



## **Corporate Governance Manual**

**Board Approval Date: 28<sup>th</sup> November 2018**

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## 1. Introduction

The purpose of First Myanmar Investment Company Limited (“FMI” or “Company”) Corporate Governance Policy Manual (or “Manual”) is to summarize the key corporate governance policies and terms of reference (the “Policies”) of First Myanmar Investment Company Limited.

FMI defines corporate governance as a set of structures and processes that provide strategic direction and oversight control of the Company. It includes the relationships between the Company’s shareholders, Board of Directors and executive bodies for the purpose of creating long-term shareholder value.

The corporate governance framework of FMI is broadly based on the principles of:

**Accountability.** These Policies establish FMI’s accountability to shareholders and guide the Company’s Board of Directors in setting strategy and guiding and monitoring Company management.

**Fairness.** FMI protects shareholder rights and ensures the equitable treatment of all shareholders, including minority shareholders. All shareholders are to be granted effective redress for violation of their rights through the Board.

**Transparency.** FMI ensures that timely and accurate disclosure is made on all material matters regarding the Company, including financial situation, performance, share ownership and governance, in a manner easily accessible to interested parties.

**Responsibility.** FMI recognizes the rights of other stakeholders as established by laws and regulations, and encourages cooperation between the Company and stakeholders in creating sustainable and financially sound enterprises.

This Manual has been developed in adherence with:

1. The Myanmar Companies Law 2017; and
2. The Company Constitution

The Board of Directors of FMI (“Board”) will ensure these Policies are adhered to throughout the Company. Further, the Board will review and update these Policies as needed. Any changes to these

Policies must be approved by the Board of Directors. The provisions in this Manual will be applied as possible and practically allowed within the current legal constraints of Myanmar law and during the transition towards the new legal framework.

By adopting these Policies, FMI confirms its ongoing commitment to strong corporate governance.

## 2. TERMS OF REFERENCE FOR BOARD OF DIRECTORS

### 2.1 COMPOSITION

The Board of Directors (“**Board**”) shall have a strong independent element on the Board, with Independent Directors making up at least one-third of the Board.

The Board may consider a director Independent if he/she:

- (a) is not, and has not, been employed by the Company or any of its related corporation for the current or any of the past three (3) financial years;
- (b) does not have an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its subsidiaries and whose remuneration is determined by the remuneration committee;
- (c) has not served for an aggregate period of more than nine (9) years on the Board (whether before or after listing) and whose continued appointment as an independent director has been sought and approved in separate resolutions by (A) all shareholders, and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Company, and associates of such directors and chief executive officer;
- (d) is not a shareholder holding 5% or more shares of the Company or any of its subsidiaries;
- (e) is and was not a shareholder holding 5% or more shares of any organisation to which the Company and any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services, in the current or immediate past financial year; and
- (f) does not receive, and has not received, any remuneration from the Company or any of its subsidiaries for the current or immediate past financial year, other than compensation for his/her services as a Director.

The definition of “immediate family members” in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.

The Board shall examine its size from time to time to determine its effectiveness and decide on what it considers appropriate for the Company to facilitate effective decision-making. At minimum, the number of Directors must not be less than five (5) and not more than twelve (12).

The Board and its Board Committees shall comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company and also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

All Directors shall submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years in accordance with the provisions of the constitution of the Company.

No Directors shall serve on the Board beyond nine (9) years from the date of his/her first appointment, subject to Director’s service contract.

A member shall automatically cease to be a member of the Board if he is removed / disqualified under the provisions of the Myanmar Companies Law, or if he resigns / retires / is not re-elected as a Board member.

The Board shall fill any vacancy within two (2) months of the vacancy arising, and in any event, no later than three (3) months.

## **2.2 PROCEDURES GOVERNING MEETINGS**

### **QUORUM**

The quorum of the Board meeting shall be majority of the members, including at least one (1) Independent Director.

## **REQUISITION OF MEETINGS**

The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At anytime, any member may summon a meeting of the members by issuing at least seven (7) days' notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The meeting agenda shall be circulated to all members at least seven (7) days in writing prior to the meeting date. The expression "in writing" includes those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member.

The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice. At least four (4) meetings shall be held in a financial year.

## **CONDUCT OF MEETING**

The Board shall procure that a qualified person be appointed to organise its meetings, coordinate production of papers and keep minutes of proceedings.

The Chairman of the Board shall preside at each meeting. If the Chairman of the Board is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one of the members to be Chairman of the meeting.

All recommendations of the Board shall be decided by a majority of votes of the members present, with the Chairman of the meeting having a second or casting vote in event of an equality of votes.

The Board may invite any executive officer of the Company to attend its meetings.

## **PARTICIPATION VIA COMMUNICATION EQUIPMENT**

The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by one another, without a member being in the physical presence of

another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **RESOLUTIONS IN WRITING**

A resolution in writing signed by all the members and constituting a quorum shall be as effective as a resolution duly passed at a Board meeting and may consist of several documents in the like form, each signed by one (1) or more members. The expressions “in writing” and “signed” include approval by telefax, telex, cable.

### **DEBARRED FROM VOTING**

A member shall not vote in respect of any matters or proposal whatsoever in which he has any interest, directly or indirectly or as prescribed under the Myanmar Companies Law.

## **2.3 DUTIES AND FUNCTIONS**

The duties and responsibilities of the Board include:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;

- (e) set the Company's values, standards, policies and practices (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The duties and responsibilities of the Chairman of the Board include:

- (a) lead the Board to ensure effectiveness on all aspects of its role
- (b) ensure Board members receive all information necessary for them to perform their duties
- (c) ensure the Board has sufficient time for consultation and decision-making
- (d) determine the agenda of Board meetings, chair such meetings and ensure that minutes are kept of such meetings
- (e) promote a culture of openness and debate at the Board
- (f) ensure the Board and committees function properly
- (g) ensure Board members have full opportunity to provide their views and opinions on Board matters and issues are discussed and vetted fully prior to taking decision
- (h) ensure the Board of Directors has proper contact with the management team
- (i) ensure the Board of Directors satisfies its duties
- (j) consult with external advisors appointed by the Board of Directors
- (k) address problems related to the performance of individual Board members
- (l) address internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result

(m) promote a high standard of corporate governance

## **2.4 REPORTING**

Each meeting of the Board shall be properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes shall then be duly circulated to all members. The minutes of Board meeting, after incorporating the comments (if any) from the members, signed by the Chairman of the Board shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

The Chairman of the Board should attend the general meeting of shareholders to answer shareholder questions on the Board's activities, role and scope of responsibilities.

## **2.5 PROCEDURES RELATING TO CHANGES OR AMENDMENTS TO TERMS OF REFERENCE**

The Board shall initiate amendments to its Terms of Reference when the need arises to improve governing corporate governance. Any Director may give instructions for such amendments to the Board's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the Terms of Reference.

Any amendment to the Terms of Reference shall be tabled at a Board meeting for approval.

### 3. TERMS OF REFERENCE FOR AUDIT AND RISK MANAGEMENT COMMITTEE

#### 3.1 COMPOSITION

The Audit and Risk Management Committee ("**ARMC**" or the "**Committee**") shall be appointed by the Board of Directors ("**Board**") from amongst the members of the Board.

The ARMC shall comprise of at least three (3) directors, the majority of whom, including the ARMC Chairman, shall be independent. All members of the ARMC should be non-executive directors. In addition, the Committee may co-opt from time to time person who have the relevant expertise to assist it but who may not be directors. Such persons may be associate members or invitees of the committee but shall have no decision-making powers or voting rights.

The ARMC shall have at least two (2) members, including the ARMC Chairman who have relevant accounting or related financial management expertise or experience, as the Board interprets such qualifications in its business judgement.

A member who wishes to retire or resign from the ARMC shall notify the Board in writing giving three (3) months' notice or such shorter notice as may be agreed by the Board.

A member shall automatically cease to be a member of the ARMC if he is removed / disqualified under the provisions of the Myanmar Companies Law, or if he resigns / retires / is not re-elected as a Board member.

If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### 3.2 PROCEDURES GOVERNING MEETINGS

Under the Company's constitution, the ARMC being a committee of the Board shall conform to any regulations which may be from time to time imposed on it by the Board.

## **QUORUM**

The quorum of the ARMC meeting shall be two (2) members, including at least (1) independent director.

## **REQUISITION OF MEETINGS**

The ARMC may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At anytime, any member may summon a meeting of the members by issuing at least seven (7) days' notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The meeting agenda shall be circulated to all members at least seven (7) days in writing prior to the meeting date. The expression "in writing" includes those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member.

The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice. At least two (2) meetings shall be held in a financial year.

## **CONDUCT OF MEETING AND AUTHORITY**

The ARMC shall procure that a qualified person be appointed to organise its meetings, coordinate production of papers and keep minutes of proceedings.

The Chairman of the ARMC shall preside at each meeting. If the chairman of the ARMC is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one of the members to be Chairman of the meeting so long as the appointed Chairman is an independent director.

Questions arising from any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

The ARMC shall have explicit authority to investigate any matter within this terms of reference, full access to and co-operation by management, full discretion to invite any director, executive officer or employee to attend meetings and respond to the ARMC's questions and/or provide the ARMC with any other assistance, and reasonable resource to enable it to discharge its function properly. The ARMC shall also be authorized by the Board to take independent advice, in the furtherance of their duties, if necessary, and at the Company's expense.

The ARMC shall be provided with appropriate and timely training, in particular in respect of risk management expertise, both in the form of an induction programme for new members and on an ongoing basis for all members.

### **PARTICIPATION VIA COMMUNICATION EQUIPMENT**

The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by one another, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **RESOLUTION IN WRITING**

A resolution in writing signed by all the members and constituting a quorum shall be as effective as a resolution duly passed at an ARMC meeting and may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" and "signed" include approval by telefax, telex, cable, electronic mail, telegram or any other form of electronic communication by any such member.

### **DEBARRED FROM VOTING**

A member shall not vote in respect of any matters or proposal whatsoever in which he has an interest, directly or indirectly or as prescribed under the Myanmar Companies Law.

### 3.3 DUTIES AND FUNCTIONS

The duties of the ARMC include the following:

- (a) review with the external auditor the audit plan, their evaluation of the system of internal accounting controls and risk management, their audit report, their management letter and the management's response;
- (b) review the half-yearly and annual financial statements of the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (c) review the internal controls and procedures and ensure co-ordination between the external auditor and the management, review the assistance given by management to the external auditor and discuss problems and concerns, if any, arising from the audits, and any matters which the external auditor may wish to discuss;
- (d) review and discuss with the external auditor any suspected fraud or irregularity, or if applicable, suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;
- (e) consider the appointment or re-appointment of the external auditor, the audit fee, and matters relating to the resignation or dismissal of the external auditor;
- (f) review transactions falling within the scope of interested person transactions, related party transactions in accordance with the Company's Related Party Transactions Policy and Securities and Exchange Rules, and in particular matters pertaining to acquisitions and realisations;
- (g) review transactions as potential conflicts of interest;
- (h) review the adequacy and structure of the finance function on an on-going basis and take appropriate remedial actions as may be necessary;

- (i) monitor and review the Group's control of cash and banking procedures;
- (j) undertake such other reviews and projects as may be requested by the Board and report to the board its findings from time to time on matters arising and requiring the attention of the ARMC;
- (k) to review whether the weaknesses as identified by the external auditors have been fully addressed;
- (l) to review with the management on the areas of risk that may affect the Group's operations and the risk mitigation efforts;
- (m) direct and work with the management to develop and review policies and processes to address and manage identified areas of risk in a systematic and structured manner;
- (n) to determine and recommend to the Board for its approval, the nature and extent of significant risks in achieving the Board's strategic objectives. In particular, the ARMC should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems. The ARMC should also oversee and advise the Board on the current risk exposures and future risk strategy of the Company.
- (o) to review and implement the Company's policies, arrangements and procedures for reporting and detecting fraud and improprieties in matters of financial reporting or other matters;
- (p) make recommendations to the Board in relation to business risks that may affect the Group, as and when these risks may arise; and
- (q) generally undertake such other functions and duties as may be required by statute or the relevant securities rules, and by such amendments made thereto from time to time.

## **General**

To undertake such other reviews and projects as may be requested by the Board of Directors, and to report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC.

To take such measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

To undertake generally such other functions and duties as may be required by law, the Myanmar Companies Law or the relevant securities rules and by such amendments made thereto from time to time.

To ensure that the Company complies with requirements under the Myanmar Companies Law and the relevant securities rules.

To conduct periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board for approval.

To seek any information that it requires from any officer or employee of the Company, noting at all times that the receipt and use of such information obtained should be in compliance with various disclosure requirements, particularly those required by the regulatory bodies.

## **3.4 REPORTING**

Each meeting of the ARMC shall be properly minuted. The minutes of ARMC meeting, after incorporating the comments (if any) from the members, signed by the Chairman of the ARMC shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

### **3.5 PROCEDURES RELATING TO CHANGES OR AMENDMENTS TO TERMS OF REFERENCE**

The ARMC shall initiate amendments to its Terms of Reference when the need arises to improve corporate governance. Any director may give instructions for such amendments to the ARMC's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organization and/or operations which affect the matters set out in the Terms of Reference.

Any amendment to the Terms of Reference shall be submitted to the ARMC.

## 4. TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

### 4.1 COMPOSITION

The Remuneration Committee (“**RC**”) shall be appointed by the Board of Directors (“**Board**”) from amongst the members of the Board.

The RC shall have a minimum of three (3) directors, a majority of whom, including the RC Chairman, should be independent and free from any business or other relationships which may materially interfere with the exercise of their independent judgement. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest.

The RC shall have at least one member who is knowledgeable in the field of executive compensation, failing which the RC should have access to expert advice inside and / or outside the Company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

A member who wishes to retire or resign from the RC shall notify the Board in writing giving three (3) months’ notice or such shorter notice as may be agreed by the Board.

A member shall automatically cease to be a member of the RC if he is removed / disqualified under the provisions of the Myanmar Companies Law, or if he resigns / retires / is not re-elected as a Board member.

If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

## 4.2 PROCEDURES GOVERNING MEETINGS

Under the Company's Constitution, the RC being a committee of the Board shall conform to any regulations which may be from time to time imposed on it by the Board.

### QUORUM

The quorum of the RC meeting shall be two (2) members, including at least one (1) independent director.

### REQUISITION OF MEETINGS

The RC may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At anytime, any member may summon a meeting of the members by issuing at least seven (7) days' notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The meeting agenda shall be circulated to all members at least seven (7) days in writing prior to the meeting date. The expression "in writing" includes those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member.

The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice. A meeting shall be held at least once a year.

### CONDUCT OF MEETING

The RC shall procure that a qualified person be appointed to organise its meetings, coordinate production of papers and keep minutes of proceedings.

The Chairman of the RC shall preside at each meeting. If the Chairman of the RC is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairman of the meeting so long as the appointed Chairman is an independent non-executive director.

All recommendations of the RC shall be decided by a majority of votes of the members present, with the Chairman having a second or casting vote in event of an equality of votes.

No director shall participate in decisions on his/her own remuneration.

The RC may invite any director and executive officer of the Company to attend its meetings.

### **PARTICIPATION VIA COMMUNICATION EQUIPMENT**

The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by one another, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **RESOLUTIONS IN WRITING**

A resolution in writing signed by all the members and constituting a quorum shall be as effective as a resolution duly passed at a RC meeting and may consist of several documents in the like form, each signed by one (1) or more members. The expressions “in writing” and “signed” include approval by telefax, telex, cable, electronic mail, telegram or any other form of electronic communication by any such member.

### **DEBARRED FROM VOTING**

A member shall not vote in respect of any matters or proposal whatsoever in which he has any interest, directly or indirectly or as prescribed under the Myanmar Companies Law.

## **4.3 DUTIES AND FUNCTIONS**

The duties of the RC include the following:

- (a) To consider and make recommendations to the Board concerning the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration.

- (b) To review and recommend to the Board a general framework of remuneration for the Board and key management personnel (i.e. persons having authority and responsibility for planning, directing and controlling the activities of the Company). A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company. It should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing the performance of executive directors and key management personnel.
  
- (c) To review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC should cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. Short-term and long-term incentive schemes should be made subject to appropriate and justifiable performance conditions.
  
- (d) To ensure that the level and structure of remuneration offered will be:
  - (i) appropriate to the responsibilities undertaken and the level of contribution to the Company; and after taking into account factors like the industry and comparable company standards, the Company's performance and the individual performance;
  
  - (ii) aligned with the long-term interest and risk policies of the Company;
  
  - (iii) appropriate to attract, retain and motivate (i) the directors to provide good stewardship of the Company, and (ii) key management personnel to successfully manage the Company.
  
- (e) To review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.

- (f) To consider and implement, where deemed appropriate, long-term incentive schemes for executive directors and key management personnel. The costs and benefits of long-term incentive schemes should be carefully evaluated.
- (g) The RC's recommendations should be submitted for endorsement by the entire Board.
- (h) To carry out such other duties as may be agreed to by the RC and the Board.

#### **4.4 REPORTING**

Each meeting of the RC shall be properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes shall then be duly circulated to all members. The minutes of RC meeting, after incorporating the comments (if any) from the members, signed by the Chairman of the RC shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

#### **4.5 PROCEDURES RELATING TO CHANGES OR AMENDMENTS TO TERMS OF REFERENCE**

The RC shall initiate amendments to its Terms of Reference when the need arises to improve governing corporate governance. Any director may give instructions for such amendments to the RC's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the Terms of Reference.

Any amendment to the Terms of Reference shall be submitted to the RC for consideration and tabled at a Board meeting for approval.

## 5. TERMS OF REFERENCE FOR NOMINATING COMMITTEE

### 5.1 COMPOSITION

The Nominating Committee (“**NC**”) shall be appointed by the Board of Directors (“**Board**”) from amongst the members of the Board.

The NC shall comprise at least three (3) Directors, the majority of whom, including the NC Chairman shall be independent. All members of the NC should be non-executive directors.

A member who wishes to retire or resign from the NC shall notify the Board in writing giving three (3) months’ notice or such shorter notice as may be agreed by the Board.

A member shall automatically cease to be a member of the NC if he is removed / disqualified under the provisions of the Myanmar Companies Law, or if he resigns / retires / is not re-elected as a Board member.

If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### 5.2 PROCEDURES GOVERNING MEETINGS

Under the Company’s constitution, the NC being a committee of the Board shall conform to any regulations which may be from time to time imposed on it by the Board.

#### **QUORUM**

The quorum of the NC meeting shall be two (2) members, including at least one (1) independent director.

## **REQUISITION OF MEETINGS**

The NC may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At anytime, any member may summon a meeting of the members by issuing at least seven (7) days' notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The meeting agenda shall be circulated to all members at least seven (7) days in writing prior to the meeting date. The expression "in writing" includes those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member.

The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice. A meeting shall be held at least once a year.

## **CONDUCT OF MEETING AND AUTHORITY**

The NC shall procure that a qualified person be appointed to organise its meetings, coordinate production of papers and keep minutes of proceedings.

The Chairman of the NC shall preside at each meeting. If the Chairman of the NC is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairman of the meeting so long as the appointed Chairman is an independent director.

Questions arising from any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

## **PARTICIPATION VIA COMMUNICATION EQUIPMENT**

The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by one another, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

## **RESOLUTIONS IN WRITING**

A resolution in writing signed by all the members and constituting a quorum shall be as effective as a resolution duly passed at a NC meeting and may consist of several documents in the like form, each signed by one (1) or more members. The expressions “in writing” and “signed” include approval by telefax, telex, cable, electronic mail, telegram or any other form of electronic communication by any such member.

## **DEBARRED FROM VOTING**

A member shall not vote in respect of any matters or proposal whatsoever in which he has any interest, directly or indirectly or as prescribed under the Myanmar Companies Law.

## **5.3 DUTIES AND FUNCTIONS**

The duties of the NC include the following:

- a) to regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- b) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- c) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- d) to develop and maintain a formal and transparent process for the appointment and re-appointment of directors to the Board. The process for the appointment of new directors should include an evaluation of his/her capabilities and how the new director will fit in the overall competency of the Board.
- e) to make recommendations to the Board on relevant matters relating to:

- (i) membership of the Audit and Risk Management Committee and the Remuneration Committee, and any other board committees as appropriate, in consultation with the chairmen of those committees;
  - (ii) all Board appointments and shall ensure that the process of board appointment is transparent;
  - (iii) the appointment and re-appointment of directors (including alternate directors, if applicable), having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six (6) years), including, if applicable, as an independent director;
  - (iv) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and
  - (v) the appointment of any director to executive or such other office.
- (f) to develop and maintain a process for the selection, appointment and re-appointment of directors, having regard to the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candor and any other salient factors), including, if applicable, as an independent director. All proposed appointees should be required to disclose any other business interests that may result in a conflict of interest and/or report any future business interests that could result in a conflict of interest.
- (g) to ensure all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years.
- (h) to determine annually, and as and when circumstances require, whether a director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

No director shall serve on the Board beyond nine (9) years from the date of his/her first appointment.

Every Director shall, upon appointment, and subsequently on an annual basis, submit to NC, a return of Confirmation of Independence form (as attached in Appendix A) as the NC may approve as to his independence. The NC shall review the returns and recommend to the Board as to whether the director is to be considered independent.

An Independent Director shall notify the Board immediately, if, as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances and make its recommendation to the Board as to whether the director is to be considered independent.

An Executive Director is considered as a member of the board of a company who also has management responsibilities.

A Non-Executive Director is considered as a board member without responsibilities for daily management or operations of the company.

The Board may consider a Director as Independent if he/she:

- i. is not, and has not, been employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;
- ii. does not have an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its subsidiaries and whose remuneration is determined by the remuneration committee;
- iii. has not served for an aggregate period of more than nine (9) years on the Board (whether before or after listing) and whose continued appointment as an independent director has been sought and approved in separate resolutions by (A) all shareholders and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Company, and associates of such directors and chief executive officer;

- iv. is not a shareholder holding 5% or more shares of the Company or any of its subsidiaries;
- v. is and was not a shareholder holding 5% or more shares of any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services, in the current or immediate past financial year; and
- vi. does not receive, and has not received, any remuneration from the Company or any of its subsidiaries for the current or immediate past financial year, other than compensation for his services as a Director.

The definition of “immediate family members” in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.

The NC may determine that a Director is non-independent even if he has no business or, other relationships with the Company, its related corporations, its 5% shareholders or its officers and should similarly provide its views to the Board for the Board’s consideration.

- i. to decide whether a director is able to and has adequately carried out his duties as a director of the Company where such director has multiple board representations, taking into consideration the director's number of listed company board representations and other principal commitments (which includes all commitments involving significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments). Where possible, the NC shall formulate and adopt guidelines that can address the competing time commitments that are faced when directors serve on multiple boards. The maximum number of listed company board representations which any director may hold is set at five (5).
- ii. to ensure that, if an alternate director is appointed, he is familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC (along with the Board) should

review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director.

- iii. to ensure that the appointment and re-appointment of directors complies with the requirements under the Myanmar Companies Law and the relevant securities rules, and with such amendments made thereto from time to time.
- iv. to oversee and review key governance and transparency issues concerning the Company, in particular, ensuring the Company's maintenance of high standards of governance in accordance with appropriate guidelines and benchmarks.
- v. to seek any information that it requires from any officer or employee of the Company, noting at all times that the receipt and use of such information obtained should be in compliance with various disclosure requirements, particularly those required by the regulatory bodies.

## **5.4 REPORTING**

Each meeting of the NC shall be properly minuted. The minutes of NC meeting, after incorporating the comments (if any) from the members, signed by the Chairman of the NC shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

## **5.5 PROCEDURES RELATING TO CHANGES OR AMENDMENTS TO TERMS OF REFERENCE**

The NC shall initiate amendments to its Terms of Reference when the need arises to improve governing corporate governance. Any director may give instructions for such amendments to the Nominating Committee's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the Terms of Reference.

Any amendment to the Terms of Reference shall be submitted to the NC for consideration and tabled at a Board meeting for approval.

## **6. DIVIDEND POLICY**

### **6.1 OBJECTIVE**

The Company has implemented this dividend policy which aims to provide a return to shareholders once a year through the payment of dividends, after taking into account the Company's financial performance, short- and long-term capital requirements, future investment plans, and general business and economic conditions.

### **6.2 GENERAL PROVISIONS**

Company dividends are disbursed to shareholders each year as monetary funds or other forms based on Company performance results.

The Company will use best efforts to pay dividends each fiscal year and when not able to do so, the Company will inform the shareholders accordingly.

### **6.3 APPROVAL PROCESS**

Decisions on the declaration and disbursement of dividends shall be made by shareholders at the Annual General Meeting ("AGM") upon recommendation of the Board.

### **6.4 FINAL PROVISIONS**

This Policy takes effect as of the date of approval by the Board. Any amendment to the present Policy shall require a supermajority vote by the Board.

The Board endeavors to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

## 7. RELATED PARTY TRANSACTION POLICY

### 7.1 OBJECTIVE

It is the Company's policy that any transaction with a related party ("RP") will be at arm's length and on terms generally available to an unaffiliated third party under the same or similar circumstances. The Audit and Risk Management Committee ("ARMC") shall oversee and review the propriety of related party transactions ("RPTs") and their reporting disclosures.

RPTs can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. The Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions ("Policy").

The objective of this Policy is to set out (a) the materiality thresholds for RPTs and; (b) ensure proper approval, disclosure and reporting of such transactions as applicable under the law/regulations, between the Company and any of its RP in the best interest of the Company and its stakeholders.

### 7.2 SCOPE

This policy applies to FMI's employees, including part-time, temporary and contract employees.

### 7.3 DEFINITIONS

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or

- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) the entity and the reporting entity are member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

Key management personnel (“**KMPs**”) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Associates includes subsidiaries of the associates, and a joint venture include subsidiaries of the joint venture.

Notwithstanding anything in this Policy, all RPTs relating to Yoma Bank Limited, a subsidiary of the Company, shall be subject to RPT procedures of Yoma Bank Limited, which have been provided to the Company, and as may be amended from time to time.

## **7.4 DEFINITION OF RELATED PARTY TRANSACTION**

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

## **7.5 PROCEDURES**

- (a) All RPTs must be recorded and brought to the notice of the ARMC and the ARMC will review all recorded RPTs on a half-yearly basis.
- (b) The ARMC will determine whether an RPT is:
  - (i) is in the ordinary course of business; and
  - (ii) undertaken at arm’s length basis and on normal commercial terms.
- (c) The ARMC shall consider whether the terms of the RPT are at arm’s length, fair to the Company and such factors as the following:
  - (i) materiality;
  - (ii) commercial reasonableness of the terms;
  - (iii) extent of the RP’s interest in the RPT;

- (iv) conflict of interest of the RP participating in the transaction.
- (d) The ARMC may establish guidelines to oversee conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.
- (e) A Director, officer or key management personnel shall promptly notify the ARMC or the Company of any interest that he/she or his/her immediate family member had, has or may have in a RPT. He/She shall disclose all material information concerning the RPT.

## **7.6 REVIEW OF POLICY**

This Policy has been adopted by the Board of the Company based on recommendations of the ARMC. The ARMC may, if thought fit, review and amend the Policy, as and when required, to ensure its effectiveness, subject to the approval of the Board.

## **APPENDIX A**

### **CONFIRMATION OF INDEPENDENCE**

I confirm the following:-

- a) That I \*am/am not an Executive Director of the Company and \*have/have not been employed by the Company or any of its related corporations<sup>1</sup> for the current or any of the past three (3) financial years.
- b) That I \*have/do not have an immediate family<sup>2</sup> member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its subsidiaries and whose remuneration is determined by the Company's Remuneration Committee.
- c) That I \*have/have not accepted any remuneration from the Company or any of its related corporations for the provision of services for the current or immediate past financial year other than fees for acting as a Director of the Company.
- d) That I, in the current or immediate past financial year, \*is/is not and \*was/was not a 5% shareholder<sup>3</sup> of, \*or a partner in (with 5% or more stake), \*or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, \*or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
- e) That I \*am/am not a 5% shareholder<sup>3</sup> of the Company.
- f) That I \*do/do not have a relationship with the Company, its related corporations<sup>1</sup>, its 5% shareholder<sup>3</sup> or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of my independent business judgment with a view to the best interests of the Company.
- g) That I \*have/have not served on the Board beyond nine years from the date of my first appointment.

If any of the relationships stated above exist, please provide details:

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In view of the foregoing, I \*am/am not considered \*independent/not independent of the Company.

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Name:

Date:

*\* delete where inapplicable*

- <sup>1</sup> The term “related corporation”, in relation to a company, is the company’s holding company, subsidiary or fellow subsidiary.
- <sup>2</sup> The term “immediate family” the person’s spouse, child, adopted child, step-child, sibling and parent.
- <sup>3</sup> The term “5% shareholder” shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company. “Voting shares” exclude treasury shares.