86%	46%	0%	100%	14%	47%
10	7	KBZ Group	PR	www.kbzgroup.com.mm	100%	34%	40%	40%	43%	42%
11	34	Myanmar Awba	PR	www.awba-group.com	43%	38%	40%	20%	14%	35%
12	-	Irrawaddy Green Towers	PR	www.igt.com.mm	57%	30%	0%	80%	14%	32%
12	13	Great Hor Kham	P	www.greathorkham.com	29%	28%	40%	60%	43%	32%
14	9	Parami Energy Group	PR	www.parami.com	71%	28%	20%	20%	14%	30%
15	4	Smart Technical Services	PR	www.smart-technical.com	86%	24%	0%	40%	14%	28%
16	5	MPRL E&P Group	PR	www.mprlexp.com	29%	22%	20%	40%	57%	27%
16	17	Myanmar Agribusiness Public Corporation (MAPCO)	P	www.mapco.com.mm	43%	24%	0%	80%	14%	27%
18	27	Myanmar Citizens Bank	PL	www.mcb.com.mm	57%	16%	0%	20%	0%	18%
18	-	TMH Telecom Public Company	PL	www.tmhtelecom.com	57%	16%	0%	20%	0%	18%
18	-	CB Bank	PR	www.cbbank.com.mm	29%	20%	0%	20%	0%	18%
21	50	First Private Bank	PL	www.firstprivatebank.com.mm	57%	12%	0%	20%	0%	15%
22	12	Asia World	PR	www.asiaworldcompany.com	29%	12%	0%	20%	14%	14%
22	-	Construction and Housing Development Bank	PR	www.chdb.com.mm	29%	12%	0%	20%	14%	14%
22	27	Myan Shwe Pyi Tractors (MSP)	PR	www.mspscat.com.mm	29%	6%	0%	80%	14%	14%
25	-	Myanmar Agro Exchange (MAEX)	P	www.maex.com.mm	71%	6%	0%	20%	0%	12%
26	15	Zawgyi Premier	PR	www.zawgyipremier.com	29%	10%	0%	20%	0%	11%
27	-	Dawei Development	P	www.ddpcmyanmar.com	29%	4%	0%	40%	14%	9%
27	16	United Paint Group (UPG)	PR	www.upgpaint.com	29%	0%	0%	20%	57%	9%
29	22	A1 Group	PR	www.a1companies.biz	29%	4%	0%	20%	14%	8%
29	-	Elite Telecom	P	www.elitetelecom-public.com	29%	4%	0%	20%	14%	8%
29	22	Supreme Group	PR	www.supremegroupcompanies.com	29%	4%	0%	20%	14%	8%

PART 5: RECOMMENDATIONS

TO MYANMAR COMPANIES

TRANSPARENCY AND REPORTING

- Establish or enhance websites with corporate information in both Myanmar and English languages, as a means to communicate with employees and stakeholders, and seek feedback.
- Keep websites under regular review, ensure that they are up-to-date and that information is consistent, and fully meets regulatory requirements at the minimum.
- Disclosure should particularly focus on:
 - o Being more transparent about the company/Group's corporate governance structure, such as complete details of subsidiaries, affiliates, joint ventures and other related entities;
 - o Disclosing more information about corporate governance practices and how the company manages CG and sustainability, including the financial and human resources dedicated to it;
 - o Disclosing annual reports, particularly for public companies;
 - o Disclosing audited financial accounts as submitted to the Myanmar government (these are potentially in the public domain if they have been submitted to the DICA Company Registrar, but companies should disclose the information proactively);
 - o Disclosing more documents and information, including non-financial data, to provide more information to stakeholders about company performance. This could include health and safety statistics, details of human rights due diligence, and how complaints under the complaints and grievance mechanisms have been handled.
- Adopt a recognised reporting framework such as the Global Reporting Initiative or even the Integrated Reporting Framework. Use this for a single Sustainability Report. Map reporting to the SDGs and 10 Principles of the UN Global Compact, if a member, in which case this report can also be used for the UNGC Communication on Progress.
- When compiling the annual Directors' Report under the Myanmar Companies Law, undertake a 'materiality assessment' by engaging with internal and external stakeholders to identify the material risks to the company and ideally comply with the AA 1000 standards.
- Disclose environmental and social impact assessments, where relevant, and ensure that qualified consultants are used for the EIAs and that the contents of the assessment, and associated consultation and disclosure, meets the requirements of the EIA Procedure.
- For extractives companies including jade or gems mining and trading

companies, proactively disclose data in line with the EITI standard. This should include what mining licences the company holds, what it pays to the government in taxes and other fees, what its production levels are, what the terms of contracts are and who the ultimate beneficial owners are.

DIRECTORS AND THEIR DUTIES

- Ensure all company directors are aware of their duties under the Myanmar Companies law.
- Ensure all company directors attend a Director Certification course such as that to be offered by the Myanmar Institute of Directors (MIoD).
- Invest sufficient resources in financial and non-financial audit to enable effective BoD oversight. In particular, recognise the value, and also the cost, of good quality professional advice, particularly audit, to provide the Board with valid information, and for other specialist tasks such as HSE Management, and Environmental Impact Assessment.
- Promote gender equality on the company's Board(s) of Directors, and support mentoring programmes and other initiatives to encourage this in Myanmar more generally.
- Use the resources on www.mcrb.org.mm on issues such as non-discrimination and other guidance on how companies should fulfil their responsibility to respect human rights.

BUSINESS INTEGRITY

- Establish and implement an anti-corruption programme, and demonstrate leadership from the highest level on business integrity, reminding all staff on a regular basis of the importance that the company leadership attaches to this.
- Publish annual information about the implementation of business integrity programmes on the company website, including policy dissemination, staff and director training, and any major related incidents.
- Pursue collective action with other businesses to combat corruption, for example concerning advocacy on public tender processes, or customs clearance.
- Ensure that the company's business integrity programme covers Conflict of Interest, and Political Party Donations.
- Where companies maintain Foundations or other budgets for donations, put governance in place, including independent Board members, to ensure that these do not give rise to business integrity issues, for example 'donations' which could be viewed as bribes, or involving Politically Exposed Persons.

**TO THE MYANMAR GOVERNMENT,
AND THE SECM:**
—

CORPORATE GOVERNANCE

- Apply the G20/OECD Principles of Corporate Governance to evaluate and improve the legal, regulatory, and institutional framework for corporate governance, including disclosure requirements and the development of a Myanmar Code of Corporate Governance.
- Finalise the statutory frameworks relevant to CG including rules and reporting frameworks for the implementation of the Securities Exchange Law and the Financial Institutions Law.
- Ensure that companies are aware of their reporting obligations, particularly public companies
- Implement the recommendations of the 2017 ‘Report on Observance of Standards and Codes (ROSC): Accounting and Auditing: Myanmar’.
- Introduce a regulatory requirement for all Directors of listed companies and public companies to have at least one Director who has successfully completed a Directors Certification or Accreditation programme run by Myanmar Institute of Directors or another recognised Institute of Directors¹⁴².
- Establish clearly that accountability for corporate governance oversight lies with that the SECM, working with others including DICA and the YSX, and that the SECM has sufficient skilled resources to carry out their oversight tasks.
- For the YSX, join the Sustainable Stock Exchange Initiative and use their guidance to adopt compulsory sustainability reporting requirements for listed companies.

TRANSPARENCY AND ACCESS TO INFORMATION

- Ensure that Directors information is available in DICA’s free online searchable registry of companies and expand this to include submitted reports and accounts, details of beneficial ownership, and identify when Directors are politically exposed persons (PEPs).
- Implement the requirements in the Myanmar Investment Law concerning publication of Summary Proposals prior to Myanmar Investment Commission (MIC) decisions.
- Remind holders of MIC Permits of their requirement under Myanmar Investment Rule 196 to publish an annual sustainability report for the permitted project.
- Publish on the SECM website the annual reports of all public companies,

¹⁴² [Proposed amendments to the Singapore Stock Exchange Listing Rules](#) include mandatory training for first-time directors in their roles and responsibilities to ensure minimum standards of quality imposed on directors being appointed to the board of an SGX-listed company.

in addition to the existing publication of listed companies, in open (e.g. PDF) format, not scanned, to enable information to be easily searched.

- Ensure that the disclosure and consultation requirements in the EIA Procedure, both for government, and Project Proponents are fully implemented, including through the systematic online availability of information about projects and their EIA documentation.
- Incorporate access to information provisions into all relevant laws, in addition to making progress on the adoption of an Access to Information Law.
- Ensure that the draft Procurement Law currently under discussion within government includes a phrase on data disclosure in the law, which could be expanded on in bye-laws, such as the following article inserted under the Chapter on General Provisions:
 - o The Contracting Department shall publish information about the purpose, scope, costs and execution of the Contract in a timely manner at key stages during project preparation, tendering and implementation of the contract, in accordance with rules laid down by the Ministry.
- In addition to meeting requirement 3.12(b) of the EITI Standard (which requires that the EITI Report document the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals) take steps to disclose contracts and agreements that establish the terms for the exploitation of oil, gas and minerals (as encouraged under 3.12(a)).

BENEFICIAL OWNERSHIP AND POLITICALLY EXPOSED PERSONS

- Implement the EITI Beneficial Ownership Roadmap.
- Fully and transparently implement the provisions for asset declaration in the Myanmar Anti-Corruption law.
- Undertake further reforms to establish, both in law, and practice, that a list of Politically Exposed Persons (PEPs) and their asset declarations should be made public in line with open data principles¹⁴³ and should include the family members of public officials.
- Ensure that the asset declarations are verified by an oversight body with the necessary financial expertise and, in case of omissions or false information, impose proportionate and deterrent sanctions.

COMBATTING CORRUPTION

- Strengthen anti-corruption activities with the aim of:
 - 1) Achieving and implementing effective anti-corruption policies,

¹⁴³ <http://opendatacharter.net/principles>

legislation and strategies, including with respect to right to information and civil society participation, asset declarations, beneficial ownership transparency, anti-money laundering and whistle-blower protection;

- 2) Achieving strong and independent anti-corruption institutions;
- 3) Achieving international anti-corruption cooperation to strengthen national level efforts to fight corruption and to curb cross broader corruption, with the participation of national authorities, regional and international organisations and other anti-corruption stakeholders, including civil society organisations;
- 4) Achieving meaningful engagement and consultation with civil society and the business sector to curb corruption, in line with UN Convention Against Corruption (UNCAC) Articles 5, 13 and 39.
 - Amend the Myanmar Anti-Corruption Law, and other Law such as Anti Money-Laundering, in accordance with the points highlighted in the UNCAC First Cycle Review. Follow up the recommendations from the 1st cycle of the UNCAC Review process including recommendations for technical assistance, and ensure civil society participation in that process. (UNCAC Article 63(4)(5)(6) and (7)).
 - Ensure civil society participation in the fight against corruption in line with UNCAC Article 13, including through public consultation processes, inclusion in enforcement efforts and asset recovery processes and through making provision for private prosecutions and public interest litigation on behalf of victims. Publicly commit to and, where required, adopt measures to guarantee protection of civil society space and media freedom as well as citizen's participation.
 - Ensure a transparent and inclusive 2nd cycle of the UNCAC review process, publicly endorsing the UNCAC Review Transparency Pledge developed by the UNCAC Coalition, a global network of civil society organisations committed to the effective implementation and monitoring of UNCAC¹⁴⁴.
 - Reduce the scope for facilitation payments by stripping out unnecessary approvals. For example, the government could establish a Better Regulation Unit to ensure cross-government consultation of business and other stakeholders on proposals for draft laws, and to analyse and challenge unnecessary red tape and approvals in existing ones.
 - Prioritise whistle-blower protection with an action plan and legal reform, and financial and material resources that results in effective reporting mechanisms and protection of witnesses and whistle-blowers in both the public and private sectors. This includes reform to the Telecommunications law (abolition of Article 66d), and ensuring that whistle-blowers are not hampered, for example, by misuse of official secrets or defamation laws.
 - Implement a pilot programme under the Construction Sector

144 <http://uncaccoalition.org/files/UNCAC-Review-Transparency-PledgeEnglish.pdf>

Transparency Initiative (CoST) to reduce corruption and inefficiency in public infrastructure procurement.

TO PARLIAMENT:

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- Take the above recommendations concerning the draft Procurement Law into account, and continue to press for transparent public tendering and procurement processes and publicly highlight questionable decisions.
- Support amendments to the Anti-Corruption Law and Money Laundering laws, as recommended above.

TO THE ANTI-CORRUPTION COMMISSION:

—

- Consult with business about corruption and red-tape hotspots.
- Advocate to government and parliament for better regulation and permitting, through more public consultation, better public procurement and tendering procedures, and access to information provisions in all laws i.e. compulsory requirements for publishing certain information.
- Act on all elements of bribery and corruption, including issues such as goods and services provided 'free of charge' to government and PEPs.
- Support transparency, media freedom and whistle blower protection, including of investigative journalists, civil society organisations and other whistle blowers working on corruption and accountability.
- Press for companies to supply reliable data, audited by a third party.

TO MYANMAR CIVIL SOCIETY ORGANISATIONS AND THE MEDIA:

—

- Use the data published by companies to hold them accountable and monitor their public commitments about sustainability. Raise instances of companies failing to live up to those commitments with the company.
- Participate in consultations on environmental impact assessments, and other forms of stakeholder engagement by companies, and report on them.
- Strengthen media reporting on business, including corporate governance, financial issues, and tax.¹⁴⁵

TO THE INVESTOR COMMUNITY:

—

- Engage with Myanmar companies to ensure that they meet or exceed international standards on responsible business conduct and report robustly on how they manage risks and impacts associated with operations, including with respect to contractors and supply chains.

145 Advice to journalists on how to unearth and report on corporate governance stories is available in 'Who's running the company? A guide to reporting on corporate governance', IFC 2012

Rank 2018	Rank 2016	Company Name	Type	Website	Corporate Culture	Corporate Governance	Sustainability Management	Communication	Reporting	TOTAL
1	1	FIRST MYANMAR INVESTMENT (FMI)	PL	www.fmi.com.mm	100%	90%	80%	100%	86%	91%
2	8	CITY MART HOLDING CO LTD.	PR	www.cmhl.com.mm	71%	70%	100%	60%	86%	73%
3	2	SERGE PUN & ASSOCIATES (SPA)	PR	www.spa-myanmar.com	100%	62%	80%	60%	86%	69%
4	6	AYA BANK	PR	www.ayabank.com	100%	62%	20%	100%	57%	65%
5	3	MAX MYANMAR GROUP	PR	www.maxmyanmargroup.com	100%	58%	60%	100%	14%	61%
6	11	SHWE TAUNG GROUP	PR	www.shwetaunggroup.com	100%	46%	60%	40%	57%	53%
7	10	DAGON GROUP	PR	www.dagon-group.com	86%	54%	0%	40%	29%	50%
7	-	GRAND GUARDIAN INSURANCE	P	www.ggipinsurance.com	71%	44%	20%	100%	57%	50%
9	18	MYANMAR THILAWA SEZ HOLDINGS	PL	www.mtshmyanmar.com	86%	46%	0%	100%	14%	47%
10	7	KBZ GROUP	PR	www.kbzgroup.com.mm	100%	34%	40%	40%	43%	42%
11	34	MYANMAR AWBA	PR	www.awba-group.com	43%	38%	40%	20%	14%	35%
12	-	IRRAWADDY GREEN TOWERS	PR	www.igt.com.mm	29%	28%	40%	60%	43%	32%
12	13	GREAT HOR KHAM	P	www.greathorkham.com	57%	30%	0%	80%	14%	32%
14	9	PARAMI ENERGY GROUP	PR	www.parami.com	71%	28%	20%	20%	14%	30%
15	4	SMART TECHNICAL SERVICES	PR	www.smart-technical.com	86%	24%	0%	40%	14%	28%
16	5	MPRL E&P GROUP	PR	www.mprlexp.com	29%	22%	20%	40%	57%	27%
16	17	MYANMAR AGRIBUSINESS PUBLIC CORPORATION (MAPCO)	P	www.mapco.com.mm	43%	24%	0%	80%	14%	27%
18	27	MYANMAR CITIZENS BANK	PL	www.mcb.com.mm	57%	16%	0%	20%	0%	18%
18	-	TMH TELECOM PUBLIC COMPANY	PL	www.tmhtelecom.com	57%	16%	0%	20%	0%	18%
18	-	CB BANK	PR	www.cbbank.com.mm	29%	20%	0%	20%	0%	18%
21	50	FIRST PRIVATE BANK	PL	www.firstprivatebank.com.mm	57%	12%	0%	20%	0%	15%
22	12	ASIA WORLD	PR	www.asiaworldcompany.com	29%	12%	0%	20%	14%	14%
22	-	CONSTRUCTION AND HOUSING DEVELOPMENT BANK	PR	www.chdb.com.mm	29%	6%	0%	80%	14%	14%
22	27	MYAN SHWE PYI TRACTORS (MSP)	PR	www.mspscat.com.mm	29%	12%	0%	20%	14%	14%
25	-	MYANMAR AGRO EXCHANGE (MAEX)	P	www.maex.com.mm	71%	6%	0%	20%	0%	12%
26	15	ZAWGYI PREMIER	PR	www.zawgyipremier.com	29%	10%	0%	20%	0%	11%
27	-	DAWEI DEVELOPMENT	P	www.ddpcmyanmar.com	29%	4%	0%	40%	14%	9%
27	16	UNITED PAINT GROUP (UPG)	PR	www.upgpaint.com	29%	0%	0%	20%	57%	9%
29	22	A1 GROUP	PR	www.a1companies.biz	29%	4%	0%	20%	14%	8%
29	-	ELITE TELECOM	P	www.elitetelecom-public.com	29%	4%	0%	20%	14%	8%
29	22	SUPREME GROUP	PR	www.supremegroupcompanies.com	29%	4%	0%	20%	14%	8%
32	50	YUZANA GROUP	PR	www.yuzanagroup.com	0%	8%	0%	20%	0%	7%
32	-	MYAWADDY BANK	PR	www.mwdbank.com	29%	4%	0%	20%	0%	7%
32	41	NAING GROUP	PR	www.nainggroupcapital.com	29%	2%	0%	20%	14%	7%
32	-	RAKHINE DEVELOPMENT CORPORATION	P	www.rdcpublic.com	29%	4%	0%	20%	0%	7%
32	-	WPG CAPITAL	P	www.wpgcap.com	14%	6%	0%	20%	0%	7%

Rank 2018	Rank 2016	Company Name	Type	Website	Corporate Culture	Corporate Governance	Sustainability Management	Communication	Reporting	TOTAL
37	N/W	ASIA ENERGY TRADING	PR	www.asiaenergy.com.mm	29%	0%	0%	20%	14%	5%
37	50	AUNG KAN BO TRADING	PR	www.aungkanbo.com	29%	0%	0%	20%	14%	5%
37	-	ASIA GREEN DEVELOPMENT BANK	P	www.agdbank.com	29%	0%	0%	20%	14%	5%
37	30	DAWN (AH YONE OO) CONSTRUCTION	PR	www.ahyoneoo.com	43%	0%	0%	20%	0%	5%
37	50	EDEN GROUP	PR	www.edengroup.com.mm	29%	0%	0%	20%	14%	5%
37	34	GOLDEN KEY (MIKKO GROUP)	PR	www.mikkogroup.biz.mm	29%	0%	0%	20%	14%	5%
37	14	HTOO GROUP	PR	www.htoo.com	43%	0%	0%	20%	0%	5%
37	-	MANDALAY MYOTHA INDUSTRIAL DEVELOPMENT	P	www.mmidproject.com	29%	0%	0%	20%	14%	5%
37	-	MYANMAR PAYMENT UNION	P	www.myanmarpaymentunion.com	14%	0%	0%	60%	0%	5%
37	-	PT POWER TRADING	PR	www.ptpowertrading.com	43%	0%	0%	20%	0%	5%
37	-	SUPER SEVEN STARS MOTORS INDUSTRY	PR	www.sssmotors.com	43%	0%	0%	20%	0%	5%
37	-	YANGON BUS	P	www.yangonbuspubliccompany.com	29%	2%	0%	20%	0%	5%
37	20	UMG GROUP	PR	www.umgmyanmar.com	29%	0%	0%	20%	14%	5%
37	41	YATHAR CHO INDUSTRIES	PR	www.yummyyanmar.com	29%	0%	0%	20%	14%	5%
37	19	YOUNG INVESTMENT GROUP	PR	www.yigmm.com	29%	2%	0%	20%	0%	5%
37	46	AYEYAR HINTHAR	PR	www.ayeyarhinthar.com	29%	0%	0%	20%	14%	5%
53	46	ACE GROUP	PR	www.acegroupmm.com	29%	0%	0%	20%	0%	4%
53	-	ASIA BUSINESS SYNERGY	P	www.abspublic.com	14%	2%	0%	20%	0%	4%
53	25	CAPITAL DIAMOND STAR	PR	www.cdsg.com.mm	29%	0%	0%	20%	0%	4%
53	-	DAGON BEVERAGES	PR	www.dagonbeverages.com	14%	0%	0%	20%	14%	4%
53	50	ELEVEN MEDIA GROUP	PR	www.elevenmyanmar.com	14%	2%	0%	20%	0%	4%
53	N/W	EUROPE & ASIA INTERNATIONAL	PR	www.eac-myanmar.com	29%	0%	0%	20%	0%	4%
53	34	EXCELLENT FORTUNE	PR	www.efdgroup.com	29%	0%	0%	20%	0%	4%
53	-	GOLDEN ZANEKA	P	www.goldenzaneka.com	29%	0%	0%	20%	0%	4%
53	50	KHA YAY TRADING	PR	www.khayaytrading.com	29%	0%	0%	20%	0%	4%
53	50	MIN ZARNI	PR	www.minzarnigroup.com	29%	0%	0%	20%	0%	4%
53	-	MOTTAMA HOLDINGS	PR	www.mottamaholdings.com	0%	0%	0%	20%	29%	4%
53	-	MYANMAR APEX BANK	PR	www.mabbank.com	29%	0%	0%	20%	0%	4%
53	50	MYANMAR DISTRIBUTION GROUP	PR	www.myanmardistributiongroup.com	29%	0%	0%	20%	0%	4%
53	46	MYANMAR ECONOMIC CORPORATION	PR	www.mecwebsite.com	29%	0%	0%	20%	0%	4%
53	-	MYANMAR AUTOMOBILE DEVELOPMENT	P	www.myanmarautomobiles.com	29%	0%	0%	20%	0%	4%
53	50	MYANMAR ORIENTAL BANK (MOB)	PR	www.mobmyanmar.com	29%	0%	0%	20%	0%	4%
53	-	MYANMAR TREASURE HOTEL & RESORT GROUP	PR	www.htoohospitality.com	29%	0%	0%	20%	0%	4%
53	27	NEW DAY ENERGY	PR	www.newdayenergymm.com	29%	0%	0%	20%	0%	4%
53	-	PAHTAMA GROUP	PR	www.pahtamagroup.com	29%	0%	0%	20%	0%	4%
53	-	MYANMAR NATIVE LAND	P	www.myanmarnativeland.com	14%	0%	0%	20%	14%	4%

Rank 2018	Rank 2016	Company Name	Type	Website	Corporate Culture	Corporate Governance	Sustainability Management	Communication	Reporting	TOTAL
53	-	MYANMAR TELECOMMUNICATION NETWORK	P	www.mtnpcl.com	29%	0%	0%	20%	0%	4%
53	20	SEIN WUT HMON	PR	www.seinwuthmon.com	29%	0%	0%	20%	0%	4%
53	-	TANINTHARYI DIVISION DEVELOPMENT PUBLIC	P	www.tddpcl.com	29%	0%	0%	20%	0%	4%
53	-	THAN TAW MYAT	PR	www.doublerhinoscement.com	14%	0%	0%	20%	14%	4%
53	-	VICTORY MYANMAR GROUP	PR	www.victorymyanmar.com	14%	0%	0%	20%	14%	4%
53	-	YATANARPON TELEPORT	P	www.ytp.com.mm	29%	0%	0%	20%	0%	4%
79	-	SMALL & MEDIUM INDUSTRIAL DEVELOPMENT BANK	P	www.smidb.com.mm	14%	0%	0%	20%	0%	3%
79	41	AA GROUP (PACIFIC GROUP)	PR	www.aa.com.mm	14%	0%	0%	20%	0%	3%
79	30	APEX OIL & GAS	PR	www.apexgasnoil.com	0%	2%	0%	20%	0%	3%
79	-	DENKO TRADING	PR	www.denkomyanmar.com	14%	0%	0%	20%	0%	3%
79	-	GLOBALTREASUREBANK	P	www.gtbmm.com	0%	2%	0%	20%	0%	3%
79	-	GOLDEN LAND EAST ASIA DEVELOPENT	P	www.glad.com.mm	14%	0%	0%	20%	0%	3%
79	50	GOOD BROTHERS	PR	www.gbs.com.mm	14%	0%	0%	20%	0%	3%
79	45	KMA GROUP	PR	www.kmahotels.com	14%	0%	0%	20%	0%	3%
79	41	NEW GOLDEN GATE (1991)	PR	www.newgoldengate1991.com	14%	0%	0%	20%	0%	3%
79	-	MYANMAR INFORMATION & COMMUNICATION TECHNOLOGY DEVELOPMENT	P	www.mictdc.com.mm	14%	0%	0%	20%	0%	3%
79	-	RURAL DEVELOPMENT BANK	PR	www.rdbankmm.com	0%	2%	0%	20%	0%	3%
79	-	NATIONAL DEVELOPMENT COMPANY GROUP	P	www.nationaldevelop.com	14%	0%	0%	20%	0%	3%
79	50	SHWE THAN LWIN MEDIA	PR	www.myanmarinternationaltv.com	14%	0%	0%	20%	0%	3%
79	-	SHWE WAH YAUNG AGRICULTURE PRODUCTION	PR	www.swygroup.com	14%	0%	0%	20%	0%	3%
79	30	T.Z.T.M GROUP	PR	www.tztmgroup.com	14%	0%	0%	20%	0%	3%
94	N/W	BENHUR TRADING	PR	www.benhurtrading.com	0%	0%	0%	20%	0%	1%
94	-	GOLDEN MYANMAR AIRLINE	P	www.gmairlines.com	14%	0%	0%	0%	0%	1%
94	25	MYANMAR CONSOLIDATED MEDIA HOLDINGS	PR	www.mmtimes.com	0%	0%	0%	20%	0%	1%
94	-	NEW CITY DEVELOPMENT	P	www.newcity-development.com	0%	0%	0%	20%	0%	1%
94	-	STEEL KING	PR	www.steelkingcompanylimited.com	14%	0%	0%	0%	0%	1%
99	-	AYEYAR PATHEIN DEVELOPMENT	P	www.Ayeyar-Pathein-Development-Public.com	0%	0%	0%	0%	0%	0%
99	-	CHERRY YOMA GROUP	P	www.cherryomagrouppublic.com	0%	0%	0%	0%	0%	0%
99	50	ELITE TECH	PR	www.elitetech-group.com	0%	0%	0%	0%	0%	0%
99	50	EVER SUNNY INDUSTRY (ESI FOOD)	PR	www.esifood.com	0%	0%	0%	0%	0%	0%
99	-	KAY TU MA DI	PR	www.kaytumadi.com	0%	0%	0%	0%	0%	0%
99	-	KAYTUMADI DEVELOPMENT	P	www.kaytumadi-development-public-company.com	0%	0%	0%	0%	0%	0%
99	34	MYANMAR GOLDEN STAR (MGS)	PR	www.mgsgroup.com	0%	0%	0%	0%	0%	0%
99	-	MYAWADDY TRADING	PR	www.myawaddytrade.com	0%	0%	0%	0%	0%	0%
99	-	MYANMAR ECONOMIC DEVELOPMENT CORPORATION	P	www.medcmyanmar.com	0%	0%	0%	0%	0%	0%

Rank 2018	Rank 2016	Company Name	Type	Website	Corporate Culture	Corporate Governance	Sustainability Management	Communication	Reporting	TOTAL
99	-	MYANMAR IRRAWADDY DEVELOPMENT	P	www.Myanmar-Irrawaddy-Development-Public.com	0%	0%	0%	0%	0%	0%
99	-	MYANMAR MOTION PICTURE DEVELOPMENT	P	www.moviesmmpd.com.cutestat.com	0%	0%	0%	0%	0%	0%
99	-	MYANMAR TECHNOLOGIES AND INVESTMENT	P	www.mti.com.mm	0%	0%	0%	0%	0%	0%
99	-	MYANMAR TOURISM BANK	P	www.tourism-bank-public-company.com	0%	0%	0%	0%	0%	0%
99	-	MYANMAR TOURISM DEVELOPMENT	P	www.myanmar-tourism-development-company.com	0%	0%	0%	0%	0%	0%
99	-	MYEIK FUTURE DEVELOPMENT	P	www.mfdmyanmar.com	0%	0%	0%	0%	0%	0%
99	-	OLEANDER CONSTRUCTION GROUP	P	www.oleanderconstructinggroup.com	0%	0%	0%	0%	0%	0%
99	N/W	ZAYKABAR	PR	www.nationaldevelop.com/zaykabar.htm	0%	0%	0%	0%	0%	0%

Companies without a website (in alphabetical order)

PUBLIC COMPANIES	PRIVATE COMPANIES	PRIVATE COMPANIES (continued)	PRIVATE COMPANIES (continued)
AYEYARWADDY FARMERS DEVELOPMENT BANK	ANNAWAR TUN	MIN DHAMA	ROYAL MYAWADDY DISTILLERY GROUP
DANYA GON YEE DEVELOPMENT	AUNG CHANTHA TRADING	MOE HTET GABAR	SABAI THINN TRADING
FARMERS DEVELOPMENT PUBLIC BANK	AUNG THITSA OO INSURANCE	MYA GAE TRADING	SEIN LOM TAUNG TAM GEMS
FOREST PRODUCTS JOINT VENTURE CORPORATION	AUSPICIOUS MILLENNIUM TRADING GROUP	MYANMAR IMPERIAL JADE (GEMS & JEWELLERY)	SHINNING STAR LIGHT GEMS & JEWELLERY
HANTHAWADY GREEN LAND	AYAR JADE	MYAT MYITTAR MON GEMS & JEWELLERY	SHU SAN INDUSTRY
HTAWARA AUNG MYAE	BHOME YAUNG CHI	MYAT YAMONE GEMS	SHWE BYAIN PHYU
INDUSTRIAL RESOURCES DEVELOPMENT	BHONE KYAW SAN	MYO NWE GEMS & JEWELLERY	SHWE ME
KAYIN STATE DEVELOPMENT	BILLION SOE KAUNG SAN	NAY PYI TAW SIBIN BANK	SIX WINNER BROTHERS
MAUBIN DEVELOPMENT	FARMER PHYOYARZAR	NCX MYANMAR	TAW WIN CORPORATIVE BUSINESS
MYANMA AGRICULTURE & GENERAL DEVELOPMENT	FORTUNE INTERNATIONAL	NILAR YOMA TRADING	THU GYI MINN
MYANMAR CONSTRUCTION AND DEVELOPMENT PUBLIC	FU XINGBROTHERS	NORTH EAST GATE FRUIT	TUN AKAREE
MYANMAR EDIBLE OIL INDUSTRIAL PUBLIC CORPORATION (MEICO)	GREAT GENESIS GEMS	OK GROUP	WAI AUNG GABAR GEMS
MYANMAR INDUSTRIES ALLIANCE	INFORMATION TECHNOLOGY CENTRAL SERVICES	PAING FAMILY INTERNATIONAL	YADANAR KAUNG KIN GEMS & JEWELLERY
MYEIK PUBLIC CORPORATION	JING HPAW AUNG JADE & JEWELLERY	PHYOE PYAE ZAE TRADING	YADANAR YAUNG CHI GEMS
RAKHINE BUSINESS INITIATIVE	KHINE KHINE PHYO INTERNATIONAL TRADING	PREMIUM PETROL	YANGON TECHNICAL & TRADING
ROYAL YATANARPON TELECOM	KIAN SEIN	REGENCY MATERIAL TRADING	YEE SHIN
UNION OF MYANMAR ECONOMIC HOLDINGS (UMEHL)	KYAW SAN	ROYAL GREAT ASIA	

ANNEX 2: QUESTIONNAIRE

The 74 criteria below were used to establish the scores in the *Pwint Thit Sa* 2018 league table. Numbers in brackets map to criteria in the ASEAN Corporate Governance Scorecard.

CORPORATE CULTURE

COMPANY PROFILE

- 1) Does the company have a mission statement? (E.1.4)
- 2) Does the board of directors/commissioners periodically review and approve the vision and mission and has it done so at least once during the last five years? (E.1.5)
- 3) Does the company disclose details of the parent/holding company, subsidiaries, associates, joint-ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)? (D.1.5)
- 4) Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more? (D.1.1)
- 5) Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders? (D.1.2)
- 6) Does the company disclose the direct and indirect (deemed) shareholdings of directors? (D.1.3)
- 7) Does the company explain its activities briefly? Does it provide its company profile? (D.2.1)

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

- 1) Are the roles and responsibilities of the board of directors clearly stated? (E.1.3)
- 2) Are the types of decisions requiring board of directors' approval disclosed? (E1.2)
- 3) Do different persons assume the roles of chairman and CEO? (E.4.1)
- 4) Is the chairman a non-executive director?
- 5) Is the chairman an independent director? (E.4.2)
- 6) Is the chairman the current or immediate past CEO? (E.4.3)
- 7) Are the role and responsibilities of the chairman disclosed? (E.4.4)
- 8) Does the board of directors/ commissioners comprise at least five members and no more than 12 members?
- 9) Among the directors, how many may be considered as 'independent' according to the definition provided by the company? (Points given according to the number of independent directors)
- 10) Do independent, non-executive directors/commissioners number at least three and make up more than 50% of the board of directors? (E.2.5)
- 11) Are the independent directors/commissioners independent of management and major/substantial shareholders?

- 12) Has the company set a limit of five board seats in publicly-listed companies that an individual director/commissioner may hold simultaneously? (E.2.6)
- 13) Does the company disclose the number of board of directors' meetings held during the year? (E.3.2)
- 14) Does the company disclose the attendance details of each director/commissioner in respect of meetings held? (E.3.3)
- 15) Does at least one non-executive director/commissioner have prior working experience in the major industry the company is operating in? (E.4.6)
- 16) Does the company have orientation programmes for new directors? (E.5.1)
- 17) Does the company have a policy that encourages directors to attend on-going or continuous professional education programmes? (E.5.2)
- 18) Does the company disclose the details of remuneration of the CEO and each member of the board of directors? (E.3.12/E.3.13)

AUDIT COMMITTEE

- 19) Does the company have an Audit Committee? (E.2.18)
- 20) Is the Audit Committee comprised entirely of non-executive directors with a majority of independent directors? (E.2.19)
- 21) Is the chairman of the Audit Committee an independent director/commissioner? (E.2.20)
- 22) Does the Annual Report disclose the number of Audit Committee meetings held? (E.2.23)

NOMINATING COMMITTEE

- 23) Does the company have a Nominating Committee (NC)? (E.2.8)
- 24) Does the Nominating Committee comprise entirely of non-executive directors with a majority of independent directors? (E.2.9)
- 25) Is the chairman of the Nominating Committee an independent director/commissioner? (E.2.10)
- 26) Does the Annual Report disclose the number of Nominating Committee meetings held? (E.2.12)

REMUNERATION COMMITTEE/COMPENSATION COMMITTEE

- 27) Does the company have a Remuneration Committee (NC)? (E.2.13)
- 28) Does the Remuneration Committee comprise entirely of non-executive directors with a majority of independent directors? (E.2.14)
- 29) Is the chairman of the Remuneration Committee an independent director/commissioner? (E.2.15)
- 30) Does the Annual Report disclose the number of Remuneration Committee meetings held? (E.2.17)

RISK MANAGEMENT

- 31) Does the company disclose the internal control procedures/risk management systems it has in place? (E.3.19)
- 32) Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems? (E.3.20)

PERFORMANCE REVIEW & BOARD APPOINTMENTS

- 33) Is an annual performance assessment conducted of the board of directors? (E.5.5)
- 34) Does the company disclose the criteria used in the board assessment? (E.5.5)

CORPORATE POLICIES

Bonus point given if available in Burmese and English.

- 35) Are the following area covered by a specific policy? (score given for each policy disclosed)
 - Board Policy (E.1.1)
 - Code of conduct (E.2.1)
 - Diversity
 - Dividend policy (D.2.4)
 - Employment / Labour (C.3.1)
 - Equal opportunities policies / Diversity
 - Grievance policy
 - Human rights
 - Whistle-blowing policy (C.4.1)

BUSINESS ETHICS

- 36) Does the company have a code of ethics or conduct? (E.2.1)
- 37) Are the details of the code of ethics or conduct disclosed? (E.2.2)
- 38) Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code? (E.2.3)
- 39) Does the company disclose how it implements and monitors compliance with the code of ethics or conduct? (E.2.4)

WHISTLEBLOWING

- 40) Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights? (C.2.1)
- 41) Does the company have procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour? (C.4.1)
- 42) Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behaviour from retaliation? (C.4.2)

SUSTAINABILITY MANAGEMENT

MANAGEMENT

- 1) Does the company have a CSR (sustainability) manager / officer?

STRATEGY

- 2) Does the company have a CSR / sustainability strategy?
- 3) Does the company explain its stakeholders' mapping process? (C.1)
- 4) Does the company disclose its materiality analysis? (E.3.21)

REPORTING

- 5) Does the company use a dashboard to monitor and report its performance? (D.2.3)

COMMUNICATION

CORPORATE COMMUNICATION

Bonus point given if available in Burmese and English.

- 1) Does the company use the following mode of communication (score given for each mode of communication):
 - Company website (D.6.2)
 - Downloadable annual report (D.8.3)
- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? (C.1.7)

ANNUAL REPORT

- 3) Does the company's annual report disclose the following items (score given for each item disclosed) :
 - Corporate objectives (D.2.1)
 - Financial performance indicators (D.2.2)

REPORTING

NON-FINANCIAL

- 1) Does the company disclose the activities that it has undertaken to implement the mentioned policies? (score given for each activity disclosed)
 - Customer health and safety (C.1.1)
 - Supplier/Contractor selection and criteria (C.1.2)
 - Environmentally-friendly value chain (C.1.3)
 - Interaction with communities (C.1.4)
 - Anti-corruption programmes and procedures (C.1.5)
 - Creditors' rights (C.1.6)
- 2) Is the company publishing its main non-financial KPIs? (C.1.7)



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