



HAP SENG PLANTATIONS HOLDINGS BERHAD 200701011957 (769962-K)

SUSTAINABLE AGRICULTURE POLICY

Hap Seng Plantations Holdings Berhad ("HSPHB") adopts the Principles & Criteria ("P&C") set out by the Roundtable on Sustainable Palm Oil ("RSPO") as the foundation of its sustainability practices and is further guided by the following policies:-

Scope of Policy

This Policy Statement applies to HSPHB and all of its subsidiaries. In situations where HSPHB has minority interest, we are committed to ensuring this policy is applicable to our business partners including contractors, suppliers, trading, outgrowers, smallholders and joint venture partners, as well as investment in which we do not hold a controlling interest to comply with this policy and thereby focus on traceability within our supply chain.

1. No Deforestation, Environment and Biodiversity

- There will be no deforestation and no development on areas classified as high carbon stock ("HCS") as defined by the High Carbon Stock Approach methodology, or in areas containing high conservation values ("HCV"). Prior to any new developments taking place, a robust HCS/HCV assessment will be undertaken in accordance with the HCV Assessor Licensing Scheme ("ALS") assessors and the HCS Approach ("HCSA") quality assurance process.
- No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their Free, Prior and Informed Consent ("FPIC"). This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.
- Commitment to restoration of non-compliant land conversion.
- HSPHB committed to analyse the annual trend of the quantified Green House Gas ("GHG") emissions to reduce the amount and implement more sustainable practices based on the sources of their GHG emissions that they have identified. The emission of GHG will be progressively reduced on existing plantations and operations towards the time-bound target.
- A strict Zero Burning policy is practised for all operations.
- Ensure to not cause any threats to wildlife habitats, ecosystems and general environment.
- HSPHB is committed to promote the conservation and development of biodiversity within our group of plantations.
- Prohibited hunting, capturing, poaching, injury, possession and killing of animals especially Rare, Threatened and Endangered ("RTE") species, including native tree species.
- No Use of Paraquat policy is practised.
- HSPHB is committed to reduce and phase-out pesticides that are categorized as World Health Organization Class 1A or 1B or that are listed under Stockholm Convention and Rotterdam Convention.
- We are committed to minimise and reduce the use of chemicals, including pesticides and fertilizers.

2. Protection of Peat Areas

- No new development on peat areas, regardless of depth.
- Best Management Practices ("BMP") are applied on existing soil and peat lands in our Plantations.
- In areas that are found to be unsuitable for replanting, we will work with experts to explore options including environmentally friendly alternative uses or peat restoration.

3. Traceability Supply Chains

- HSPHB committed to ensure that the Fresh Fruit Bunches ("FFB") actually come from legal and responsible FFB supplier and will continue to further improve and enhance its traceability mechanism.
- HSPHB shall achieve this, with unwavering focus on continual improvement, through compliance with sustainability and traceability criteria on RSPO, Malaysia Sustainable Palm Oil ("MSPO") and other equivalent certification schemes.

4. Managing Environmental Impact

- HSPHB is committed to conduct environmental impact assessment (with the availability of management and monitoring plan) and to ensuring its activities do not lead to any negative impacts to natural water bodies on its water quality availability.
- HSPHB is committed to manage waste in accordance with applicable regulatory requirements to reduce, reuse, recycle or dispose wastes in an environmentally responsible way.

5. Drive Positive Socio-Economic Impact for People and Local Communities

- HSPHB respects, supports and upholds fundamental human rights, and does not engage in discrimination based on race, religion or gender. Reproductive rights in line with the law of the country is respected.
- We place great importance on the individual cultures, customs and languages in the countries / region where we operate.
- We identify the social impacts through communication with stakeholders during Joint Consultative Committee ("JCC") and minimize the impacts through social impact assessment.

5.1 Respect and Support the Universal Declaration of Human Rights

- HSPHB recognises and supports the Universal Declaration of Human Rights by the United Nations ("UN") including prohibition of retaliation against Human Rights Defenders ("HRD") in accordance to the National Declaration on HRD.
- HSPHB respect the UN Declaration on the Rights of Indigenous People.
- Respect and uphold the rights of all workers, including contract, temporary and migrant workers, with the International Labour Organisation's core conventions, United Nations Guiding Principles on Business and Human Rights and the principles of Free and Fair Labour in Palm Oil Production as guidance.

5.2 Respect and Recognise the Rights of All Workers

HSPHB is committed to ensuring that the rights of all workers, including contract, temporary and migrant workers, are respected according to local, national and ratified international laws and that international best practices are adopted where legal frameworks are not yet in place. It is our priority to comply with relevant legislative objectives and moral obligations to create, build and promote a harmonious, safe and healthy work environment and culture. The following principles are core elements that will guide HSPHB Group's operations.

(i) No Child Labour

HSPHB shall not employ or promote the use of child labour and shall take appropriate measures to prevent the use of such labour in connection with their activities. Remedial action with appropriate follow-up action shall be employed if any child labour case is discovered to protect the welfare of the child. This include access to comprehensive health and social protection measures and education opportunities relevant to their age and development.

(ii) No Forced or Bonded Labour

HSPHB shall not employ or promote the use of forced or bonded labour or human trafficking and shall take appropriate measures to prevent the use of such labour in connection with HSPHB's operations. There will not be any restrictions on the workers' freedom of movement during their free time.

HSPHB shall not deduct any part of an employee's wages unless provided for by law, nor withhold any property, identification cards, passports or other travel documents without their prior consent.

(iii) Occupational Safety and Health

HSPHB shall strive to provide a safe and healthy workplace environment and take effective steps to protect employees from exposure to potential occupational safety and health hazards that are likely to pose any risk of permanent injury, illness or death.

Provide all workers with adequate protective equipment, tools, and safe transportation to and from work free of cost.

Provide regular training and information in the multi-language for the workers can understand on occupational health and safety practices and policies.

Disclose to the workers the ingredients and any associated health risks of any pesticides and fertilisers used by them.

(iv) Employment Contracts

HSPHB shall ensure that employees are given in writing, in language(s) that they understand, a description of their duties, rate of pay, working hours, leave and any other employment benefits.

(v) Freedom of Association and Right to Collective Bargaining

HSPHB shall recognise and respect the right of employees to join trade union of their choice subject to the provisions of relevant national legislation.

(vi) Equal Employment Opportunities

HSPHB shall ensure equal opportunities in the work place. Hiring, remuneration, access to training, promotion, termination or retirement will be implemented based on business needs, job requirements and individual qualification regardless of race, religion or gender.

Committed to prevent employment or occupation-related discrimination based on gender.

(vii) Minimum Income Standard

HSPHB shall ensure all workers are paid wages equal to or exceeding the legal minimum wage and covered for work-related illnesses and injuries.

(viii) Working Hours

HSPHB shall ensure that the working hours comply with national legislation including overtime hours (which are on a voluntary basis), and that workers have at least one rest day each week.

(ix) Record Keeping

HSPHB shall maintain records of working hours and wages for all workers.

(x) Access to Education

HSPHB is committed to ensuring that children of employees who are living in its plantations are provided access to education.

(xi) Harassment and Violence

HSPHB shall not tolerate any type of harassment or violence.

(xii) Whistle-blowing

HSPHB shall provide confidential means for all personnel to report illicit (i.e. unethical or illegal) activities. HSPHB shall refrain from disciplining, dismissing, or discriminating against any personnel for providing information on such activities.

(xiii) Business Integrity

HSPHB shall conduct business in an honest and ethical manner, and comply with applicable laws and regulations.

Prohibit all forms of corruption, bribery and fraudulent use of funds and resources.

(xiv) Grievance Procedure

HSPHB shall provide means for all personnel to express their grievances regarding their employment conditions, responsibilities, co-worker issues, promotion opportunities and other issues related to work environment.

5.3 Facilitate the Inclusion of Outgrowers / Smallholders into the Supply Chain

- HSPHB is committed to conduct continuous consultations with smallholders, and together with other stakeholders, provide technical assistance and support to smallholders to help them achieve compliance with this policy.
- HSPHB is committed to support outgrowers / smallholders to achieve MSPO or RSPO certification.

5.4 Respect Land Tenure Rights

HSPHB will respect legal land tenure rights and recognise duties and responsibilities associated with tenure rights, such as respect for long-term protection and sustainable use of land and national resources. This is done in compliance with the national obligations, constitutions, local laws and regulations of the countries where we are operating.

5.5 Respect the Rights of Indigenous and Local Communities

HSPHB respect customary or native rights of indigenous and local communities and we are committed to ensure compliance to Free, Prior and Informed Consent ("FPIC") in all negotiation prior to commencing any new operations on the land which they hold legal, communal or customary rights. HSPHB will engage relevant stakeholders when undertaking FPIC process to ensure that such process is properly implemented.

5.6 Resolve Verifiable Complaints and Conflicts through an Open, Transparent and Consultative Process

HSPHB is committed to actively and constructively engage with all stakeholders, including communities, governments, suppliers and civil society. In this respect, HSPHB has developed processes for the responsible handling of all complaints therefrom in consultation with such stakeholders.



AU YONG SIEW FAH
CHIEF EXECUTIVE – GROUP PLANTATIONS

15TH AUGUST 2023
DATE