



July 1, 2016

Via Email

U.S. Department of State
2201 C Street, NW
Washington, DC 20037
BurmaPublicReport@state.gov

Re: Report on Responsible Investment in Myanmar

To Whom It May Concern:

TPG Holdings I, L.P. (“TPG Holdings”), on behalf of TPG Growth II, L.P. (“TPG Growth”) and TPG Asia VI, L.P. (“TPG Asia”), hereby submits the enclosed Report on Responsible Investment in Myanmar (the “Report”), pursuant to the U.S. Department of the Treasury’s Office of Foreign Assets Control General License No. 17, and the U.S. Department of State’s “Reporting Requirements on Responsible Investment in Burma” issued on May 23, 2013. TPG Growth, together with Tillman Global Holdings, LLC (“Tillman”) and Myanmar Investment International Limited, holds an equity stake in Apollo Towers, Myanmar Ltd. (“Apollo Towers”), a company organized in Myanmar that is engaged in the construction and operation of telecommunications towers in Myanmar. Additionally, TPG Asia holds an equity stake in Myanmar Distillery Company (“MDC”) and, together with Northstar Pacific Partners, formed a company in Myanmar called Pacific Star Finance Limited (“Pacific Star”) that is engaged in a micro-financing business within Myanmar. These activities may represent “new investment” in Myanmar as defined by 31 C.F.R. §537.311, and the aggregate investment exceeds \$500,000.

The enclosed Report covers the period from June 1, 2015 through May 31, 2016 and reports on changes and updates from the prior annual report dated June 12, 2015 (the “2015 Report”) for each of the reporting questions.

The construction and operation of telecommunications towers in Myanmar by Apollo Towers and the micro-financing activities of Pacific Star in Myanmar are performed in accordance with the U.S. Department of Treasury, Office of Foreign Assets Control Burmese Sanctions Regulation General License No. 17, where required.



If you have any questions regarding this report, please contact David Reintjes, Deputy General Counsel, TPG Global, LLC at (817) 871-4000 or dreintjes@tpg.com.

Sincerely,

TPG HOLDINGS I, L.P.

By: TPG Holdings I-A, LLC,
its general partner

By: _____

Name: Clive D. Bode

Title: Vice President

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

1. Name

TPG Holdings I, L.P. (“TPG Holdings” or the “Submitter”), on behalf of TPG Growth II, L.P. (“TPG Growth”) and TPG Asia VI, L.P. (“TPG Asia”).

2. Acknowledgement

The Submitter understands that this report will be made public.

TPG HOLDINGS I, L.P.

By: TPG Holdings I-A, LLC,
its general partner

By:  _____

Name: Clive D. Bode

Title: Vice President

3. Point of Contact

David Reintjes
Deputy General Counsel
TPG Global, LLC
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
(817) 871-4000
dreintjes@tpg.com

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

4. Overview of Operations in Burma

a. Name(s) of companies, including all subsidiaries, operating in Burma covered by this report.

- (i) TPG Growth has invested in Myanmar by investing in Apollo Towers Myanmar Ltd. (“Apollo Towers”), which is a company organized under the laws of Myanmar. Apollo Towers is jointly owned by TPG Growth, Tillman Global Holdings, LLC (“Tillman”), and Myanmar Investment International Limited.
- (ii) TPG Asia has invested in Myanmar by investing in Pacific Star Finance Limited (“Pacific Star”), a company organized under the laws of Myanmar and jointly owned by TPG Asia and Northstar Pacific Partners.
- (iii) TPG Asia has invested in Myanmar by acquiring a 50% interest in Myanmar Distillery Company (“MDC”), a company organized under the laws of Myanmar.

b. Nature of business in Burma.

- (i) Apollo Towers
Apollo Towers continues to be engaged in the construction and operation of telecommunications towers in Myanmar as described in the 2015 Report. As of the end of the reporting period, Apollo Towers has completed construction on 1,700 telecommunication towers and is nearing completion of Phase II of its construction of towers.
- (ii) Pacific Star
There are no changes or updates to report.
- (iii) MDC
MDC is the leading manufacturer, marketer, and distributor of spirits in Myanmar. It produces and sells a range of spirits, including seven brands of whisky, rum, and gin and its flagship product is Grand Royal Whisky, a standard segment whisky introduced in 1995. MDC currently holds a majority of the market share of whisky manufacturers.

The company was founded in 1995 by a local entrepreneur, whose extended family is the local strategic partner to Heineken, the Jardine Group, Carlsberg, and Pepsi.

In 2015, MDC’s 50% foreign shareholder sought to sell its stake in the company, and TPG Asia successfully secured the stake in a contested private sales process managed by PriceWaterhouseCoopers. TPG Asia currently owns 50% of MDC and has four of the company’s eight board members.

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

c. Location(s) of operation in Burma.

(i) Apollo Towers

Apollo Towers' Head Office in Yangon is now located at: Sayar San Road 51, Sayar San Ward, Bahan Township, Yangon Myanmar.

During the reporting period, Apollo Towers increased the number of states in which it leases land access under long-term agreements with Myanmar citizens and various government bodies from 10 to all 15 states of Myanmar.

(ii) Pacific Star

Pacific Star's Head Office in Yangon is now located at: 145 Bogalayzay Road, Second Floor (left), Ward (8), Botahtaung Township, Yangon, Myanmar.

(iii) MDC

MDC's primary office in Myanmar is located at: 33 Pyay Road, 6.5 Miles, 11th Quarter, Hlaing Township, Yangon Region, Myanmar.

d. Approximate maximum number of employees in Burma during the reporting period (broken down by Burmese and non-Burmese employees).

(i) Apollo Towers

Apollo Towers employed a maximum of approximately 143 employees in Myanmar, of whom 110 are nationals of Myanmar. Apollo Towers began staffing primarily with expatriates, including some U.S. citizens, and has now transitioned to employ local staff wherever possible.

(ii) Pacific Star

During the reporting period, Pacific Star employed a maximum of five employees in Myanmar, all of whom are nationals of Myanmar. Any additional hires in the near future are expected to be nationals of Myanmar.

(iii) MDC

During the reporting period, MDC employed a maximum of 1,619 employees in Myanmar, 1,600 of whom are nationals of Myanmar. Future hires may be foreign nationals as well as local nationals depending on the position and the required skills and qualifications.

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

5. Human Rights, Worker Rights, Anti-Corruption, and Environmental Policies and Procedures: Provide a concise summary or copies of the following policies and procedures as they relate to the submitter's operations and supply chain in Burma.

a. Due diligence policies and procedures (including those related to risk and impact assessments) that address operational impacts on human rights, worker rights, and/or the environment in Burma.

There have been no changes in the Sustainability and Environmental, Social and Governance ("ESG") Program of the TPG family of funds ("TPG") since the 2015 Report. Like Apollo Towers and Pacific Star, MDC is subject to the ESG as a TPG affiliate.

In addition to the ESG Program, Apollo Towers has designed and is implementing the Environmental and Social Management System ("ESMS") described in the 2015 Report.

b. Policies and Procedures that address anti-corruption in Burma.

(i) Apollo Towers

During the reporting period, Apollo Towers adopted an updated Code of Conduct, which contains comprehensive anti-corruption policies and procedures designed to ensure full compliance with the FCPA and the U.K. Bribery Act. As with the Policy on International Business Conduct described in the 2015 Report, the Code of Conduct states the company's zero tolerance for any business practice in violation of the Code of Conduct. The Code of Conduct expressly prohibits any violation of Myanmar law and any corruption or bribery, including both public and commercial bribery and indirect bribes made through third parties. Under the Code of Conduct, Apollo Towers must maintain books, records, and accounts that detail and accurately reflect all transactions of the company, and any charitable or political contributions must be approved by the company. The Code of Conduct also includes requirements for employee compliance training and discusses mechanisms for reporting violations. Every employee, contractor, business partner, and consultant of Apollo Towers is subject to the Code of Conduct and is required to sign a statement of compliance.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

As part of TPG's investment process and due diligence, TPG reviewed and was satisfied with MDC's past track record and current practices on anti-corruption, which were in line with FCPA guidelines. TPG took additional comfort from the fact that its principal partner in MDC also holds an interest in other global multi-national companies and is familiar with the international standards required.

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

Further, TPG's investment documentation includes certain commitments of MDC with regards to safeguards against corrupt practices. For example, TPG has already conducted anti-corruption briefings and training for MDC officers.

c. Policies and procedures that address community and stakeholder engagement in Burma.

There are no changes or updates to report.

d. Policies and procedures that address hearing grievances from employee and local communities, including whether grievance processes provide access to remedies, and how employees and local communities in Burma are made aware of said processes.

(i) Apollo Towers

There are no changes or updates to report.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

There are no formal policies or procedures in place, but MDC regularly handles employee grievances and welfare on an informal basis.

e. Global corporate social responsibility policies, including those that address human rights, sustainability, worker rights, anti-corruption and/or the environment.

There are no changes or updates to report.

f. Whether and the extent to which the policies and procedures described in Question 5.a through 5.d are applied to, required of, or otherwise communicated to related entities in Burma, including but not limited to subsidiaries, subcontractors and other business partners.

(i) Apollo Towers

There are no changes or updates to report.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

The policies and procedures of TPG described in Question 5 of this Report and the 2015 Report apply to all companies controlled by TPG, including MDC.

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

6. Arrangement with Security Service Providers: Provide the below information regarding any arrangements the submitter has with security service providers.

a. Name(s) of security service provider(s).

(i) Apollo Towers

TPG and Apollo Towers have not identified a need for private security protection for employees of Apollo Towers. However, tower sites have and will continue to be secured by fences, electronic padlocks, and real-time access control systems. For a small number of vulnerable tower sites, mainly where passive security measures have yet to be installed, Apollo Towers has retained security providers primarily to prevent fuel theft from diesel-run generators. These security providers do not carry any form of arms. For the security of certain vulnerable sites, Apollo Towers has recently begun using the services of Leo Exera Ltd.. Leo Exera is owned by Exera Asia, which is headquartered in the United Kingdom.

In addition, Apollo Towers has consulted with local experts in developing a security management plan, incorporating an assessment of project security risks in alignment with the International Finance Corporation's Performance Standard 4 and the Voluntary Principles on Security and Human Rights. Apollo Towers recognizes, in particular, the importance of communication and engagement with local groups prior to entering any region, in order to prevent conflict and ensure that all parties and stakeholders understand and are not adversely affected by activities to be undertaken.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

During the reporting period, MDC engaged the services of the following privately-owned local security service providers: Executive Guard Security Services, Golden Hawk Security, Golden Hexagon Security Services, Lucky Bravo, and Moe Security.

b. Duties and responsibilities of security service provider(s).

(i) Apollo Towers

Leo Exera is required to maintain an on-site presence and/or monitoring of certain vulnerable sites to ensure no unauthorized parties enter or interfere with the tower sites.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

The primary services and responsibilities required of MDC's security service providers are the provision of security guard personnel for standard monitoring and the supervision of

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

unauthorized access by vehicles or persons to any of the key MDC offices, production plants, and warehouses.

c. Whether security service providers are signatories to the International Code of Conduct for Private Security Service Providers and/or whether they have been certified to any private security provider national or international standards.

(i) Apollo Towers

Leo Exera is a locally-based security provider that is owned by Exera Asia, but it is not a signatory to the International Code of Conduct for Private Security Service Providers. Its activities are in compliance with the latest international guidelines on best practices, including:

- The United Nations Guiding Principles on Business and Human Rights
- OECD guidelines for Multi-national Enterprises
- The United Kingdom Bribery Act
- The United States Foreign Corrupt Practices Act
- The Sarajevo Code of Conduct
- Voluntary Principles on Security and Human Rights

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

MDC's security service providers are not signatories to the International Code of Conduct for Private Security Service Providers.

d. A concise summary of due diligence policies or practices for engaging and utilizing security services providers including those focused on human rights and anti-corruption, e.g., oversight policies and procedures and whether security service providers are subject to third-party auditing.

(i) Apollo Towers

Apollo Towers conducted a thorough review of potential providers of security services before retaining Leo Exera and will monitor its performance and policies on a regular basis.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

As the security services required are basic, MDC does not have particular due diligence policies or practices in place specifically for engaging security service providers. MDC's selection of security service providers is based on reputation, service commitments, and

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

pricing. Current security service providers have been used by MDC for at least two years, and their performance is regularly reviewed.

7. Property Acquisition: For any purchase, use or lease of land or other real property, or rights related thereto, by the submitter (including the submitter's subsidiaries) either (a) valued over \$500,000 or (b) larger than 30 acres of land or other real property, provide the information described below. For the purpose of this section, purchase, use, or lease of adjacent or otherwise related land or other real property shall be treated as a single transaction and must be reported where the cumulative value of the related transactions exceeds \$500,000 or is over 30 acres.

a. A concise summary of any policies or procedures used to ascertain land or other real property ownership, use rights, dislocation, resettlement, or other claims and an explanation of how those policies were implemented for each land purchase, use, or lease transaction.

(i) Apollo Towers

Apollo Towers leases the land plots for greenfield telecommunications towers, as well as the right to erect towers on rooftop sites. Currently, Apollo Towers has already leased approximately 1,800 sites across Myanmar. There have been no changes to its processes for site selection, lease negotiation, and site monitoring since the 2015 Report.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

Not applicable.

b. The city/state or province where the land or other real property was purchased, used, or leased.

(i) Apollo Towers

Apollo Towers has leased sites in each of the 15 states in Myanmar.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

Not applicable.

**U.S. Government Report on Responsible Investment in Myanmar
Public Report**

c. A concise summary of any policies or procedures, including grievance mechanisms, related to the dislocation or resettlement of people with respect to land or other real property and an explanation of how those policies were implemented for each land purchase, use, or lease transaction.

(i) Apollo Towers

There are no changes or updates to report.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

Not applicable.

d. Any financial/material arrangements made to compensate previous users/residents of such land or other real property (other than to the lessor/owner) of which the submitter is aware.

There are no changes or updates to report.

e. Any information of which the submitter is aware related to any involuntary resettlement or dislocation of people on land that meets the criteria as specified in question 7.

(i) Apollo Towers

There are no changes or updates to report.

(ii) Pacific Star

There are no changes or updates to report.

(iii) MDC

Not applicable.

8. Transparency: Report total payments made by submitter or on its behalf valued over \$10,000 during the reporting year to each Government of Burma entity and/or any sub-national or administrative governmental entity or non-state group that possesses or claims to possess governmental authority over the submitter's new investment activities in Burma.

(i) Apollo Towers

Apollo Towers has not made any payment, nor to its knowledge has any payment been made on its behalf, valued over \$10,000 to any government entity in Myanmar (including any sub-national or administrative government entity or non-state entity with governmental authority

U.S. Government Report on Responsible Investment in Myanmar Public Report

over the investment activities) other than payment of the following taxes (to the extent such taxes are due):

- import/customs duties, if Apollo Towers imports under general trade rather than under its Myanmar Investment Commission license;
- stamp duties;
- commercial tax on all sales, as applicable;
- domestic and international withholding taxes; and
- payment of employee income tax.

(ii) Pacific Star

During the reporting period, neither TPG Asia nor Pacific Star made any payment, nor to their knowledge has any payment been made on their behalf, valued over \$10,000 to any government entity in Myanmar, including any sub-national or administrative government entity or non-state entity with governmental authority over the investment activities.

(iii) MDC

MDC is required to pay taxes (including sales, corporate, income, withholding, local, and other statutory taxes), custom duties, and utilities bills to the appropriate national, sub-national and administrative governmental entities. Due to the nature and scale of MDC's operations, such payments exceeded \$10,000 during the reporting period. MDC considers these payments to be regular and necessary expenses incurred as part of its standard business operations.

In addition, MDC's operations requires it to hold valid alcohol, liquor, and food licenses. During the reporting period, license fees of 239.7 million Myanmar Kyat (approximately USD 204,010) were paid to the Ministry of Home Affairs, which administers such licenses.

MDC also made the following donation and sponsorship payments during the reporting period, which is consistent with its past practices:

- 70 million Myanmar Kyat (approximately USD 59,774) to the Myanmar Golf Federation to sponsor the annual Myanmar Golf Federation tournament;
- 20 million Myanmar Kyat (approximately USD 17,021) to the Ministry of Defense Services to sponsor celebrations for Armed Forces Day (an annual national public holiday on March 27); and
- 10 million Myanmar Kyat (approximately USD 8,510) to the Ministry of Education's Mathematical Society of Myanmar.