

STRATEGIC REPORT

Leadership statement



Dear readers,

Agriculture is crucial for Myanmar. Farmers are the backbone of our economy: their work provides our country and people with food and jobs. Between January and December 2022, the agricultural sector accounted for 22% of Myanmar's GDP and generated over 3 billion USD, ranking third after the gas and garment sectors. Every day, 7.1+ million Myanmar farmers work tirelessly to provide us with rice, vegetables and beans, which represent up to 75% of the calorie intake for Myanmar people and up to 50.8% of their daily expenditure.²

Farmers' contribution and its importance to Myanmar people motivates us to deliver our mission: providing sustainable, high-quality solutions and services to Myanmar's farmers and creating opportunities to enrich and empower rural farming communities. This motivates our 2,600 staff across our Group of companies daily: we push ourselves to serve Myanmar farmers better, ensuring their access to high-quality and cost-efficient agri-products, finance and expertise. Today, we are glad to support Myanmar farmers with our extensive network of 3,360+ distributors and 446 products and solutions specifically designed to help them cultivate their crops.

² For more details, please refer to these two reports published in 2023 by the Central Statistical Organization: *Quarterly Statistics Bulletin, 2022-2023 (Q4)* and *Myanmar Agricultural Statistics (2013-2014 to 2021-2022)*.

Doing business responsibly in Myanmar is challenging, and we have to face numerous hurdles: securing our imports of raw materials; distributing our products across the country, even in conflict-affected areas; and ensuring the safety of our people and distributors and the integrity of our assets – these are some of the challenges we have to deal with daily. And I would like to express my gratitude to all our people: their dedication to our cause humbles me, and I am grateful for their hard work: the resilience of our business is the best proof of their commitment.

Sustainability is not a gimmick for us: Myanmar farmers are already experiencing the consequences of climate change, and we understand it represents some risks and business opportunities. We are therefore working to develop new solutions based on a more circular economy, such as organic fertilisers, and are looking to invest in reducing our energy costs. We also aim to ensure that the farmers use all our products responsibly to minimise the environmental impacts of our products as much as possible.

Despite these difficulties, at Myanmar Awba Group, we are all committed to always acting as a trustworthy partner. We acknowledge that transparency might be difficult today, but we also understand that our stakeholders expect us to be accountable and to operate according to international standards. That is why we started to disclose more information about our operations in 2022, to structure our sustainability strategy, and to engage more proactively. And it is why, with this first sustainability report, we are glad to share our results and progress.

Please do not hesitate to contact our chief sustainability officer if you would like more information about this report or have some feedback. This will help us improve our programme. We thank you in advance!

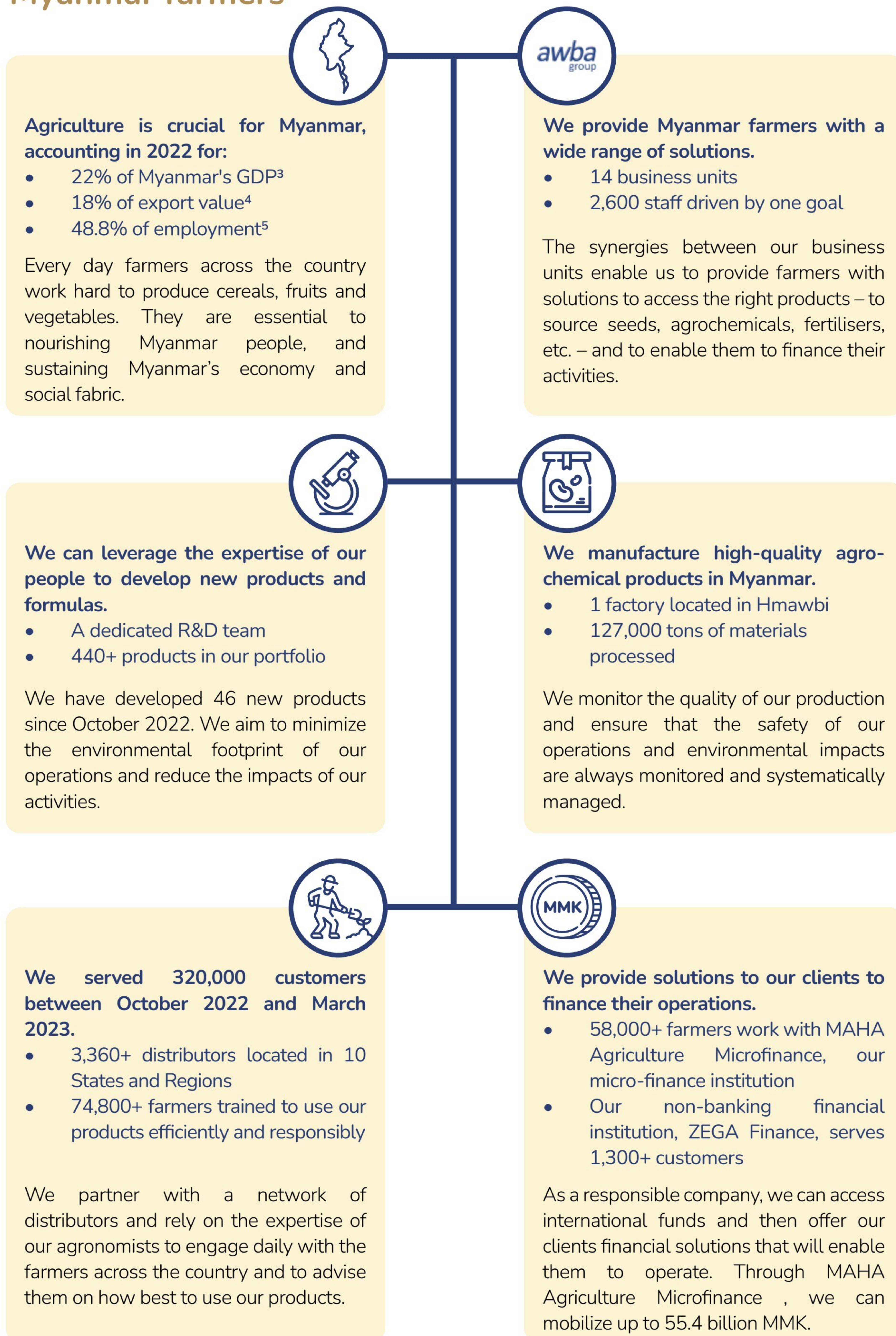


Yours Sincerely,

U THADOE HEIN

Group CEO

Our business: creating value for Myanmar by empowering Myanmar farmers



³ Central Statistical Organization, *Quarterly Statistics Bulletin, 2022-2023 (Q4)*, 2023.

⁴ Central Statistical Organization, *Myanmar Agricultural Statistics (2013-2014 to 2021-2022)*, 2023.

⁵ Ministry of Labour, *Annual Labour Force Survey 2017*, 2017.

Embedding sustainability in our core business

A strategic approach

Sustainability must be connected to our core business: farmers rely on fertile soil and a thriving environment to cultivate their crops.

Furthermore, as a manufacturer of agrochemical products and fertilisers, we acknowledge we are responsible for not harming biodiversity and ensuring our products are safe and used responsibly. And, as an employer, we aim to provide our people with good working conditions and rewarding careers.

For us, sustainability and responsible business conduct can help us to:

- Anticipate and mitigate the consequences of climate change. Myanmar is one of the countries in the world most vulnerable to climate change, and agriculture will be very much impacted.
- Innovate by designing new products with a lower environmental footprint. The Group is looking to develop new products such as organic fertilisers and to invest in solutions fostering the circular economy and green farming.
- Save costs by reducing, for instance, our energy consumption, as securing a constant power supply source is more complicated and costly in Myanmar.
- Safeguard one of our most critical assets: our stakeholders' trust. We operate in a fragile environment affected by multiple crises, and our accountability is essential to demonstrating that we are a trustworthy corporate player, especially in ensuring access to international funds.

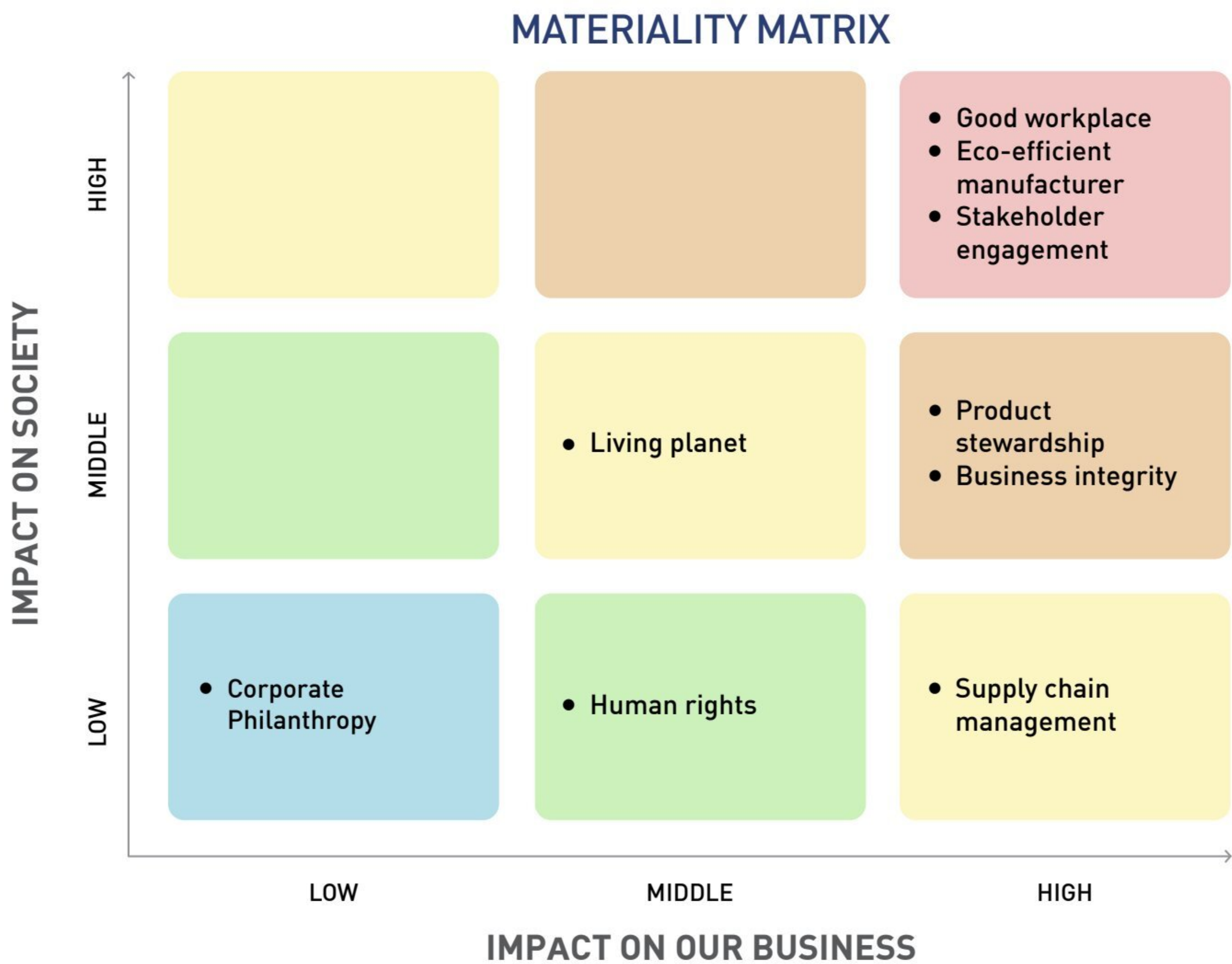
Our sustainability team

In 2022, our Group CEO also appointed our first chief sustainability officer. As a member of our Group's Executive Committee, he is tasked to engage with all the business functions and units on sustainability. He is also responsible for leading our efforts on health and safety and corporate communication. Our chief sustainability officer is supported by a team of 2 staff members, and can count on the support and expertise of a local consultancy.

Focusing on what matters

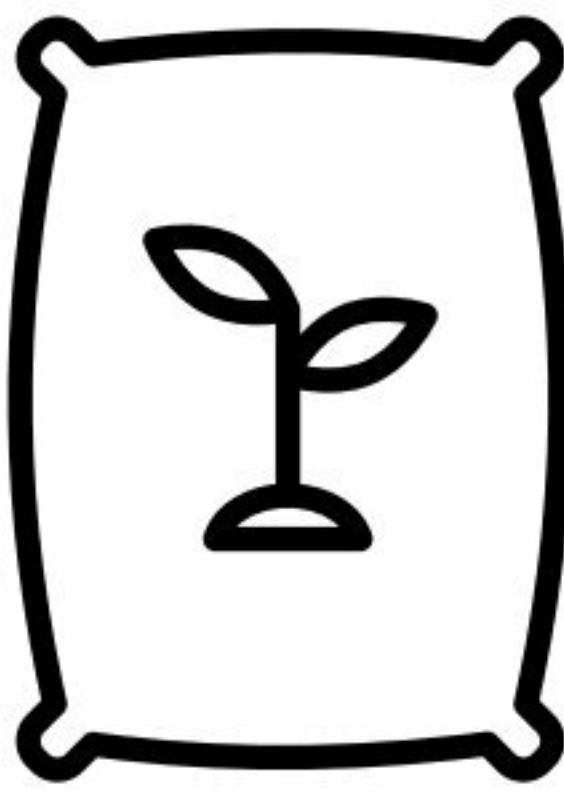
In 2021, our Group CEO decided to structure our approach to sustainability. We involved 25 internal stakeholders, including most members of our Executive Committee. We also engaged with 8 external stakeholders.

As a result, we were able to identify issues that were material for Myanmar Awba Group, as indicated in our materiality matrix.⁶ Our 9 core priorities are the backbone of our sustainability, Better Awba, which articulates four pillars.

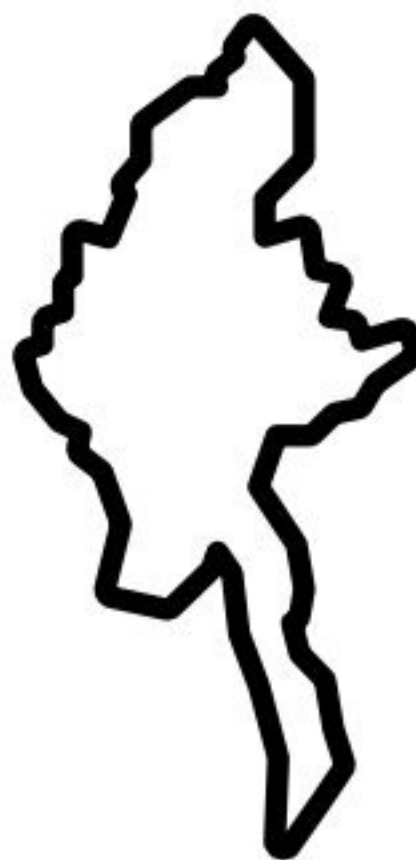
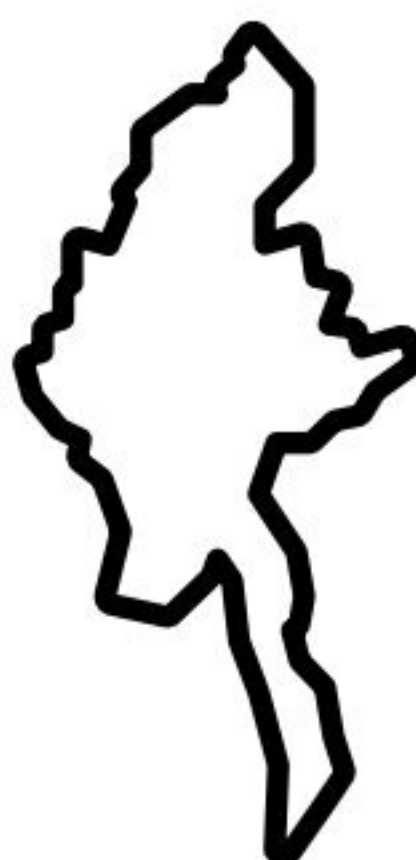


Key facts and figures reflecting our 2023 performance are provided in the table below.

2023 Dashboard

Pillars	Priorities	Data
 Better Agricultural Practices	Product stewardship	• Our portfolio grew by 9% between March 2022 and April 2023 and includes 446 products. • We launched 46 new products last year, mainly fertilisers and herbicides. • We organised 1,573 training sessions (+64% compared to FY21/22) and trained 74,855 farmers to use our products efficiently and responsibly – a 20% contraction due to the ongoing conflict.
	Living planet	• We emitted 3,283 tonnes of CO2 equivalent last year and on a monthly basis our CO2 emissions rose by 21%, mostly due to a higher consumption of diesel. • Our Scope 1 emissions now represent 69% of our carbon emissions, as we must use our generators to supply electricity to our factories.

⁶ More information about our stakeholder engagement are available on [our website](#).

Pillars	Priorities	Data
 Better Workplace	Good workplace	- With 2,617 staff, our headcount is stable (+1% compared to FY21/22); however, the percentage of women decreased slightly to reach 24% in FY22/23, compared to 26% in FY21/22. 25% of management positions are held by women, compared to 23% in FY21/22. - Our incident frequency rate has improved slightly, from 1.5 incidents per 200,000 hours in 2022 worked to 1.4 last year. - We trained 3X more people in FY22/23 compared to FY21/22.
	Business integrity	- We recorded 17 breaches of our Code of Conduct. - We relocated one of our factories and communicated transparently about this process on our website.
 Better Business Practices	Supply chain management	98% of our suppliers are Myanmar businesses. 53% of our spending went on Myanmar suppliers; this increased by almost 8X between 2022 and 2023, as we had to localize our procurement as much as possible to secure our supply chain.
	Eco-efficient manufacturer	- We consumed 11,879 MWh in 2023, and 72% of our energy consumption comes from diesel, which we need to power our generators. - Our monthly energy consumption increased by 28% in FY22/23 compared to FY21/22, as we cannot rely on electricity provided by the EPC as much as before. - We consumed 127 969 tons of raw materials, of which 96% were hazardous materials. - Our monthly production of waste decreased by 75% between 2022 and 2023. 66% of our waste was recycled (14%) or recovered (52%) safely. - We consumed 76,883 cubic meters of water and discharged 2,483 cubic meters.
	Human rights	We are committed to respecting human rights, and regularly assess risks related to our people, partners and customers.
 Better All Together	Stakeholder engagement	- We ranked 9th in the 2022 Pwint Thit Sa report compared to 29th in the previous edition. - We received and resolved 2 grievances from our communities.
	Corporate philanthropy	We donated 299 million MMK to various charities in 2023, compared to 45 million MMK in 2022.