



## **Hap Seng Plantations Holdings Berhad** 200701011957 (769962-K)

### **BOARD CHARTER**

This charter (“Charter”) has been adopted by the board of directors (“Board”) of Hap Seng Plantations Holdings Berhad (“Company”) with the following primary objectives:

- to foster and augment exemplary corporate values, ethical business conduct, good governance practices, and sound board culture;
- to delineate the mutual roles, responsibilities, processes, and operations of the Board and management;
- to codify a standard of conduct and procedures for compliance by all directors, and particularly useful as induction literature for newly appointed directors; and
- to ensure compliance with all applicable legal and regulatory obligations by the Company, members of the Board and members of the management.

In developing the Charter, the Board has taken into account all applicable rules, laws and regulations including but not limited to the following:

- The Companies Act 2016 (“CA 2016”);
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities” or “Listing Requirements”) together with the 4<sup>th</sup> Edition of Corporate Governance Guide (“CG Guide”);
- The Malaysian Code on Corporate Governance dated 28 April 2021 (“MCCG”);
- The Capital Markets and Services Act 2007; and
- The constitution of the Company (“Constitution”).

### **THE BOARD**

#### **Board Composition**

Pursuant to section 196 (1)(b) of CA 2016, in the case of public company, a company shall have a minimum number of two directors. In addition, pursuant to paragraph 15.02(b) of Listing Requirements, the Board must have a woman director and practices 5.2 and 5.9 of the MCCG, the Board should comprise a majority of independent directors and at least 30% women directors. The directors will among themselves elect an independent director to be the chairman and appoint an executive director to the office of managing director. A senior independent director is also appointed to address concerns that may be raised by shareholders of the Company and as an intermediary for other directors when necessary. The Board will also appoint a company secretary or joint secretaries to facilitate proceedings of the Board.

The tenure of an independent director shall not exceed a cumulative term of nine years. Upon completion of nine years, an independent director may continue to serve on the board as non-independent director. If the Board intends to retain an independent director who has served on the Board beyond nine years but less than 12 years, it should provide a strong justification to substantiate the said director's independence and an annual shareholders' approval through a two-tier voting process shall be obtained. An independent director who has served on the Board or any one or more of its related corporations for more than 12 years may remain on the board if he/she is re-designated as a non-independent director.

The Board regularly reviews its composition with the aim to ensure that it achieves a balanced composition. In selecting the suitable candidates, the Company takes into account the benefits of having diverse elements in its Board, including gender, age, ethnicity, nationality, professional background, skills and experience. The final decision, however, is underpinned by the merits and contributions the candidates are able to bring forth to the Company.

The directors are expected to comply strictly to the code of business conduct and ethics and devote sufficient time and effort to the business of the company. Pursuant to paragraph 15.06 of the Listing Requirements, a director of the Company must not hold more than 5 directorships in listed issuers.

Executive directors hold the highest level of management responsibility and operational decision-making authority within the Company.

Non-executive directors help to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Company.

Independent directors are to foster greater objectivity in its boardroom deliberations and decision-making.

### **Board Appointments**

Board appointments are decided by members of the Board upon recommendations of the Nominating Committee.

An induction program aimed at understanding the businesses of the Company and its related group of companies (“Group”) shall be conducted for all newly-appointed directors. Any non-executive director shall be at liberty to accept appointment to other boards, so long as such appointment does not result in any conflict of interests with the Company and/or impair his commitment to the Company. The directors’ network and referrals from incumbent directors and business associates are the primary means to source for candidates for board appointments at the Company as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business imperative. Candidates are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in paragraph 2.20A of Listing Requirements. In addition, the Nominating Committee also endeavours to access to a wider database of candidates by referring to directors’ registry as well as industry and professional associations. The directors’ appointment process is carried out based on methodical and robust process undertaken by the nominating committee.

### **Meetings and Board Attendances**

Board meetings shall be held at such venue and at such time as the Board deems appropriate, but the directors shall meet at least five times a year.

Directors shall use their best endeavours to attend board meetings and to prepare thoroughly for each board meeting. Directors are to participate fully, frankly and constructively in discussions and to bring the benefit of their knowledge, skills and abilities to the Board. Directors who are unable to attend shall advise the company secretary who shall keep a record of attendance of directors at board meetings. Directors are fully cognisant of the requirement to attend more than 50% of the board meetings held in each financial year, failing which his office shall become vacant.

An annual planner of board meetings, with an outline of the businesses to be considered at each meeting, shall be drawn up by the company secretary of the Company (“Company Secretary”), in consultation with the chairman of the Board (“Chairman”) and managing director of the Company (“Managing Director”). It shall then be presented for approval by the Board in advance to facilitate the yearly planning by the directors. At least five business days notice (unless directors unanimously consent to shorter notice) shall be given of a board meeting and such notice shall be despatched together with the agenda and the supporting board papers.

The quorum of any board meeting is two as determined by the Constitution. The Chairman may request executive directors to leave any part of the board meeting, in particular when their performance or remuneration is being deliberated upon in the meeting. Professional advisers, officers or members of staff whose input is required may also be invited to the meetings, at the discretion and invitation of the Chairman.

Directors must act in the best interests of the Company and shall disclose to the Board of any interest or potential interest as soon as they become aware of such interest or potential interest. The Company Secretary shall keep a register of such declarations of interest.

Decisions of the Board shall be by a simple majority of votes of the directors present. Invitees are not allowed to vote. The Company Secretary shall record proceedings and decisions taken during the board meetings, which minutes will be circulated to the members of the Board in a timely manner.

The Board is guided by the disclosure policy enshrined in the Listing Requirements in making immediate announcement of all material information save in the permitted exceptional circumstances, which information is also made available on the company website at [www.hapsengplantations.com.my](http://www.hapsengplantations.com.my) after the release of the announcement.

### **Roles and Responsibilities of the Chairman**

The Chairman shall preside at every general meeting of the Company. He is primarily responsible for:

- The effective leadership of the Board;
- Overseeing the Board in the effective discharge of its fiduciary role;
- Ensuring accurate, complete and timely information, in particular about the performance of the Company, to be furnished to Board members;
- Setting the agenda, style and tone of Board deliberations, facilitating effective review, analysis, discussions and contributions by each director with sufficient time allocated for discussion of complex and contentious issues, encouraging constructive debate so as to enable a sound decision-making process;
- Establishing a close relationship of trust with the management, Managing Director and Board providing support and advice while respecting executive responsibility and hence, fostering a constructive relationship or partnership with the Board and management team;
- Leading efforts to address the Board's developmental needs;
- Organising, convening, and chairing of general meetings, and ensuring a smooth, open and constructive dialogue between the Board and shareholders; and
- Establishing and monitoring good corporate governance practices in the Company.

The positions of the Chairman and chief executive officer of the Company are held by different individuals.

### **Roles and Responsibilities of the Managing Director**

The Managing Director is appointed by the Board to be overall responsible for the efficient and effective management and operation of the Group, in accordance with the strategic direction of the Board. The Managing Director is accountable to the Board for, amongst other things, the following:

- Development and recommendation to the Board of the strategy and vision of the Group and the annual business plans and budgets that support the Group's long-term view;
- Achievement of performance goals, objectives and targets;
- Maintenance of an effective management team and management structures;
- Ensuring appropriate policies are formulated and implemented; and
- Ensuring deployment of effective internal organisation and governance measures.

### **Roles and Responsibilities of the Company Secretary**

The Company Secretary is the chief administrative officer of the Board and the Company, and is responsible alongside with Board members to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.

Appointment and removal of the Company Secretary are matters for the Board as a whole. It is of paramount importance for the Company Secretary to possess the professional knowledge and skill to discharge the duties which the position entails. In general, the Company Secretary is accountable for:

- Ensuring that board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct for the affairs of the Board are complied with;
- Supporting and advising the Board members on all applicable rules, laws, regulations and governance practices affecting the Company and/or the directors as well as its roles and responsibilities;
- Keeping abreast of, and informing, the Board of current and new developments regarding Listing Requirements, best corporate governance practice, and all other related laws;
- Advise the Board on its roles and responsibility;
- Ensuring governance practices to meet the Board's needs and stakeholders' expectation;
- Maintenance of statutory records in accordance with legal requirements;
- Organising and facilitating the convening of board meetings, meetings of the Board Committees, general meetings, in consultation with the Board members and the Chairman;
- Facilitating the appointment of new directors and assisting in director training and development; and
- Serving as a focal point for shareholders' communication and engagement on corporate governance issue.

### **Board Functions and Responsibilities**

At the helm of the Company, the Board is responsible for overseeing the management of the business and affairs of the Company to meet its objectives and goals, including the commitment to sustainability, in the best interests of the Company. In meeting the goals and objectives of the Company, the Board has the following overall responsibilities:



- Establishing, reviewing and refining strategies and performance objectives of the Company towards long terms value creation and strategies on economic, environmental, social and governance considerations underpinning sustainability;
- Selecting, appointing and supporting the Managing Director who heads the executive/senior management team (“Management”);
- Monitoring and evaluating performance of the Managing Director;
- Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director;
- Formulating and implementing policy on succession planning of both members of the Board and Management to ensure that appropriate and ready candidates are available as and when vacancies arise;
- Monitoring and ensuring the accuracy and integrity of financial reporting and non-financial reporting as well as the timeliness of periodic filing with authorities;
- Establishing and maintaining an effective group-wide risk management framework;
- Establishing and maintaining an effective group-wide compliance framework to facilitate and ensure compliance with all applicable laws and regulations affecting the Group and/or its business activities;
- Reviewing the adequacy and effectiveness of the Group’s internal control measures;
- Establishing the level of risk tolerance and puts in place processes to identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets;
- Oversee the governance, strategies, and performance targets aimed at reducing sustainability and climate-related risks, as well as identify potential opportunities for improvement; Evaluating and determining the training needs of its directors
- Subject to cost-benefit analysis, leveraging on technology and systems to ensure efficient use of resources as well as effective dissemination of information;
- Formulating and reviewing communication policies to encourage constructive and effective engagement, dialogue and other forms of communication with shareholders, investors and/or the community; the Company’s shareholder communications policy is set out in Appendix A;
- Promulgating and upholding ethical business practice, corporate social responsibility, long-term sustainability and good corporate governance;
- Reviewing and deciding on Management’s proposals for the Company for meeting its objectives and goals and monitoring its implementation;
- Supervising and assessing management performance to ensure the businesses of the Company are properly managed;
- Establishing and maintaining an effective framework to monitor and manage the Company’s businesses risks; and
- Oversee the governance and strategy on health and safety matters to ensure the Company provides a safe and healthy working environment.

**Board and Board Committees**

The Board may from time to time establish appropriate committees (“Board Committees”) to facilitate the effective discharge of its function. However, the Board Committees are limited to making recommendations to the Board as the Board is not empowered to delegate its decision-making authority to the Board Committees.

Each Board Committee is governed by its own terms of reference approved by the Board. The Company Secretary shall act as the secretary of the Board Committees. It is the Company Secretary’s responsibility to ensure that members of the respective Board Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues and to ensure that there is a clear co-ordination between the Board the various Board Committees. Notice of each Board Committee meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to members of the respective Board Committee, no later than five business days before the date of the meeting (unless members unanimously consent to shorter notice).

The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board Committees, including taking record of those in attendance. The chairman of the respective Board Committee will brief the Board on the various deliberations and/or issues of concern raised during the course of the meetings together with a list of recommendations and/or other matters for the deliberation of the Board.

The Board Committees shall have access to sufficient resources to facilitate the carrying out of their duties, including obtaining, at the Company’s expense, outside legal or other professional advice on any matters within their term of reference.

Set out below are the Board Committees formed and their respective terms of reference:

- (I) Audit Committee
- (II) Nominating Committee
- (III) Remuneration Committee

**Audit Committee**

Members of the Audit Committee shall be appointed by the Board, on the recommendations of the Nominating Committee. The Audit Committee shall comprise not less than three non-executive directors, the majority of whom must be independent.

The term of office and performance of the Audit Committee and each member shall be reviewed by the Board annually to determine whether the Audit Committee and its members have carried out their duties effectively in accordance with their terms of reference.

A former key audit partner shall be observed a cooling-off period of at least three years before he/she can be appointed a member of the Audit Committee.

The Audit Committee shall meet as often as it requires but at least once for every financial quarter and annual reporting. The quorum necessary for the transaction of business shall be two members. Questions arising at any meeting where a quorum is present shall be decided by a majority of votes of the members present, each member having one vote. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. To better discharge the function, the Audit Committee is authorised to seek any information it requires and/or to invite any personnel of the Company to give relevant clarifications at the meeting as and when necessary.

The responsibilities of the Audit Committee are set out in the terms of reference of Audit Committee.

### **Nominating Committee**

The Nominating Committee must be made up exclusively of not less than three non-executive directors, the majority of whom must be independent and is chaired by an independent director or senior independent director. In the absence of the chairman, the Nominating Committee shall appoint one of the independent non-executive members present to chair the meeting.

Appointments to the Nominating Committee are made by the Board.

The Nominating Committee shall meet as often as it requires but at least once per financial year. The quorum necessary for the transaction of business shall be two members. Questions arising at any meeting where a quorum is present shall be decided by a majority of votes of the members present, each member having one vote. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

The responsibilities of the Nominating Committee are set out in the terms of reference of Nominating Committee.

### **Remuneration Committee**

The Remuneration Committee must be made up of not less than three non-executive directors and majority are independent directors. In the absence of the chairman, the Remuneration Committee shall appoint one of the non-executive members present to chair the meeting.

Appointments to the Remuneration Committee are by the Board upon recommendations by the Nominating Committee.

The Remuneration Committee shall meet as often as it requires but at least once per financial year. The quorum necessary for the transaction of business shall be two members. Questions arising at any meeting where a quorum is present shall be decided by a majority of votes of the members present, each member having one vote. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

The chairman of the Remuneration Committee may invite personnel such as the Managing Director, the chief executive of the Company or the head of the human resource department as and when appropriate and necessary.

The Remuneration Committee will ensure the remuneration packages for non-executive directors, executive directors and senior management personnel are comparable to market peers; no director shall be involved in any decisions as to their own remuneration. The policies and procedures to determine the remuneration of the directors and senior management personnel are made available in the Company's website.

The responsibilities of the Remuneration Committee are set out in the terms of reference of Remuneration Committee.

## **DICHOTOMY BETWEEN THE BOARD AND MANAGEMENT**

The Board assumes the oversight and stewardship function of the Company. It delegates the day-to-day management of the Group to the Management led by the Managing Director, save for the following matters specifically reserved to the Board:

### **Matters Reserved to the Board:**

#### **Strategy Issues**

- Approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- Consideration and approval of any major transactions; and
- Oversight of all important policies regulating the Company's relations with its primary stakeholders.

#### **Financial Matters**

- Adoption of any significant change or departures in the accounting policies and practices of the Company;
- Establishment of material loan facilities from any financial institution;
- Reviewing and approving annual and quarterly financial statements;

- Reviewing and approving material investments and transactions;
- Approval of interim and final dividends;
- Recommendation to shareholders of any increase or reduction or alteration to the share capital of the Company and the allotment, issue or disposal of shares of the Company; and
- Recommending and implementing the Company's share buy-back exercise.

### **Statutory and Administrative Matters**

- Amendments to the Constitution;
- Appointment, removal or replacement of the external auditors of the Company;
- Convening general meetings and approval of the notice of the general meetings;
- Prosecution, defence or settlement of material legal or arbitration proceedings save for those which are in the ordinary course of business;
- Granting general signing authorities and changes thereto;
- Approval of terms and conditions of the Company's rights issues, public offers, capital issues;
- Approval and authority to issue circulars to shareholders;
- Approval and authority to issue prospectuses, listing particulars, rights issues and the like;
- Making recommendations to shareholders on ordinary or special resolutions they have approved of;
- Approval of terms of reference and changes in the composition of the Board;
- Determining the size and composition of the Board, establishing Board Committees, evaluating and selecting candidates for appointment to the Board and Board Committees;
- Determining directors' fees and changes thereto; and
- Maintaining a formal orientation and education program for new directors and ongoing programs for all directors.

### **Corporate Governance Matters**

- Undertaking an annual formal review of its own performance, that of the Board Subcommittees and individual directors;
- Assessing independence of the independent directors;
- Considering and recording any conflicts or potential conflicts of directors and/or imposing any limitations or restrictions on dealings by the interested directors with the Group;
- Reviewing the Group's overall corporate governance practices;
- Formulating policies to facilitate constructive dialogue with shareholders and to encourage active participation by shareholders in general meetings;
- Developing and implementing policies for long-term sustainability and creating a financially sound enterprise; and
- Reviewing the effectiveness of this Charter from time to time after taking into account the prevailing laws or regulations.

**Sustainability Matters**

- Oversight of the Company's governance, strategies, and performance targets related to sustainability matters; Review and approve the Sustainability Statement/Report of the Company.

**Management Responsibilities**

Acting on the delegated authority of the Board, the Management is responsible for executing and implementing the various directives and strategies of the Board and they will constantly be engaging the Board in their progress of operation and implementation through the provisions of reports, briefings and presentations on a regular basis. Broadly, the Management is accountable to the Board on the following:

- Developing group objectives and strategies for approval by the Board;
- Recommending to the Board an annual budget and five-year business plan;
- Managing the daily operations of the Group such that they deliver the business plans approved by the Board;
- Executing and implementing Board's decisions with timely reporting to the Board on the progress;
- Regularly reviewing the operational performance and strategic direction of the Group's business;
- Safeguarding the Company's assets and maximizing utilization of available resources;
- Identifying and executing acquisitions and disposals, major proposals or bids;
- Managing the Group's risk profile, in line with the extent and categories of risk identified as acceptable by the risk management committee;
- Manage the Group's sustainability-related risks and opportunities through the Environment & Sustainability Committee;
- Ensuring alongside with the Board and the Audit Committee, that appropriate internal controls are in place;
- Making recommendation to the Nominating Committee on the role and capabilities required in respect of executive directors;
- Setting Group policies for Management development and succession planning of the senior executive team;
- Regularly reviewing the Group's organisational structure and recommending changes as appropriate; and
- Approving all policies and procedures applicable to the Group and ensuring that they adhere to the highest standard.

### **Management Appointments**

Management members are appointed based on predetermined criteria of skill sets, academic and professional qualifications, competencies, experiences, commitment, contribution, performance and leadership qualities, driven by their respective job descriptions. The appointments are decided by the Managing Director.

The Company has also put in human resource programmes which seek to address the need for capable individuals at the Management level, taking into account the different dimensions of diversity.

### **VALUE, ETHOS, PRINCIPLES AND CODE OF CONDUCT AND ETHICS**

In its aspiration to instil and promote appropriate standards of conduct and ethical practices, the Board has established this code of business conduct and ethics to be strictly complied with by the Board members, Management members and employees (“Code”). For the avoidance of doubt, the provisions of the Code are non-exhaustive and are to supplement any other obligations imposed on the directors by any applicable rules, laws and regulations (including but not limited to abuse of power, corruption, insider trading and money laundering).

The Code covers the following areas:

- **Honesty and Integrity**

The success of our business is built on the foundation of trust and confidence. Hence, directors and employees must act honestly and fairly in their dealings with all stakeholders.

- **Compliance with Laws**

Directors shall comply and satisfy themselves that appropriate policies and procedures are in place for compliance by employees and officers, with all laws, rules and regulations applicable to the Company and themselves, including insider trading laws. In the event of dealing with the Company’s shares both within and outside the closed periods, to comply with the disclosure requirements.

- **Conflict of Interests**

Directors are to avoid situations that present or create the appearance of a potential conflict between their own interests and those of the Company and are restricted from participating in businesses which compete with the Group. Directors are to abstain from deliberation and voting on matters relating to the conflict on interest in any Board, Board Committees and general meetings. Any situation that involves, or may reasonably be expected to involve a conflict of interest must be disclosed promptly to the fellow Board members by notifying the Company Secretary. The full text of this policy on conflict of interests is in the Company's anti-bribery and corruption policy ("ABC Policy").

- **Confidentiality**

Directors and employees must maintain the confidentiality of information entrusted to them by the Company and any other information about the Company. In addition, directors and employees must not make use of non-public price-sensitive information to advance or pursue their personal opportunities, gains or interests, such as the buying or selling of the Company's shares.

Directors must not make use of any property of the Company or any information gained from their position as a director.

- **Whistle-Blowing**

The Board has formulated and implemented a whistle-blowing policy to allow, directors, employees, business associates and external providers of the Group ("said Parties") to disclose any malpractice or misconduct which they have become aware of and to provide protection for the reporting of such alleged malpractice or misconduct.

Pursuant to the new section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect since 1 June 2020, the Group has formulated and adopted the ABC Policy. This ABC Policy is administered by the integrity management committee and supervised by the senior independent director of the Company.

Under the ABC Policy, the said Parties are allowed to report on actual or suspected cases of bribery, corruption and/or other forms of misconduct ("Whistle-blowers") without fear of retaliation or reprisal.

- **Corruption and Bribery Practices**

Directors and employees are to prevent corruption and bribery practices. Any situation suspicious on the same shall be reported promptly to Management and fellow Board members.

- **Use of the Company's Assets**

Directors and employees must protect and ensure the proper use of the Company's assets. Misuse of the Company's assets or properties will be subject to disciplinary action.

- **Money Laundering**

It is the policy of the Company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all the relevant law, rules and regulations.

## **REVIEW OF THE CHARTER**

The Board shall review and revise the Charter on a regular basis after taking account the changing legal, regulatory and ethical standards.

## **SUSTAINABILITY**

The Board aspires to strengthen its commitment and investment in corporate sustainability to the mutual benefit of both the Company and the public at large. To this end, various initiatives have been undertaken to harness the market's potential for sustainability-related matters, with the aim of streamlining compliance and strengthening business competitiveness. The full text of the strategies on promoting sustainability of the Company is set out in Appendix B.

## Appendix A - Shareholder Communications Policy

### 1. Objective

To have an effective, transparent and regular communication with all the shareholders, the Company is committed to ensure that all shareholders have timely access to all publicly available information of the Company, with which they are enabled to actively participate in the affairs of the Company in an informed manner.

### 2. Communication With Shareholders

The shareholders' general meeting is the primary forum for Company to communicate with its shareholders. Shareholders are encouraged to participate in general meetings by being present in person or by appointing proxies if they are unable to attend.

To achieve the widest possible dissemination, notice of general meeting is placed both in the national newspaper and the Company's website besides the same being dispatched to the shareholders by post together with the accompanying explanatory materials for at least 28 days prior to the general meeting. This will allow shareholders to have a sufficient time to deliberate on the proposed resolutions which require shareholders' approval in an informed manner and to appoint proxies to attend the AGM and vote on their behalf.

At the commencement of any general meeting, the Chairman of the meeting will open the floor to questions so that all shareholders' queries could be adequately addressed. All the directors of the Company including the chairman of the Audit Committee, Nominating Committee and Remuneration Committee, external auditors and Management members will attend the general meeting to respond to the shareholders' queries.

To strengthen the Company's corporate governance, all resolutions set out in the notice of the AGM will be voted on by poll using the e-voting system. A scrutineer will also be appointed to ensure full transparency of the proceedings.

### 3. Access to Corporate Information

#### (a) Quarterly Financial Results

Within two months of each financial quarter, the Company will release to Bursa Securities its financial results for the quarter just ended. Shareholders are therefore able to update themselves with the Company's performance and material corporate developments on a regular basis.

(b) Announcements to Bursa Securities

The Company is cognisant of all corporate developments relevant to the shareholders and the investors at large. To this end, the Company is mindful of its obligation to make timely announcements on all material corporate actions or developments likely to have an impact on the shareholders' or investors' decision to deal with the Company's shares.

(c) Annual Report

An annual report is the Company's primary literature to summarize the Company's activities, operations and performance over the past financial year. It also reflects the dynamics of the Company's current and future developments so that shareholders are informed of the long-term potential or future of their investment.

(d) Corporate Website

As part of the ongoing effort to foster a closer association with its shareholders, the Company endeavours to ensure that its corporate website ([www.hapsengplantations.com.my](http://www.hapsengplantations.com.my)) contains all material information necessary for the shareholders decision-making process. All corporate announcements, press releases, quarterly financial results, corporate presentations on group financials and operations review are placed on the website as soon as practicable after such information is released to Bursa Securities.

Shareholders may at any time direct questions or request publicly available information via the communication channels provided in the website. The Company places great importance on shareholders' privacy and will not disclose information of shareholders unless necessitated by law.

## Appendix B – Strategies on Promoting Sustainability

Various initiatives and strategies have since been outlined and implemented as part of the Group's on-going commitment to support sustainable palm oil developments in Malaysia:

- The location of the various plantation estates of the Group in a contiguous plot of land allows the Company to reap the economies of scale and therefore enables management team to be employed at an optimum level;
- Applying and implementing sustainable practices in the plantation management including:

(a) soil enrichment and conservation

The Group routinely carries out mulching with recycled organic materials such as empty fruit bunches, oil palm trunks and fronds, which process would replenish organic matter to the soil and improve soil properties accordingly. Other soil conservation initiatives include the planting of leguminous cover crops to reduce soil erosion and improve soil physical properties, terracing and construction of silt pits and bunds, maintenance of soft grasses in palm avenues and prohibiting cultivation or development at slope sites with a gradient of 25 degrees or more.

(b) zero burning policy

The Group adheres to the zero burning policy for both new planting and replanting of oil palm, where remainders of trees are allowed to decompose naturally on the ground during which nutrients are released to fertilise the land organically. At the same time, the elimination of burning would necessarily reduce carbon footprint for the environment.

(c) effective water management

The Group takes all precautionary steps necessary to ensure that water used for irrigation in the estates is free from pollutants by amongst other things, preserving the water catchment areas and water bodies from pollution and contamination.

(d) integrated pest management (IPM)

The Group has adopted the IPM system in its management of pests and diseases with the objective of reducing the use of chemical pesticides. Instead, environment friendly pest control techniques such as use of natural predators and beneficial plants are adopted.

(e) others

The Group also has a specialised department tasked with the responsibility of researching into sustainable agriculture practices to maximise yield and minimise wastage, alongside with contributing to greener environment. Amongst others, the said department undertakes analysis of the oil palm fronds to optimise palm growth through nutritional needs and to minimize chemical leakages from over-applications of fertilizers; also, bunch ash is also used as a source of potassium to reduce the dependence on mineral fertilizers.

- The Group continues to reach out to the rural communities in the vicinity of our estates by providing dependable source of income and employments and hence, seeking to improve or eradicate poverty among such communities;
- Modern amenities and infrastructures including creches, kindergarten, schools, staff quarters are provided to improve the standard of living among the plantation workers;
- In addition to providing safe working environment, the Group adheres strictly to all aspects of occupational safety and health policies to safeguard the safety and well-beings of all the employees and workers alike;
- In its management of human resources to maintain workforce capabilities, the Group also places emphasis on employee satisfaction through continuous training and competitive remuneration and benefits programmes;
- According respect to human rights and ensuring non-existence of discrimination in any form, be it religion, race, nationality, background or others;
- Taking proactive steps towards reducing carbon footprint, including having the corporate office on the estates to reduce unnecessary travelling, engaging measures to improve energy performance of office buildings, better management of energy use for office equipment, reducing overseas or outstation travelling by encouraging participation in meetings by telephone or video conferencing;
- Meeting shareholders' demand for sound financial returns through regular dividend stream, economic growth, open communication and transparent financial reporting; and
- Establishing and complying high standards of corporate governance and engagement with shareholders.