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DISCIPLINARY POLICY

The disciplinary policy and procedure provide a statement of the Bank's approach to employee's discipline designed to help employees correct and improve work related problems and behaviors with effect from 1 December 2022. If the problem continues and behavior persists and the appropriate steps are not taken to correct it, further disciplinary actions will be taken up to and including termination of employment.

1. Scope

1.1. This policy applies to all employees working with the Bank regardless of whether they are part-time, full-time or term-contract.

1.2. The progressive Disciplinary policy and procedure will be in action only when necessary and to be carried out with utmost care by management and HR department. In case of any incident arises, informal and/or formal counselling is to be taken place before any disciplinary action. The bank reserves the right to combine or skip steps depending on the facts of each situation and the nature of the offense. Depending on the severity of the offense, serious breaches of rules and regulations or gross negligence in the performance of work, may result in immediate suspension without pay or dismissal from employment. The factors that will be considered are whether the offense is repeated despite coaching, counseling or training, the employee's work history, the impact of the conduct and performance.

2. Definition and Types of Misconduct

Misconduct is any undesirable behavior which violates with and/or deviates from rules and regulations established by the bank time to time. The unethical conducts or any other undesirable behaviors shall be strictly reviewed in accordance with this disciplinary policy.

2.1. Minor Misconduct

Minor Misconduct is any undesirable behavior which violates the bank's rules & regulations which may result into verbal warning or first written warning as the bank still believes can be corrected and improved as the following but not limited to

- Failure to work in accordance with prescribed procedures and observe the Bank's regulations and procedures
- Not wearing the employee ID cards and the designated uniforms during working hours.
- Occasional coming late to work without valid reasons;
- Lack of focus at work but on social media on mobile phones
- Absence from work for any one (1) day without valid reason, notification or authorization.
- Entering the restricted areas without the approval/ authority.

- Smoking within unauthorized areas.
- Chewing betel, and spitting betel within the workplace.
- Poor social and disruptive behaviors such as using abusive language, rumor spreading, excessive gossiping among colleagues within the bank's premises
- Unreasonable standards of workplace, dress or personal hygiene.
- Failure to keep manners as a professional for e.g., laying down, sleeping, eating foods and snack during working hours at workplace.
- Committing a nuisance unacceptable to safety procedures and peaceful working environment within the office premises
- Other actions identified by the Management time to time depending on the impact to the Bank.

2.2. Gross Misconduct

2.2.1. Gross Misconduct is a serious act of breach of rules and regulations, gross negligence in the performance of work or breach of confidentiality which destroy the relationship of trust and confidence between the employer and employee, making the working relationship impossible to continue no matter whether it's first time or so; which can be justifiable as dismissal in pay without notice, or pay in lieu of notice or immediate suspension without pay depending on the severity of the offense.

2.2.2. The following is considered as gross misconduct but not limited to:

- Theft, fraud or dishonesty/misappropriation of funds including attempted theft, attempted fraud or attempted dishonestly – in connection with the business or property of the Bank or any other person or party
- Workplace harassment or sexual harassment
- Fraud resulting in legal suit or claims & financial loss to the Bank.
- Using the time attendance/security card or the time attendance/security card system/machine with abusive intension for self-interest reasons
- Willful falsification of records with intent to cheat the Bank, customers or co-employee's properties
- Unauthorized possession of Bank property and misuse of the Bank's property and facilities
- Breach of terms of the Employee's contract, terms and conditions of employment with the Bank or Code of Conduct
- Taking or giving bribes, or taking part in illegal activities whether it is money or in-kind.
- Borrowing or accepting money, gifts, gratuity or favors from customer or vendor
- Unauthorized access to any employee's records and/or bank transactions data
- Breaches of confidentiality, security procedures, prejudicial to the interest of the Bank including sharing user access and password
- Attempting or committing any act of sabotage to the Bank's operations in whatsoever manner from attempting to mess with the IT system, providing details to competitors or outsiders, etc.,

- Impersonating another person in order to gain access to confidential information
- Disclosure of the Bank's confidential information obtained during the period of employment to unauthorized parties
- Willful act resulting in endangering the life, health or safety of another person
- False declaration or misrepresentation on the Employment Application Form including false declaration of qualifications or professional registration
- Partaking in illegal drugs, alcohol, narcotics and any other hallucinogenic and prohibited drugs whilst in the Bank's premises or during the course of employment with the Bank
- Riotous, disorderly, threatening behavior, physical assault, breach of the peace or fighting within the Bank's premises
- Violence, abusive assaulting or threatening assault or to cause personal injury to co-employees, customers or visitors
- Possession of weapon that is forbidden by law and explosive materials to workplace
- Defaming, disturbing, spreading the wrong news and threatening the bank using any means of social media or telecommunications network
- Habitually late in reporting to work
- Being absence for consecutive (3) days without any solid reason /without approval from the related department head/ branch manager
- Willful insubordination or disobedience whether alone or in collusion with another or others, to any lawful or legitimate instruction or assignment given by a superior officer
- Misusing, breaking or damaging the Bank's assets with or without any apparent reason
- Acting as an insider or cooperating with the criminal when committing robbery and such
- Willful slowing down of work or inciting others to do so or instigate industrial actions;
- Gambling or indulging in any gambling activities within the Bank's premises
- Speculation intentionally or unintentionally encouraging fear or disorderly misconduct among employees
- Negligence in the employee obligation or performance of his/her functions resulting in loss to the Bank in whatsoever form
- Indecent exposure or obscenity of any kind
- Repetition of misconduct despite counseling and warning from the Bank
- Any form of sexual harassment in the workplace between a superior and a subordinate or otherwise
- Allowing unauthorized visitors to the Bank's premises
- Peddling, transacting, selling or buying intermediate drugs, narcotics, alcohol and illegal drugs whilst under the Bank's employment
- Criminal breach of trust (CBT) resulting in the loss of money by the Bank
- Any act of bribery or corruption;
- Any other act of misconduct which would constitute just cause for dismissal.
- Other Gross Misconducts: As decided by Investigation Team or Committee of Disciplinary Inquiry

3. Reporting Rules and Procedure

In the event of any misconduct being reported, detected or unsatisfactory job performance, the people managers and the head of departments are expected to deal with such situations in a timely and fair manner. In cases of persistent unsatisfactory job performance or should the inappropriate workplace behavior be occurred, the employees are to be informed of the nature of the problems, give proper guidance, coaching and/or counselling to the employees for correcting the situation.

If the employee fails to provide the expected improvement in the areas within the pre-acknowledged established period, the following steps are to be followed. (Appendix A: disciplinary procedure.)

4. Counselling

Counselling process is to be initiated and executed at any time between the manager and the employees at department level whether regarding the employee's performance or conduct requiring improvement. It is to be a private meeting and intended to reach a constructive goal of providing feedback to correct the conduct or resolve the situation the employee will be given the opportunity to provide a constructive feedback and justification especially for the below:

- (a) Improvement or shortcomings in conduct or performance
- (b) Improvement timelines
- (c) Review timelines
- (d) Potential disciplinary actions in case of failure
- (e) Code of Conduct, values or expectations of the bank.
- (f) The bank's established policies, procedures and guidelines

Counselling is generally the first thing to be considered in any cases applicable and where the manager believes that the inappropriate conduct or performance can be addressed and rectified through counselling.

The content during counselling discussion and agreement are to be shared among all parties and one copy is to be filed in HR's personnel file. During counselling, if it becomes evident that the expected objectives of the counselling are not met, the reporting manager can raise the matter to the next level manager to handle or raise to initiate the formal disciplinary procedure to begin as necessary. After the successful counselling, it is imperative that there are follow ups within the agreed timelines and keep recorded on the improvements.

5. Disciplinary Procedure

5.1. Composition, Procedure and Responsibility of the Investigation Team

- (a) In case of any irregularity detected, the following procedure is to be followed:
 - (i) For cases involving branches, the Branch Manager and Regional Manager (if any) shall report to Head of Banking Operations or if that is not appropriate, the Head of HR, in case of any irregularity detected or suspected.

- (II) For cases involving other than branches, the Head of department/Section Head/Unit Head of the accused person/team or if that is not appropriate, to the Head of HR, Head of Risk Management, and they will be responsible for initiating the procedure.
- (b) Once the requirement arises, **the Head of Risk Management and Head of HR would appoint an Investigation Team** (comprising between 1 to 3 persons comprising of the most appropriate manager(s)/neutral parties who are not related/involved in the incident (including one designated person from Fraud Management), with Managing Director's approval. This is to avoid prejudices and to ensure the principle of natural justices prevails. The team will promptly find out the facts of the incident with fair and just manner and set the timeline for the investigation to be set out with facts and statements from witnesses including any evidence as necessary.
- (c) The team will issue a detailed report together with findings and recommendations on whether further action should be taken should be prepared and submitted to **Head of HR and Head of Risk Management** who will evaluate and recommend to **Managing Director for approval** and the Management have the rights to report to police for criminal offenses and take proper recovery actions
- (d) Once the decision is out, the **Head of HR together with Head of Department** if applicable, will inform the employee the facts of the investigation and hear the employee whether he/she has anything further to say in relation to the decision.
- (e) In the event of frauds, losses or lawsuits required found after the findings, the Anti-Fraud Committee or Loss and Claims Committee will be formed to look into frauds, losses, cash shortages, claims etc. in accordance with **Anti-Fraud Policy**.

5.2. Composition and responsibilities of the Disciplinary Inquiry Committee (DI)

5.2.1. The Head of Investigation Team will seek **MD's approval** to set up the Disciplinary Inquiry Committee (DI), (**comprising 3 to 4 persons with Head of Audit as the Head of DI and HR representative as Secretary**), in case of the accused not accepted the decision from the Investigation team or serious misconduct being suspected after the findings.

5.2.2. The DI will issue a report together with findings and recommendations details, the accused employee/team will be given the opportunity for explaining his/her side of the case to be just and reasonable. The members of the DI would discuss the case in due course and decide whether any further action to be taken or not.

5.2.3. **The findings and recommendations of the DI should be presented to the HR Committee within 7 working days upon the conclusion of the DI or seek Head of HR's approval for an extended timeline.** The HR committee will decide the most appropriate disciplinary action based on the findings and recommendations of DI in the event being found guilty and/or otherwise.

5.2.4. Once the decision is out, **the Head of HR or HR representative as designated by Head of HR and respective related Head of Department will inform the employee** the facts of the

investigation and hear the employee whether he/she has anything further to say in relation to the decision.

5.2.5. Should any employee who is subject to disciplinary action resign during the course of it, the action will cease unless there are extenuating circumstances which require its continuance.

6. Types of Disciplinary Actions

In the event that the Employee is found guilty, disciplinary action is to be taken against the Employee, below are the steps, head of departments, people managers, and supervisors are expected to follow in progressively disciplining an employee for poor performance or any kind of misconduct. They are intended to be fair, and allow the employee opportunity for improvement where possible. These sanctions are either in addition to or in replacement of any other disciplinary sanction depending on the seriousness of the misconduct or particular circumstance. In addition, the Bank reserves the right to combine or skip steps depending on the nature of the offense and the circumstances of each case or situation. Furthermore, the employees may be terminated without prior notice or disciplinary action as the Bank deems necessary and appropriate.

The below are the specific types of disciplinary actions which may or may not be according to the steps:

- (a) Verbal Warning
- (b) Written Warning
- (c) Final Written Warning
- (d) Disciplinary Transfer to an alternative workplace
- (e) Stoppage of Salary Increment or postponement of promotion
- (f) Suspension
- (g) Downgrading/Demotion
- (h) Dismissal

A copy of the warning and any supporting documentation must be attached to the employee's personnel file in case of any sanctions made.

6.1. Verbal Warning

The verbal warning is to be issued when:

- (a) The action required for any minor failure of either performance or an action prescribed as minor misconduct.
- (b) The reporting manager or Head of Department will send a note to the Head of HR on the same date that the employee is given a verbal warning stating the date and the detailed justification.

6.2. Written Warning

The First/ Written Warning is to be issued when:

- (a) The nature of the offense being a written warning is more appropriate
- (b) The recurrence or accumulation of an offense/offenses
- (c) A verbal warning has not been respected and/or the misconduct is either repeated or performance has not improved as previously counselled

6.3. Final Written Warning/Undertaking

The Final Written Warning/Undertaking is to be issued when:

- (a) The offense/failure is serious in nature falling just short of one justifying dismissal
- (b) Persistent misconduct despite previously issued Written warning.

6.4. Stoppage of annual salary increase or postponement of promotion

This action is to be taken when an employee's offense is serious in nature and the sanction requires more than just a written warning to reflect the criticality of the offense.

6.5. Suspension

6.5.1. Suspension is recommended as part of the normal sequence of the progressive discipline policy and suspension shall be used when it is necessary as the temporary removal of the accused employee from existing duties. This action can be immediate to ensure the safety of the employee/others or the workplace pending an investigation to be done by Investigation Team/ DI while it is ongoing for their own or protection of others, to prevent them influencing or being influenced by others or to prevent possible interference with evidence.

6.5.2. During the suspension period, if not suspended from the workplace completely, the employee shall not be attached to the same tasks he/she has been performing before the suspension. He/she shall be placed in an area or role which will not pose any security concerns or fiduciary risks to the Bank's interest or property. Once the disciplinary decision on the punishment is made known to the accused employee, the suspension shall be lifted immediately.

6.5.3. The related Head of Department/ Branch Manager of that employee should recommend the suspension to Head of HR and MD for approval and/or according to the HR level of authority established at that point of time.

The terms of the suspension (period of suspension is paid (full or partial) or unpaid.) will be determined at that point of time by MD or HRC as recommended by Head of HR.

6.5.4. An employee suspended from duty will receive written confirmation issued by Head of HR within three working days specifically describing:

- (a) The reason for the suspension
- (b) The date and time from which the suspension will be effective.
- (c) The timescale of the ongoing investigation.

6.6. Downgrading/Demotion or Disciplinary Transfer to an alternative place of work

This action is to be taken when:

- (a) The offense is serious in nature and the sanction warrants more than just a written warning and stopping of increment/deferment of promotion to reflect the gravity of the offense.
- (b) This is the final attempt to solve a problem without having to dismiss an employee while the previous attempts, via other options of disciplinary procedure have been exhausted.

6.7. Dismissal

The Bank reserves the right to summarily dismiss any employee with or without salary in lieu once the employee is being found guilty of as a result of the disciplinary procedure:

- (a) Fraud
- (b) Any other act of Gross misconduct.
- (c) The minor or gross misconduct has been persisted, exhausting all other options of disciplinary procedure.

If an employee's employment is terminated otherwise than by summary dismissal, the Bank shall provide the salary in lieu of notice in accordance with Labor Laws of Myanmar.

7. The key contents in the Letter of Warnings

All the written Warnings must be communicated to the employee in writing with the following information

- (a) The letter must be issued by Head of HR within 7 working days of the date the disciplinary report.
- (b) The validity of period given to the employee for improvement
- (c) The nature of the offense is to be clearly stated and where appropriate, that if further misconduct occurs, more severe disciplinary action will be taken
- (d) In case of a final written Undertaking, reference must be made to the fact that any further misconduct will lead to dismissal, and that the employee has the right of appeal, and to who they can make that appeal.

8. The key contents in the Letter of Dismissal

The letter confirming dismissal will include the following information:

- (a) The reason for dismissal and any administrative matter arising from the termination of their employment
- (b) The employee's right to appeal to HR Committee.

The employee must also receive a copy of any letters, whether warning or dismissal letter to be handed to them in person. In case of the employee being absent/not available, the written warning will be sent to their registered residential address by recorded delivery.

9. Timeline of the expiry of Warnings

9.1. All the warnings are subject to be active by the below length of timeframe and if the employee commits a further act of misconduct during the time that the warning remain active or expired, those previously issued will be taken into account in deciding what action to take in relation to the further act.

- (a) Verbal Warning: 3 months
- (b) Written Warning: 6 months
- (c) Final Written Undertaking: 12 months (or as agreed and recorded at the hearing)

9.2. During the validity period of the warnings given, the employee shall be monitored for improvements by respective manager or Head of Department when and where necessary.

9.3. These time scales remain if during that period, no further warnings have been issued in respect of the employee's conduct.

10. Appeals

The employee shall have the right to appeal only "once" against the disciplinary sanction of Investigation Team or DI. The appeal should be submitted in writing to HR Committee with proper justification within **3 working days upon disciplinary action**. The HR Committee will then review the appeal and make decision which is final and no other appeal will be considered.

11. Detention/Investigation by Authority

11.1. In the event an employee is detained by the authorities for any investigations or remanded in custody particularly as a result of circumstances that occur outside the course of their employment, he/she will be suspended from the Bank for the duration of the absence. It is up to the sole discretion of the Bank on the recommendation of HR Committee whether or not the suspension period will be paid in full or partially.

11.2. In the event that after the investigation, the authorities take no further action, the Bank will reinstate the employee and the decision whether full pay is backdated to the start of the suspension period will be at the sole discretion of the Bank.

11.3. In the event that the outcome of any criminal proceeding is set by the authorities, the bank may consider taking disciplinary action up to, and including, dismissal. It is vital that before any action is taken, the bank conducts a thorough investigation to establish all of the relevant facts.



12. The process Flow

DISCIPLINARY PROCEDURE

