

Asia World Company Limited

ANTI-FRAUD AND CORRUPTION POLICY

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This document contains 17 pages (including appendices)

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1. INTRODUCTION

1.1 Policy statement

- 1.1.1. Asia World Company Limited (“AWC”) recognises the need to develop and implement a pragmatic anti-fraud and corruption policy (the “Policy”) to manage the risks of fraud, bribery and corruption effectively.
- 1.1.2. We will uphold all laws relevant to countering fraud, bribery and corruption in all the jurisdictions in which we operate.
- 1.1.3. It is an offence to commit fraud, offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by imprisonment and/or a fine. Further, as an employer, failure to prevent bribery can result in a fine, exclusion from tendering for public contracts, and damage to our reputation.
- 1.1.4. It is our policy to conduct our business in an honest and ethical manner. We take a zero-tolerance approach to fraud, bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We are also committed to implementing effective systems to counter fraud, bribery and corruption.

1.2 About this Policy

- 1.2.1 The purpose of this Policy is to:
 - a) Set out our responsibilities in observing and upholding our position on fraud, bribery and corruption; and
 - b) Provide information and guidance to our employees on how to recognise and deal with fraud, bribery and corruption issues.

1.3 Who must comply with this Policy?

- 1.3.1 This Policy applies to all employees, sales consultants, directors, officers, and Board members of AWC, including its subsidiaries, branches and fellow affiliate companies (collectively, the “Group” as listed in Appendix 1) in Myanmar or elsewhere in the world.

1.4 Review of the Policy

- 1.4.1 This Policy shall be reviewed every two years by the Ethics Committee to ensure its relevance and effectiveness. The results of the review shall be reported to the Board of Directors.
- 1.4.2 The Policy review should entail:

- a) Consideration of the findings arising from the most recent fraud risk assessments¹ and fraud, bribery and corruption instances; and
- b) Consideration of changes in the Group's operations and business environment.

¹ Please refer to clause 4.8.

2. DEFINITIONS

2.1 Bribery and corruption

- 2.1.1 Dishonest activity in which a director, executive, manager, employee or contractor of the Group acts contrary to the interest of the Group and abuses his/her position of trust in order to achieve personal gain or advantage for himself/herself or for another person or entity.
- 2.1.2 It involves the giving or receiving of any gratification as an inducement or reward for any person to either do or forebear to do anything. Gratification is defined as including any money, gift, loan, fee, reward, commission, valuable security or other property (or interest in property), any office, employment or contract, any payment, release, discharge or liquidation of any loan, obligation or liability.
- 2.1.3 The Group pledges to uphold global standards of corporate conduct. The principal understanding will be to adhere to the United Nations Global Compact program for anti-corruption, on which we participate and support.

2.2 Fraud

- 2.2.1 Dishonest activity, with intentional deception or wilful misrepresentation, causing actual or potential financial loss to any person or entity.
- 2.2.2 Such dishonest activity includes theft of the Group's funds or other property by employees or non-employees, whether or not deception is used at the time, immediately before or immediately following the activity. It also includes the deliberate falsification, concealment, destruction, use or intended use of falsified documentation for a normal business purpose or the improper use of information or position.

2.3 Third party

- 2.3.1 Third party means any individual or organisation you come into contact with during the course of your work. Third parties comprise actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, politicians, political parties and government or public bodies (including their advisors, representatives and officials).

3 ROLES AND RESPONSIBILITIES

3.1 Roles

- 3.1.1 The Board of Directors shall have overall responsibility for this Policy.
- 3.1.2 The Ethics Committee shall be responsible for implementing this Policy, monitoring its use and effectiveness, dealing with any queries about it, and ensuring that the systems and procedures are effective in countering fraud, bribery and corruption.
- 3.1.3 Internal Audit shall assist the Ethics Committee with the monitoring of this Policy's use and effectiveness.
- 3.1.4 General Managers shall assist the Ethics Committee with the implementation of the Group's anti-fraud and corruption initiatives in their business units. All employees shall carry out the anti-fraud and corruption initiatives assigned to them.
- 3.1.5 Management at all levels shall be responsible for ensuring they and those reporting to them understand and comply with this Policy.

3.2 Your responsibilities

- 3.2.1 You must ensure that you read, understand and comply with this Policy.
- 3.2.2 To help ensure that anti-fraud and corruption measures remain effective, both executive and line management functions have to play an important role by setting an appropriate "tone at the top".
- 3.2.3 Line managers or supervisors shall be accountable for the acts of fraud, bribery or corruption of their subordinates.
- 3.2.4 All employees shall be responsible for reporting known or suspected incidences of fraud, bribery and corruption to the Ethics Committee as soon as possible. "Red flags" that may indicate fraud, bribery or corruption are set out in Appendix 2.

3.3 What you must not do

- 3.3.1 It is not acceptable for you (or someone on your behalf) to:
- 3.3.2 Give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- 3.3.3 Give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;
- 3.3.4 Accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that we will provide a business advantage for them or anyone else in return;

- 3.3.5 Accept hospitality from a third party that is unduly lavish or extravagant under the circumstances;
- 3.3.6 Offer or accept a gift to or from government officials or representatives, or politicians or political parties, without the prior approval of the Ethics Committee;
- 3.3.7 Threaten or retaliate against another individual who has refused to commit an act of fraud, bribery or corruption or who has raised concerns with the Ethics Committee under this Policy; or
- 3.3.8 Engage in any other activity that might lead to a breach of this Policy or any applicable laws.

3.4 How to raise a concern

- 3.4.1 You are encouraged to raise concerns about any potential ethical issue to the Ethics Committee.
- 3.4.2 If you encounter fraud, are offered a bribe, or are asked to pay a bribe, or if you believe or suspect that any fraud, bribery, corruption or other breach of this Policy has occurred or may occur, you must notify the Ethics Committee as soon as possible.
- 3.4.3 If you are unsure about whether a particular act constitutes fraud, bribery or corruption, raise it with the Ethics Committee.
- 3.4.4 Routine requests for assistance can be answered quickly, while more difficult or technical questions may need to be referred for expert advice. Inquiries shall be tracked to ensure that a response is given as quickly as possible, and that responses are consistent with prior guidance in substantially similar inquiries.
- 3.4.5 Any person who files a complaint which is frivolous, in bad faith, in abuse of this Policy, with malicious or mischievous intent is in breach of this Policy and will be subject to disciplinary action.

3.5 Protection

- 3.5.1 Individuals who refuse to accept or offer a bribe, or who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Group aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.
- 3.5.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in fraud, bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential fraud, bribery or corruption offence has taken place or may take place in the future.
- 3.5.3 Any person who takes reprisal action against individuals who report potential breaches of this Policy will be subject to disciplinary action.

3.6 Breaches of this Policy

- 3.6.1 Any employee who breaches this Policy will face disciplinary action, which could result in dismissal.
- 3.6.2 We may terminate our relationship with other individuals and organisations in association with any act in breach of this Policy.

4 POLICY INITIATIVES

4.1 Gifts, hospitality and expenses

4.1.1 This Policy allows reasonable and appropriate gifts, hospitality or entertainment given to or received from third parties in the normal course of business, for the purposes of:

- a) Establishing or maintaining good business relationships;
- b) Improving or maintaining our image or reputation; or
- c) Marketing or presenting our products and/or services effectively.

4.1.2 Hospitality and entertainment is allowed if the following requirements are met:

- a) It is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- b) It is appropriate in the circumstances, taking account of the reason for the hospitality and entertainment, its timing, value and venue/location;
- c) It takes place in an appropriate venue/location that is conducive to the business purpose; and
- d) It complies with any applicable local law.

4.1.3 The giving and accepting of modest gifts is allowed if the following requirements are met:

- a) They are not in the form of cash or cash equivalents (e.g. vouchers that can be exchanged for cash, goods or services).
- b) They are not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- c) They are appropriate in the circumstances, taking account of the reason for the gift, its timing and value; and
- d) They comply with any applicable local law.

4.1.4 Any receipt of gifts is to be reported to the Ethics Committee. Promotional gifts of low value such as branded stationery to or from existing customers, suppliers and business partners will usually be acceptable and need not be reported to the Ethics Committee.

4.1.5 We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or

payment is reasonable and justifiable. The intention behind it should always be considered.

4.2 Donations

4.2.1 It is our policy not to make donations to any political party on behalf of the Group, even if such contributions are permitted by a country's laws or regulations. While the Group may provide monetary or other support to initiatives or programme of corporate social responsibility in Myanmar, any such contributions however will not be directly to any particular candidate or party. Any exception shall be approved by the Board of Directors and be publicly disclosed.

4.2.2 While employees are free to make personal political donations, under no circumstances should such donations relate to any of the Group's operations, or be intended to obtain any advantage for the Group. This Policy is not intended to discourage or prohibit the Group's personnel from voluntarily participating in the political process in their own time and at their own expense, from expressing personal views on legislative or political matters, or from otherwise personally engaging in political activities.

4.2.3 We only make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of the Ethics Committee.

4.3 Conflicts of Interest

4.3.1 The Group's employees and managers should at all times avoid engaging in activities that conflict or appear to conflict with their responsibilities to the company. It is important that decisions affecting the company, particularly those related to suppliers, customers, competitors, or other third parties, are viewed as impartial and are made free from any conflicts of interest. Employees should refrain from any activity that could have a negative impact on the Group's business or reputation, as well as actions that could interfere with individual responsibilities within the company.

4.3.2 The Group's personnel should disclose in writing to the Ethics Committee all outside activities, financial interests, or personal relationships that may present a conflict of interest or the appearance of one.

4.4 Money Laundering

4.4.1 The Group's employees are required to alert the Ethics Committee if they suspect company resources are being used to launder money or property or to conceal any illicit activity. "Laundering" is the concealing or disguising of the illicit origin, source, location, disposition, movement or ownership of property, knowing that such property is the proceeds of crime.

4.5 Record-keeping

- 4.5.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 4.5.2 You must submit all expenses claims relating to hospitality, entertainment, gifts or payments to third parties in accordance with the Group's expenses policy and record the reason for expenditure and the beneficial parties.
- 4.5.3 Any receipt of gifts, except promotional gifts of low value, is to be reported to the Ethics Committee.
- 4.5.4 All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

4.6 Facilitation and extortion payments

- 4.6.1 The Group does not condone facilitation payments. "Facilitating" or "grease" payments² are minimal payments made to low-level government officials. These payments are generally made to expedite or secure the performance of "routine governmental actions" that are ordinarily and commonly performed by government officials. Such facilitation payments are illegal in almost all countries. Facilitation payments are unacceptable and should not be offered or paid, either directly or indirectly through a third party, as they represent a form of bribery and corruption which is inconsistent with the way we conduct business.
- 4.6.2 The Group acknowledges the extremely difficult position of an individual who may be the victim of extortion. The Group does not expect its employees to place themselves or their dependents at risk of harm if faced with extortion. Support will be provided to employees who are faced with extortion demands. Any circumstances in which money or valuables are demanded with threats must be reported to the Ethics Committee.
- 4.6.3 Further information on facilitation payments can be found in Appendix 3.

4.7 Training and communication

- 4.7.1 Training on this Policy forms part of the induction process for all employees, and regular training will be provided as necessary.

² Facilitation payments are often involved in obtaining non-discretionary permits, licenses, or other official documents, expediting lawful customs clearances, obtaining the issuance of entry or exit visas, providing police protection, mail pick-up and delivery, providing phone service, and performing actions that are wholly unconnected to the award of new business or the continuation of prior business.

4.7.2 Our zero-tolerance approach to fraud, bribery and corruption will be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

4.8 Fraud risk assessment

4.8.1 A fraud risk assessment is a detailed analysis of the fraud, bribery and corruption risks in key functional areas or business processes, and identifies the appropriate measures to proactively mitigate the risks identified.

4.8.2 A fraud risk assessment helps management to proactively:

- a) Identify the fraud, bribery and corruption risks that are unique to its business and operations.
- b) Identify gaps or weaknesses in the pre-existing controls mitigating these risks.
- c) Develop a pragmatic plan to reduce those risks.

4.8.3 The fraud risk assessment on key business units or processes will be the responsibility of the respective General Managers.

4.9 Pre-employment and employee exit screening

4.9.1 Pre-employment screening will be performed on prospective candidates who are joining the Group. The degree of checks will be dependent on the seniority and level of risk associated with the position.

4.9.2 Employees who are leaving employment will be subject to exit screening to ensure that confidential and/or proprietary information are not illicitly retained and used by exiting employees. The degree of such exit screenings will be dependent on the seniority and the level of risk associated with the position. Exiting employees are also required to sign a pronouncement that they did not illicitly retain and/or use any confidential and/or proprietary corporate information.

4.10 Third party due diligence

4.10.1 Third party due diligence will be performed on all major or key prospective business partners and periodically on existing business partners, if deemed necessary or practical, such as customers, vendors, contractors or agents.

4.10.2 The contract entered into with the business partners, wherever relevant, should contain terms that:

- a) Require the third party to acknowledge that it has read this Policy and will adhere to its requirements;

- b) Require the third party to promptly notify the Group on any changes to their particulars such as shareholdings, directorships, indirect business interests, and organisational structure; and
- c) Provide for independent audit by the Group.

4.11 Audit procedures to verify compliance

4.11.1 The Ethics Committee shall appoint Internal Audit to assist it with the company-wide compliance monitoring of this Policy.

4.11.2 As part of this Policy and the Group's other policies, the Group will conduct regular audits as described. These audits are designed to prevent and detect violations of applicable laws, this Policy, and other of the Group's policies, practices and procedures. These audits will focus on the following:

- a) The Group's strategy to ensure compliance with all applicable laws;
- b) Communication with and education of all pertinent Group Personnel;
- c) Establishment and implementation of monitoring mechanisms;
- d) Review of random samples of the Group's business agreements;
- e) Due diligence procedures taken prior to transacting with third-parties; and
- f) Efforts undertaken to verify that all subsidiaries comply with all applicable laws as well as this Policy.

4.11.3 These audits will also include a review of the Group's books and records as maintained by the Finance Department in relation to the entertainment, gift, and travel expenditures by Group employees in the regular course of their duties. When necessary, the audits will review records relating to social payments and donations to charities.

5 INVESTIGATION PROTOCOLS

5.1 Importance of proper investigation process

5.1.1 Fraud, bribery and corruption investigations can be complex and at times a technical process. Improper handling of an investigation may expose the Group to unnecessary risks. The Group's employees should be aware of the consequences of a poorly conducted investigation, including:

- a) Denial of natural justice;
- b) Staff morale may be affected;
- c) Risk of defamation suits;
- d) Inadmissible evidence as a result of poor control over the collection of evidence; and
- e) Destruction of physical evidence.

5.1.2 To ensure that there is reasonable assurance that investigations are performed and reported properly, they should be conducted by experienced personnel who are sufficiently independent of the area or the matter under investigation and have adequate appropriate resources to perform their function.

5.2 Natural justice

5.2.1 The principles of natural justice will be followed in all investigations. The principles of natural justice will be adopted to provide procedural fairness and facilitate a fair conclusion arising from the investigation. Maintaining procedural fairness protects the rights of the relevant individuals.

5.3 Professional investigation management

5.3.1 The Ethics Committee will appoint an appropriate investigator or a team of appropriate investigators.

5.3.2 In the interests of both actual and perceived objectivity, the Ethics Committee may consider engaging an external and independent investigator and/or retain external legal counsel, particularly where the allegation is of a serious nature.

6 INCIDENT RESPONSE AND REMEDIAL ACTIONS

- 6.1.1 Where an incident of fraud, bribery or corruption is substantiated, the detailed findings from the investigation and the proposed remedial and disciplinary actions will be reported to the Board of Directors. The Board of Directors shall be responsible for finalising the investigation outcome and the appropriate remedial and disciplinary actions. The respective General Managers shall be responsible for implementing the remedial and disciplinary actions.
- 6.1.2 In all substantiated instances of fraud, bribery and corruption, the Board of Directors (with assistance from the Ethics Committee) should ensure that:
- a) The causes which allowed the fraud and misconduct to take place are examined;
 - b) The remedial measures are implemented (e.g. the relevant controls strengthened); and
 - c) The disciplinary action(s) are enforced (e.g. actions against the perpetrator, the negligent employee and/or the line manager or supervisor).
- 6.1.3 The Group should actively pursue the recovery of any money or property lost through fraud, bribery and corruption, unless there is no or little prospect of a net benefit to the Group from such action. The Board of Directors should be updated on any legal actions to be pursued. Any decision not to pursue the recovery of the money or property lost requires approval from the Board of Directors.
- 6.1.4 All media enquiries, including those related to known or suspected incidents of fraud, bribery and corruption, should be directed to and addressed by the Group's media desk.

A. APPENDIX 1 – GROUP COMPANIES

- Asia World Company Limited
- Asia Mega Link Company Limited
- Asia Mega Link Services Co Limited
- Asia World Industries Limited
- Asia World Port Management Co Limited
- Global World Insurance Company Limited
- Green Asia Services Company Limited
- Green Luck Trading Company Limited
- Pioneer Aerodrome Services Company Limited
- Shwe Nar Wah Company Limited
- Virtue Land Company Limited
- Yadanar Taung Tann Gems Company Limited

B. APPENDIX 2 – POTENTIAL RISK SCENARIOS: “RED FLAGS”

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to the Ethics Committee:

- a) You become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- b) You learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- c) A third party refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- d) A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- e) A third party requests an unexpected additional fee or commission to "facilitate" a service;
- f) A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- g) A third party requests that a payment is made to "overlook" potential legal violations;
- h) A third party requests that you provide employment or some other advantage to a friend or relative;
- i) You receive an invoice from a third party that appears to be non-standard or customised;
- j) A third party refuses to put terms agreed in writing;
- k) You notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- l) A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- m) You are offered an unusually generous gift or offered lavish hospitality by a third party.

C. APPENDIX 3 – FACILITATION PAYMENTS

Facilitation payments can be construed as obtaining an “advantage” and can give rise to an offence. For example, an illegal payment to a government official to obtain or expedite the grant of a licence or a permit to facilitate our commercial operations could be interpreted as a bribe and lead to criminal prosecution if that conduct gave us a commercial advantage over our competitors.

The difference between facilitation payments and legitimate payments are:

- a) **Legitimate payments** are payments to a public servant or public authority for a service or performance of a public duty which is required or allowed to be paid by the law of the jurisdiction in which they are paid (e.g. a standard fee to process a document). These will usually be advertised by some public means at a set tariff which is the same for everyone and will be paid for transparently to an organisation or government official which will provide a receipt.
- b) A **facilitation payment** is an additional payment to a public servant or public authority which is not required or allowed to be paid by the law of the jurisdiction in which they are paid (e.g. a payment requested by a public servant to expedite the processing of a document where the provision of that service should be performed routinely without the need to pay such a fee).

Examples of facilitation payments may include, but are not limited to:

- a) Payments to a public servant or public authority, other than those which are required or allowed to be paid by the law of the jurisdiction in which they are paid, to obtain permits, licenses or other official documents to qualify a person to conduct its business; or
- b) Payments, other than those which are required to be paid by law, in order to facilitate governmental papers, such as visas and work orders.

For the purposes of this Policy, government official is defined as:

- a) Any officer or employee of any government entity, department, or agency;
- b) Any employee of a state or government-owned business, school, hospital, or other entity;
- c) Any official of a political party;
- d) Any candidate for political office;
- e) Any official or employee of a public international organization (e.g., United Nations, World Bank); or
- f) Any person acting in an official capacity on behalf of a government entity.

The definition of government includes local, regional, and national governments and the legislative, judicial, administrative and executive branches. Payments made to members of a government official's family in order to influence the government official are also prohibited.

Bribery can often include kicking back a portion of the payment for a government contract to a government officials, their family members, or business partners or using third parties to channel payments to government officials, their family members, or business partners. While bribery is often associated with government contracts, this Policy also prohibits engaging in any bribery in connection with private entities.