



ABOUT THIS REPORT

Hap Seng Plantations Holdings Berhad ('Hap Seng Plantations') has prepared this report in accordance with the **Global Reporting Initiative (GRI) Sustainability Reporting Standards: Comprehensive option**. The report also complies with **Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting**.

SCOPE AND BOUNDARIES

This report, compiled on an annual basis, 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 palm oil operations. The 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 our 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 2020. This report is intended to meet the information needs of our stakeholders and communicate our approach on the EES aspects of our business. This report is also intended to be read in conjunction with our 2020 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 palm oil plantations and mills, and 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 not been any significant change to the size, structure, or ownership of our palm operations since our first reporting in 2015, we set the review of our materiality matters once every three years. Our last reassessment of our key material aspects, with both our internal and external stakeholders, were conducted in 2019 via various platforms - group session engagements, by phone and one-to-one interviews. Their inputs have been incorporated into our updated materiality matrix on page 17.

In line with the sustainability effort spearheaded by the United Nations, we, as a RSPO and MSPO certified company already have our business operations aligned to the United Nations Sustainability Development Goals (SDGs) as stated in pages 9 to 16.

Please refer to the GRI Content Index on pages 68 to 80 for each disclosure used.

VISION & MISSION

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

SUSTAINABILITY PRINCIPLES & VALUES

1

Economic growth

3

Mutually beneficial relationship with our community

2

Environmental protection

4

Accountable to our stakeholders

CORE VALUES



Integrity



Transparency



Commitment to excellence



Sustainability

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MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS

Welcome to Hap Seng Plantations' 2020 Sustainability Report. It has been six years since the publication of our first sustainability report in 2015. Our sustainability reporting journey has been enriching, evolving from a basic report to one fully guided by the GRI standards.

Sustainability has become a critical part of any successful business, especially with the COVID-19 outbreak. The pandemic has exposed the global weaknesses in risk assessment and contingency planning. Sustainability has always been an integral part of our business matrix and operational strategies. We were one of the early adopters of sustainable practices in Sabah. We will endeavour to push our frontiers on sustainability performance.

2020 was a challenging year due to the COVID-19 pandemic that negatively affected most businesses both domestically and globally. The Malaysian oil palm industry was not spared.

The operations of Hap Seng Plantations were disrupted by the various movement controls. In this regard, Hap Seng Plantations strictly implemented all standard operating procedures (SOP) at all our operating units. We also limited all non-essential activities in both our estates and mills while not jeopardizing the livelihood of our employees.

In 2020, the crude palm oil (CPO) prices rose to an eight-year high. This has resulted in a 12% revenue growth to RM467.6 million (2019: RM418.6 million).



In 2020, we continued to implement our sustainability strategies that were set in motion since we joined the Roundtable Sustainable Palm Oil (RSPO) in 2005. This included adding value to our products by obtaining new accreditation standards while maintaining our existing national and international certifications. We continued to assist our neighbouring outgrowers and smallholders to comply with RSPO and Malaysian Sustainable Palm Oil (MSPO). Measures taken include cost management, exploring mechanization of selective works and improving the safety and health of our employees.

MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS



Revenue
RM467.6
million

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

quantity of fertilizers on their palms so as to enable them to optimize the yields of their fresh fruit bunches (FFB).

In our cost management initiatives, we adopted the use of drone technology as permitted under the Malaysia Drone Laws, especially in precision agriculture management where useful data could be obtained from the aerial images captured by drones. Drones were used to improve the datum on palm stands, field boundary, road, terracing as well as the surveillance of flood affected areas, palm health, and pests and diseases (P & D) damages.

We also adopted the use of “spraying drone” for the P & D spraying of nursery or immature field and tall palms that are hard to reach by conventional knapsack pump and mist blower. The precision of the spraying improved productivity and reduced manpower reliance as well as minimized workers exposure to chemical as emphasized in the Occupational Safety & Health Act (OSH Act). To-date, we have deployed five drones for precision agriculture management and one spraying drone for P & D spraying activity.

In view of the rising costs of operation, we continued to apply industry best practices to improve yield of FFB, CPO and palm kernel (PK) and reduced dependency on manpower in selective field operations by adopting mechanisation to mitigate the rising employment costs and labour shortage issue. The adoption were in the area of fertilizer application, planting and harvesting through the use of mechanical fertiliser spreader for application of fertiliser on flat / undulating areas, FFB hydraulic cranes to facilitate FFB net loading for speedy FFB evacuation and mechanical post hole digger for speedy digging of holes for oil palm planting. This is on top of the motorised cutter to harvest the FFB and fertiliser spreader for efficient fertiliser application. We have also taken the initiative to improvise on field upkeep where we implemented the control droplet application (CDA) spraying that practically reduced chemical usage and improved productivity of the harvester per man day.

In our efforts to add value to our products, we have obtained the Makanan Selamat Tanggungjawab Industri (MeSTI) certification for all our mills in 2020. This is in addition to maintaining all our existing international and national certifications. These value-added certifications include the annual surveillance audit (“ASA”) or the re-certification of the RSPO, MSPO, European Union International Sustainability and Carbon Certification (ISCC EU), the Hazard Analysis & Critical Control Points (HACCP) and HALAL certifications. The audit processes for these re-certifications were held either virtually or physically.

In our journey to meet our traceability target, we managed to help three out of 11 independent local outgrowers and smallholders obtained their RSPO & MSPO certifications and one independent local outgrower achieved the MSPO certification. The inclusion of RSPO certified external fruits from these independent local outgrowers and smallholders since August 2020 have certainly increased the proportion of our oil categorised as fully traceable, segregated and identity preserved. Apart from that, we continued to extend our foliar and soil sampling analysis services to our neighbouring outgrowers and smallholders. This was to help them apply the correct

MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS



On climate change, Hap Seng Plantations managed to further reduce greenhouse gas emissions (GHG) with the commissioning of a new biogas facility at the Bukit Mas Palm Oil Mill (BPOM) in February 2020. This is in addition to the two existing biogas facilities located at Jeroco Palm Oil Mill 1 (JPOM 1) and Jeroco Palm Oil Mill 2 (JPOM 2).

As such, I am pleased to report that we have once again managed to cut our GHG emissions by an additional 5%, bringing the reduction to 1.03 tonnes of CO₂ equivalent per tonne of CPO (MT CO₂e / MT CPO), down from 1.08 MT CO₂e / MT CPO recorded in 2019. This reduction is again attributed to the effectiveness of our biogas plants in reducing the amount of methane released to the environment as well as our reliance on fossil fuels for energy generation.

We have consistently given special attention in providing safe and conducive workplace for our workers and we will continue to upkeep the surrounding infrastructure and workers' housing facilities and amenities. About 500 households in Sungai Segama Housing Complex were provided with 24-hours electricity.

This year, apart from the construction of new staff and workers housing, a major health concern facing our operation caused us to divert some resources in making available quarantine houses for workers which may have been affected by the COVID-19 virus. We are pleased to inform that through strict precautionary measures, we have managed to ensure zero COVID-19 case in all our mills and estates.

As we continue with our sustainability agenda, I am very happy to note that we have made great strides in our sustainability journey. We have accomplished various meaningful milestones and these achievements are reflective of the commitment and steadfast support of all our stakeholders.

As always, I am truly indebted to all our stakeholders and continued to look forward in our sustainability journey together. I eagerly look forward to 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 a global pandemic on 11 March, 2020. By 31 May, the number of global cases estimated by WHO had indicated that it has exceeded 5.9 million. To-date, it remains difficult to determine the full extent of the social and economic impacts caused by the outbreak and this uncertainty is expected to continue for some time to come.

Hap Seng Plantations observed strict SOP imposed by the government. In addition, with the rollout of the National COVID-19 Immunisation Programme, we are hopeful that the country is able to rein in 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 has the responsibility to ensure that food security is maintained while also looking out for the health and safety of our workers. In this difficult circumstances, Hap Seng Plantations managed to continue supplying essential oil palm product to community and took precautionary measures to ensure that the COVID-19 outbreak transmission chain does not occur at Hap Seng Plantations.

Though the Malaysian government allow for flexibility to the plantation and commodity sectors even with the implementation of the MCO, the danger remains. We pro-actively took measures to minimize risk of COVID-19 infection in our plantations at our own initiative.

Besides using the Ministry of Health Malaysia (MOH) guideline in curbing the spread of the COVID-19, we also pro-actively took preventive measures to curb the COVID-19 pandemic.

Proactive initiatives, awareness programmes and regular sanitization and checks were conducted to contain the spread of COVID-19, these included:

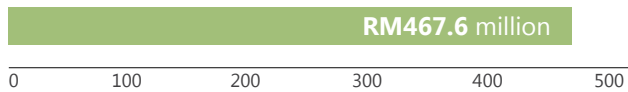
- Facilitate the COVID-19 screening test for workers.
- Allocation of quarantine areas and construction of quarantine house.
- Training or briefing on COVID-19 to create awareness among employees.
- Provision of masks to employees during MCO and was implemented in March 2020.
- Daily temperature check for employees before commencing their tasks.
- All employees is subjected to temperature screening at the main entrance of the office.
- Hand sanitizers/alcohol rub/soaps are made available at strategic locations, e.g. entrance to mill/office.
- Regular sanitization of office.
- All visitors/suppliers were required to provide swab test results at entrance of premises. All visitors/suppliers were screened using non-contact thermometers and health screening for any other COVID-19 symptoms before entering the premises.
- Encouraged meetings/audits to be conducted via online platforms e.g. zoom, Microsoft teams.
- Provision of transport services e.g. to collect groceries from town for employees and food deliveries upon request during MCO lockdown.
- Continued payment of wages/salaries to workers during the MCO 1.0 period.

PERFORMANCE HIGHLIGHTS

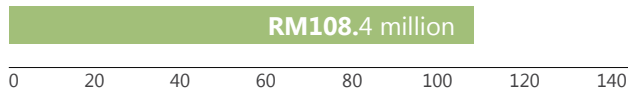


FINANCIAL

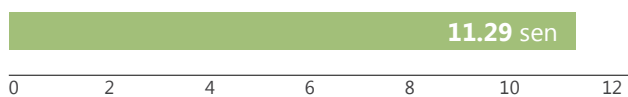
Our Revenue



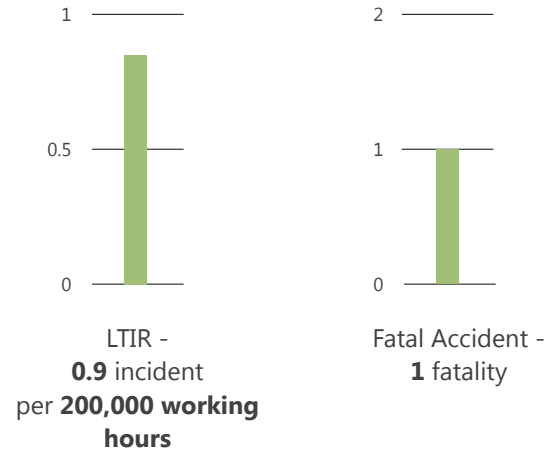
Profit Before Tax



Basic Earnings Per Share

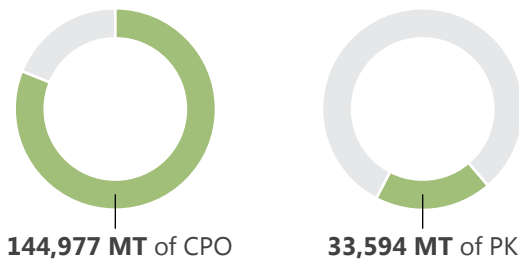


HEALTH & SAFETY



OPERATION

Total Production Volumes



SOCIAL

Best Quality CPO Supplier Award
for Group Category from its customer (IOI Edible Oils)

Highest Quantity CPO Supplier Award
(Individual Mill Category) – **Tomanggong Palm Oil Mill** from its customer (IOI Edible Oils)



ENVIRONMENT

FFB Processed ▼

72% or 505,497 MT processed by identity preserved mills (JPOM 1 and BPOM)

28% or 196,778 MT processed by mass balance mills (JPOM 2 and TPOM)

CPO Production ▼

CSPO **72% or 103,911 MT** from identity preserved mills (JPOM 1 and BPOM)

CPO **28% or 41,066 MT** from mass balance mills (JPOM 2 and TPOM)

PK Production ▼

CSPK **73% or 24,571 MT** from identity preserved mills (JPOM 1 and BPOM)

PK **27% or 9,023 MT** from mass balance mills (JPOM 2 and TPOM)

2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Sustainability Achievements – Marketplace; Workplace; Community; Environment

	Achievements	2020 Data
Marketplace		
	Net profit	RM 90.3 million
	Market capitalisation	RM1.439 billion
	Fresh fruit brunches production	637,131 tonnes (MT)
	Crude palm oil production	144,977 tonnes (MT)
	Palm kernel production	33,594 tonnes (MT)
	RSPO certification	Maintain 100% certification for all mills
	MSPO certification	Maintain 100% certification for all estates & 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
Workplace		
	Total workforce	7137
	Women in workforce	2575
	Hiring rate	1.00%
	Turnover rate	1.35%
	Safety training	673 hours
	Lost time incident rate (LTIR) per 200,000 work hours	0.9
	Fatalities	1
Community		
	Community investment	Programmes & activities: RM2,248,499
	Schools – humana & rural schools	No of humana schools: 11 / RM209,225 Capacity building programmes: RM250,000
	Support independent local outgrowers and smallholders	No. of outgrowers / smallholders: 11
	CSR activities for local communities	Total cost of activities: RM1,964,274
Environment		
	GHG emissions	1.03 tonnes of CO ₂ equivalent per tonne of CPO
	HCV areas	1401.98 Ha
	Riparian buffer areas	1056.74 Ha (Distance 557,453.05m)
	Biogas facilities	3 biogas facilities (JPOM & BPOM)
	Recyclable waste	10.36 tonnes (MT)
	Water intensity	1.46 m ³ per tonne of FFB processed
	BOD discharge level	20 ppm
	COD discharge level	348 ppm

2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Tracking Progress on Our Commitments

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

RSPO - Roundtable on Sustainable Palm Oil

MSPO - Malaysian Sustainable Palm Oil

ISCC - International Sustainability & Carbon Certification

HACCP - Hazard Analysis & Critical Control Points

HCV - High Conservation Values

GHG - Greenhouse Gas

FFB - Fresh Fruit Bunch

JPOM 1 - Jeroco Palm Oil Mill 1

JPOM 2 - Jeroco Palm Oil Mill 2

TPOM - Tomanggong Palm Oil Mill

BPOM - Bukit Mas Palm Oil Mill

CPO - Crude Palm Oil

BOD - Biological Oxygen Demand









COD - Chemical Oxygen Demand

PPM - Parts Per Million







* 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.

2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS










Sustainability Performance Indicators – Targets & Achievements

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 1: Marketplace								
Food safety								
Pest management; food security	• Reduction in toxicity unit per planted hectare (herbicide only)	• To maintain or lower the toxicity rate as compared to previous year.	• Toxicity per hectare was increased from 262 per hectare in 2019 to 333 per hectare in 2020.	• To lower the toxicity rate as compared to previous year.	• To maintain or lower the toxicity rate as compared to previous year.	• Conserving biodiversity & pollution control.	  	
	• Obtain food safety certification	• To maintain certification for HALAL, HACCP and MeSTI.	• Achieved target.	• To maintain certification for HALAL, HACCP and MeSTI.	• To maintain certification for HALAL, HACCP and MeSTI.	• Food safety & Sustainable production.		
Economics								
Productivity	• FFB yield per hectare	• To benchmark the FFB yield between Sabah yield (16.84 MT per hectare) and our forecast 19.73 MT per hectare.	• Achieved target as our yield were higher at 19.73 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.		
	• Oil extraction rate (OER)	• To benchmark the OER between Sabah OER (20.74%) and our forecast (20.64%).	• Target was 0.10% short against Sabah's OER.	• To benchmark the OER between Sabah OER and our forecast.	• To benchmark the OER between Sabah OER and our forecast.	• Productive & responsible production.		
Benchmarking								
Business expansion & growth; RSPO; traceability & segregation; food labelling, quality & oil palm nutritional vale & safety; HACCP; MSPO; MS ISO/IEC 1702; SPOTT Ranking	• RSPO P & C	<ul style="list-style-type: none"> • To maintain 100% certification for all mills. • To remain certified, audits are carried out on an annual basis. • Full recertification is done every 5 years. 	• 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.	 	









2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 1: Marketplace								
Benchmarking								
	• MSPO	<ul style="list-style-type: none"> To maintain certification. 100% estates & 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 5 years. 	<ul style="list-style-type: none"> Achieved target. Passed recertification / annual surveillance audit for estates and mills. 	• To maintain certification.	• To maintain certification.	• Food safety & Sustainable production.	 	
	• MSPO SCCS	<ul style="list-style-type: none"> To maintain certification. 100% mills were certified ahead of mandatory deadline of 1st January 2020. Full recertification is done every 5 years. 	<ul style="list-style-type: none"> Achieved MSPO SCCS certification for all mills. 	• To maintain certification.	• To maintain certification.	• Food safety & Sustainable production.	 	
	• ISCC EU	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Achieved target. Passed recertification audit. 	• To maintain certification.	• To maintain certification.	• Food safety & Sustainable production.		
	• HACCP	<ul style="list-style-type: none"> 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 3 years. 	<ul style="list-style-type: none"> Achieved target. Passed recertification/ annual surveillance audit. 	• To maintain certification.	• To maintain certification.	• Food safety & Sustainable production.		







2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 1: Marketplace								
Benchmarking								
	• MS ISO/IEC 17025	• To maintain certification. • Certified in 2018. To remain certified, audits are carried out on an annual basis. • Full recertification is done every 3 years.	• Achieved target. Passed annual surveillance audit.	• To maintain certification. • Full recertification is done every 3 years.	• To maintain certification.	• Food safety & Sustainable production.		
	• MeSTI	• To obtain certification for 4 mills (JPOM 1, JPOM 2, TPOM & BPOM).	• Achieved target.	• To maintain certification.	• To maintain certification.	• Food safety & Sustainable production.		
	• HALAL	• To maintain certification. • 100% mills were certified in 2019.	• Achieved target.	• To obtain HALAL certification for all mills. • Full recertification is done every 2 years.	• To maintain certification.	• Food safety & Sustainable production.		
Legal compliance								
Child labour; land ownership	• 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.	 	
	• 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.		
	• 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.	  	






2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 1: Marketplace								
Legal compliance								
Child labour; land ownership	<ul style="list-style-type: none"> 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.	 	
			• No violation recorded.	• To comply with all regulations and guidelines.	• To comply with all regulations and guidelines.	• Code of ethics & governance.		
			• No violation recorded.	• To comply with all regulations and guidelines.	• To comply with all regulations and guidelines.	• Code of ethics & governance.		
			• No violation recorded.	• To comply with all regulations and guidelines.	• To comply with all regulations and guidelines.	• Code of ethics & governance.	 	
Governance								
Transparency	• Value, Governance & 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.		
	• Policies and procedures are publicly made available	• To add new or update the policies and procedures of publicly available documents when required.	• 2 policies and procedures were updated FY2020. (Sustainable Agriculture Policy and Land Dispute Management)	• To add new or update the policies and procedures of publicly available documents when required.	• To add new or update the policies and procedures of publicly available documents when required.	• Code of ethics & governance		









2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 1: Marketplace								
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. • No stakeholders meeting (group level). Stakeholders meeting for group level were carried out at 2 years interval. Next meeting will be in May/ June 2021.	• Stakeholders meeting for estates & mills level is to continuously carry out at annual basis. • Stakeholders meeting for group level is to continuously carry out once for every 2 years.	• Stakeholders meeting for estates & mills level is carried out on annual basis.	• Responsible partnership.		
Target 2: Workplace								
Labour conditions and welfare; safety & health; child labour	• No work-related Fatalities	• Zero fatalities.	• 1 fatality recorded.	• Zero fatalities.	• Zero fatalities.	• Occupational safety & health.		
	• 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.		
	• 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.		
	• No child labour	• Zero case.	• Zero case recorded.	• Zero case.	• Zero case.	• Human & workers' rights.		
	• Physical security	• No theft nor criminal case.	• No theft nor criminal case recorded.	• No theft nor criminal case recorded.	• No theft nor criminal case.	• No theft nor criminal case.	• Occupational safety & health.	







2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 3: Environment								
Biodiversity								
No deforestation & HCS; elephant & wildlife	• Protect forest reserve adjacent to our areas by monitoring the buffer zone	<ul style="list-style-type: none"> • No encroachment at forest reserve area. • To maintain forest reserve buffer zone. 	<ul style="list-style-type: none"> • No encroachment recorded and achieved target. 	<ul style="list-style-type: none"> • No encroachment at forest reserve area. • To maintain forest reserve buffer zone. 	<ul style="list-style-type: none"> • No encroachment at forest reserve area. • To maintain forest reserve buffer zone. 	• Conserving Biodiversity.		
	• Monitoring and management of HCV areas	<ul style="list-style-type: none"> • To install more camera traps to monitor the biodiversity (fauna) of the HCV areas. • To maintain monthly monitoring as well as HCV area. 	<ul style="list-style-type: none"> • Achieved target. • 10 new cameras were purchased/ installed to improve the monitoring along Litang Estate – Tabin Wildlife Reserve Boundary. 	<ul style="list-style-type: none"> • To install more camera traps to monitor the biodiversity (fauna) of the HCV areas. • To maintain monthly monitoring as well as HCV area. 	<ul style="list-style-type: none"> • To maintain monthly monitoring as well as HCV area. 	• Conserving Biodiversity.		
	• Monitoring deforestation	<ul style="list-style-type: none"> • To maintain monthly monitoring and record of no deforestation activity. 	<ul style="list-style-type: none"> • No deforestation activity recorded. 	<ul style="list-style-type: none"> • To maintain monthly monitoring and record of no deforestation activity. 	<ul style="list-style-type: none"> • To maintain monthly monitoring and record of no deforestation activity. 	• Conserving Biodiversity.	 	
	• Implement Rare, Threatened and Endangered (RTE) policy to protect wildlife	<ul style="list-style-type: none"> • To maintain monthly monitoring. • To continue yearly training at estate level. • To maintain zero incident of breach. 	<ul style="list-style-type: none"> • No incident of breach. • Another 10 new cameras were purchased/ installed to improve the monitoring of RTE species in the HCV areas. 	<ul style="list-style-type: none"> • To maintain monthly monitoring. • To continue yearly training at estate level. • To maintain zero incident of breach. 	<ul style="list-style-type: none"> • To maintain monthly monitoring. • To continue yearly training at estate level. • To maintain zero incident of breach. 	• Conserving Biodiversity.		

2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 3: Environment								
Climate change								
GHG emissions; fire management; peat	• Reduce GHG emissions intensity of CO ₂ e / tonne of CPO	• No target set but we use the 2021 target as our benchmark.	• Achieved ahead of target.	• To reduce GHG emissions intensity to between 1.0 to 1.5 tonnes CO ₂ e / tonne CPO.	• To reduce GHG emissions intensity to below 1.0 tonnes CO ₂ e / tonne CPO	• GHG emission discharge & waste management.		
	• Commissioning Biogas Plants	• All 4 mills to have access to biogas facilities.	• 3 mills have access to biogas facilities.	• To commission new biogas facilities.	• To commission new biogas facilities.	• GHG emission discharge & waste management.	  	
	• 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.		
	• 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.	 	
Water Resources								
Water management; encroachment of riparian area	• Reduce Biological Oxygen Demand (BOD) level due to POME discharge	• All mills to achieve 20 ppm.	• Achieved target for JPOM 1 & JPOM 2. • Did not achieve target for BPOM (biogas facility was commissioned in 2020) & TPOM (no biogas facility).	• All mills to achieve 20 ppm.	• To maintain at 20 ppm target for all mills.	• Conserving biodiversity & pollution control.		

2020 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2020	Status of Target	Target 2021	Target 2022	Material Matters Addressed	Relevant to UN SDGs	Reported in PG.
Target 3: Environment								
Water Resources								
Water management; encroachment of riparian area	• 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.	 	
	• Water resource management plan	• No target set but we use the 2021 target as our benchmark.	• No water treatment plant at Pelipikan estate.	• To complete installation of water treatment plant at Pelipikan estate or to provide water from the source that meet the quality of National Water Quality Standard for Malaysia.	• To complete installation of water treatment plant at Pelipikan estate or to provide water from the source that meeting the quality of National Water Quality Standard for Malaysia.	• Workers access to clean and treated water.	 	
	• Water usage in operation at mills	• To reduce water usage at 1.4 m ³ / tonne FFB.	• Achieved target. 2020 – 1.46 2019 – 1.42 2018 – 1.40	• To maintain to reduce water usage at 1.4 m ³ / tonne FFB.	• To maintain to reduce water usage at 1.4 m ³ / tonne FFB.	• Water resource management.		
Target 4: Community								
Relationship & support to smallholders; traceability & segregation; partnership with stakeholders; community development	• Assist neighbouring independent local outgrowers / smallholders in achieving RSPO & MSPO certifications	• 7 out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	• 4 out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications. • Not achieved due to COVID-19.	• 9 out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	• 9 out of 11 independent local outgrowers / smallholders to successfully get RSPO / MSPO certifications.	• Responsible partnership.		

MANAGING OUR MATERIAL MATTERS

When we prepared the first Sustainability Report for Hap Seng Plantations in 2014, we undertook an extensive process to determine the material issues for our company. This process involved internal engagement and the identification of external stakeholder expectations and trends.

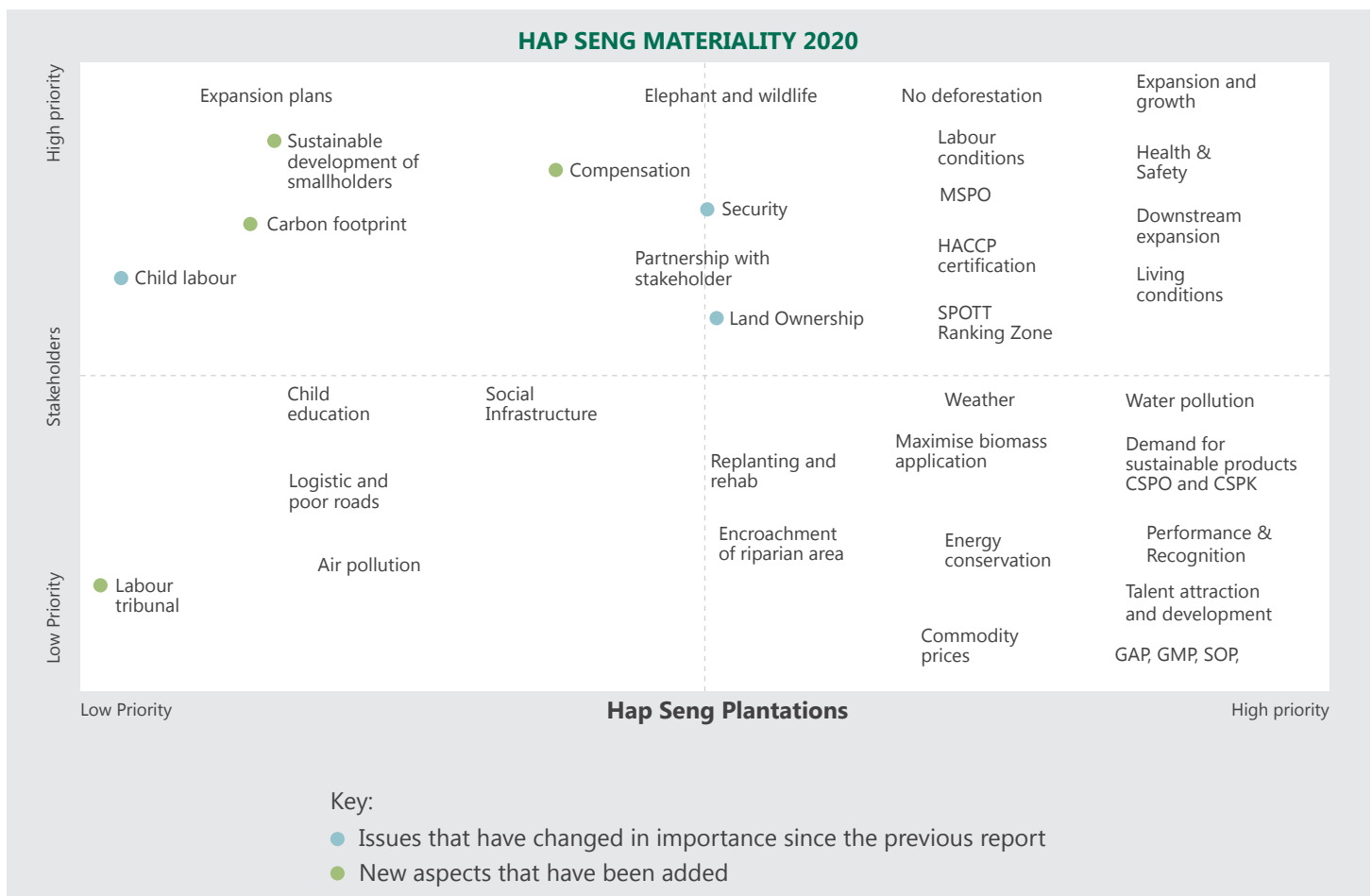
A materiality matrix was drawn up to reflect our findings and a series of improvement targets and objectives were developed. This matrix remained until 2019 when we undertook a direct and extensive engagement with both our internal and external stakeholders. The engagements were conducted through group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

The outcome of the findings, comprising all the key sustainability issues raised by the stakeholders, are then reorganised to reflect issues that are of high concern to stakeholders and of high significance to Hap Seng Plantations. These issues are organised

in accordance to the three pillars of sustainability - Environmental, Economic (marketplace) and Social (employees & 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, with a new assessment scheduled for 2021.

Materiality topics that are of concern are also aligned with all current developments that 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 NGO campaigns, to understand emerging practices and key issues.



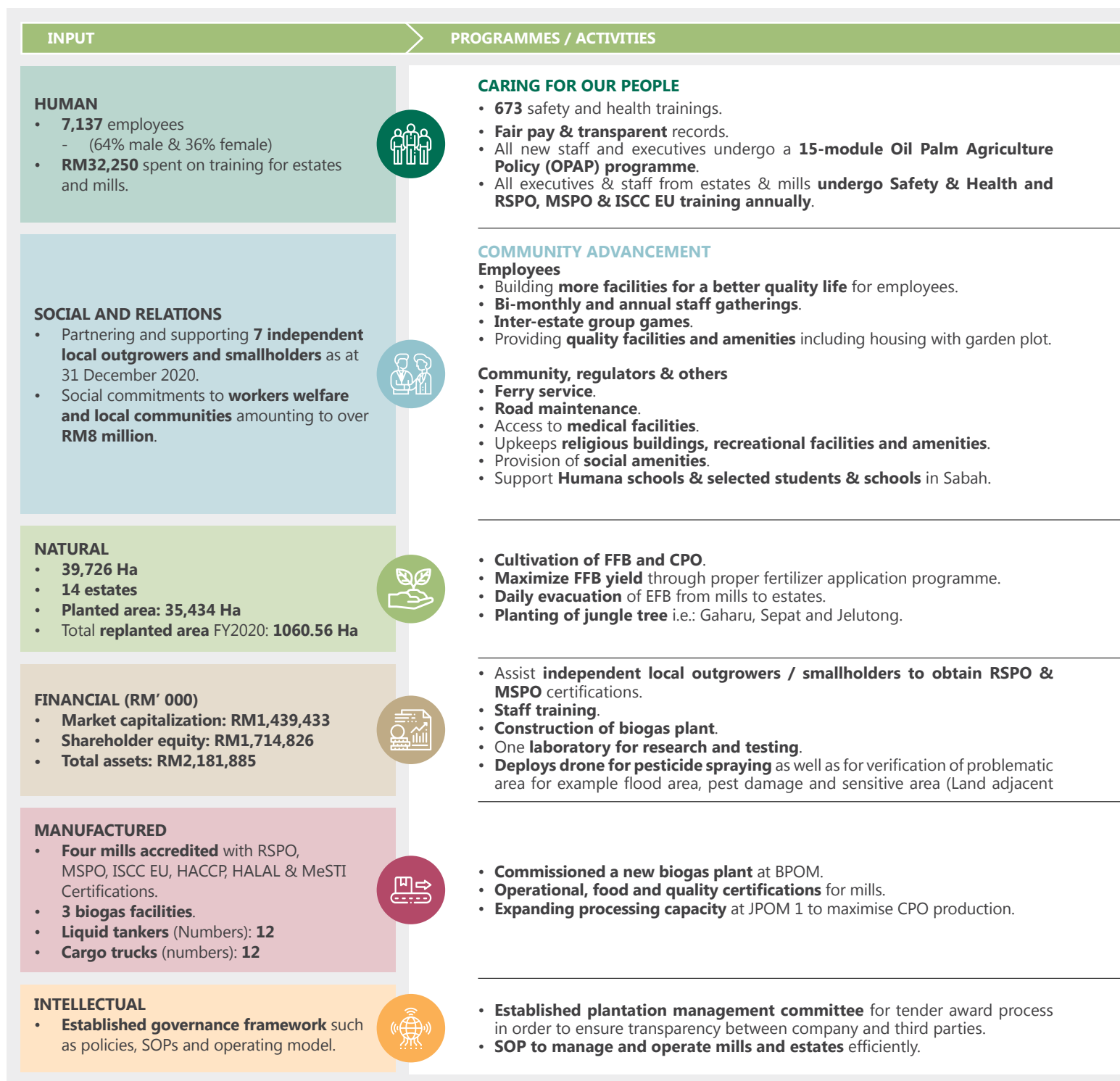
Assurance

We have chosen not to commission external assurance for this report. We will consult stakeholders in the 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 will describe 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:



OUR VALUE CREATION MODEL

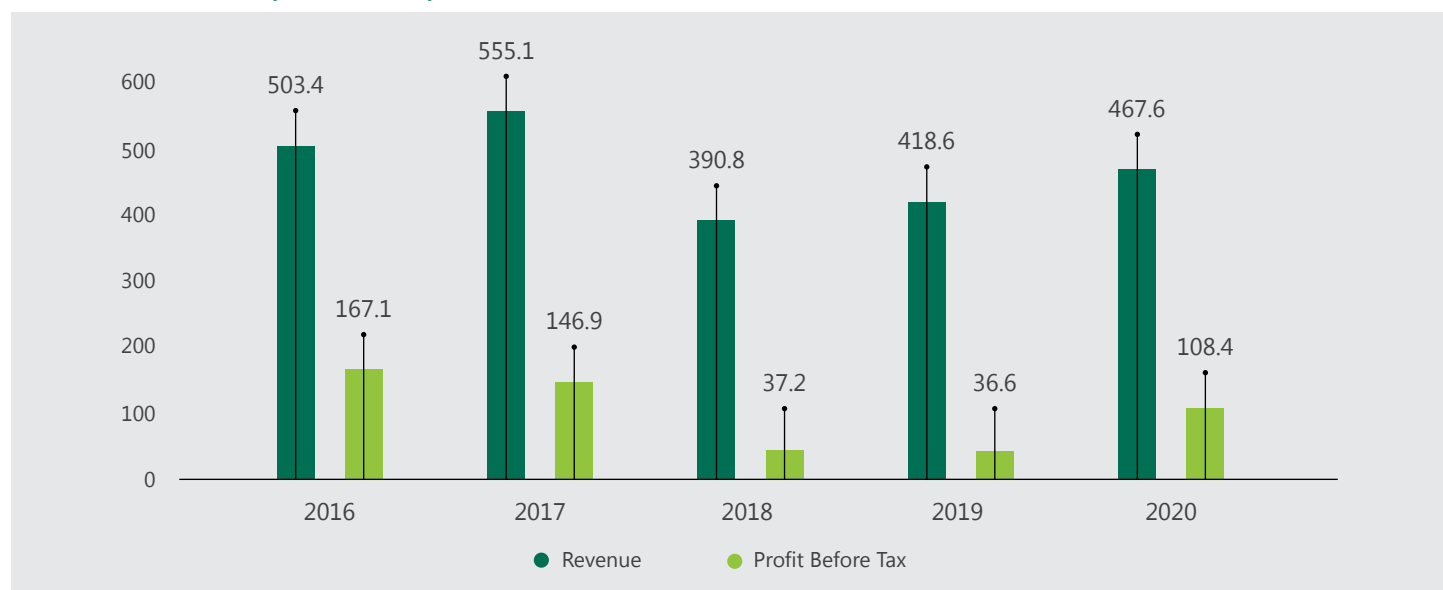
	OUTPUTS	OUR VISION/MISSIONS /GOALS
<ul style="list-style-type: none"> • First aid training for all executives, staff, mandores and mills & estates workers regularly. • Selected executives and staff undergo HALAL, HACCP & MeSTI programmes annually. 	<ul style="list-style-type: none"> • LTIR of 0.9 incidents per 200,000 hours worked. • Happy and satisfied employees. • Creating a pool of skilled planters. 	<p>Employer of choice.</p>
<ul style="list-style-type: none"> • Repair SK Litang’s, SK Jeroco’s and SK Tomanggong’s school teachers’ housing complex. • Engage stakeholders through JCC meeting. • Donated four units of 1.5HP air-conditioners to the Kinabatangan District Police Station (IPD Kinabatangan) on 11 September 2020. 	<ul style="list-style-type: none"> • Improved reputation amongst local communities. • 3 independent local outgrowers / smallholders are RSPO & MSPO certified with one additional outgrower that is MSPO certified. • Supply 0.4% of traceable RSPO certified FFB to our mills. • Expanded the applicability of our Group Sustainability Policy to third-party suppliers (included outgrowers and smallholders). • Adopted the guidelines and procedures for responsible recruitment of foreign workers. • Good local infrastructure access – transportation, facilities & market. • Enhancing labour practices. • Sustainable practices in plantations i.e., recycling of natural materials. 	<p>To be a good corporate citizen in harmony with the environment and the communities we serve.</p> <p>To be the preferred partner and promote win-win business relationship.</p>
<p>Suppliers * Assist neighbouring independent local outgrowers / smallholders in achieving RSPO & MSPO certifications.</p>	<ul style="list-style-type: none"> • FFB production: 637,131 MT • Oil palm trees’ average age: 15.93 years • FFB yield: 19.73 MT/Ha • 19.73 tonnes per hectare (higher than Sabah average 16.84 MT/Ha) • 81% RSPO traceable FFB 	<p>To achieve the highest productivity and to be the most cost-efficient producer in Malaysia.</p>
<p>to Forest Reserve, local community & neighbouring stakeholders).</p> <ul style="list-style-type: none"> • Mechanization of operation i.e. Mechanical Post Hole Digger for planting. 	<ul style="list-style-type: none"> • Revenue: RM467.6 million • Net Profit: RM90.3 Million • Earnings per share: 11.29 sen • Dividend yield: 3.89% 	<p>To achieve sustainable growth and returns for our shareholders over the long term.</p>
	<ul style="list-style-type: none"> • CPO production: 144,977 MT • Oil extraction rate (OER): 20.64% • FFB processed: 702,275 MT • Carbon footprint: 1.03 MT CO² • RSPO-certified 11 estates & 4 mills • MSPO-certified 14 estates & 4 mills (we are fully MSPO-certified as at 2018) 	<p>To provide quality products and excellent services that differentiates us from others.</p>
<ul style="list-style-type: none"> • Developed a planter’s training modules - Oil Palm Agricultural Practices Training. 	<ul style="list-style-type: none"> • Faster results in testing plant health and suitable soil conditions to ensure optimum production. • Improved rating from external sustainability rating agency (ZSL SPOTT) with reputation score 73.70 (5 in Malaysia). • Innovative practices in plantations operation. • More efficient and knowledgeable employees and staff. 	<p>To provide quality products and excellent services that differentiates us from others.</p> <p>To achieve sustainable growth and returns for our shareholders over the long term.</p>

FINANCIAL HIGHLIGHTS

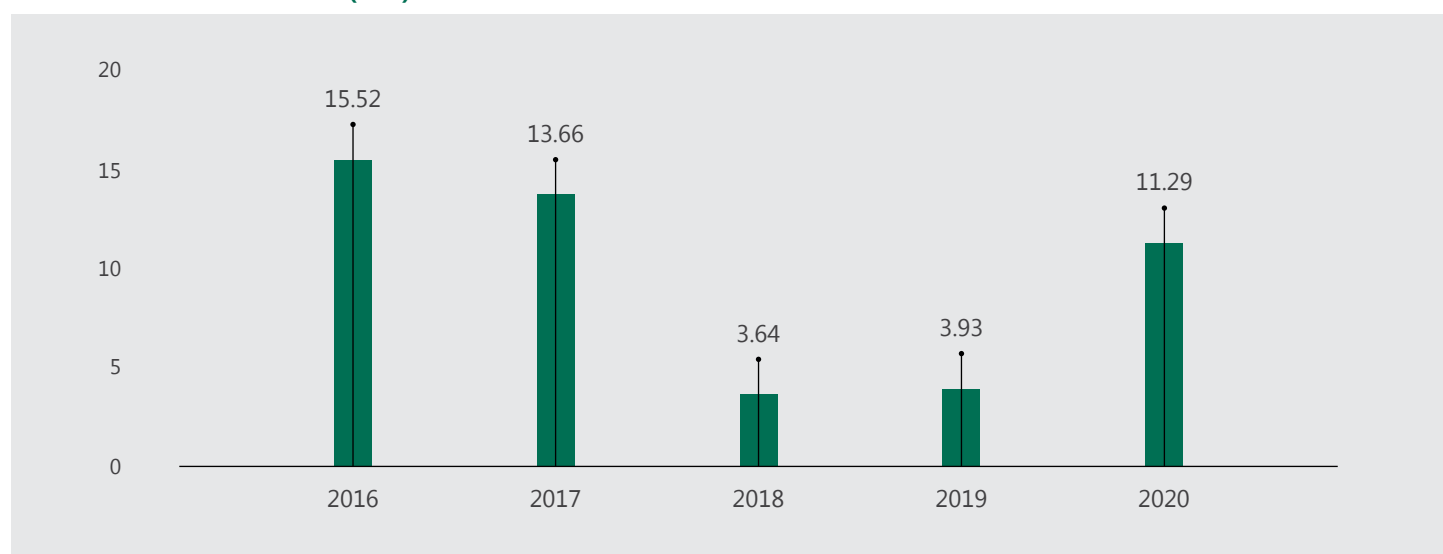
FINANCIAL RESULTS

	2020	2019
Revenue (million)	RM467.6	RM418.6
Profit before Tax (million)	RM108.4	RM36.6
Basic earnings per share	11.29 sen	3.93 sen

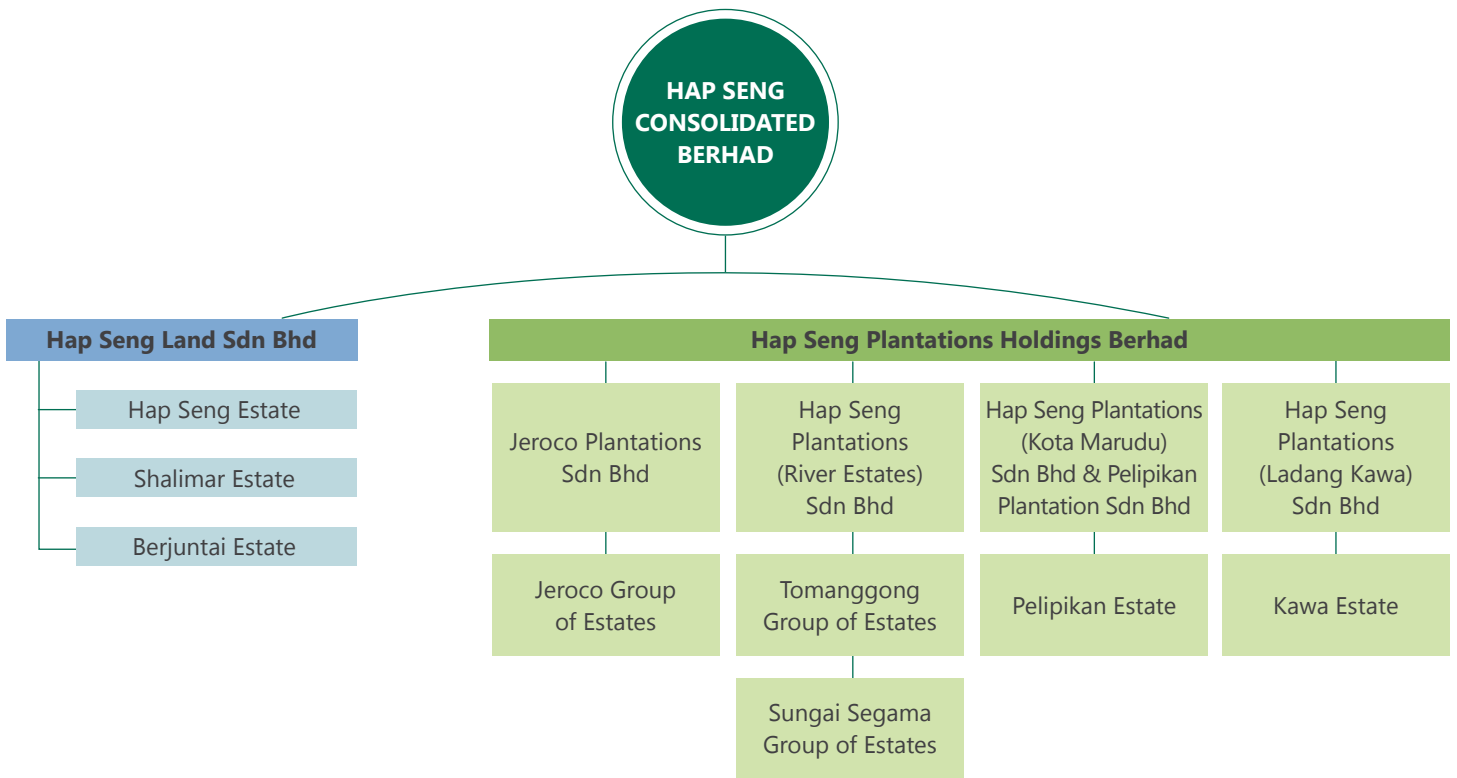
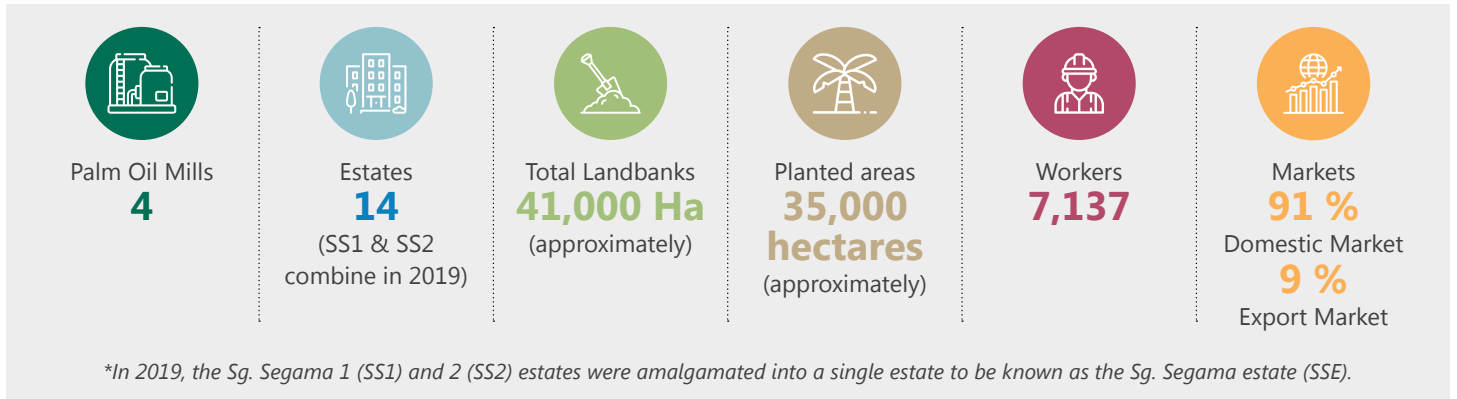
REVENUE AND PROFIT (RM 'MILLION)



BASIC EARNINGS PER SHARE (SEN)



ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD



Hap Seng Plantations is a public listed company on Bursa Malaysia. The plantation division of Hap Seng Consolidated Berhad (HSCB), a diversified group with businesses in property investment and development, credit financing, automotive, trading and building materials, HSCB holds a 60.03% shareholding in Hap Seng Plantations as at 31 December 2020.

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 41,000 hectares, 35,000 hectares are cultivated with oil palm while the remaining land are set aside for buildings – including four mills and housing for our more than 7,100-strong workforce. A further 1,400 hectares are maintained as conservation area.

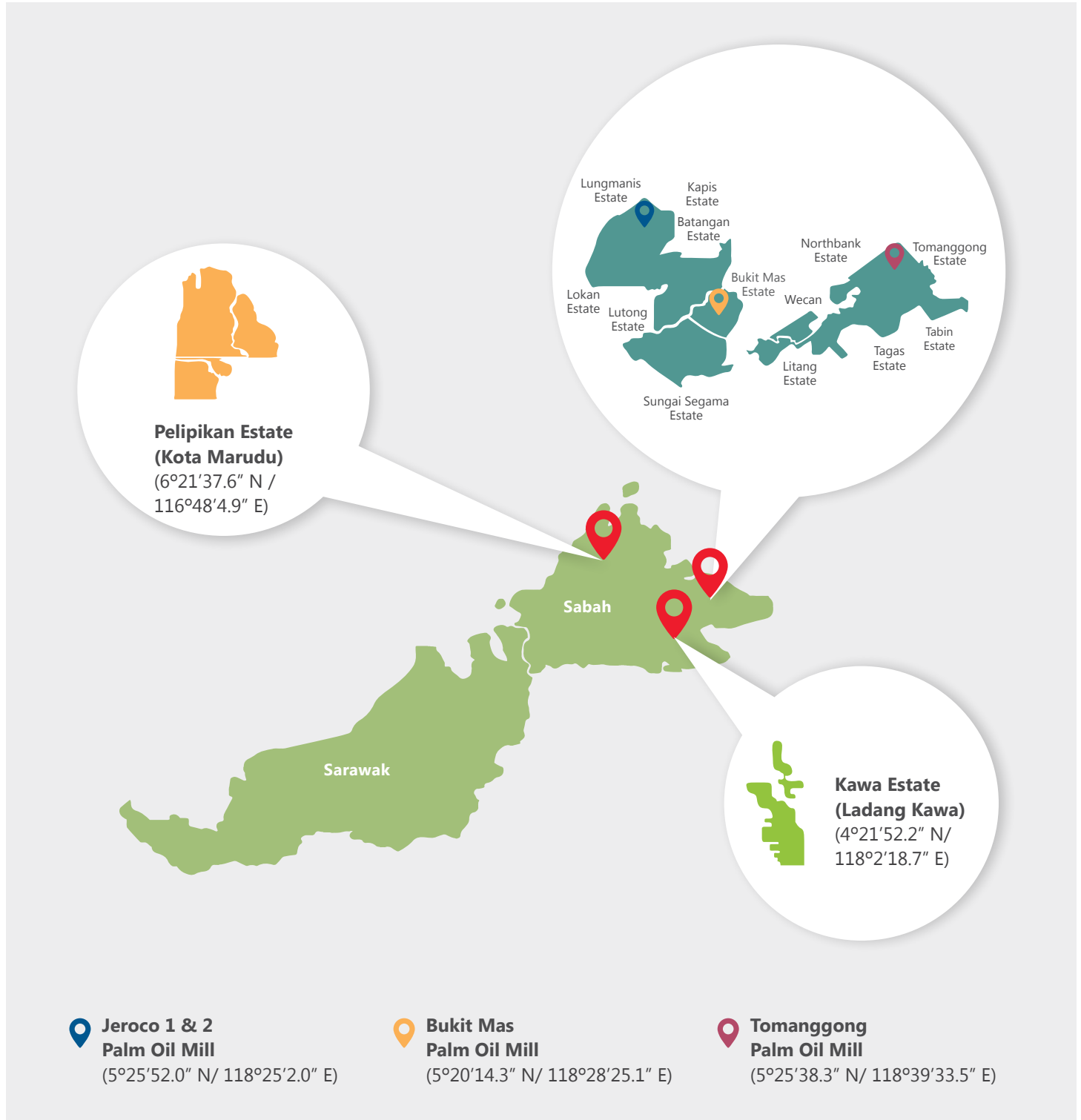
Our main business is in the cultivation and production of crude palm oil (CPO), primarily for the edible oil sector, and palm kernels (PK), which are sold to local palm kernel crusher plants.

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 as we continue our journey towards becoming a more sustainable business.

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

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

PLANTATION OPERATIONS



ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

OUR PALM OIL VALUE CHAIN



Planted **35,000 ha** in Sabah, Malaysia



ESTATES - replanting, harvesting, produce FFBs, research on soils and plant growth



MILLS - process FFBs both internal & external, produce CPO & PK
(certification on sustainable management & production)



SHIPPING



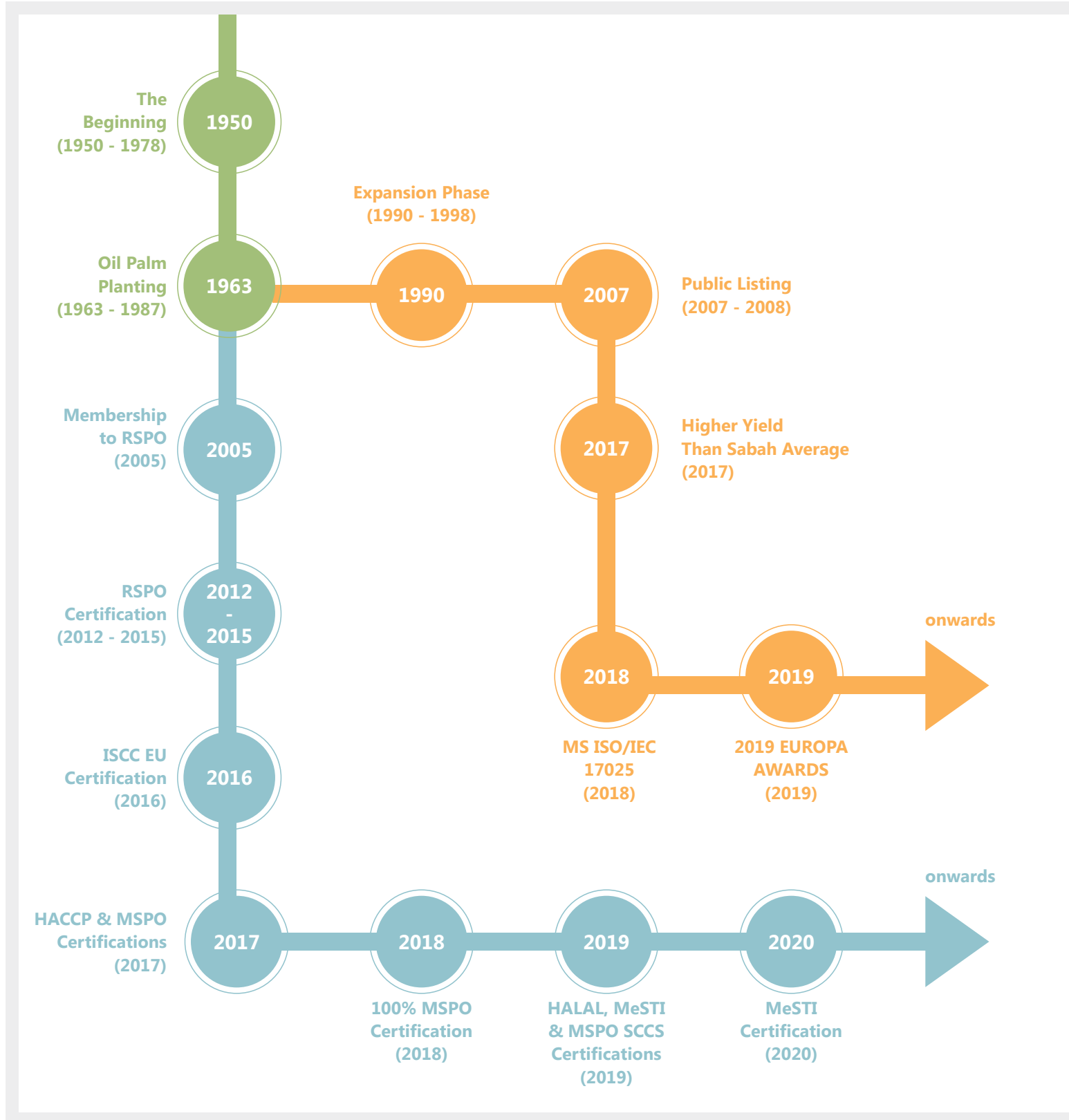
**REFINERIES
(NOT INVOLVED)**



**COMMERCIAL
PRODUCTS
(NOT INVOLVED)**

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

KEY MILESTONES



ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

The Beginning (1950 - 1978)

- Founded by British entrepreneur, Datuk R. G. Barret, with the establishment of The River Estates Limited (the former name of River Estates).
- Cultivation and export of tropical products such as rubber and cocoa.
- In 1978, River Estates was acquired by HSCB (then known as EAC (M) Berhad).

Oil Palm Planting (1963 - 1987)

- First commercial scale cultivation of oil palm in the River Estates started in October 1963.
- First old palm replanting in Tomanggong Estate began in 1987.

Expansion Phase (1990 - 1998)

- In 1990, the River Estates expanded its plantations by acquiring the Sungai Segama/Bukit Mas Estates.
- Wecan and Tampilit were acquired in 1991, which forms part of the Litang Estate and Tagas Estate.
- In 1996, HSCB acquired 60.61% equity in Jeroco, which owns the Jeroco Group of Estates while the River Estates acquired Ladang Kawa.
- HSCB's equity interests in Jeroco increased further to 60.65% in 1997 and 66.07% in 1998.

Public Listing (2007 - 2008)

- In November 2007, Hap Seng Plantations was listed on the Main Board of Bursa Malaysia.
- In 2007, Hap Seng Plantations acquired River Estates and Jeroco.
- In 2008, it leased 2,092 hectares of land in Kota Marudu known as the Pelipikan Estate.

Higher Yield Than Sabah Average (2017)

- Our estates produced 655,958 MT of Fresh Fruit Bunch (FFB)
- At 20.48 tonnes per hectare, our average yield remained higher than the average for Sabah for the past 6 years

MS ISO/IEC 17025 (2018)

- Plantations Central Laboratory is MS ISO/IEC 17025 accredited

2019 EUROPA AWARDS (2019)

- Best Sustainability Reporting

RSPO (2005)

- Joined RSPO as a member

RSPO Certification (2012 - 2015)

- In 2012, Bukit Mas Palm Oil Mill & its associate estates became RSPO certified
- By 2015, all palm oil mills received RSPO certification

ISCC EU (2016)

- ISCC EU certification of all mills

HACCP & MSPO Certifications (2017)

- MSPO certification of Pelipikan Estate
- HACCP certification of all mills
- 100% MSPO Certification (2018)
- Among the earliest companies to be certified

100% MSPO Certification (2018)

- Among the earliest companies to be certified

HALAL, MeSTI & MSPO SCCS Certifications (2019)

- HALAL certification of all mills
- MeSTI certification of 2 mills
- MSPO SCCS certification of all mills

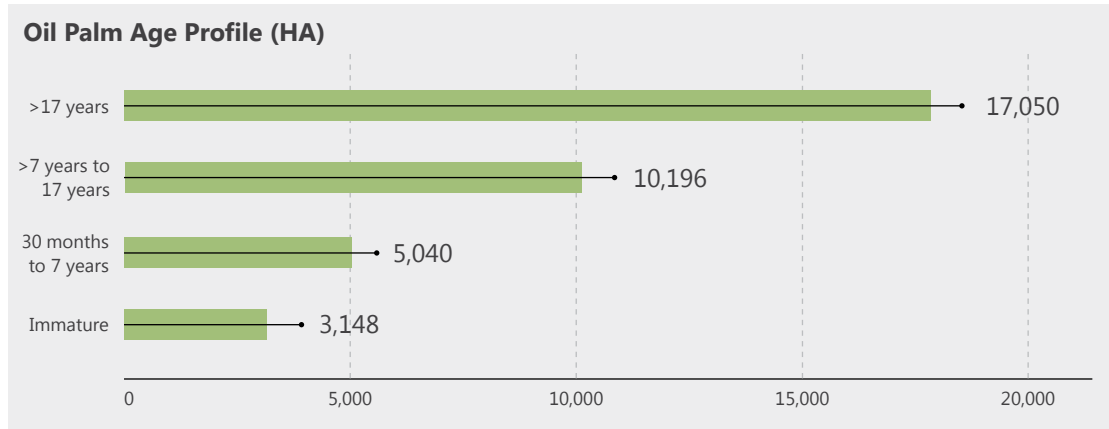
MeSTI Certification (2020)

- MeSTI certification of all mills

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

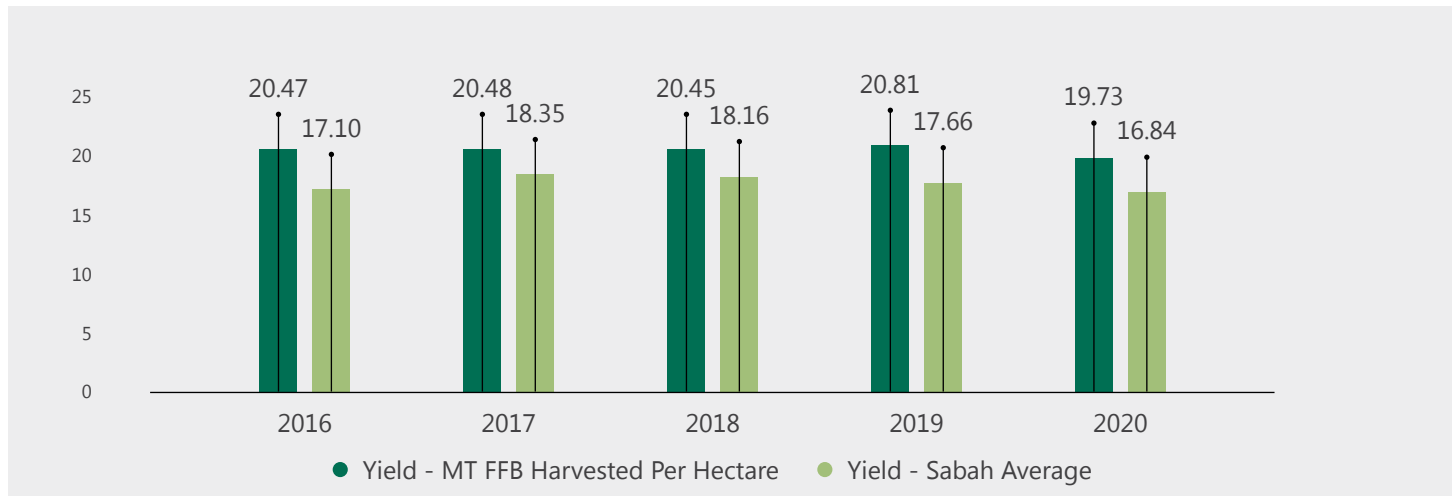
OPERATIONAL REVIEW

Our Palm Age Profile



The average age of our oil palms is 15.93 years while around 91% of our planted area consists of mature palms. Our replanting programme (about 4% per annum) ensures that we maintain an optimal age profile and the level of productivity.

Our Yield



In 2020, our estates produced 637,131 tonnes (MT) of FFB. At 19.73 tonnes per hectare, our average yield has remained higher than the average for Sabah 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.

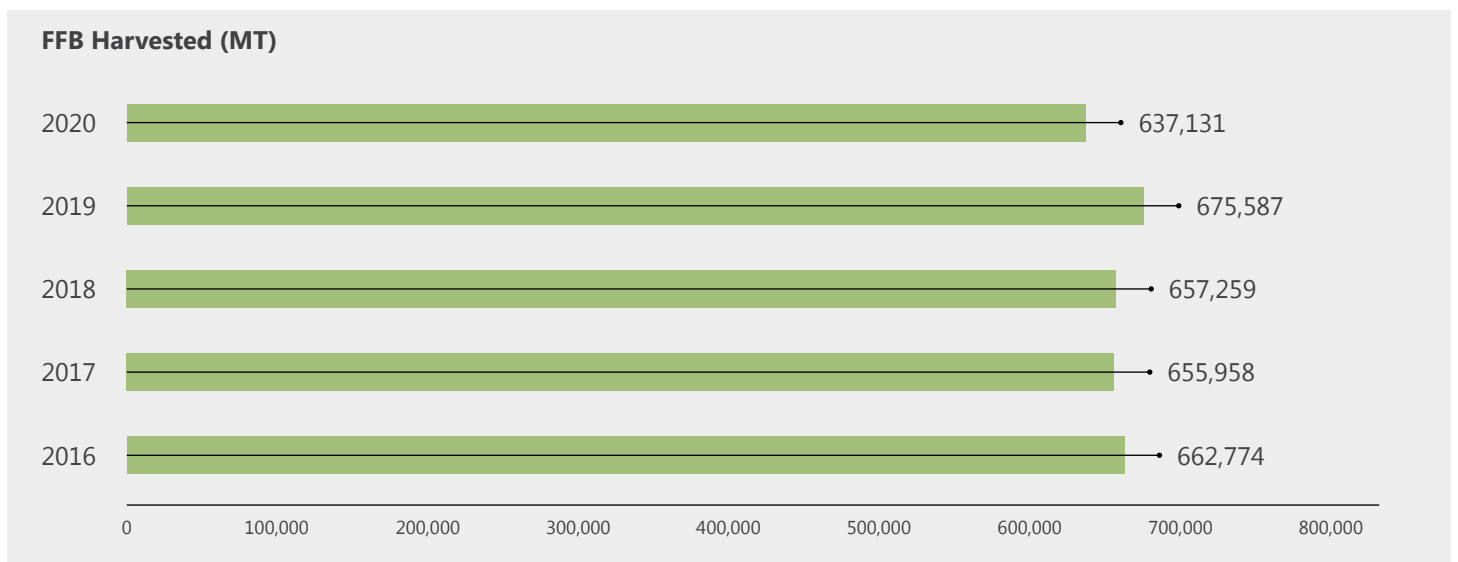
ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

Estates Under Management

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

Tawau, Sabah	Kuala Selangor, Selangor	Sepang, Selangor
<p>639 Hectares owned by Hap Seng Land Sdn Bhd</p>	<p>587 Hectares owned by Hap Seng Land Sdn Bhd</p>	<p>1,157 Hectares owned by GLM Emerald (Sepang) Sdn Bhd and GLM Emerald (Sepang) Sdn Bhd and Sunpoint Resources Sdn Bhd (formerly known as Vintage Height Sdn Bhd)</p>

FFB Harvested



Group Yields and Extraction Rate

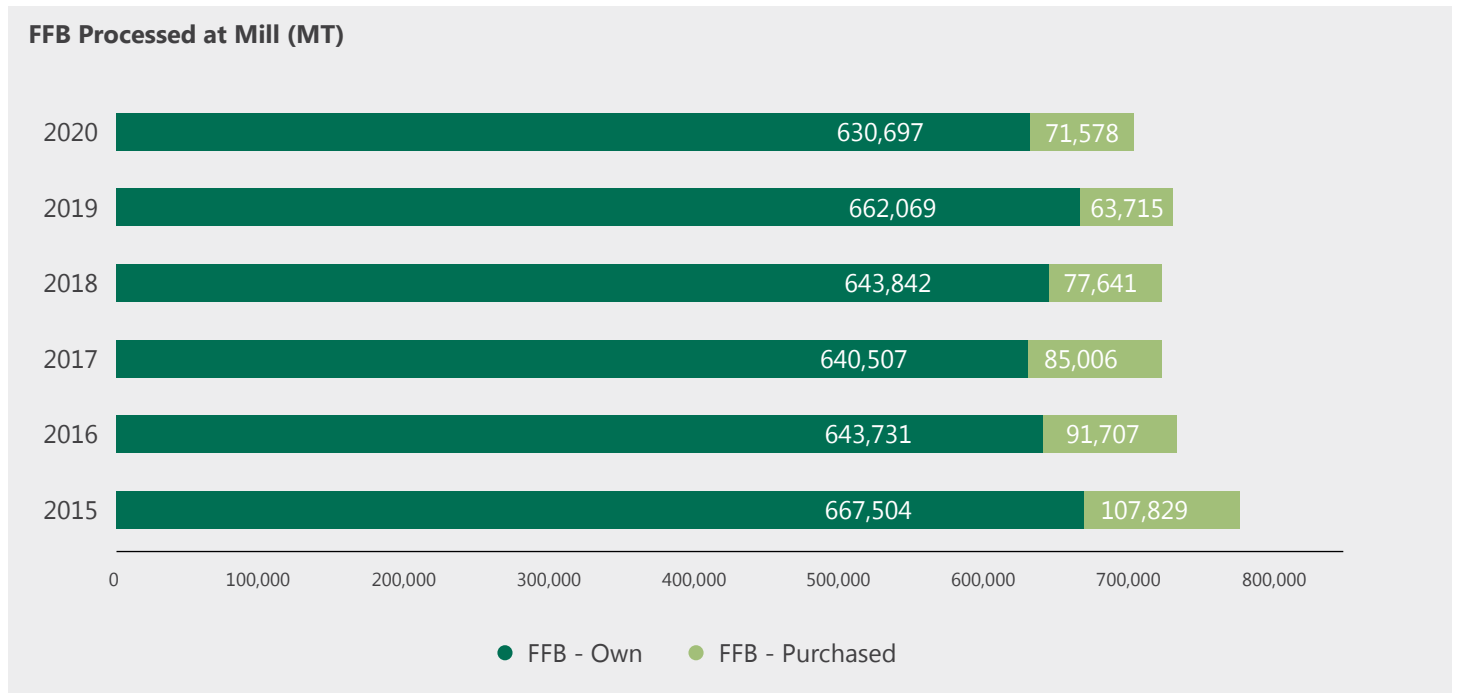
Hap Seng Plantations processed a total of 702,275 MT of FFB in 2020. 630,697 MT or 90% of FFB are produced by our own plantations while the remaining 71,578 MT or 10% were bought from our neighbouring independent local outgrowers and smallholders.

We operate two identity preserved (IP) mills and two mass balance (MB) mills in Lahad Datu where all four mills were RSPO and MSPO certified. With a combined milling capacity of 180 tonnes of FFB per hour, our mills produced 144,977 MT of CPO in 2020, with an average oil extraction rate (OER) of 20.64%. This was in line with the average extraction rate for palm oil mills in Sabah.

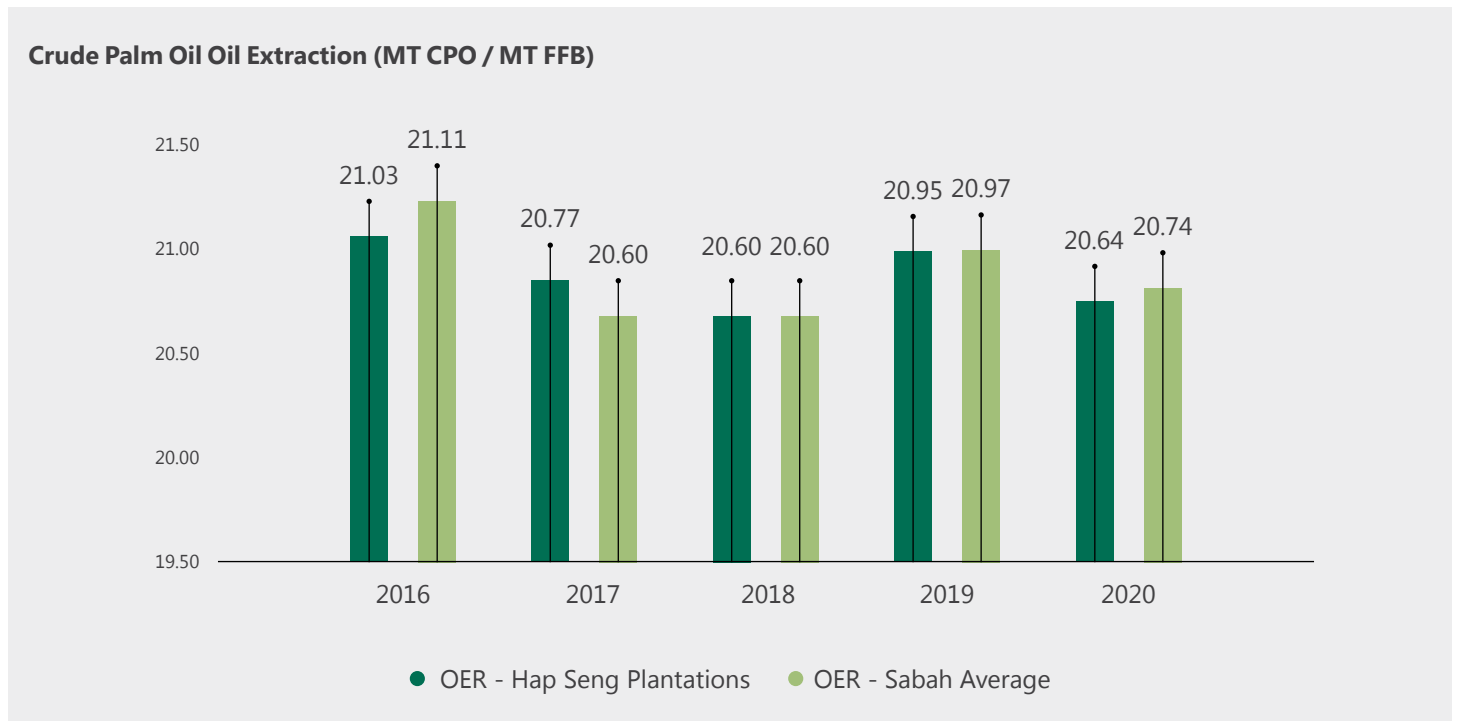
In 2020, 72% or 505,497 MT of FFB purchased from our own estates and independent local outgrowers and smallholders were processed by our identity preserved mills (JPOM 1 and BPOM).

Our mass balance mills (JPOM 2 and TPOM) handled the remaining 28% or 196,778 MT.

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD



In 2020, 72% or 103,911 MT of total CPO production was extracted by our identity preserved mills (JPOM 1 and BPOM), while 28% or 41,066 MT was produced by our mass balance mills (JPOM 2 and TPOM).







OUR SUSTAINABILITY GOVERNANCE



Hap Seng Plantations operates to the strictest standards of corporate governance by ensuring that it is in compliance with statutory and regulatory guidelines as guided by the Malaysian Code on Corporate Governance, as well as with the Main Market Listing Requirement of Bursa Malaysia Securities (Listing requirements).

Our Sustainability Agenda - Marketplace, Workplace, Community and Environment

Sustainability continues to be a fundamental aspect of our agenda in our operations and business strategies as we strive towards making our business more sustainable and responsible. Our main focus is to continuously strengthen our policies and guidance to our sustainability commitments in all aspects of our palm businesses.

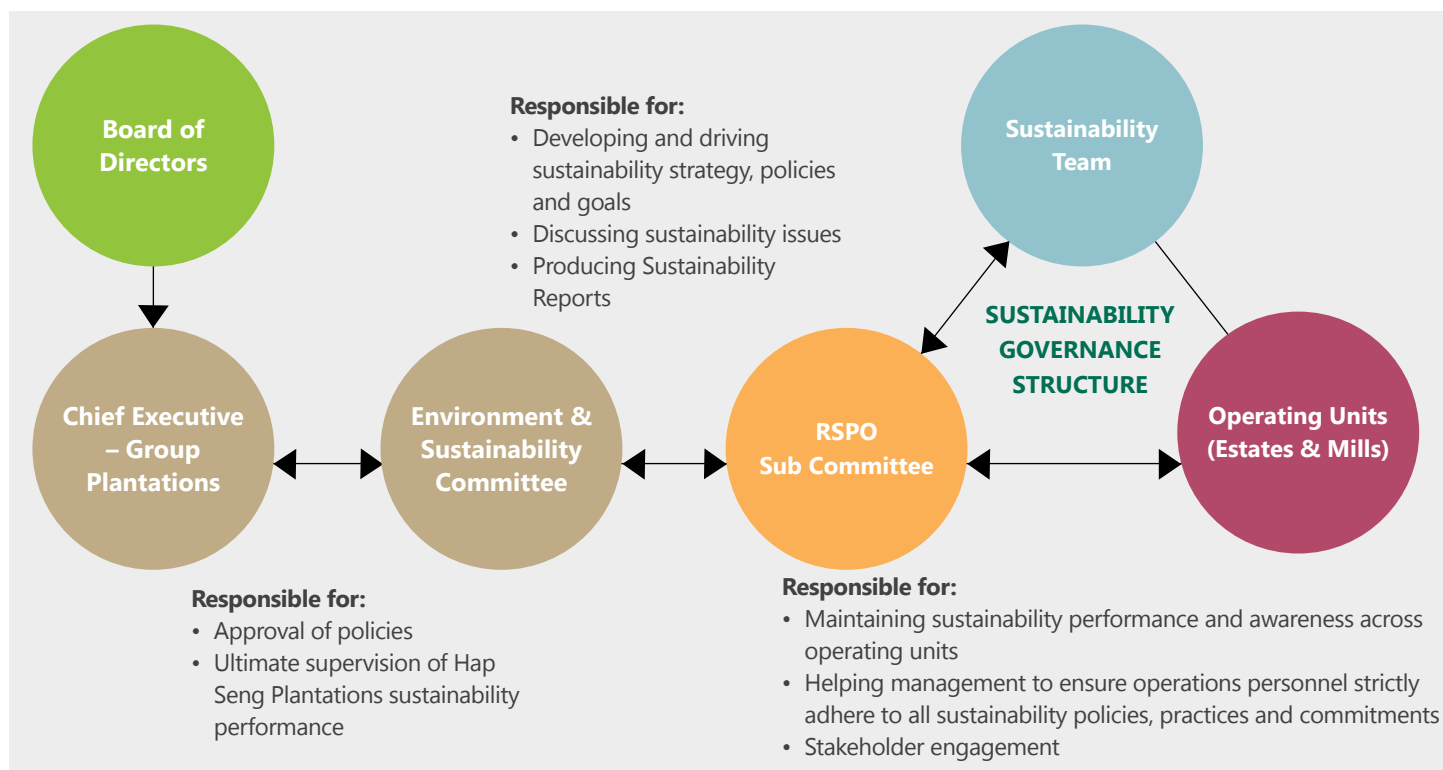
 MARKETPLACE	 WORKPLACE	 COMMUNITY	 ENVIRONMENT
<p>Responsible business and practices by staying committed to ethical business conduct, responsible agriculture practices, as well as producing safe and quality products.</p>	<p>Caring for our people by focusing on uplifting the safety and health, work environment as well as the welfare of the families of our employees.</p>	<p>Promoting community advancement by building a mutually beneficial relationship that support the enrichment of the local communities through the provision of convenient means of transport, business & employment opportunities as well as access to a better quality of life.</p>	<p>Practise environmental stewardship by focusing on forest preservation and conservation with a long-term plan to enrich the flora biodiversity within the “vacant areas” in Hap Seng Plantations with jungle tree species.</p>

Sustainability Governance Structure

Sustainability is an integral part of our Board’s agenda, as it reviews and approved on sustainability policies and disclosures. These include both new and newly 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 and as well as our Standard Operating Procedure for Traceability. The Board is the ultimate decision-making authority to determine the sustainability direction of Hap Seng Plantations.

Our Chief Executive – Group Plantations chairs the Environment & 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 and raise the level of sustainability practices within our operations, whilst also addressing social, environmental and economic challenges.

Hap Seng Plantations has launched several sustainability policies aimed at delivering on our sustainability commitment 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.

Overview of Policies

Policy	Introduced	Updated
HALAL Policy	July 2019	-
Environmental Policy	November 2018	-
Grievance Procedure	November 2010	<ul style="list-style-type: none"> • September 2020 • March 2018 • July 2011
MSPO Policy	March 2017	October 2019
Sustainable Agriculture Policy	February 2017	<ul style="list-style-type: none"> • October 2020 • August 2019
Rare, Threatened & Endangered Species Policy	November 2017	-
Land Dispute Management	March 2016	December 2020
Equal Opportunity Policy	March 2016	March 2019
Freedom of Association & 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	-

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

OUR STAKEHOLDERS

Engaging with Our People and Shareholders

Stakeholder group	Area of Interests / Issues	Type of Engagement	Type of Engagement Frequency	Outcomes
Government	<ul style="list-style-type: none"> Riparian areas Buffer zone along forest reserve border 	<ul style="list-style-type: none"> One-to-one meeting with respective agencies 	<ul style="list-style-type: none"> External stakeholder meeting conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> No meeting took place in 2020. Next meeting will be conducted in May/ June 2021 Previous meetings' outcomes Continued protection of waterways
Shareholders/ Investment community	<ul style="list-style-type: none"> Update on RSPO certification Replanting programme Expansion plans 	<ul style="list-style-type: none"> Annual General Meeting Analyst briefing 	<ul style="list-style-type: none"> Once a year Quarterly 	<ul style="list-style-type: none"> Sustainability issues factored into our non-financial risk assessment for new acquisitions and joint ventures
Local communities	<ul style="list-style-type: none"> Road accessibility Access to medical services Smallholders CSR to local village by allowing them to borrow camping equipment for the purpose of school sport. 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Ad-hoc Stakeholder meeting for group level conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> No meeting took place in 2020. Next meeting will be conducted in May/ June 2021 Previous meetings' outcomes Free medical services provided Maintenance of good road conditions Water supply during drought
Workers	<ul style="list-style-type: none"> Workers conditions Wages Occupational health and safety Meeting basic needs 	<ul style="list-style-type: none"> Social impact assessments Awareness and continuous improvement 	<ul style="list-style-type: none"> Stakeholder meeting conducted for all estates and mills at least once a year. 	<ul style="list-style-type: none"> Ongoing refurbishment and upgrading of living quarters and amenities Yearly evaluation of wages Streamlined and centralised health and safety management

OUR SUSTAINABILITY GOVERNANCE

Stakeholder group	Area of Interests / Issues	Type of Engagement	Type of Engagement Frequency	Outcomes
Industry bodies	<ul style="list-style-type: none"> • Good agricultural practices • Chemical usage • Water usage • Occupational health and safety • Development of future planters 	<ul style="list-style-type: none"> • Members of the RSPO, Incorporated Society of Planters (ISP), Malaysian Palm Oil Association 	<ul style="list-style-type: none"> • Stakeholder meeting for group level conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> • No meeting took place in 2020. Next meeting will be conducted in May/ June 2021 • Previous meetings' outcomes • Commitment to a timebound plan for certification • Appointed Vice Chairman of the Malaysian Palm Oil Association
Employees	<ul style="list-style-type: none"> • Talent attraction and retention • Employee development 	<ul style="list-style-type: none"> • Annual performance appraisals • Quarterly engagement with HR managers • Formalise training 	<ul style="list-style-type: none"> • Once a year (October 2020) • Quarterly (February, May, August & November 2020) • Feedback meeting is conducted once a year 	<ul style="list-style-type: none"> • Feedback from annual performance • Development of cadet programme
Customers	<ul style="list-style-type: none"> • RSPO certification • Supply chain and traceability of oil • Quality of oil 	<ul style="list-style-type: none"> • One-on-one meetings 	<ul style="list-style-type: none"> • Stakeholder meeting conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> • No meeting took place in 2020 • Best Supplier Award for Best Quality CPO and Highest Quantity CPO
Aflatoun International - RSPO Smallholder Academy	<ul style="list-style-type: none"> • To provide training facility 	<ul style="list-style-type: none"> • Partnership with Aflatoun International 	<ul style="list-style-type: none"> • No meeting was conducted in 2020 as smallholders were being RSPO certified. 	<ul style="list-style-type: none"> • To assist smallholders to become RSPO & MSPO certified
Independent local outgrowers & smallholders	<ul style="list-style-type: none"> • To commit to RSPO and MSPO certification 	<ul style="list-style-type: none"> • Provide free technical support and facilities 	<ul style="list-style-type: none"> • 6 meetings with independent local outgrowers and smallholders were conducted in 2020 	<ul style="list-style-type: none"> • 3 independent local outgrowers & smallholders obtained their RSPO & MSPO another 1 outgrower managed to successfully get the MSPO certification.
Suppliers	<ul style="list-style-type: none"> • To ensure all suppliers operates at sustainable manner 	<ul style="list-style-type: none"> • Documents and operation review to ensure suppliers comply with sustainable requirement 	<ul style="list-style-type: none"> • Once every year 	<ul style="list-style-type: none"> • Discontinue engagement if fail to comply

OUR SUSTAINABILITY GOVERNANCE

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 oil palm 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 <i>(Continued from the previous management in Teluk Merbau Plantation)</i>	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

Risks	Risk related to Material Matters	Strategy to address the risk
Human resource risk	Labour conditions & welfare S - Loss/shortages of good quality labour - High employee turnover rates	<ul style="list-style-type: none"> 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 & health risks	Safety & Health S - Accidents at work due to non compliance with safety and health policies and procedures - Pandemic outbreak, e.g. COVID-19	<ul style="list-style-type: none"> 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. Record shall be kept for 3 months for checks by the authorities. Appointed visiting medical officer to conduct COVID-19 assessment test at the plantations.
Input Material	Input Material M - Inadequate supply of good quality seedlings/ramets	<ul style="list-style-type: none"> To explore the possibility of in-house DXP seed production for swlf sufficient supply to own estates.
Weather (drought, flood & fire) risk	Weather M - Plantation operations disrupted due to adverse weather (drought, flood or fire)	<ul style="list-style-type: none"> Provide ongoing training and guidance to personnel on fire-fighting techniques and rescue works. 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 PK despatch during flooding. Initiate 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

Risks	Risk related to Material Matters	Strategy to address the risk
Pests and diseases (P & D) risk	Pest management M - Oil palm trees are attacked by pests (e.g rats) and diseases	<ul style="list-style-type: none"> • Strict compliance with the provisions in the Oil Palm Agricultural Policy No. 10. • Routine P & D inspection by experienced and well-trained personnel, workers, mandores, field staff and executives; be alert for any incidence P & D outbreaks. • 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).
Theft risk	Theft M - Palm products stolen during transit	<ul style="list-style-type: none"> • Install GPS in all vehicles. • Install CCTV at critical sections. • 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	<ul style="list-style-type: none"> • 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 L - 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.	<ul style="list-style-type: none"> • 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.

S = significant; **M** = medium; **L** = 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

RESPONSIBLE BUSINESS 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 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 parameters between work and personal activities.



Our Five Principles

Honesty & Integrity

Confidentiality

Compliance with law

Whistleblowing

Conflict of interest

Corporate Governance

The Board of Directors 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: a Managing Director, 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. Additionally, the Board has a female Executive Director.

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.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

The Chief Executive – Group Plantations is responsible for the daily operations of the Group. 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.

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 the giving and receiving of any types of bribe or other benefits that may influence our employees' ability to carry out their duties legally and/or in line with company interest. Any benefits or gifts must be declared to the nearest 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 investigations of 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 2020, there were no corruption, extortion or bribery case involving our workers and staff.

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, 0.4% of the FFB purchased from our 11 third party (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 one has obtained the MPSO certification as at December 2020. These three external independent local outgrowers and smallholders have started to send their crop to our identity preserved mill at BPOM in August 2020. This will inevitably raise our sustainably 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 about sustainable palm oil and the benefits of becoming certified.

The progress of the remaining three who have made the commitment to implement RSPO and MSPO as well as the remaining four independent local outgrowers and smallholders who have yet to make a commitment was interrupted by the outbreak of the COVID-19 pandemic in Malaysia.

However, those who have made commitment to get RSPO and MSPO accreditation have adopted sustainability policies from Hap Seng Plantations as these policies comply with the requirement set by RSPO and MSPO. 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 2020, we conducted two internal audits each on all the seven independent local outgrowers and smallholders.

In 2020, Hap Seng Plantations continued to provide free technical support (including training, policy implementation and the development of SOP and training facilities to assist independent local outgrowers and smallholders in achieving their RSPO and MSPO certifications. The cost of this support is estimated at RM200, 000.00 per operator.

We remain hopeful that the work undertaken by the RSPO in provides impetus to the independent local outgrowers and smallholders that sustainable practices do bring about an increase in productivity would be a pulling factor in convincing them to take up RSPO certification.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

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

MILL	External Suppliers	Coordinates
BPOM	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. LKM Trading	5°18'31.9"N 118°29'53.5"E
TPOM	1. LPC Plantations Sdn. Bhd.	5°26'52.9"N 118°41'04.2"E
	2. Spark Glory Sdn. Bhd.	5°18'51.1"N 118°34'32.7"E
	3. Khoo Chin Hung	5°22'27.6"N 118°44'27.9"E
	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
JPOM 2	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°28'55.5"N 118°35'35.8"E
	4. Casem Sdn Bhd & Sangi Enterprise Sdn Bhd	5°26'59.0"N 118°35'09.7"E
	5. LKM Trading	5°18'31.9"N 118°29'53.5"E
	6. Lebijaya Sdn Bhd	5°21'38.8"N 118°31'02.4"E
	7. LPC Plantations Sdn Bhd	5°26'52.9"N 118°41'04.2"E
	8. Khoo Chin Hung Sdn Bhd	5°22'27.6"N 118°44'27.9"E
	9. Lim Engit Fun	5°23'14.3"N 118°42'37.4"E

Companies in bold are RSPO & MSPO accredited.

Commitment to Traceability

We are committed to implementing 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 that our suppliers are critical in our sustainable and traceability goal, we first approached our neighbouring 11 independent local outgrowers and smallholders in 2017 to raise awareness about sustainable palm oil and the benefits of becoming certified.

Seven out of our 11 independent local outgrowers and smallholders indicated their willingness to participate in activities towards RSPO and MSPO certifications. This positive outcome encouraged us to allocate significant efforts and resources in helping all 11 independent local outgrowers and smallholders in obtaining their RSPO and MSPO certifications.

For that purpose, we established a taskforce in 2017 to monitor the traceability of our products and had developed and implemented a "Traceability and Supply Chain Standard Operating Procedure". The purpose of the SOP:

- Procedure for identifying, segregating & 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 normal FFB by suitable means from harvesting and during stages of loading.
- Procedure for recording the Certified Sustainable Fresh Fruit Bunch (CSFFB) and Normal FFB by suitable means from reception and during stages of CSPO, CPO, CSPK and PK dispatch to refinery.
- Procedure for documented recording of the Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK) delivery from mill to refinery/ bulk transit installation (external)/ buyer's vessel.
- Procedure for documented recording of the Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK) during the development of the contract agreement, purchase order, and after delivery/ sales of the product has been made.

Through these efforts, we achieved 81% traceability of FFB in 2020.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

11 independent local outgrowers and smallholders

2018	2019	2020
<p>Official meeting with all independent local outgrowers and smallholders.</p> <p>4 pledged commitment to obtain RSPO & MSPO Certifications.</p>	<p>3 more pledged commitment to obtain RSPO & MSPO certification.</p>	<p>3 obtained RSPO & MSPO certifications.</p> <p>1 obtained MSPO certification.</p>

RESPONSIBLE AGRICULTURE PRACTICES

Responsible Land Use

In the face of unprecedented climate change, Hap Seng Plantations believes that action must be taken to avoid negative consequences on both the people and ecosystems that have sustained us. In this regard, we have established an environmental protection mechanism to take responsibility in safeguarding our land use.

Environmental Protection Mechanism



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 2021, we are planning to maintain the distance requirement provided by the 1998 Enactment.

To-date, Hap Seng Plantations has created 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 the river quality on a quarterly basis. There have been no significant issues raised by the consultant during the reporting period.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

Monitoring Deforestation

The Global Forest Watch (GFW) website is an open access website that represents a major step forward in our journey to create a deforestation free supply chain. It enables users to overlay the location of any estates by uploading the shapefile of the estates into the website. The GFW website links to satellite imagery data that provides more information about what is happening on the ground that relates to any deforestation activities.

Despite the challenges posed by the COVID-19 pandemic, we continued to monitor the deforestation activity on a monthly basis as this is part of our commitment to our Sustainable Agriculture Policy. The monitoring covers our buffer zone boundary along the forest reserve area. In 2020, we have not detected any evidence of deforestation taking place within our boundaries during our routine monitoring for the year.

Fire & Haze Management

Though transboundary haze did not recur in 2020, Hap Seng Plantations continued to strictly abide by the regulations stipulated under the Environmental Quality Act 1974.

To enforce our zero burning policy, we deployed teams of employees to patrol our perimeter within 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 incidents since we began monitoring in 2014.

The seven out of 11 independent local outgrowers and smallholders committed to our sustainability policies that cover no planting on peat soil; zero burning; deforestation; biodiversity conservation, RTE; human rights; Free, Prior and Informed Consent (FPIC) and the protection of HCV areas. In 2020, no fire incident has been recorded within the vicinity.

Soil Management Practices

Hap Seng Plantations adheres to some of the best soil conservation practices so we can manage the nutrient content of our soil as that determine our yield and quality. We employ good agricultural practices by using both cultural and biological methods such as planting leguminous cover crops to reduce soil erosion and improve its physical and chemical composition.

We also construct earth terraces, silt pits and bunds, and maintain natural covers along palm avenues. We do not cultivate on slopes with a gradient of 25 degrees or more. Empty FFB 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 matter – such as empty fruit bunches, POME and belt press solids (BPS) – into fertiliser is another common practice with multiple benefits. By putting this biomass to good economic use, such processes help 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 seven out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications have agreed to adopt the no planting on peat policy as well as best management practices for soils and peat from Hap Seng Plantations as these policies comply with the requirement set by RSPO and MSPO.



MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

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 was 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 coganensis*, provide a natural habitat for insect predators of nettle caterpillars and bagworms.

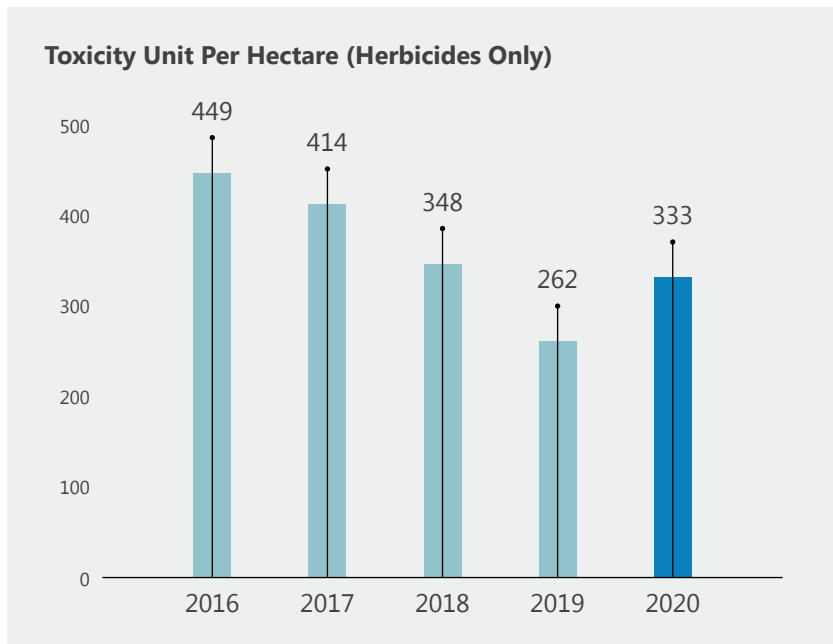
Other preventative measures include the establishment of fast-growing leguminous covers to accelerate the decomposition of palm biomass. This stops biomass becoming a breeding ground for *Oryctes rhinoceros* beetles, one of the major pests afflicting the oil palm industry.

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, cockchafers and *Odoratus*, while diverting them from attacking our immature oil palm plantings. This method has helped us to reduce our use of synthetic pesticides such as cypermethrin.

Selective Chemical Application

We do not undertake blanket spraying of herbicides at Hap Seng Plantations. 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.



We currently use a total of 31 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.

Since 2011, we banned the use of paraquat in our plantation as highlighted by stakeholders as a chemical of concern due to widespread misuse. Since our engagement with the independent local outgrowers and smallholders in 2017, seven 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.

**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 data above are based on budgeted consumption. Note that the figures are restated from our 2014 Sustainability Report.*

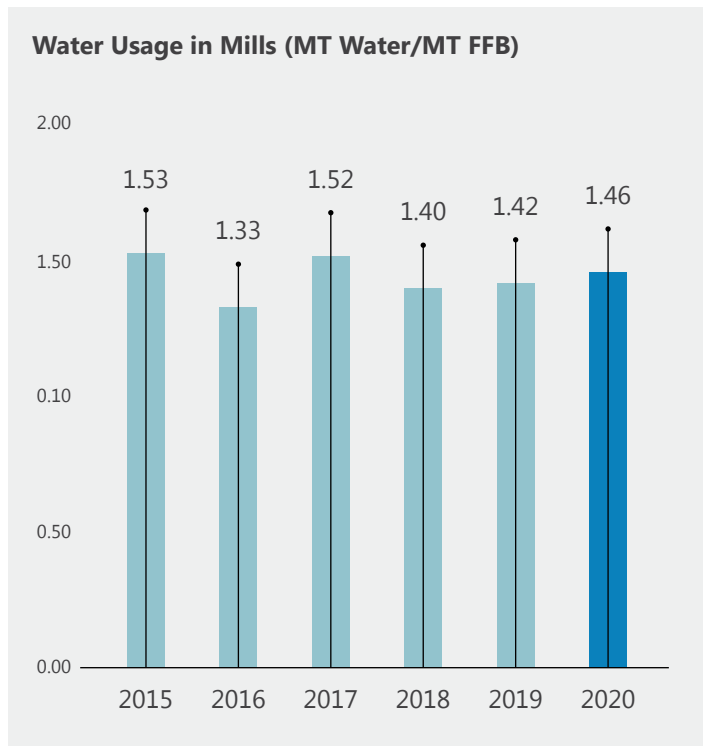
MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

Water Efficiency

Water usage at our mills has remained stable between 2019 and 2020, with relatively low consumption compared to industry standards. In 2020, the total amount of water used for processing FFB in mills remained at 1.4 m³/ tonne FFB (2019 usage: 1.42 m³/ tonne FFB as against 2020 usage: 1.46 m³/ tonne FFB, with a marginal increase of 0.04 m³/ tonne FFB). The reason for the relatively low water usage was due to the commissioning of a biogas plant, which generates electricity and reduces our dependence on boilers to kinetically convert steam to electricity.

Our time bound commitment to improve our water use coincide with the establishment of more biogas facilities in our plantations. This commitment has been progressively carried out with the commissioning of the two biogas facilities in March 2017 at JPOM 1 and JPOM 2, followed by the commissioning of the third biogas facility at BPOM in February 2020.

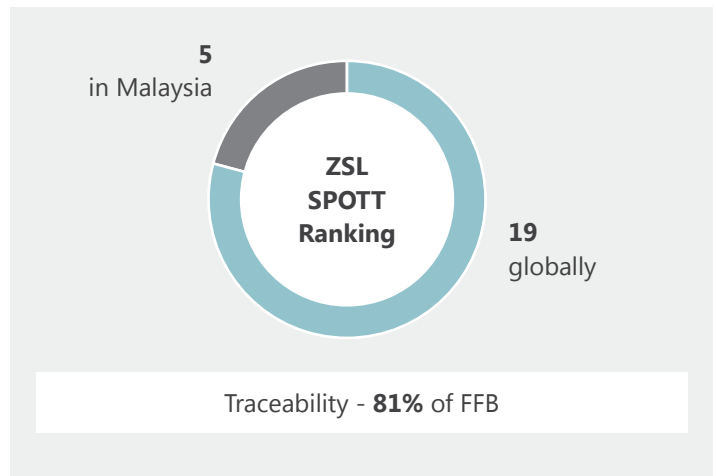
One upcoming new biogas facility will be built at TPOM in 2022. This addition is expected to further reduce water usage intensity in the plantations.



RESPONSIBLE PRODUCT

Benchmarking Our Practices

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



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

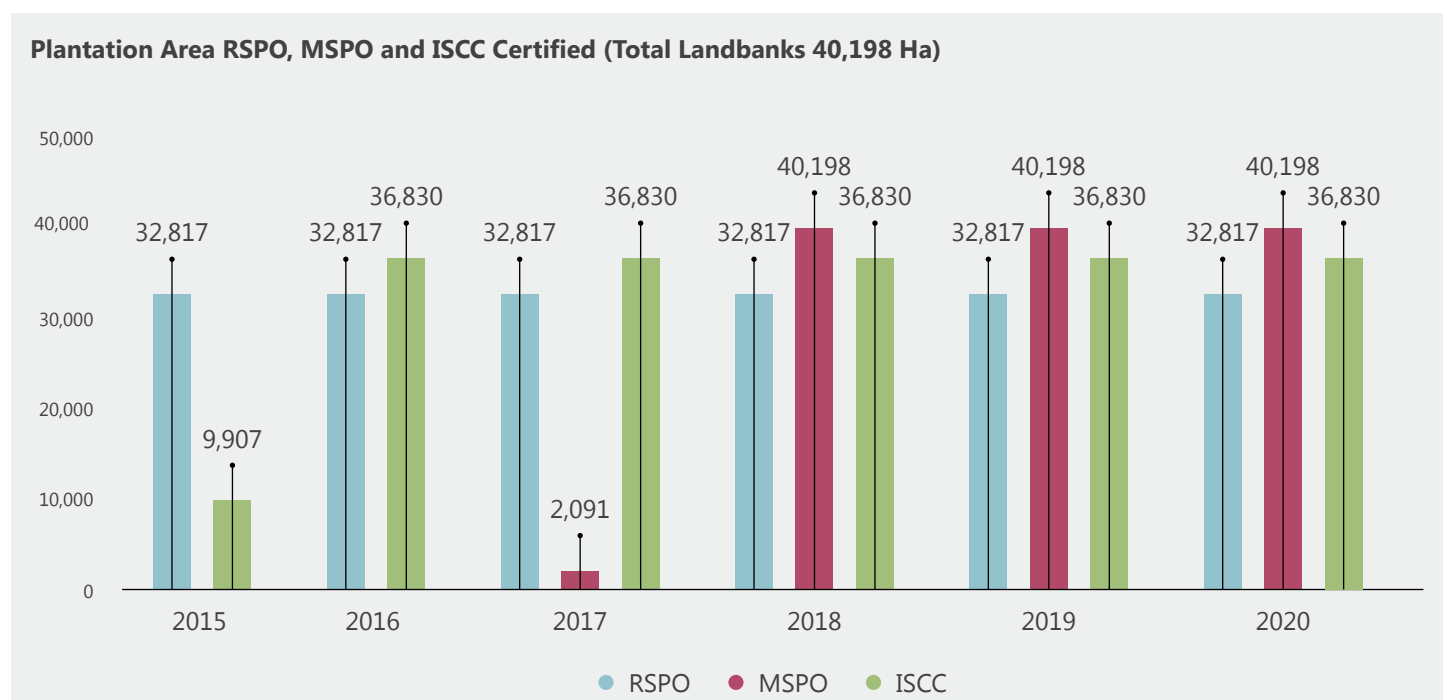
In 2020, Hap Seng Plantations achieved MeSTI certification for all its mills. This is part of our effort to benchmark our best practices against global standards in key sustainable areas of its business. To-date, we have several successes in our quest for international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, MS ISO/IEC 17025 and HALAL.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES

International & Local Certification

Type of Certification	Achievement	Date Achieved	Comments
MSPO	100% estates & mills	February 2018	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 31 December 2018. 2nd Annual Surveillance Audit for Group Certification (SSGOE, Kawa, TMGOE, JGOE) and mills on September 2019. 2nd Annual Surveillance Audit for Pelipikan Estate on May 2019. 3rd Annual Surveillance Audit for Group Certification (SSGOE, Kawa, TMGOE, JGOE) and mills on November 2020. 3rd Annual Surveillance Audit for Pelipikan on May 2020.
MSPO SCCS	100%	December 2019	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 1st January 2020. 1st Annual Surveillance Audit for mills on November 2020.
RSPO	82% landbank	As at 2018	<ul style="list-style-type: none"> SSGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit included Kawa as supply based on March 2019. JGOE – 2nd Cycle Recertification – 1st Annual Surveillance Audit on July 2019. TMGOE – Recertification Audit on October 2019. SSGOE – 2nd Cycle Recertification – 3rd Annual Surveillance Audit included Kawa as supply based on April 2020 (Remote Audit) and July 2020 (Onsite Audit). JGOE – 2nd Cycle Recertification – 2nd Annual Surveillance Audit on July 2020. TMGOE – 2nd Cycle Recertification – 1st Annual Surveillance Audit on November 2020 (Remote Audit) and April 2021 (Onsite Audit). Compensation: The concept note and Land Use Change Analysis (LUCA) have been submitted to RSPO.
	100% mills	2015	<ul style="list-style-type: none"> All mills are RSPO certified.
ISCC EU	100% mills	2017	<ul style="list-style-type: none"> 2018 Recertification Audit held on October 2018 and the certificates was obtained on 30 November 2018. 2019 Recertification Audit held on September 2019 and the certificates was obtained on 30 November 2019. 2020 Recertification Audit held on September 2020 and the certificates was obtained on 13 November 2020.
HACCP	100% mills	June 2017	<ul style="list-style-type: none"> Annual Surveillance Audits were passed on 25 June 2018 (JPOM 1&2), 28 June 2018 (TPOM) and 31 July 2018 (BPOM). 1st Cycle – 2nd Annual Surveillance Audit on 17 June 2019 (JPOM 1), 18 June 2019 (JPOM 2) and 19 June 2019 (TPOM). 2nd Cycle Recertification Audit on 20-21 June 2019 (BPOM). 2nd Cycle Recertification Audit on 22 June 2020 (JPOM 1), 23 June 2020 (JPOM 2) and 25-26 June 2020 (TPOM). 2nd Cycle Recertification Audit – 1st Annual Surveillance Audit on 24 June 2020 (BPOM).
MS ISO/IEC 17025	Accredited	October 2018	<ul style="list-style-type: none"> Plantations Central Laboratory.
HALAL	100% mills	September 2019	<ul style="list-style-type: none"> All mills are HALAL certified.
MeSTI	100% of all mills	September 2020	<ul style="list-style-type: none"> All mills are MeSTI certified.

MARKETPLACE – RESPONSIBLE BUSINESS AND PRACTICES



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

In 2020, Hap Seng Plantations' maintained its SPOTT ranking at fifth position amongst Malaysian oil palm companies despite an 8% improvement in our score rating at 73.7% as compared to the 65.7% score registered in 2019.

SPOTT assessments provide detailed snapshots of corporate transparency on sustainability issues. Hap Seng Plantations is currently amongst the 100 (was 99 companies in 2019) companies tracked on SPOTT who represent around half of land banks under oil palm cultivation. Hence, SPOTT assessments provide 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 (100 companies globally)	Ranking (Malaysia Companies)	Rank (for RSPO member companies)
Nov 16	46.20	21	6	20
Nov 17	66.20	17	4	15
Nov 18	74.40	14	4	14
Nov 19	65.70	19	5	18
Nov 20	73.70	19	5	19

* Please refer to <https://www.spott.org/palm-oil/> for the HSP SPOTT ranking.

WORKPLACE



CARING FOR OUR PEOPLE

 **1** fatality

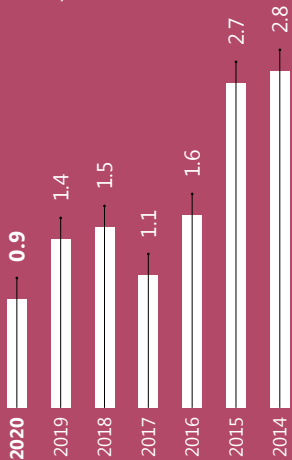

LTIF Rate of
0.9 incidents
per 200,000
working hours


673 safety & health
trainings


288 CCTV cameras
(safety & security
purposes) as compared
to 2019's 260 CCTV
cameras

Focus on Safety and Health

Lost Time Incident
Frequency Rate
(Incidents per 200,000 working
hours)



PCO Executive House

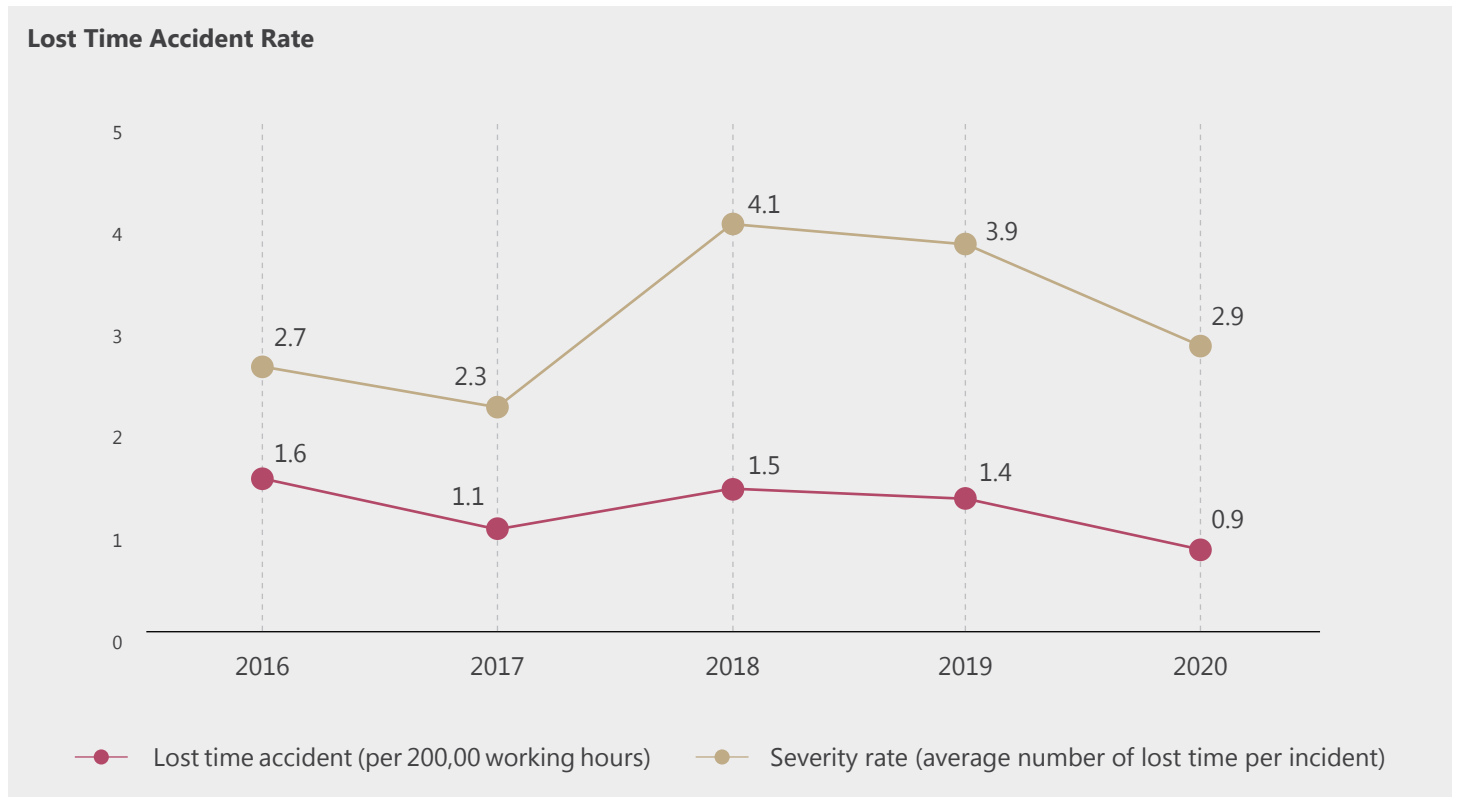
Hap Seng Plantations seeks to provide and maintain a safe and healthy working environment for all employees, contractors and visitors. In this respect, our commitment to safety is to ensure a continuous reduction in the number of accident in our operations, while continuously instilling a safety-first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

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

Towards A Zero-Fatality Workplace

One fatality was recorded in 2020 while the lost time accidents (LTA) experienced a decrease by 68%, from 2.8 in 2014 to 0.9 in 2020. The severity rate (average amount of lost time per accident), unfortunately, increased by 4% from 2014 to 2020.

WORKPLACE – CARING FOR OUR PEOPLE



Our SOP requires all accidents to be reported and recorded at our clinic while the OSH committee will conduct a thorough review of 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 the investigation, critical accident recorded this year was due to non-compliance to SOPs during operations related to a biogas plant. We have therefore re-examined the competency of Biogas operators by providing periodic intensive training, specifically focusing on SOPs when working in confined spaces.

Beside reactive programmes, preventative actions were also carried out to ensure a safer working environment. The OSH Committee conducts workplace inspections and regular in-house OSH training is provided. Safety and warning signs are clearly positioned in workspaces. For instance, right after investigating the cause of the fatality, the OSH committee reviewed the SOP and Permit-To-Work for working in confined spaces and considered new control measure to prevent the recurrence of such incidences in the future.

WORKPLACE – CARING FOR OUR PEOPLE

Handling of Chemicals

In 2020, Hap Seng Plantations deployed the use of drones 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 improve the health of our employees as well as 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 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 female workers. Pregnant workers are reallocated to new job tasks with less risk, such as general work (e.g. linesweeper), and are given two months of maternity leave after delivery.

Hap Seng Plantations has banned the use of paraquat in all its plantations since 2011. This is in response to stakeholders' concerns about the chemical and its widespread misuse.



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 investigation, most workers do not always prioritise safety training as it means being away from the field, which equate 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 Safety Operating Procedures (SOPs) 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.

WORKPLACE – CARING FOR OUR PEOPLE

Our second strategy involved the implementation of specific safety procedures, including:

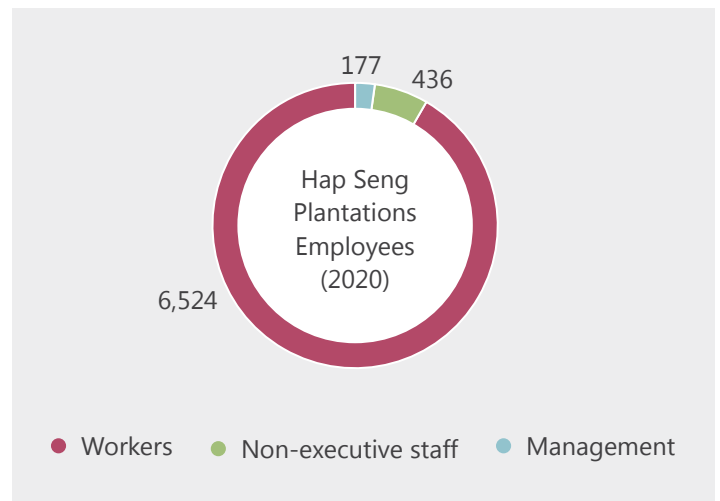
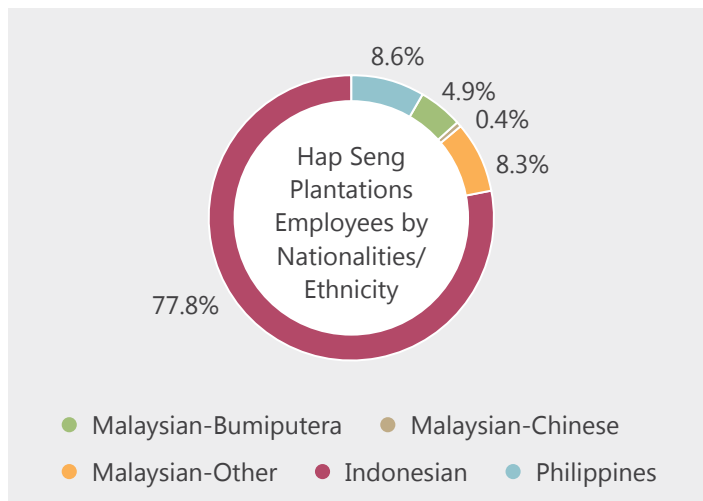
- Implementation of a Log Out Tag Out system (LOTO) in mill machinery. LOTO increases machine handling safety, especially during maintenance, by locking the switchboard to prevent accidental activation.
- Implementation of Permit To Work (PTW) for high-risk and/or non-routine work – for example working 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.
- Training 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 that 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 ensure compliance with the Use and Standard of Exposure Chemical Hazardous to Health (USECHH) Regulation 2000.

RESPONSIBLE EMPLOYER

Our Employees

Hap Seng Plantations employs 7,137 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 fields and mills. The majority of these workers are non-Malaysian nationals, primarily Indonesians and Filipinos. Most of our Malaysian employees come from local communities.



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 by the Minimum Wages Order 2020.

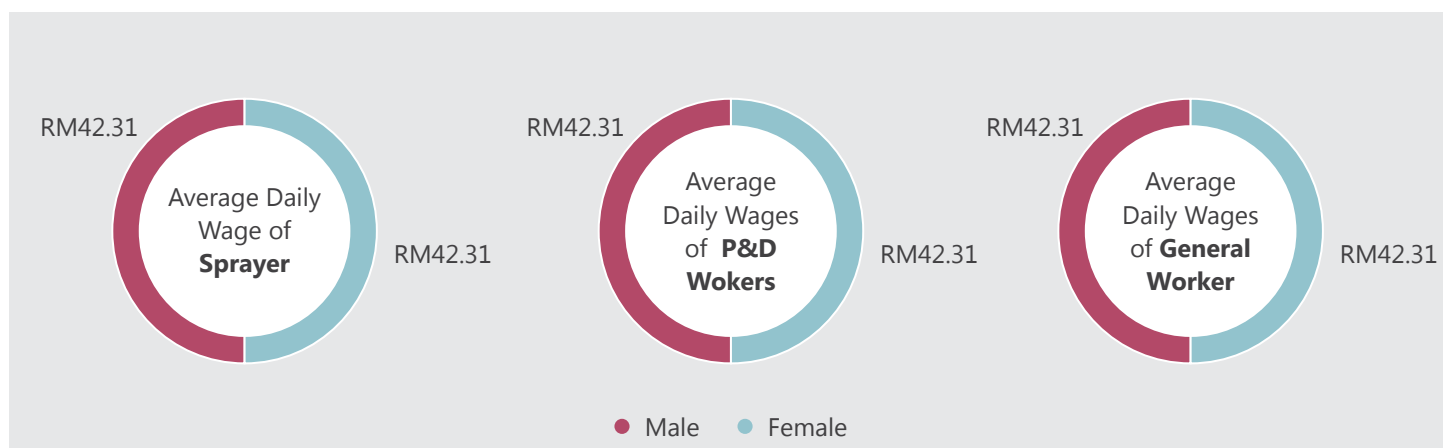
WORKPLACE – CARING FOR OUR PEOPLE

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 harvesting months, workers have the opportunity to earn up to RM4,000 per month based on the amount of FFB they collect. 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 adjust wage to avoid income fluctuation and high levels of dissatisfaction.

2020 Pay by Gender

Job title	Gender	Average salary per month
CHEF	Male	RM1890
	Female	RM1845
ESTATE CLERK	Male	RM1955
	Female	RM1835
LABORATORY TECHNICIAN	Male	RM1785
	Female	RM2075
MILL CLERK	Male	RM1685
	Female	RM1785
PURCHASING CLERK	Male	RM2015
	Female	RM1895
STORE CLERK	Male	RM2355
	Female	RM1500
CHIEF CLERK	Male	RM2550
	Female	RM2485
ACCOUNTS EXECUTIVE	Male	RM2779
	Female	RM4245
ADMIN EXECUTIVE	Male	RM4201
	Female	RM4533

* the difference of salary for staff and executive affected by the longer their working with the company.



We are committed to paying fair wages to all employees irrespective of ethnicity and gender. The plantation management committee reviews workers' wages quarterly to ensure that they are aligned with competitive market rates.

WORKPLACE – CARING FOR OUR PEOPLE



Safeguarding the Rights of Workers

Hap Seng Plantations is committed to ensuring that the rights of all employees, including contract and migrant workers, are respected according to local, national and ratified international laws. We, however, do not have temporary workers in our plantations. In situations where legal frameworks are not yet in place, international best practices are adopted.

As part of our RSPO commitments, our policies are aligned with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. While legal compliance and alignment to the RSPO P&C is our first priority, we also see it as our moral obligations to create, strengthen and promote a harmonious, safe and healthy work environment and culture. We do not differentiate between nationalities and benefits including housing, wages and medical provision are provided equally to all workers.

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 that our employees are legally able to work in Malaysia. This is a particular concern, as we often recruit new workers that have been recommended to us by existing employees. Individuals who do not have appropriate documentation are asked to return to their home country and 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 people under the age of 18 to work in our estates. We do, however, recognise that workers living on our estates sometimes involve their children in loose fruit collection and other light work. We continue to conduct regular spot checks in order to eliminate this practice and found no incidents 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 that the best means to eradicate child labour is the provision of good quality education.

Free Access To Clean and Safe for Our Workers

In 2019, we completed the establishment of three water treatment plants and can now produce sufficient treated water to support all our employees living in our plantations except Pelipikan Estate (Kota Marudu region), which still rely on rainwater harvesting.

This is in line with our commitment to provide an adequate supply of treated water to all workers. In addition, we are also committed to providing safe and quality water to our employee. As such, we regularly monitor the water quality closely as mandated by the National Water Quality Standards regulated by Malaysia's Ministry of Health.

WORKPLACE – CARING FOR OUR PEOPLE

Addressing Security Issues for Our Workers

We remain on high alert since the 2013 Lahad Datu incursion 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 Malaysian 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. Hap Seng Plantations has recently recruited an ex-military officer as security manager to coordinate security personnel in the group of estates.



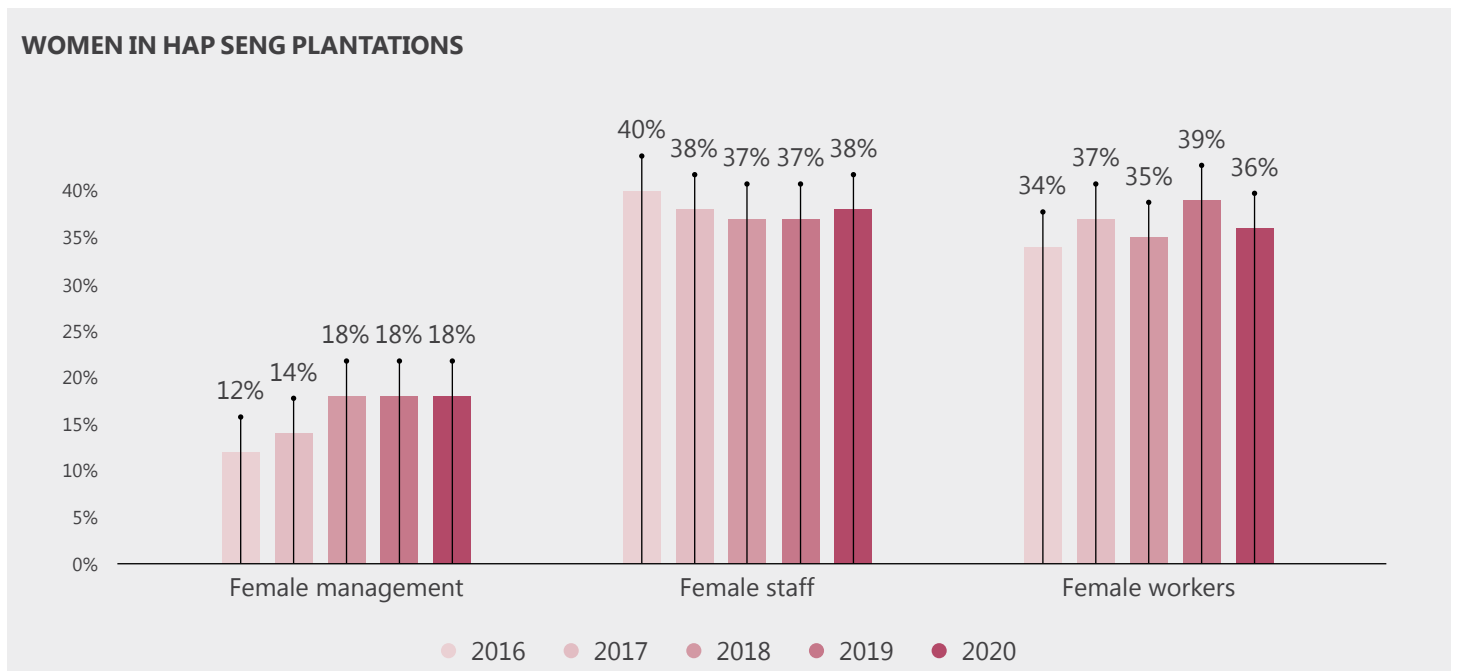
WOMEN IN THE WORKPLACE

Supporting Women in Our Workplace

Hap Seng Plantations is committed to providing equal opportunities to employees at all levels, and we do not discriminate based on gender. Compared with the Malaysian palm oil sector in general, the representation of women in our workforce is relatively high. We believe this is because we 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 the traditional agricultural disciplines from which we draw our management candidates. We have one woman in senior position and she sits on the company's board.

Another challenge we face with women is that many women leave the workforce to care for their families before they reach senior positions. This is a common concern across the Malaysian employment market, and particularly in the agricultural sector, where working hours are rarely family-friendly and educational facilities for older children are often in short supply.



COMMUNITY



Community Advancement

COMMUNITY DEVELOPMENT

Building Facilities for A Better Quality of Life

In 2020, Hap Seng Plantations 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 7,137 employees and their families. Workers' quarters are designed to incorporate a sufficient plot of land to cultivate food. In addition, each estate has a shop that is granted permission to operate by the company. These shops operated with controlled prices to ensure that goods remain affordable. At the end of each month, a special two-day bazaar is set up to facilitate the trading and selling of home-grown goods.



Facilities for Both Workers & Nearby Communities



ALL
Housing with garden plots



4
Clinics with wards*



12
Full-time nurses*



3
Visiting doctor*



2
Medical assistants*



4
Ambulance*



18
Shops*



2
X-ray equipment (SSGOE & JGOE)*



117km
of road for nearby villages*

Recreational facilities



4
Clubhouse



6
Other facilities (e.g. hall)



3
Ferry – accessible to nearby villages*

* Accessible to local communities

COMMUNITY - COMMUNITY ADVANCEMENT

On top of these infrastructural provisions, we also support social interaction and community wellbeing by organising inter-estate group games, and 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 continues to enjoy a very positive and mutually beneficial relationship with our local communities. Our community-focused activities take into account that many of these communities are isolated and without access to basic facilities. Our local interactions therefore include:

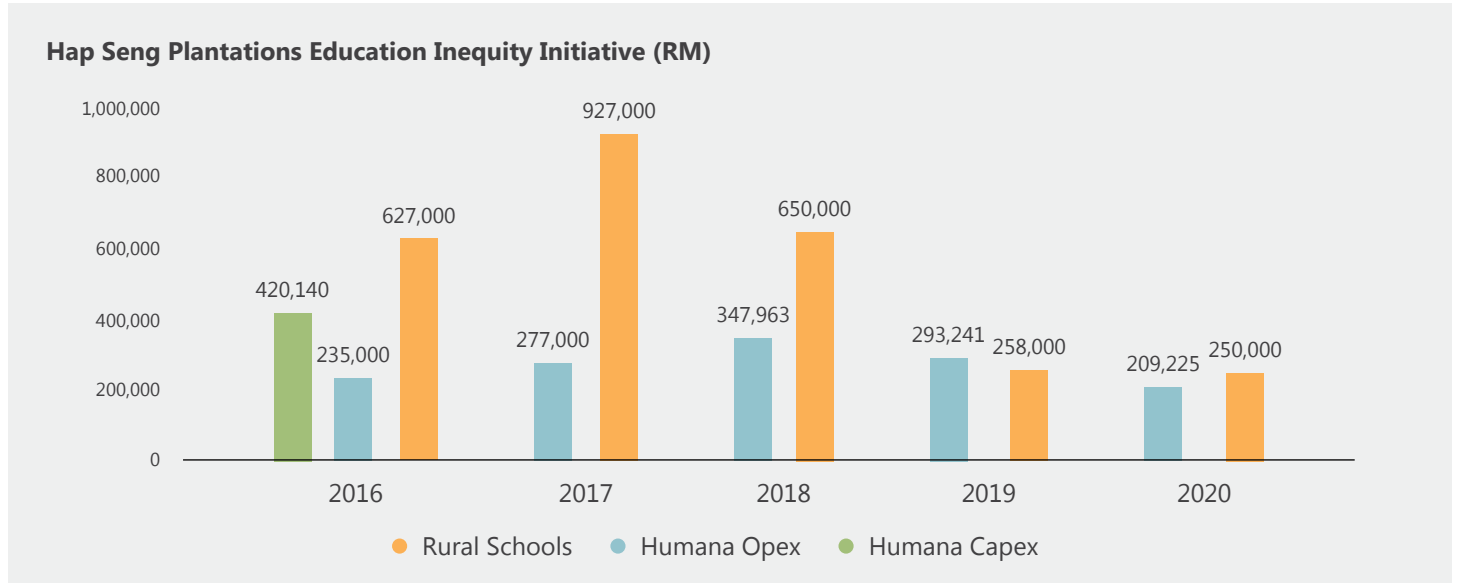
- Engaging with community leaders
- Providing assistance to local communities, particularly for celebrations and festivals
- Providing local job opportunities
- Extending access to our health services
- Building, repairing and maintaining local infrastructure (including 117km of roads and 24-hour ferry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

Items	2020	2019	2018
Workers Welfare	Amount Per Year (RM)		
Housing	685,665.21	1,327,798.26	1,514,571.32
Utilities - electricity	4,130,351.59	5,111,659.35	4,999,792.22
Utilities - water	676,826.54	812,290.71	753,154.43
Training & development	6,194.71	47,037.62	32,428.96
Transport for workers (work purpose)	717,695.60	585,112.07	674,433.71
Clinic - medical for employees & dependents	170,252.17	158,538.34	184,185.44
Upkeep of religious buildings, recreational facilities and amenities	352,873.30	602,071.73	727,557.54
Provision of social amenities	-	-	-
Social contributions	208,433.13	335,575.02	407,947.80
Community			
Ferry service	66,715.19	63,458.99	66,016.25
Road maintenance	815,100.61	2,616,604.67	1,114,025.27
Clinic - medical for employees & dependents	46,702.56	95,820.42	100,366.07
Upkeep of religious buildings, recreational facilities and amenities	2,099.16	552.00	-
Provision of social amenities	-	-	-
Utilities - free electricity	-	-	-
Social contribution	67,889.41	30,727.89	31,118.12
Retailers in Estates			
Subsidies rental	-	15,900.20	15,715.20

COMMUNITY - COMMUNITY ADVANCEMENT

Investing in Education for Our Community



Hap Seng Plantations believes in the role of education in fighting poverty. As such, we invest considerably in education for our community in two areas. Firstly, due to our remote location, and the presence of many undocumented 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 non-government organization (NGO) that provides education for thousands of children who live on plantations and other remote areas far from schools in Sabah.

In 2020, we contributed an estimated RM209,225 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 also 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 (HOTS) and English. This year, we continued with our ongoing programmes such as the Tawau Leadership programme while bringing STEM education to 21 Primary Schools in Tawau district. We invested approximately RM250,000 in these two main capacity building programmes.

Two Main Capacity Building Programmes In 2020: RM250,000.00

HSG Rise Up! 2020 - Tawau Leadership

- Leadership Development and Character Building.
- Run in virtual format.
- 518 concurrent viewers during the main event – IGNITE Camp via YouTube Live

HSG Ignite Digital Making in Tawau

- Junior Innovate Programme for 56 teachers from 21 Primary Schools in Tawau.
- Capacity Building for Tanjung Batu Learning Community Center at Pusat e-Desa.



HSG Tawau Leadership



This is the fourth year we ran the leadership programme for the community in Tawau.

Due to COVID-19 Pandemic in 2020, all engagements were conducted in the virtual format whilst retaining the intended objectives and outcomes. These programmes were run using mediums such as WhatsApp, Google Meets, YouTube Live, and Zoom, by which the medium was matched to the optimal reach and connection stability to its respective audiences.

The first stage of virtual programme kicked off in April 2020 and included:

- 10 G.I.L.A. Days (10 Growing in Leadership Action Days) - 127 students participated
- G.I.L.A. 2.0 (Growing in Leadership Action 2.0) - 83 students participated
- In this stage, the students were equipped with Self Developments, Learning Ability, Emotional Intelligence and Fostering Teamwork.

The second stage of virtual programme continued from May - August 2020 included:

- C.A.M.E.L. (Coaching and Mentoring Effective Leaders) - 39 students participated
- Hap Seng RISE UP! E-Convention- 143 viewers via YouTube Live
- In this stage, C.A.M.E.L. is a programme designed to spark meaningful conversations using digital means through five sessions, comprising of Companionship, Acceptance, Mindset, Exam Stress and Love.

- The e-Convention serves as a platform to unite students from across Tawau and beyond, for a night of bonding, inspirational sharing sessions, celebration of students work, special performances and fun-filled activities.

The third and final stage of virtual programme (Oct & Nov 2020) included:

- Hap Seng IGNITE Camp 2020- 518 viewers via YouTube Live
- Clash of Characters (COC) - 68 students participated
- In this final stage, during IGNITE Camp the students were taught about Reason: Purpose in Life, Identity, Strategy and Endurance in Surviving the Pandemic.
- Clash of Characters, also known as CoC, serves as an extended programme after the Hap Seng Ignite Camp to wrap up the activities that served the community for the year. Students from various schools in Tawau, who may or may not have joined the Ignite Camp, came together to reminisce the camp once more, as well as learning through interactive activities.

The two main events were Rise Up! E-Convention (8 Aug 2020) and IGNITE Camp 2020 (17 & 18 Oct 2020). Both events were conducted via YouTube Live. The e-Convention received 143 concurrent viewers and the IGNITE Camp received 518 concurrent viewers.

Lastly, the COVID-19 crisis showed that access to mobile devices and internet are now crucial to students' ability to access education, therefore through this event, we conducted a five weekly challenge for our students and those who completed the challenges from 17 August to 20 September 2020 and achieved the highest scores will stand a chance to win a tablet and internet data.

Total of 70 tablets have been given out to students and schools who completed the challenge with the highest score.

COMMUNITY - COMMUNITY ADVANCEMENT



HSG Ignite Digital Making in Tawau



After the success of HSG IoT Programme in Rural Sabah and Semporna in 2017-2019. We brought the programme to 56 Teachers in Tawau Primary Schools and exposed students with Junior Innovate Competition.

In this programme, we

- Equipped 56 teachers from 21 Primary Schools with the right skillsets:
 - Technical Skills such as Embedded System, Electronics, Coding, Prototyping.
 - Soft Skills such as Mentoring, Pitching, Design Thinking, 21st Century Teaching Methods/Tools.
- Capacity Building for TLCC at Pusat e-Desa Tanjung Batu, Tawau.
 - With TLCC serving as the Digital Maker Hub (DMH) for the community, series of Mentor Development Programmes and Train-the-trainer to Teachers at the centre were conducted from May to August.

- The right skillsets will motivate teachers to:
 - Coach senior members
 - Apply these skills and platforms in their daily teaching

Teachers received their Arduino kits before Bootcamp Session which was divided into four dates (27-29 July & 5 Aug 2020). During the bootcamp, teachers were explained on the technicality of the Arduino Kits which will be used for Junior Innovate Competition. The bootcamp ended with teachers presenting their projects. Lastly, Cikgu Rita Doreen from SJKC PADA, Tenom shared her experience and learning from Tenom Innovation Center (TIC).

Teachers gathered through Google Meet one last time for the Creative Learning Workshop (1-4 Sept 2020). In this final workshop, they were sessions on Self-directed Learning, Mentoring, Creativity in Children, and end with Group Discussion and Sharing by teachers.

Finally, through this programme, we managed to send five teams from Tawau to the National Level Junior Innovate Competition which were held virtually, with some of teams winning silver and bronze medal.

Silver Medallists Team

- Junior Supreme from SJK(C) Yuk Chin
- Inno Girls SH from SJK(C) Sin Hwa
- S.M.A.R.T. from Sri Al Fateh, Bandar Sri Indah

Bronze Medallists Team

- Goal Diggers from SK Tanjung Batu Keramat
- Transistor from SK Tanjung Batu Keramat

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 pending in the RSPO Complaints Process. The case involves a legal land dispute with an individual claiming rights to around 2,600 hectares of our planted area. The Complaints Panel has

put further reviews on hold pending the outcome of the legal case. 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-of-complaints/view/89.

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

ENVIRONMENT



ENVIRONMENT STEWARDSHIP



Achieved GHG emissions intensity of between **1.0 to 1.5 tonnes CO₂e / tonnes CPO** ahead of target timeline of 2021



Reduction in GHG by **5%** (compared against 2019)



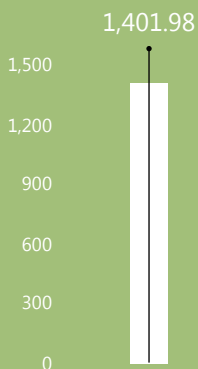
Zero fire



Maintaining BOD level below **20 PPM**

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 that our operation do not endanger wildlife habitats or 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 condensed into our Sustainable Agriculture Policy where our journey towards a sustainable palm oil estate is set out. The policy is publicly available from our company website at 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 2020, we continued to:

- Conduct monthly monitoring of scheduled waste management at estates and mills by a competent person.
- Improve the recycling programme implemented at estates and mills including workers' housing areas by conducting awareness training to all workers.
- Conduct monthly monitoring of landfill areas at each estate.
- Conduct monthly monitoring of riparian areas at each estate.
- Conduct monthly monitoring of deforestation activity and forest buffer zone at each estate.
- Conduct monthly monitoring of fire hot spots at each estate. The data is available on our company website.
- Engage with accredited external consultant remotely due to COVID-19, in our environmental compliance which include 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 that water sources are critical to the environment, human health and local wildlife. This confers on us a special obligation as our plantations are located in a remote part of Sabah where we do not have access to public utilities such as piped water. All our drinking water must be sourced from water catchment ponds. It is therefore our responsibility to ensure that the quality of our water, treated or otherwise, is continuously monitored and analysed according to the National Water Quality Standards regulated by Malaysia's Ministry of Health.

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 practices 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 Palm Oil Mill Effluent (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 Department of Environment.

ENVIRONMENT – ENVIRONMENT STEWARDSHIP



Harvesting Rainwater

In accordance with the Ministry of Health’s guidelines and the National Water Quality Standards, Hap Seng Plantations began implementing a rainwater harvesting system in 2015. The system is designed to help us better manage our water resources, ensuring that our mills store six months reserves of water to maintain a ready supply throughout the year.

As host to 7,137 employees and their families, managing our domestic water use is just as important as managing our industrial use. We have therefore supplemented our treated water sources with additional supply from our rainwater harvesting to ensure ready access and efficient usage.

Managing POME Discharge in Water Sources

POME is water that has been used in the processing of FFB. Untreated POME is harmful for aquatic environments, as it contains high levels of organic matter that can cause excessive algae growth and reduce the amount of oxygen available for other marine life.

Hap Seng Plantations’ effort in reducing BOD at all four mills was halted in 2020 as it was only able to maintain the 20 ppm average as in 2019. The commissioning of a new biogas facility and Polishing Plant at BPOM in February 2020 is set to improve the BOD level. Moreover, one additional biogas facility

is scheduled to be built at TPOM in 2022. This new addition is expected to greatly reduce the BOD level further.

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.

BOD Discharged Level

Mills	BOD level			
	2020	2019	2018	2017
BPOM	29	31	33	41
JPOM 1	12	12	13	20
JPOM 2	16	19	21	20
TPOM	22	19	23	19
Total Average	20	20	23	25

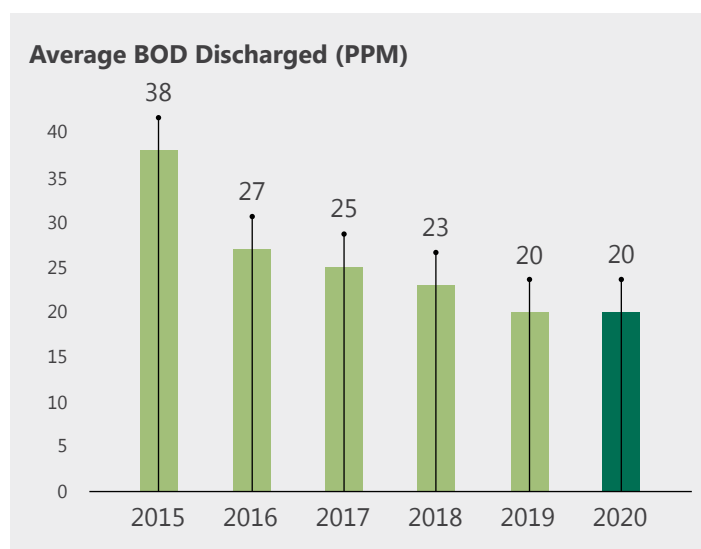
Even though there is no requirement by the Department of Environment (DOE) to report Chemical Oxygen Demand (COD), Hap Seng Plantations took the effort to monitor on the COD discharge level from our mills. Hap Seng PlantationWs has also taken the initiative to set a target of 70% reduction by 2021 from the baseline figure established in 2018 at 276 ppm.

ENVIRONMENT – ENVIRONMENT STEWARDSHIP

The level of COD discharge at our mills are as follow:

COD Discharged Level

Mills	BOD level		
	2020	2019	2018
BPOM	456	373	442
JPOM 1	295	342	214
JPOM 2	295	342	214
TPOM	347	272	232
Total Average	348	332	276



Local environmental regulations require us to minimise the risk of disturbances to the aquatic environment, as well as the pollution of ground water. All Hap Seng Plantations operations were compliant with all relevant local thresholds throughout 2020.

Carbon Management – Action on GHG Emissions

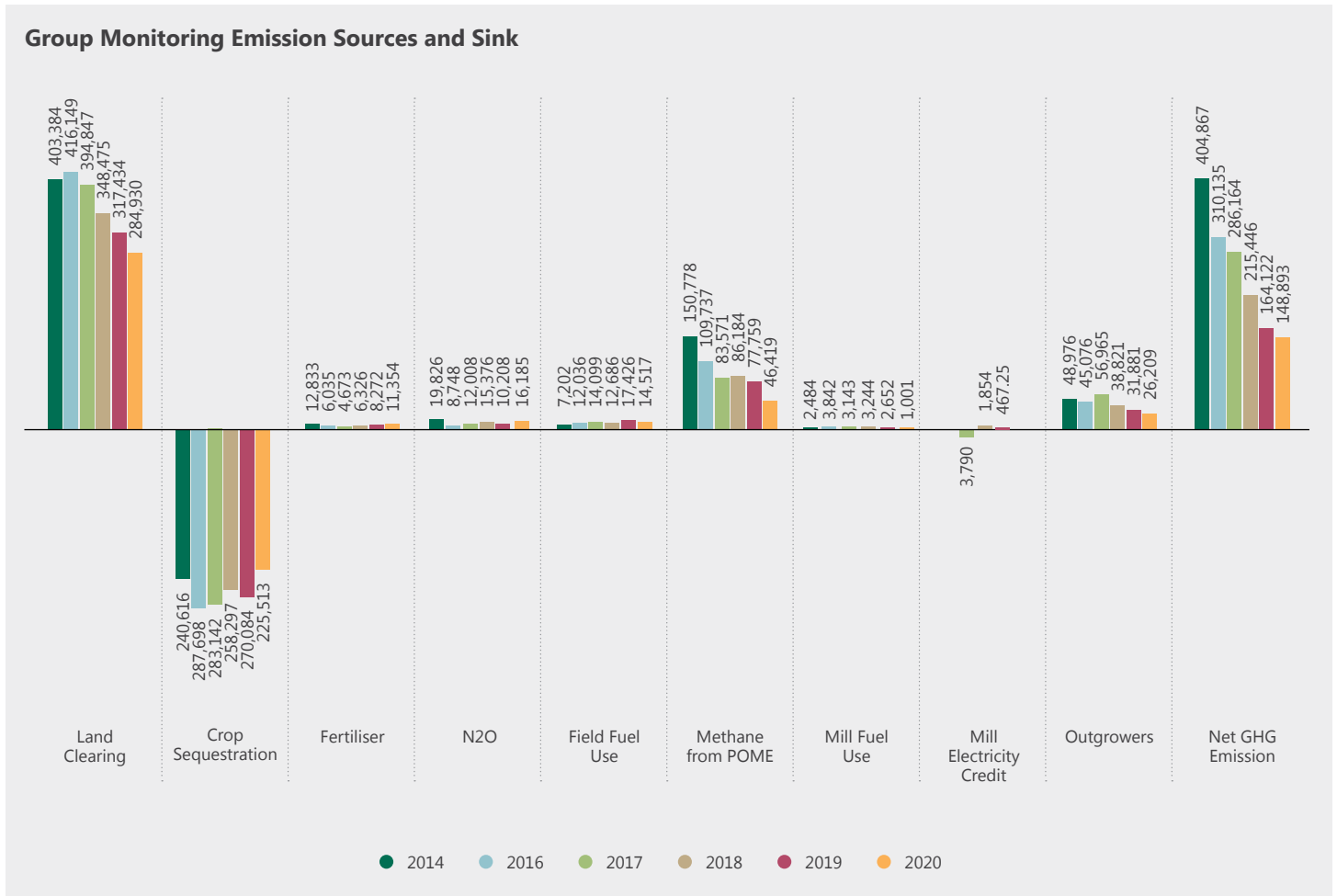
Hap Seng Plantations recognises that climate change is a major threat to our planet, and we are committed to monitoring and reducing our global carbon emissions. We established our GHG emissions baseline in 2014 by using the RSPO PalmGHG Calculator v2.1.1. RSPO introduced the new PalmGHG Calculator v4.0 and in 2019 and since then, we have calculated our data using this version.

In 2020, our net carbon emission and our footprint per tonne of CPO was further reduced by 5% as compared to 2019. The drastic reduction can be attributed to the commissioning of the new biogas facilities at BPOM.

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

Note that 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.

ENVIRONMENT – ENVIRONMENT STEWARDSHIP



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

Previous land use change accounts for 68.17% of our GHG emissions. The estates supplying fruit to Bukit Mas Palm Oil Mill (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, and there are few remedies available to reduce the impact of historical conversions of this type.

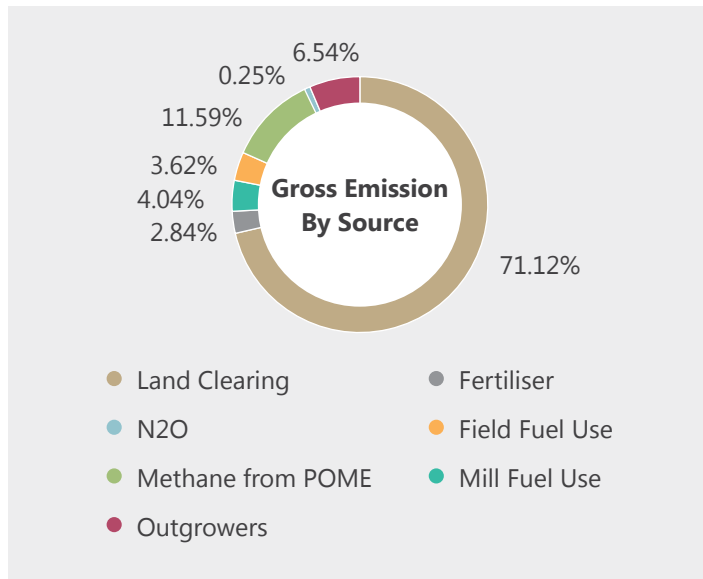
We do use direct energy from fossil fuels (diesel fuel and petrol fuel) to operate mechanised equipment and for vehicles that transport FFB from our estates to the mills. We also use fossil fuels to start FFB processing in mills, as fuel for vehicles transporting CPO from the mills to ports or our customers, 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 2020, our estates recorded 61,634 litres of petrol usage which were mainly used for transportation.

With the commissioning of our third biogas facility at BPOM, this means that 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	Quantity (Litre)
1	Genset	Mill	650,550
		Estate	3,208,488
2	Transport	Mill	1,055,953
		Estate	1,471,940
3	Process	Mill	320,899

ENVIRONMENT – ENVIRONMENT STEWARDSHIP



NATURAL RESOURCE MANAGEMENT

Protecting Our Rivers and Riverbanks

Taking good care and strict protection of our natural resources are our ways to conserve these resources so that they can persist for future generations and help maintain our business sustainably. Hap Seng Plantations has developed and implemented a comprehensive water management plan to maintain the quality and availability of surface and ground water for the future security of our business and the benefit of our surrounding communities.

The Segama and Kretam rivers that flow through our estates are very well managed, with set riparian reserves (natural riverside vegetation) along both riverbanks. This creates buffer zones that function to intercept non-point sources of pollution (e.g. agricultural runoff). Riparian vegetation absorbs heavy metals and nutrients, traps sediment suspended in surface runoff, and supports communities of microorganisms that assist 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. This indicates that the area is free from chemical spraying and manuring. Workers are also regularly educated on the importance of maintaining riparian reserves.

Oil palms that were planted in riparian areas in the 1980s have been left in situ in accordance with guidelines issued by the Department of Irrigation and Drainage (DID).

In some cases, local villagers have planted banana trees – and have even built houses – in riparian boundaries. Although these 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.



Conserving Biodiversity

Most of our plantings were on land that was previously used for other agricultural purposes. Furthermore, a large part of our land borders other plantations rather than forest. Nevertheless, we have designated approximately 1,400 hectares, some 3.5% of our total land bank, for conservation.

An assessment and a comprehensive management plan have 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 2018, we began a programme to monitor the buffer zone area. Our first step has been to make the zone’s boundaries highly visible to our workers by erecting signboards and painting red markings on trees.

ENVIRONMENT – ENVIRONMENT STEWARDSHIP

The setting up of a buffer zone within the borders on highly protected forest reserves area is done in accordance with legal requirements stipulated under the Environment Quality prescribed activity.

In 2020, we proposed to monitor the boundaries using camera trap for the purpose of checking encroachment activities. This plan will be put into action in 2021. 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 this area, as there has been neither land clearing for use nor conversion since November 2015, we took the initiative to appoint an RSPO-approved HCV assessor to conduct a supplementary assessment. This assessment found that the 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 becoming threatened in many areas. The trees on our estate were originally propagated in vacant and HCV areas from seedlings we collected.



Supported by our comprehensive replanting efforts, the Jelutong's quick growth and hardy nature meant that its extinction is now unlikely. Today, Jelutong covers around 86 hectares on our estates. These trees on our estate were originally propagated in vacant and HCV areas from seedlings we collected. Another area comprising 60 hectares has also been set aside for the planting of Sepat, a wetland timber species. The area, which was previously planted with oil palm, proved unsuitable for palm cultivation due to repeated flooding.

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

In 2020, seven out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications have also made commitment to HCV assessment as well as to conduct social and environmental Impact assessments (SEIA) in their plantations. They have also committed to having their social and environment impact assessments (SEIA) undertaken as well as their associated management and monitoring plans audited by RSPO and MSPO Certification bodies annually.

ENVIRONMENT – ENVIRONMENT STEWARDSHIP

Tabin Wildlife

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 are three protected cat species, not least 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 rare, threatened and endangered (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 International Union for Conservation of Nature (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 at each morning muster. We take appropriate action against individuals that ignore these instructions. CCTV has been installed to identify illegal game if it is brought into our estates.

We also work to pre-empt and prevent human-animal conflict. While our operations are located away from the migratory paths of elephants, and while incidents involving elephant encroachment are rare, we have nevertheless set up electric fences in our estates as prevention. Moreover, our plan is to set up camera trap along the boundary area in the near future. This project would help minimize potential human-animal conflict.

Compensation Case Update

We continue to seek resolution to a compensation case first raised from a RSPO certification audit at TPOM in 2013. The case was raised by auditors who assessed that an area totalling 1,406 hectares on our Northbank and Tabin estates 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 2018. 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 too was futile.

In 2019, we engaged a RSPO compensation team to discuss on the improvement of the Concept Note before resubmission. In 2020, we were able to come up with the revised concept note with improvements based on inputs from the RSPO team for submission. We are currently awaiting the status of our submission.

SUSTAINING THE FUTURE



SUSTAINING THE FUTURE



56 training sessions per month



57.52 hours per month

Renewables at Hap Seng Plantations

Amount of recycled waste



Plastic bottle



glass bottle



paper



aluminium

total **10.36 MT**



3 biogas facilities



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 this work. From 2016 to 2020, we added an additional syllabus on RSPO, MSPO, ISCC EU and Health and Safety to the programme, ensuring that staff and executives are well equipped to maintain and support our certification programme and safety efforts.

SUSTAINING THE FUTURE

No	Training	Target employees	Objective of Training	Schedule	Number of employees trained for 2020
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 examination	75
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 3 years (in 2020, it took place on 7 – 8 March 2020)	113
3.	RSPO, MSPO & 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	RSPO – 73 MSPO & ISCC EU - 73
4.	Safety and Health	All executives and staff from estates and mills	To regularly educate and promote awareness on safety measure at workplace	Annually	71
5.	HACCP	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	23
7.	MeSTI		To educate on food safety and MeSTI requirements	Annually	24



Renewables at Hap Seng Plantations

In 2020, the biogas facility at Bukit Mas Palm Oil Mill (BPOM) was commissioned. With this new facility, we have met our target of utilising renewable energy for BPOM.

As responsible planter, we do recognise that 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 palm oil mill effluent, also known as POME.

Thus, in line with our sustainable goal of reducing both our GHG and BOD levels, we have resorted to the commissioning of biogas plants to capture methane from POME and 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 by products 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 plants is now powering our three mills at Jeroco and Bukit Mas. It also lights up our Kapis estate, Batangan estate, Bukit Mas estate, Sungai Segama estate, Plantation Central Office (PCO) and Plantations Central Laboratory including SK Jeroco local school.



SUSTAINING THE FUTURE

Year commissioned	Biogas Facility (quantity)	Energy Produced (kW)	Mill	Beneficiary
2017	Two	2017 – 5,988,804 2018 – 6,930,471 2019 – 8,390,010 2020 – 8,424,527	JPOM 1 JPOM 2	Workers housing at JPOM 1, JPOM 2, Kapis Estate and Batangan Estate. SK Jeroco. Office area. Mill 1 and 2 operation.
		Total = 29,733,812		
2020	One	5,042,263	BPOM	Office area, BPOM operation, Plantation Central Office (PCO), Plantations Central Laboratory and workers housing (BME & SSE).
2022	One	NA	TPOM	Workers housing.



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 for this purpose. Two further storage units are currently under construction at our Kawa and Pelipikan estates. To support the project, workers have been educated about the importance of waste recycling as part of their environmental sustainability training.



These efforts are in accordance with both state and national laws that seek to minimise the discharge of waste into the environment, and through them we are compliant with regulations under the Environmental Quality Act 1974. In 2019, two representatives from our mills and PCO attended a scheduled waste management course organised by the DOE in Labuan. Both representatives have passed their competent person certificate after they submitted and presented their Field Training Report to the Environmental Institute of Malaysia (EiMAS), DOE.

WASTE MANAGEMENT PROGRAMME – RECYCLING

In 2020, we managed to recycle about 10.36 MT of recyclable wastes as compared to 23.01 MT in 2019. The reason for the decline was due to the COVID-19 pandemic as strict SOP that was put in place restricted both non-essential movements and activities.

The competent person is responsible for providing training on scheduled waste to all operating units. They also control and monitor scheduled waste management on a monthly basis. All scheduled waste is disposed through authorised contractors on a half yearly basis, or when the waste reaches 20 tonnes as stipulated under Regulation 9, Environmental Quality (Scheduled Wastes) Regulation 2005.

GRI STANDARDS CONTENT INDEX

Disclosure	GRI Standards Content Index 2020	Comments	
General Disclosure			
GRI 102: General Disclosures 2016			
102-1	Name of the organization	Front cover	
102-2	Activities, brands, products, and services.	PG 21 - 23, 27	
102-3	Location of headquarters	Back cover	
102-4	Location of operations	PG 21 - 22	
102-5	Ownership and legal form	PG 21	
102-6	Markets served	PG 21	
102-7	Scale of the organization.	PG 21 - 25, 48, 49	
102-8	Information on employees and other workers.	PG 48	
102-9	Supply chain.	PG 37 - 38	
102-10	Significant changes to the organization and its supply chain	PG 2 - 4, 37 - 38	
102-11	Precautionary Principle or approach	PG 5, 34, 35	
102-12	External initiatives	PG 2 - 4, 37 - 38	
102-13	Membership of associations	PG 33	
Strategy			
102-14	Statement from senior decision-maker	PG 2 - 4	
102-15	Key impacts, risks, and opportunities	PG 2 - 4, 34 - 35	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	PG 29, 36, 37	
102-17	Mechanisms for advice and concerns about ethics	PG 29, 36, 37	
Governance			
102-18	Governance structure.	PG 29 - 30	
102-19	Delegating authority	PG 29 - 30	
102-20	Executive-level responsibility for economic, environmental, and social topics	PG 29 - 30	2020 HSP Annual Report – page 26
102-21	Consulting stakeholders on economic, environmental, and social topics	PG 31 - 33	2020 HSP Annual Report – page 29
102-22	Composition of the highest governance body and its committees	PG 29 - 30, 36 - 37	2020 HSP Annual Report – page 25 - 36
102-23	Chair of the highest governance body	PG 29, 36	2020 HSP Annual Report – page 25 - 36
102-24	Nominating and selecting the highest governance body	PG 29 - 30, 36 - 37	2020 HSP Annual Report – page 30, 35
102-25	Conflicts of interest	PG 36 - 37	2020 HSP Annual Report – page 27
102-26	Role of highest governance body in setting purpose, values, and strategy	PG 29 - 30, 36 - 37	2020 HSP Annual Report – page 25 - 36
102-27	Collective knowledge of highest governance body	PG 36 - 37	2020 HSP Annual Report – page 27
102-28	Evaluating the highest governance body's performance	PG 36 - 37	2020 HSP Annual Report – page 25 - 36
102-29	Identifying and managing economic, environmental, and social impacts	PG 8 - 16	2020 HSP Annual Report – page 26 - 30

GRI STANDARDS CONTENT INDEX

Disclosure	GRI Standards Content Index 2020	Comments	
Governance			
102-30	Effectiveness of risk management processes	PG 34 - 35	2020 HSP Annual Report – page 28, 37 - 41
102-31	Review of economic, environmental, and social topics	PG 9 - 16	2020 HSP Annual Report – page 25 - 30
102-32	Highest governance body's role in sustainability reporting	PG 29 - 30	2020 HSP Annual Report – page 25, 26
102-33	Communicating critical concerns	PG 2 - 4, 34 - 35	2020 HSP Annual Report – page 25 – 30, 37 - 41
102-34	Nature and total number of critical concerns	PG 2 - 4, 34 - 35	2020 HSP Annual Report – page 37 – 41
102-35	Remuneration policies.	-	2020 HSP Annual Report – page 28, 36
102-36	Process for determining remuneration	-	2020 HSP Annual Report – page 28, 36
102-37	Stakeholders' involvement in remuneration	-	2020 HSP Annual Report – page 28, 36
102-38	Annual total compensation ratio	-	2020 HSP Annual Report – page 28, 36
102-39	Percentage increase in annual total compensation ratio	-	2020 HSP Annual Report – page 28, 36
Stakeholder Engagement			
102-40	List of stakeholder groups	PG 31 - 33	
102-41	Collective bargaining agreements	PG 50	
102-42	Identifying and selecting stakeholders.	PG 17	
102-43	Approach to stakeholder engagement	PG 31 - 33	
102-44	Key topics and concerns raised	PG 31 - 33	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Inside Cover	
102-46	Defining report content and topic Boundaries	Inside Cover	
102-47	List of material topics	PG 17	
102-48	Restatements of information	PG 8	The data are restated as a measurement to our progress as compared to previous years.
102-49	Changes in reporting	Inside Cover, PG 17	
102-50	Reporting period	Inside Cover	
102-51	Date of most recent report	Inside Cover	
102-52	Reporting cycle	Inside Cover	
102-53	Contact point for questions regarding the report	Back Cover	
102-54	Claims of reporting in accordance with the GRI Standards	Inside Cover	
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ECONOMY

Disclosure		Sustainability Report	Comments
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Economic Performance			
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103-1	Explanation of the material topic and its Boundary	PG 2 - 4	
103-2	The management approach and its components (reason for omission allowed)	PG 2 - 4, 21 - 28, 37	
103-3	Evaluation of the management approach (reason for omission allowed)	PG 2 - 4, 21 - 28, 37	
GRI 201 : Economic Performance 2016			
201-1	Direct economic value generated and distributed	PG 2 - 4, 21 - 28, 37	
201-2	Financial implications and other risks and opportunities due to climate change	PG 34 - 35	
201-3	Defined benefit plan obligations and other retirement plans	PG 52 - 56	
201-4	Financial assistance received from government	-	Not applicable to the company as it is not privy to such funds.
Market Presence			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 4, 21	
103-2	The management approach and its components	PG 4, 21 - 22, 37 - 38	
103-3	Evaluation of the management approach	PG 37 - 38	
GRI: 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	PG 48 - 49	
202-2	Proportion of senior management hired from the local community	PG 48, 51	
Indirect Economic Impacts			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 52 - 56	
103-2	The management approach and its components	PG 52 - 56	
103-3	Evaluation of the management approach	PG 52 - 56	

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
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203-1	Infrastructure investments and services supported	PG 52 - 56	
203-2	Significant indirect economic impacts	PG 52 - 56	
Procurement Practices			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 32, 37 - 38	
103-2	The management approach and its components	PG 32, 37 - 38	
103-3	Evaluation of the management approach	PG 32, 37 - 38	
GRI 204 : Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	PG 37 - 38	
Anti-corruption			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 36 - 37	
103-2	The management approach and its components	PG 36 - 37	
103-3	Evaluation of the management approach	PG 36 - 37	
GRI 205 : Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	PG 37	No assessment done
205-2	Communication and training about anti-corruption policies and procedures	PG 37	
205-3	Confirmed incidents of corruption and actions taken	PG 37	
Anti-competitive Behavior			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Not relevant to our industry	
103-2	The management approach and its components	Not relevant to our industry	
103-3	Evaluation of the management approach	Not relevant to our industry	
GRI 206 : Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not relevant to our industry	
Tax			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		2020 HSP Annual Report – page 79 - 100
103-2	The management approach and its components		2020 HSP Annual Report – page 79 - 100
103-3	Evaluation of the management approach		2020 HSP Annual Report – page 79 - 100

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
GRI 207 : Tax 2019			
207-1	Approach to tax		2020 HSP Annual Report – page 79 - 100
207-2	Tax governance, control, and risk management		2020 HSP Annual Report – page 79 – 100; 120 -125
207-3	Stakeholder engagement and management of concerns related to tax		2020 HSP Annual Report – page 79 – 100
207-4	Country-by-country reporting		2020 HSP Annual Report – page 79 - 100
Materials			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 67	
103-2	The management approach and its components	PG 67	
150-3	Evaluation of the management approach	PG 67	
GRI 301 : Materials 2016			
301-1	Materials used by weight or volume	PG 67	
301-2	Recycled input materials used	PG 67	
301-3	Reclaimed products and their packaging materials	PG 67	

ENVIRONMENT

Disclosure		Sustainability Report 2020	Comments
Energy			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 60 - 61, 66 - 67	
103-2	The management approach and its components	PG 60 - 61, 66 - 67	
103-3	Evaluation of the management approach	PG 60 - 61, 66 - 67	
GRI 302 : Energy 2016			
302-1	Energy consumption within the organization	PG 61, 66 - 67	
	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.		
	b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.		
	c. In joules, watt-hours or multiples, the total:		
	i. electricity consumption		
	ii. heating consumption		
	iii. cooling consumption		
	iv. steam consumption		
	d. In joules, watt-hours or multiples, the total:		
	i. electricity sold		
	ii. heating sold		
	iii. cooling sold		
	iv. steam sold		
	e. Total energy consumption within the organization, in joules or multiples.		
	f. Standards, methodologies, assumptions, and/or calculation tools used.		
	g. Source of the conversion factors used.		
GRI 103 : Management Approach 2016			
302-2	Energy consumption outside of the organization	PG 61	
	a. Energy consumption outside of the organization, in joules or multiples.		
	b. Standards, methodologies, assumptions, and/or calculation tools used.		
	c. Source of the conversion factors used		

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report Comments 2020
Energy		
GRI 103 : Management Approach 2016		
302-3	Energy intensity a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both	PG 61
302-4	Reduction of energy consumption a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used	PG 60 - 61, 66 - 67
302-5	Reductions in energy requirements of products and services a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	PG 60 - 61, 66 - 67
OG2	Total amount invested in renewable energy	PG 59 - 61, 66 - 67
OG3	Total amount of renewable energy generated by source	PG 66 - 67
Water and Effluents		
GRI 103 : Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	PG 42, 50, 58 - 62
103-2	The management approach and its components	PG 42, 50, 58 - 62
103-3	Evaluation of the management approach	PG 42, 50, 58 - 62
GRI 303 : Water and Effluents 2018		
303-1	Interactions with water as a shared resource	PG 42, 58 - 62
303-2	Management of water discharge-related impacts	PG 42, 50, 59 - 62
303-3	Water withdrawal	PG 50, 58
303-4	Water discharge	PG 59 - 62
303-5	Water consumption	PG 50, 58 - 59

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
Biodiversity			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 62 - 64	
103-2	The management approach and its components	PG 62 - 64	
103-3	Evaluation of the management approach	PG 62 - 64	
GRI 304 : Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	PG 62 - 64	
304-2	Significant impacts of activities, products, and services on biodiversity.	PG 62 - 64	
304-3	Habitats protected or restored	PG 62 - 64	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	PG 62 - 64	
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	PG 62 - 64	
Air Emissions			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 60 - 62	
103-2	The management approach and its components	PG 60 - 62	
103-3	Evaluation of the management approach	PG 60 - 62	
GRI 305 : Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	PG 60 - 62	
305-2	Energy indirect (Scope 2) GHG emissions	Not reported	
305-3	Other indirect (Scope 3) GHG emissions	Not reported	
305-4	GHG emissions intensity	PG 60 - 62	
305-5	Reduction of GHG emissions	PG 60 - 62	
305-6	Emissions of ozone-depleting substances (ODS)	PG 60 - 62	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	PG 60 - 62	
Waste			
GRI 306 : Management Approach 2020			
306-1	Waste generation and significant waste-related impacts	PG 59, 67	
306-2	Management of significant waste-related impacts	PG 59, 67	
GRI 306 : Waste			
306-3	Waste generated	PG 59, 67	
306-4	Waste diverted from disposal	PG 59, 67	
306-5	Waste directed to disposal	PG 59, 67	No spillage was recorded in 2018

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report Comments 2020
Environmental Compliance		
GRI 103 : Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	PG 2 - 4, 7 - 16, 29 - 30, 57 - 64
103-2	The management approach and its components	PG 2 - 4, 7 - 16, 29 - 30, 57 - 64
103-3	Evaluation of the management approach	PG 2 - 4, 7 - 16, 29 - 30, 57 - 64
GRI 307 : Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	PG 2 - 4, 7 - 16, 29 - 30, 57 - 64
Supplier Environmental Assessment		
GRI 103 : Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	PG 5, 32, 37 - 38
103-2	The management approach and its components	PG 5, 32, 37 - 38
103-3	Evaluation of the management approach	PG 5, 32, 37 - 38
GRI 308 : Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria a. Percentage of new suppliers that were screened using environmental criteria.	PG 5, 32, 37 - 38
308-2	Negative environmental impacts in the supply chain and actions taken	PG 5, 32, 37 - 38

GRI STANDARDS CONTENT INDEX

SOCIAL

Disclosure		Sustainability Report 2020	Comments
Employment			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 45, 48 - 49	
103-2	The management approach and its components	PG 45, 48 - 49	
103-3	Evaluation of the management approach	PG 45, 48 - 49	
GRI 401 : Employment 2016			
401-1	New employee hires and employee turnover	No data available	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	PG 52 - 54	
401-3	Parental leave	PG 47	
Labor/Management Relations			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 52 - 54	
103-2	The management approach and its components	PG 52 - 54	
103-3	Evaluation of the management approach	PG 52 - 54	
GRI 402 : Labor / Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	PG 52 - 54	
Occupational Health and Safety			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 45 - 48	
103-2	The management approach and its components	PG 45 - 48	
103-3	Evaluation of the management approach	PG 45 - 48	
GRI 403 : Occupational Health and Safety 2016			
403-1	Occupational health and safety management system	PG 45 - 48	
403-2	Hazard identification, risk assessment, and incident investigation	PG 45, 48	
403-3	Occupational health services	PG 46, 52	
403-4	Worker participation, consultation, and communication on occupational health and safety	PG 45 - 48	
403-5	Worker training on occupational health and safety	PG 45 - 48, 66	
403-6	Promotion of worker health	PG 45 - 48	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	PG 45 - 48	
403-8	Workers covered by an occupational health and safety management system	PG 45 - 48	
403-9	Work-related injuries	PG 45 - 48	
403-10	Work-related ill health	PG 45 - 48	

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
Training and Education			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 65 - 66	
103-2	The management approach and its components	PG 65 - 66	
103-3	Evaluation of the management approach	PG 65 - 66	
GRI 404 : Training and Education 2016			
404-1	Average hours of training per year per employee	PG 65 - 66	
404-2	Programs for upgrading employee skills and transition assistance programs	PG 65 - 66	
404-3	Percentage of employees receiving regular performance and career development reviews	PG 65 - 66	
Diversity and Equal Opportunity			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 48 - 49	
103-2	The management approach and its components	PG 48 - 49	
103-3	Evaluation of the management approach	PG 48 - 49	
Diversity and Equal Opportunity			
GRI 405 : Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	PG 36 - 37, 48 - 49	
405-2	Ratio of basic salary and remuneration of women to men	PG 48 - 49	No info
Non-Discrimination			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 48 - 49	
103-2	The management approach and its components	PG 48 - 49	
103-3	Evaluation of the management approach	PG 48 - 49	
GRI 406 : Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	PG 48 - 49	
Freedom of Association and Collective Bargaining			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 50	
103-2	The management approach and its components	PG 50	
103-3	Evaluation of the management approach	PG 50	
GRI 407 : Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	PG 50	
Child Labor			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 50	
103-2	The management approach and its components	PG 50	
103-3	Evaluation of the management approach	PG 50	

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
GRI 408 : Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	PG 50	
Forced or Compulsory Labor			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 45 - 50	
103-2	The management approach and its components	PG 45 - 50	
103-3	Evaluation of the management approach	PG 45 - 50	
GRI 409 : Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	PG 45 - 50	
Security Practices			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 45, 50	
103-2	The management approach and its components	PG 45, 50	
103-3	Evaluation of the management approach	PG 45, 50	
Security Practices			
GRI 410 : Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures.	PG 45, 50	
Rights of Indigenous Peoples			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 56	
103-2	The management approach and its components	PG 56	
103-3	Evaluation of the management approach	PG 56	
GRI 411 : Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	PG 56	There is no violation involving the rights of indigenous people.
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	PG 56	
Human Rights Assessment			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 50 - 51	
103-2	The management approach and its components	PG 50 - 51	
103-3	Evaluation of the management approach	PG 50 - 51	
GRI 412 : Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	PG 50 - 51	
412-2	Employee training on human rights policies or procedures	PG 50 - 51	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not relevant	

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
Local Community			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 52 - 56	
103-2	The management approach and its components	PG 52 - 56	
103-3	Evaluation of the management approach	PG 52 - 56	
GRI 413 : Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	PG 52 - 56	
413-2	Operations with significant actual and potential negative impacts on local communities	PG 52 - 56	
OG10	Number and description of significant disputes with local communities and indigenous peoples	NR	There are no disputes with the local community
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	NR	
Supplier Social Assessment			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	PG 37 - 38	
103-2	The management approach and its components	PG 37 - 38	
103-3	Evaluation of the management approach`	PG 37 - 38	
414-1	New suppliers that were screened using social criteria a. Percentage of new suppliers that were screened using social criteria.	No data	
414-2	Negative social impacts in the supply chain and actions taken	PG 37 - 38	
Public Policy			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	NR	
103-2	The management approach and its components	NR	
103-3	Evaluation of the management approach	NR	
GRI 415 : Public Policy 2016			
415-1	Political contributions	NR	We are not politically linked and hence do not make donation to any political party.
Customer Health and Safety			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	NR	
103-2	The management approach and its components	NR	
103-3	Evaluation of the management approach	NR	
GRI 416 : Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	NR	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	NR	Our products are not sold directly to consumers.

GRI STANDARDS CONTENT INDEX

Disclosure		Sustainability Report 2020	Comments
Marketing and Labeling			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	NR	
103-2	The management approach and its components	NR	
103-3	Evaluation of the management approach	NR	
GRI 417 : Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	NR	
417-2	Incidents of non-compliance concerning product and service information and labelin	NR	
417-3	Incidents of non-compliance concerning marketing communications	NR	
Customer Privacy			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	NR	
103-2	The management approach and its components	NR	
103-3	Evaluation of the management approach	NR	
GRI 418 : Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	NR	
Socioeconomic Compliance			
GRI 103 : Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	NR	
103-2	The management approach and its components	NR	
103-3	Evaluation of the management approach	NR	
GRI 419 : Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	NR	
Emergency Preparedness			
OG-DMA	Disclosures on Management Approach	PG 34 - 35, 51	

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/breakdown	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	31.12. 2011
ECONOMIC											
Revenue	RM million	467.6	418.6	390.8	555.1	503.4	434.9	495.6	443.3	526.5	654.9
Profit before taxation	RM million	108.4	36.6	37.2**	146.9*	167.1	120.2	176.1	137.7	190.7	339.5
Profit after taxation attributable to owners of the Company	RM million	90.3	31.4	29.1	109.2*	124.1	96.4	128.3	97.5	140.3	253.0
LAND / PLANTATION											
Total area											
Group	Ha	39,726	40,279	40,279	40,279	40,279	39,803	39,803	39,803	39,803	39,803
Jeroco group of estates (JGOE)	Ha	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)	Ha	12,806	12,806	12,806	12,806	12,806	12,331	12,331	12,331	12,331	12,331
Sungai Segama group of estates (SSGOE)	Ha	9,907	9,907	9,907	9,907	9,907	9,906	9,906	9,906	9,906	9,906
Ladang Kawa	Ha	723	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,276
Pelipikan	Ha	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Kota Marudu	Ha	808	808	808	808	808	808	808	808	808	808
Total planted areas (Oil Palm)											
Group	Ha	35,434	35,957	35,957	36,103	36,145	35,678	35,685	35,697	35,697	35,617
Jeroco group of estates (JGOE)	Ha	12,722	12,722	12,722	12,808	12,808	12,808	12,808	12,808	12,808	12,808
Tomanggong group of estates (TMGOE)	Ha	11,803	11,803	11,803	11,864	11,893	11,426	11,426	11,426	11,426	11,199
Sungai Segama group of estates (SSGOE)	Ha	8,743	8,743	8,743	8,742	8,755	8,761	8,761	8,761	8,761	8,761
Ladang Kawa	Ha	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	Ha	903	903	903	903	903	903	903	903	903	1,050
Kota Marudu	Ha	585	585	585	585	585	585	585	598	598	598
Planted areas - Mature											
Group	Ha	32,286	32,458	32,139	32,023	32,374	32,440	31,373	30,670	30,455	31,068
Jeroco group of estates (JGOE)	Ha	11,863	11,645	10,957	10,731	10,589	10,565	10,693	10,567	10,999	11,455
Tomanggong group of estates (TMGOE)	Ha	11,009	10,807	11,070	10,705	10,727	10,431	9,552	9,334	8,687	8,811

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

** The figures in 2018 have been restated due to errors.

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/breakdown	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	31.12. 2011
LAND / PLANTATION											
Planted areas - Mature											
Sungai Segama group of estates (SSGOE)											
	Ha	7,248	7,317	7,423	7,899	8,368	8,755	8,761	8,761	8,761	8,758
Ladang Kawa	Ha	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	Ha	903	903	903	903	903	903	581	209	209	245
Kota Marudu	Ha	585	585	585	585	585	585	585	598	598	598

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

Category/ Indicator	Measurement unit/breakdown	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	31.12. 2011
Planted areas											
Immature oil palm											
< 30 months	Ha	3,148	3,499	3,819	3,934	3,625	3,092	4,165	4,881	5,096	4,403
Other crops	Ha	146	146	146	146	146	146	146	146	146	146
Plantation average age (oil palm)											
	Years	15.9	15.8	15.6	15.3	15.3	15.5	15.4	15.2	14.8	
Mature oil palm 30 months to 7 years											
	Ha	5,040	4,340	4,491	5,615	5,626	5,599	4,089	2,525	2,788	2,289
Mature oil palm > 7 years to 17 years											
	Ha	10,196	9,794	8,522	6,839	7,245	8,480	10,122	10,981	13,332	16,009
Mature oil palm > 17 years											
	Ha	17,050	18,324	19,125	19,569	19,503	18,361	17,162	17,164	14,335	12,770
Area set aside for conservation											
	Ha	1,402	1,402	1,402	1,402	1,402	1,402	1,401	1,480		
Peat developed											
	Ha	0	0	0	0	0	0	0	0	0	0
PRODUCTION											
FFB	MT	637,131	675,587	657,259	655,958**	662,774	709,984	727,937	704,241	665,812	738,969
FFB processed											
FFB - Own	MT	630,697	662,069	643,842	640,507	643,731	667,504	680,741	662,452	620,770	693,901
FFB - Purchased (local outgrowers and smallholders)											
	MT	71,578	63,715	77,641	85,006	91,707	107,829	121,673	116,490	105,469	107,623
Palm oil	MT	144,977	152,017	148,651	150,695	154,682	170,546	172,980	166,202	154,595	168,025
Palm kernel	MT	33,594	35,402	34,802	35,183	35,872	38,087	38,778	36,554	34,587	37,050
Palm oil OER	Percentage	20.64	20.95	20.60	20.77	21.03	22.00	21.56	21.34	21.29	20.96
Palm kernel OER	Percentage	4.78	4.88	4.82	4.85	4.88	4.91	4.83	4.69	4.76	4.62
FFB yield per mature hectare											
	MT / Ha	19.73	20.81	20.45	20.48	20.47	21.89	23.20	22.96	21.86	23.79
Oil per mature hectare											
	MT / Ha	4.07	4.36	4.21	4.25	4.31	4.81	5.00	4.90	4.65	4.99

** The figures in 2017 have been restated due to errors.

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/breakdown	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	31.12. 2011
EMPLOYEES											
Number of employees		7,137	7,479	7,100	7,192	6,993	7,331	7,257	7,036	6,872	6,751
	Management	177	171	175	166	161	145	138	138	135	119
Employee categories	Non-executive staff	436	430	442	425	381	364	336	310	293	288
	Workers	6,524	6,878	6,483	6,601	6,451	6,822	6,783	6,588	6,444	6,344
Female employees		2,575	2,881	2,485	2,599	2,387	2,613	2,644	2,489	2,471	2,419
Male employees		4,562	4,598	4,615	4,593	4,606	4,718	4,613	4,547	4,401	4,332
Number of foreign workers	Indonesian	5,550	5,699	5,570	5,761	5,585	5,952	5,663	5,488	5,453	5,573
	Filipino	614	628	578	553	511	563	661	703	594	428
Male non-executive staff		272	269	279	263	228	217	211	187	183	181
Female non-executive staff		164	161	163	162	153	147	135	120	110	107
Female workers		2,378	2,690	2,290	2,413	2,214	2,449	2,502	2,353	2,344	2,302
Male workers		4,146	4,188	4,193	4,188	4,237	4,373	4,275	4,244	4,099	4,049
Female management		33	30	32	24	20	17	18	16	17	10
Male management		144	141	143	142	141	128	116	116	119	107
Ethnic/racial breakdown	Malaysian - Bumiputra	353	364	377	396	429	387	465	370	391	329
	Malaysian - Chinese	26	33	35	32	35	34	34	40	37	30
	Malaysian - Indian	0	0	0	0	0	2	2	1	1	6
	Others - Malaysian	594	755	540	450	433	393	432	434	396	385
	Other non-Malaysian	6,164	6,327	6,148	6,314	6,096	6,515	6,324	6,191	6,047	6,001
TRAINING											
Number of employees received formal qualifications funded by Hap Seng		0	0	0	0	0	0	8			

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/breakdown	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	31.12. 2011
LABOUR STANDARD											
Minimum starting wage	RM per month	1,100	1,100	920	920	920	800	800	800	468	468
Number of employees who are members of a trade union		No trade union for plantation workers in Sabah									
Number of women left on maternity leave		55	57	74	50	18	22	32	12	23	19
% returned after maternity leave		76	92	87	76	67	75	81	100	100	100
COMMUNITY AND HOUSING											
Breakdown of charitable contributions (MYR)	Humana (capex)	0	0	0	0	420,140	43,150	0	24,440	155,454	547,750
	Humana (expenses)	209,225	293,241	347,963	277,000	235,000	304,000	320,000	278,044	243,040	92,495
	Misc donations	75,000	6,880	0	917,500	36,000	306,390	5,790	2,650	5,000	1,000
	CSR	1,964,274	191,189	538,161	1,698,015	576,000					
	Total	2,248,499	491,310	886,124	2,892,515	1,267,140	653,540	325,790	305,134	403,494	641,245
Number of employees and dependants housed		11,356	11,224**	9,901	6,479	4,160	4,242	3,934	3,875	3,844	3,778
HEALTH AND SAFETY											
Fatalities		1	0	0	1	0	1	0	1	1	0
Number of lost time accidents		34	48	58	44	74	66	164	230	321	388
Number of lost days (not including fatalities)		98	185	240	101	200	197	460	676	1,063	1,229
Lost time accident rate (recordable injuries at 200,000/working hours)	Incidents per 200,000 working hours	0.9	1.4	1.5	1.1	1.6	2.7	2.8	4.1	5.9	8.4
Severity rate (Total lost work days/number of recordable injuries)	Average number of lost time per incident	2.9	3.9**	4.1	2.3	2.7	3.0	2.8	2.9	3.3	3.2
ENVIRONMENT											
BOD level	ppm	20	20	23	25	27	38	34	40	42	39
Total fertiliser usage	MT / Ha	1.16	0.79	1.07	0.83	0.96	1.05	0.88	1.02	1.00	0.98
Total water usage (mills only)	MT / MT FFB	1.46	1.42	1.40	1.52	1.33	1.53	1.52	1.62	1.68	1.59
Total number and volume of significant spills		0	0	0	0	0	0	0	0	0	0
Toxicity per ha		333	262	348	414	449	398	486	515	474	465

** The figures in 2019 have been restated due to errors.

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.
CO2 Equivalents	Carbon dioxide equivalents (CO ₂ eq) 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 that is kept separately from ordinary palm oil throughout the supply chain.
International Labour Organization (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 that 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)	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.
Mass Balance	An internationally-oriented, practical and transparent system for the certification of biomass and bioenergy.
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 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.
Non-governmental organisation (NGO)	Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
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-emergence 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 that 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 need 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.

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