



MYANMAR AGRIBUSINESS PUBLIC COMPANY LIMITED

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MAPCO SUSTAINABILITY REPORT 2020
(Communication on Progress)



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Statement of Continued Support by Group Managing Director of MAPCO

Myanmar Agribusiness Public Co., Ltd. (MAPCO) is pleased to submit the Communication on Progress (COP) for 2020. The Board and the management, including staff members and shareholders, are fully aware of MAPCO's adherence to the ten principles of United Nations Global Compact and are committed to continue following the ten principles as integral part of MAPCO's sustainability direction.

MAPCO is currently utilizing market-based approaches, plans of actions and strategies, as well as working in partnership with stakeholders, from the farmers to the consumers. MAPCO in Myanmar promises and promotes sustainability and profitability, as well as Good Corporate Governance.

This Communication on Progress 2020 describes MAPCO's activities and efforts in introducing and implementing the principles. On behalf of the Board of MAPCO, I would like to reaffirm our commitment and our steadfast desire and direction to promote transparency, responsibility and accountability by following the ten principles and we will continue to ensure UNGC principles are implemented by all members at all levels of our organization.

Truly yours,

A handwritten signature in black ink, appearing to be 'Ye Min Aung', written over a horizontal line.

YE MIN AUNG
Group Managing Director

Joint Statement from MAPCO's Sustainability Team

In 2019-2020 fiscal year, the Board of MAPCO has formed MAPCO Sustainability Team in order to implement UNGC principles and to make sure the principles and good practices are being embedded in our business plans, strategies and activities.

Our team is presently working on awareness raising initiatives targeted towards practical use of principles in our business operations and supply chains. We also start to measure, record and monitor the progress on sustainability initiatives and report to the Board and to the Shareholders.

We remain committed and we are steadfastly striving to support United Nations Sustainable Development Goals and Myanmar Sustainable Development Plans as issued by Myanmar Government. Frankly speaking, this report is the first of its kind for all of us and for MAPCO as well. We will definitely do more and promise to achieve more contributive works and results within MAPCO in the near future as the Board and shareholders are determined to support pillars and principles of UNGC as our corporate sustainability strategy.



Daw Khaing Maw Thet
Chief Financial
Officer (CFO)



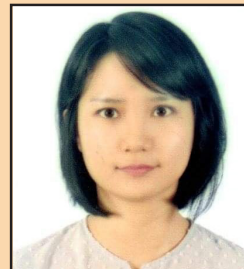
U Nay Myo Win
Chief Administration
Officer(CAO)



U Tin Ohn
Compliance Officer



Daw Thanda Zan



Daw Wai Mi Kan



Daw Zar Zar Myint



U Zaw Ye Tun



U Min Naing Ko



U Myo Tun Lin

About MAPCO

MAPCO was formally formed in August, 2012 as the Public Company, incorporated in accordance with Myanmar Companies Law, fully-owned by Myanmar private investors.

MAPCO intends to mobilize the citizens' savings and to foster broader investment in agriculture and agro-based industries of Myanmar. In addition, MAPCO is founded in response to the growing demand for a business corporation to lead the private sector of Myanmar's agro industry. Using market-based approaches and strategies, as well as working in partnership with stakeholders from the farmers to the exporters, MAPCO promises and promotes sustainability and profitability in the interest of national food security, rice and agriculture sector development of Myanmar.

MAPCO works closely with the Government of Myanmar to set up and invest not only in modern processing and warehousing facilities but also on infrastructure and strategic projects to help alleviate poverty through agribusiness activities within the rural communities. The set of ideals that MAPCO carries is a paradigm shift from the previous agribusiness model to a more robust, comprehensive and sustainable system.

Vision

- To be the vanguard of agriculture and agribusiness sectors.

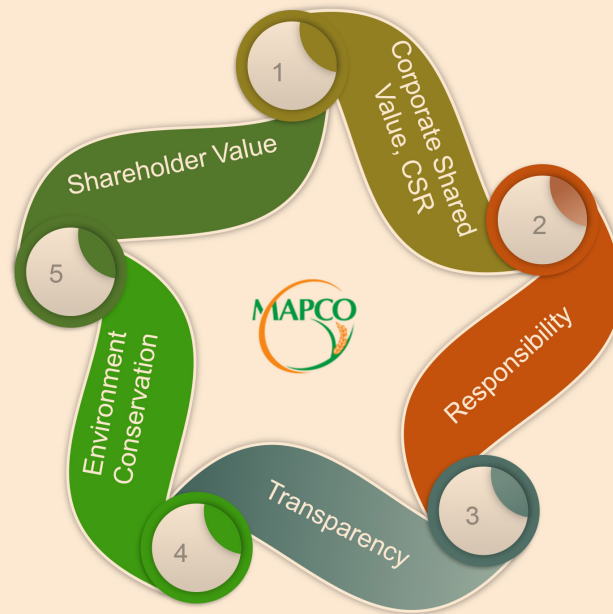
Mission

- To revitalize the Myanmar's agro-based industry by promoting competitiveness and sustainability
- To construct MAPCO as a prominent and preferred agribusiness investment avenue
- To position MAPCO as a global agro-commodities trading house

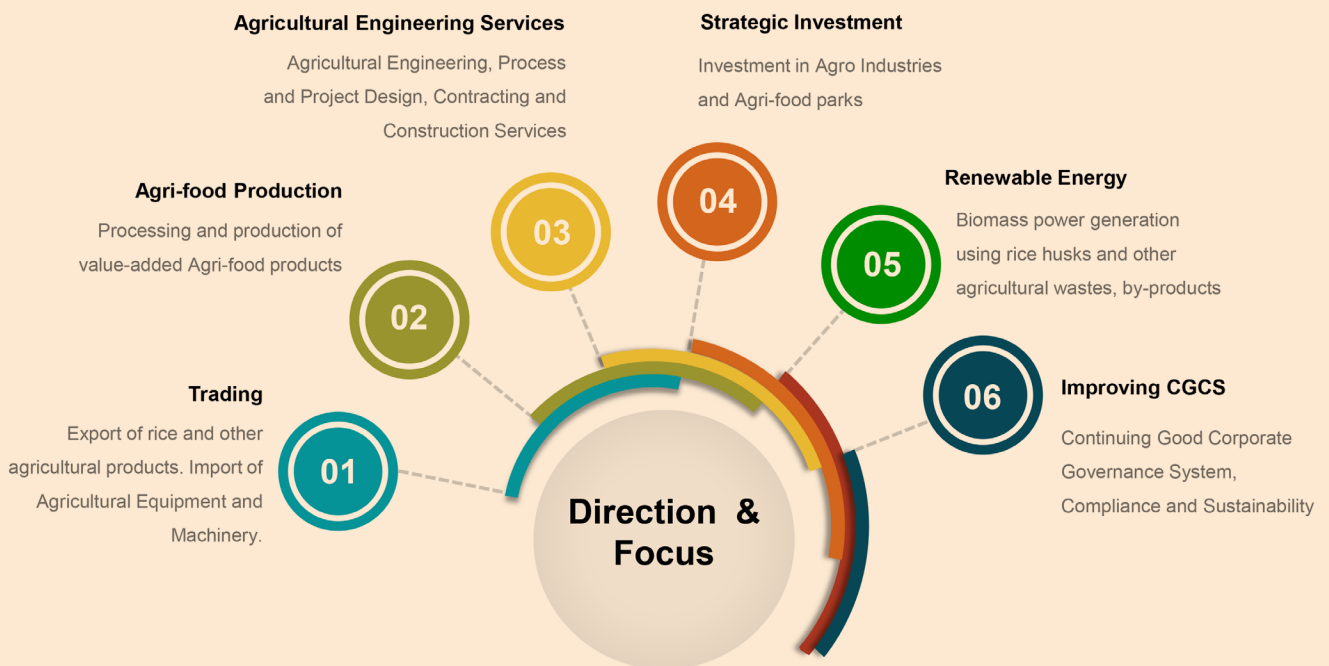
Key Objectives

- To stand successfully as the most vibrant, dynamic and profitable public corporation in Myanmar.
- To develop and sustain agribusiness activities so as to ensure prosperity for all stakeholders in the interests of national food security and rapid economic development.
- To stand successfully as the most vibrant, dynamic and profitable public corporation in Myanmar.
- To develop and sustain agribusiness activities so as to ensure prosperity for all stakeholders in the interests of national food security and rapid economic development.
- To implement private sector-led development in agriculture and agro-based industries
- To develop and improve infrastructure and logistics with regard to economic development of Myanmar.
- To be a market leader in Myanmar and in global marketplace.

MAPCO's Sustainability



Business Direction and Focus (2019-2020)



Our Sustainability and Social Engagement

CSR Activities

Being a member of UN Global Compact, MAPCO has laid down its steadfast commitments to incorporate sustainability, social and environmental priorities into our corporate policies. With about 700 employees, MAPCO provides our customers with the valuable support to meet their demands, while honoring our long term relationships with other stakeholders. Besides, MAPCO is actively engaging with various social and economic organizations and associations, including but not limited to local and international non-government and civil society organizations. MAPCO views and values all important stakeholders as our development partners.

As our vision is to be the vanguard of agribusiness sector of Myanmar, MAPCO addresses key challenges in agriculture and agro industry of Myanmar by promoting partnerships, sustainability and inclusiveness. MAPCO has active Corporate Social Responsibility (CSR) and Corporate Shared Values (CSV) schemes across all our subsidiaries, offices and branches that benefit the society and care about the environment we work and live in.

Donations for relief and rehabilitation work in flood-affected areas

We, MAPCO, contributed a 20 ft. boat and engine (Honda 22hp) in 2019, to be used for relief and rehabilitation work in flood-hit areas in Mon and Kayin States.

Donation to Children's Literature Conference

MAPCO contributed 500,000 kyats to the children's literature awareness talk that was held in Yangon Region, Eastern District, Thingangyun Township, No. (2) Basic Education High School from 23. 11.2019 to 24.11.2019.

Rice Donation to AAR Training School for Disabled Persons (Myanmar)

We, MAPCO, donated rice bags to AAR Training School for trainees and teachers for the purpose of providing more effective basic skills training for the people with disabilities.

MAPCO Staff's Community Involvement : Blood Donation at Yangon Hospital



Religious Waso Robes Offering to Buddhist Monks in 2019

The Board, the management and staff of MAPCO offered Waso Robes to Buddhist Monks. MAPCO promotes peace, happiness and friendship in workplace by doing meritorious deeds.



Warso Robes Donation in 2020



Donation in Kahtain

MAPCO donated 3 million kyats in Kahtain, a traditional religious festival marking the end of Buddhist lent in Myanmar.



Contribution in honoring the outstanding students

MAPCO has agricultural warehouses and rice husk fired biomass power plant in Myaung Mya Township. As the CSR to the community and to the society, MAPCO contributed in educational award giving ceremony, held in recognition of the local students who passed the University Entrance Examination 2019 with flying colors.



Donation of Combine Harvester and Tractor to Rakhine Government

MAPCO Annual General Meeting 2019

MAPCO pays a special attention to shareholders and stakeholders. Annual General Meetings are being held once a year to provide information to shareholders of MAPCO, particularly letting the shareholders know about the business and financial performance. In Annual General Meeting of MAPCO, independent external auditors are appointed, Board Members are appointed and annual report containing audited financials are explained to shareholders and obtain their approval.



Participation in Expos



Promoting Health Awareness within Staff-force

MAPCO provides medical check-ups for our staffs in collaboration with the Ministry of Social Welfare in MAPCO Nay Pyi Taw. Moreover, we work with Thiri Mingalar Mobile Clinic team for health and hygiene related educative talk to enhance the staff's awareness about health and wellbeing.



An Awareness talk on Season Flu at MAPCO Yangon office

International Agricultural Cooperation with Chinese Agronomists and Scientists

MAPCO works closely with Beijing Kangdibao, a company promoting food safety and agricultural development cooperation under Belt and Road Initiatives. The demonstration of agricultural modern practices were undertaken in MAPCO's Twan Tay Rice Processing Complex Project by inviting local farmers.



Contract Farming - Working together with farmers

MAPCO works closely with farmers, who are the primary producers of Paddy rice. MAPCO is introducing the following Contract Farming Model in Naypyidaw, Yangon Region, Bago Region, Ayeyarwaddy Region, Sagaing Region and we are planning to expand and introduce in other parts of Myanmar.

Production Perspective

- ❖ To ensure the "consistent supply of raw materials" to the rice mill- access to raw material base.

Agribusiness Perspective

- ❖ To specialize and involve in a sustainable and comprehensive approach which promotes supply chain and value chain mechanism.
- ❖ To do business in overall agricultural inputs such as agrochemicals and other services, which are beneficial for the company for the farmers and for the Nation.

Quality Control and Quality Assurance Perspective

- ❖ To ensure the better quality of raw material, quality control "from seed to mill"
- ❖ To promote "traceability" and "food safety"
- ❖ To deliver "healthier food" to customers

Rural Development Perspective

- ❖ To contract with small holder farmers with pre-determined price and buy-back guarantee so that the farmers can enjoy "guaranteed minimum income" and access to working capital
- ❖ To support rural agriculture and agribusiness environment
- ❖ To provide small holder farmers with "access to market", "access to technology" and "access to finance"
- ❖ To promote biodiversity and ecosystem by introducing Good Agriculture Practices and Integrated Pest Management Practices.

Management

1. Managing the Process by Public-Private Partnership Framework (MOAI – public, Company-private).
2. Conducting with Project Team, comprising project Manager, Ass Project Manager, Project Supervisors & Financial Supervisors.
3. Inspecting the field at least once a month – joint inspection between MOALI and the Company.
4. Holding the meeting with leaders of Farmers 'Groups at least 2 times during the validity of the Contractment Practices.



Green Initiative for Conserving Environment

MAPCO is implementing the program to reduce paper use in office, in branches and in all our factories, as an environmental sustainability practice under **MAPCO’s Green Initiative**. This initiative also helps the digital conversion of most of the paper works in MAPCO.

Newsletters will no longer be published and will only be posted in the announcement section on the website as e-newsletter. MAPCO’s Green Initiative - 2020 will not only benefit the environmental conservation but also optimizing the expenditure by reducing expenses in paper.

In order to protect the environment, MAPCO has practiced the “ZERO Plastic Bottle Campaign” since 2018 and we are trying to become a “Less Paper Office” by introducing less use of paper.

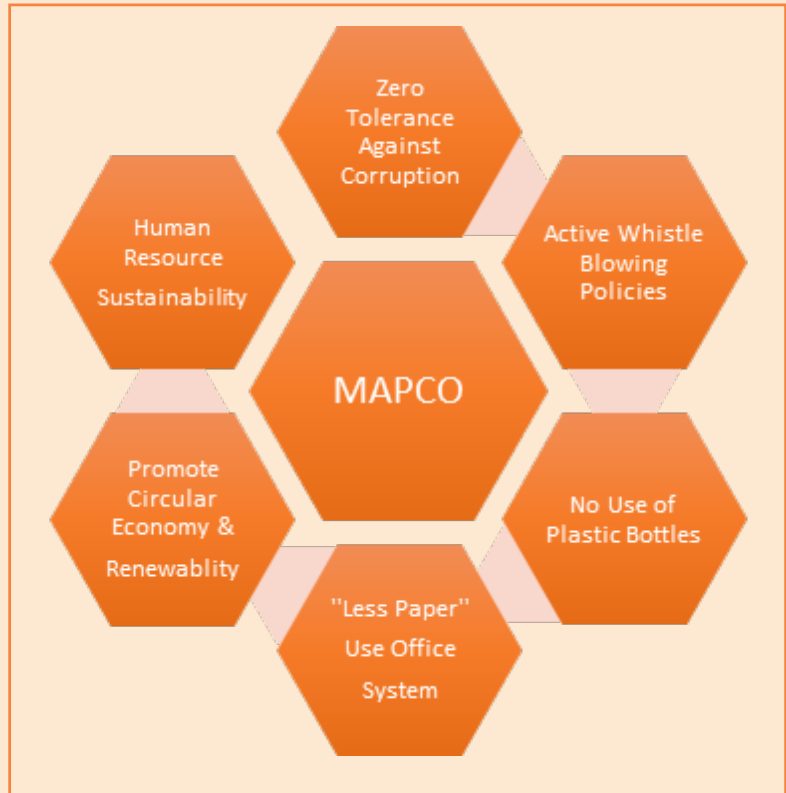
“Zero Single Use Plastic Bottle” Campaign

One of the company’s beliefs is to reduce the negative environmental impact responsibly. In order to minimize the impact on the environment and make our operations sustainable, we are implementing by reducing the use of plastics.

Since the beginning of 2018, we launched a campaign to reduce plastic consumption by holding seminars and workshops in the office. In order to reduce the use of materials that impacts on our environment including plastics, we made the awareness programs to our employees and draw policies and guidelines to practice Reduce, Reuse and Recycle that can help our community and environment by saving money, energy and natural resources.

Starting from the year of 2019, we completely stopped the use of plastic water bottles in the office and staffs are encouraged to use refillable water bottles in the office.

Being a member of UNGC since 2016, MAPCO has adopted and implemented the Anti-Corruption Policy and the Whistle Blowing Policy to protect complainants in accordance with Myanmar Anti-Corruption Law.



MAPCO and UN Sustainable Development Goals

MAPCO in Myanmar are working towards achieving the sustainable development goals of United Nations. We also fully understand that the main intention of UN Global Compact is to promote awareness and action of the business communities related to UN Sustainable Development Goals. As a member of global business community, MAPCO is committed to participate in global call to action in ending poverty, in protecting the environment and in make sure peace, harmony and prosperity for Myanmar citizens.

As Myanmar is a developing country with many economic and political challenges, MAPCO believes that business community's participation in inclusive development process for eradication of poverty in Myanmar is very important and relevant. Besides, as an agribusiness, MAPCO's participation in rural development is supporting the sustainable development of Myanmar.

MAPCO's Board and all staff members share the same philosophy to serve the agricultural sector of Myanmar by increasing our impact investment and promoting trade, with the aim of creating values and opportunities for rural Myanmar.

Some examples of MAPCO's contribution are listed below:



SDG 1: Ending poverty

MAPCO's business engagement with more than 2000 smallholder farmers in 2019-2020 under the Contract Farming project in 33 villages in Central and Lower Myanmar, supported farmers to gain access to credit and access to market. MAPCO also provides agricultural mechanization services to more than 1600 farmers so that farmers who do not afford to own the agricultural machinery could utilize the services given by MAPCO and this promoted their productivity and profit.



SDG 2: Ending Hunger

MAPCO works as the business arm of Myanmar Rice Federation, which is ensuring the affordable and reliable access to rice, which is the staple food in Myanmar. MAPCO lends a hand to Myanmar Rice Federation in ensuring food security for Myanmar and MAPCO promotes sustainable agriculture by introducing responsible contract farming which highlights the importance of food safety and nutrition.



UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS



SDG 3: Ensuring Good Health and Well-being

Staff members at MAPCO participated in various rural community programs to raise the awareness of health and hygiene in rural agricultural communities of Myanmar. MAPCO has an active CSR program to support in community healthcare programs.



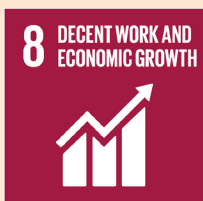
SDG 4: Quality Education

In 2019, MAPCO participated in educational outreach programs in rural Myanmar by providing donations to renovate the schools and to provide awards to outstanding students. MAPCO also supports vocational training to rural workforces to be able to promote their education and employability.



SDG 7: Affordable and Clean Energy

In 2018, MAPCO commissioned 2 biomass based electric power generation projects using modern technology in cooperating with Japanese and Indian partners and investors. In 2019, another rice husk based power generation facility was built with the support of Japanese Ministry of Environment. The three existing projects of MAPCO are supporting the production of renewable energy in Kyaiklat, Naypyitaw and Myaung Mya, by reducing the carbon dioxide and methane emissions.



SDG 8 : Promoting inclusive and sustainable economic growth, decent employment

MAPCO is ISO 9001:2015 certified and is following international quality management system. MAPCO incorporates robust training initiatives to enhance the skills and expertise of our staff members and some strategic partners so that they can become locally, regionally and international active and competitive.



SDG 9 : Innovation and Infrastructure

One of the long term targets of MAPCO is to innovate and digitize our agribusiness activities. In 2018-2019, MAPCO introduces Pissaya project to provide agricultural information, market news and technical assistance by online and digital basis to reach out to more than 20,000 active users. MAPCO also built infrastructure, both hard and soft, in Myanmar.



SDG 12 : Responsible Production

MAPCO is agri-food production business and is systematically and closely working with more than 2000 farmers annually, to promote responsible farming by following good agricultural practices.



SDG 13 : Climate

MAPCO conducts environmental impact assessments in all of our projects. In addition, MAPCO's renewable power projects using biomass, reduce the emission of carbon dioxide and methane and helping the environmental protection works. MAPCO is also introducing the Climate Smart agriculture in our contract farming projects.

MAPCO and the UN Global Compact

MAPCO is very proud to be a member of UN Global Compact, which is global initiative for sustainability. Being a member, MAPCO desires and are determined to steadfastly commit to include the following ten principles in our business plans, actions and operations.

- 1) Businesses should support and respect the protection of internationally proclaimed human rights.
- 2) Make sure Businesses are not complicit in human right abuses.
- 3) Businesses should uphold freedom of association and effective recognition of the right to collective bargaining.
- 4) The elimination of all forms of forced and compulsory labor.
- 5) The effective abolition of child labor.
- 6) Eliminate discrimination in respect of employment and occupation.
- 7) Businesses should support a precautionary approach to environmental challenges.
- 8) Undertake initiatives to promote greater environmental responsibility.
- 9) Encourage the development and diffusion of environmentally friendly technologies.
- 10) Businesses should work against all forms of corruption, including extortion and bribery.



Human Rights

Principles

- (1) Businesses should support and respect the protection of internationally proclaimed human rights.
- (2) Make sure businesses are not complicit in human right abuses.

Practices & Implementation

MAPCO strongly restricts in committing any forms human right violations and will not tolerate in any act of violation and abuse.

MAPCO's policies and procedures adhere to all applicable laws and are consistent with Myanmar laws and principles concerning with freedom of expression and non- discrimination, strict avoidance on forced labour and underage workers in our workplaces. We ensure that there is no discrimination in hiring, remuneration and access to training, promotion, termination and retirement of all the personnel. MAPCO has head office in Yangon, office in Nay Pyi Taw and working outlets in 10 locations throughout the country and (7) subsidiaries which practice same policies and procedures in line with MAPCO Head Office.

MAPCO aims to advocate human rights practices not only within the organization but also to educate along the supply chain, to protect the human rights and give equal opportunities to all of our employees.

- MAPCO started to incorporate awareness training on human rights in our orientation and refreshment trainings
- MAPCO complies with laws and regulations of Myanmar to ensure that we respect the human rights
- MAPCO ensures that our employees are recruited, employed and promoted on the sole basis of their qualifications, merits and performance
- Closer communication channels and ways are established within MAPCO for our interactive engagement with all employees
- MAPCO's Human Resource Policies and Procedures are being publicly published and can be found on our website



- Whistle blowing policy is already issued and is in place to encourage and protect the whistle blowers
- Grievance Hotline Mechanism is a work in progress to form a proper way of notifying the violation of Human Rights within the organization
- Diligent Reference Process is a work in progress to ensure fairness in employment process and to ensure CVs are accurate
- Code of Ethics is a work in progress to uphold human rights and ethical standards
- MAPCO's sustainability team is designing the awareness program to educate not only the employees but also the key actors in supply chains to be aware of our Code of Ethics and our UNGC commitments.

Labor Standards

Principles

- (3) Businesses should uphold freedom of association and effective recognition of the right to collective bargaining.
- (4) The elimination of all forms of forced and compulsory labor.
- (5) The effective abolition of child labor.
- (6) The elimination of discrimination in respect of employment and occupation.

Practices & Implementation

MAPCO's human resource policies are designed and implemented to be in line with Myanmar Labour Laws and ILO Labour Standards.

We value our relationship with employees and, understand that success of business depends on every employee. The employee handbook of MAPCO outlines the clear duty and responsibility of each employee including their working hours, wages and benefits.

As per the Myanmar Labour Regulation, MAPCO strictly prohibits child labor, any form of discrimination against disability, gender, marital status, age, religion, sexual orientation and political status and these policies are extended to all subsidiaries and branches of MAPCO.

As MAPCO is a public company and one of leading agri-business companies in Myanmar, MAPCO has about 700 employees, with its head office in Yangon, office in Nay Pyi Taw and working outlets in 10 locations throughout Myanmar. Our employees also come from diverse cultural and religious backgrounds and we do not subject our employees to any form of discrimination against disability, gender, marital status, age, religion, sexual orientation and political status with equal opportunity and fair treatment in our recruiting process and every welfare activity.

MAPCO makes sure that our employees are paid decent wages, with overtime paid at a premium rate in accordance with Myanmar regulations.

In mid-2018, our company adopted a new flexible working hour policy for each and every employee depending on their tasks and relative departments, to optimize productivity and increase staff motivation.

Any individual can lodge a complaint of any violation of our human resource policies and practices.

We are also designing the awareness program to educate stakeholders from supply chain and encourage to follow the Myanmar Labour Law, Human rights, and ILO Labour Standards.
Measurement of Outcomes

We are also continuously reviewing our policies to ensure that we have updated and transparent guidelines and ensure all our staffs from the head office and subsidiaries are fully aware of their rights and obligations.

- Quarterly consultations with all employees are being carried out so that employees can present their views and ideas
- Our existing whistleblowing policy allows employees to report any wrongdoing while protecting them
- Business Review and Coordination Meetings are being held every month between Managing Director and the business unit or business support unit so that employees can raise their issues
- MAPCO ensures each and every employee has a voice and the voices of employees are well considered in our policies and practices

Environment

Principles

- (7) Businesses should support a precautionary approach to environmental challenges;
- (8) undertake initiatives to promote greater environmental responsibility;
- (9) encourage the development and diffusion of environmentally friendly technologies.

Practices & Implementation

At MAPCO, we are committed to enhancing our capabilities and capacities to reduce the environmental impact by ensuring our operations in sustainable and responsible manners. MAPCO has an environmental policy to meet or even exceed the environmental legislations and regulations of Myanmar. Our practices include:

- MAPCO Green Initiatives – to plant at least 100 trees and plants in 10 villages, every year starting from 2017, Less Paper Use initiative to reduce the use of paper and No Plastic Bottles Initiative since 2018
- Every year, MAPCO holds environmental workshop with over 95% attendance by our employees to promote awareness in circular economy and to train employees on reduce/reuse/recycle.
- MAPCO comply with all relevant regulations and encourage the adoption of the similar compliance by our suppliers and partners
- MAPCO promotes responsible use of water and energy



Biomass Power Project in Myaung Mya

Anti-corruption

Principle

(10) Businesses should work against all forms of corruption, including extortion and bribery.

Practices & Implementation

MAPCO is committed to conducting our businesses honestly and ethically by abiding the Myanmar Anti-Corruption Law 2013 and subsequent rules, regulations and executive orders by Myanmar Anti-corruption Agency. According to good corporate governance of MAPCO, employees are strictly prohibited from corruption, bribery and extortion and this policy is extended to all of our subsidiaries and branches.

MAPCO’s Board has overall responsibility for ensuring corruption-free and bribery-free operations, meeting the legal and ethical obligations. The Board exercises this duty through an audit committee and also delegates this task to Compliance Officer who is supervising the interpretation and implementation of MAPCO’s Code of Conduct and Anti-corruption policies.

- MAPCO’s Anti-corruption Policy is being attached to our employee handbook which is distributed to each of our employees as well as to our branches and subsidiaries.
- MAPCO’s Whistle blowing policy and guidelines are circulated to all employees, as well as those documents are being made available on MAPCO’s website.

The anti-corruption practices are included in our orientation and refreshment program.



Myanmar Agribusiness Public Company Limited (MAPCO)

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