

# BETTER AGRICULTURAL PRACTICES

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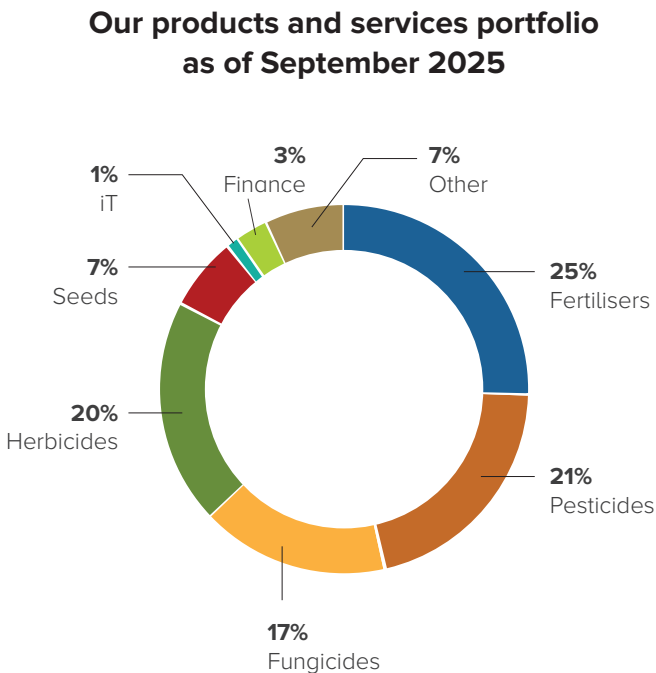
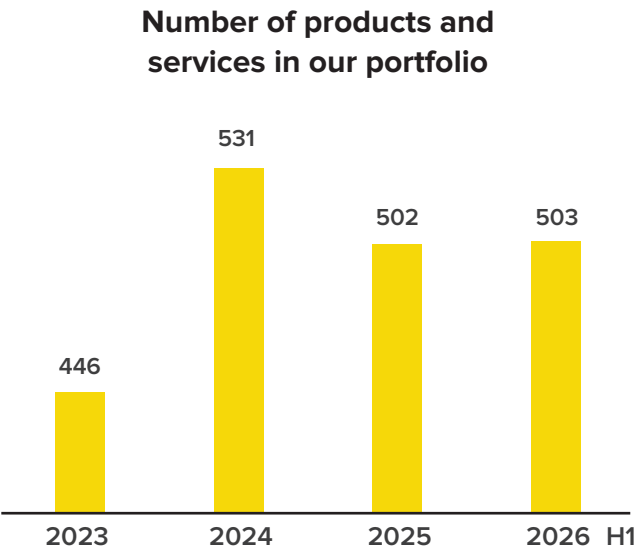
# Better Agricultural Practices

Supporting Myanmar farmers in improving their livelihoods amid current economic conditions is crucial. At MAG, we are committed to helping them navigate a turbulent, difficult environment by providing the services and products they need, while ensuring their accessibility and efficiency and a minimal environmental footprint. This is how we want to foster and enable a transition to better agricultural practices. In doing so, we aim, along the way, to become the most trusted partner for farmers in Myanmar.

## Enhancing our product portfolio to better meet our customers’ needs

Over the past 18 months, we have faced significant challenges, including a decline in farmers’ purchasing power and a reduction in available agricultural land due to ongoing conflicts. According to the International Food Policy Research Institute (IFPRI), sales of agricultural products during the 2025 monsoon season dropped notably compared to 2024: fertiliser sales declined by 18%, agrochemical products by 9%, and seeds by 8% on average, largely due to financial constraints and instability. At MAG, we observed a similar pattern, with product sales declining by 10% overall, primarily due to reduced purchasing power among farmers.

At the same time, government regulations have restricted the sale and distribution of certain products in specific regions due to concerns over chemical residues. While the impact of these restrictions on MAG has been limited, this highlights the importance of managing the impacts of our products throughout their lifecycle. Ensuring consumer health and safeguarding food safety remain critical priorities for us. As part of this commitment, we aim to raise awareness about the responsible use of our products (see page 26 for more details).



As of September 2025, our portfolio consists of 503 products and solutions. Over the past 18 months, we discontinued 40 products and introduced 66 new ones, guided by evolving customer needs. Our agronomists carefully evaluate regional farming conditions to develop products that enhance agricultural productivity, while ensuring full compliance with relevant authorities and that product use does not negatively affect food quality or safety standards.

As of September 2025:

- 58% of our portfolio consists of agrochemical products designed to protect crops and improve productivity.
- 25% comprises fertilisers that support soil fertility and promote plant growth.
- 7% includes a wide range of high-quality seeds, such as corn, vegetables, and pulses.
- 10% of our portfolio covers other products, as well as financial and technological services.

### Managing a crisis responsibly and transparently

In 2025, we had to manage a crisis, as many farmers encountered issues with the corn seeds we sold. Due to unexpected transportation delays, the seeds were held at customs. Once we were able to complete the import process, we conducted various tests with the seeds to ensure their germination rates remained unaffected. Tests proved to be conclusive in January 2025, and we decided to proceed with the sales.

In June 2025, we received multiple reports and complaints from farmers about problematic corn growth. We conducted a thorough investigation and realised that specific batches were faulty. We informed farmers as well as our regulators, and took the following action:

- We initiated a buyback programme for the affected seeds. Although only specific batches were impacted, we offered to repurchase seeds from all farmers who wished to return them. In total, we repurchased seeds worth 11.4 billion MMK.
- We repurchased 386,565 kg of seeds and ensured their responsible disposal by collaborating with a partner in the building materials sector, which uses them as fuel in its cement production process.
- For farmers who had already planted the affected seeds, we provided compensation in the form of replacement seeds and partial coverage of farming costs, amounting to 1.7 billion MMK, based on acreage and planting rates.

The response from affected farmers was positive, and we safeguarded their trust by being proactive, transparent, and supportive of their difficulties.



# Our investments in uplifting the Myanmar agri-food chain

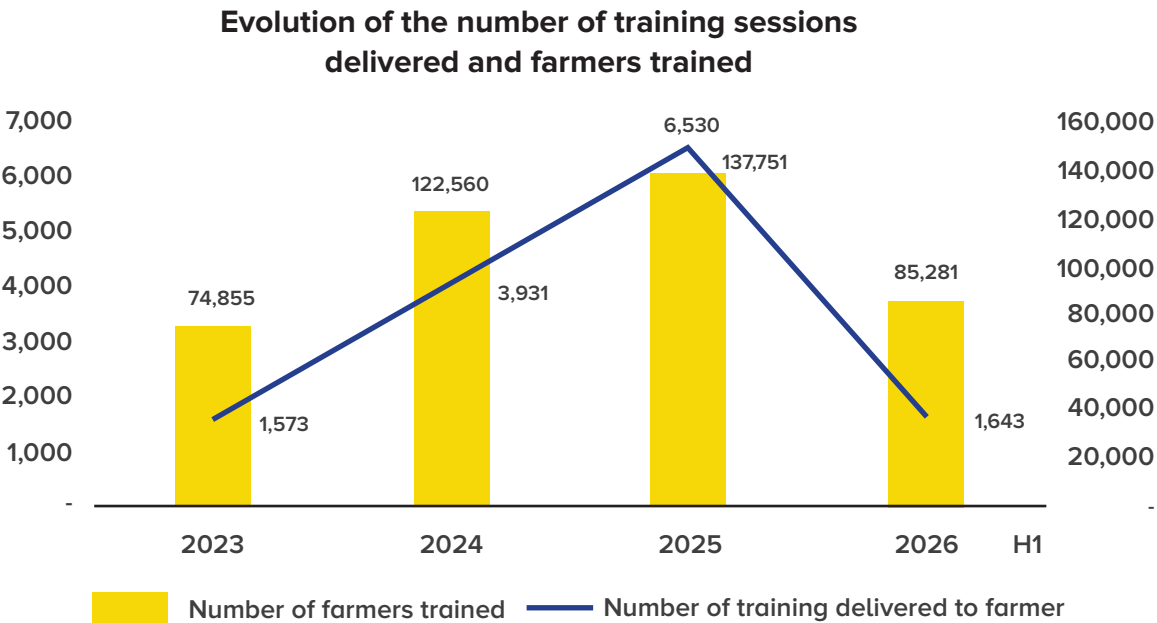
We invested in two projects in 2024: a bio-fertiliser manufacturing site in the Yangon region and a corn drying facility in Shan State. Both projects are now operational and have delivered a range of economic, social, and environmental benefits, as outlined below.

|                                                                                                                                 | Our Inputs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Our Outputs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <div><br/><b>Bio-fertiliser facility</b></div> | <ul style="list-style-type: none"><li>• To produce bio-fertilisers, we source organic waste materials from Kayin and Shan States, creating additional income opportunities for local farmers and communities.</li><li>• Bio-fertilisers have a lower carbon footprint compared to chemical alternatives, primarily due to their significantly lower energy requirements during production.</li><li>• While the production of bio-fertilisers can generate methane, a greenhouse gas nearly 30 times more potent than carbon dioxide, our process mitigates these emissions by using Bokashi EM technology to compost organic waste efficiently.</li></ul> | <ul style="list-style-type: none"><li>• Since June 2025, we have introduced one organic fertiliser product (Comet Bio) to the market, achieving average monthly sales of approximately 1,000 units. However, overall sales volumes remain modest, highlighting the need to further raise market awareness.</li><li>• In Myanmar, bio-fertilisers are approximately three times more affordable than chemical alternatives, enabling farmers to increase their income through improved yields and higher profit margins driven by reduced input costs.</li><li>• For MAG, the establishment of this new entity will support the expansion of our product portfolio while reducing reliance on imported chemical inputs. In the coming years, we plan to introduce an additional product, including a hybrid organic-chemical fertiliser.</li></ul> |
| <div><br/><b>Corn Dryer</b></div>            | <ul style="list-style-type: none"><li>• With this asset, we aim to strengthen the Myanmar corn value chain and enhance farmers' profitability by supporting the transition from single to double cropping in the future.</li><li>• The primary energy source for heat generation will be biomass and agricultural byproducts, such as rice husks and pellets, helping to reduce carbon emissions during the production process.</li><li>• At present, organic waste from our industrial operations is recycled into organic fertilisers, reinforcing our commitment to a circular economy.</li></ul>                                                      | <ul style="list-style-type: none"><li>• We engage with ≈1,000 farmers cultivating 5,000 acres of corn under a contract farming model, enabling them to increase their income and receive more visibility on their activity.</li><li>• The facility has a yearly production capacity of 100,000 tonnes, and part of our product is sold to our partner, De Heus.</li><li>• Located in southern Shan State, our infrastructure was not damaged by the earthquake in 2025, reflecting the quality of our facility.</li></ul>                                                                                                                                                                                                                                                                                                                         |



## Supporting responsible and safe product usage

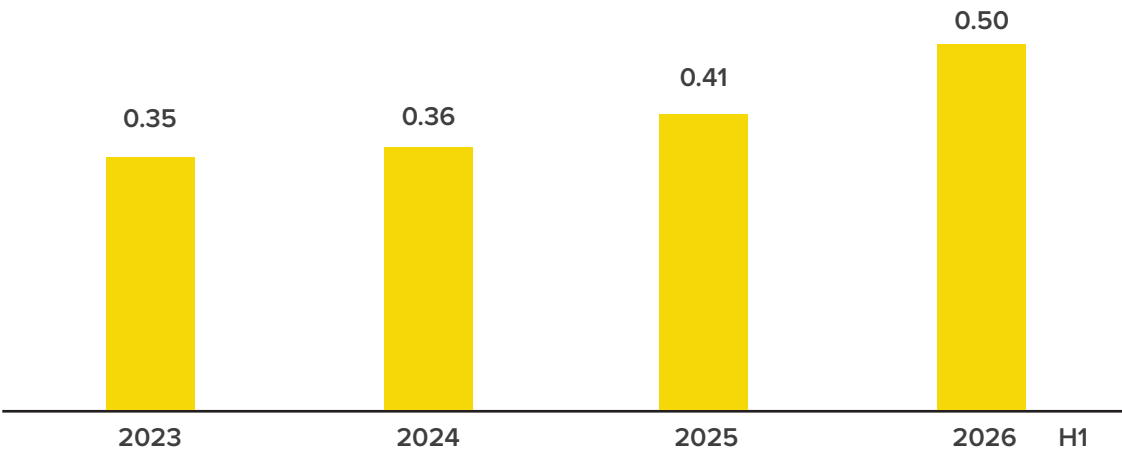
As a producer and distributor of agrochemicals and fertilisers, we recognise the importance of ensuring that farmers can use our products safely and responsibly. To support this, our agronomists work directly with them across the country. However, our training efforts are constrained by limited team mobility and ongoing human resource challenges, making it difficult to recruit skilled professionals with the expertise needed to promote responsible and sustainable product use.



Despite these limitations, MAG remains committed to continuing farmer training initiatives. Since 2024, we have refined our approach by focusing on smaller groups of farmers to enhance the quality of interaction between trainers and participants. In 2025, we trained over 130,000 farmers through more than 6,500 sessions, and in the first half of 2026, we reached over 85,000 farmers across 1,600+ sessions. Moving forward, we will further strengthen our training programmes by placing greater emphasis on responsible and sustainable product use and safe handling practices.

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**Number of complaints from distributors for every 1,000 transactions**



We ensure that our products and solutions are aligned with customer needs and comply with the requirements of relevant regulatory bodies. For example, our agrochemical products must comply with FDA requirements. In addition, we actively track and monitor complaints from both our distributors and customers, including farmers.

- In 2025, we received 145 complaints from distributors, and 80 in the first half of 2026. While the total number of complaints decreased from 2024, the number per 1,000 transactions rose significantly, largely due to external factors beyond our control, such as logistical challenges.
- We received 597 complaints from customers in 2025, representing an 11% increase compared to 2024. In the first half of 2026, customer complaints rose sharply to 14,358, primarily driven by issues related to corn seeds (see page 23 for more details).

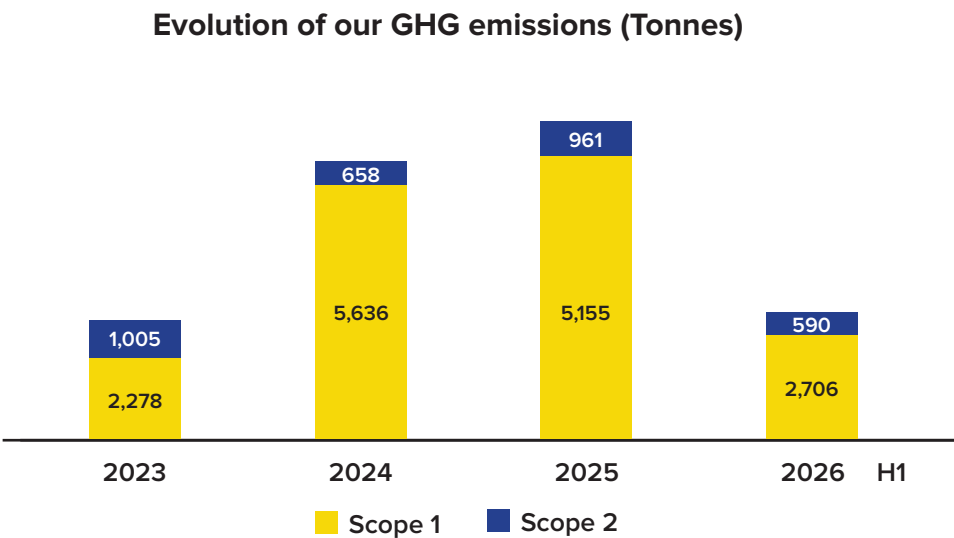
We closely monitor all complaints through our internal systems and do our best to resolve these cases in a timely resolution. We believe customer feedback is essential to improving our service quality, and we will continue to strengthen our systematic approach to complaint management.

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# Limiting the environmental footprint of our value chain

Our industry, particularly the agricultural sector, relies heavily on natural ecosystems, including processes such as photosynthesis, pollination, and nutrient cycling. These ecosystem services are essential for farmers but are increasingly vulnerable to the impacts of climate change. According to the Global Climate Risk Index (CRI) 2026, released by Germanwatch in November 2025, Myanmar remains one of the nations most vulnerable to the impacts of climate change. Consequently, our communities, especially farmers, are significantly affected by these challenges.

At MAG, we are committed to reducing our environmental footprint, not only within our own operations but also across our supply chain. However, implementing effective environmental management practices remains challenging in our local context. Despite this, we are working towards setting clear goals to reduce both operational and supply-chain waste while promoting circular-economy practices across our operations. Our current approach, guided by GEOS (see page 48), represents the first steps we are taking to drive meaningful action in our business activities.



In addition, we are implementing measures to reduce our greenhouse gas (GHG) emissions by improving energy efficiency and limiting overall energy consumption. However, this remains challenging, as our operations continue to rely heavily on generators for electricity. In 2025, our total GHG emissions reached 6,117 tCO<sub>2</sub>e, while emissions for the first half of 2026 amounted to 3,296 tCO<sub>2</sub>e. Compared to 2024, total GHG emissions decreased by 3% in 2025.<sup>4</sup>

<sup>4</sup> **Note:** in our previous year’s report, the total greenhouse gas (GHG) emissions for 2024 were reported as 6,728 tCO<sub>2</sub>e. The revised and accurate total GHG emissions for 2024, including generator emissions, are 6,293 tCO<sub>2</sub>e.

## Engaging with other stakeholders on climate change

In February 2026, we participated in an event hosted by ActionAid and involving WWF Myanmar, Network Activities Group, and representatives of JICA, the World Bank, as well as CSOs. It was an opportunity for us to discuss challenges and opportunities in enabling better solutions, relevant and tailored to Myanmar farmers’ needs.



To enforce more, we are actively exploring alternative energy solutions, particularly renewable energy sources such as solar power (see more on page 49). However, due to limitations, the current system is not yet sufficient to support full-scale operations. At MAG, we remain committed to playing our role in the industry by pursuing innovative solutions and continuously working to reduce our environmental footprint.