

PUBLIC SUMMARY REPORT

External Verification of Sustainability Policy Transparency Toolkit (SPOTT) Palm Oil Assessment

Hap Seng Plantations Holdings Berhad 2024

Contact

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PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT
1.1 Company and Contact Details

Company Name:	Hap Seng Plantations Holdings Berhad
Business Address:	Hap Seng Plantations (River Estates) Sdn Bhd 40 KM, Off Jalan Jeroco 91109, Lahad Datu Sabah Malaysia
Contact Person:	Mr. Kee Keow Chong
Office Telephone:	+60195532412
E-mail:	keekc@hapseng.com
Web Site:	Hap Seng Plantations Holdings Berhad

1.2 Assessment Details

Dates of verification:	28-30 August 2024
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1.3 Assessment Type

Third party verification to assess and validate information, compliance, performance and/or action taken by **Hap Seng Plantations Holdings Berhad** towards selected SPOTT Palm Oil Indicator Framework 2024 that requires external verification.

1.4 General Description of Hap Seng Plantations Holdings Berhad

Hap Seng Plantations Holdings Berhad (the company) and Hap Seng Consolidated Berhad shared a common history, with their founding some 38 years ago in Tawau, Sabah. Started as a sundry shop in 1946 under the name Hap Seng (which means “Unity and Success”), the Company expanded into the timber business and thereafter rubber, cocoa and oil palm plantations with the incorporation of The River estates Ltd in 1950, the precursor of Hap Seng Plantations Holdings Berhad.

Hap Seng Plantations Holdings Sdn Bhd was incorporated in Malaysia as a private limited company on 18.04.2007 before it was converted into a public limited company on 03.05.2007 and was known as Hap Seng Plantations Holdings Berhad.

As of 16 November, Hap Seng Plantations Holdings Berhad was listed on the Main Board of Bursa Malaysia Securities Berhad.

The company’s current total landbank of 40,279 hectares across 14 estates. These are Jeroco Group of Estates (JGOE), Tomanggong Group of Estates (TMGOE), Sungai Segama Group of Estates (SSGOE), Ladang Kawa Estate, Pelipikan and Kota Marudu Estates, with JGOE, TMGOE and SSGOE being contiguous to each other in Lahad Datu.

As a seasoned planter, the company has adopted the industry’s best agricultural practices in its estates and is a participant of the RSPO certification programme. Other than that, it has also set aside areas for biodiversity conservation, including the conservation of Bukit Kibos, maintenance and protection of riparian buffer zones as well as retention of designated high conservation value areas in our plantations. Hap Seng Plantations also owns and operates four Roundtable on Sustainable Palm Oil (RSPO) certified palm oil mills. Currently, the company is certified with the following certifications:

- Roundtable on Sustainable Palm Oil (RSPO)
- Malaysian Sustainable Palm Oil (MSPO)
- International Sustainability and Carbon Certification EU (ISCC EU)
- Hazard Analysis and Critical Control Points (HACCP)
- MeSTI
- HALAL
- Italian National Sustainability Certification Scheme for Biofuels and Bioliquids (INS)

Biodiversity Conservation

The company allocated significant area within its landbank as High Conservation Value area. The company took the initiative to conduct assessment to identify the diverse flora and fauna inhabiting the area and formulated effective conservation management plan.

The company enforced a strict 'No Hunting Policy' and takes appropriate action against encroachment into the designated conservation areas under its management purview. Ongoing protection and monitoring of the rich biodiversity area are conducted in accordance with Sabah Wildlife Enactments and the International Union for Conservation of Nature Red List. Below are the relevant policies that support the biodiversity conservation:

- [Sustainable Agriculture Policy](#)
- [Malaysian Sustainable Palm Oil \(MSPO\) Policy](#)
- [Biodiversity Policy](#)
- [Rare, Threatened & Endangered Species Policy](#)

Environmental Sustainability

The company developed relevant policies and systems to ensure its operations are adhering to the mandated environmental requirements. The company focuses on biodiversity conservation measures and environmental protection, with a long-term plan to enrich the surrounding biodiversity and ecosystem.

Quality of the generated wastewater is continuously monitored to ensure it meets the requirements regulated by the Department of Environment (DOE), which also aligns to the Group's water management plan. Rainwater harvesting system has been implemented to ensure sustainable water supply for the operations and domestic consumption.

The company recognises that climate change is a significant threat and is committed to reducing its carbon emissions through progressive transition to renewable energy and improvement in energy use efficiency. Regular monitoring on potential deforestation and fire incident are also being regularly conducted throughout the supply chain to minimise the risk of indirect carbon emissions from the operations. Below are the relevant policies that support the biodiversity conservation:

- [Sustainable Agriculture Policy](#)
- [Malaysian Sustainable Palm Oil \(MSPO\) Policy](#)
- [Biodiversity Policy](#)

Policy

The company has established the following policies as a commitment towards the sustainability implementation:

- Sustainable Agriculture Policy
- Safety and Health Policy
- Land Dispute Management
- Malaysian Sustainable Palm Oil (MSPO) Policy)
- Rare, Threatened and Endangered Species Policy
- Grievances Procedure
- Biodiversity Policy

1.5 Operational Units under scope

The company operates **4 palm oil mills and 14 estates** in Malaysia. Details of the processing operations are as per **annex 1**.

PART 2: VERIFICATION PROCESS

2.1 About the Verification Body

Control Union (CU) is an independent, international assurance and certification body. Founded in 1920 in the Netherlands, CU has office in more than 70 countries. CU offers one-stop-shop solutions for sustainability reporting and assurance services. CU has more than 4,000 employees working across the globe.

Control Union Certification (CUC) is a part of Control Union – an international inspection and certification body. CUC performs assessments and certification across many sectors including biomass, biofuels, forestry, agriculture, food & feed, fats & oils, minerals, energy and tourism.

In the field of sustainability reporting, CUC serves their clients by performing sustainability strategy checks, gap analysis and independent assurance. CUC is also a registered assurance provider for the AA1000 assurance standard.

Control Union (Malaysia) Sdn Bhd is accredited for RSPO (ASI-ACC-069) for the scope of P&C (Single Site & Group) and SCC worldwide and accredited by the Department of Standard Malaysia (DSM) for ISO 17021, ISO 17065, ISO 17020, ISO 9001, ISO 14001, MTCS - FMC, FSMS and MSPO. When requested, a copy of accredited certificates can be obtained from CUC. CUC also approved in providing verification for POIG verification indicators.

2.2 Verification Team

Lead Verifier	Jasmandy Syahrul
Team member	Zulkarnain Ishak

2.2.1 Qualifications of the Verifier

Name	Qualifications
Jasmandy Syahrul (Lead Verifier)	<ul style="list-style-type: none"> Lead Auditor at Control Union (M) Sdn Bhd Graduated in B. Sc. in Plantation Technology and Management from Universiti Teknologi Mara. 9 years working experience in oil palm plantation both in field operation and sustainability department across Malaysia. Successfully completed Lead Auditor training for RSPO P&C, MSPO (OPMC & SCCS), ISO9001, ISO14001, ISO45001, ISO14064, ISO 14065, SA8000, SMETA (6.0), SMETA & SVA Defect Guidance Training, SEDEX Virtual Assessment, GHG Methodologies, UER Training, HCV/HCS Training, etc. Program/ Project involvement: GHG Verification, PAS2060, RSPO P&C, MSPO OPMC, MSPO SCCS, NDPE IRF, SPOTT, TTP, TTM, Unilever, Nestle, PEPSiCo, AAK, EUDR, etc.
Zulkarnain Ishak (Verifier)	<ul style="list-style-type: none"> CoE Manager – Sustainability Assurance, Control Union Malaysia Sdn Bhd Graduate in B. Science and Technology, University Malaysia Sabah. Almost 10 years’ experience in Government Link Company Plantation (Malaysia) as Assistance Vice President- Sustainability and Quality Management (SQM) for upstream and Downstream Sustainability. Additional 4 years’ experience as Environmental Consultant in Alam Sekitar Malaysia. A senior auditor with international auditing experience in Global Report Initiative (GRI) Standards Assurance, NDPE IRF, Traceability Assurance (TTP, TTM), PepsiCo Protocol, RSPO, RSPO SCC, MSPO, ISCC, ISCC ISH, ISCC Waste and Residue, Low iLUC, SPOTT, QMS ISO 9001, EMS ISO 14001, RSB, GGL, SGLS, FSC-COC, HACCP, SHO, CepSWaM, etc.

2.3 Methodology

2.3.1 General Overview

Assurance methodology included:

- Interview of management representative, including senior management at executive and functional levels, and relevant management that responsible for the day-to-day management of sustainability.
- Observe and review the management practices, documentation, process testing and evidence gathering across the organization on a sample basis that support adherence to the principles.
- Data source validation
- Carrying out analytical procedures (e.g., trend analysis)

Selected SPOTT indicators for 2024 assessment: 7, 12, 39, 62, 67, 105, 110, 112, 139, 168, 170, 173

2.3.2 Sampling

Where sampling is required for the verification assessment, the sampling design was based on a minimum sample of facilities, where $x = (\sqrt{y})$, where y is the number of facilities under each processing scope. The result always to be rounded “up” to the next whole integral.

Sampled operational units for the evaluation

Total mill	4	Sample Unit (sqrt units)	2
Total estate	14		4

Explanation of the sample selection

Sampling was derived to be representative covering all operational scopes of the company:

Palm Oil Mills: Bukit Mas Palm Oil Mill (BPOM) and Jeroco Palm Oil Mill 1 (JPOM 1)

Estates: Bukit Mas, Lungmanis, Lokan and Batangan








PART 3 ASSESSMENT FINDINGS

3.1 Summary of the findings

Control Union as a third party has assessed and validated information, compliance, performance and/or action taken by **Hap Seng Plantations Berhad** towards selected SPOTT Palm Oil Indicator Framework 2024 that requires external verification.

Selected SPOTT indicators for 2024 assessment: 7, 12, 39, 62, 67, 105, 110, 112, 139, 168, 170, 173

Summary of Findings Indicators	Scope and Scoring
Member of multiple industry schemes or other external initiatives to reduce negative environmental or social outcomes associated with palm oil production (7).	
No membership informs.	Insufficient
Climate risks assessment available (12)	
The company are committed to disclosing their Greenhouse Gas (GHG) emissions to the customers. Aligned with the group's steadfast dedication to environmental stewardship, reducing their GHG emissions remains a paramount concern, driving ongoing investment in new initiatives. A significant endeavor in this regard is the establishment of biogas plants, which capture methane gas from palm oil mill effluent (POME) and convert it into electricity. The company announces that three of the palm oil mills - JPOM 1, JPOM 2, and BPOM are utilizing electricity generated from biogas plants that have resulted in 21% reduction of diesel consumption in 2023 as compared to 2020.	Limited
The summary Climate Change risk assessment is below and published.	

Climate Change							
GHG Emissions; Fire Management; Peat	Reduce GHG emissions intensity of CO ₂ -e/ MT CPO.	To reduce GHG emissions intensity to below 1.0 MT CO ₂ -e / MT CPO.	Achieved target. Emission at 0.61 MT CO ₂ -e / MT CPO.	To maintain or reduce GHG emissions intensity to below 1.0 MT CO ₂ -e / MT CPO.	To maintain or reduce GHG emissions intensity to below 1.0 MT CO ₂ -e / MT CPO.	13 	6, 7, 50
	Commissioning biogas plants.	All four mills to have access to biogas facilities.	Three mills have access to biogas facilities.	To build new biogas facilities.	To commission new biogas facilities.	10  11  13 	54, 55, 57
	No development on peat soil.	To maintain no planting / development on peat area.	Achieved target.	To maintain no planting / development on peat area.	To maintain no planting / development on peat area.	13 	37, 38
	Zero burning policy.	To maintain zero burning on estates.	No fire incident reported.	To maintain zero burning on estates.	To maintain zero burning on estates.	13  15 	53

The summary report published link is available at

https://www.hapsengplantations.com.my/download/sustainabilityreports/hspgb_sr2023.pdf

The company has addressed the material matters based on identified Risk under Environmental, Social and Governance (ESG) Risk as low risk. The identified Risk Related to Material matters are:

- Mandatory ESG reporting requirements not fully complied with.
- Environmental issues such as climate change deforestation, biodiversity loss, open burning, carbon emission, improper waste management etc.
- Social issues such as non-compliance with minimum wage policy and labour laws and human rights issues.
- Governance issues such as ethical issues, breach of laws etc.

Strategy to Address the identified risk are:

- Keep abreast of the latest developments and requirements in ESG reporting.
- Identify appropriate measures/ action plan(s) to mitigate the risk and impact of the identified material ESG issues.
- To rectify audit findings by the certification bodies on a timely basis.
- Regular communication with major buyers to keep abreast of potential environmental and climate risks (most of the major buyers have in-house or consultant to monitor their CPO suppliers in term of environmental risks).
- Attending ESG seminar or conference to keep updated with the latest ESG insights.
- Identify appropriate measures/ action plan(s) to achieve the ESG KPIs.

The company recognize that climate change is a major threat to the earth, and they are committed to monitor and reduce the carbon emissions. The company has established the GHG emissions baseline in FY2014 by using the RSPO PalmGHG Calculator v2.1.1. RSPO introduced the new PalmGHG Calculator v4.0 in 2019 and since then, the company has calculated their data using this latest version.

Member of the Roundtable on Sustainable Palm Oil (RSPO) (39)

As per RSPO's website, [Search members - Roundtable on Sustainable Palm Oil \(RSPO\)](#), the following were sighted.

- Name: Hap Seng Plantations Holdings Berhad
- Country: Malaysia
- Member Since: 02.09.2005
- Membership: 1-0098-11-000-00

Comprehensive

- Category: Ordinary
- Status: Active
- Sector: Oil Palm Growers
- Website: <http://www.hapsengplantations.com.my>

Mill Name	Cert. Number	Cert. Validity	Supply Base
Own concession			
JPOM 1	RSPO-PC 00111	27.09.2023–26.09.2028	- Batangan - Lutong - Lokan - Lungmanis
JPOM 2	RSPO-PC 00118	27.09.2023–26.09.2028	Kapis
Tomanggong Group of Estates and TPOM	RSPO-PC 00114	09.01.2020–08.01.2025	- Tomanggong - Tagas - Litang
Sungai Segama Group of Estates and BPOM	824 502 14016	24.05.2022–23.05.2027	- Bukit Mas - Sungai Segama - Kawa (Future Golden Development) - Hap Seng (Tiku Division)
Independent Local Outgrower/ Smallholder			
Lebijaya Sdn. Bhd.	RSPO-PC 00135	17.02.2023–16.02.2028	Lebijaya Sdn. Bhd.
Bukit Kretam Sdn. Bhd.	RSPO-PC 00134	19.07.2022–18.07.2027	Bukit Kretam Sdn. Bhd.
LKM Trading	RSPO-PC 00131	16.03.2020–15.03.2025	LKM Trading
Harus Abadi Sdn. Bhd.	RSPO-PC 00132	16.03.2020–15.03.2025	Harus Abadi Sdn. Bhd.
Spark Glory Sdn. Bhd.	RSPO-PC 00130	24.02.2020–23.02.2025	Spark Glory Sdn. Bhd.

Evidence of monitoring deforestation and/or ecosystem conversion in supplier operations (62)

The company has established 'Monthly Summary Report of Deforestation Within Hap Seng Plantations Holdings Berhad and Its Neighbouring Independent Outgrower/Smallholder Based on The Information Provided by Global Forest Watch Website'. The report is issued by the Sustainability Team on monthly basis with the purpose to monitor the existence of deforestation activities within its supply base both internal and external suppliers. (<https://www.hapsengplantations.com.my/environmental-sustainability.html#>)

The deforestation activities are monitored by using Global Forest Watch (GFW) by GIS team under the Sustainability team. As at the assessment day, the company received FFB supply from internal (14 estates) and external (11 estates) suppliers.

Sighted the report includes the following information:

- Number of deforestation occurrence within Hap Seng Plantations Holdings Berhad (HSPHB) in December 2023 as reported by Global Forest Watch (GFW) Website
- Global Forest Watch Website Map for HSPHB

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<ul style="list-style-type: none"> - Global Forest Watch Website Map for Neighbouring Independent Outgrower/Smallholder around HSPHB <p>Further sighted in the report includes a list of FFB suppliers from internal and external suppliers:</p> <ul style="list-style-type: none"> - Own Estate: 14 (Lokan, Batangan, Lutong, Kapis, Lungmanis, Tomanggong, Litang, Tagas, Tabin, Northbank, Bukit Mas, Sungai Segama, Kawa, Pelipikan) - 3rd party: 11 (Bukit Kretam Sdn Bhd, Casem & Sangi Enterprise Sdn Bhd, LPC Plantations Sdn Bhd, Noriza Binti Ariffin, Koperasi Pembangunan Desa, Khoo Chin Hung, Lim Engit Fun, Spark Glory Sd. Bhd., LKM Trading, Lebijaya Sdn Bhd, Harus Abadi Sdn Bhd & First Raintree Sdn Bhd) <p>Example of the deforestation monitoring report reviewed for the month of December 2023 is detailed below:</p> <ul style="list-style-type: none"> - Own estate - There is 47 single alert system detected. Despite that, the alert is reported occur for the area less than 1 ha and none of them were detected under high confidence alert for single and multiple alert system - 3rd party - There is no alert detected <p>Moreover, the company has established the following policies indicate the commitment on no deforestation. The policies have stated that its applicable to all the subsidiaries including their business partners such us suppliers, outgrowers, smallholders, contractors, trading and joint venture partners.</p> <p>Sustainability Agriculture Policy (15.08.2023)</p> <ul style="list-style-type: none"> - No deforestation, Environment and Biodiversity - Protection of Peat Areas - Managing Environmental Impact <p>Biodiversity Policy (30.04.2024)</p> <ul style="list-style-type: none"> - Identifying, protecting and maintaining high carbon stock (HCS), high conservation value (HCV) and other set-aside areas - No deforestation and no development on areas classified as HCS, HCV. - Commitment to restoration of non-compliant land conversion or deforestation - Commitment to zero conversion of all natural ecosystem 	
Implementing a landscape or jurisdictional level approach (Indicator 67)	
<p>The company has initiated the 'Digital Maker programme 4.0' with the aim of making a lasting impact on the education landscape in Sabah, especially in Lahad Datu. The programme is part of a strategy in promoting STEM (science, technology, engineering and mathematics) education and increasing digital literacy in Sabah. Recognizing the benefits of this programme to the students and teachers, the company has contributed RM149,971 to this programme in FY2023.</p> <p>The program provides training through bootcamps and workshops to 40 primary school teachers from various schools, focusing on digital skills, creativity, and innovation. Students will be teaching through team projects.</p> <p>Students from Tawau, Lahad Datu, and Papar districts learned coding using Scratch and Arduino, creating projects to address real-world issues. The program also features a Maker Fair competition, with events for both primary and secondary school students. Teachers also receive BootCamp training to improve their skills in guiding students through creative learning and problem-solving.</p>	Comprehensive
Progress towards commitment to reduce GHG emissions intensity. (105)	
<p>Sustainability Report 2023 (SR) is referred and verified. The company is aimed to reduce the GHG emission intensity to below 1.0 MT/ CO₂e. As of FY2023, the company has achieved the GHG emission intensity at 0.61 MT/ CO₂e.</p>	Comprehensive

The company has explained its commitment to GHG reduction under section 'Emissions Management, page 49 of the SR. Based on the report, FY2019 has been determined as a baseline for Scope 1 and 2 2019. observed the carbon emissions disclosure is aligned to the GHG Protocol and RSPO PalmGHG methodology.

The following is the GHG emission intensity record for all mills from 2021 to 2023. Observed that, there is 10% reductions compared to FY2022.

Mills	MT CO ₂ -e/MT CPO (INCLUDING SCOPE 1 & SCOPE 2)			
	2019 Baseline	2021	2022	2023
JPOM 1	0.56	0.75	0.62	0.58
JPOM 2	1.62	1.11	1.30	1.33
BPOM	1.44	0.88	0.58	0.69
TPOM	1.34	1.29	1.22	0.59
Average	1.08	0.94	0.68	0.61

The significant reduction is due to the installation of biogas plants, which capture methane gas from Palm Oil Mill Effluent (POME) and convert it into electricity. As of the assessment day, there are 3 biogas plants located at JPOM 1, JPOM 2 and BPOM that supply electricity for domestic consumption. This resulted in a 21% reduction of diesel consumption in 2023 compared to 2020. In addition, the reduction of GHG emission is due to reclassification of oil palm planted on non-forested land and this reclassification resulted in 70% of the GHG emissions.

The following data shows the GHG emission for Scope 1 and 2, GHG Sequestration & Off-set for FY2023 as sighted in the SR. The quantification of the GHG emissions by using RSPO Palm GHG v4.0.

FY2023	Emissions at MT CO ₂ -e
Scope 1 Emissions	269,893
Scope 2 Emissions	110
Gross GHG Emissions	270,003
GHG Sequestration & Off-set	179,628
Net GHG Emissions	90,375

Furthermore, the company also has quantified their Scope 3 emission limited to 4 categories; Employee commuting, Business travel, Waste generated in Operation and Fuel and energy related Activities. Summary of the Scope 3 emission is tabulated below.

Scope 3 Emission Categories	Unit	Plantations	%
Fuel and Energy-related Activities	T CO ₂ -e	5,267.76	51.59%
Waste Generated in Operations		4,702.50	46.06%
Business Travel		3.87	0.04%
Employee Commuting		235.84	2.31%
Total		10,209.97	

Below is the summary of GHG emission for FY2023 consisting of Scope 1, 2 and 3 as well as GHG sequestration.

	GHG emission (tCO ₂ e)
Scope 1	269,893
Scope 2	110
Scope 3	10,209.97
GHG Sequestration, Off-set	179,628

Net GHG emission	100,584.97																													
Progress towards commitment on water use intensity (110)																														
<p>The company sourced the water from natural ponds and rainwater for their daily operation and domestic usage.</p> <p>Each mill has established the water consumption and water efficiency record to monitor the water usage throughout their operation.</p> <p>Based on the SR 2023, page 56, the company manage to reduce the water consumption for FFB processing from 1.88 m³/MT FFB to 1.28 m³/ MT FFB. Further confirmation is obtained by review the document of each mill.</p> <table border="1"> <thead> <tr> <th>Mill</th> <th>Baseline (m³/ MT FFB)</th> <th>2021 (m³/ MT FFB)</th> <th>2022 (m³/ MT FFB)</th> <th>2023 (m³/ MT FFB)</th> </tr> </thead> <tbody> <tr> <td>BPOM</td> <td rowspan="4">1.42</td> <td>1.34</td> <td>1.29</td> <td>1.43</td> </tr> <tr> <td>JPOM 1</td> <td>2.09</td> <td>2.56</td> <td>1.09</td> </tr> <tr> <td>JPOM 2</td> <td>2.33</td> <td>0.74</td> <td>0.61</td> </tr> <tr> <td>TPOM</td> <td>1.53</td> <td>1.63</td> <td>1.75</td> </tr> <tr> <td>Average</td> <td></td> <td>1.77</td> <td>1.88</td> <td>1.28</td> </tr> </tbody> </table> <p>In addition, the company has developed the water management plan as sighted in SR 2023, page 55. Moreover, each mill has established the water management plan and regularly monitored.</p> <ul style="list-style-type: none"> - Routine monitoring of the stream and water discharge to safeguard the water quality and mitigate any potential negative impact. - Rainwater harvesting for operation and daily usage and ensure the mills have six (06) months water reserve - Maintenance of riparian area to minimize the soil run-off and as a filter to preserve the quality of water entering the waterways - Rising legume cover crops to prevent soil run-off - Avoiding oil palm planting on steep terrain - Monitoring and treating POME and wastewater prior to discharge - Applying BioTUBE desludging technology to remove solids in POME, reducing BOD levels to within an acceptable limit as required by the DOE 			Mill	Baseline (m ³ / MT FFB)	2021 (m ³ / MT FFB)	2022 (m ³ / MT FFB)	2023 (m ³ / MT FFB)	BPOM	1.42	1.34	1.29	1.43	JPOM 1	2.09	2.56	1.09	JPOM 2	2.33	0.74	0.61	TPOM	1.53	1.63	1.75	Average		1.77	1.88	1.28	Comprehensive
Mill	Baseline (m ³ / MT FFB)	2021 (m ³ / MT FFB)	2022 (m ³ / MT FFB)	2023 (m ³ / MT FFB)																										
BPOM	1.42	1.34	1.29	1.43																										
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JPOM 2		2.33	0.74	0.61																										
TPOM		1.53	1.63	1.75																										
Average		1.77	1.88	1.28																										
Progress towards commitment on water quality (BOD or COD) (112)																														
<p>The company aims to meet the BOD level at 20 ppm for all their mills.</p> <p>The monitoring of water quality (BOD and COD) by 'The 20 ppm and Biogas Project Committee' is conducted on daily basis as stated in the Sustainability Report 2023 (SR), page 57, Managing POME Discharge.</p> <p>The commissioning of the biogas and polishing plant from 2021 (except for Tomanggong Palm Oil Mill (TPOM)) helps the company reduce the BOD level and meet the approved limit. Though they are slightly increase on the average BOD for the group level which is due to the variance of the FFB processed, weather conditions and high BOD level recorded at TPOM, the company still manage to comply to the approved limit by Department of Environment (DOE). In addition, the company is in progress to build the biogas plant at TPOM and expected to be commissioned in 2025.</p> <p>Biological Oxygen Demand (BOD)</p> <p>The following is the BOD approved limit by DOE for all mills.</p> <table border="1"> <thead> <tr> <th>Mill</th> <th>JPOM 1 & 2</th> <th>TPOM</th> <th>BPOM</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Mill	JPOM 1 & 2	TPOM	BPOM					Comprehensive																			
Mill	JPOM 1 & 2	TPOM	BPOM																											

Limit (mg/l)	20	100	20
Discharge	Watercourse discharge		Land Discharge
License no.	JAS.SHQ.600-3/1/26 003449	JAS.SHQ.600-3/1/17 003547	JAS.SHQ.600-3/1/82 003546
Validity	01.07.2024–30.06.2025	01.07.2024–30.06.2025	01.07.2024–30.06.2025

While the following is the BOD level for all mills for 2022 and 2023 obtained from the company's SR 2023, page 57.

Mill	Limit (mg/l)	2021	2022	2023
BPOM	20	7	11	13
JPOM 1	20	15	15	17
JPOM 2	20	16	16	12
TPOM	100	17	22	26
Average		14	16	17

Chemical Oxygen Demand (COD)

The company is aiming to achieve a 70% reduction in COD level at the POME discharge point compared to the POME in the anaerobic pond which typically ranges from 3,500 ppm to 5,500 ppm. The level of COD from the discharged POME are as follows. The data is also obtained from the company's SR 2023, page 57:

Mill	2021 (ppm)	2022 (ppm)	2023 (ppm)
BPOM	391	450	401
JPOM 1	327	278	277
JPOM 2	364	285	277
TPOM	290	311	348
Average	343	331	325

Currently, the monitoring the BOD level is done by implementing the following practices:

- A sample of POME is sent to the appointed lab to be analyzed.
- Conduct water sampling and send to recognized laboratory.

Examples of local stakeholder engagement to prevent conflicts. (139)

The company has established the annual Sustainability Report that provides the environmental, economic and social (EES) principles of operations as well as the commitments in the implementation, and the rollout of new sustainability initiatives. The report is structured to cover all operational and management activities that encompass the cultivation, production and sales of crude palm oil (CPO) within the company estates and mills, including engagement with all the stakeholders.

The company has established the sustainability focus, target and status of target for Stakeholder Engagement as below:

Topic	Sustainability Focus	Target	Status of Target
Integrity and Transparency	Stakeholder Engagement	<ul style="list-style-type: none"> • Stakeholders' meetings for estates and mills level are to 	Internal stakeholders meeting was carried

Comprehensive

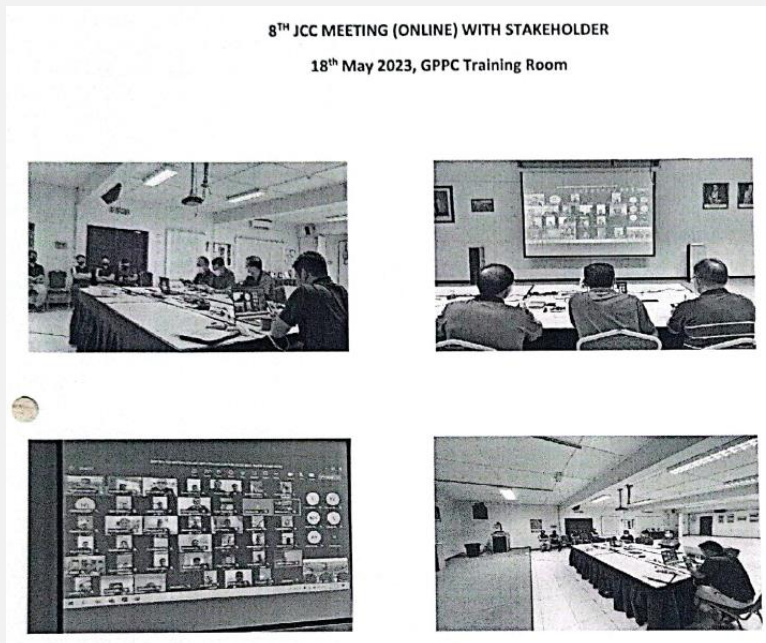
		<p>be carried out on a regular basis.</p> <ul style="list-style-type: none"> Stakeholders meeting for group level to be carried out once every two years 	<p>out by estates and mills on a regular basis.</p>
<p>The company has implemented an internal and external complaint book to record any complaints from stakeholders. All requests were responded back to grievance parties within the agreed timeframe as acknowledged in the records. Among the internal stakeholder complaints mainly for amenities fixing. For external stakeholders, there has been no complaint received so far. All the mechanism of complaint and grievance procedure was communicated via morning muster/briefing, JCC meeting, gender committee and annual external stakeholders' consultation.</p>			
<p>JCC Meeting</p>			
<p>(Internal – Yearly and External every two years)</p>			
<p>The Internal Meeting with the Stakeholder (Mesyuarat Ahli Jawatankuasa Bersama 2023 – JCC) at Sungai Segama Group of Estates has been conducted on 20.12.2023. The agenda discussed:</p>			
<ol style="list-style-type: none"> Confirmation of FY 2022 meeting minutes Discussing Arising Problems Company Policy Other Agenda 			
<p>The minutes of the meeting were prepared by Chung Yuh Fei and verified by Daniel Lo Kyun Kong. The list of attendance, organization chart (responsible person) and survey satisfaction form observed with no negative comment.</p>			
<p>The Internal Meeting with the Stakeholder (Mesyuarat Ahli Jawatan Kuasa JCC) at Lungmanis Estate is conducted on 11.06.2024. The agendas are as follow:</p>			
<ol style="list-style-type: none"> Discussing Arising Problems Stakeholder Consultation Procedures The remarks and action. 			
<p>The minutes of the meeting were prepared by Mashuddin Mohd Rida and verified by Timothy Majail. The list of attendance, organization chart (responsible person) and survey satisfaction form observed with no negative comment.</p>			
<p>The Internal Meeting with the Stakeholder (Mesyuarat Ahli Jawatan Kuasa JCC) at Lokan Estate has been conducted on 16.05.2024. The agendas as follow:</p>			
<ol style="list-style-type: none"> Confirmation of minutes meeting <i>Perlantikan AJK Baru</i> Discussing Arising Problems Complaint form Company Policy High Conservation Value (HCV) – HCV assessment report Information for New Mother RSPO and MSPO Certification Sustainable Agricultural Policy Environmental Policy Emergency Respond (Fire) 			

12. Freedom of Association
13. List of Public Document available
14. Question and Answer session
15. Others.

The minutes of the meeting were prepared by Shah Ruzaini Ahad and verified by Nordin Teppo. The list of attendance, organization chart (responsible person) and survey satisfaction form observed with no negative comment.

The external stakeholder engagement for SSGOE, TMHOE, JGOE & KAWA Estate number 8th Stakeholder Consultation Minutes dated 18.05.2023 has been observed during verification. The agenda discussed as below:

1. Introduction of HSPHB and Company's RSPO/MSPO Status
2. Brief Introduction about Join Consultation Committee (JCC) and HSPHB Company Policy
3. Question and answer session with HSPHB representatives.
4. Other Matters.



Land Disputes Management procedure dated 15.12.2020 observed during verification. The purpose of the land disputes is to provide guidance on managing any land dispute encounter by the company or its subsidiary with any third party such as natives of any person claiming interest on the land or part thereof.

Percentage of independent smallholders/outgrowers involved in programme (168)

The company provides free technical support (including training, policy implementation and the development of SOP and training facilities to assist the independent local outgrowers and smallholders in achieving their RSPO and MSPO certifications. The cost for technical support was estimated at RM200,000 per outgrower or smallholder. The company hope that the study undertaken by RSPO in demonstrating the various benefits of sustainable practices and increase in productivity would be a pulling factor in convincing the independent local outgrowers and smallholders to pursue RSPO certification.

Noted that from the Sustainability Report 2023, 9 out of 11 independents local outgrowers and smallholders have also committed to the company sustainability policies that cover no planting on peat soil, zero burning, no deforestation, biodiversity conservation, protection of rare,

Comprehensive

threatened and endangered (RTE) species, human rights, Free, Prior and Informed Consent (FPIC) and the protection of HCV areas.

The company proactively approached the 11 independents local outgrowers and smallholders since 2017 to raise awareness on sustainable palm oil and the benefits of becoming certified.

	2021	2022	2023
No. of supplier committed to obtain RSPO & MSPO certifications	8 (+1)	9 (+1)	9
Obtained RSPO & MSPO certifications	3	4 (+1)	5 (+1)
Obtained MSPO certification	3 (+2)	3	3

Table status certification outgrowers and smallholders

Noted that the training program has been established for independent smallholder and outgrower since 2019. The training and program observed during the verification such as:

1. Registration of RSPO Membership
2. Internal Audit
3. Quotation/ Appointment of CB
4. External Audit
5. Certificate (RSPO and MSPO)
6. Agronomy work (Leaf Sampling, Soil Sampling, Agronomic report)
7. CHRA Assessment (CHRA Report)
8. Genset Requirements (Written Notification and Declaration Assessment, Stack Emission Monitoring and Suruhanjaya Tenaga Permit)
9. Water Quality Analysis (Drinking Water, River Water Sampling)
10. Medical Surveillance
11. ACOP Submission
12. Scheduled Waste
13. Clinical Waste
14. Stakeholder Meeting

The sample of training and program conducted to HSPHB External independent smallholder/ ourgrower 2023 are as below.

smallholders by conducting independent internal audits on them at least twice a year to gauge their compliance to the company policies. In FY2023, the company has conducted two internal audits on all nine independents local outgrowers and smallholders.

External Suppliers	Coordinates	Mills
1. Spark Glory Sdn. Bhd.	5°18'51.1"N 118°34'32.7"E	BPOM, JPOM 2 & TPOM
2. Harus Abadi Sdn. Bhd. & First Raintree Sdn. Bhd.	5°26'10.0"N 118°33'38.6"E	BPOM & JPOM 2
3. LKM Trading	5°18'31.9"N 118°29'53.5"E	BPOM & JPOM 2
4. Bukit Kretam Sdn. Bhd.	5°29'42.1"N 118°33'46.7"E	JPOM 2
5. Lim Engit Fun	5°23'14.3"N 118°42'37.4"E	JPOM 2 & TPOM
6. Lebijaya Sdn. Bhd.	5°21'38.9"N 118°31'01.6"E	JPOM 2
7. LPC Plantations Sdn. Bhd.	5°26'45.9"N 118°40'56.5"E	JPOM 2 & TPOM
8. Khoo Chin Hung	5°22'50.3"N 118°44'15.1"E	JPOM 2 & TPOM
9. Noriza Binti Ariffin*	5°26'40.8"N 118°41'01.2"E	TPOM
10. Casem Sdn. Bhd. & Sangi Enterprise Sdn. Bhd.	5°26'59.0"N 118°35'09.7"E	JPOM 2
11. Korporasi Pembangunan Desa	5°34'46.9"N 117°50'30.5"E	TPOM

Companies in bold are RSPO & MSPO accredited. Some of the companies supplying to more than one mill.

** Previously the land was managed by Chin Hock Vui.*

The 11 supplier details list and location as FFB External to HSPHB.

The company proactively approached the 11 independents local outgrowers and smallholders since 2017 to raise awareness on sustainable palm oil and the benefits of becoming certified.

	2021	2022	2023
No. of supplier committed to obtain RSPO & MSPO certifications	8 (+1)	9 (+1)	9
Obtained RSPO & MSPO certifications	3	4 (+1)	5 (+1)
Obtained MSPO certification	3 (+2)	3	3

Table status certification outgrowers and smallholders.

Noted that the company has conducted the visiting program to New FFB Supplier and assessment as per company policy dated 19.05.2023.



The report visiting to New FFB Supplier organised by Mr. Aaron Dahing (Manager TPOM) with Mr. Kee Keow Chong (GM Agronomy), Mr. Poh Weng Hong (Sr Planting Advisor), Mr. Muharram Amir (Sr. Sustainability Executive), Mr. Dunstan Fredolin Edward (Mill Assistant) and Mr. Ridwan Abbas (Land Survey).

Noted that the company has assist in conducting the internal audit to all suppliers as a training program has been established for independent smallholder and outgrower since 2019.

The internal audit record (program) has been conducted as below:

HAP SENG PLANTATIONS HOLDINGS BERHAD
RSPO & MSPO MONITORING SCHEDULE OF HSPHB EXTERNAL INDEPENDENT SMALLHOLDER / OUTGROWER 2023 - BATCH 1

No	Items	Action by	2023 - 2024			2024 - 2025			2025 - 2026		
			Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)	Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)	Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)
1	Registration of RSPO Membership	MSR Sustainability Team	29.8.2023	8.2.2024	13.8.2023						
2	Internal Audit	MSR Sustainability Team									
2.1	1st Internal Audit		25-26.10.2022	21.8.1.2022	12-20.10.2022	6.8.2023	16-11/10/23	8.8.2023	14-30/10/23	8.8.2023	17-19/10/23
2.2	2nd Internal Audit		2.11.2022	6.11.2022	17-28.10.2022	20.9.2023	20-31/11/23	21.8.2023	16-31/11/23	21.8.2023	18-9/11/23
2.3	3rd Internal Audit		17.11.2022	12.12.2022	16-17.11.2022	4.10.2023	11-10/10/23	5.10.2023	22-29/10/23	6.10.2023	8-9/11/23
2.4	4th Internal Audit					25.10.2023		25.10.2023		25.10.2023	
2.5	5th Internal Audit					8.11.2023		8.11.2023		8.11.2023	

Batch 1

HAP SENG PLANTATIONS HOLDINGS BERHAD
RSPO & MSPO MONITORING SCHEDULE OF HSPHB EXTERNAL INDEPENDENT SMALLHOLDER / OUTGROWER 2023 - BATCH 2

No	Items	Action by	2023 - 2024			2024 - 2025			2025 - 2026		
			Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)	Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)	Start Glory Sdn Bhd	LKM Trading	Harus Abadi Sdn Bhd (First Raintree)
1	Registration of RSPO Membership	MSR Sustainability Team	29.8.2023	8.2.2024	13.8.2023						
2	Internal Audit	MSR Sustainability Team									
2.1	1st Internal Audit		25-26.10.2022	21.8.1.2022	12-20.10.2022	6.8.2023	16-11/10/23	8.8.2023	14-30/10/23	8.8.2023	17-19/10/23
2.2	2nd Internal Audit		2.11.2022	6.11.2022	17-28.10.2022	20.9.2023	20-31/11/23	21.8.2023	16-31/11/23	21.8.2023	18-9/11/23
2.3	3rd Internal Audit		17.11.2022	12.12.2022	16-17.11.2022	4.10.2023	11-10/10/23	5.10.2023	22-29/10/23	6.10.2023	8-9/11/23
2.4	4th Internal Audit					25.10.2023		25.10.2023		25.10.2023	
2.5	5th Internal Audit					8.11.2023		8.11.2023		8.11.2023	

Batch 2

Proportion of supply from suppliers that is verified as deforestation- and/or conversion-free (DCF) (173)

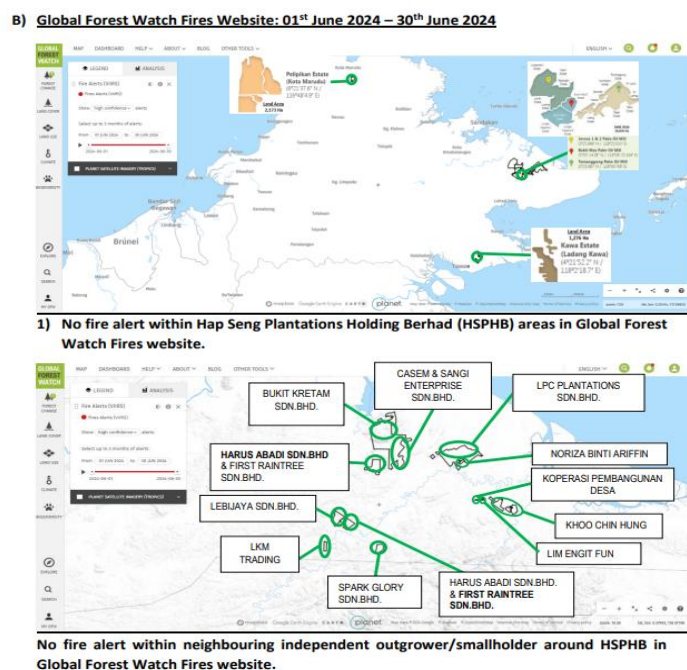
The company monitors Deforestation via Global Forest Watch (GFW). The tool GFW provides an open access tool for sustainability practitioner to create a deforestation free supply chain, and it provides information about potential deforestation activities to users. Regular monitoring on potential deforestation and fire incidents is also being regularly conducted throughout the supply chain to minimize the risk of indirect carbon emissions from the operations.

Comprehensive , Self-reported

Relevant policies to support environmental sustainability are as below:

- Sustainable Agriculture Policy
- Malaysian Sustainable Palm Oil (MSPO) Policy
- Biodiversity Policy

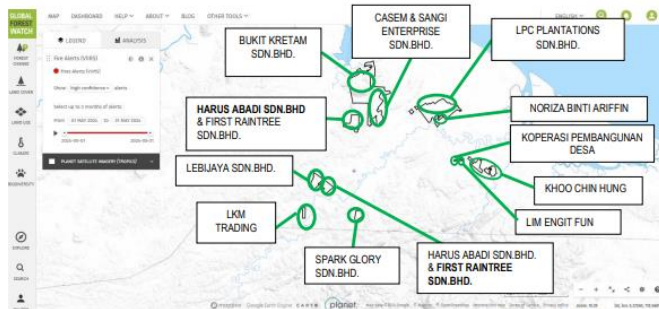
Notes that monthly summary report of fire hot spot/ fire alert within the company and its neighboring independent outgrower/ smallholder based on the information provided by Global Forest Watch fire (June 2024, May 2024 and April 2024)



B) Global Forest Watch Fires Website: 01st May 2024 – 31st May 2024



1) No fire alert within Hap Seng Plantations Holding Berhad (HSPHB) areas in Global Forest Watch Fires website.

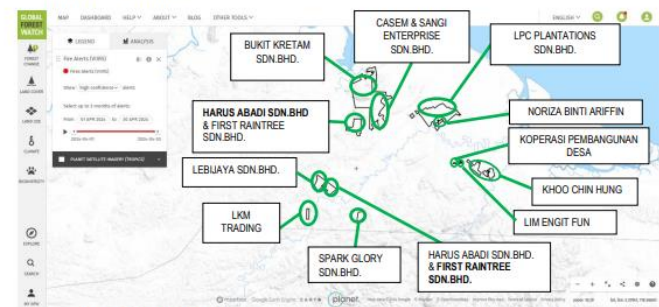


No fire alert within neighbouring independent outgrower/smallholder around HSPHB in Global Forest Watch Fires website.

B) Global Forest Watch Fires Website: 01st April 2024 – 30th April 2024



1) No fire alert within Hap Seng Plantations Holding Berhad (HSPHB) areas in Global Forest Watch Fires website.



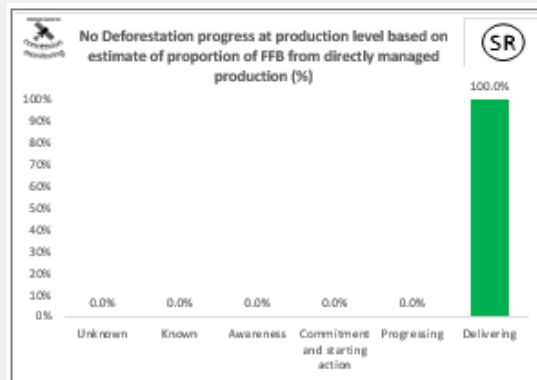
No fire alert within neighbouring independent outgrower/smallholder around HSPHB in Global Forest Watch Fires website.

Noted that the result proportion self-declared NDPE IRF by the company as below.

No Deforestation progress at production level based on estimate of proportion of FFB from directly managed production

FFB production categories (delivering)	Volume from own estates	Volume from 3rd party supply	Volume from refineries & traders	% of volume (overall)
Unknown	0.00	0.00	0.00	0.0%
Known	0.00	0.00	0.00	0.0%
Awareness	0.00	0.00	0.00	0.0%
Commitment and starting action	0.00	0.00	0.00	0.0%
Progressing	0.00	0.00	0.00	0.0%
Delivering	133,459.46	13,858.59	0.00	100.0%
	133,459.46	13,858.59	0.00	100.0%

The no deforestation progress as at production level based on estimate of proportion of FFB from directly managed production are 133,459 MT (own estate) delivering and 13,858.59MT (third party supply) as delivering.



The FFB volume for own estate and third-party supply which is 147,138.05 MT is 100% under Delivering as graph and table as above.

Noted that the company has established the SUSTAINABLE AGRICULTURE POLICY contain NO Deforestation, Environment and Biodiversity detail such as below:

- 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 practiced for all operations

The Policy has been established and signed dated 15.08.2023. the policy is available at [SUSTAINABLEAGRICULTUREPOLICY\(ENGVERS\).pdf \(hapsengplantations.com.my\)](https://hapsengplantations.com.my/SUSTAINABLEAGRICULTUREPOLICY(ENGVERS).pdf)

3.2 Signing by the Client

I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents and audit findings as presented in this document.

I also confirm:

- Acceptance of liability in execution of the instructions given.
- That this company was made aware that the findings of the audit team are tentative; pending review and decision making by the duly designated representatives of Control Union Certifications.
- That during the closing meeting all agenda items was covered by the Lead Verifier.

Acknowledged by:

Name:	KEE KEOW CHONG
Position:	GENERAL MANAGER - AGRONOMY
Date:	04.09.2024



Signature

3.3 Signing by the Lead Assessor

I the undersigned, being the Lead verifier, confirm that this report is an accurate record of the findings and of the closing meeting. I further confirm that the summary of the findings as presented in this report are a true representation of the actual findings of the audit team.

Acknowledged by:

Name:	Jasmandy Bin Syahrul
Position:	Lead Assessor
Date:	02.09.2024



Signature

3.4 Signing by the Certifier

I the undersigned, being the Certifier, confirm that the information and conclusions included in this report have been prepared in good faith and that the certification decision has been based upon this information.

Acknowledged by:

Name:	Ebnu Holdoon Shawal
Position:	Reviewer
Date:	05.09.2024



Signature

ANNEX 1:

List of mill and estates operates by Hap Seng Plantations Holdings Berhad included in the scope of assessment:

Operational Units under scope			
Hap Seng Plantations Holdings Berhad operates 4 palm oil mills and 14 estates based in Malaysia. Details of the processing operations are as per below:			
Operations Unit	Facilities	Location	Certification
1. Bukit Mas Palm Oil Mill 2. Jeroco Palm Oil Mill 1 3. Jeroco Palm Oil Mill 2 4. Tomanggong Palm Oil Mill	Palm oil mill	Sabah	RSPO, MSPO, ISCC EU
1. Lokan 2. Lutong 3. Lungmanis 4. Litang 5. Tabin 6. Bukit Mas 7. Kawa 8. Batangan 9. Kapis 10. Tomanggong 11. Tagas 12. Northbank 13. Sungai Segama 14. Pelipikan	Estate	Sabah	RSPO, MSPO, ISCC EU