

## Board Charter

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### Table of Contents

A. General Provisions.....	1
A1. Purpose.....	1
A2. Applicability of Provisions.....	1
A3. Amendment.....	1
B. Board Roles and Responsibilities .....	1
B1. General Board Roles and Responsibilities.....	1
B2. Board Authorities.....	2
C. Board Structure & Composition .....	3
C1. Board Size.....	3
C2. Board Composition. ....	3
C3. Chairperson and Vice-Chairperson of the Board.....	4
C4. Committee Structure. ....	4
C5. Group Secretary.....	5
C6. Remuneration of Directors.....	5
D. Directors’ Duties.....	6
D1. Director Duties.....	6
D2. Directors’ Access to Information. ....	7
D3. Access to Independent Advisors.....	7
E. Board Work Procedures.....	8
E1. Frequency. ....	8
E2. Notice and Agenda.....	8
E3. Annual Plan.....	8
E4. Venue.....	9
E5. Attendance and Admittance to Meetings. ....	9
E6. Quorum.....	9

E7. Adoption of Resolutions.....	10
E8. Minutes of Board Meetings.....	10
F. Other Board Policies & Practices.....	11
F1. Board Evaluation.....	11
F2. Board Continuing Education.....	11
F3. Succession Planning. ....	11
F4. Board and Management Interaction.....	12
F5. Director Indemnification and Insurance.....	12
F6. Adherence to Board Charter, Manual and Code of Conduct.....	12
F7. Conflict of Interest.....	12
F8. Declaration of Material Interests.....	13
F9. Confidentiality.....	13

## **A. General Provisions**

### **A1. Purpose.**

The Board Charter ('STG Charter' or 'Board Charter') lays out the role, powers, responsibilities and procedures of the Board of Directors of Shwe Taung Group (STG).

### **A2. Applicability of Provisions.**

In conducting its business, the Board of Shwe Taung Group (STG) shall be guided by the Board Charter. The following are the provisions of Board Charter organized by:

- Board Roles & Responsibilities
- Board Structure & Composition
- Director Duties
- Board Work Procedures
- Other Board Policies & Practices

### **A3. Amendment.**

This Board Charter may be amended by the Board who shall endeavor that the Board Charter remains aligned to the Myanmar Companies Law, Applicable Laws, Shareholders' Agreement, STG Corporate Governance Manual and STG Code of Conduct.

## **B. Board Roles and Responsibilities**

### **B1. General Board Roles and Responsibilities.**

The Board shall bear overall accountability for the performance of STG. The Board is elected by shareholders to oversee and guide management with the goal of creating long-term shareholder value for the Group, while considering the interest of its stakeholders. The following functions are the common recurring activities of the Board:

- (i) Reviewing, approving, and monitoring STG's long-term strategic objective, business plans, performance targets and making recommendations;
- (ii) Monitoring the overall performance of STG and its senior management with a particular focus on progress towards its strategic objectives;
- (iii) Overseeing the integrity of the financial statements, approving STG financial reports;
- (iv) Ensuring compliance with legal and regulatory requirement

- (v) Overseeing the performance of the internal audit function and effectiveness of controls;
- (vi) Selecting the external auditor and ensuring its independence;
- (vii) Defining risk tolerance/appetite, assessing the major risks facing STG and overseeing the steps taken by management to monitor and control such risks;
- (viii) Reviewing and approving major business transactions (above a threshold), including capital allocations and expenditures, in line with the approved Authority Matrix;
- (ix) Reviewing and/or approving Related Party Transaction Policy;
- (x) Overseeing investment and financing activities of STG and making major investment and financing decisions, articulating investment policies;
- (xi) Approving the annual operating and capital budget of STG;
- (xii) Developing a dividend policy and submitting for approval by shareholders said dividend policy as well as proposed dividend quanta;
- (xiii) Selecting and recommending directorship candidates for election by shareholders;
- (xiv) Determining the remuneration of individual Directors;
- (xv) Selecting, appointing, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- (xvi) Determining and approving remuneration for senior executives, including the Group Chief Executive Officer and monitoring their performance;
- (xvii) Approving and monitoring the effectiveness of the Group's governance practices and policies and making changes as needed.
- (xviii) Approving the Environment and Social Management System ('ESMS'), remaining aware and reviewing E&S performance on a routine basis;
- (xix) Set the Group's values and ethical standards and ensure that they are being implemented and circulated properly;
- (xx) Ensure that obligations to shareholders are met; and
- (xxi) Ensuring that an appropriate dialogue takes place between STG and its key stakeholders, including but not limited to ensuring the effectiveness of the external communication mechanism.

## **B2. Board Authorities.**

The Board has defined and shall maintain an Authority Matrix that clearly defines the authorities of the Board, its committees versus shareholders and management. The Board shall ensure that the Authority Matrix is in line with the authorities granted in the applicable laws and regulations, Articles of Association and provided for in any Shareholders' Agreement.

## **C. Board Structure & Composition**

### **C1. Board Size.**

The Board shall at all times have a minimum of five and a maximum of nine directors.

### **C2. Board Composition.**

#### **C2.1 Board's Skill Mix and Diversity**

The Board's competencies and skill mix shall be such that it is adequate for oversight duties, and the development of STG direction and strategy. Each individual member of the Board shall have the experience, knowledge, qualifications, expertise and integrity necessary to effectively discharge Board duties and enhance the Board's ability to serve the long-term interests of STG and its shareholders. This includes a broad range of expertise that covers STG's main business, geographical areas, and includes at least one financial expert, meaning he/she has expertise in financial administration and accounting.

#### **C2.2 Non-Executive Directors**

To ensure the impartiality of decisions and to maintain the balance of interests among various groups of shareholders, the Board shall have the majority of non-executive directors.

#### **C2.3 Managing Director**

The Board shall appoint one of its Directors to the office of Managing Director of STG, provided that the Managing Director shall be an executive of the Group and preferably the Group Chief Executive Officer. The Managing Director shall exercise the powers provided under the Myanmar Companies Law and any applicable laws, ordinances, rules and regulations. A person ceases to be a managing director if he or she ceases to be a Director.

### C3. Chairperson and Vice-Chairperson of the Board.

#### C3.1 Election

The Board shall elect a chairperson and up to two vice chairpersons from among its members. The vice-chairperson replaces, and assumes the powers and duties of, the chairperson when the chairperson is absent.

#### C3.2 Responsibilities of the Chairperson

The chairperson of the Board presides over the meetings of the Board and of shareholders. The chairperson of the Board is primarily responsible for the activities of the Board and its committees. The responsibilities of the chairperson include ensuring that:

- (i) Board Directors, when appointed, participate in an induction program and, as needed, additional education or training programs;
- (ii) The Board Directors receive all information necessary for them to perform their duties;
- (iii) Determining the agenda of Board meetings, chairing such meetings and ensuring that minutes are kept of such meetings;
- (iv) The Board has sufficient time for consultation and decision-making;
- (v) The Committees function properly;
- (vi) The performance of the Board Directors is periodically evaluated;
- (vii) Minutes of the Board meeting are approved and signed; and
- (viii) Effective communication with the shareholders.

### C4. Committee Structure.

**C4.1** The Board may appoint committees from among its members to perform specific tasks as needed. The Board shall establish the following Board committees:

- (i) **Audit and Risk Committee:** This committee oversees risk management framework, management control and financial reporting framework, with emphasis on the integrity of financial reporting, soundness of internal controls, compliance, effectiveness of risk management, and the independence and performance of the external auditors.
- (ii) **Organisation & Sustainability Committee:** This committee covers several areas, including: E&S Risk Governance, Corporate Governance, Human Capital, and Organizational

- (iii) Development. Additionally, it replaces and incorporates all responsibilities of the Code of Conduct Compliance Committee and acts as the Group Safety Committee.
- (iv) **Investment Committee:** This committee is to develop the investment and financing strategy for the Group; to oversee prior investments and capital allocation decisions on a value-add basis; to Develop and maintain an Investment Policy of the Group; and to consider new specific investment decisions across the group of companies above a defined threshold.

**C4.2** The above committees shall be governed by the respective charters containing provisions on the scope of authority, competencies, composition, working procedures, as well as the rights and responsibilities of the committee members. Final authority, decision-making and accountability on all Board-designated matters ultimately rests with the full Board of directors, who shall remain collectively responsible for the decisions and actions taken by any committee.

**C4.3** Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board Director has unrestricted access to all committee meetings and records. The Board shall, as set forth in the charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

## **C5. Group Secretary.**

**C5.1 Appointment of a Group Secretary.** The Board shall appoint a Group Secretary to lead the Corporate Secretary Team to assist with the activities of the Board and its committees as well as corporate governance matters.

**C5.2 Role of the Group Secretary.** The Group Secretary shall assist the chairperson of the Board in organizing the Board's activities including providing information, preparing an agenda, reporting of meetings, yearly Board evaluations and training programs. The Group Secretary shall also assist the Board committees as needed. The Board will approve the terms of reference of the Group Secretary.

## **C6. Remuneration of Directors.**

**C6.1 Role of Board Committee.** The Board shall define the remuneration and expense reimbursement policy providing for the payment of Directors' fees and reimbursement of expenses to any Director who is not an employee of STG.

**C6.2 Remuneration Policy.** The remuneration policy shall seek to attract, motivate, reward, and retain directors of high integrity and superior ability who are focused on enhancing long-term shareholder value. Further, the remuneration policy shall be such that it does not jeopardize a director's independence or encourage unjustified short-term risk taking.

**C6.3 Approval by Shareholders.** The Board, shall submit to the shareholders, for their approval in General Meeting, an aggregate amount towards board remuneration.

## **D. Directors' Duties**

### **D1. Director Duties.**

**D1.1 Fiduciary and Statutory Duties.** All Directors owe the Group and its shareholders the fiduciary duties of care and diligence, loyalty, and any statutory duties provided under the Myanmar Companies Law. In the discharge of their duties, Directors must at all time act in good faith, with candor, in the best interests of the Group and in compliance with the Articles of Association, Myanmar Companies Law and all Applicable Laws.

**D1.2 Policies.** The Director shall fully understand and act in accordance with the Manual as well as the Group Code of Conduct.

**D1.3 Duty of Care and Diligence.** The Director shall, when making a decision in exercise of his or her powers, and discharging his or her duty of care and diligence:

- (i) make the decision in good faith for a proper purpose;
- (ii) not have a material personal interest in the subject matter of the decision;
- (iii) inform themselves about the subject matter of the decision to the extent they reasonably believe to be appropriate; and
- (iv) rationally believe that the decision is in the best interests of the Group

**D1.4 Duty of Loyalty.** The Director shall, at all times, remain mindful of and discharge his or her duty of loyalty to STG. He or she shall NOT:

- (i) improperly use his or her position or information obtained by him or her as a director to gain an advantage for him or herself or someone else; or cause detriment to the Group;



- (ii) conduct transactions in which it has a personal interest unless in accordance with the Myanmar Companies Law, STG Code of Conduct, and STG's Related Party Transaction Policy;
- (iii) disclose confidential information;
- (iv) use assets and facilities of the Group for personal benefit; or
- (v) use information and business opportunities received in his or her official capacity for personal gain.

**D1.4 Time Commitment.** The Director shall commit adequate time to the position, including the time to attend Board and Committee meetings, time to prepare him/herself for meetings, and time to stay adequately abreast of developments in STG.

**D1.5 Participation.** The Director shall fully participate in Board discussions and voice his or her concerns openly to the Board. The Director shall ensure objectivity of analysis, including by not being unduly swayed by the Chairperson, Committee heads, or other members.

## **D2. Directors' Access to Information.**

The Board and its individual Directors have responsibility for obtaining all information from the management and the internal and external auditors needed to carry out their duties. A Director may inspect the books and records of the Group at all reasonable times. If the Board thinks it is necessary, it may obtain information from officers and external advisers of the Group. Requests for information shall, as far as possible, be made in writing and through the Group Secretary.

## **D3. Access to Independent Advisors.**

The Board and its committees shall have the right at any time to retain independent outside accounting, financial, legal or other advisors, and STG shall provide appropriate funding, as determined by the Board or any committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

## E. Board Work Procedures

### E1. Frequency.

The Board shall meet at least once every quarter of each financial year subject to an annual schedule. The Board shall meet earlier than scheduled, if deemed necessary by the chairperson of the Board or two other members of the Board.

### E2. Notice and Agenda.

Meetings of the Board are called by the chairperson.

**E2.1 Written notice.** Written notice of each meeting of the Board shall be given to all the Board Directors. Written notice of each meeting of a committee of the Board shall be given to all Directors on that committee. All notices shall be sent by email at least fifteen (15) calendar days in advance of such meeting; provided that where, exceptionally, the Board or a committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such notice requirements may be waived with the unanimous approval of all Board Directors or, in the case of a meeting of a committee of the Board, all Directors on that committee.

**E2.2 Agenda and Meeting Materials.** An agenda setting out in detail the items of business proposed to be transacted at a meeting of the Board together with necessary information and supporting documents shall be circulated to each of the Board Directors. Necessary information shall be comprehensive and include the minutes of the previous Board meeting, issue papers to be discussed and other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The agenda, information and documents shall be circulated at least seven (7) calendar days prior to the date of the relevant meeting; provided that where, exceptionally, the Board is required to make a decision in circumstances in which the foregoing requirements cannot be observed, such requirement to circulate agenda information and documents may be waived with the unanimous approval of all Board Directors.

### E3. Annual Plan.

The Board shall develop an Annual Plan that highlights key topics to be covered over the course of the year. Individual Board agendas should then be set in alignment with this annual plan, plus include any other timely issues that needs to be discussed. Directors are urged to make suggestions for other agenda items, or additional pre-meeting materials as needed.

#### **E4. Venue.**

**E4.1 Headquarters.** Board meetings are generally held at the headquarters of the STG or STG but may also take place elsewhere per the request of one third of the Board Directors.

**E4.2 Use of technology.** Any Director shall be entitled to participate in a Board meeting, at which he or she is not physically present, by telephone or video conference or similar electronic technology and the chairperson shall ensure that such Director's observations are duly recorded in the minutes of such meeting. No resolution taken in such meeting shall be deemed to have been duly passed by the Board or a committee of the Board unless it has been unanimously approved in writing by such Directors as are entitled to vote on the resolution.

#### **E5. Attendance and Admittance to Meetings.**

**E5.1 Proxies.** A Director may be represented at Board meetings by another Director holding a proxy in writing. The authorized proxy may not hold proxy for more than one member.

**E5.2 Undue Absence.** If a Director is frequently absent from Board meetings, he or she shall be required to explain such absences to the Chairperson. Frequent absences may result in dismissal from the Board.

**E5.3 Attendance by Non-Members.** The admission to a meeting of persons other than Board members, the Corporate Secretary and (if invited) members of the management team shall be decided by the Chairman or a majority of the Board members present at the meeting. Nonmembers shall not have a right to vote at the meetings.

#### **E6. Quorum.**

At any meeting of the Board, the quorum must be present at all times during the meeting.

**E6.1 Quorum at Board meetings.** The quorum for a meeting of the Board, duly convened and held, shall require the presence of a majority of the Directors then in office. As provided under the Shareholders' Agreement, the quorum shall include at least one Sponsor Director, if appointed.

**E6.2 Absence of Quorum.** In the absence of a valid quorum at a meeting of the Board duly convened, the meeting shall be adjourned to the same time and place seven (7) days thereafter. The quorum requirements of any such adjourned meeting shall remain the same. If a meeting of the Board duly convened has been adjourned more than two (2) times due to a lack of quorum, at the third adjourned meeting, the quorum at such adjourned meeting shall, subject to requirements under Applicable Laws and the Shareholders' Agreement, be a majority of the Directors then in office.

## **E7. Adoption of Resolutions.**

**E7.1 Preference for Unanimity.** The Board shall try to unanimously adopt resolutions. However, Directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

**E7.2 Majority Vote.** When unanimity cannot be reached, and except where one or more Directors are not physically present, any resolution may be adopted at a Board meeting by a simple majority vote of the Directors present and voting at the meeting. Each Board Director has the right to cast one vote, save that in the event of a tie the Chairperson shall have a casting vote.

**E7.3 Adoption at Board Meeting.** In general, and as far as practicable, resolutions of the Board are adopted at meetings of the Board.

**E7.4 Resolution by Circulation or Written Consent.** Subject to the requirements under the Myanmar Companies Law or Applicable Laws, no resolution shall be deemed to have been duly passed by the Board or a committee of the Board by circulation or written consent, unless the resolution has been circulated in draft form, together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Directors or to all Directors on the relevant committee at their usual address, and has been unanimously approved in writing by such of them as are entitled to vote on the resolution.

## **E8. Minutes of Board Meetings.**

**E8.1 Drawing of Minutes.** The Group Secretary shall keep complete minutes of Board meetings. The minutes should capture the essence of discussions held, any dissenting points of view, and key decisions or actions taken by the Board. An action log summarizing key decisions taken at meeting, actions to be

undertaken in regard to decisions and responsibilities for the execution of the actions, shall likewise be prepared together with the minutes.

**E8.2 Approval of Minutes.** Each member of the Board shall receive a copy of the minutes for comment within seven (7) calendar days after the meeting. Each Director may demand a formal declaration by him to be included in the minutes. The minutes of a meeting are taken as having been approved if the Directors do not submit a written objection to the Chairperson and the Group Secretary within seven (7) calendar days of the date on which the minutes were distributed.

**E8.3 Recording of Minutes and of Written Resolutions.** The minutes of all proceedings of board meetings and of any written resolutions that are passed to be entered in books kept for that purpose. The relevant minutes or resolutions must be recorded in this books within 21 days of the holding of the meeting or passing of the written resolution and must be signed by the Chairperson or the Vice-Chairperson.

## **F. Other Board Policies & Practices**

### **F1. Board Evaluation.**

The Board shall conduct evaluate its functioning to identify ways to strengthen its overall effectiveness. This evaluation process is to be overseen and facilitated by the Organisation & Sustainability Committee and with the assistance of the Group Secretary. Although, Board evaluation is preferred on a yearly basis, initially it may be conducted bi-annually.

### **F2. Board Continuing Education.**

The Group shall offer an orientation program for new Directors on STG's activities and on other subjects that will assist them in discharging their duties. STG shall also provide general access to training courses to its Board Directors as a matter of continuous professional education. In making determination on continuing education for Board Directors, including training courses and study tours, the Board shall request recommendations from the Organisation & Sustainability Committee.

### **F3. Succession Planning.**

The Board, based on recommendation from Organisation & Sustainability Committee shall adopt a succession plan that outlines how it will effectively prepare the next generation of executives.

This includes the roles of the senior management of STG, including its Group Chief Executive Officer, Chief Finance Officer and other key executive positions deemed necessary by the Board.

#### **F4. Board and Management Interaction.**

STG encourages open dialogue between the Board and management. The Group Secretary plays a key, overall role in facilitating this process. Likewise, if needed senior executives shall be given opportunity to be present during Board meetings, so that they may gain the necessary exposure and experience in interacting with the Board and the Board in turn can obtain direct information.

#### **F5. Director Indemnification and Insurance.**

The Directors shall bear no personal liabilities for performing their duties within their powers. The Group shall indemnify each of the Board Directors to the maximum extent permitted under the law for any costs, expenses or liabilities incurred by each such Director in the course of, or in any way related to, his or her activities or his or her position as a Director. Further, the Board Directors shall also be entitled to have the Group purchase reasonable directors' and officers' (D & O) liability insurance on their behalf, to protect from any liability, loss or expenditure incurred by any director, or other officers of the Group in relation to carrying out his/her duties as a director or officer. Indemnification shall not cover situations where the liability is owed to the Group or a related body corporate or did not arise out of conduct in good faith.

#### **F6. Adherence to Board Charter, Manual and Code of Conduct.**

Directors shall understand the STG Board Charter, Corporate Governance Manual and STG Code of Conduct, and accordingly, obligate themselves to ensure that all provisions and their spirit are adhered to and acted upon throughout the Group. Anyone who is appointed as a Director must, upon assuming office, make a declaration in writing to that effect. A corresponding reference is included in a director's appointment letter.

#### **F7. Conflict of Interest.**

Directors shall, as far as possible, abstain from actions that will or may lead to a conflict of interest with the Group. The concerned Director shall immediately report to the Chairperson any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his or her spouse, and relatives by blood or marriage up to the second degree. When a conflict arises in the context of a purported transaction between the director and the Group, it shall be governed by the Group's Related Party Transaction policy or any other relevant part of the STG Corporate Governance Manual. When a conflict of interest.

exists, the concerned Board Director shall abstain from deliberating and voting on such issues. If a significant conflict exists and cannot be resolved, the Board Director should resign.

#### **F8. Declaration of Material Interests.**

Anyone who is appointed as a Board Director must, upon assuming office, make a declaration in writing of all material personal interests relating to the affairs of the Group and in the form annexed to the STG Corporate Governance Manual. Material personal interests shall include any board mandates, including with advisory boards, held by the Board Director in any jurisdiction. The declaration must be reviewed and confirmed annually or more frequently in the event of a material change in interests.

#### **F9. Confidentiality.**

Unless required to do so by law or unless provided under any Shareholders' Agreement, no Board Director shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Group and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the Group and which he/she knows or should know to be of a confidential nature. A Board Director shall not use such confidential information for his or her personal benefit or gain.