



# HAP SENG PLANTATIONS HOLDINGS BERHAD (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 will encourage the application of this Policy among our business partners including contractors, suppliers, trading and JV partners, as well as investment in which we do not hold a controlling interest.

#### 1. No Deforestation

- There will be no development on areas defined 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 and the HCS Approach quality assurance process.
- The emission of GHG will be progressively reduced on existing plantations and operations.
- A strict Zero Burning policy is practised in relation to all new plantings, replantings or other developments.

#### 2. Protection of Peat Areas

- No new development on peat areas, regardless of depth.
- Best Management Practices are applied on existing 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. 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.

### 3.1 Respect and Support the Universal Declaration of Human Rights

HSPHB recognises and supports the Universal Declaration of Human Rights by the United Nations.

### 3.2 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) **Child Labour**

HSPHB and its suppliers/contractors 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.

(ii) **Forced or Bonded Labour**

HSPHB and its suppliers/contractors 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 and its supplier/contracts 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.

(iv) **Employment Contracts**

HSPHB and its supplier/contractors 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 and its suppliers/contractors 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 and its suppliers/contractors 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.

- (vii) Minimum Income Standard**  
HSPHB and its suppliers/contractors 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 and its suppliers/contractors 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 and its suppliers/contractors 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 and its supplier/contractors 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.
- (xiv) Grievance Redress 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.

### **3.3 Facilitate the Inclusion of Smallholders into the Supply Chain**

HSPHB will strive 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.

### **3.4 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.

### **3.5 Respect the Rights of Indigenous and Local Communities**

HSPHB respects, uphold and recognises the principle of free, prior and informed consent (“FPIC”) and is committed to ensuring compliance to FPIC prior to commencing any new operations. HSPHB will engage relevant stakeholders when undertaking such FPIC processes to ensure that such processes are properly implemented.

### **3.6 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

21<sup>ST</sup> FEBRUARY 2017  
DATE