

Small and Medium Enterprises Development Bank Limited

Anti-corruption Policy

Policy Owner:

Small and Medium Enterprises Development Bank Limited

Contact Person:

Than Htike Thu - Assistant General Manager
Compliance Department

Effective Date:

17nd August, 2020

Date to Review:

17nd August, 2021

Related Laws and Guidelines

- Anti-Corruption Law (2013, Pyidaungsu Hluttaw Law No. 23)

Relative Internal Policies

- Code of Conduct (DOC-2019-01 Rev :1.0)

Objective

1. SME-Development Bank (Bank) is firmly opposed to all forms of corruption and will make active efforts to ensure that corruption does not occur in the Bank's activities. It is prohibited to offer, give, ask for, accept, or receive any form of bribe. The Bank shall work against corruption through an adequate and risk-based anti-corruption program.

General

2. Corruption includes bribery and trading in influence. A bribe is when someone attempts to influence a third party's decision in an improper manner by offering an undue or improper advantage. Service in influence exists when an undue or improper advantage is given to someone in return for influencing the conduct of a third party's position. Any corrupt activity – either in public or private sector – is prohibited.
3. An improper advantage can have different forms, for example in the form of cash, cash equivalents, gifts, credits, discounts, travel, personal benefits, accommodation or services.
4. All employees are responsible for ensuring that the actions comply with the rules set out in this Policy and applicable laws and regulations.
5. If any doubt as to whether the action about to do is within this Policy, the employee shall contact the Head of Department for clarification. If not a minor issue, such inquiries and clarifications shall be documented.
6. If the employee, or Head of Department, are in doubt as to the legality of an action or how to interpret this Policy, shall seek legal advice with the Compliance Department.

Gifts and business courtesies

7. Customary business-related gifts of a modest value are not bribing and the employee may give or receive such gifts.
8. Cash, cash equivalents, or expensive gifts are not considered customary in the Bank, and employees shall not offer, give, or receive such gifts. Exceptions can only be made in special circumstances and subject to approval from the respective Head of Department.
9. The person offering, giving or receiving a gift is responsible for assessing whether the gift is lawful and within the limits set by this Policy.
10. In this regard, the following shall be observed:
 - a. PURPOSE - If it is likely, or reasonably can be perceived by others, that the purpose is to unduly influence a decision-maker, the employee shall not give or receive the gift.
 - b. FORM - If the gift consists of cash or items that may be easily converted to cash (i.e. cash equivalents) such as refundable airline tickets or similar shall not be given or accepted.

- c. **SITUATION** - If the gift is the connection with contractual negotiations employee shall exercise extra caution and, not give or receive a gift.
- d. **VALUE** - The value of the gift given or received. If the value is more than modest the employee shall not give or receive the gift.
- e. **RECIPIENT** - In case of offering or giving gifts the employee shall pay due attention to whether the recipient's ethical rules would allow the gift.
- f. **TRANSPARENCY** - If the gift given or received is not in an open and transparent manner, the employee shall not give or receive the gift.
- g. **FREQUENCY** - If gifts are given to or received frequently by one person, they may be unacceptable even if the value of each gift is low.
- h. **TAX** - The Employee shall always check whether giving or receiving a gift could involve personal benefits that are subject to taxation.
- i. **PUBLIC OFFICIALS** - In cases where it is considered to give gifts to public officials or representatives from international organizations, extra caution shall always be exercised.

Events and arrangements

- 11. Customary business-related gatherings, such as events, dinners or other forms of representation or arrangements are not bribing and the employee may arrange, accept invitations and participate in such an arrangement provided the costs are kept within reasonable limits.
- 12. Expensive or extravagant arrangements/events, such as travel or similar, are not considered customary in the Bank and shall not be arranged or attended. If, from a business perspective, it is necessary to arrange or attend such an arrangement/event, the employee shall obtain approval from respective Head of Department.
- 13. The person arranging or attending the arrangement/event is responsible for assessing whether the arrangement/event is lawful and within the limits set by this Policy. Such assessment shall be made in advance.
- 14. In this regard, the following shall be observed:
 - a. **PURPOSE** - If it is likely that the purpose is, or by others reasonably can be perceived as being, to unduly influence a decision maker, the employee shall not attend or arrange the arrangement/event.
 - b. **SITUATION** - If the arrangement/event takes place in connection with contractual negotiations or similar situations the employee shall exercise extra caution, and as a main rule not arrange or attend.
 - c. **TYPE** - If arrangement/event is beyond the ordinary expensive or of an extravagant nature the employee shall not attend or arrange.

- d. TRAVEL - Covering reasonable accommodations such as lodging and/or food for - or by - third parties - is usually acceptable. However, as a main rule you shall not attend arrangements/events where a third party pays for travel and, likewise, the employee shall not pay for the participants travels if the employee is arranging an arrangement/event.
- e. CONTENT - Does the arrangement/event have a professional content which is business relevant for the Bank? If not, the employee shall not attend or arrange. This does not apply to customary business dinners and lunches.
- f. ATTENDEES - If only one or a limited number of persons are invited the employee shall exercise extra caution.
- g. TRANSPARENCY - The arrangement/event is not arranged in an open and transparent manner and the respective Head of Department does not know the employee is attending, the employee shall not arrange or attend the arrangement/event.
- h. TAX - The employee shall always check whether participation at an arrangement/event could involve personal benefits that are subject to taxation.
- i. PUBLIC OFFICIALS - In cases where it is considered to invite public officials or representatives from international organizations to an arrangement/event, extra caution shall be exercised.

Facilitation Payments

- 15. The Bank is against facilitation payments. Facilitation payments are small amounts paid to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. Even though they may be commonplace, such payments are illegal in most countries.
- 16. This applies whether they are made directly or indirectly through a consultant or other intermediary. The employee shall refuse to pay, unless the he/she have reason to believe that his/her own or other's life, health or property could be in danger or other exceptional circumstances exist which leave no other alternatives than to pay and provided it is justifiable considering the circumstances otherwise.
- 17. If such payments are made, they are to be documented and entered precisely and accurately in the accounts. Before making a facilitation payment, the employee shall, to the extent possible, consult with Compliance Department and obtain an approval from respective Head of Department.

Compliance, Record retention and Reporting

18. All Head Office Departments and branches of the Bank are required to comply with the anti-corruption measures contained in this policy and if any suspicious actions found out should be coordinated with the Compliance Department.

19. The Bank shall yearly assess risks related to corruption. The risk assessment shall be documented and risks mitigated. Compliance Department shall yearly report the anti-corruption situation in the Bank to the CEO.