BETTER BUSINESS PRACTICES

As a company, we rely on natural and social ecosystems to prosper. We aim to minimize our environmental impacts to safeguard our environment and maximize our socioeconomic footprint to benefit Myanmar businesses and people, while conducting our business transparently and responsibly.

Reduce our environmental footprint

To manufacture our products, we rely on materials, energy and water. To ensure that our industrial activities do not harm the environment nor people, we have set clear policies and processes. We comply with the ISO 14001:2015 requirements for our environmental management of our industrial sites.

Furthermore, to minimize the environmental impacts of our industrial activities, especially on water, we have invested in building a state of the art wastewater treatment station. Furthermore, we carefully manage the storage of all the hazardous raw materials necessary to our production – we have documented more than 200+ substances that can be harmful, and have provided, in various material safety data sheets, instructions for handling any incidents. We also carefully monitor our air emissions to ensure that we comply with the guidelines provided by the Environmental Conservation Department (ECD) to avoid harming the air, water and soil.

Materials consumption

In 2023, we consumed 127,969 tonne of raw materials. 96% of those are hazardous materials, which are imported.

As we encountered multiple challenges in importing, and as we wanted to secure a constant supply of products to the farmers, we decided from 2021 onwards to increase our stock.

In 2022, with the conflict between Russia and Ukraine, this approach enabled us to minimize as much as possible the impacts on the price of our products, as we were able to use our existing inventory. Most of the raw materials will be delivered by sea by our logistics partners.

Monitoring air quality

To monitor our air emissions, we use various captors and regularly measure the composition of the air emitted from our industrial sites. We then compare the values with the National Emission Quality Guidelines provided by the ECD. An independent third-party will regularly come to assess our monitoring system and ensure it works according to their standards. We will then report to the ECD. In 2023, we did not record any anomaly related to air quality.

Waste Management

Meanwhile, we managed to significantly reduce our waste production from 16,055 tonnes in 2021 to 4,040 tonnes in 2023.

Thanks to our wastewater treatment site, we managed to:

- reduce the quantity of non-hazardous liquid waste
- treat 100% of the hazardous liquid waste created when we manufacture our products.

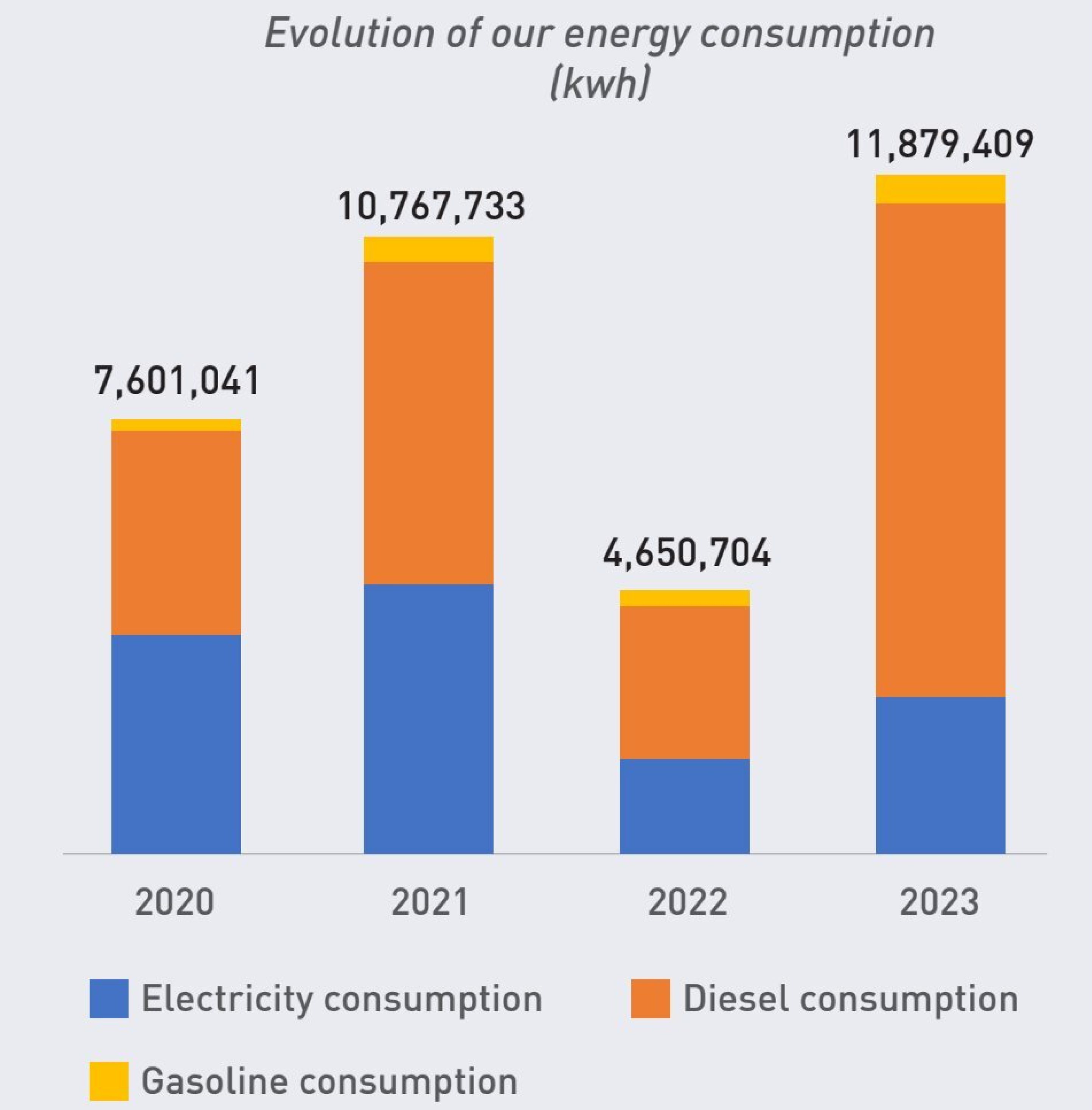
In 2023, 14% of our waste was recycled, mostly for packaging; 52% was treated to minimize the environmental impacts of hazardous waste, and 34% was sent to landfills.

Energy consumption

If we compare the overall energy consumed in 2021 and 2023, the overall quantity of energy consumed is similar. Most of our energy consumption derives from our industrial activities; we consumed almost 12 GWh of energy in 2023.

As we cannot rely as much as before on the electricity provided by the EPC, we must use our power generators to secure a constant energy supply for our production line: as a result, our energy mix changed significantly, as the share of diesel grew from 53% in 2021 to 72% in 2023.

We will consider ways to optimize our energy efficiency and alternative means to produce renewable energy.



Assessing our carbon footprint

In 2023, we emitted a total of 3,283 tonne CO2 eq.

- For Scope 1, 69% of our emissions are created by the diesel consumption of our power generators and trucks.
- For Scope 2, 31%, are created by our electricity consumption.

Next year, we will assess the carbon emissions created by our consumption of refrigerant gas for air-conditioning. For the time being, we do not assess our Scope 3 emissions, which are mostly created in producing the raw materials we need to manufacture our products and through their use by farmers.

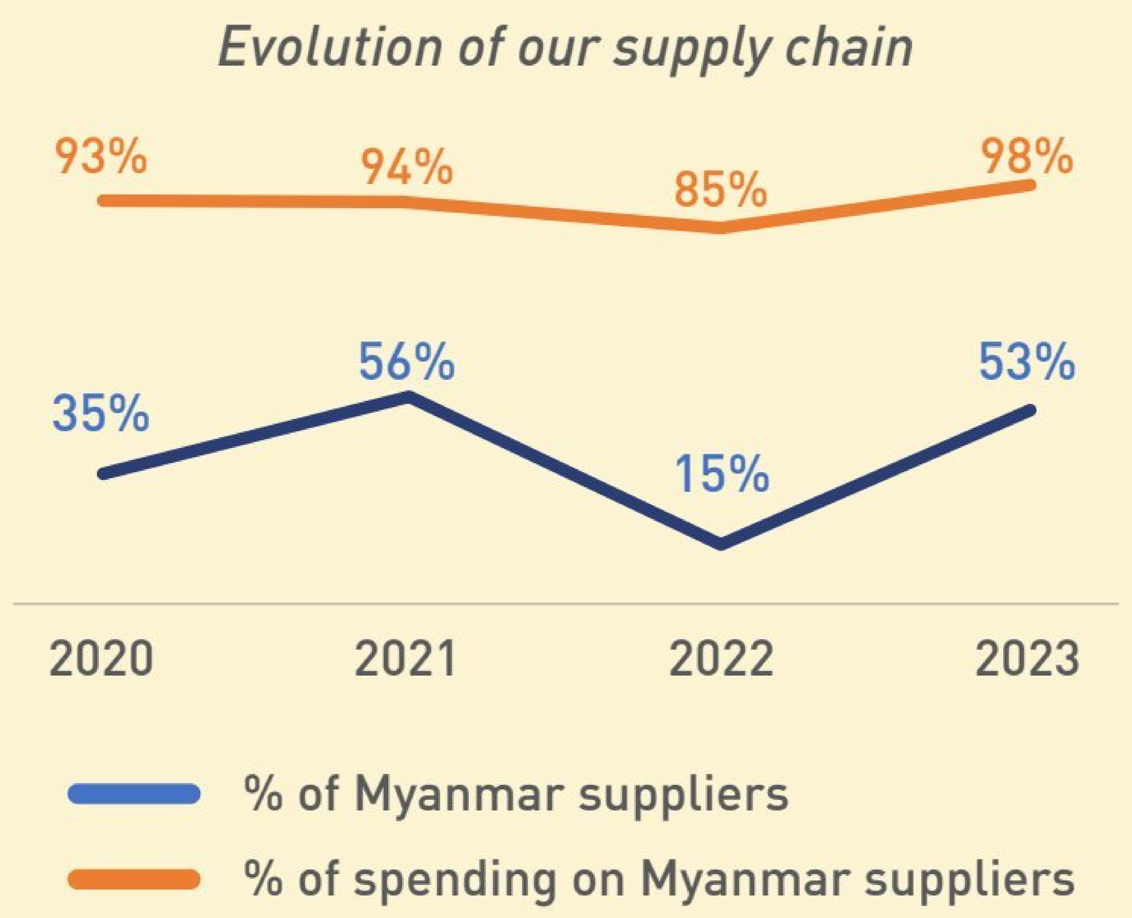
Fostering the local economy

To deliver our products to farmers, we rely on a network of 3,360+ distributors across the country. Through them, Myanma Awba Group can provide farmers with the products they need to manage their crops efficiently: they are therefore crucial to sustaining our operations, and this is why we consider them business partners.

During the COVID-19 pandemic, for instance, we organized a vaccination campaign for our staff, but we also did our very best to include most of our distributors and their family members. Likewise, to mitigate the consequences of the ongoing conflicts, we are in close communication with them and stand ready to help them whenever needed. For instance, we decided to adjust the payment terms of some distributors who could not repay the Group on time due to the conflict, while for others who lost their homes in Sagaing, the company helped them to find new places and even to relocate. We also worked very closely with them to ensure the safety of the distribution of our products across the country in 2022 and 2023.

We also had to transform our supply chain. We had to find new suppliers to ensure that our operations would not be disrupted. As a result, the number of suppliers we work with went from 638 in 2022 to 1,213 in 2023, and 98% of them are Myanmar businesses.

Furthermore, as it was more complicated to secure import licenses on time, we focused on localising our procurement as much as possible. As a result, we spent more on Myanmar suppliers: 53% of our spending in 2023, compared to 15% in 2022.



If we look at the evolution of our spending on suppliers, it grew by 173% between 2020 and 2023, but our spending on Myanmar suppliers grew by almost 700%. Therefore, thanks to our procurement practices, we spend more on a larger number of Myanmar businesses, enabling them to safeguard jobs for their staff.

Strengthening our business integrity

Our Code of Ethics is available on our website: it governs the way we conduct our business, and we encourage people to speak up when they witness any wrongdoing. Last year, we did not record any alerts related to business integrity, but identified 17 breaches of our policies. Furthermore, our chief sustainability officer received training organised by UNODC in 2023, and we received some feedback on our policies from technical experts. We aim to review our policies in 2024 to enhance our processes.

In 2022, we decided to disclose more and better information on our website. As a result, in the Pwint Thit Sa report published in February 2023, Myanma Awba Group ranked 9th, compared to 29th in 2020. We continue to embrace a proactive approach and publish regular updates on our decision to relocate one of our industrial sites in 2022.