











HAP SENG PLANTATIONS HOLDINGS BERHAD

ABOUT US

Hap Seng Plantations Holdings Berhad ("Hap Seng Plantations") has prepared this Report in accordance with the Global Reporting Initiative ("GRI") Sustainability Reporting Standards: Core Option. This Report also complies with Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting.



Scope and Boundaries

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

Since the launch of our inaugural report in 2015, there has been no significant change to the size, structure or ownership of our palm operations.

Unless otherwise stated, it contains data and information for the financial year 1 January to 31 December 2021. This Report is intended to meet the information needs of our stakeholders and to communicate our approach to the EES aspects of our business. It is also intended to be read in conjunction with our 2021 Annual Report and the sustainability-related disclosures on our website.

The scope of our Report covers:

- All of Hap Seng Plantations' upstream operations in Sabah, which includes oil palm plantations and palm oil mills.
- It does not include associate companies or joint venture enterprises.



Materiality Assessment

Materiality is the core determinant in creating long-term value for our business and stakeholders as they influence how the Board and senior management steer our sustainability strategies, initiatives, and reporting.

As there has been no significant change to the size, structure or ownership of our palm operations since our first reporting in 2015, we have set the review of our materiality matters to once every two years. Our last reassessment of our key material aspects, with both our internal and external stakeholders in 2021, was via various platforms including group session engagements by phone and emails. Their inputs has been incorporated into our updated Materiality Matrix on page 15.

In line with the sustainability effort spearheaded by the United Nations, we as a Roundtable on Sustainable Palm Oil ("RSPO") and Malaysian Sustainable Palm Oil ("MSPO") certified company, have been aligned to the United Nations Sustainability Development Goals ("UN SDGs") as stated on page 9 to 14.

Please refer to the GRI Content Index (from page 68 to 72) for each disclosure used.

VISION & MISSION

To achieve the highest productivity and to be the most cost-efficient producer in Malaysia

SUSTAINABILITY PRINCIPLES & VALUES

Economic Growth

Environmental Protection

Mutually Beneficial Relationship with Our Community

Accountable to Our Stakeholders

Integrity



Transparency



Commitment to Excellence



Sustainability



CORE VALUES

CONTENTS

ABOUT OUR REPORT		RESPONSIBLE PRODUCTS
MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS	02	Benchmarking Our Practices
GLOBAL CRISIS – HAP SENG PLANTATIONS' COVID-19 RESPONSE	05	WORKPLACE – CARING FOR OUR PEOPLI WORKPLACE SAFETY & HEALTH
PERFORMANCE HIGHLIGHTS	06	Towards a Zero-fatality Workplace
PERFORMANCE HIGHEIGHTS	00	Handling of Chemicals
SUSTAINABILITY HIGHLIGHTS 2021		Challenges in Changing Work Habits
2021 Sustainability Highlights & Achievements	07	RESPONSIBLE EMPLOYER
Tracking Progress on Our Commitments	08	Our Employees
Sustainable Performance Indicators -	09	Fair Pay and Transparent Records
Targets and Achievements		Freedom of Association and Rights to Collect Bargaining
MANAGING OUR MATERIAL MATTERS	15	Addressing Undocumented Workers
OUR VALUE CREATION MODEL		Children in Our Plantations
Six Capitals	16	Free Access to Clean and Safe Water for Our
on capitals		Addressing Security Issues for Our Workers
FINANCIAL HIGHLIGHTS	18	WOMEN IN THE WORKPLACE
ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD		Supporting Women in Our Workplace
Plantation Operations	20	COMMUNITY - COMMUNITY ADVANCEM
Our Palm Oil Value Chain	21	COMMUNITY DEVELOPMENT
Key Milestones	22	Building Facilities for a Better Quality of Life
Operational Review	24	Investing in Education for Our Community
OUR SUSTAINABILITY GOVERNANCE		Respecting Land Rights
Our Sustainability Agenda – Marketplace; Workplace;	27	ENVIRONMENT – ENVIRONMENT STEWA
Environment; Community	27	PROTECTING OUR ENVIRONMENT
Sustainability Governance Structure	28	PROTECTING OUR ENVIRONMENT
Sustainability Policies	29	Safeguard Our Water Resources
OUR STAKEHOLDERS		Rainwater Harvesting Managing POME Discharge
For a side of the Company of the same of t	20	CARBON MANAGEMENT - ACTION ON GHO
Engaging with Our People and Shareholders Membership to Professional Bodies	30 32	NATURAL RESOURCE MANAGEMENT
iviembership to Professional Bodies	32	Protecting Our Rivers and Riverbanks
ADDRESSING OUR MATERIAL MATTERS BASED ON	33	Conserving Biodiversity
OUR RISK PROFILE		Tabin Wildlife Reserve
MARKETPLACE - RESPONSIBLE BUSINESS AND PRACTICES		COMPENSATION CASE UPDATE
RESPONSIBLE BUSINESS PRACTICES	35	
Business Code of Conduct	35	SUSTAINING THE FUTURE
Corporate Governance	36	Training the Next Generation of Planters
Integrity First	36	Renewables at Hap Seng Plantations
Platform for Open Dialogue	36	Waste Management Programme - Recycling
RESPONSIBLE SUPPLY CHAIN	36	APPENDIX
Sourcing Sustainably	36	
Commitment to Traceability	37	Global Reporting Initiative Content Index
RESPONSIBLE AGRICULTURE PRACTICES	38	Our Base Data and Notes
Responsible Land Use	38	Glossary
Monthly Riparian Monitoring Team	39	
Monitoring Deforestation	39	
Fire & Haze Management	40	
Soil Management Practices	40	
Integrated Pest Management	41	
Selective Chemical Application	41	
Water Efficiency	42	

RESPONSIBLE PRODUCTS	42
Benchmarking Our Practices	42
WORKPLACE - CARING FOR OUR PEOPLE	
WORKPLACE SAFETY & HEALTH	45
Towards a Zero-fatality Workplace	46
Handling of Chemicals	47
Challenges in Changing Work Habits	47
RESPONSIBLE EMPLOYER	48
Our Employees	48
Fair Pay and Transparent Records	49
Freedom of Association and Rights to Collective Bargaining	50
Addressing Undocumented Workers	50
Children in Our Plantations	50
Free Access to Clean and Safe Water for Our Workers	50
Addressing Security Issues for Our Workers	51
WOMEN IN THE WORKPLACE	
Supporting Women in Our Workplace	51
COMMUNITY - COMMUNITY ADVANCEMENT	
COMMUNITY DEVELOPMENT	52
Building Facilities for a Better Quality of Life	52
Investing in Education for Our Community	54
Respecting Land Rights	56
ENVIRONMENT – ENVIRONMENT STEWARDSHIP	
PROTECTING OUR ENVIRONMENT	57
Safeguard Our Water Resources	58
Rainwater Harvesting	59
Managing POME Discharge	59
CARBON MANAGEMENT - ACTION ON GHG EMISSIONS	60
NATURAL RESOURCE MANAGEMENT	62
Protecting Our Rivers and Riverbanks	62
Conserving Biodiversity	63
Tabin Wildlife Reserve	64
COMPENSATION CASE UPDATE	64
SUSTAINING THE FUTURE	
Training the Next Generation of Planters	65
Renewables at Hap Seng Plantations	66
Waste Management Programme - Recycling	67
APPENDIX	
Global Reporting Initiative Content Index	68
Our Base Data and Notes	73
Glossary	76
•	

MESSAGE FROM THE CHIEF EXECUTIVE - GROUP PLANTATIONS

It is with pleasure we present Hap Seng Plantations Holdings Berhad 2021 Sustainability Report, our seventh sustainability report to date. We continue to remain highly focussed in our commitment to ensure our business practises good governance and observes sustainable agriculture practices. This Sustainability Report ("SR") was prepared based on the Global Reporting Initiative ("GRI") Standards: Core Option and Bursa Malaysia's Sustainability Reporting Framework.



It encapsulates details of our sustainability-related performances, achievements and various initiatives in the past financial year 2021 ("FY2021"). Also presented is our approach to business continuity, our report on our safety and health measures across our operations and addressing social as well as environmental impacts and the challenges faced.

FY2021 continued to be a challenging year as the country adapted to the global pandemic situation since 2020. Hap Seng Plantations has maintained, at all times, strict measures to control the spread of COVID-19.

Crude Palm Oil ("CPO") price in 2021 rose to a nine-year high. This resulted in a 43.5% revenue growth from 2020's RM467.6 million to RM670.9 million in 2021.



Obtained the Makanan **Selamat Tanggungjawab** Industri (MeSTI) certification for all our mills

MESSAGE FROM THE CHIEF EXECUTIVE - GROUP PLANTATIONS

The well-being of our employees has always been our utmost priority. We constantly emphasise on the importance of safety and health, as well as a conducive working and living environment for our employees and their families. Amongst our efforts to curb COVID-19 in our plantations, we organised a few rounds of vaccination campaigns to ensure all our employees got fully vaccinated. At the end of FY2021, our COVID-19 vaccination program had reached 97.95% for Jeroco Group of Estates ("JGOE"), Sungai Segama Group of Estates ("SSGOE") and Tomanggong Group of Estates ("TMGOE").

Various measures were taken to contain the COVID-19 in our plantations. This included the surveillance of crowded areas using drones at odd hours.

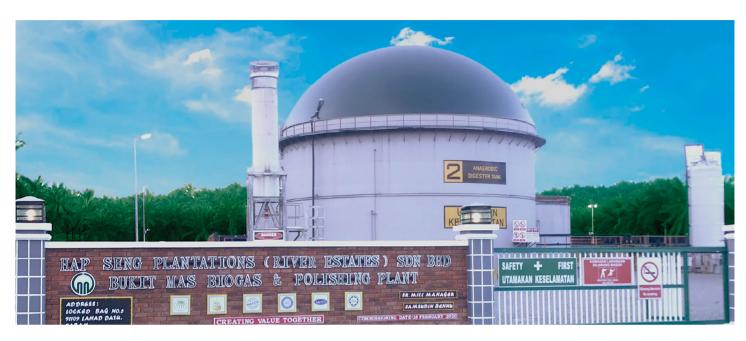
We continue to assist our smallholders and outgrowers on their sustainability journey especially in obtaining Roundtable on Sustainable Palm Oil ("RSPO") and Malaysian Sustainable Palm Oil ("MSPO") certifications. This project also ensures our surrounding smallholders and outgrowers continue to operate their oil palm operations and supply their sustainable FFB to Hap Seng Plantations' mills. Additionally, the inclusion of RSPO certified external fruits will increase the proportion of our oil categorised as fully traceable, segregated and identity preserved. To date, three out of 11 smallholders and outgrowers surrounding our vicinity, have obtained RSPO and MSPO certification whereas another three are only MSPO certified.

In terms of cost management initiatives, we have adopted drone technology. And we will continue to utilise drone technology in precision agriculture to perform palm stand per hectare verification, field boundary surveillance, monitoring of flood affected areas, palm health assessment, pests and diseases ("P & D") survey to name a few. Thus far, we have utilised six drones for precision agriculture management. We have also explored another type of drone called "Spraying Drone". This type of drone is used to reduce reliance on manpower and to achieve a higher level of productivity per day for the P & D spraying of nursery or immature fields and tall palms that are unreachable by using conventional knapsack pump/mistblower. It also minimised workers' exposure to hazardous chemicals as laid out in the Occupational Safety and Health Act.

We believe our Integrated Pest Management ("IPM") which incorporates cultural, biological and mechanical methods is an effective and efficient method to tackle the issue of P & D. This reduces the level of agrochemical usage. For example, to control the population of bagworms and nettle caterpillars, we have established beneficial plants throughout the estate and prioritised the use of microbial agents for conventional knapsacks and drone spraying rather than the use of chemical pesticides. Another example is the use of pheromone traps to control the rhinoceros beetle population instead of the excessive use of agrochemicals.



MESSAGE FROM THE CHIEF EXECUTIVE - GROUP PLANTATIONS



The palm oil industry is intensely scrutinised as it is deemed to be one of the greatest contributors to global warming through land use change. This has indirectly necessitated changes in oil palm business operations where the downstream palm oil buyers require the greenhouse gas emission to be measured and certified. Hap Seng Plantations has endeavoured to reduce the impact of greenhouse gas emissions to the environment. This is attributed to the commissioning of biogas plants which are able to capture methane gas from Palm Oil Mill Effluent ("POME") and to convert it into electricity. We currently have biogas plants in three palm oil mills - Jeroco Palm Oil Mill 1 ("JPOM 1"), Jeroco Palm Oil Mill 2 ("JPOM 2") and Bukit Mas Palm Oil Mill ("BPOM"). Renewable energy generated from these plants and from biomass contributed 54% of the total energy consumed. By using the RSPO Palm GHG calculator, we are pleased to report that we have once again managed to reduce our GHG emissions, securing a 9% decrease to 0.94 tonnes of CO₂ per tonne of CPO (MT CO₃-e / MT CPO) from 1.03 MT CO₂-e / MT CPO in 2020. This is the first time Hap Seng Plantations has achieved GHG emissions at below 1 MT CO₂-e/MT CPO.

European Food Safety Authority Panel on Contaminants in the Food Chain has set the tolerable daily intake of free and bound 3-MCPDE as 2.0 µg/kg of body weight in year 2018. To prepare for future regulations in ensuring safety of CPO, chloride washing plant was installed at JPOM 1 and BPOM in 2021 and scheduled to commission by early 2022.

We pledge our commitment on conservation of areas that are rich in biodiversity, High Conservation Value ("HCV") and High Carbon Stock ("HCS") within and surrounding our plantations. When rare, threatened and endangered species are found, the habitats are declared as HCV areas. We are aware, our boundary with the neighbouring forest reserve is rather porous and is sometimes subject to unwarranted human interferences. As such, we have installed 40 motion camera traps to ensure the poaching of wildlife in the adjacent forest reserve and our estate vicinity is kept to a minimum.

Improving safety in our workplace has always been part of our sustainability journey. For FY2021, we have managed to achieve zero fatality. Furthermore, we have recognised the need to constantly remind, monitor and train all levels of our workforce on workplace safety. As for the processing operations, we managed to install new noise pollution controls to reduce the high decibel noise in BPOM. Basic infrastructure and workers' housing amenities have also been continuously improved upon. For example, all workers' quarters in the Sg. Segama Housing Complex, Batangan and Kapis Estates are provided with 24-hour electricity supply, and a new audiometric room was established in Jeroco Clinic to monitor the hearing health of our employees.

We have remained firm in our sustainability journey since our inaugural sustainability report in 2015. As always, our success depends on the commitment and collective efforts of our people and we eagerly look forward to each of your continued support.

AU YONG SIEW FAH

Chief Executive - Group Plantations

GLOBAL CRISIS - HAP SENG PLANTATIONS' COVID-19 RESPONSE

The World Health Organization ("WHO") declared COVID-19 as a global pandemic on 11 March, 2020. The number of global cases by 31 May 2020, as estimated by WHO had exceeded 5.9 million. Until today, it remains difficult to determine the full extent of the social and economic impacts caused by the outbreak. This uncertainty is expected to continue for some time to come.

Hap Seng Plantations continues to observe the strict SOPs imposed by the government. In addition, with the rollout of the National COVID-19 Immunisation Programme, we are hopeful the country will be able to harness the further spread of the COVID-19 virus.

Prioritising the Safety of Our Employees

When the COVID-19 pandemic broke out in March 2020, Hap Seng Plantations managed to ensure food security was maintained and the health and safety of our workers was safeguarded. Notwithstanding these trying circumstances, Hap Seng Plantations also managed to continue to supply palm oil to the buyers.

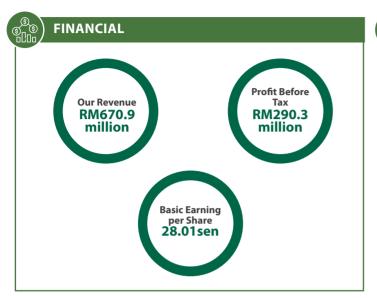
Though the Malaysian government allowed certain flexibility to the plantation and commodity sectors during the implementation of the Movement Control Order ("MCO"), the risk remained. Besides using the Ministry of Health Malaysia ("MOH") guideline in curbing the spread of the COVID-19, we also proactively took measures to minimize risk of COVID-19 infection in our plantations through our own initiatives.

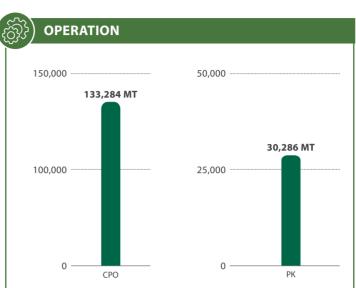
Proactive initiatives to contain the spread and to minimize the impact from COVID-19 included:

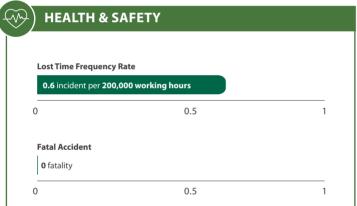
- Provide support and facility to MOH for the immunisation programme to all employees and dependants.
- Facilitate free COVID-19 Antigen Rapid Test ("RTK") screening for employees.
- Allocate quarantine areas and construct new quarantine houses for new joiners.
- Continuous training and briefing on COVID-19 to create awareness among employees.
- Daily body temperature check for employees before commencing their tasks.
- Hand sanitizers/alcohol rub/soaps are made available at strategic locations, for example at the entrance to mill/ office.

- Sanitization of office carried out periodically.
- All visitors/suppliers were required to provide swab test result at entrance of premises. All visitors/suppliers also were screened using non-contact thermometer and were required to provide health declaration on any other COVID-19 symptoms before entering the premise.
- Encourage meetings/audits to be conducted via online platforms, for example: Zoom, Microsoft Teams.
- The Company continues to pay wages/salaries to workers during total lockdown.
- Fully supports the use of MySejahtera Check-in at all estate entrances as it is endorsed by the Ministry of Health.

PERFORMANCE HIGHLIGHTS









ENVIRONMENT FFB Processed ● 74% or 483,648 MT processed by identity preserved mills (JPOM 1 and BPOM) ● 26% or 168,257 MT processed by mass balance mills (JPOM 2 and TPOM)

CPO Production CSPO CSPK 74% or 98,496 MT from identity preserved mills (JPOM 1 and BPOM) 26% or 34,788 MT from mass balance mills (JPOM 2 and TPOM)

Sustainability Achievements - Marketplace; Workplace; Community; Environment

	Achievements	2021 Data		
	Net Profit	RM224 million		
	Market Capitalisation	RM1.575 billion		
	Fresh Fruit Brunches Production	593,279 MT		
	Crude Palm Oil Production	133,284 MT		
	Palm Kernel Production	30,286 MT		
Marketplace	RSPO Certification	Maintain 100% certification for all mills		
	MSPO Certification	Maintain 100% certification for all estates and mills		
	MSPO SCCS Certification	Maintain 100% certification for all mills		
	ISCC EU Certification	Maintain 100% certification for all mills		
	HACCP Certification	Maintain 100% certification for all mills		
	MeSTI Certification	Obtained certification for all mills		
	HALAL Certification	Maintain 100% certification for all mills		
	Total Workforce	6,861		
	Women in Workforce	2,422		
	Hiring Rate	20.30%		
Workplace	Turnover Rate	24.50%		
	Safety Training	755 hours		
	Lost Time Incident Rate per 200,000 Work Hours	0.65		
	Fatalities	0		
	Community Investment	Programmes and activities/ RM557,534		
	Schools – Humana & Rural Schools	No. of Humana schools: 11/ RM386,156		
Community		Capacity building programmes: RM254,880		
	Support Independent Local Outgrowers and Smallholders	No. of outgrowers and smallholders: 11		
	CSR Activities for Local Communities	No. of programmes: 3/ RM164,640		
	GHG Emissions	0.94 tonnes of CO ₂ -e per tonne of CPO		
	HCV Areas	1,401.98 Ha		
	Riparian Buffer Areas	1,056.74 Ha (Distance 557,453.05 m)		
Environment	Biogas Facilities	3 Biogas facilities (JPOM 1, JPOM 2 & BPOM)		
Environment	Recyclable Waste	58.81 MT		
	Water Intensity	1.77 m³ per tonne of FFB processed		
	BOD Discharge Level	13.86 ppm		
	COD Discharge Level	343 ppm		

Tracking Progress on Our Commitments

Year		Status
	All mills RSPO certified	ACHIEVED
	Establish a GHG baseline	ACHIEVED
2015	Increase FFB yields to 22 tonnes per hectare	NOT ACHIEVED* (reset target to 2022)
	Complete a biodiversity baseline study	ACHIEVED
	No increase in lost time accident rate	ACHIEVED
	Zero fatalities	ACHIEVED
	ISCC EU certification of all mills	ACHIEVED
2016	Complete guidelines on biodiversity management at landscape level using an HCV approach	ACHIEVED
	Develop a GHG emissions reduction plan	ACHIEVED
	Reduce BOD level to 20 parts per million (ppm) for JPOM	ACHIEVED
	HACCP certification of all mills	ACHIEVED
2017	Increase CPO extraction rate to 22.5%	NOT ACHIEVED (reset target to 2022)
	MSPO certification of Pelipikan Estate	ACHIEVED
	• Reduce GHG emissions intensity to between 1.5 to 2.0 tonnes CO ₂ -e/ tonne Crude Palm Oil	ACHIEVED
2018	MSPO certification of all estates and mills	ACHIEVED
2019	RSPO & MSPO certification of 50% of JPOM 2 external FFB	ACHIEVED 33% (reset target to 2022)
	Reduce BOD level to 20 parts per million (ppm) for BPOM	ACHIEVED
	Reduce BOD level to 20 parts per million (ppm) for TPOM	ACHIEVED IN 2017
2020	70% reduction of COD level at anaerobic treatment for JPOM & BPOM	ACHIEVED
	Biogas facilities with methane capture for all mills	NOT ACHIEVED (reset target to 2022)
2021	 Reduce GHG emissions intensity to between 1.0 to 1.5 tonnes CO₂-e/ tonnes Crude Palm Oil 	ACHIEVED IN 2018
	 RSPO & MSPO certification of 100% of JPOM 2 and TPOM external FFB 	IN PROGRESS
2022	70% reduction of COD level at anaerobic treatment for TPOM	IN PROGRESS
	Reduce GHG emissions intensity to below 1.0 tonnes CO ₂ -e/ tonne Crude Palm Oil	ACHIEVED IN 2021

*RSPO- Roundtable on Sustainable Palm Oil	*JPOM 1- Jeroco Palm Oil Mill 1
*FFB- Fresh Fruit Bunch	*JPOM 2- Jeroco Palm Oil Mill 2
*ISCC- International Sustainability & Carbon Certification	*TPOM-Tomanggong Palm Oil Mill
*HCV- High Conservation Values	*BPOM- Bukit Mas Palm Oil Mill
*GHG- Greenhouse Gas	*BOD- Biological Oxygen Demand
*CPO- Crude Palm Oil	*HACCP- Hazard Analysis & Critical Control Points
*MSPO- Malaysian Sustainable Palm Oil	* COD - Chemical Oxygen Demand

^{*} For the past few years, our yields have been impacted by the El Niño climatic phenomenon. We feel that the new target will allow us time to re-strategise and achieve our target.

Sustainability Performance Indicators – Targets and Achievements

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Market	place							
Food Safety					,			
Pest	, ,	To maintain or lower the toxicity rate as compared to previous year.	Toxicity per hectare was increased from 333 per hectare in 2020 to 418 per hectare in 2021. Refer to page 41 on	To lower the toxicity rate as compared to previous year.		Conserving biodiversity & pollution control.	12 ESPORATION SOLVENOCION SOLV	41
Management; Food Security			the detail of increased toxicity rate.				<u>•</u>	
	Obtain Food Safety certification.	To maintain certification for both HALAL and HACCP.	Achieved target.	To maintain certification for both HALAL and HACCP.	To maintain certification for both HALAL and HACCP.	Food safety & sustainable production.	12 DESPONDENT CONTRACTOR AND PRODUCTION	7, 42 & 43
Economics								
Productivity	FFB yield per hectare.	To benchmark the FFB yield between Sabah yield (15.77 MT per hectare) and our forecast 18.29 MT per hectare.	Achieved target as our yield was higher at 18.29 MT per hectare.	To benchmark the FFB yield between Sabah yield and our forecast.	To benchmark the FFB yield between Sabah yield and our forecast.	Productive & responsible production.	12 SPARSEL SOCIATION OF THE PROPERTY OF THE PR	24
	Oil Extraction Rate (OER).	To benchmark the OER between Sabah OER (20.55%) and our forecast (20.45%).	Target was 0.10% short against Sabah's OER. Refer to page 25 on the detail of lower OER.	To benchmark the OER between Sabah OER and our forecast.	To benchmark the OER between Sabah OER and our forecast.	Productive & responsible production.	12 ESPONSE COMPANIA AND PROPERTY OF THE PROPER	25
Benchmarking						,		
Business Expansion & Growth; RSPO; Traceability and Segregation;	RSPO P&C.		Achieved target. Passed RSPO recertification/ annual surveillance audit for all mills.	To maintain 100% certification for all mills.	To maintain 100% certification for all mills.	Food safety & sustainable production.	12 movements of the control of the c	7, 17, 42 & 43
	MSPO.	 To maintain certification. 100% estates and mills in 2018 ahead of mandatory deadline of 31 December 2018. To remain certified, audits are carried out on an annual basis. Full recertification is done every five years. 		To maintain certification.	To maintain certification.	Food safety & sustainable production.	12 movement of the control of the co	7, 17, 42 & 43

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Market	tplace							
Benchmarking								
	MSPO SCCS	 To maintain certification. 100% mills were certified ahead of mandatory deadline of 1 January 2020. Full recertification is done every five years. 	Achieved MSPO SCCS certification for all mills.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	12 REPORTED APPROPRIES 17 PRINT CASE WHITE CASE TO SHARE CASE	7, 42 & 43
	ISCC EU	 To maintain certification. 100% mills were certified in 2016. To remain certified, audits are carried out on an annual basis. Full recertification is done every year. 	Achieved target. Passed recertification audit.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	12 simensia minarian COO	7, 42 & 43
Business Expansion & Growth; RSPO; Traceability and Segregation; Food Labelling, Quality and Oil Palm Nutritional Vale and Safety; HACCP;	НАССР	 To maintain certification. 100% mills were certified in 2017. To remain certified, audits are carried out on an annual basis. Full recertification is done every three years. 	Achieved target. Passed recertification/annual surveillance audit.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	12 Browns of the control of the cont	7, 42 & 43
MSPO; MS ISO/IEC 1702; SPOTT Ranking	MS ISO/IEC 17025	 To maintain certification. 100% mills were certified in 2017. To remain certified, audits are carried out on an annual basis. Full recertification is done every three years. 	Achieved target. Passed annual surveillance audit.	 To maintain certification. Full recertification is done every three years. 	To maintain certification.		12 REPORTED STATES OF THE PROPERTY OF THE PROP	7, 42 & 43
	MeSTI	To obtain certification for four mills (JPOM 1, JPOM 2, TPOM & BPOM).	Achieved target.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	12 REPORTED TO STREET TO S	7, 42 & 43
	HALAL	 To maintain certification. 100% mills were certified in 2019. 	Achieved target.	 To obtain HALAL certification for all mills. Full recertification is done every two years. 	certification.	Food safety & sustainable production.	12 REPORTER CONTROL OF THE PROPERTY CONTROL OF THE PRO	7, 42 & 43

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Marke	tplace							
Legal compliand	ce							
	National water quality standards regulated by Ministry of Health.	To comply with all regulations and guidelines.	No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	6 AUGUSTANIA	50, 58 & 59
	Sabah Water Resources Enactment 1998.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	12 ESPACIEL CRASSIFIES AND PRODUCTION	39, 57 & 62
	Department of Irrigation and Drainage guideline.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	12 dispension of the control of the	39, 57 & 62
Water Pollution; Air Pollution; Health & Safety	Sabah Wildlife Enactment & the International Union for Conservation of Nature ("IUCN") Red List.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	12 EPPAGE CONTROL OF THE PAGE	64
	Environmental Quality Act 1974.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	12 ESPACELE CIRCUPPED AND PRODUCTION	40 & 58
	Environmental Quality (Scheduled Wastes) Regulation 2005.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	12 reproductive constraints	67
	Occupational Safety and Health Act 1994.		No violation recorded.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics 8 governance.	3 GOOD HEATH AND WILLIESE	3 & 48
Governance								
	Value, Governance and Ethics.	To adhere the core values of Hap Seng Consolidated Berhad.	No corruption case recorded. No breach of legal requirement.	To adhere the core values of Hap Seng Consolidated Berhad.	To adhere the core values of Hap Seng Consolidated Berhad.	Code of ethics & governance.	16 Next senter s	27 & 36
Transparency	Policies and procedures are publicly made available.	To add new or update the policies and procedures of publicly available documents when required.	One policy and procedures were established in FY2021. (Biodiversity Policy)		To add new or update the policies and procedures of publicly available documents when required.	Code of ethics & governance.	16 MAS ANTICE MASS TRANSPORTED TO THE PARTY OF THE PARTY	29

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Marke	tplace							
Governance								
Transparency	Stakeholders Engagement.	Stakeholders meeting for estates & mills level is carried out on annual basis.	 Internal stakeholders meeting was carried out by estates and mills at least once a year. Stakeholders meeting (group level) was conducted on 27 April 2021. Stakeholders meeting for group level were carried out at two year interval. Next meeting will be in May/June 2023. 		 Stakeholders meeting for estates & mills level is carried out on annual basis. Stakeholders meeting for group level is to be continuously carried out once for every two years. 	Responsible partnership.	17 minorates	15, 30 & 31
Target 2: Workp	lace							
	No work-related Fatalities.	Zero fatalities.	Zero fatalities recorded.	Zero fatalities.	Zero fatalities.	Occupational safety & health.	3 DOOD MEATING AND MELLIGENG	46
	Reduce lost time injury frequency ("LTIF") below 2014 level of 4.0.	To maintain or Reduce LTIF further.	Achieved target.	To maintain or Reduce LTIF further.	To maintain or Reduce LTIF further.	Occupational safety & health.	3 ACCUMATING ACCURATE	46
Labour Conditions and Welfare; Safety and Health; Child Labour	To live up to International Labour organisation ("ILO") and UN guiding principles on business and human rights.	No violation of human rights.	No violation recorded.	No violation of human rights.	No violation of human rights.	Human & workers' rights.	3 monators -/W/•	76
	No child labour.	Zero case.	Zero case recorded.	Zero case.	Zero case.	Human & workers' rights.	8 DECENT WORK AND ECONOMIC SHOWTH	50
	Physical security.	No theft nor criminal case.	No theft nor criminal case recorded.	No theft nor criminal case.	No theft nor criminal case.	Occupational safety & health.	3 GOOD NEATTH AND WELL-SEING	51
Target 3: Enviro	nment							
Biodiversity								
No Deforestation & HCS; Elephant & Wildlife	Protect forest reserve adjacent to our areas by monitoring the buffer zone.	No encroachment at Forest Reserve area. To maintain forest reserve buffer zone.	No encroachment recorded and achieved target.	No encroachment at Forest Reserve area. To maintain forest reserve buffer zone.		Conserving biodiversity.	15 "us •	39 & 63

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 3: Enviro	nment							
Biodiversity								
	Monitoring and management of HCV areas.	camera traps to monitor the biodiversity (fauna) of the HCV areas. To maintain monthly monitoring as well as	Achieved target. 40 cameras trap were purchased/ installed to improve the monitoring.	HCV areas. To maintain	To maintain monthly monitoring as well as HCV area.	Conserving biodiversity.	15 Wiles	39 & 63
		HCV area.		monthly monitoring as well as HCV area.				
No Deforestation & HCS; Elephant & Wildlife	Monitoring deforestation.	To maintain monthly monitoring and record of no deforestation activity.	No deforestation activity recorded.	To maintain monthly monitoring and record of no deforestation activity.	To maintain monthly monitoring and record of no deforestation activity.	Conserving biodiversity.	13 GENTS 15 SELECTION 15 SEL	39
	Implement Rare, Threatened and Endangered ("RTE") policy to protect wildlife.	 To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	No incident was reported. Another 10 new cameras were purchased/installed to improve the monitoring of RTE species in the HCV areas.	 To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	 To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	Conserving biodiversity.	15 Wiles	40 & 64
Climate Change	<u> </u>							
	Reduce GHG emissions intensity of CO ₂ -e/tonne of CPO.	To reduce GHG emissions intensity to between 1.0 to 1.5 tonnesCO ₂ -e / tonne CPO.	Achieved ahead of target.	To maintain or reduce GHG emissions intensity between 1.0 to 1.5 tonnes CO ₂ -e / tonne CPO.	To maintain or reduce GHG emissions intensity between 1.0 to 1.5 tonnes CO ₂ -e / tonne CPO.	GHG emission discharge & waste management.	13 amin	60 & 61
GHG Emissions; Fire Management; Peat	Commissioning biogas plants.	All four mills to have access to biogas facilities.	Three mills have access to biogas facilities.	To commission new biogas facilities.	To commission new biogas facilities.	GHG emission discharge & waste management.	10 MONDAL TO MON	4, 42, 59, 60, 61 & 66
	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.	GHG emission discharge & waste management.	13 GAME	40
	Zero burning policy.	To maintain Zero burning on estates.	No fire incident.	To maintain zero burning on estates.	To maintain zero burning on estates.	GHG emission discharge & waste management.	13 GAMET ATTENT 15 UFF OR LAND	40

Materiality Matters/ Topics	Sustainability Focus	Target 2021	Status of Target	Target 2022	Target 2023	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 3: Enviro	nment							
Water Resources	S							
	Reduce Biological Oxygen Demand ("BOD") level due to POME discharge.	All mills to achieve 20 ppm.	Achieved target for all mills.	All mills to achieve 20 ppm.	To maintain at 20 ppm target for all mills.	Conserving biodiversity & pollution control.	14 ittiwatii	59
	Monitoring riparian buffer area.	To maintain monthly monitoring and yearly training at estate level.	Achieved target.	To maintain monthly monitoring and yearly training at estate level.	To maintain monthly monitoring and yearly training at estate level.	Conserving biodiversity & pollution control.	12 EUROCCHI CONTROLLE AND PRODUCTOR AND PROD	39
Water Management; Encroachment of Riparian Area	Water Resource Management Plan.	To complete installation of water treatment plant at Pelipikan estate or to provide water from the source that meets the quality of National Water Quality Standard for Malaysia.	No water treatment plant at Pelipikan Estate. Refer to page 50 on the detail of delayed installation of water treatment plant at Pelipikan Estate.	To complete installation of water treatment plant at Pelipikan estate or to provide water from the source that meets the quality of National Water Quality Standard for Malaysia.	of water treatment plant at Pelipikan estate or to provide water from the source		12 months of the control of the cont	50
	Water usage in operation at mills.	To maintain or to reduce water usage at 1.4 m ³ / tonne FFB.	Not achieved target. 2021 – 1.77 2020 – 1.46 2019 – 1.42 2018 – 1.40 Refer to page 42 on the detail of higher water usage.	To maintain or to reduce water usage at 1.4 m³/ tonne FFB.	To maintain or to reduce water usage at 1.4 m ³ / tonne FFB.	Water resource management.	11 (COMMANDE)	42
Target 4: Commi	unity							
Relationship and Support to Smallholders; Traceability and Segregation; Partnership with Stakeholders; Community Development	independent	Nine out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	Six out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications. Not achieved due to COVID-19.	Nine out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	Nine out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	Responsible partnership.	B INCOMPAND	36,37 &38

MANAGING OUR MATERIAL MATTERS

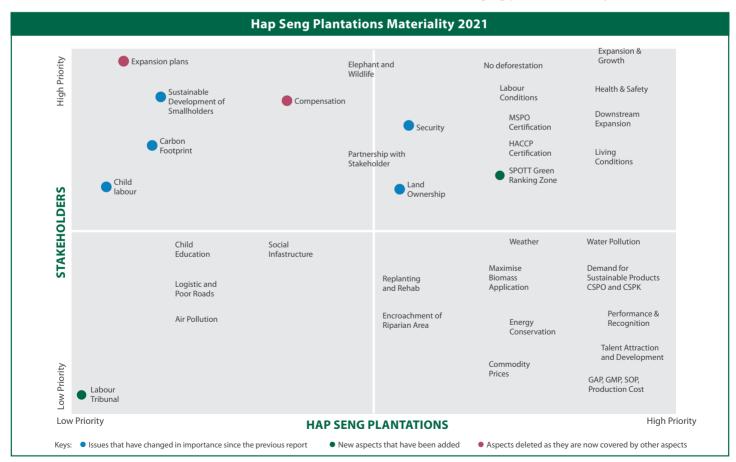
In 2014, when we prepared the first sustainability report for Hap Seng Plantations, we undertook an extensive process to determine the material issues for our company. This process involved internal engagement and the identification of external stakeholders' expectations and trends.

A materiality matrix was drawn up to reflect our findings and a series of improvement targets and objectives were developed. This matrix remained until 2019, when we undertook a direct and extensive engagement with both our internal and external stakeholders. The engagements were conducted through group session engagements, by phone and one-to-one interviews.

The outcome of the findings, comprising all the key sustainability issues raised by the stakeholders, were then reorganised to reflect issues that were of high concern to stakeholders and of high significance to Hap Seng Plantations. These issues were then organised in accordance to our three pillars of sustainability - Environmental, Economic (marketplace) and Social (employees and community) and displayed in the updated materiality matrix.

As there has been no significant change to the size, structure or ownership of our palm operations since the launch of our inaugural report in 2015, we have set to only reassess our key materiality matters once every two years. A new assessment has been scheduled for 2023.

Materiality topics that are of concern are also aligned with all current developments we believe, reflect evolving expectations and trends in our sector (for example: The Palm Oil Innovation Group, the Zoological Society of London Sustainable Palm Oil Transparency Toolkit, and the High Carbon Stock Approach Steering Group). We have also reviewed peer policies and reports, as well as Non-governmental Organization ("NGO") campaigns, to understand emerging practices and key issues.



Assurance

We have chosen not to commission external assurance for this Report. We will consult our stakeholders in future on the form of assurance they seek from us.

OUR VALUE CREATION MODEL

Six Capitals

Hap Seng Plantations creates value for its stakeholders by transforming its capital inputs into tangible and non-tangible outcomes in line with the Group's vision and mission. This year, we have described our value creation within the context of six forms of capitals in accordance with the Integrated Reporting Framework. The diagram below illustrates the relationship between the six capitals, our operational activities and outputs within our sustainability framework:

Inputs



Programmes / Activities

Caring for our people

- 755 safety and health trainings.
- Fair pay and transparent records.
- All new staff and executives have undergone a 15-module Oil Palm Agriculture Policy ("OPAP")
- All executives and staff have undergone safety and health, RSPO, MSPO and ISCC EU training annually.



HUMAN

RELATIONSHIP

• Partnering and supporting seven local independent outgrowers and smallholders as at 31 December 2021.

Social Commitments to Workers Welfare and Local Communities amounting to over RM8 million.

Community Advancement

Employees

- Building more facilities for a better-quality life for employees.
- · Bi-monthly and annual staff gatherings.
- · Inter-estate group games.
- · Providing quality facilities and amenities including housing with garden plot.

Community, regulators & others

- · Ferry service.
- · Road maintenance.
- · Access to medical facilities.
- · Upkeeps religious buildings, recreational facilities and amenities.



NATURAL

- 39,727 Ha
- 14 estates
- Planted area: 35,580 Ha
- Total replanted area FY2021: 831.50 Ha
- · Cultivation of FFB and production of CPO.
- Maximize FFB yield through proper fertilizer application programme.
- Daily evacuation of EFB from mills to estates.
- Planting of forest tree i.e. Gaharu, Sepat and Jelutong.



FINANCIAL

- · Market capitalization: RM1.575.379
- Shareholder equity: RM1,882,871
- Total assets: RM2,369,302
- · Assist independent local outgrowers / smallholders to obtain RSPO & MSPO certification.
- Staff training.
- Construction of biogas plant.
- One laboratory for research and testing.
- Deploys drone for pesticide spraying as well as for verification of problematic area for example flood area, pest damage and sensitive area (land adjacent to Forest Reserve, local community and neighbouring stakeholders).



MANUFACTURED

- Four mills accredited with RSPO, MSPO, ISCC EU, HACCP, **HALAL & MeSTI Certifications**
- Three biogas plants
- · Liquid tanker: 12 units
- Cargo truck: 12 units
- · Commissioned a new biogas plant at BPOM.
- Operational, food and quality certifications for mills.
- Expanding processing capacity at JPOM 1 to maximise CPO production.



- · Established Governance Framework such as Policies, SOPs and Operating Model.
- Established plantation management Committee for tender award process in order to ensure transparency between company and third parties.
- · SOP to manage and operate mills and estates efficiently.
- Developed a planter's training modules Oil Palm Agricultural Practices Training.

OUR VALUE CREATION MODEL

Outputs Outcomes · Regular first aid training for all executives, staff, mandors and workers. • LTIF rate of 0.6 incidents per 200,000 hours worked. Selected executives and staff undergo HALAL. Employer of choice. • Zero grievance/complaints recorded in FY2021. HACCP and MeSTI programmes annually. • 755 safety and health trainings. Improved reputation amongst local communities. Three independent local outgrowers / smallholders are · Provision of social amenities. RSPO & MSPO certified with three additional outgrowers Support Humana schools and selected students To be a good corporate are MSPO certified. and schools in Sabah. citizen in harmony with Supply 0.8% of traceable RSPO certified FFB to our mills. · Repair SK Litang's school teachers' housing the environment and the Expanded the applicability of our Group Sustainability complex. Policy to third-party suppliers (including outgrowers and communities we serve. Engage stakeholders through Joint Consultative smallholders). Committee ("JCC") meeting. Adopted the guidelines and procedures for responsible To be the preferred partner recruitment of foreign workers. and promote win-win **Suppliers** Good local infrastructure access – transportation, facilities & business relationship. Assist neighbouring independent local market. outgrowers / smallholders in achieving RSPO & Enhancing labour practices. MSPO certifications. Sustainable practices in plantations i.e. recycling of natural materials. • FFB production: 593,279 MT. To achieve the highest • Oil palm trees' average age: 17.62 years. productivity and to be the • FFB yield: 18.29 MT/Ha (higher than Sabah average at most cost-efficient producer 15.77 MT/Ha). in Malaysia. 75% RSPO certified and traceable FFB. · Mechanization of operation i.e. Mechanical Post Hole Digger for planting. · Revenue: RM670.9 million. To achieve sustainable growth and returns for our · Net Profit: RM224 million. shareholders over the long • Earnings per share: 28.01 sen. term. · Dividend yield: 8.63%.

> · CPO production: 133,284 MT. • Oil extraction rate ("OER"): 20.45%. • FFB processed: 651,905 MT.

• Carbon footprint: 0.94 MT CO₃-e.

Malaysian plantation companies).

certified since 2018).

application by drone.

• 11 estates & four mills RSPO certified.

• 14 estates & four mills MSPO certified (we are fully MSPO-

Improved rating from external sustainability rating agency

(ZSL SPOTT) with score of 78.60 (3rd among accessed

• Innovative practices in plantations operation like P & D

· Faster results in testing plant health and suitable soil

conditions to ensure optimum production.

differentiates us from others.

To provide quality products

differentiates us from others.

and excellent services that

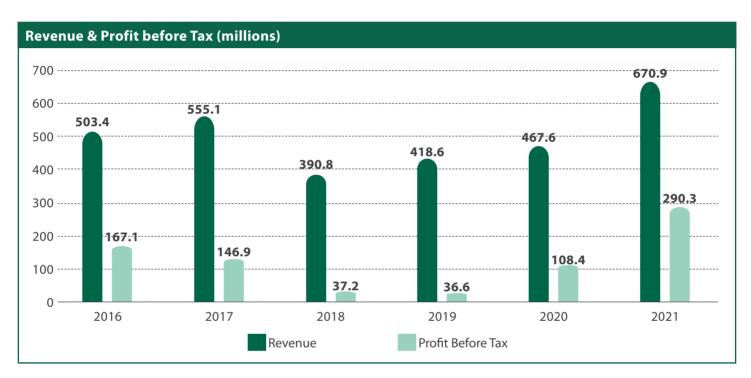
To provide quality products and excellent services that

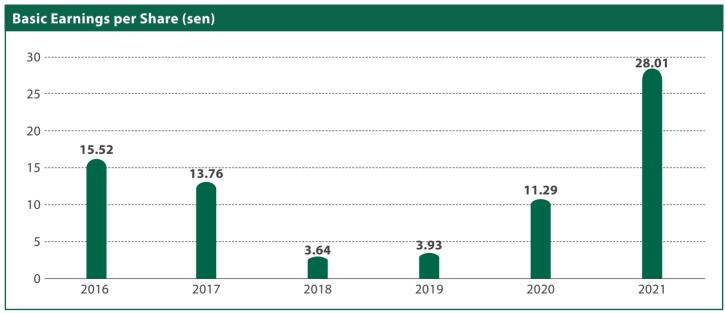
To achieve sustainable growth and long-term returns to our shareholders.

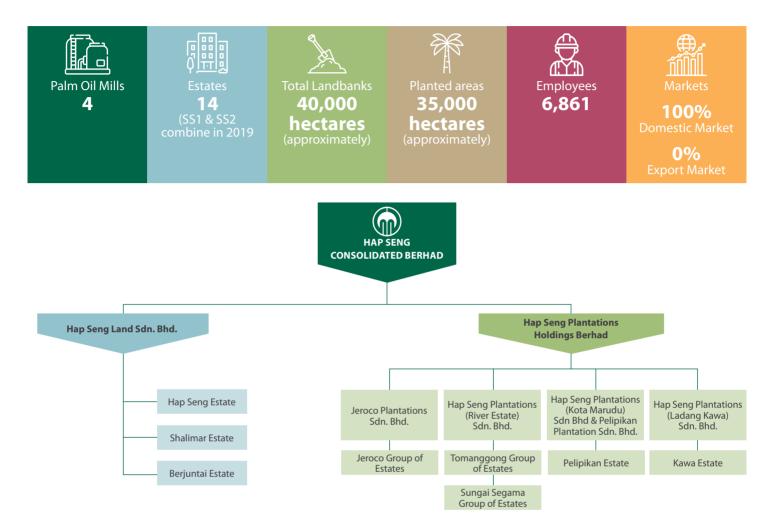
FINANCIAL HIGHLIGHTS

Financial Results (charts & graphs)

	2021	2020
Revenue (millions)	RM670.9	RM467.6
Profit before Tax (millions)	RM290.3	RM108.4
Basic Earnings per Share	28.01 sen	11.29 sen







Hap Seng Plantations is a public listed company in Bursa Malaysia. The plantation division of Hap Seng Consolidated Berhad ("HSCB"), is a diversified group with businesses in property investment and development, credit financing, automotive, trading and building materials. As at 31 December 2021, HSCB holds a 74.89% shareholding in Hap Seng Plantations.

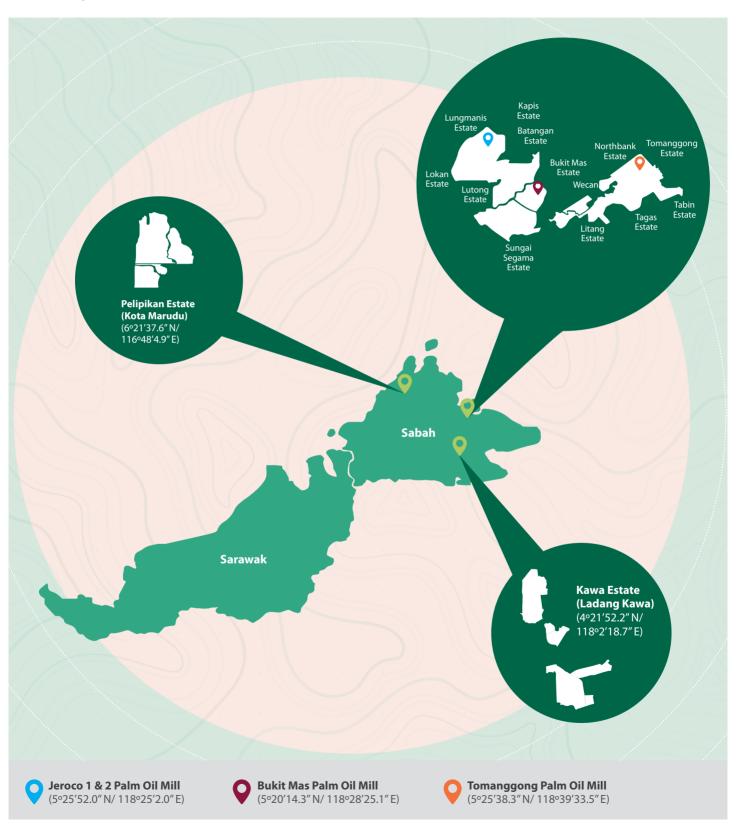
Hap Seng Plantations' estates are located on a contiguous plot of land in the Lahad Datu region of Sabah, Malaysia. With a landbank of around 40,000 hectares, 35,000 hectares are cultivated with oil palm while the remaining land is set aside for buildings which include four mills and housing for our more than 6,861-strong workforce. A further 1,400 hectares are maintained as conservation area.

Our main business is in the oil palm cultivation and production of CPO, primarily for the edible oil sector, and palm kernels ("PK"), which are sold to local palm kernel crusher plants.

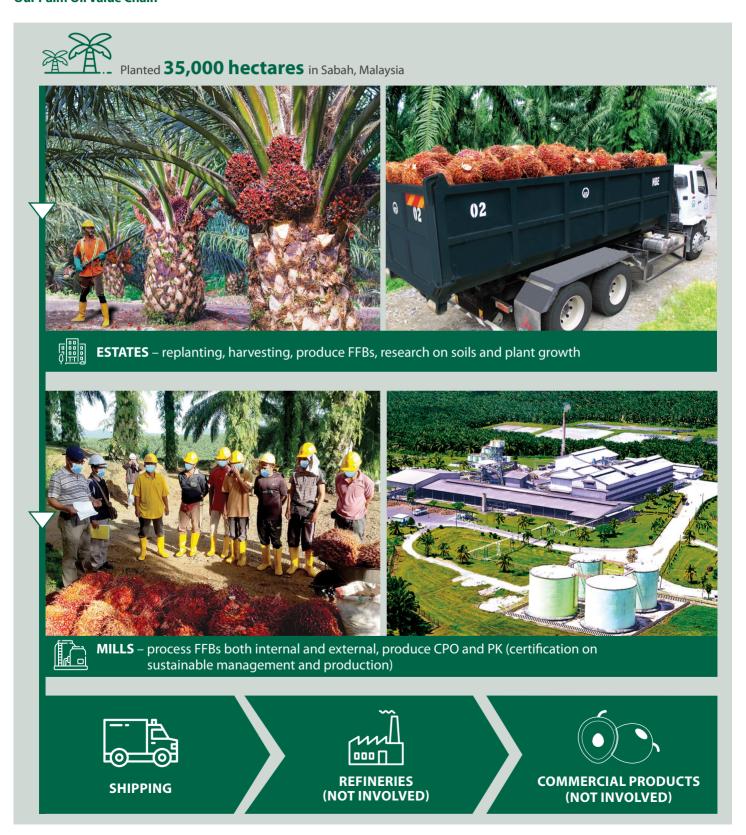
Hap Seng Plantations is a member of RSPO since 2005 and has taken the initiative to benchmark our practices against global standards in key sustainable areas of our business, even as we continue our journey towards becoming a more sustainable company.

We produce fully identity preserved and mass balance RSPO certified sustainable palm oil ("CSPO") through our four certified mills.

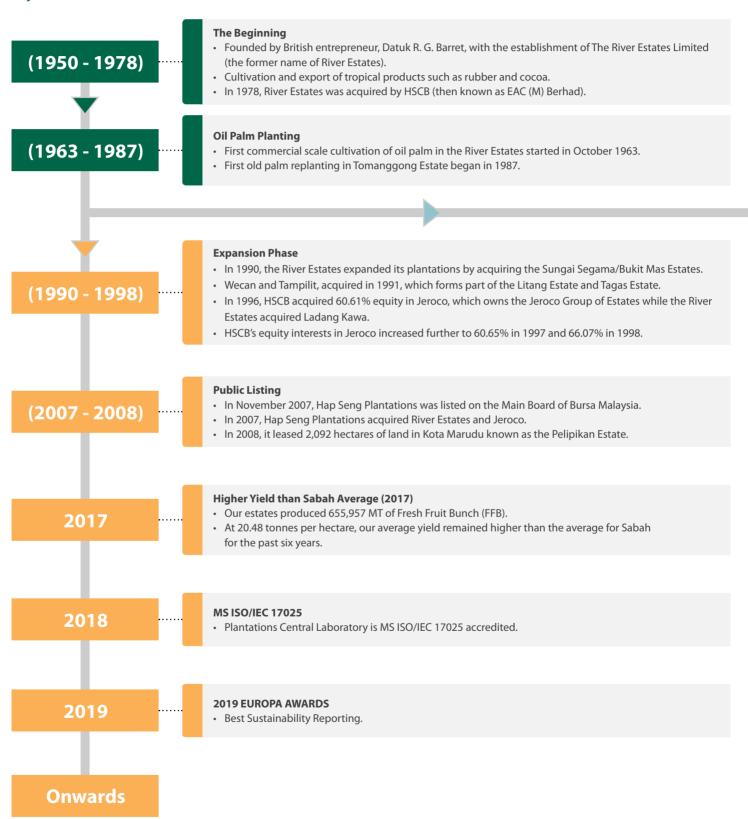
Plantation Operations

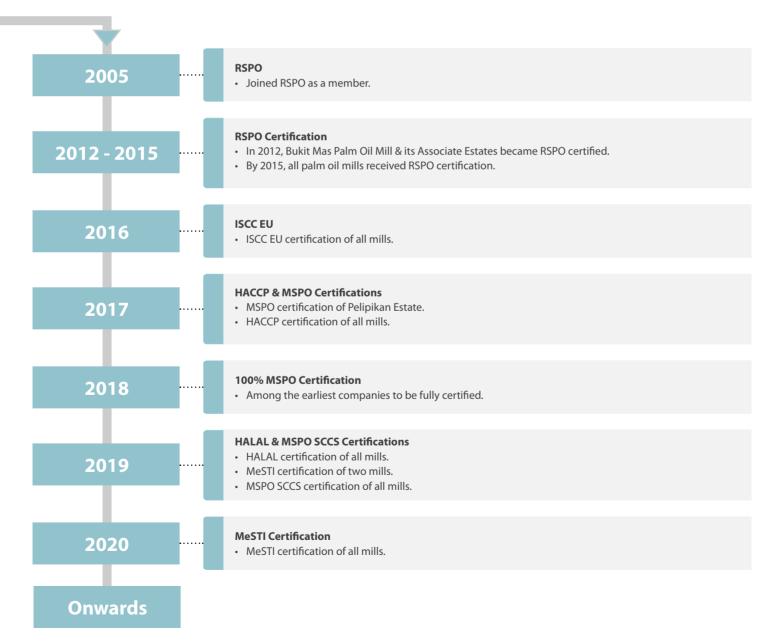


Our Palm Oil Value Chain



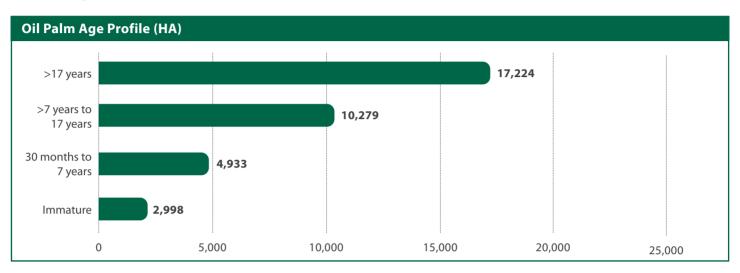
Key Milestones





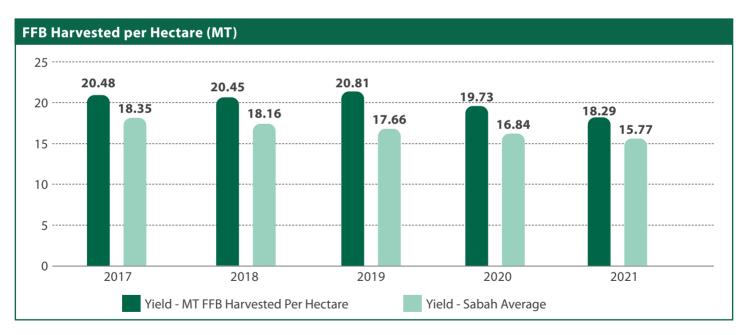
Operational Review

Our Palm Age Profile



The average age of our oil palms is 16.31 years while around 91% of our planted area consists of mature palms. Our replanting programme (about 4% per annum) ensures we maintain an optimal age profile and level of productivity.

Our Yield



In FY2021, our estates produced 593,279 MT of FFB. At 18.29 tonnes per hectare, our average yield has remained higher than the Sabah state's average for the past six years. This is the result of our focus on best management practices and the use of premium and high-quality planting materials, such as Hybrid DxP seeds, throughout our estates.

Estates Under Management

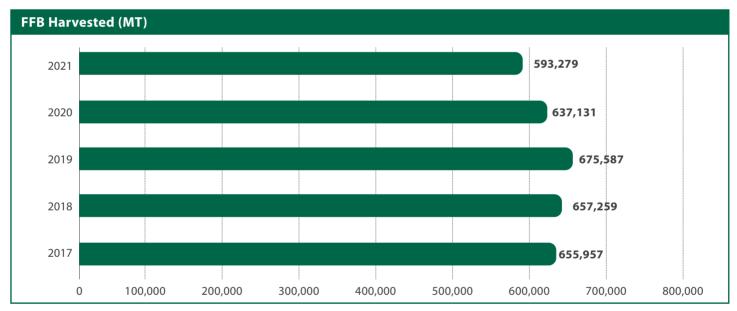
Hap Seng Plantations also provides management and advisory services. Under this service, we manage three plantations. These are:







FFB Harvested



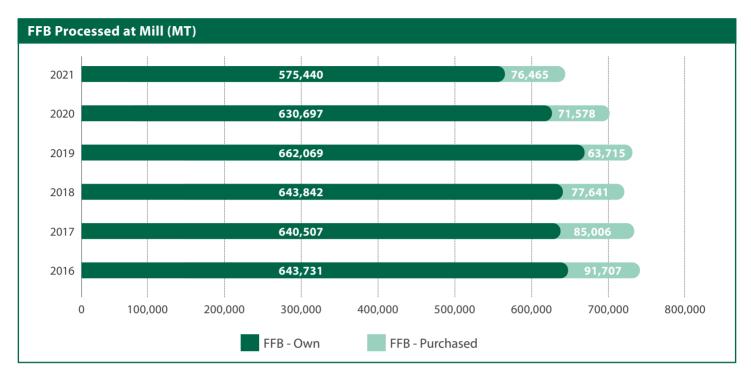
Group Yields and Extraction Rate

Hap Seng Plantations processed a total of 651,905 MT of FFB in 2021. 575,440 MT or 88.3% of FFB were produced by our own plantations while the remaining 76,465 MT or 11.7% were bought from our neighbouring independent local outgrowers and smallholders.

We operate two identity preserved ("IP") and two mass balance ("MB") mills in Lahad Datu where all of these mills are RSPO and MSPO certified. With a combined milling capacity of 180 tonnes of FFB per hour, our mills produced 133,284 MT of CPO in 2021, with an average OER of 20.45%. The average OER was 0.10% lower against Sabah's average, potentially affected by high rainfall and palm age profile. The average rainfall at our estates in 2021 was 13% higher as compared to average rainfall in Sabah meanwhile average palm age profile increased to 16.31 in 2021 as compared to 15.93 in 2020.

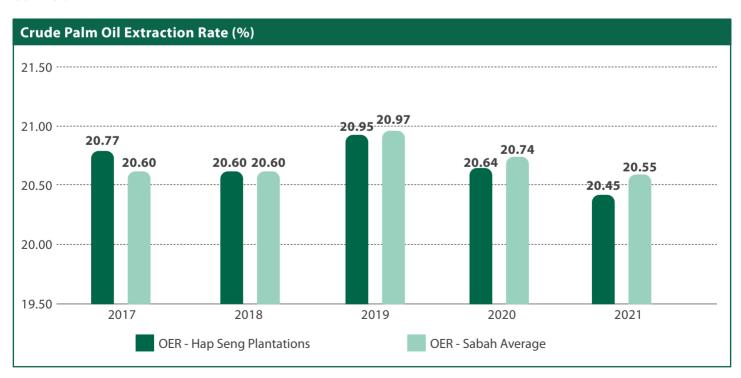
In FY2021, 74% or 483,648 MT of FFB purchased from our own estates and independent local outgrowers and smallholders were processed by our identity preserved mills (JPOM 1 and BPOM), producing 98,496 MT of CPO.

Our mass balance mills (JPOM 2 and TPOM) handled the remaining 26% or 168,257 MT of FFB, producing 34,788 MT of CPO.



In 2021, 74% or 98,496 MT of total CPO production was extracted by our identity preserved mills (JPOM 1 and BPOM), while 26% or 34,788 MT was produced by our mass balance mills (JPOM 2 and TPOM).

Our Yield



OUR SUSTAINABILITY GOVERNANCE

Hap Seng Plantations strictly operates in accordance to the standards of corporate governance by ensuring that it is in compliance with recognized and regulatory guidelines as dictated by the Malaysian Code on Corporate Governance, as well as with the main Listing Requirement of Bursa Malaysia Securities (Listing Requirements).



Our Sustainability Agenda – Environment; Workplace; Community; Marketplace

Sustainability serves as an important aspect to our agenda in line with our operations and business strategies as we strive towards making our business, more sustainable and responsible. We make necessary efforts to continuously strengthen our policies and guidance with our sustainability commitments in all aspects of our palm oil businesses.



- · Practise on environmental remediation, conservation and preservation on forest and riparian reserve area with a long-term plan to enrich the flora biodiversity within the "vacant areas" in our estates with forest tree species.
- Areas set aside for conservation with the total of 1,401.98 Ha.
- Biodiversity Conservation Policy launched on 31 December 2021.



- Priority to our people by focusing on uplifting the safety and health, work environment as well as family welfare of our employees.
- Approximately 35.30% of our workforce consist of women.



- Promoting community advancement by building a mutually beneficial relationship that supports the enrichment of local communities through the provision of a convenient means of transport, business and employment opportunities as well as access to a better quality of life.
- · Promoting community advancement by building a mutually beneficial relationship that supports the enrichment of the local communities through employment opportunities.
- A total of five Community Learning Centres ("CLC") at our plantations.
- Supporting 10 Humana schools at our plantations.



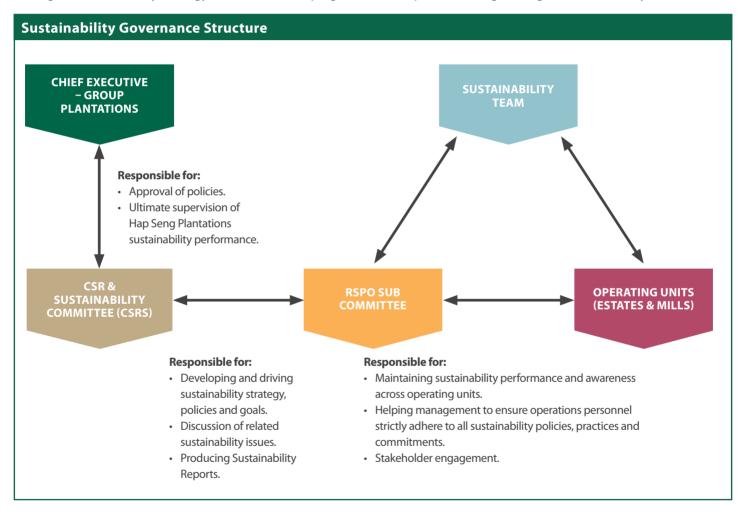
· Responsible business and practices by staying committed to ethical business conduct, responsible agriculture practices, as well as producing safe and quality products

OUR SUSTAINABILITY GOVERNANCE

Sustainability Governance Structure

Sustainability is an integral part of our Board's agenda, as it reviews and signs-off on sustainability policies and disclosures. These include both new and updated policies and procedures such as the HALAL Policy, MSPO Policy, Sustainable Agriculture Policy, Equal Opportunity Policy, Freedom of Association & Right to Collective Bargaining Policy, Labour Policy for Foreign Workers as well as our Standard Operating Procedure for Traceability.

Our Chief Executive – Group Plantations chairs the CSR & Sustainability Committee, which is responsible for developing and driving our sustainability strategy, as well as developing time-bound plans for safeguarding our sustainability certifications.



OUR SUSTAINABILITY GOVERNANCE

Sustainability Policies

In line with Hap Seng Plantations' sustainability goals, we have actively sought to improve the sustainability practices within our operations while addressing social, environmental and economic challenges.

Hap Seng Plantations has launched several sustainability policies aimed at delivering on our commitments without compromising on performance. These apply to Hap Seng Plantations and all its subsidiaries. We also encourage our contractors, suppliers and independent local outgrowers and smallholders to adopt our policies.

Policy	Introduced	Updated
HALAL Policy	July 2019	-
Environmental Policy	November 2018	-
Grievance Procedure	November 2010	September 2020March 2018July 2011
MSPO Policy	March 2017	October 2019
Sustainable Agriculture Policy	February 2017	October 2020August 2019
Rare, Threatened and Endangered Species Policy	November 2017	-
Land Dispute Management	March 2016	December 2020
Equal Opportunity Policy	March 2016	March 2019
Freedom of Association and Right to Collective Bargaining Policy	March 2016	March 2019
Labour Policy for Foreign Workers	September 2015	April 2019
Occupational Safety and Health Policy	April 2015	-
Biodiversity Policy	December 2021	-

Details of the policies are publicly available at www.hapsengplantations.com.my/corporate-citizen.html

ENGAGING WITH OUR PEOPLE AND STAKEHOLDERS

Engaging with Our People and Stakeholders

Stakeholder Group	Area of Interests / Issues	Type of Engagement	Frequency	Outcomes
Government	 Riparian areas. Buffer zone along forest reserve border. 	One-to-one meeting	External stakeholder meeting conducted once every two years. Last meeting was conducted on 27 April 2021.	 Continuous improvement plan on environment, HCV & Biodiversity, RTE species. Previous meeting outcome: Continued protection of waterways.
Shareholders/Investment Community	 Update on RSPO certification. Replanting programme. Expansion plans. 	Annual General Meeting.Analyst briefing.	Once a year.Quarterly.	Sustainability issues factored into our non-financial risk assessment for new acquisitions and joint ventures.
Local Communities	 Road accessibility. Access to medical services. Support to smallholders. CSR to local village by allowing them to borrow camping equipment for the purpose of school sport. 	 Social impact assessments. Grievance and complaints channel. Programme to encourage company staff to send their children to the school of a neighbouring village so that facilities can be upgraded based on increased student numbers. 	Ad-hoc. Stakeholder meeting at group level conducted once every two years. Last meeting was conducted on 27 April 2021.	 7th JCC Stakeholder Consultation Meeting was conducted on 27 April 2021 for JGOE, SSGOE, TMGOE & Kawa Estate. Meeting outcomes: Free medical services provided. Maintenance of good road conditions. Water supply during drought.
Workers	Workers conditions.Wages.Occupational health and safety.Meeting basic needs.	 Social impact assessments. Awareness and continuous improvement. 	Stakeholder meeting conducted for all estates and mills at least once a year.	 Ongoing refurbishment and upgrading of living quarters and amenities. Yearly evaluation of wages. Streamlined and centralised health and safety management.
Industry Bodies	 Good agricultural practices. Chemical usage. Water usage. Occupational health and safety. Development of future planters. 	Members of the RSPO, Incorporated Society of Planters, Malaysian Palm Oil Association.	Stakeholder meeting at group level conducted once every two years. Last meeting was conducted on 27 April 2021.	Previous meetings outcomes: Commitment to a time bound plan for certification. Appointed Vice Chairman of the Malaysian Palm Oil Association.

ENGAGING WITH OUR PEOPLE AND STAKEHOLDERS

Stakeholder Group	Area of Interests / Issues	Type of Engagement	Frequency	Outcomes
Employees	 Talent attraction and retention. Employee development. 	 Annual performance appraisals. Quarterly engagement with HR managers. Formalise training. 	 Once a year engagement (October 2021). Quarterly engagement (February, May, August & November 2021). Feedback meeting is conducted once a year. 	 Feedback from annual performance. Development of cadet programme.
Customers	RSPO certification.Supply chain and traceability of oil.Quality of oil.	One-on-one meetings.	Stakeholder meeting conducted once every two years. Last meeting was conducted on 27 April 2021.	 "Best Refinable CPO Supplier" and "Highest Quantity CPO Supplier" awards from IOI Edible Oils.
Aflatoun International - RSPO Smallholder Academy	To provide training facility.	Partnership with Aflatoun International.	No meeting was conducted in 2021 as smallholders were being RSPO certified. Certification achieved on 16 March 2020.	To assist smallholders to become RSPO & MSPO certified.
Independent Local Outgrowers and Smallholders	To commit to RSPO and MSPO certification.	Provide free technical support and facilities.	Nine meetings with independent local outgrowers and smallholders were conducted in 2021.	Three independent local outgrowers and smallholders obtained their RSPO & MSPO; another three outgrowers managed to successfully obtain the MSPO certification.
Suppliers	To ensure all suppliers operate at sustainable manner	Documents and operation review to ensure suppliers comply with sustainability requirements.	Once every year.	 All suppliers continuously meeting the sustainability requirements. Continue engagement with uncertified suppliers. Discontinue engagement if the supplier refused to comply with sustainability requirements.

ENGAGING WITH OUR PEOPLE AND STAKEHOLDERS

Membership to Professional Bodies

Membership	Joined	Role	Engagement	Purpose
RSPO	2005	As a responsible sustainable grower and miller.	Certification audit and annual surveillance audit.	To ensure sustainability standards are implemented in the management of palm oil production.
Malaysian Palm Oil Association (MPOA)	2000	As a member of MPOA.	Mr. Au Yong Siew Fah is the Vice Chairman of MPOA Malaysia.	To inspire the adoption of sustainable practices in oil palm plantations for long term profitability.
Malaysian Palm Oil Board (MPOB)	NA	Licensed registered under MPOB.	Annual license renewal.	Support the MPOB to enhance the wellbeing of the Malaysian palm oil industry through excellent research & development and services.
Malayan Estate Owners' Association (MEOA)	2017	Mr. Au Yong Siew Fah is an Individual Member of MEOA.	Annual membership renewal.	To promote, foster and protect the interests of the plantation industry in Malaysia
Malayan Agricultural Producers Association (MAPA)	1983 (continued from the previous management in Teluk Merbau Plantation)	Teluk Merbau Plantation & Shalimar/ Berjuntai Estate are members of MAPA.	Annual membership renewal.	To support the trade union in catering to the needs and interests of agricultural employers.

ADDRESSING OUR MATERIAL MATTERS BASED ON OUR RISK PROFILE

Identified Risk	Identified Risk Related to Material Matters	Strategy to Address the Identified Risk
Human Resource Risk	Labour Conditions and Welfare - Loss/shortages of good quality labour. - High employee turnover rates.	 Regular review of salaries and wages to match industry standard. Source skilled labour through reliable recruiting agents, sister companies, mandors, etc.; provide rewards for performers. Provide conducive amenities to accommodate labour.
Safety and Health Risk	 Safety and Health Accidents at work due to non-compliance with safety and health policies and procedures. Pandemic outbreak, e.g. COVID-19. 	 Comply to the SOPs issued by Group HR in May 2020. Educate employees and workers on COVID-19 preventive measures. Conduct daily body temperature measurement and symptom screening to employees and visitors before he/she enters the premises. Records shall be kept for three months for checks by the authorities. Appointed visiting medical officer to conduct COVID-19 assessment test at the plantations.
Input Material	Input Material U - Inadequate supply of good quality seedlings/ramets.	 To explore the possibility of in-house DxP seed production for self sufficient supply to own estates.
Weather (Drought, Flood & Fire) Risk	Weather Plantation operations disrupted due to adverse weather (drought, flood or fire).	 Provide ongoing training and guidance to personnel on fire-fighting techniques and rescue works. Discussion on the fire prevention measure in JCC meeting on both estate and group level. Intensify water rationing when water reserves drop to critical levels. Intensify water collection at labour quarters. Purchase water tanks to increase water storage capacity. To undertake flood mitigation measures, e.g. bundling, planting on raised platform, proper drainage on flood prone areas. Maintain alternative route (e.g. transport by road and barge) for CPO/PK despatch during flooding. Initiate to speed up dispatching CPO/PK to Lahad Datu. Accelerate CPO/PK despatch to reduce stock level. Replenish stock level of diesel, spare parts and other essential items regularly.

ADDRESSING OUR MATERIAL MATTERS **BASED ON OUR RISK PROFILE**

Identified Risk	Identified Risk Related to Material Matters	Strategy to Address the Identified Risk
Pests and Diseases ("P & D") Risk	Pest Management Oil palm trees are attacked by pests (e.g. rats) and diseases.	 Strict compliance with the provisions in the Oil Palm Agricultural Policy No. 10. Routine P & D inspection by experienced and well-trained personnel, workers, mandors, field staff and executives; to be alert for any P & D outbreak incidence. Adequate chemical and spraying equipment provided for P & D treatment; perimeter fence maintained in good order. Adequate stock of pesticides at all times. Advocate propagation of beneficial plants in estates in line with Integrated Pest Management ("IPM").
Security Risk	Theft - Palm products stolen during transit.	 Install Global Positioning System ("GPS") in all vehicles. Install Closed-circuit Television Camera ("CCTV") at critical locations. Ensure all palm product in transit is properly insured. Policy on carrying diesel stock in the estates and mills to be closely monitored.
Security Risk	Security M - Foreign intrusion.	 Increase number of security personnel in the estates and palm oil mills. Construct perimeter chain link fencing in residential areas. Close surveillance of four entry points in the estates, mills and jetties using security cameras.
Logistics Bottleneck Risk	 Logistics and Poor Roads Delays in deliveries. Inadequate storage in warehouse due to stock pile-up. Congestion at Sandakan jetty and/or buyers' refineries during peak crop season due to infrastructural limitations. Variation in actual vs. forecast production tonnages. 	 Store CPO in barges as storage/bulking tanks. Despatch CPO by road transport to Sandakan. Develop contact with/sell to refiners at Lahad Datu. Export sales to international buyers. Maximise the return trip of existing lorry fleet (e.g. to transport PKS, FFB, fertilizer etc.). Weekly update of production forecast.

significant = medium \blacksquare = low

The risk factor corresponded with some of the materiality matters identified by both Hap Seng Plantations and all relevant stakeholders as areas of concern. Based on the linkages, strategies and mitigation programmes have been put in place to address the challenges.

MARKETPLACE



RESPONSIBLE BUSINESS AND PRACTICES



Business Code of Conduct

Hap Seng Plantations has established five fundamental principles in our Code of Conduct to instil and promote appropriate standards of conduct and ethical practices.

The Code of Conduct applies to our Board of Directors and management, as well as to all Hap Seng Plantations' employees. The Code is set up to prevent conflicts of interest among board members, management and staff, and also defines the parameter between work and personal activities.

Our Five Fundamental Principles:

HONESTY AND INTEGRITY

CONFIDENTIALITY

COMPLIANCE WITH LAW

WHISTLEBLOWING

CONFLICT OF INTEREST

Corporate Governance

The Board of Directors ("the Board") is the highest governance body in the Company and is responsible for the long-term success of Hap Seng Plantations. The Board consists of 12 members: Managing Directors, three Executive Directors, two Non-independent Non-executive Directors, and six Independent Non-executive Directors. The Chairman is an independent Non-executive Chairman. The Board's composition reflects diversity in terms of gender, age, ethnicity, nationality, professional background, skills and experience. Two of the Directors on the Board are woman.

The Board adheres to The Malaysian Code on Corporate Governance 2012 – a best practice standard for corporate governance - and plays a key role in developing and implementing Hap Seng Plantations' direction and strategy, professional standards and internal control systems. The Board acknowledges that good corporate governance extends beyond mere compliance, and therefore works to attain the highest standards of business ethics, accountability, integrity and professionalism throughout all Hap Seng Plantations' activities.

The Chief Executive – Group Plantations is responsible for the daily operations of Hap Seng Plantations. This includes our sustainability agenda. The General Manager supervises each group of estates. The Plantation Management Committee, consisting of respective estate and mill managers, meets monthly to review all operational matters.

12 Members	
1	Managing Director
3	Executive Directors
2	Non-Independent Non-Executive Directors
6	Independent Non-Executive Directors

Integrity First

Hap Seng Plantations is committed to working against corruption in all its forms, including extortion and bribery. Our Code of Conduct and Business Ethics Policy, which is incorporated in our Employee Handbook, prohibits giving and receiving all kinds of bribe or other benefits that may influence our employees' ability to carry out their duties legally and/or in line with company's interest. Any benefits or gifts must be declared to the immediate superior.

The Board has formulated a whistleblowing policy to encourage employees to disclose any fraud, corruption, serious financial misappropriation and abuse of power while providing them with protection once they have done so. Our whistleblowing policy enables internal and external stakeholders to report cases involving fraud, bribery, corruption and other irregularities directly to our Internal Audit Department. The Internal Audit Department is empowered to conduct investigation on suspected and reported incidents and has direct access to the Board.

In addition, the Group has a long-established formal avenue for employees to report any misconduct or unethical behaviour they have witnessed directly to the managing director. In FY2021, there were no reported corruption, extortion or bribery case involving our employees.

Platform for Open Dialogue

The Annual General Meeting is the main platform for dialogue and interaction with our shareholders. This platform provides shareholders with an opportunity to openly discuss matters of interest and concerns directly with the Board.

Responsible Supply Chain

Sourcing Sustainably - Independent Local Outgrowers and Smallholders

Currently, 0.8% of the FFB purchased from our 11 thirdparty (independent local outgrowers and smallholders) suppliers are RSPO or MSPO certified as three out of the 11 independent local outgrowers and smallholders have successfully obtained RSPO and MSPO accreditations, while three have obtained the MSPO certification as at December 2021. These three external independent local outgrowers and smallholders have been sending their crop to our identity preserved mill at BPOM since August 2020. This is expected to contribute to the volume of our certified products in the near future.

However, to ensure that we stay on track to achieve our goal of delivering 100% RSPO certified CPO from all our mills, we continue to engage with these suppliers to raise awareness on sustainable palm oil and the benefits of getting certified.

Additional five outgrowers and smallholders have made the commitment to implement RSPO and MSPO while the remaining three, have yet to make a commitment as their progress was interrupted by the outbreak of the COVID-19 pandemic.

However, those who have made a commitment to obtain RSPO and MSPO certification, have adopted sustainability policies from Hap Seng Plantations as these policies align with the RSPO and MSPO requirements. Hap Seng Plantations will assist these independent local outgrowers and smallholders by conducting independent internal audits on them, at least twice a year, to gauge on their compliance to our company policies. In 2021, we conducted two internal audits each on all the seven independent local outgrowers and smallholders.

In 2021, Hap Seng Plantations continued to provide 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 RM200,000.00 per operator.

We also hope 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 go after RSPO certification.

The 11 suppliers are all located in the Kinabatangan region of Sabah. Their locations are listed in the coordinates below:

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

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

Commitment to Traceability

We are committed to a fully traceable and transparent supply chain whereby our products can be traced back to its source. However, we also recognise that a large part of our footprint lies beyond our operations. Realising our suppliers are critical in our sustainable and traceability goals, we proactively approached our neighbouring 11 independent local outgrowers and smallholders in 2017 to raise awareness on sustainable palm oil and the benefits of becoming certified.

	Origin of FFB Sources		
MILL	Own Plantation	Third Party	
JPOM 1	283,048 MT (100%)	0 MT (0%)	
JPOM 2	3,192 MT (7%)	41,204 MT (93%)	
ТРОМ	104,184 MT (84%)	19,677 MT (16%)	
ВРОМ	195,248 MT (97%)	5,351 MT (3%)	
Total	585,672 MT (90%)	66,232 MT (10%)	

90% of our FFB sources originates from our own plantations while 10% are from third parties. Eight out of our 11 independent local outgrowers and smallholders, have indicated their willingness to support and participate in activities towards RSPO and MSPO certifications. The encouraging support motivated us to allocate significant efforts and resources in helping all 11 independent local outgrowers and smallholders in obtaining their RSPO and MSPO certifications.

We established a taskforce in 2017 to monitor traceability of our products and had developed and implemented the "Traceability and Supply Chain Standard Operating Procedure" with the following purposes:

- · Procedure for identifying, segregating and recording the estate and mill products by suitable means during all stages of reception, production, storage and delivery.
- Procedure for recording the Certified Sustainable Fresh Fruit Bunch ("CSFFB") and conventional FFB by suitable means from harvesting and during stages of loading.
- Procedure for recording the CSFFB and conventional FFB by suitable means from reception and during stages of CSPO, CPO, CSPK and PK dispatch to refinery.
- Procedure for documented recording of the CSPO and CSPK delivery from mill to refinery/ bulk transit installation (external)/ buver's vessel.
- Procedure for documented recording of the CSPO and CSPK during the development of the contract agreement, purchase order, and after delivery/ sales of the product has been made.

Through these efforts, we have successfully achieved 78% traceability of our FFB in 2021.

11 Independent Local Outgrowers and Smallholders:

2018 2019 2020 2021 Official meeting Three more pledged Three obtained Three obtained with all independent commitment to obtain RSPO RSPO & MSPO certifications. RSPO & MSPO certifications. local outgrowers and & MSPO certifications. smallholders. One obtained MSPO Three obtained MSPO certification. certification. Four pledged commitments to obtain RSPO & MSPO One more pledged commitment to obtain RSPO certifications. & MSPO certifications

Responsible Agriculture Practices

Responsible Land Use

As climate change would be the greatest threat to the environment, we believe urgent actions must be taken to avoid or limit some of the worst effects of climate change. In this regard, we have established the Environmental Protection Mechanism to ensure implementation of responsible land use.

Environmental Protection Mechanism

Environmental, Health and Safety Committee Meeting - conducts quarterly meetings (MSPO requirement).

Estates' administrative managers to execute decisions from the Meeting (monitor, prevent and implement).

Proper management of waste - no pollution.

No violation of local regulations on pollution.

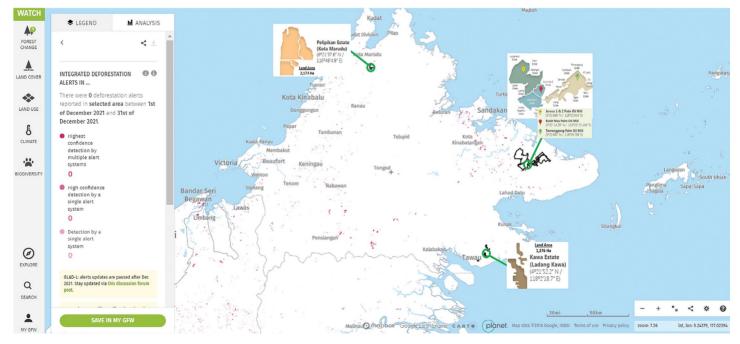
Monthly Riparian Monitoring Team

Hap Seng Plantations has introduced monthly riparian monitoring to comply with the requirements of the Sabah Water Resources Enactment 1998. For FY2021, we are planning to maintain the riparian buffer distance requirement as per the Enactment.

To date, Hap Seng Plantations has maintained 1,056.74 hectares of riparian buffer area. We have also engaged with an authorised consultant registered with the Environment Protection Department of Sabah to monitor and inspect river quality on a 4-monthly basis. There has been no significant issue raised by the consultant during the reporting period.

Monitoring Deforestation

Global Forest Watch ("GFW") provided an open access tool for sustainability practitioners to create a deforestation-free supply chain. It enables users to overlay the shapefile of the estates and eventually provides information about potential deforestation activities.



Despite the challenges posed by the COVID-19 pandemic, we continued to monitor potential deforestation activity of our supply chain on a monthly basis. This is also part of our commitment to our Sustainable Agriculture Policy. Furthermore, this monitoring covers the buffer zone boundary along the forest reserve area. In 2021, we did not detect any evidence of deforestation taking place within our boundaries. There was also no deforestation activity reported on the suppliers supplying FFB to our mills.

Fire & Haze Management

Though transboundary haze did not recur in FY2021, Hap Seng Plantations continued to strictly abide by the regulations stipulated under the Environmental Quality Act 1974.

In line with our Zero Burning Policy, we established a monitoring team to patrol the perimeter adjacent to the forest reserve on a monthly basis. These patrols aim to identify and report signs of fire, as well as illegal encroachment and illegal hunting in the area.

We monitor fires and fire hotspots using the Global Forest Watch Fire Portal (https://fires.globalforestwatch.org/home/) and GeoRSPO website (https://my.gfw-mapbuilder.org /v1.latest/). The reports are available on our company website at https:// www.Hapsengplantations.com.my/environmental-sustainability.html. We have recorded zero fire incident since we started the monthly monitoring in 2014.

Eight out of 11 independent local outgrowers and smallholders have also committed to our sustainability policies which covers: no planting on peat soil; zero burning; no deforestation; biodiversity conservation; protection of RTE species; human rights; Free, Prior and Informed Consent ("FPIC") and the protection of HCV areas. In FY2021, no fire incident was recorded within the vicinity.



Soil Management Practices

Hap Seng Plantations adheres to the best soil conservation practices as part of soil nutrient management, which determines our crop yield and quality. We employ good agriculture practices by using both cultural and biological methods such as planting leguminous cover crops to reduce soil erosion and improve the physical and chemical composition.

We also construct earth terraces, silt pits and bunds, and maintain natural covers along palm avenues. As a measure to prevent soil erosion, we do not cultivate on slopes with a gradient of 25 degrees or more. Empty Fruit Bunch ("EFB") and oil palm trunks and fronds are mulched, composted and recycled as organic materials to maintain soil properties at an optimum level.

The recycling of nutrient-rich organic matters such as EFB, POME and belt press solids ("BPS") into fertiliser, is another common practice with multiple benefits. Reusing of biomass as fertiliser helps to reduce our reliance on agrochemicals, reduce our costs and mitigate our GHG emissions.

Hap Seng Plantations' Sustainability Agriculture policy distinctly prescribed "no new development on peat areas regardless of depth" and this has been the practise. Similarly, the eight out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications, have agreed to adopt the no new planting on peat policy as well as best management practices for soils and peat from Hap Seng Plantations as these policies comply with the requirements set by RSPO and MSPO.

Integrated Pest Management ("IPM")

IPM is a component of Good Agricultural Practices that Hap Seng Plantations deploys to control pests, pathogens and weeds so as to minimise the use of chemical pesticides. To control nettle caterpillars, which is one of our biggest pest control challenges, we plant more than the recommended 10 metres of beneficial plants per hectare of oil palm to control the nettle caterpillar population. These plants, which include Tunera subulata, Antigonon leptopus and Cassia cobanensis, provide a natural habitat for insect predators of nettle caterpillars and bagworms.

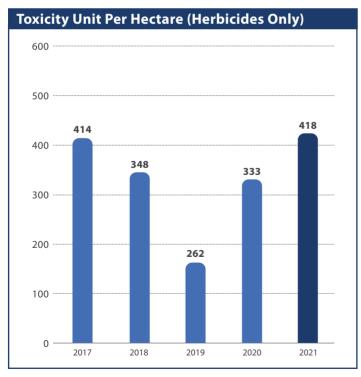
Other preventative measures include the establishment of fast-growing leguminous covers to accelerate decomposition of palm biomass. This stops biomass becoming a breeding ground for Oryctes rhinoceros beetles, one of the major pests afflicting the palm oil industry.

We have also introduced a fungus (Beauveria bassiana), which is parasitic on various arthropods, as well as a natural insecticidal bacterium (Bacillus thuringiensis).

A number of other natural, cultural and mechanical pest control strategies have also proven effective. Pheromone traps are used across our estates to reduce the populations of Apogonia beetles, Rhinoceros beetles, Cockhafers and Odoratus, while diverting them from attacking our immature oil palm plantings. This method has helped us to reduce the use of synthetic pesticides such as Cypermethrin.

Selective Chemical Application

At Hap Seng Plantations, we do not undertake blanket spraying of herbicides. Weeds are treated on a block basis following an analysis of the problem in the area. Herbicide usage is cyclical and will increase in years with more new or immature plantings.



* Toxicity units are calculated from the volume, concentration and level of toxicity as declared by the manufacturer and determined by means of the LD50 toxicity test. The above data is based on budgeted consumption. Please note the figures are restated from our 2014 Sustainability Report.

We currently use a total of 31 types of agricultural chemicals in our plantations for weed and pest control purposes. Of these, four are listed as banned chemicals by the UN Rotterdam and Stockholm conventions. Two of these chemicals are only used in the nursery, while the other two are used to target specific pests. We have yet to find suitable alternatives to replace these chemicals.

Toxicity per hectare was increased from 333 per hectare in 2020 to 418 per hectare in 2021. This was attributed by high rainfall and more spraying rounds required due to carried forward of delayed weed spraying in 2020 resulted by restrictions of plantation operations from MCO.

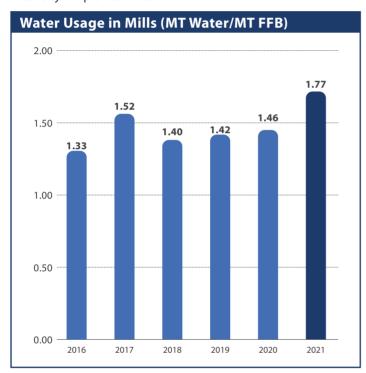
Since 2011, we have banned the use of paraguat in our plantations as paraguat was highlighted by our stakeholders as a chemical of concern due to widespread misuse. Since our engagement with the independent local outgrowers and smallholders in 2017, eight out of 11 independent local outgrowers and smallholders have committed to adopt a "no use of paraquat policy" as this policy complies with the requirement set by RSPO and MSPO.

Water Efficiency

In FY2021, the amount of water used for FFB processing increased to 1.77 m³/ tonne FFB (2020: 1.46 m³/ tonne FFB). Higher water consumption was due to the commissioning of a new boiler in JPOM 1 and lower crop processed in 2021.

We aim to improve our water efficiency by reducing water usage to 1.4 m³/tonne FFB with the establishment of more biogas facilities in our plantations. This has been progressively carried out with the commissioning of the first biogas facility in March 2017 at JPOM 1 and JPOM 2, followed by commissioning of the second biogas facilities at BPOM in February 2020.

Another biogas facility is targeted to be built at TPOM in 2022. This addition is expected to further reduce the water usage intensity for plantations.



RESPONSIBLE PRODUCTS

Benchmarking Our Practices

Highlights	
Certifications	Facilities
RSPO	All Mills & 82% landbank*
MSPO	All Mills & 100% landbank*
MSPO SCCS	All Mills
ISCC EU	All Mills
НАССР	All Mills
MS ISO/IEC 17025	Plantations Central Laboratory
HALAL	All Mills
MeSTI	All Mills

In FY2021, we improved our SPOTT ranking to third position amongst Malaysian palm oil companies with an overall score of 79.6%. This resulted from an improvement of 5.9% in our score as compared to the score of 73.7% registered in FY2020.





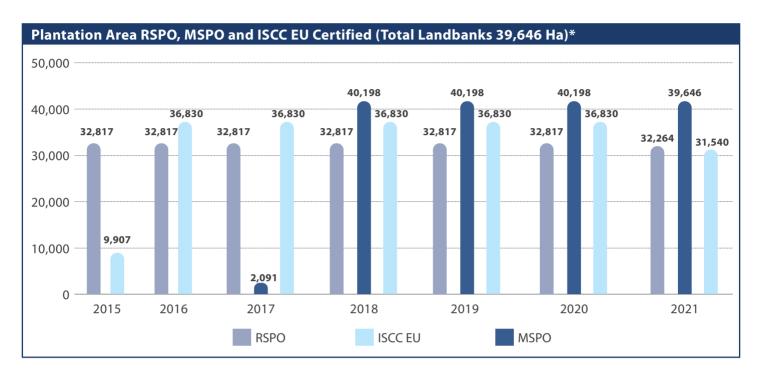
Not including 81 hectares of land adjoining to the existing land of which the land title is currently under application

Hap Seng Plantations achieved MeSTI certification for all its mills since 2020. This is part of our effort to benchmark our best practices against Malaysian food product export standards in key sustainable areas of its business. To-date, we have several successes in our quest for international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, ISO/IEC and HALAL.

As part of improvement in product quality and safety, the CPO washing plant was commissioned in 2021 at the Bukit Mas Palm Oil Mill. The main objective of the installation of the CPO washing plant is to reduce the level of 3-monochloro-1, 2-propanediol, its esters ("3-MCPDE"), and glycidyl esters ("GE") by removing the chloride in CPO. Currently, total chloride in CPO is one of the important parameters closely monitored due to its association to the formation of 3-MCPD, which has raised concerns on health risks to humans. Generally, chloride-free water is added into the CPO during the CPO washing process.

International and Local Certification

Type of Certification	Achievement	Date Achieved	Comments
MSPO	100% of all estates and mills	February 2018	 Achieved ahead of mandatory deadline of 31 December 2018. 4th Annual Surveillance Audit for Group Certification (SSGOE, Kawa, TMGOE, JGOE) and mills on October 2020. 4th Annual Surveillance Audit for Pelipikan on May 2021.
MSPO SCCS	100%	December 2019	 Achieved ahead of mandatory deadline of 1 January 2020. 2nd Annual Surveillance Audit for BPOM, JPOM 1, JPOM 2 and TPOM on October 2021.
RSPO	82% of landbank	As at 2021	 SSGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit included Kawa as supply based on March 2019. SSGOE – 2nd Cycle Recertification – 4th Annual Surveillan Audit included Kawa as supply based on March 2021. JGOE – 2nd Cycle Recertification – 3rd Annual Surveillance Audit on August 2021 (Remote Audit) and January 2022 (Onsite Audit). TMGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit on November 2021. Compensation: The Concept Note and Land Use Change Analysis (LUCA) have been submitted to RSPO.
	100% of all mills	2017	All mills are RSPO certified.
ISCC EU	100% of all mills	2017	 2021 Recertification Audit held on September 2021 and the certificates were obtained on 13 November 2021.
НАССР	100% of all mills	June 2017	 2nd Cycle – 1st Annual Surveillance Audit on 8 June 2021 (JPOM 1), 9 June 2021 (JPOM 2) and 11 June 2021 (TPOM). 2nd Cycle – 2nd Annual Surveillance Audit on 10 June 202 (BPOM).
MS ISO/IEC 17025	Accredited	October 2018	Plantations Central Laboratory.
HALAL	100% of all mills	September 2019	All mills are HALAL certified.
MeSTI	100% of all mills	September 2020	All mills are MeSTI certified.



- Total landbanks of 39,646 hectares not including 81 hectares of land adjoining to the existing land of which the land title is currently under application.
- Total landbanks reduce from 40,198 hectares to 39,646 hectares.

In FY2021, Hap Seng Plantations improved its SPOTT ranking to third position amongst Malaysian palm oil companies with an overall score of 79.6%. This resulted from an improvement of 5.9% in our score as compared to the score of 73.7% registered in FY2020.

SPOTT assessment provides detailed snapshots of corporate transparency on sustainability issues. Hap Seng Plantations is currently amongst the 100 companies tracked on SPOTT, which represent approximately half of landbanks under oil palm cultivation globally. Hence, SPOTT assessment provides industry stakeholders with a comprehensive overview of the state of the market, as well as specific insight into an individual company's progress.

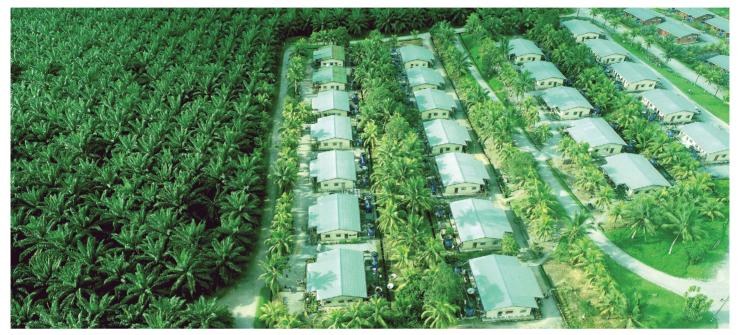
Year	Score (%)	Ranking	Ranking (Malaysia Palm Oil Companies)	Ranking (RSPO Member Companies)
Nov 16	46.20	21 (out of 50 palm oil companies globally)	6	20
Nov 17	66.20	17 (out of 50 palm oil companies globally)	4	15
Nov 18	74.40	14 (out of 70 palm oil companies globally)	4	14
Nov 19	65.70	19 (out of 99 palm oil companies globally)	5	18
Nov 20	73.70	19 (out of 100 palm oil companies globally)	5	19
Nov 21	79.60	13 (out of 100 palm oil companies globally)	3	13

^{*} Please refer to https://www.spott.org/palm-oil/ for the HSP SPOTT ranking.

WORKPLACE



CARING FOR OUR PEOPLE



Workplace Safety and Health

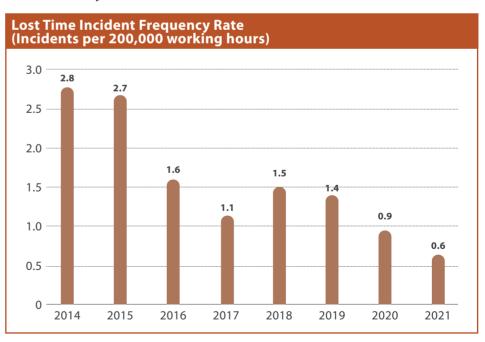








Focus on Safety and Health

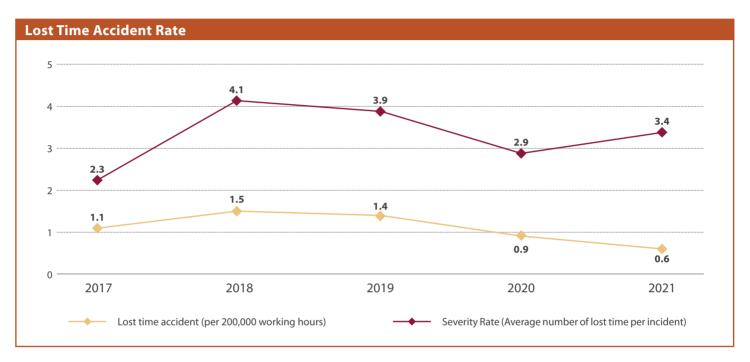


Hap Seng Plantations seeks to provide and maintain a safe and healthy working environment for all employees, contractors and visitors. In this respect, our commitment to safety is to ensure a continuous reduction in the number of accidents in our operations, while continuously instilling a safety-first mindset in our employees' daily work culture.

All our workers are covered by the Foreign Workmen Compensation Scheme, a general insurance policy which covers both injuries and fatalities.

Towards a Zero-fatality Workplace

No fatality was recorded in FY2021 while the lost time accidents ("LTA") experienced a decrease by 78%, from 2.8 in FY2014 to 0.6 in FY2021. The severity rate (average amount of lost time per accident), unfortunately, increased by 21% from FY2014 to FY2021.





Our SOP requires all accidents to be reported and recorded at our clinic while the OSH Committee will conduct a thorough review on the cause of the accident and outline recommendations and actions that need to be taken to prevent future recurrence. The findings of each review are reinforced by safety training and re-training on the use of appropriate protective equipment in order to minimise risks. Investigation reports are kept and maintained at each estate and oil mill.

Based on investigation, critical accident recorded this year was due to accident sustained while the employee was commuting to and from the workplace, which was also the main contributor to the increase of accident severity rate. We have therefore provided periodical intensive training, specifically focusing on road safety.

Besides reactive programmes, preventative actions are also carried out to ensure a safer working environment. The Occupational Safety and Health ("OSH") Committee conducts workplace inspections and regular in-house OSH training is provided. Safety and warning signs are clearly positioned at workspaces. For instance, right after investigating the cause of accident or incident, the OSH Committee will review the SOP and consider new control measures to prevent recurrence of such incident in the future.

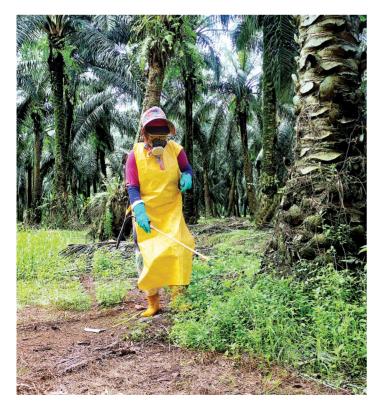
Handling of Chemicals

In FY2021, Hap Seng Plantations deployed the use of drone for chemical handling as an alternative in our pest and disease management. This new technology effectively reduces the risk of chemical exposure to our employees.

Although this system is new and still under trial, we believe that with this new approach, we could reduce the risk of chemical exposure to our employees as well as improving our productivity.

Currently, the procedure for our dedicated spraying crew is to manually apply fertilisers and pesticides in our plantations. Each crew member receives continuous safety training in chemical handling. All sprayers are required to wear personal protective equipment ("PPE") covering the full body and must shower after each shift.

Assistant managers and field conductors are responsible for ensuring compliance with safety procedures, which is monitored through internal safety audits. Spraying crews are also required to attend a health check every three months. This routine is particularly important for women workers. Pregnant workers are reassigned to new job tasks with less risk, such as general work (e.g. linesweeper), and are given two months maternity leave after delivery.





Challenges in Changing Work Habits

The main obstacle we face when pursuing our health and safety goal is dealing with the attitude of workers towards health and safety. Based on our investigations, most workers do not always prioritise safety training as it means being away from the field, which equates to reduced income. To overcome this reluctance, we have been emphasising to them the personal benefits of what is essentially an investment: a reduced risk of accidents is directly linked to more productivity and a higher income.

In this regard, we are employing two strategies to achieve this objective. The first is to standardise all our health and safety programmes according to job type, across all operations.

The safety management plan includes:

- Annual training of SOP for each work unit.
- Daily monitoring of the work activity in each work unit by management representatives.
- Induction training on SOPs for every new employee.
- Safety Committee meetings between management and worker representatives held on a quarterly basis to discuss actions required to improve the SOP of each work unit.
- Periodical reviews on Hazard Identification Risk Assessment and Risk Control ("HIRARC") in order to improve control measures and reduce the risk of accidents.

Our second strategy involves the implementation of specific safety procedures including:

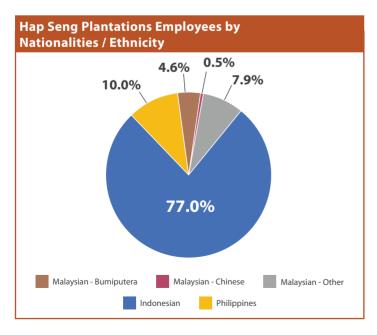
- Implementation of a Log Out Tag Out system ("LOTO") in mill machinery. LOTO increases machine handling safety, especially during maintenance, by locking the switchboard to prevent accidental activation.
- Implementation of Permit to Work ("PTW") for high-risk and/or non-routine work. For example: working at height, in extreme temperatures and in confined spaces. PTWs are only issued to individuals qualified to do the work, thereby ensuring compliance with SOPs.
- Quarterly workplace safety inspections/audits conducted by a Safety Committee Member to review any set safety measures requiring improvement.
- Train workers on HIRARC for each work task to help them better understand task-specific hazards.
- Engaging external occupational safety and health trainers, such as the National Institute of Occupational Safety and Health ("NIOSH") and BOMBA, to conduct Authorised Entrant and Standby Person ("AESP") competency training and PPE fit test training.

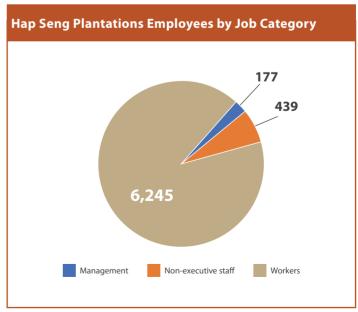
To ensure we are on top of our safety routine, all our estates and mills undergo Chemical Health Risk Assessments ("CHRA") routinely. The CHRA is conducted once every five years to understand chemical hazards to health and to ensure compliance with the Use and Standard of Exposure Chemical Hazardous to Health ("USECHH") Regulation 2000.

Responsible Employer

Our Employees

Hap Seng Plantations employs 6,861 people. Our workforce reflects the typical composition found in our sector and the diversity of Sabah. Approximately 91% of our employees are manual workers based in the field and mill. The majority of these workers are non-Malaysian nationals, primarily Indonesians and Filipinos. Most of our Malaysian employees come from local communities.





Note: Bumiputra is a term used in Malaysia to describe Malays, the Orang Asli of Peninsular Malaysia, and various indigenous peoples of East Malaysia.

Fair Pay and Transparent Records

All our workers are paid the required base wage of RM1,100 per month and RM1,200 for areas that fall under a City or Municipal Council. This is the state minimum wage requirement since January 2020 as stipulated under the Minimum Wages Order 2021.

Beyond this base wage, workers are paid an additional daily rate based on tonnage of harvest, maturity of the field worked, and specific work tasks. During peak harvesting months, workers have the opportunity to earn up to RM4,000 per month based on the amount of FFB they collected. Earnings may however vary throughout the year due to the seasonal nature of our operations and it can be a challenge to manage workers' expectations. To address this issue, we review wage to avoid income fluctuation and high levels of dissatisfaction.

Job Title	Gender	Average Salary per Month
CHEE	Male	RM1,890
CHEF	Female	RM1,845
ECTATE CLEDIV	Male	RM1,955
ESTATE CLERK	Female	RM1,835
LABORATORY TECHNICIAN	Male	RM1,785
LABORATORT TECHNICIAN	Female	RM2,075
MILL CLERK	Male	RM1,685
WILL CLERK	Female	RM1,785
PURCHASING CLERK	Male	RM2,015
T ORCHASING CEERIC	Female	RM1,895
STORE CLERK	Male	RM2,355
STORE CLERK	Female	RM1,500
CHIEF CLERK	Male	RM2,550
CHIEF CLERK	Female	RM2,485
ACCOUNTS EXECUTIVE	Male	RM2,779
ACCOUNTS EXECUTIVE	Female	RM4,245
ADMIN EXECUTIVE	Male	RM4,201
ADMIN EXECUTIVE	Female	RM4,533

The difference of salary for staff and executive is affected by their length of service with the Company.

Job Title	Gender	Average Daily Wages
SPRAYER	Male	RM42.31
SPRATER	Female	RM42.31
P & D WORKER	Male	RM42.31
P & D WORKER	Female	RM42.31
GENERAL WORKER	Male	RM42.31
GENERAL WORKER	Female	RM42.31

Do note we are committed to pay fair wages to all employees irrespective of ethnicity and gender. The Plantation Management Committee reviews workers' wages quarterly to ensure they are aligned with the market rate.

Freedom of Association & Rights to Collective Bargaining

Although we recognise the right of our employees to form and join unions, there are no unions represented in our plantations. This is because the National Union of Plantation Workers ("NUPW") and the All Malayan Estate Staff Union ("AMESU") are not recognised in Sabah.

Nevertheless, we do not restrict our workers from forming an association or conducting collective bargaining. We also have a grievance procedure in place that allows all employees to raise issues and seek redress.

Addressing Undocumented Workers

Sabah's long coastline and proximity to neighbouring Indonesia and the Philippines create challenging conditions for the Malaysian government as it seeks to manage its porous borders. Ferry services and land crossings make it particularly easy for individuals to enter the country.

We take special measures to ensure our employees are legalised in our plantations. This is a particular concern, as we often recruit new workers who have been recommended to us by existing employees. Individuals who do not have appropriate documentation for legalisation process are asked to return to their home country and to apply for proper permits.

We cover all costs for obtaining legal work permits in Malaysia with the exception of passports, which workers must obtain for themselves. Each worker retains his or her own passport and we have discontinued the practice of requesting estate managers to hold workers' travel documents for safekeeping.

Children in Our Plantations

We do not allow children or young persons under the age of 18 to work in our estates. We do, however, recognise that workers living in the estates sometimes involve their children in loose fruit collection and other light work. In our estates, we continue to conduct regular spot checks to eliminate such practice, and have found no incident of children helping their parents at work during the reporting period.

We are also vigilant in keeping children away from areas where hazardous works involving heavy machinery or chemicals are undertaken. We believe, the best means to eradicate child labour, is the provision of good quality education.



Free Access to Clean and Safe Water for Our Workers

We have completed the establishment of three water treatment plants and are currently able to produce sufficient treated water to support all our employees living in our plantations except Pelipikan Estate (Kota Marudu region), which is still relying on rainwater harvesting. Geographical factor was the main reason for the delay. It is difficult to find a location to establish a water treatment plant that is cost-effective with sufficient water catchment at the terrain of Pelipikan Estate.

We continue to provide adequate supply of treated water to all workers. In addition, we are committed to provide safe and quality water to our employees. As such, we regularly closely monitor the water quality as mandated by the National Water Quality Standards regulated by Department of Environment ("DOE"), Malaysia.

Addressing Security Issues for Our Workers

We remain on high alert and have embarked on a programme to improve the overall security of residential areas in our estates. Besides maintaining a close rapport with security forces, particularly the Royal Malaysia Police, a number of specific enhancements have been made.

These include improving communications among security personnel and the establishment of early warning systems at the main entrance and exit points across Sungai Kretam and Sungai Segama.

Women in the Workplace

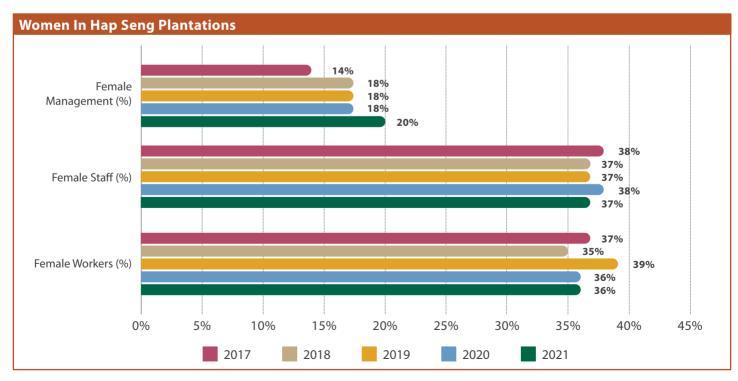
Supporting Women in Our Workplace

Hap Seng Plantations is committed to providing equal opportunities to employees at all levels, and there is no gender-based discrimination. We even encourage married couples to apply for jobs together. This, in turn, provides us with a more stable workforce.

We aim to improve our gender balance at the management level, where women are currently not well represented. This is partly due to the relatively small number of women educated in agricultural disciplines from which we draw our management candidates. We have two women sit on the Company's board.

Another challenge we face is that many women leave the workforce to look after their family before they reach senior position. This is largely due to the nature of the job which demands working at odd hours, and the limited educational facility available for their children.





COMMUNITY



COMMUNITY ADVANCEMENT

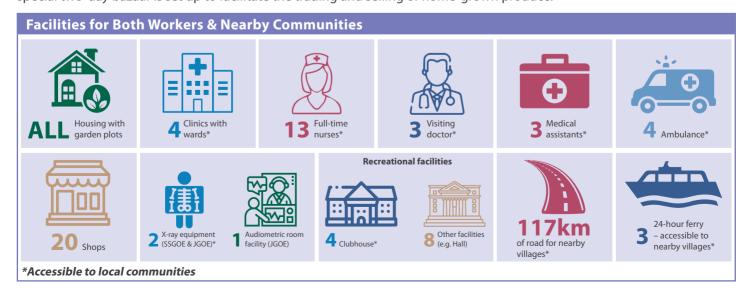


Community Development

Building Facilities for a Better Quality of Life

Hap Seng Plantations in FY2021, has an estimated 2,651 hectares of land for the development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities.

Housing is provided to almost all of our 6,861 employees and their families. Workers' quarters are designed to incorporate a sufficient plot of land for food cultivation. In addition, each estate has a shop that is granted permission to operate by the Company. To ensure goods remain affordable, these shops operate with controlled retail prices. At the end of each month, a special two-day bazaar is set up to facilitate the trading and selling of home-grown produce.



On top of these infrastructural provisions, we also support social interaction and community wellbeing by organising inter-estate group games, as well as bi-monthly and annual staff gatherings. Our clubhouses are built to incorporate social amenities, such as snooker tables, dartboards and digital karaoke machines, for the enjoyment and relaxation of our workers.

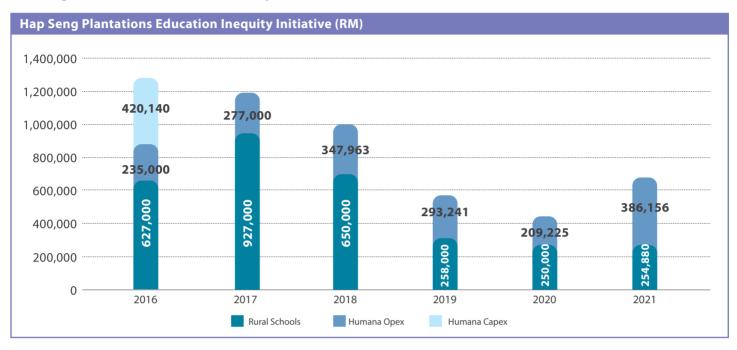
Hap Seng Plantations continue to enjoy a very positive and mutually beneficial relationship with our local communities. Our community-focused activities take into account, the fact that many of these communities are isolated and without access to basic facilities. Our local interactions therefore include:

- Engaging with community leaders.
- Providing assistance to local communities, particularly for celebrations and festivals.
- Providing job opportunities to local communities.
- Extending access to our health services.
- Building, repairing and maintaining local infrastructure (including 117km of roads and 24-hour ferry services).

Hap Seng Plantations has contributed a considerable amount of monetary commitment towards providing a better quality of life for its workers and the community living nearby. This comes in the form of quality housing; social and religious amenities; recreational and medical facilities as well as transportation and infrastructural facilities.

		2021	2020	2019
	Items		Amount (RM)	
	Housing	638,317.75	685,665.21	1,327,798.26
	Utilities - electricity	5,287,685.77	4,130,351.59	5,111,659.35
	Utilities - water	824,150.56	676,826.54	812,290.71
	Training and development	15,588.80	6,194.71	47,037.62
Workers Welfare	Transport for workers (work purpose)	921,987.80	717,695.60	585,112.07
	Clinic - medical for employees & dependents	99,243.51	170,252.17	158,538.34
	Upkeep of religious buildings, recreational facilities and amenities	387,685.68	352,873.30	602,071.73
	Provision of social amenities	-	-	_
	Social contributions	325,682.24	208,433.13	335,575.02
	Ferry service	123,334.91	66,715.19	63,458.99
	Road maintenance	1,016,320.83	815,100.61	2,616,604.67
	Clinic - medical for employees and dependents	111,412.91	46,702.56	95,820.42
Community	Upkeep of religious buildings, recreational facilities and amenities	331.80	2,099.16	552.00
	Provision of social amenities	-	-	_
	Utilities - free electricity	-	-	
	Social contribution	51,434.10	67,889.41	30,727.89
Retailers in Estates	Subsidies rental	-	-	15,900.20

Investing in Education for Our Community



Hap Seng Plantations believes in the role of education in poverty eradication. As such, we invest considerably in education for our community in two areas. Firstly, due to our remote location and the presence of many children of foreign workers, one of our key initiatives is to help these children to have access to schools. In this area, we have been working with Humana Child Aid Society, a social non-profit NGO which provides education for thousands of children who live in plantations and other remote areas far from schools in Sabah.

In FY2021, we contributed an estimated RM386,156 to fund the Humana Child Aid Society to support its mission, to provide education for children in plantations and other remote areas of Borneo. Moreover, we conduct outreach to other plantation companies in the area to raise awareness about the right to basic education, and to encourage them to adopt similar initiatives.

Secondly, our focus is to be a catalyst in improving education in rural areas through capacity building in Higher Order Thinking Skills and English. This year, we continued with our ongoing programmes such as LAUNCH P.A.D. programme through the 3E framework (Equip, Empower and Expansion) and Ignite Digital Marker 2.0. We have invested approximately RM254,880 in these two main capacity building programmes.





Hap Seng Group LAUNCH P.A.D. 2021

The Group continued to extend and expand its social responsibility initiatives in Sabah by creating intentional touchpoints with youth and community stakeholders, raise leadership competency among youth, build community stakeholder capacity, and activate community expansion through the 3E framework (Equip, Empower, and Expansion) via Hap Seng Group LAUNCH P.A.D. programme. The programme involved 599 students from 68 schools in Tawau and Kota Kinabalu, Sabah. A two-day LAUNCH P.A.D. Camps, held live through You Tube, served as the culmination of the five Leaderonomics Club sessions across the year, as students came together for learning and growth.





Building capacity of community volunteers and Hap Seng employees to take on larger roles in building young leaders through a process of capacity building and mentoring process.

APPLICATION

Train-The-Trainer (KK Only)



EMPOWER

OBJECTIVE

Empower local community to take on a greater role in programme execution, designing and content presentation to ensure sustainability of the programme.

APPLICATION

Preparing for Uni (Parent-Youth **Engagement**)

Leaderonomics Club Sessions



OBJECTIVE

To share and expand the good impact seen in Tawau to other parts outside of Tawau, causing organic growth in the movement across Sabah.

APPLICATION

Hap Seng LAUNCH Youth Camp

Hap Seng Sabah Youth Convention

3E framework of Hap Seng Group LAUNCH P.A.D. programme

An e-Convention was held in November 2021 to serve as a platform to unite participating students for a time of bonding, inspirational sharing sessions and other fun-filled activities. A special tribute video, capturing beautiful memories of the past five years of the programme with the Tawau community, was presented. Many participants expressed their gratitude to Hap Seng for their continuous effort in student development over the past five years.

Ignite Digital Marker 2.0

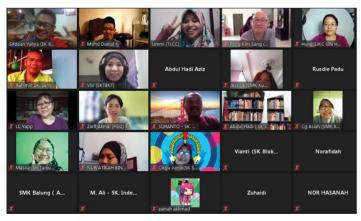
Hap Seng continues to build the Digital Marker Community for the second year in Tawau, Sabah, by sharing digital literacy through coding. The team-based and project-based learning, involved 70 school teachers and 140 students from 27 schools, who worked together, to build and to create innovative projects with microcontrollers, coding, mobile applications, Internet of Things, Artificial Intelligence, and other technologies. Along the way, participants also developed soft skills such as communication, critical thinking, collaboration, and creativity. The participants were given opportunities to showcase their projects through the national-level Junior Innovate Challenge and Young Innovate Challenge which was held in the fourth guarter of 2021.

Junior Innovate Challenge 2021 (Primary Students' Level)

Tawau schools won 4 Gold, 1 Silver and 1 Bronze

Young Innovate **Challenge 2021** (Secondary Students' Level)

Tawau schools won 2 Gold, 4 Silver and 2 Bronze



Participants of Ignite Digital Marker 2.0



Respecting Land Rights

We acknowledge the legal and customary land rights of local communities. This is clearly stated in our Sustainable Agriculture Policy, which also sets out robust Free, Prior and Informed Consent ("FPIC") process for all new developments.

Hap Seng Plantations currently has one outstanding complaint in the RSPO Complaints Process. The case involves a legal land dispute with an individual claiming rights to approximately 2,600 hectares of our planted area. The complaints panel has put the case on-hold pending the outcome of legal decision. The case does not involve customary or indigenous land rights. Further information can be found in our Annual Report, and also on the RSPO website at rspo.org/members/complaints/status-ofcomplaints/view/89.

As part of the requirements in obtaining RSPO and MSPO certifications, seven out of 11 independent local outgrowers and smallholders who are assisted by Hap Seng Plantations have made a commitment, to respect legal and customary land rights as well as the indigenous and local communities' rights.

ENVIRONMENT













1,056.74 Ha set for Riparian Area

1,401.98 Ha set for HCV Area

Protecting Our Environment

Our operations in Sabah are located close to some of Southeast Asia's most striking biodiversity, including flagship species and flora endemic to the area. We have developed an evolving set of systems to ensure our operations do not endanger wildlife habitats or the ecosystem.

As environmental stewards, our focus is on forest preservation and conservation with a long-term plan to enrich the flora and fauna biodiversity, within the vacant areas in Hap Seng Plantations with both protected plant and animal species.

Hap Seng Plantations strictly adheres to all relevant laws, as well as to RSPO, MSPO and ISCC EU certification principles and criteria. These commitments have been defined in our Sustainable Agriculture Policy where our journey towards a sustainable oil palm estate is set out. The policy is publicly available from our company website at www.hapsengplantations.com.my.

ENVIRONMENT – **ENVIRONMENT STEWARDSHIP**

Despite the COVID-19 pandemic, we still managed to carry out the monitoring programmes that were put in place.

In FY2021, we continued to:

- Conduct monthly monitoring of scheduled waste management by a competent person.
- Improve the recycling programme including workers' housing areas by conducting awareness training to all workers.
- Conduct monthly monitoring of landfill areas.
- Conduct monthly monitoring of riparian areas.
- Conduct monthly monitoring of deforestation activity and forest buffer zone.
- Conduct monthly monitoring of fire hot spots. The data is available on our company website.
- Engage with accredited external consultant on our environmental compliance which included workers, housing areas, landfills, river water quality, scheduled waste management, sedimentation and sewerage ponds, riparian zone, forest buffer zone, soil erosion along river banks, replanting activities, air pollution, and water sources.

Safeguard Our Water Resources

We understand water sources are critical to the environment, to human health and to wildlife. This confers on us a special obligation as our plantations are located in remote parts of Sabah, and where we do not have access to public utilities such as piped water. All our drinking water are sourced from water catchment ponds. It is therefore our responsibility to ensure the quality of our water, treated or otherwise, is continuously monitored and analysed according to the National Water Quality Standards regulated by the Department of Environment.

In order to protect our water resources, we routinely monitor our stream and water usage. By doing so, we have been able to safeguard our water quality and drive efforts to mitigate any potential negative impacts from our operations.

Hap Seng Plantations practice water resource management guided by a water management plan. This plan is revised annually in every plantation to ensure our water sources are well managed and conserved.

The plan includes:

- Maintenance of riparian reserves to minimise soil run-off and act as a filter to preserve the quality of water entering waterways.
- Growing legume cover crops to prevent run-off and conserve soils.
- Avoiding oil palm planting on steep terrain.
- Monitoring and treating POME and wastewater before discharge.
- Applying BioTUBE desludging technology to remove solids in POME, reducing BOD levels to within an acceptable limit as required by the DOE.

We are mainly utilising water sourced from ponds and rainwater. In FY2021, we had withdrawn 2,519,018 m³ of water. Aside from ensuring water security within our operations, we are also committed in ensuring the generated wastewater is treated and discharged in accordance to the Environmental Quality Act 1974. Most of the 767.98 m³ of wastewater was discharged as domestic wastewater and treated POME application to the field.

	Source of Water Withdrawal (m ³)			
FY2021	Freshwater Freshwater (≤1,000 mg/l Total (>1,000 mg/l To Dissolved Solids) Dissolved Solid			
Surface Water	2,519,018.00	0.00		
Groundwater	0.00	0.00		
Seawater	0.00	0.00		
Third-Party Water	0.00	0.00		
Total	2,519,018.00	0.00		

FY2021	Destination of Water Discharge (m³)
Surface Water	767.98
Groundwater	0.00
Seawater	0.00
Third-Party Water	0.00
Total	767.98

	Water Consumption (m³)
2,518,250.02	2,518,250.02

ENVIRONMENT -ENVIRONMENT STEWARDSHIP



Rainwater Harvesting

Hap Seng Plantations began implementing rainwater harvesting system in 2015 in accordance to the DOE's guidelines and the National Water Quality Standards. The system is designed to help us better manage our water resources, ensuring our mills store a six-month reserve of water so as to maintain a ready supply throughout the year.

As host to 6,861 employees and their families, managing water for our domestic use is just as important as managing water for our industrial use. We have, therefore, supplemented our treated water sources with additional supply from rainwater harvesting to ensure sufficient water resources availability.

Managing POME Discharge

POME is a wastewater produced from the processing of FFB. Untreated POME is harmful to the aquatic ecosystem as it contains high levels of organic matters that can cause excessive algae growth and reduce the amount of available oxygen for aquatic life.

Hap Seng Plantations' continuous efforts in reducing BOD at all four mills yielded positive results as the average BOD was reduced to 14 ppm in FY2021 as compared to 20 ppm in FY2020. Commissioning of a new biogas facility and polishing plant at BPOM in February 2020, was instrumental to the improved BOD. Moreover, one additional biogas facility is scheduled to be built at TPOM in 2022. This new addition is expected to further reduce the BOD.

We are making good progress in meeting our 20 ppm target for all mills. To support our work in line with this goal, we have established a dedicated committee (the 20 ppm and Biogas Project Committee) to monitor BOD levels on a daily basis.

Discharged POME BOD Level

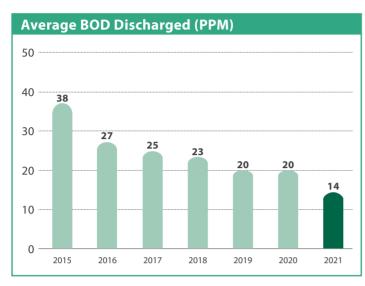
	BOD level in					
Mills	2021	2020	2019	2018	2017	
ВРОМ	7 ppm	29 ppm	31 ppm	33 ppm	41 ppm	
JPOM 1	15 ppm	12 ppm	12 ppm	13 ppm	20 ppm	
JPOM 2	16 ppm	16 ppm	19 ppm	21 ppm	20 ppm	
ТРОМ	17 ppm	22 ppm	19 ppm	23 ppm	19 ppm	
Total Average	14 ppm	20 ppm	20 ppm	23 ppm	25 ppm	

Even though there is no requirement by the DOE to report Chemical Oxygen Demand ("COD"), Hap Seng Plantations made the effort to monitor the COD discharge level from our mills. Hap Seng Plantations has also taken the initiative to set a target of 70% reduction by FY2022 from the baseline figure established in FY2018 at 276 ppm.

Discharged POME COD Level

	COD level in				
Mills	2021	2020	2019	2018	
ВРОМ	391 ppm	456 ppm	373 ppm	442 ppm	
JPOM 1	327 ppm	295 ppm	342 ppm	214 ppm	
JPOM 2	364 ppm	295 ppm	342 ppm	214 ppm	
ТРОМ	290 ppm	347 ppm	272 ppm	232 ppm	
Total Average	343 ppm	348 ppm	332 ppm	276 ppm	

ENVIRONMENT – **ENVIRONMENT STEWARDSHIP**





Local environmental regulations require us to minimise the risk of disturbance to the aquatic ecosystem, as well as pollution to the ground water. All Hap Seng Plantations operations are compliant with the relevant local thresholds throughout FY2021.

Carbon Management – Action on GHG Emissions

Hap Seng Plantations recognise climate change is a major threat to our planet, and we are committed to monitor and reduce our carbon emissions. We established our 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, we have calculated our data using this latest version.

In FY2021, our net carbon emissions and our footprint per tonne of CPO was further reduced by 8% as compared to FY2020. This is Hap Seng Plantations' first in achieving the GHG emissions at below 1 MT CO₃-e/MT CPO. This significant reduction was attributed to the commissioning of the new biogas facility at BPOM.

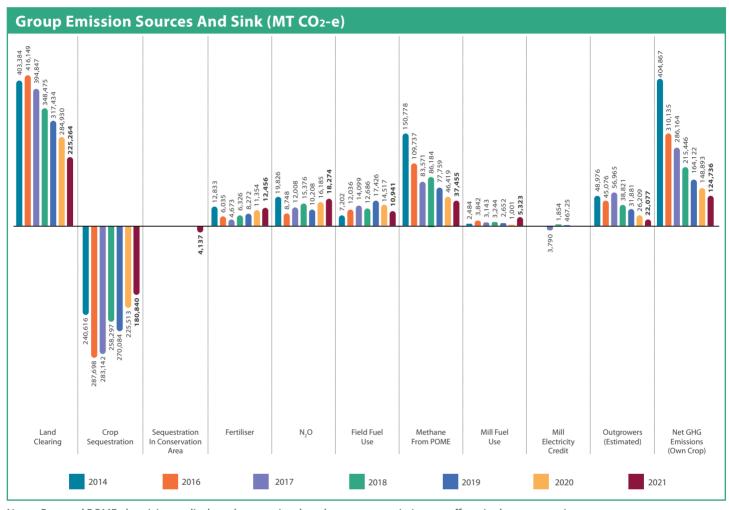
	MT CO ₂ -e/MT CPO						
Mills	2014	2016	2017	2018	2019	2020	2021
BPOM	1.61	0.99	0.50	0.40	0.56	0.17	0.75
JPOM 1	1.07	1.49	1.19	1.92	1.62	1.54	1.11
JPOM 2	3.18	1.45	2.09	2.06	1.44	0.41	0.88
TPOM	1.85	2.35	1.99	1.80	1.34	2.80	1.29
Group Average	2.35	2.00	1.89	1.45	1.08	1.03	0.94

Note: The 2014 figures were calculated using RSPO PalmGHG v2.1.1. For 2016, 2017 and 2018, the figures used the PalmGHG v3.0.1 while for figures from 2019 onwards are based on the PalmGHG v4.0. RSPO advises that these numbers may be compared without recalculation.

In FY2021, direct GHG emissions (Scope 1) contributed 309,713 MT CO₃-e while there is no indirect GHG emissions (Scope 2) contributed from the operations. The GHG emissions were significantly reduced by the GHG sequestration and credit gained from our conservation efforts and natural carbon removal capacity from the planted oil palm trees. GHG reduction from sequestration and credit accounted as much as 59.7% of our gross GHG emissions, resulted in net GHG emission of 124,736 MT CO₂-e.

FY2021	Emissions in MT CO ₂₋ e
Scope 1 Emissions	309,713
Scope 2 Emissions	0
Gross GHG Emissions	309,713
GHG Sequestration & Credit	184,977
Net GHG Emissions	124,736

ENVIRONMENT -FNVIRONMENT STEWARDSHIP



Note: Peat and POME electricity credits have been omitted, as there are no emissions or offsets in these categories.

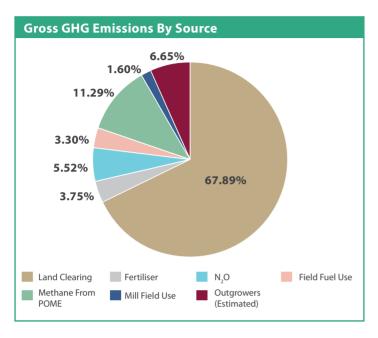
Previous land use change accounts for 69% of our GHG emissions. The estates supplying fruit to BPOM were originally cleared decades ago, and were left to regenerate until the 1990s when they were finally planted. Consequently, this land is classified as "disturbed forest" under the PalmGHG definitions

We do use direct energy from fossil fuels (diesel fuel and petrol fuel) to operate mechanised equipment and vehicles that transport FFB from our estates to the mills. We also use fossil fuels for FFB processing in mills, as fuel for vehicles transporting CPO from the mills to ports or our customers, and to provide power to our employees' housing, except in our Batangan and Kapis estates, where electricity is supplied by the JPOM biogas facilities. In FY2021, our estates recorded 95,483 litres of petrol usage which was mainly used for transportation.

With the commissioning of our second biogas facilities at BPOM, fossil fuel usage will be further reduced in our plantation's operations. We are now focusing in building another biogas facility at TPOM for electricity generation.

No	Diesel Usage For	Estate/Mill	Volume (Litre)
1	Genset	Mill	691,590
		Estate	1,683,803
2	Transport	Mill	966,262
		Estate	3,111,881
3	Process	Mill	48,241

ENVIRONMENT-FNVIRONMENT STEWARDSHIP



Non-renewable Energy	Renewable Energy
Diesel	Oil palm biomass
Petrol	Biogas

FY2021	Unit	
Non-Renewable Energy	MJ	240,000,171.98
Renewable Energy	MJ	283,010,410.80
Excess Electricity Feed to Grid	MJ	0.00
Total Energy Consumption	MJ	523,010,582.78
Energy Intensity	MJ/MT CPO	3,924

Our operations consumed 523,010,582.78 MJ of energy derived from renewable and non-renewable energy. Renewable energy generated from the biogas plant and the burning of biomass constituted to 54% of the overall energy consumption. High dependency on fossil fuel usage was significantly mitigated by transition to biogas.

Natural Resource Management

Protecting Our Rivers and Riverbanks

Hap Seng Plantations has developed and implemented a comprehensive water management plan to maintain the quality and availability of surface and ground water in ensuring future water security.

The Segama and Kretam rivers which flows through our estates are very well managed, with established riparian reserves (natural riverside vegetation) along both riverbanks. The riparian reserves effectively intercept non-point sources of pollution such as heavy metals and nutrients, trap suspended sediments in surface runoff, and support beneficial microorganisms which assists in the breakdown of pollutants. Riparian reserves also create prime habitats for other wildlife, forming a unique topography where terrestrial and aquatic ecosystems meet.

Palms planted along streams within our estates are marked with a red circle. The markings indicate the area shall be free from chemical spraying and manuring activities. Workers are also regularly educated on the importance of maintaining riparian reserves.

Oil palms which were planted within the riparian reserves in the 1980s, have been left in situ in accordance to the guidelines issued by the Department of Irrigation and Drainage ("DID").

In some cases, local villagers have planted banana trees and have even built houses within the set aside riparian reserves. Although such developments are prohibited by law and are not recommended by our company, we have allowed them to remain in order to maintain good relations with local communities.



ENVIRONMENT -FNVIRONMENT STEWARDSHIP

Conserving Biodiversity

Most of our plantings are on land previously used for other agricultural purposes. Furthermore, a large part of our land is bordering other plantations rather than forest. Nevertheless, we have designated approximately 1,400 hectares or about 3.5% of our total land bank for conservation.

An assessment and a comprehensive management plan has been completed for our HCV area at Bukit Kibos Hill, a 75-hectare area located near our headquarters. The plan is monitored and reviewed annually by our internal assessment team.

In line with our Sustainable Agriculture Policy, we seek to protect the forest reserves that are adjacent to our concession areas. In FY2018, we began a programme to monitor the buffer zone area. Our first step had been to make the zone's boundaries highly visible to our workers. This we did by erecting signboards and painting red markings on trees.

The setting up of buffer zones along the borders on highly protected forest reserve areas, is done in accordance to the legal requirement stipulated under the Environment Quality Prescribed activity.

In FY2021, we had installed 40 camera traps to monitor the boundaries for encroachment activities. We also planned to monitor the sensitive areas by using surveillance drone, which will be put into action in FY2022. Any encroachment activity detected will be submitted to authorities for their further action.

Although a formal HCV assessment was never required by the RSPO for our HCV area, as there has been neither land clearing nor conversion since November 2015, we took the initiative to appoint an RSPO-approved HCV assessor to conduct a supplementary assessment. This assessment confirmed this area is home to diverse species of fauna.

We have also worked to conserve the Jelutong tree, a protected species in parts of Malaysia and Thailand, when overharvesting led to the species being threatened in many areas. The Jelutong trees at our estates were originally propagated in vacant and HCV areas from seedlings we had collected.

Supported by our comprehensive replanting efforts, the Jelutong's quick growth and hardy nature means its extinction is now unlikely. Today, Jelutong trees cover approximately 86 hectares on our estates. Another area comprising 60 hectares, which was no longer suitable for palm cultivation due to repeated flooding, has also been set aside for planting of Sepat, a wetland timber tree species.

Area	Hectares
Reserve – plantable	36.80
Sepat	60.00
Bukit Kibos	75.50
Jelutong	86.00
Reserve – unplantable	1,143.68
Total area	1,401.98

In FY2021, eight out of 11 independent local outgrowers and smallholders who had committed to implementing RSPO and MSPO certifications, have also made a commitment to HCV assessment as well as to conduct social and environmental Impact assessments ("SEIA") in their plantations.



ENVIRONMENT -FNVIRONMENT STEWARDSHIP

Tabin Wildlife Reserve

The Tabin Wildlife Reserve, which borders our estate, was designated as a protected area in 1984. Covering approximately 122,539 hectares, this lowland dipterocarp forest is home to three of the largest mammals in Sabah the Borneo pygmy elephant, the Sumatran rhinoceros, and the Tembadau.

Eight primate species are also found at Tabin, including Orangutans and Proboscis monkey, as well as three protected cat species including the Sunda clouded leopard. Over 42 families of birds, representing some 220 species, have also been recorded on the reserve. Many additional types of wildlife are attracted to the reserve by the presence of active and mineral rich mud volcanoes.

Our close proximity to such rich biodiversity gives us a responsibility to support its ongoing protection. Continuous monitoring of RTE species is carried out across our estates as well as in bordering areas, to protect wildlife identified by the Sabah Wildlife Enactments and the IUCN Red List.

Hap Seng Plantations enforces a strict 'No Hunting Policy'. All workers are made aware of RTE species that have been identified in the area, and reminders not to disturb, hunt or kill these animals are communicated during morning muster. We also take appropriate action against individuals who ignore these instructions. CCTVs have been installed to identify illegal hunting or encroachment if it is brought into our estates.

We also work to pre-empt and prevent human-wildlife conflict. While our operations are not located within the migratory paths of elephants, and while incidents involving elephant encroachment are rare, we have nevertheless set up electric fences along our estate's boundary as prevention. Moreover, our plan is to set up camera traps along the boundary areas in the near future. This project would help minimize potential human-wildlife conflict.

Compensation Case Update

We continue to seek resolution to a compensation case which was first raised from a RSPO certification audit at TPOM in FY2013. The case was raised due to an area totalling 1,406 hectares on our Northbank and Tabin estates which had been cleared without undergoing the required HCV assessment.

Our Concept Proposal to compensate the total liability of 579.48 hectares with hectare-for-hectare reparations combined with monetary compensation was rejected by the RSPO Biodiversity and HCV Compensation Panel ("BHCV-CP") in FY2018. We revised the Concept Note and resubmitted to the BHCV-CP in October 2018, proposing an increase in the riparian reserve by six metres, or an additional allocation of 334.48 hectares (instead of the 167.24 hectares originally proposed), with the remaining 245 hectares compensated through plantings within the set aside area. This was rejected as well.

In FY2019, we engaged the RSPO Compensation Team to discuss improvements to the Concept Note before resubmission. In FY2021, we were able to come up with the revised Concept Note with improvements based on inputs from RSPO for resubmission. We are currently awaiting the status of our resubmission.

SUSTAINING THE FUTURE













Training the Next Generation of Planters

At Hap Seng Plantations, all staff and executives must undergo a 15-module Oil Palm Agriculture Policy ("OPAP") programme that contains best practices in estate management. Staff members and executives must achieve a pass to progress in their work. From 2016 to 2021, we added additional syllabuses on RSPO, MSPO, ISCC EU and Health and Safety to the programme. Thereby, ensuring staff and executives were well equipped to maintain and support our certification programme and safety efforts.

SUSTAINING OUR FUTURE

No	Training	Target Employees	Objective of Training	Schedule	Number of Employees Trained in FY2021
1	Oil Palm Agriculture Policy	All executives and staff from estates.	To educate staff and executives on good agricultural practices.	6 months (Feb, Mar, April, May, June, July) every year with examinations.	34
2	First Aider Training	All executives, staff, mandors and workers from estates and mills.	To train all individuals in charge of work units at estates and mills on first aid principles and kit.	Every three years (in 2020, it took place on 7 – 8 March 2020).	113
3	RSPO, MSPO and ISCC EU	All executives and staff from estates and mills.	To provide training on RSPO/MSPO/ISCC EU principles and criteria for all estates and mill operating units.	Annually.	76
4	Safety and Health	All executives and staff from estates and mills.	To regularly educate and promote awareness on safety measure at workplace.	Annually.	18
5	НАССР	All executives and staff from mills.	To educate on food safety and HACCP requirements.	Annually.	48
6	HALAL	One HALAL executive and five Committee for each mill.	To educate on food safety and HALAL requirements.	Annually.	24
7	MeSTI		To educate on food safety and MeSTI requirements.	Annually.	24

Renewables at Hap Seng Plantations

In 2020, the biogas facility at BPOM was commissioned. With this new facility, we have met our target of utilising renewable energy for BPOM.

As a responsible planter, we do recognise the production of palm oil generates waste that must be carefully managed to reduce its impact on the environment. The main waste type derived from the production of crude palm oil is POME.

Thus, in line with our goal of reducing both GHG and BOD levels, we have resorted to the commissioning of biogas plants to capture methane from POME and to convert them into electricity. Not only does this process reduce the amount of methane released to the environment, it also reduces our reliance on fossil fuels for energy generation. Moreover, the nutrient-rich byproducts from our biogas plant can be used to replace costly fertilisers, thereby further reducing our carbon footprint and benefitting our company economically.

The electricity produced by our biogas plant is now powering our two mills at Jeroco at Kapis and Batangan and SK Jeroco, a local school.

SUSTAINING OUR FUTURE

Year Commissioned	Biogas Facility (quantity)	Energy Produced (kW)	Mill	Beneficiary
2017	one	2017 - 5,988,804 2018 - 6,930,471 2019 - 8,390,010 2020 - 8,424,527 2021 - 7,500,903	JPOM 1 JPOM 2	Workers housing at JPOM 1, JPOM 2, Kapis Estate and Batangan Estate SK Jeroco Office area Mill 1 and 2 operations.
		Total = 37,234,715		
2020	one	2020 – 5,042,263 2021 – 6,994,370	ВРОМ	Office area, BPOM operation, and workers', housing (BME & SSE).
		Total = 12,036,633		
2022	one	NA	TPOM	Workers' housing.

Waste Management Programme - Recycling

In FY2021, we generated 104,542.88 MT of wastes and managed to recycle 104,137.78 MT of recyclable wastes. Most of the recycled wastes consist of oil palm biomass recycled for energy generation and soil nutrient enhancement. We also recorded increase in other recyclable wastes to 58.81 MT, as compared to 10.36 MT in FY2020. The reason for the increases was due to the COVID-19 pandemic as strict SOP were put in place. This restricted both non-essential movements and activities like the lockdown where the employees remained in the estate for a longer period, thus the increases in the amount of recyclable wastes.



Waste Management	Unit	Scheduled Waste	Non- Scheduled Waste	Total
Amount Generated	MT	104.25	104,438.63	104,542.88
Recycled and Reused	MT	0	104,137.78	104,137.78
Disposed	MT	104.25	300.85	405.10

Hap Seng Plantations understands that poor waste management is detrimental to the environment and poses risks for societal health and wellbeing. It also increases the cost of doing business.

As a responsible planter and in line with our goal for better waste management, Hap Seng Plantations has introduced a waste management programme to collect plastic bottles, glass bottles, paper and aluminium. Storage facilities for recycling waste were built at JGOE, SSGOE and TMGOE. An additional two storage units are currently under construction at our Kawa and Pelipikan estates. To support the project, workers have been educated on the importance of waste recycling as part of their environmental sustainability training.

These efforts are in accordance with the Environmental Quality Act 1974. In 2019, two representatives from our mills and Plantations Central Office ("PCO") attended a scheduled waste management course organised by the DOE in Labuan. Both representatives had passed their Competent Person certificate after their Field Training Report was accepted by the Environmental Institute of Malaysia (EiMAS), DOE.

The Competent Person is responsible to provide training on scheduled waste to all operating units. They are also responsible to control and monitor scheduled waste management on a monthly basis. All scheduled waste is disposed through authorised contractors on a biannual basis, or when the waste reached 20 tonnes as stipulated under Regulation 9, Environmental Quality (Scheduled Wastes) Regulation 2005.

Disclosu	ire	Source of Information	Page
General	Disclosures		
102-1	Name of the Organisation	About our Report	1
102-2	Activities, Brands, Products, and Services.	About Hap Seng Plantations Holdings Berhad	19
102-3	Location of Headquarters	Back Cover	-
102-4	Location of Operations	Plantation Operations	20
102-5	Ownership and Legal Form	About Hap Seng Plantations Holdings Berhad	19
102-6	Markets Served	About Hap Seng Plantations Holdings Berhad	19
102-7	Scale of the Organization	About Hap Seng Plantations Holdings Berhad	19
102-8	Information on Employees and Other Workers	Our Employees	48
102-9	Supply Chain	Responsible Supply Chain	36 - 38
102-10	Significant Changes to the Organization and its Supply Chain	About Our Report	1
102-11	Precautionary Principle or Approach	Our Sustainability Governance	27
102-12	External Initiatives	Sustainability Performance Indicators – Targets and Achievements	9 - 14
102-13	Membership of Associations	Membership to Professional Bodies	32
102-14	Statement from Senior Decision Maker	Message from the Chief Executive – Group Plantations	2 - 4
102-15	Key Impacts, Risks and Opportunities	Addressing Our Material Matters based on Our Risk Profile	33 - 34
102-16	Values, Principles, Standards and Norms of Behaviour	Our Value Creation Model	16 - 17
102-17	Mechanisms for Advice and Concerns about Ethics	Business Code of Conduct	35 - 36
102-18	Governance Structure	Our Sustainability Governance	28
102-19	Delegating Authority	Our Sustainability Governance	28
102-20	Executive-level Responsibility for Economic, Environmental and Social Topics	Our Sustainability Governance	28
102-21	Consulting Stakeholders on Economic, Environmental and Social Topics	Managing Our Material Matters Engaging with Our People and Stakeholders	15 30 - 31
102-22	Composition of the Highest Governance Body and its Committees	Our Sustainability Governance	28
102-23	Chair of the Highest Governance Body	Our Sustainability Governance	28
102-26	Role of Highest Governance Body in Setting Purpose, Values and Strategy	Our Sustainability Governance	28
102-29	Identifying and Managing Economic, Environmental and Social Impacts	Our Sustainability Governance	27
102-30	Effectiveness of Risk Management Processes	Annual Report	-
102-31	Review of Economic, Environmental and Social Topics	About Our Report	1
102-32	Highest Governance Body's Role in Sustainability Reporting	Our Sustainability Governance	28
102-33	Communicating Critical Concerns	Our Sustainability Governance	27 - 29
102-34	Nature and Total Number of Critical Concerns	Addressing Our Material Matters Based on Our Risk Profile	33 - 34
102-35	Remuneration Policies	Annual Report	-
102-36	Process for Determining Remuneration	Annual Report	-
102-37	Stakeholders' Involvement in Remuneration	Annual Report	-
		·	

Disclosu	re	Source of Information	Page				
General I	Disclosures						
102-40	List of Stakeholder Groups	Engaging with Our People and Stakeholders	30 - 31				
102-41	Collective Bargaining Agreements	Responsible Employer	50				
102-42	Identifying and Selecting Stakeholders	Managing Our Material Matters	15				
102-43	Approach to Stakeholder Engagement	Engaging with Our People and Stakeholders	30 - 31				
102-44	Key Topics and Concerns Raised	Engaging with Our People and Stakeholders	30 - 31				
102-45	Entities included in the Consolidated Financial Statements	Annual Report	-				
102-46	Defining Report Content and Topic Boundaries About Our Report						
102-47	List of Material Topics	Managing Our Material Matters	15				
102-48	Restatements of Information	About Our Report	1				
102-49	Changes in Reporting	About Our Report	1				
102-50	Reporting Period	About Our Report	1				
102-51	Date of Most Recent Report	About Our Report	 1				
102-52	Reporting Cycle	About Our Report	1				
102-52	Contact Point for Questions Regarding the Report	Back Cover					
102-53	Claims of Reporting in Accordance with the GRI Standards		1				
102-54	Claims of Reporting in Accordance with the GRI Standards About Our Report GRI Content Index GRI Content Index						
102-55	External Assurance	Managing Our Material Matters	68 - 72 15				
	ment Approach Disclosures	Managing Our Material Matters	13				
103-1	Explanation of the Material Topic and its Boundary	Managing Our Material Matters	15				
			13				
103-2	The Management Approach and its Components	Sustainability Performance Indicators – Targets and Achievements	9 - 14				
		Responsible Supply Chain	36 - 38				
		Responsible Agriculture Practices	38 - 39				
		Responsible Product	42 - 43				
		Workforce Safety and Health	45 - 46				
		Responsible Employer	48 - 51				
		Women in the Workplace	51				
		Community Development	52 - 53				
		Respecting Land Rights	56				
		Protecting Our Environment	57 - 58				
		Carbon Management	60 - 62				
		Natural Resource Management	62				
		Training the Next Generation of Planters	65 - 66				
		Renewables at Hap Seng Plantations	66 - 67				
		Waste Management Programme -Recycling	67				
103-3	Evaluation of the Management Approach	Our Sustainability Governance	27 - 28				
	c Disclosures						
201-1	Direct Economic Value Generated and Distributed	Annual Report	-				
Market P	-	· 					
202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	Responsible Employer	49				
202-2	Proportion of Senior Management Hired from the Local Community	Responsible Employer	48				

Disclosu	ire	Source of Information	Page
Indirect	Economic Impacts		
203-1	Infrastructure Investments and Services Supported	Community Development	52 - 53
203-2	Significant Indirect Economic Impacts	Community Development	52 - 56
Procurei	ment Practices		
204-1	Proportion of Spending on Local Suppliers	Responsible Supply Chain	36 - 37
Anti-Cor	ruption		
205-1	Operations Assessed for Risks Related to Corruption	Responsible Business Practices	36
205-2	Communication and Training about Anti-corruption Policies and Procedures	Responsible Business Practices	36
205-3	Confirmed Incidents of Corruption and Actions Taken	Responsible Business Practices	36
Energy			
302-1	Energy Consumption within the Organisation	Carbon Management - Action on GHG Emission	s 62
302-3	Energy Intensity	Carbon Management - Action on GHG Emission	s 62
302-4	Reduction of Energy Consumption	Carbon Management - Action on GHG Emission	s 62
Water ar	nd Effluents		
303-1	Interactions with Water as a Shared Resource	Protecting Our Environment	58 - 60
303-2	Management of Water Discharge-related Impacts	Protecting Our Environment	58 - 60
303-3	Water Withdrawal	Protecting Our Environment	58 - 60
303-4	Water Discharge	Protecting Our Environment	58 - 60
303-5	Water Consumption	Protecting Our Environment	58 - 60
Biodiver	sity		
304-1	Operational Sites Owned, Leased, Managed in, or Adjacent to Protected Areas and Areas of High Biodiversity Value Outside Protected Areas	Natural Resource Management	62 - 64
304-2	Significant Impacts of Activities, Products and Services on Biodiversity	Natural Resource Management	62 - 64
304-3	Habitats Protected or Restored	Natural Resource Management	62 - 64
304-4	IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations	Natural Resource Management	62 - 64
Emission	ns		
305-1	Direct (Scope 1) GHG Emissions	Carbon Management - Action on GHG Emission	s 61 - 62
305-2	Energy Indirect (Scope 2) GHG Emissions	Carbon Management - Action on GHG Emission	s 60 - 62
305-3	Other Indirect (Scope 3) GHG Emissions	Carbon Management - Action on GHG Emission	s 60 - 62
305-4	GHG Emissions Intensity	Carbon Management - Action on GHG Emission	s 60 - 62
305-5	Reduction of GHG Emissions	Carbon Management - Action on GHG Emission	s 60 - 62
305-7	Nitrogen Oxides (NOX), Sulphur Oxides (SOX), and other Significant Air Emissions	: Carbon Management - Action on GHG Emission	s 60 - 62
Naste			
306-1	Waste Generation and Significant Waste-related Impacts	Waste Management Programme – Recycling	67
306-2	Management of Significant Waste-related Impacts	Waste Management Programme – Recycling	67
306-3	Waste Generated	Waste Management Programme – Recycling	67

Disclosure	e	Source of Information	Page				
Waste							
306-4	Waste Diverted from Disposal	Waste Management Programme – Recycling	67				
306-5	Waste Directed to Disposal	Waste Management Programme – Recycling	67				
Environm	ental Compliance						
307-1	Non-compliance with Environmental Laws and Regulations	Sustainability Performance Indicators – Targets and Achievements	9 - 14				
Supplier E	Environmental Assessment						
308-1	New Suppliers that were Screened Using Environmental Criteria	Engaging with Our People and Stakeholders Responsible Supply Chain	30 - 31 36 - 38				
308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken Engaging with Our People and Stakeholders Responsible Supply Chain						
Employm	ent						
401-1	New Employee Hires and Employee Turnover	Sustainability Achievements – Marketplace; Workplace; Community; Environment	7				
401-2	Benefits Provided to Full-time Employees that are not provided to Temporary or Part-time Employees	Community Development	52 - 53				
Occupation	onal Health and Safety						
403-1	Occupational Health and Safety Management System	Workplace Safety and Health	45 - 48				
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Workplace Safety and Health	45 - 48				
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Workplace Safety and Health Sustaining Our Future	45 - 48 65 - 66				
403-5	Worker Training on Occupational Health and Safety	Sustainability Achievements – Marketplace; Workplace; Community; Environment	7				
403-9	Work-related Injuries	Workplace Safety and Health	45 - 48				
Training a	and Education						
404-1	Average Hours of Training per year per Employee	Sustaining Our Future	65 - 66				
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Training the Next Generation of Planters	65 - 66				
Diversity	and Equal Opportunity						
405-1	Diversity of Governance Bodies and Employees	Business Code of Conduct Responsible Employer Women in the Workplace	36 48 51				
405-2	Ratio of Basic Salary and Remuneration of Women to Men	Responsible Employer	49				
Freedom	of Association and Collective Bargaining						
407-1	Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining may be at Risk	Responsible Employer	50				
Child Lab	or						
408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labour	Responsible Employer	50				
Rights of	Indigenous People						
411-1	Incidents of Violations Involving Rights of Indigenous Peoples	Respecting Land Rights	56				
Local Con	nmunities						
413-1	Operations with Local Community Engagement, Impact Assessments and Development Programs	Community Development	52 - 56				

Disclosu	ıre	Source of Information	Page
Supplie	r Social Assessment		
414-1	New Suppliers that were Screened Using Social Criteria	Responsible Supply Chain	36 - 38
414-2	Negative Social Impacts in the Supply Chain and Actions Taken	Responsible Supply Chain	36 - 38
Socioec	onomic Compliance		
419-1	Non-compliance with Laws and Regulations in the Social and Economic Area	Sustainability Performance Indicators – Targets and Achievements	9 - 14

BASE DATA AND NOTES

Category / Indicator	Measurement Unit / Breakdown	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016	31.12. 2015	31.12. 2014	31.12. 2013	31.12. 2012
ECONOMIC											
Revenue	RM million	670.9	467.6	418.6	390.8	555.1	503.4	434.9	495.6	443.3	526.5
Profit before Taxation	RM million	290.3	108.4	36.6	37.2	146.9*	167.1	120.2	176.1	137.7	190.7
Profit Taxation Attributable to Owners of the Company	RM million	224.0	90.3	31.4	29.1	109.2*	124.1	96.4	128.3	97.5	140.3
LAND / PLANTATION											
Total Area		-									
Group	На	39,727	39,726	40,279	40,279	40,279	40,279	39,803	39,803	39,803	39,803
Jeroco Group of Estates (JGOE)	На	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117
Tomanggong Group of Estates (TMGOE)	На	12,806	12,806	12,806	12,806	12,806	12,806	12,331	12,331	12,331	12,331
Sungai Segama Group of Estates (SSGOE)	На	9,907	9,907	9,907	9,907	9,907	9,907	9,906	9,906	9,906	9,906
Ladang Kawa	На	724	723	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276
Pelipikan	На	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Kota Marudu	На	808	808	808	808	808	808	808	808	808	808
Total Planted Areas (Oil Pa	ılm)										
Group	На	35,434	35,434	35,957	35,957	36,103	36,145	35,678	35,685	35,697	35,697
Jeroco Group of Estates (JGOE)	На	12,722	12,722	12,722	12,722	12,808	12,808	12,808	12,808	12,808	12,808
Tomanggong Group of Estates (TMGOE)	На	11,803	11,803	11,803	11,803	11,864	11,893	11,426	11,426	11,426	11,426
Sungai Segama Group of Estates (SSGOE)	На	8,743	8,743	8,743	8,743	8,742	8,755	8,761	8,761	8,761	8,761
Ladang Kawa	На	678	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	На	903	903	903	903	903	903	903	903	903	903
Kota Marudu	На	585	585	585	585	585	585	585	585	598	598
Planted Areas – Mature											
Group	На	32,436	32,286	32,458	32,139	32,023	32,374	32,440	31,373	30,670	30,455
Jeroco Group of Estates (JGOE)	На	12,048	11,863	11,645	10,957	10,731	10,589	10,565	10,693	10,567	10,999
Tomanggong Group of Estates (TMGOE)	На	10,606	11,009	10,807	11,070	10,705	10,727	10,431	9,552	9,334	8,687
Sungai Segama Group of Estates (SSGOE)	На	7,616	7,248	7,317	7,423	7,899	8,368	8,755	8,761	8,761	8,761
Ladang Kawa	На	678	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	На	903	903	903	903	903	903	903	581	209	209
Kota Marudu	На	585	585	585	585	585	585	585	585	598	598
Planted Areas – Immature											
Oil Palm	На	2,998	3,148	3,499	3,819	3,934	3,625	3,092	4,165	4,881	5,096
Other Crops	На	146	146	146	146	146	146	146	146	146	146
Plantation Average Age	Years	16.3	15.9	15.8	15.6	15.3	15.3	15.5	15.4	15.2	14.8

^{*} The figures for financial year ended 31 December 2017 have been restated to reflect the application of the Malaysian Financial Reporting Standards Framework.

BASE DATA AND NOTES

Category / Indicator	Measurement Unit / Breakdown	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016	31.12. 2015	31.12. 2014	31.12. 2013	31.12. 2012
LAND / PLANTATION											
Planted Areas – Immature											
30 months to 7 years	На	4,933	5,040	4,340	4,491	5,615	5,626	5,599	4,089	2,525	2,788
> 7 years to 17 years	На	10,279	10,196	9,794	8,522	6,839	7,245	8,480	10,122	10,981	13,332
> 17 years	На	17,224	17,050	18,324	19,125	19,569	19,503	18,361	17,162	17,164	14,335
Area Set Aside for Conservation	На	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,401	1,480	
Peat Developed	На	0	0	0	0	0	0	0	0	0	0
PRODUCTION											
FFB	MT	593,279	637,131	675,587	657,259	655,957	662,774	709,984	727,937	704,241	665,812
FFB Processed											
FFB - Own	MT	575,440	630,697	662,069	643,842	640,507	643,731	667,504	680,741	662,452	620,770
FFB - Purchased (Local Outgrowers and Smallholders)	MT	76,465	71,578	63,715	77,641	85,006	91,707	107,829	121,673	116,490	105,469
Palm Oil	MT	133,284	144,977	152,017	148,651	150,695	154,682	170,546	172,980	166,202	154,595
Palm Kernel	MT	30,286	33,594	35,402	34,802	35,183	35,872	38,087	38,778	36,554	34,587
Palm Oil OER	Percentage	20.45	20.64	20.95	20.60	20.77	21.03	22.00	21.56	21.34	21.29
Palm Kernel OER	Percentage	4.65	4.78	4.88	4.82	4.85	4.88	4.91	4.83	4.69	4.76
FFB Yield per Mature Hectare	MT / /Ha	18.29	19.73	20.81	20.45	20.48	20.47	21.89	23.20	22.96	21.86
Oil per Mature Hectare	MT / /Ha	4.06	4.07	4.36	4.21	4.25	4.31	4.81	5.00	4.90	4.65
EMPLOYEES											
Number of Employees		6,861	7,137	7,479	7,100	7,192	6,993	7,331	7,257	7,036	6,872
Employee Categories	Management	177	177	171	175	166	161	145	138	138	135
	Non-executive Staff	439	436	430	442	425	381	364	336	310	293
	Workers	6,245	6,524	6,878	6,483	6,601	6,451	6,822	6,783	6,588	6,444
Female Employees		2,422	2,575	2,881	2,485	2,599	2,387	2,613	2,644	2,489	2,471
Male Employees		4,439	4,562	4,598	4,615	4,593	4,606	4,718	4,613	4,547	4,401
Number of Foreign Workers	Indonesian	5,284	5,550	5,699	5,570	5,761	5,585	5,952	5,663	5,488	5,453
	Filipino	683	614	628	578	553	511	563	661	703	594
Male Non-executive Staff		277	272	269	279	263	228	217	211	187	183
Female Non-executive Staff		162	164	161	163	162	153	147	135	120	110
Female Workers		2,225	2,378	2,690	2,290	2,413	2,214	2,449	2,502	2,353	2,344
Male Workers		4,020	4,146	4,188	4,193	4,188	4,237	4,373	4,275	4,244	4,099
Female Management		35	33	30	32	24	20	17	18	16	17
Male Management		142	144	141	143	142	141	128	116	116	119
Ethnic / Racial Breakdown	Malaysian - Bumiputra	319	353	364	377	396	429	387	465	370	391
	Malaysian -Chinese	31	26	33	35	32	35	34	34	40	37
	Malaysian - Indian	0	0	0	0	0	0	2	2	1	1
	Others - Malaysian	544	594	755	540	450	433	393	432	434	396
	Other Non-Malaysian	5,967	6,164	6,327	6,148	6,314	6,096	6,515	6,324	6,191	6,047
					_						

BASE DATA AND NOTES

Category / Indicator	Measurement Unit / Breakdown	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016	31.12. 2015	31.12. 2014	31.12. 2013	31.12. 2012
TRAINING											
Number of Employees who have Received Formal Qualifications Funded by Hap Seng		0	0	0	0	0	0	0	8		
LABOUR STANDARD											
Minimum Starting Wage	RM per Month	1,100 & 1,200 (Kawa)	1,100 & 1,200 (Kawa)	1,100	920	920	920	800	800	800	468
Number of Employees who are Members of a Trade Union				N	o Trade Un	ion for Plar	tation Worl	kers in Saba	ıh		
Number of Women Left on Maternity Leave		64	55	57	74	50	18	22	32	12	23
% Returned After Maternity Leave		85	76	92	87	76	67	75	81	100	100
COMMUNITY AND HOUSI	NG										
Breakdown of Charitable Contributions (MYR)	Humana (CAPEX)	0	0	0	0	0	420,140	43,150	0	24,440	155,454
	Humana (Expenses)	386,156	209,225	293,241	347,963	277,000	235,000	304,000	320,000	278,044	243,040
	Misc Donations	6,738	75,000	6,880	0	917,500	36,000	306,390	5,790	2,650	5,000
	CSR	164,640	1,964,27	191,189	538,161	1,698,0	576,000	4	15	9	5
	Total	557,534	2,248,49	491,310	886,124	2,892,51	1,267,14	653,540	325,790	305,134	403,494
Number of Employees and Dependants Housed		11,379	11,356	11,224	9,901	6,479	4,160	4,242	3,934	3,875	3,844
HEALTH AND SAFETY											
Fatalities		0	1	0	0	1	0	1	0	1	1
Number of Lost Time Accidents		19	34	48	58	44	74	66	164	230	321
Number of Lost Days (not including fatalities)		74	98	185	240	101	200	197	460	676	1,063
Lost Time Accident Rate (recordable injuries at 200,000/working hours)	Incidents per 200,000 Working Hours	0.7	0.9	1.4	1.5	1.1	1.6	2.7	2.8	4.1	5.9
Severity Rate (total lost work days/number of recordable injuries)	Average Number of Lost Time per Incident	3.4	2.9	3.9	4.1	2.3	2.7	3.0	2.8	2.9	3.3
ENVIRONMENT											
BOD Level	Ppm	14	20	20	23	25	27	38	34	40	42
Total Fertiliser Usage	MT / /Ha	1.30	1.16	0.79	1.07	0.83	0.96	1.05	0.88	1.02	1.00
Total Water Usage (mills only)	MT / MT FFB	1.77	1.46	1.42	1.40	1.52	1.33	1.53	1.52	1.62	1.68
Total Number and Volume of Significant Spills		0	0	0	0	0	0	0	0	0	0
Toxicity per Hectare		418	333	262	348	414	449	398	486	515	474

GLOSSARY

Annual Communication on Progress	ACOP is an annual reporting to show transparency to the RSPO secretariat to access RSPO compliance within the operating unit. RSPO membership will be terminated if a member fails to submit the ACOP for three consecutive years while RSPO membership will be suspended if the report is not submitted for two consecutive years.
Biodiversity	The diversity (number and variety of species) of plant and animal life within a region.
Biological Oxygen Demand (BOD)	The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.
Chumbaka	Chumbaka is an educational programme utilising technology to teach life skills.
CO ₂ Equivalents	Carbon dioxide equivalents (CO_2 -e) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.
Effluents	Water discharged from one source into a separate body of water, such as mill process water.
Extraction Rate	The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.
Free, Prior and Informed Consent (FPIC)	The principle that a community has the right to give or withhold its consent to proposed project that may affect the lands they customarily own, occupy or otherwise use.
Fresh Fruit Bunch (FFB)	Bunch harvested from the oil palm tree. Each bunch can weigh from 5 to 50 kg and can contain up to 1,500 or more individual fruits.
Global Forest Watch (GFW)	Global Forest Watch is an online platform that provides data and tools for monitoring forests. By harnessing cutting-edge technology, GFW allows anyone to access near real-time information about where and how forests are changing around the world.
High Carbon Stock (HCS) Approach	The High Carbon Stock Approach is a universally agreed methodology to prevent deforestation through the classification of forest and vegetation types. The methodology is governed by a multistakeholder steering group.
High Conservation Values	The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic and cultural biodiversity and landscape value.
Identity Preserved	Sustainable palm oil from a single identifiable certified source which is kept separately from ordinary palm oil throughout the supply chain.
International Labour Organization (ILO)	ILO is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.
Independent Director	According to Bursa Malaysia, an independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of an applicant or a listed issuer.
Integrated Pest Management (IPM)	IPM is a pest control strategy that uses an array of complementary methods. These include mechanical and physical devices; genetic, biological, legal and cultural controls; and chemical management. These methods are undertaken in three stages: prevention, observation, and intervention. IPM is an ecological approach aimed at significantly reducing or eliminating the use of pesticides.
International Sustainability & Carbon Certification (ISCC)	ISCC is an internationally-oriented, practical and transparent system for the certification of biomass and bioenergy.
Leaderonomics	Leaderonomics.com is a leadership portal social enterprise focused on transforming nations through leadership programmes.

GLOSSARY

Malaysian Sustainable Palm Oil (MSPO) Certification	The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.
Muster Ground	In plantations, the muster ground is a location that workers have to attend every morning at 5.15, Monday to Saturday. It is also known as roll call. Field Conductors I record worker's attendance, check their appropriate PPE and make important briefings and announcements.
Non-executive Director	A board director who does not currently hold other employment with the company. Unlike an independent director, a non-executive can have significant financial interests or close personal ties to the company.
Outgrowers	Outgrowers are local farmers with more than 50 hectares of planted oil palm on their land.
Palm Oil Mill Effluent (POME)	By product of processed fresh fruit bunches (FFB).
Peat	Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Pre-emergent Herbicide	Pre-emergent herbicides prevent the germination of seeds by inhibiting a key enzyme.
Roundtable on Sustainable Palm Oil (RSPO)	A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
Shapefile Data	Shapefile data is a geospatial vector data format for geographical information system (GIS) software. The shapefile format can spatially describe vector features – points, lines and polygons – representing, rivers, oil palms fields, etc. This data, which may exhibit changes in land use (i.e. deforestation activities and land clearance), is analysed and submitted to RSPO for review.
Stakeholders	Any group or individual who is affected by or can affect a company's operations.
Sustainability	A term expressing a long-term balance between social, economic and environmental objectives. The concept is often linked to sustainable development, which is defined as "development that meets the needs of current generations without compromising the needs of future generations".
Traceability	Traceability is the capability to track sustainable palm oil along the entire supply chain.
Toxicity per Hectare	A toxicity index for each herbicide used was calculated by multiplying the amount of active ingredient per litre or kg of product applied (in grammes) by the inverse of the Lethal Dose for 50% of the rats tested when the active ingredient is administered orally (LD50 rats, oral). The toxicity per hectare is calculated by multiplying the total amount of each product applied by its toxicity index and dividing this by the total planted area in each estate.
UN Sustainable Development Goals	A United Nations blueprint to achieve a better and more sustainable future for all by addressing the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.
UN Guiding Principles on Human Rights	The guiding principles, also known as the Ruggie Principles, are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Its three pillars outline how states and businesses should implement the framework: the state's duty to protect human rights, corporate responsibility to respect human rights, and access to remedy for victims of business-related abuses.
The Zoological Society of London Sustainable Palm Oil Transparency Toolkit (ZSL SPOTT)	ZSL SPOTT was designed to score commodity-producing companies on the public availability of corporate information relating to environmental, social and governance (ESG) based issues. ZSL SPOTT's main aim is to benchmark and measure company best practices outside any certification standards including that of the RSPO.

www.hapsengplantations.com.my

HAP SENG PLANTATIONS HOLDINGS BERHAD

Registration No. 200701011957 (769962-K)

21st Floor, Menara Hap Seng Jalan P. Ramlee 50250 Kuala Lumpur Malaysia

Tel: (603) 2172 5228 **Fax:** (603) 2172 5286

Email:

keekc@hapseng.com (on matters relating to sustainability)

makwm@hapseng.com (on matters relating to products & services)