



**HAP SENG
PLANTATIONS**

Creating
Value
Together

SUSTAINABILITY
REPORT

20
19



ABOUT THIS REPORT

The content of the 2019 Hap Seng Plantations sustainability report provides the environmental, economic and social (EES) information and performance data of Hap Seng Plantations Holdings Berhad (Hap Seng Plantations) during the financial year ended at 31 December 2019.

The report is structured to cover the EES performance across 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, we have set up an internal Sustainability Committee responsible for officially coordinating with the various estates and departments in our plantations in assessing and covering all key material sustainability matters within our Group.

In the preparation of this report, we reassessed our key material aspects by engaging with both our internal and external stakeholders through various platforms - group session engagements, by phone and one-to-one interviews. Their inputs have been incorporated into our updated materiality matrix on page 73. We have also incorporated our sustainability targets and achievements on pages 4 to 11 as indicators of our progress in our sustainability journey.

This report is intended to meet the information needs of our stakeholders – particularly customers, shareholders and employees – and to communicate our approach on the EES aspects of our business to all interested parties.

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 (UN SDGs) as stated in pages 4 to 44.

We are committed to continuing our reporting journey and expect to publish a sustainability report annually while drawing upon guidance from Bursa Malaysia Securities Berhad's Sustainability Reporting Framework as well as references the Global Reporting Initiative (GRI) Standards 2016 reporting guidelines. Please refer to the GRI Content Index (pages 87 to 103) for each disclosure used.

This report does not include associate companies or joint venture enterprises. Unless otherwise stated, all data is correct as at 31 December 2019.

VISION & MISSION

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

SUSTAINABILITY PRINCIPLES & VALUES



Economic growth



Environmental protection



Accountable to our stakeholders



Mutually beneficial relationship with our community

CORE VALUES



Integrity



Transparency



Commitment to excellence



Sustainability

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SUSTAINABILITY HIGHLIGHTS 2019

SUSTAINABILITY ACHIEVEMENTS 2019



Launched
HALAL
Policy



Launched
updated
Sustainable Agriculture Policy,
Equal Opportunity Policy,
Freedom of Association and Right to
Collective Bargaining Policy,
Labour Policy for Foreign Workers
and MSPO Policy



Zero
fatalities

50%
reduction

in lost time accidents since 2014



Amongst
earliest
to obtain
**MSPO Supply Chain
Certification Standard
(MSPO SCCS)** for all mills



Obtained
HALAL
certification
for all mills



Assisted
two
neighbouring
independent
local outgrowers/
smallholders to obtain **RSPO**
and **MSPO** certifications



Recognised by
**EU-Malaysia
Chamber of Commerce
and Industry (EUMCCI)**
for **Best Sustainability Reporting**
at the **EUROPA Awards 2019**



Reduced
GHG emissions
intensity to
**1.08 tonnes CO₂e/tonne Crude
Palm Oil**, ahead of
target timeline of 2021



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
2017	• Reduce BOD level to 20 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 certifications of 50% of JPOM 2's external FFB	NOT ACHIEVED* (reset target to 2020)
	• Reduce BOD level to 20 ppm for BPOM	NOT ACHIEVED* (reset target to 2021)
2020	• Reduce BOD level to 20 ppm for TPOM	ACHIEVED IN 2017
	• 70% reduction of COD level at anaerobic treatment for JPOM & BPOM	IN PROGRESS
	• Biogas facilities with methane capture for all mills	IN PROGRESS
2021	• Reduce GHG emissions intensity to between 1.0 to 1.5 tonnes CO ₂ e/tonne Crude Palm Oil	ACHIEVED IN 2018
2022	• RSPO & MSPO certifications of 100% external FFB of JPOM 2 and TPOM • 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	IN PROGRESS


* 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.

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









TARGETS & ACHIEVEMENTS

For Hap Seng Plantations to continuously improve itself in its sustainability journey, yearly targets are set and measured to ensure the Group progresses in the right direction. In this respect, the tabulated information below provides a snapshot of our targets and achievements for the year 2019 across our operations in all sustainability related matters such as Environmental, Economic and Social (employees, community).










Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 1: EMPLOYEES							
No work-related fatalities	Zero fatalities.	Zero fatality recorded.	Zero fatalities.	Zero fatalities.	Occupational safety & health		PG 43
Reduce lost time injury frequency (LTIF) below 2014 level of 4.0	To Reduce LTIF to 1.4.	Achieved target.	To maintain or Reduce LTIF further.	To maintain or Reduce LTIF further.	Occupational safety & health		PG 43
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		PG 47
No child labour	Zero case.	Zero case recorded.	Zero case.	Zero case.	Human & workers' rights		PG 50, 81
Physical security	No theft nor criminal case.	No theft nor criminal case recorded.	No theft nor criminal case.	No theft nor criminal case.	Occupational safety & health		PG 53, 83
TARGET 2 : COMMUNITY							
Assist neighbouring independent local outgrowers/ smallholders in achieving RSPO & MSPO certifications	2 out of 11 independent local outgrowers/ smallholders to successfully get RSPO/MSPO certifications.	Achieved target.	7 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		PG 13, 26, 74

Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 3: ENVIRONMENTAL (BIODIVERSITY)							
Protect forest reserve adjacent to our areas by monitoring the buffer zone	To complete ongoing marking of boundary areas with signage & demarcation on trees using red paint as well as maintain monthly monitoring.	Achieved target.	No encroachment at Forest Reserve area. To maintain forest reserve buffer zone.	No encroachment at Forest Reserve area. To maintain forest reserve buffer zone.	Conserving Biodiversity		PG 67, 68
Monitoring and management of HCV areas	To maintain monthly monitoring of HCV areas.	Achieved target.	To install more camera traps to monitor the biodiversity (fauna) of the HCV areas. To maintain monthly monitoring as well as HCV area.	To maintain monthly monitoring as well as HCV area.	Conserving Biodiversity		PG 67, 68
Monitoring deforestation	To maintain monthly monitoring.	No deforestation activity recorded.	To maintain monthly monitoring and record of no deforestation activity.	To maintain monthly monitoring and record of no deforestation activity.	Conserving Biodiversity	 	PG 68, 74
Implement Rare, Threatened and Endangered (RTE) policy to protect wildlife	To continue with established activities on protection of RTE species. To maintain monitoring of RTE species. To continue training on biodiversity management on annual basis.	No recorded incident of breach.	To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach.	To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach.	Conserving Biodiversity		PG 68

TARGETS & ACHIEVEMENTS






Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 4: ENVIRONMENTAL (CLIMATE CHANGE)							
Reduce GHG emissions intensity of CO₂e /tonne of CPO	No target set but we use the 2021 target as our benchmark.	Achieved ahead of target.	No target set but we use the 2021 target as our benchmark.	To reduce GHG emissions intensity to between 1.0 to 1.5 tonnes CO ₂ e / tonne CPO.	GHG emission discharge & waste management		PG 65
Commissioning Biogas Plants	No target set but we use the 2021 target as our benchmark.	3 mills have access to biogas facilities.	All 4 mills to have access to biogas facilities.	To commission new biogas facilities.	GHG emission discharge & waste management	  	PG 15, 60, 61, 65, 66, 71
No development on peat soil	To maintain a 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		PG 64, 78
Zero burning policy	To maintain Zero burning on estates.	No fire incident recorded.	To maintain no zero burning on estates.	To maintain no zero burning on estates.	GHG emission discharge & waste management	 	PG 69, 77
TARGET 5: ENVIRONMENTAL (WATER RESOURCES)							
Reduce Biological Oxygen Demand (BOD) level due to POME discharge	3 mills to achieve 20 ppm.	Achieved target for JPOM 1, JPOM 2 & TPOM. Did not achieve target for BPOM.	All mills to achieve 20 ppm.	To maintain at 20 ppm target for all mills.	Conserving biodiversity & pollution control		PG 61

TARGETS & ACHIEVEMENTS






Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 5: ENVIRONMENTAL (WATER RESOURCES)							
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	 	PG 63, 82
Water Resource Management Plan	To complete installation of water treatment plant at Kawa estate.	Achieved target.	-	To complete installation of water treatment plant at Pelipikan estate.	Workers access to clean and treated water	 	PG 15, 53, 59, 79
Water usage in operation at mills	To maintain at 1.40 m ³ / tonne FFB.	Target not achieved as there was a 0.02 m ³ /tonne increase in usage to 1.42 m ³ / tonne FFB.	To maintain or reduce water usage at 1.40 m ³ / tonne FFB.	To maintain or reduce water usage at 1.40 m ³ / tonne FFB.	Water resource management		PG 60
TARGET 6: ENVIRONMENTAL (FOOD SAFETY)							
Reduction in toxicity units per planted hectare (herbicide only)	To maintain or lower the toxicity rate as compared to previous year.	Achieved target as toxicity per hectare was reduced from 348 per hectare in 2018 to 262 per hectare in 2019.	To maintain or 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	  	PG 64
Obtain Food safety certification	To obtain HALAL certification. To maintain certification for HACCP.	Achieved target.	To maintain certification for both HALAL and HACCP.	To maintain certification for both HALAL and HACCP.	Food safety & Sustainable production		PG 14, 38, 41




TARGETS & ACHIEVEMENTS

Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 7: LEGAL COMPLIANCE							
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	 	PG 53, 58, 59, 62
Sabah Water Resources Enactment 1998		No violation recorded.			Code of ethics & governance		PG 58, 62, 63
Department of Irrigation and Drainage guideline		No violation recorded.			Code of ethics & governance	  	PG 58, 61, 62
Sabah Wildlife Enactment & the International Union for Conservation of Nature (IUCN) Red List		No violation recorded.			Code of ethics & governance	 	PG 68, 77
Environmental Quality Act 1974		No violation recorded.			Code of ethics & governance		PG 58, 69
Environmental Quality (Scheduled Wastes) Regulation 2005		No violation recorded.			Code of ethics & governance		PG 72
Occupational Safety and Health Act 1994		No violation recorded.			Code of ethics & governance	 	PG 43, 44, 46, 76, 78

Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 8: ECONOMICS							
FFB yield per hectare	To benchmark the FFB yield between Sabah yield (17.66 MT per hectare) and our forecast 21.00 MT per hectare.	Achieved target as our yield were higher at 20.81 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		PG 22
Oil extraction rate (OER)	To benchmark the OER between Sabah OER (20.97%) and our forecast (21.36%).	Target was 0.02% 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		PG 23
TARGET 9: CERTIFICATIONS							
RSPO P & C	To maintain 100% certification for all mills. To remain certified, annual surveillance audits are carried-out at yearly basis while recertification audit 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	 	PG 14, 31, 38
ISCC EU	To maintain certification. 100% mills were certified in 2016. To remain certified, recertification audit is done every year.	Achieved target. Passed recertification audit.	To maintain certification.	To maintain certification.	Food safety & Sustainable production		PG 14, 31, 38

TARGETS & ACHIEVEMENTS

Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 9: CERTIFICATIONS							
HACCP	<p>To maintain certification.</p> <p>100% mills were certified in 2017.</p> <p>To remain certified, annual surveillance audits are carried-out at yearly basis while recertification audit is done every 3 years.</p>	<p>Achieved target.</p> <p>Passed recertification/ annual surveillance audit.</p>	To maintain certification.	To maintain certification.	Food safety & Sustainable production		PG 14, 31, 38
MSPO	<p>To maintain certification.</p> <p>100% estates & mills were certified in 2018.</p> <p>To remain certified, annual surveillance audits are carried-out at yearly basis while recertification audit is done every 5 years.</p>	<p>Achieved target.</p> <p>Passed recertification /annual surveillance audit for estates and mills.</p>	To maintain certification.	To maintain certification.	Food safety & Sustainable production	 	PG 14, 31, 38
MSPO SCCS	<p>To maintain certification.</p> <p>100% mills were certified ahead of mandatory deadline of 1 January 2020.</p> <p>To remain certified, annual surveillance audits are carried-out at yearly basis while recertification audit is done every 5 years.</p>	<p>Achieved MSPO SCCS certification for all mills.</p>	To maintain certification.	To maintain certification.	Food safety & Sustainable production	 	PG 14, 31, 38

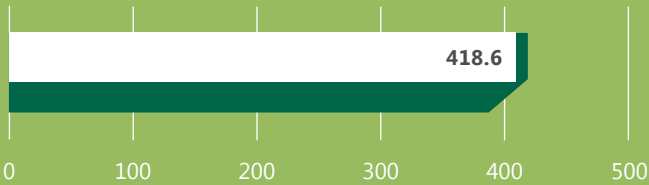
Key Sustainability matters	Target 2019	Status of Target	Target 2020	Target 2021	Material Matters addressed	Relevant to UN SDGs	Reported in PG
TARGET 9: CERTIFICATIONS							
MS ISO/IEC 17025	To maintain accreditation. To remain accredited, annual surveillance audits are carried-out at yearly basis while re-accreditation audit is done every 3 years.	Achieved target. Passed re-accreditation/ annual surveillance audit.	To maintain accreditation.	To maintain accreditation.	Food safety & Sustainable production		PG 14, 31, 38, 41
HALAL	To obtain HALAL certification for all mills. To remain certified, recertification audit is done every 2 years.	Achieved target. Passed recertification audit.	To maintain certification.	To maintain certification.	Food safety & Sustainable production		PG 14, 31, 38, 41
MeSTI	To obtain certification for 2 mills (JPOM 1 & BPOM).	Achieved target.	To obtain certification for 4 mills (JPOM 1, JPOM 2, TPOM & BPOM).	To maintain certification.	Food safety & Sustainable production		PG 14, 31, 38, 41

- For more details of material issues addressed by Hap Seng Plantations, please refer to pages 73 to 86.

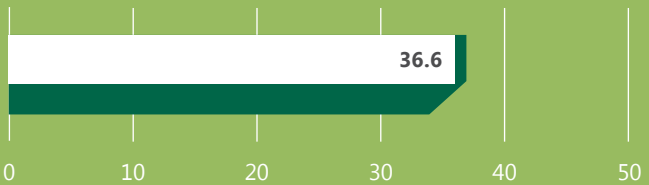
PERFORMANCE HIGHLIGHTS

FINANCIALS

Our Revenue (RM Million)



Profit Before Tax (RM Million)

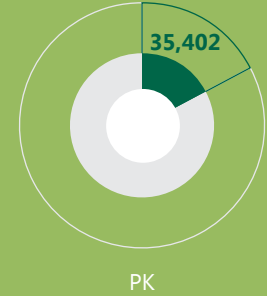
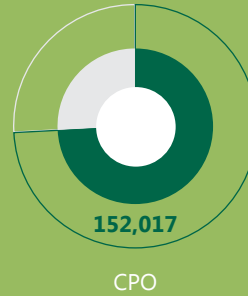


Basic Earning Per Share (sen)

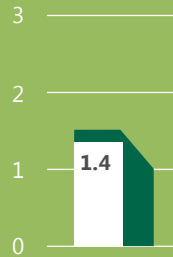


OPERATIONS

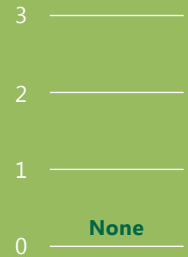
Total Production Volumes (MT)



SAFETY & HEALTH



LTFR – 1.4 incident per 200,000 working hours



Fatal Accident Rate



ENVIRONMENT

FFB Processed

68% or **490,445 MT** processed by identity preserved mills (JPOM 1 and BPOM)

32% or **235,338 MT** processed by mass balance mills (JPOM 2 and TPOM)

CPO Production

CSPO
67% or **102,243 MT** from identity preserved mills (JPOM 1 and BPOM)

CPO
33% or **49,774 MT** from mass balance mills (JPOM 2 and TPOM)

PK Production

CSPK
69% or **24,312 MT** from identity preserved mills (JPOM 1 and BPOM)

PK
31% or **11,090 MT** from mass balance mills (JPOM 2 and TPOM)



SOCIAL

Best Sustainability Reporting
Best Quality CPO Supplier 2019

MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS



Welcome to the Hap Seng Plantations Holdings Berhad 2019 Sustainability Report, our fifth to date as we report to you our Group's sustainability practices. This report outlines our ongoing sustainability journey and provides detailed insight into our progress – including our commitments, challenges and achievements.

Overall, 2019 was again an extremely challenging year for the oil palm plantations industry as it faced its longest depression in CPO prices. As a result most plantations companies turned in reduced profits and even losses.

This downturn was reflected in our revenue for 2019 and 2018, which fell by 25% and 30%, respectively, to approximately RM419 million (2019) and RM391 million (2018) as compared to the RM555 million registered in 2017. The 2019 revenue showed a 7% improvement as compared to 2018.

In 2019, our sustainability focus was in strengthening our internal systems to ensure that we live up to our commitments while ensuring continuous improvement in our performance. This can be seen with the introduction of new and updated policies that included HALAL, MSPO, equal opportunity, labour policy for foreign workers, freedom of association and collective bargaining as well as the sustainable agriculture policy.

Significant resources were also invested to support the independent local outgrowers and smallholders within our supply chain so we can help them achieve RSPO and

MSPO certifications. The reason for our effort is to uplift our traceability target, and as such, we have made significant progress on the traceability of our products. The ultimate goal is the future inclusion of RSPO certified external FFB which will increase the proportion of our products that can be categorised as fully traceable, segregated and identity preserved.

At the time of reporting, we were able to convince seven out of the 11 independent local outgrowers and smallholders (64%) to participate in obtaining the RSPO and MSPO certifications. So far, three independent local outgrowers and smallholders have completed the RSPO and MSPO (Stage 1 and 2) audits in September/October 2019 while another four independent local outgrowers and smallholders have undergone both RSPO and MSPO (Stage 1) audits as at January 2020. This has enabled two independent local outgrowers and smallholders to successfully obtain their RSPO and MSPO certifications in March 2020.

In addition to helping our independent local outgrowers and smallholders obtain RSPO and MSPO certifications, we also extended our foliar and soil sampling analysis services to them. This service has helped to provide dependable recommendations on fertilizer usage to the independent local outgrowers and smallholders especially in applying the correct fertilizer dosage for them to achieve optimum FFB yields.

MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS



Our hope is that these steps will support the wider adoption of sustainability certification in our industry and help to counter the negative perceptions held by some markets about the palm oil business. We believe that our own operations demonstrate that palm oil is a hugely valuable crop, and that, its cultivation can drive community prosperity and environmental stewardship.

We made another breakthrough in our quest to achieve wider acceptance of our products without compromising on our sustainability commitment. In 2019, we managed to have all our palm oil mills HALAL certified. This certification not only provides confidence to Muslim buyers but also open up a totally new market for our products.

Beside the globally recognised HACCP certification, we also strongly supported our national food safety standard by obtaining MeSTI (Makanan Keselamatan Tanggungjawab Industri) for two of our mills. We target to have all our mills certified in 2020.

In the area of sustainability certification, we continued to support our national sustainability standard by achieving MSPO Supply Chain Certification Standard (SCCS), an extension of the MSPO certification focused on traceability. We were able to achieve full certification for all mills in December 2019, ahead of the mandatory deadline of 1 January 2020.

In terms of mechanisation to improve productivity and reduce dependency on manpower in field operations, we implemented the motorised cutter to harvest FFB and mechanical fertilizer spreader for efficient application. We have also adopted new methods in field upkeep where we implemented the Control Droplet Application (CDA) spraying instead of the conventional spraying which practically reduce chemical usage and improve productivity. Some of the fields have also implemented the Lorry Bin System and Double Dock system where practical, as they reduce diesel consumption and improve payloads.

In the area of workers' safety and health, we recorded zero fatalities in our operations for two consecutive years since 2018. We have always recognised that safety awareness needed to be conveyed to all levels of workforce especially to those on the ground. In order to have the message ingrained in them, we provide regular training via counselling method to both drivers and harvesters, as they form the highest risk group.

In 2019, Hap Seng Plantations began monitoring the noise level in our mills as required by the onset of the new OSH (Noise Exposure) Regulation 2019, beginning with BPOM.

Hap Seng Plantations is also making progress in reducing our greenhouse gas emission (GHG) from our plantations operations. By using the globally recognised RSPO PalmGHG calculator, I am pleased to announce that we, once again, managed to cut our GHG emissions by 26% to 1.08 tonnes of CO₂ equivalent per tonne of CPO (MT CO₂e/MT CPO) from 1.45 MT CO₂e/MT CPO in 2018.



MESSAGE FROM THE CHIEF EXECUTIVE – GROUP PLANTATIONS

This reduction is again attributed to the effectiveness of the methane gas capture system since the 2017 commissioning of the our first biogas plant with two biogas facilities at our two palm oil mills – Jeroco Palm Oil Mill 1 (JPOM 1) and Jeroco Palm Oil Mill 2 (JPOM 2).

With the success of the the above two biogas facilities in contributing to the lowering of our GHG, we commissioned a third biogas plant at BPOM with a single biogas facility. This biogas plant is already in operation since February 2020 and is expected to greatly reduce our GHG further.

Apart from that, we have also made further provision for the establishment of an additional two belt presses at BPOM. This again is expected to help reduce the BOD level at BPOM's effluent ponds.

Our workers and community welfare have always been a concern for Hap Seng Plantations. Our efforts to build conducive workplaces as well as supporting our local communities in the area by providing basic infrastructure and workers' housing have always been part of our good business practices. This year, despite the challenging economic conditions, Hap Seng Plantations continued to invest in improving the welfare of our workers and community. Our contributions included the establishment of three water treatment plants in Kawa estate and newly built staff and workers housing at JPOM 1, BPOM, Batangan Estate and Plantation Central Office (PCO).

The commissioning of the biogas facility in BPOM in February 2020 will also benefit the community there as it will mean that they will be 24 hours electricity supply to the workers housing area.

As for the local community, especially surrounding villagers, we continued to maintain and upkeep the roads and ferries at the Group's expenses.

We are very happy to note that our sustainability progress continues to be acknowledged. Our 2018 sustainability report was recognised by the EU-Malaysia Chamber of Commerce & Industry (EUMCCI) as the Best Sustainability report on 28 November 2019 when we were awarded the Europa Awards for Best Sustainability Reporting. The EUMCCI stated that the awards was in recognition of companies that have shown exemplary business excellence in the field of sustainability and contributed to the long-term benefit of Malaysian society and economy.



In 2019, we further upscaled our materiality assessment by expanding our scope to involve our stakeholders by obtaining their inputs. We conducted several group engagement sessions, phone and one-to-one interviews. Based on our sessions with them, we were able to identify and map their expectations and inputs on various EES topics to ours. The results have been incorporated into our updated materiality matrix as indicated in page 73 of this report.

This exercise has been very rewarding and is fundamental for the Group to live up to the expectations of our stakeholders and align our business values, purposes and strategies with sustainability principles as prescribed for in the making of a sustainable company.

We have indeed made significant progress since our inaugural sustainability report in 2015 – but we do openly acknowledged that much more need to be done and we intend to work harder at integrating and mainstreaming our sustainability efforts into our operations. As always, our success depend on the commitments and collective effort of our people. I would like to sincerely record my thanks to each and every employee for helping us determine the direction of our sustainability journey and take meaningful steps every day. Ultimately, it is our action that defines our commitment on sustainability.

AU YONG SIEW FAH

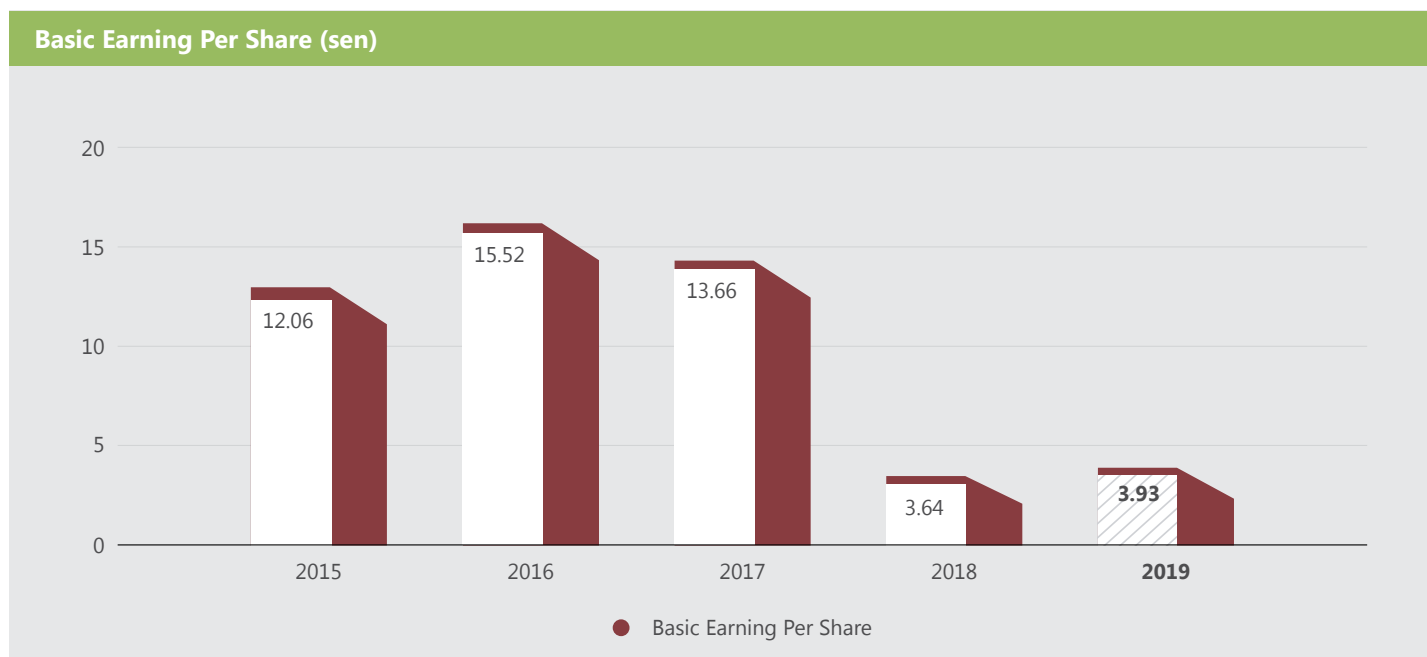
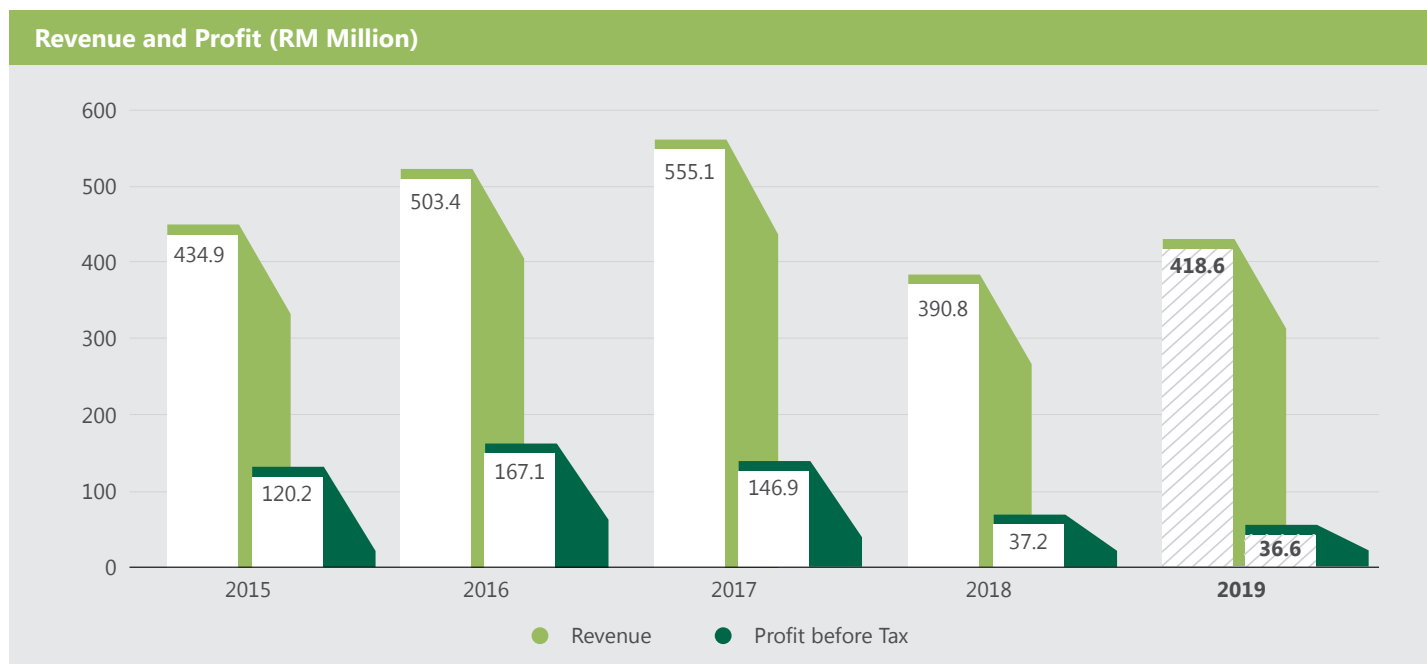
Chief Executive – Group Plantations

FINANCIAL REVIEW

FINANCIAL RESULTS

	2019	2018
Revenue (millions)	RM418.6	RM390.8
Profit before Tax (millions)	RM36.6	RM37.2
Basic earnings per share	3.93 sen	3.64 sen


KEY HIGHLIGHTS




OVERVIEW OF HAP SENG PLANTATIONS


4 Palm Oil Mills


14 Estates (SS1 & SS2 combined)*


41,000 Ha (approximately) Total Landbanks


36,000 Ha (approximately) Planted areas

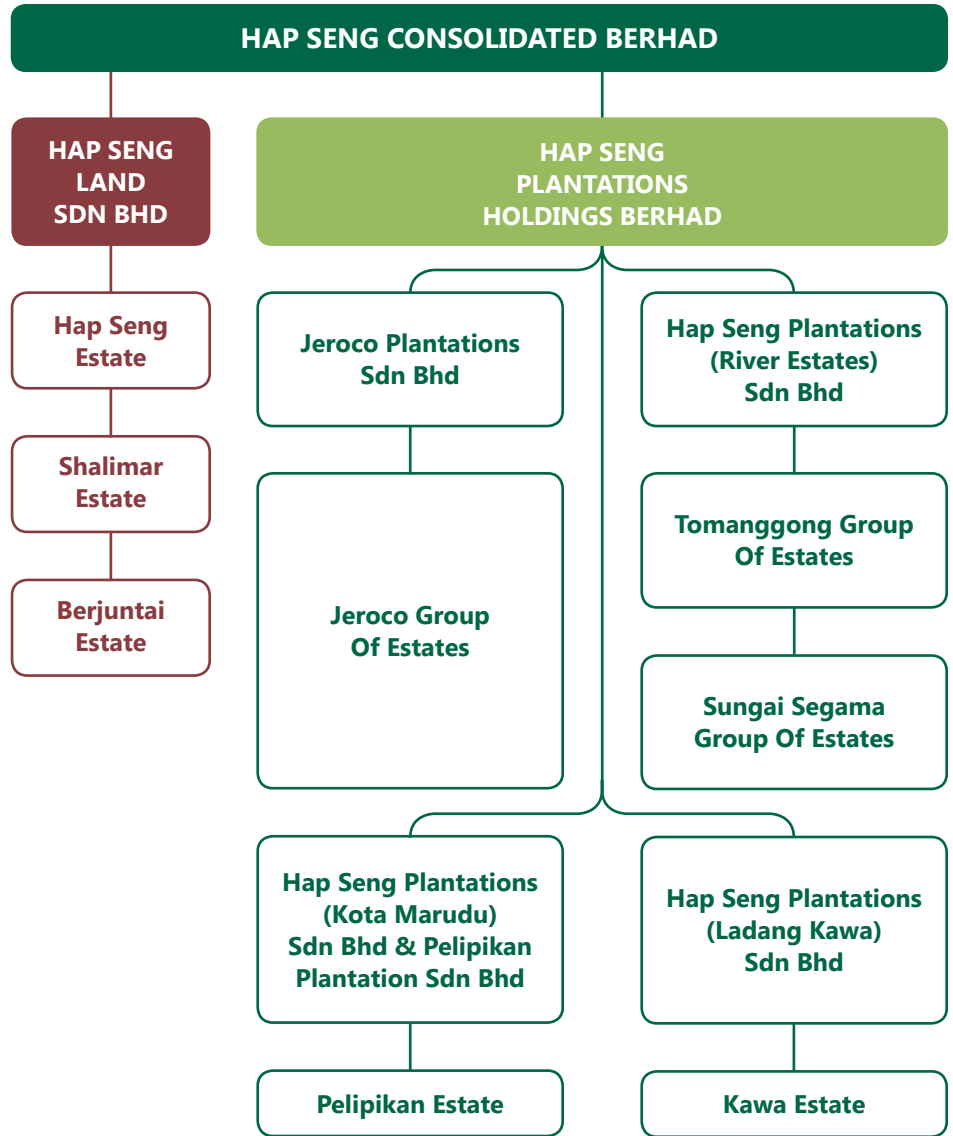

7,479 Workers


Markets



	Domestic Market
	Export Market

* In 2019, the Sg Segama 1 (SS1) and 2 (SS2) estates were amalgamated into a single estate to be known as the Sg. Segama estate (SSE).



Hap Seng Plantations is 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. A publicly listed company on Bursa Malaysia, HSCB has a 53.04% shareholding in Hap Seng Plantations as at 31 December 2019.

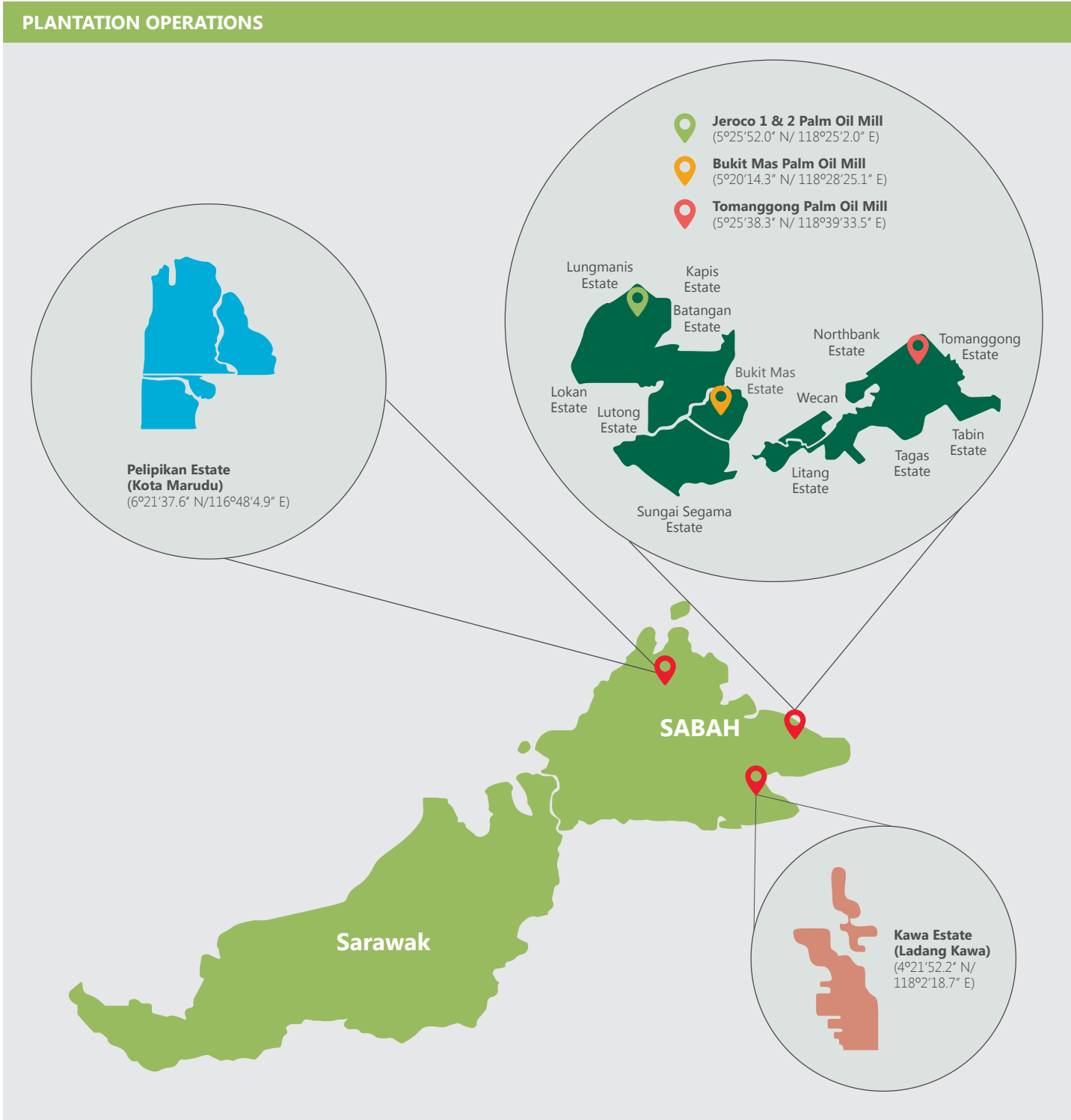
Hap Seng Plantations' estates are located on a contiguous plot of land in the Lahad Datu region of Sabah, Malaysia. Hap Seng Plantations has a landbank of around 41,000 hectares (Ha), of which 36,000 ha are cultivated with oil palm. The remaining land is set aside for buildings – including four mills, housing for our more than 7,400-strong workforce. A further 1,400 Ha are maintained as conservation area.

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

OVERVIEW OF HAP SENG PLANTATIONS

Hap Seng Plantations has been a member of the RSPO since 2005. The application of RSPO and MSPO Principles & Criteria (P&C) ensures that we continue to benchmark against and remain in step with other leading oil palm plantations 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.



OUR PALM OIL VALUE CHAIN


 Planted
36,000 Ha
 in Sabah, Malaysia



Estates

Replanting, harvesting, produce FFBs, research on soils and plant growth.



Mills

Process FFBs from both internal and external sources; produce both CSPO & CSPK as well as CPO and PK.



Shipping

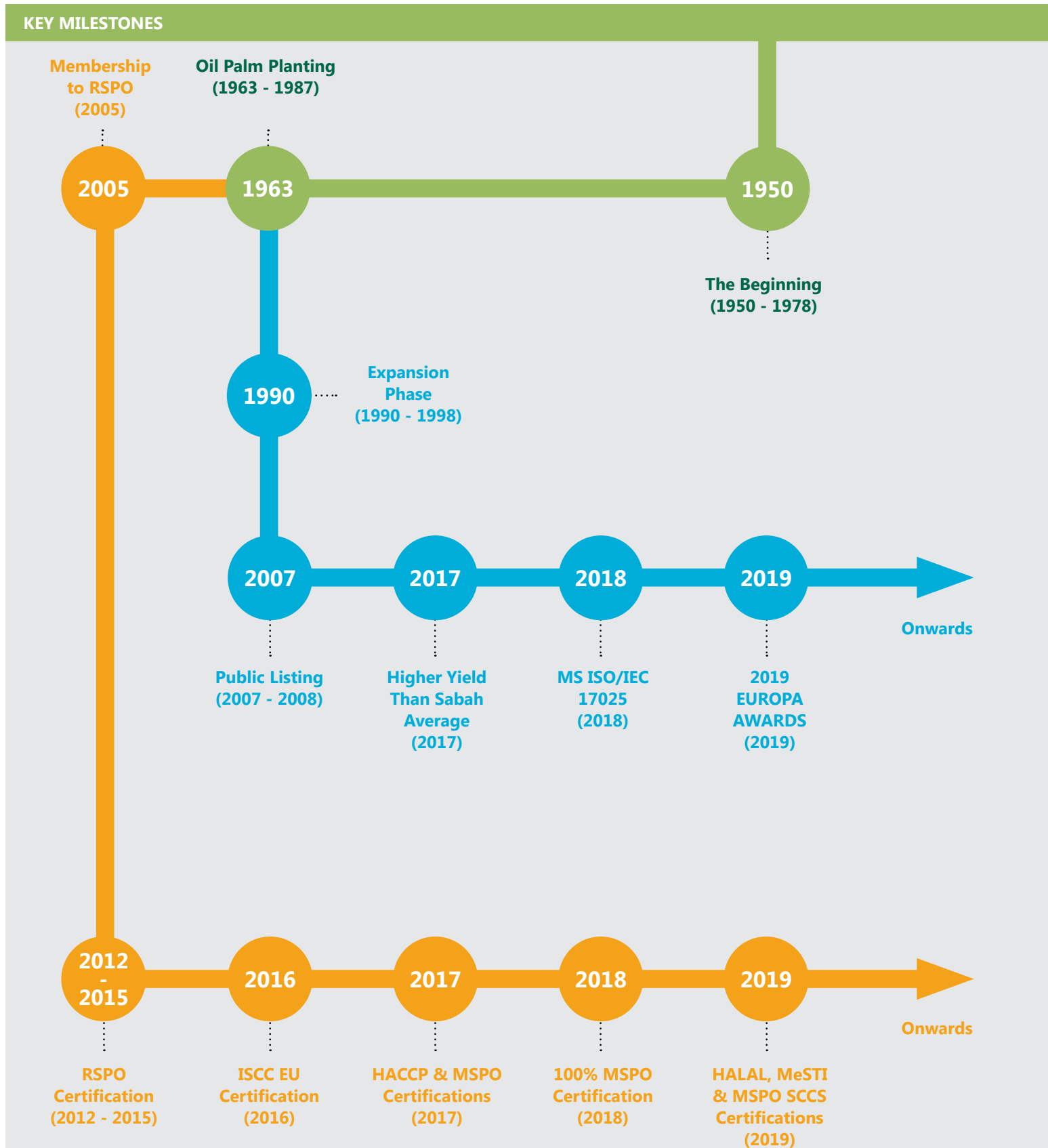


Refineries



Commercial Product

OVERVIEW OF
HAP SENG PLANTATIONS



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 5 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)

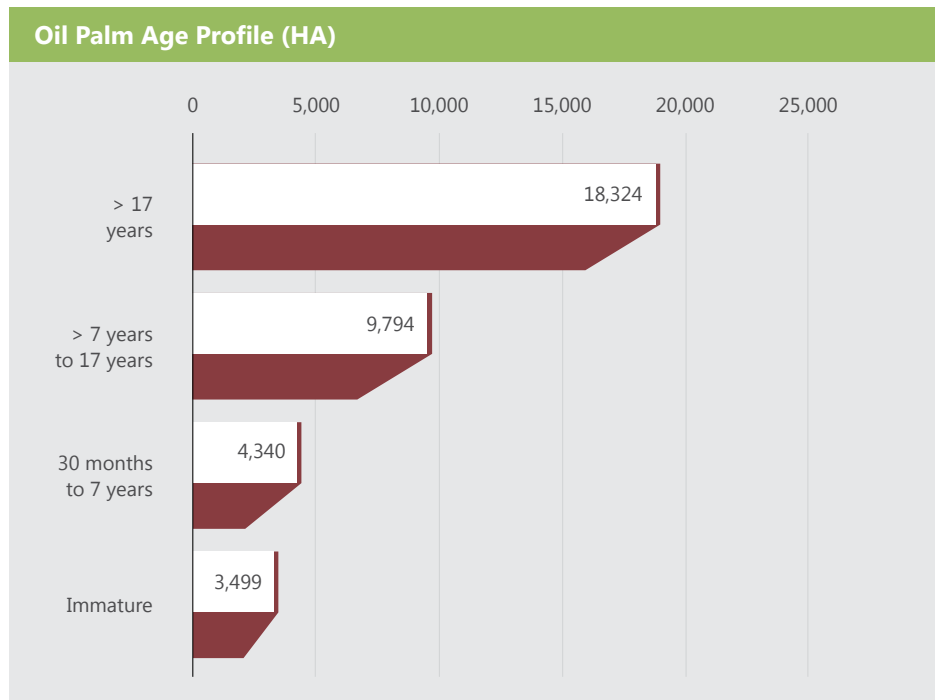
- Among the earliest companies to be certified

HALAL, MeSTI & MSPO SCCS Certifications (2019)

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

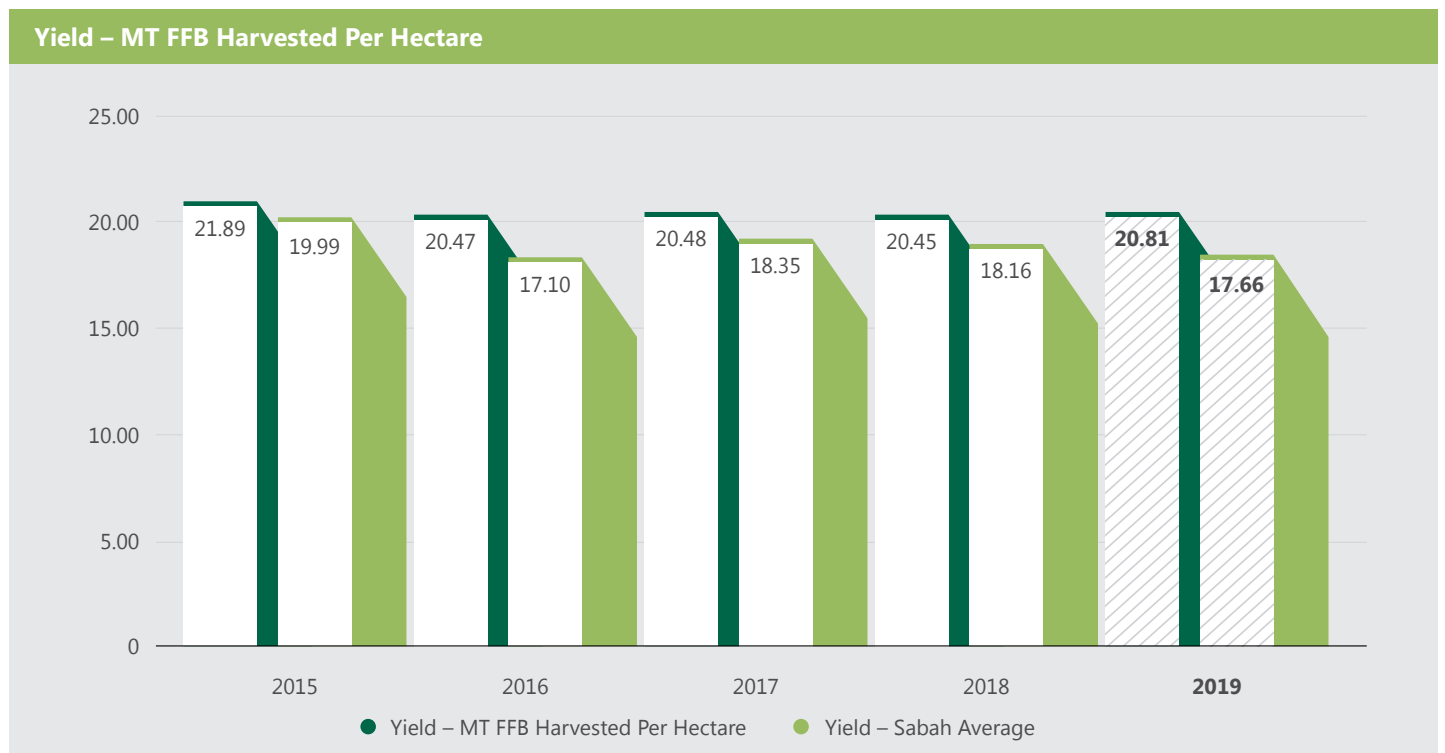
OVERVIEW OF HAP SENG PLANTATIONS

OPERATIONAL REVIEW - Our Palm Age Profile



The average age of our oil palms is 15.82 years, and around 90% of our planted area consists of mature palms. Our replanting programme (about 4% per annum) ensures that we maintain an optimal age profile and level of productivity.

Our Yield

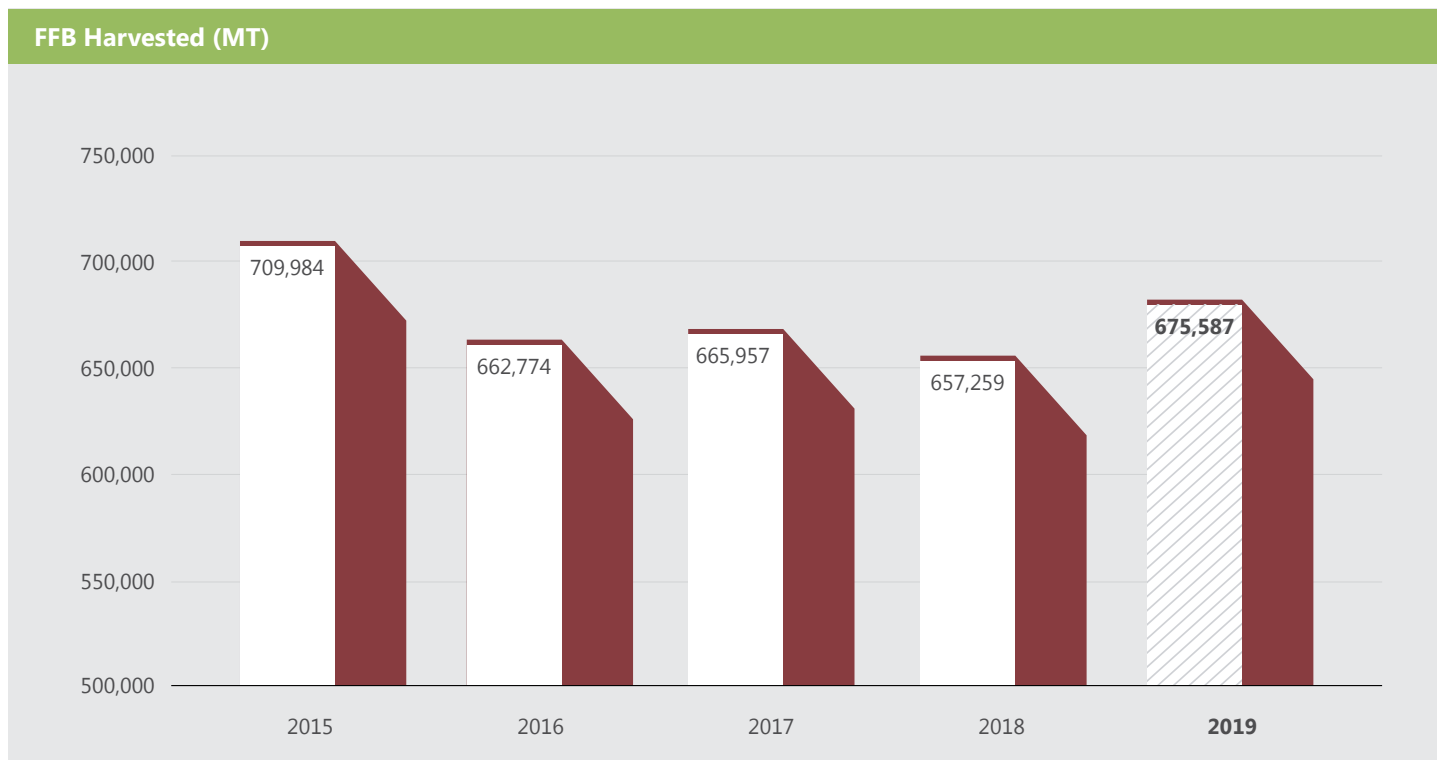


In 2019, our estates produced 675,587 tonnes (MT) of fresh fruit bunches (FFB). At 20.81 tonnes per hectare, our average yield has remained higher than the average for Sabah for the past five years. This is due to our focus on best management practices and the use of premium and high quality planting materials, such as Hybrid DxP seeds, throughout our estates.

Estates Under Management

Hap Seng Plantations also provides management and advisory services. Under this service, we manage a 212-Ha plantation near Kawa estate, and a 576-Ha plantation near Kuala Selangor, on behalf of a related company, Hap Seng Land Sdn Bhd. Another 857 Ha, belonging to GLM Emerald (Sepang) Sdn Bhd (formerly known as Vintage Height Sdn Bhd), a joint venture between HSCB and Guocoland (M) Bhd, is also covered by our management and advisory services.

FFB Harvested



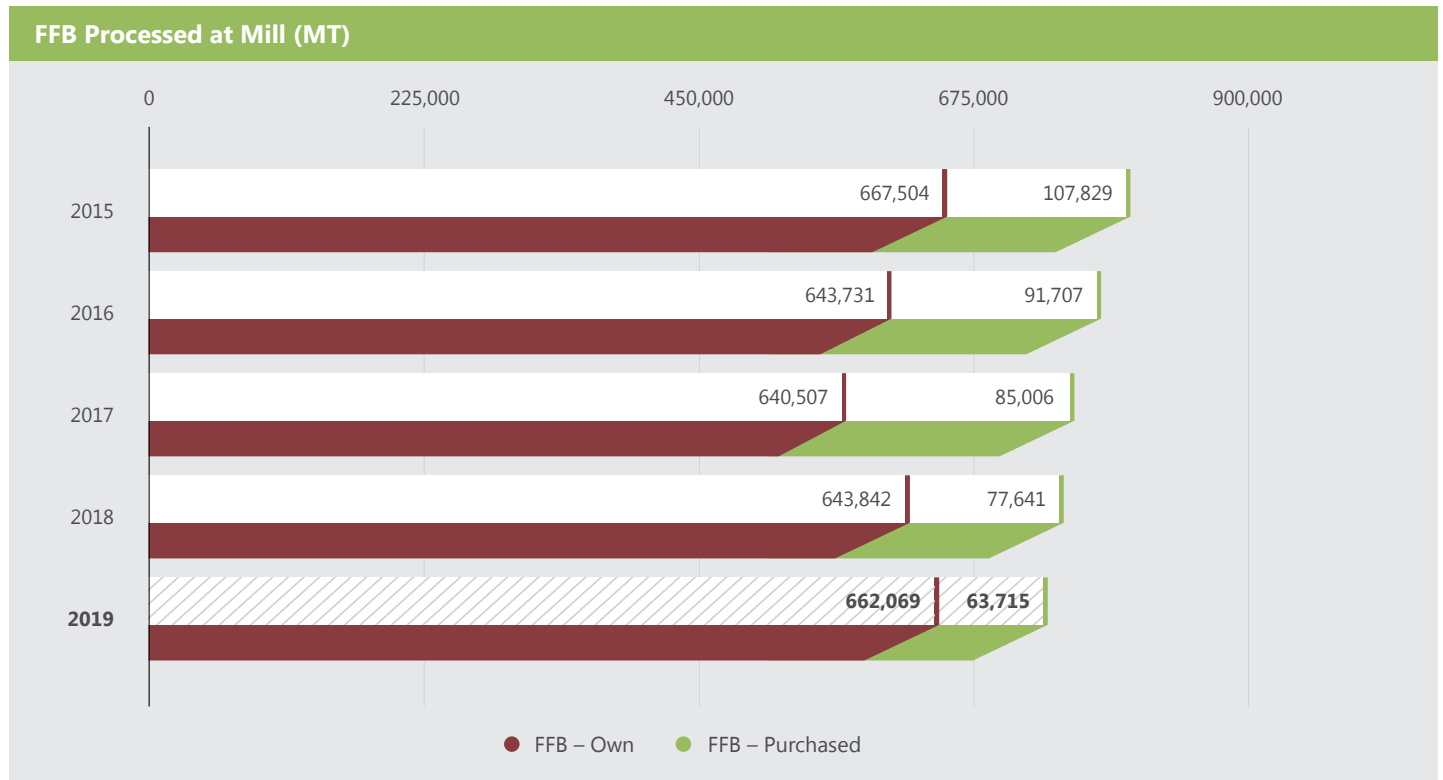
Group Yields and Extraction Rate

Hap Seng Plantations processed a total of 725,783 MT of FFB in 2019. 662,069 MT or 91% of FFB are produced by our own plantations while the remaining 63,715 MT or 9% were bought from our neighbouring independent local outgrowers and smallholders.

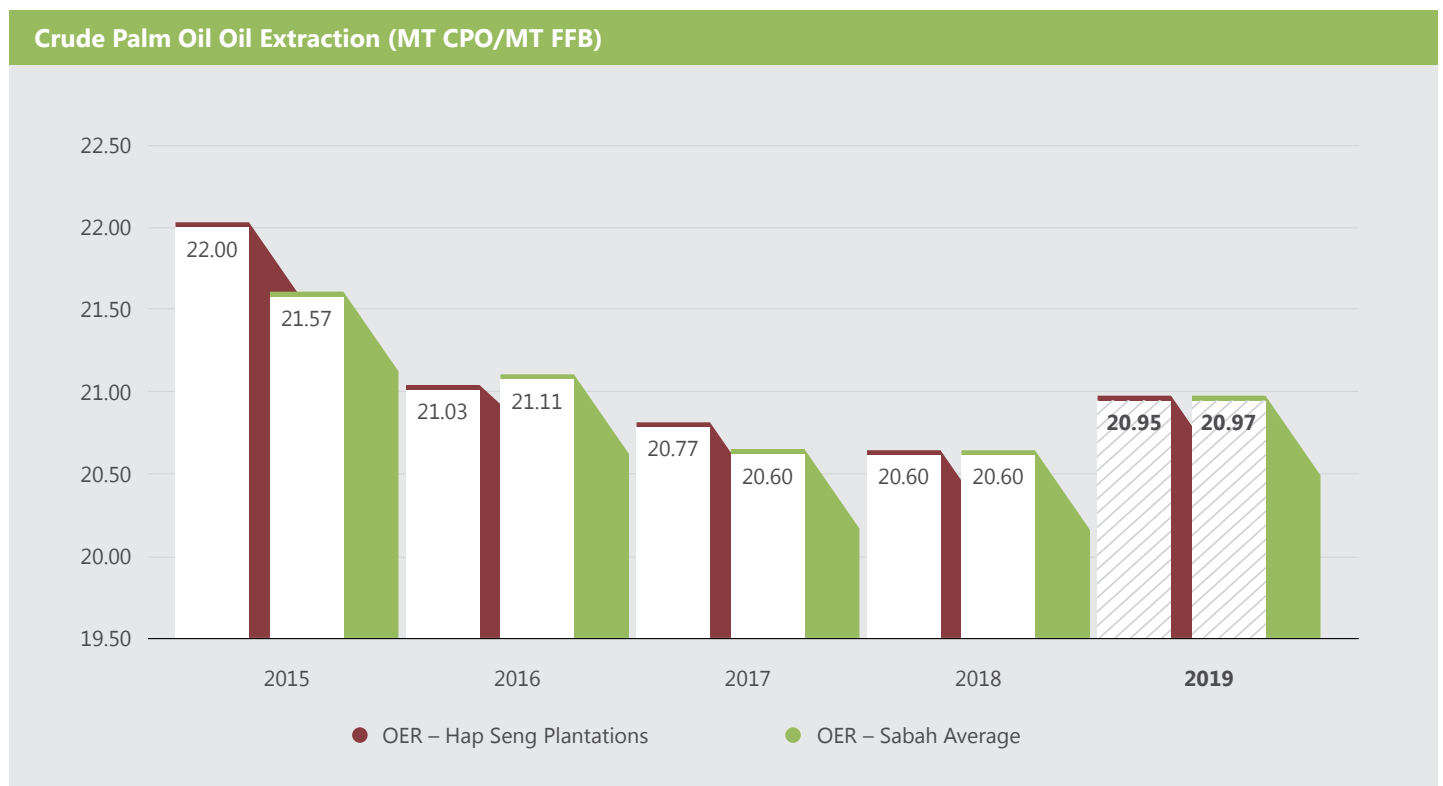
We operate two identity preserved (IP) mills and two mass balance (MB) mills in Lahad Datu where all four mills are RSPO certified. With a combined milling capacity of 180 tonnes of FFB per hour, our mills produced 152,017 MT of CPO in 2019, with an average oil extraction rate (OER) of 20.95%. This was in line with the average extraction rate for palm oil mills in Sabah.

In 2019, 68% or 490,445 MT of FFB were purchased from our own estates and independent local outgrowers and smallholders and processed by our identity preserved mills (JPOM 1 and BPOM). Our mass balance mills (JPOM 2 and TPOM) handled the remaining 32% or 235,338 MT.

OVERVIEW OF HAP SENG PLANTATIONS



In 2019, 67% or 102,243 MT of total CPO production was extracted by our identity preserved mills (JPOM 1 and BPOM), while 33% or 49,774 MT was produced by our mass balance mills (JPOM 2 and TPOM).





SOURCING SUSTAINABLY – Independent Local Outgrowers and Smallholders

We experienced a drop of 2% in total FFB processed at our two mass balance mills in 2019 from 11% in 2018 to 9% in 2019. Sourced from our 11 external independent local outgrowers and smallholders, the reason for the decline was low crop production.

In 2019, none of the FFB purchased from our third party (independent local outgrowers and smallholder) suppliers are either RSPO or MSPO certified as we do not have a sourcing policy requiring RSPO certified sources. 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 11 suppliers are:

External Suppliers	Locations	Coordinate
JPOM 2		
Harus Abadi Sdn Bhd & First Raintree Sdn Bhd	Kinabatangan, Sabah	5°26'10.0"N 118°33'38.6"E
Bukit Kretam Sdn Bhd	Kinabatangan, Sabah	5°28'55.5"N 118°35'35.8"E
Casem Sdn Bhd & Sangi Enterprise Sdn Bhd	Kinabatangan, Sabah	5°26'59.0"N 118°35'09.7"E
LKM Trading	Kinabatangan, Sabah	5°18'31.9"N 118°29'53.5"E
Lebijaya Sdn Bhd	Kinabatangan, Sabah	5°21'38.8"N 118°31'02.4"E
TPOM		
LPC Plantations Sdn Bhd	Kinabatangan, Sabah	5°26'52.9"N 118°41'04.2"E
Spark Glory Sdn Bhd	Kinabatangan, Sabah	5°18'51.1"N 118°34'32.7"E
Khoo Chin Hung	Kinabatangan, Sabah	5°22'27.6"N 118°44'27.9"E
Lim Engit Fun	Kinabatangan, Sabah	5°23'14.3"N 118°42'37.4"E
Korporasi Pembangunan Desa	Kinabatangan, Sabah	5°34'46.9"N 117°50'30.5"E
Chin Hock Vui	Kinabatangan, Sabah	5°26'40.8"N 118°41'01.2"E

OVERVIEW OF HAP SENG PLANTATIONS



To-date, seven out of our 11 independent local outgrowers and smallholders (64%) have indicated their willingness to participate in activities towards RSPO and MSPO certifications, as compared to 27% in 2017. Moreover, two independent local outgrowers and smallholders had successfully obtained their RSPO and MSPO certifications in March 2020.

Our first meeting with independent local outgrowers and smallholders was conducted in January 2018. During the consultation stage, we asked independent local outgrowers and smallholders to commit to our policies covering no planting on peat soil, zero burning, deforestation, human rights, Free, Prior and Informed Consent (FPIC), and the protection of HCV areas.

The seven out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications had adopted sustainability policies from Hap Seng Plantations as these policies comply with the requirement set by RSPO and MSPO. Hap Seng Plantations will conduct independent internal audits on these independent local outgrowers and smallholders twice a year to gauge on their compliance to our company policies. In 2019, we have conducted two internal audits each on all the seven independent local outgrowers and smallholders.

Though it was a challenging start to convince our independent local outgrowers and smallholders, the current acceptance rate has convinced us to target RSPO certification for all external FFB and 100% traceability by 2022. This target has also taken into consideration the initial resistance we have encountered from independent local outgrowers and smallholders who do not see the benefit from the increased effort required to obtain certification.

In our effort to bring them on board, Hap Seng Plantations has offered to provide free technical support (including training, policy implementation and the development of standard operating procedures) 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 also hope that the work undertaken by RSPO in proving 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.

VALUES, GOVERNANCE AND ETHICS

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



FIVE 'CODE OF CONDUCT' PRINCIPLES

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

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

OUR FIVE PRINCIPLES

- | | |
|--------------------------|---------------------------|
| 1
Honesty & Integrity | 4
Whistleblowing |
| 2
Confidentiality | 5
Conflict of interest |
| 3
Compliance with law | |

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 11 members: a managing director, three executive directors, two non-independent non-executive directors, and five 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. There is one female executive director on the Board.

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

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



PUTTING 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 malpractice or misconduct that they witness, and to provide 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. There are no cases of corruption, extortion or bribery involving our workers and staff to date.

In this aspect, seven out of 11 independent local outgrowers and smallholders had already adopted policies on ethical conduct and anti-corruption policies from Hap Seng Plantations once they committed themselves to the adoption of RSPO and MSPO certifications.

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.

SUSTAINABILITY AT HAP SENG PLANTATIONS

WHY SUSTAINABILITY?

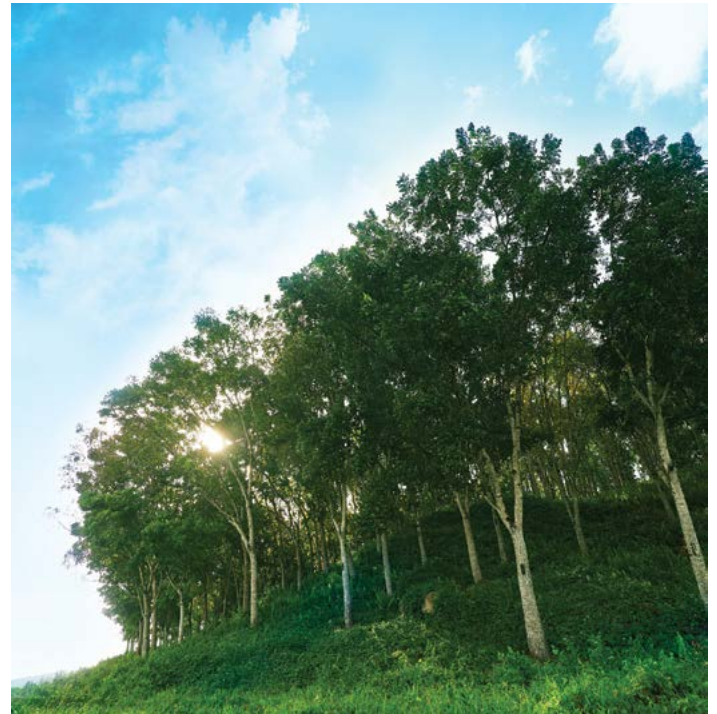
At Hap Seng Plantations, we believe that our approach to sustainability provides assurance to our business partners and our community that we will always strive to achieve a long-term balance between social, economic and environmental objectives. It is this approach that forms the basis of our business model.

OUR SUSTAINABILITY GOAL

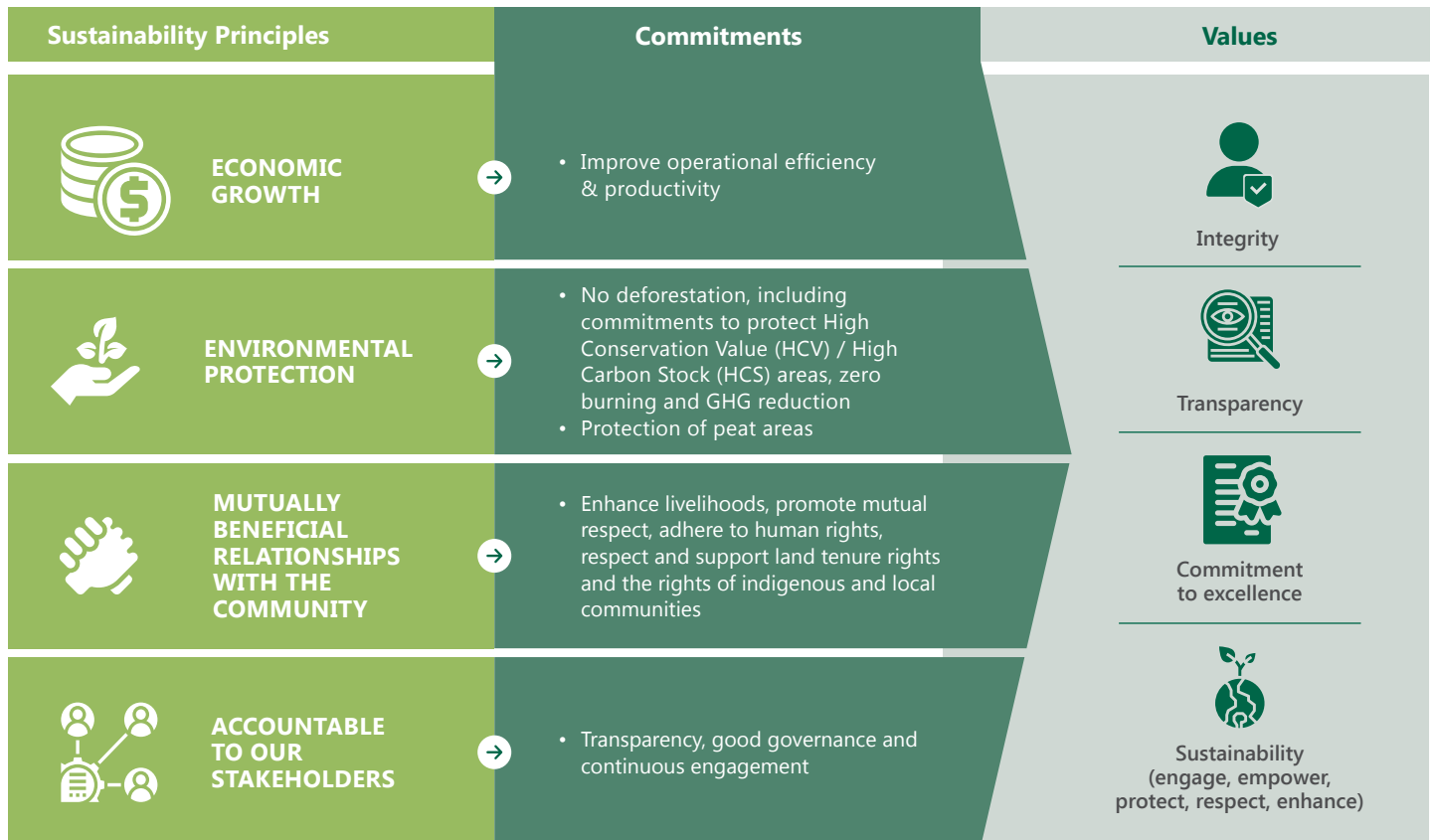
Become sustainable and capable of producing 100% CSPO & certified sustainable palm kernel oil (CSPK) by 2022 (both internal & external).

SUSTAINABILITY PRINCIPLES, COMMITMENTS AND VALUES

Elements of sustainability have long been embedded in the operations of Hap Seng Plantations. These include our early adoption of RSPO and MSPO certifications, and our longstanding implementation of good agricultural practices, such as our strict zero-burning policy.



These elements form the basis of our sustainability principles, commitments and values.



SUSTAINABILITY AT HAP SENG PLANTATIONS

OUR SUSTAINABILITY FRAMEWORK – STRATEGIES, GOALS AND THE UN SDGS

Our sustainability framework is derived from the three pillars of sustainability – social (preserving equitable distribution and quality of life), environmental (protecting the environment from unsustainable use) and economic (fair distribution and efficient allocation of resources) – and is linked to the United Nations Sustainable Development Goals.



SUSTAINABILITY STRATEGY

Our approach to sustainability in 2019 focuses on monitoring our established policies and to measure their effectiveness. This is our commitment to continuous improvement in our sustainability performance so that we can expand our external outreach to the independent local outgrowers and smallholders within our supply chain. Our goal is to support and encourage them to seek RSPO and MSPO certifications while ensuring that we continuously pursue new and, at the same time, maintain existing sets of beneficial national and international standards and certifications.

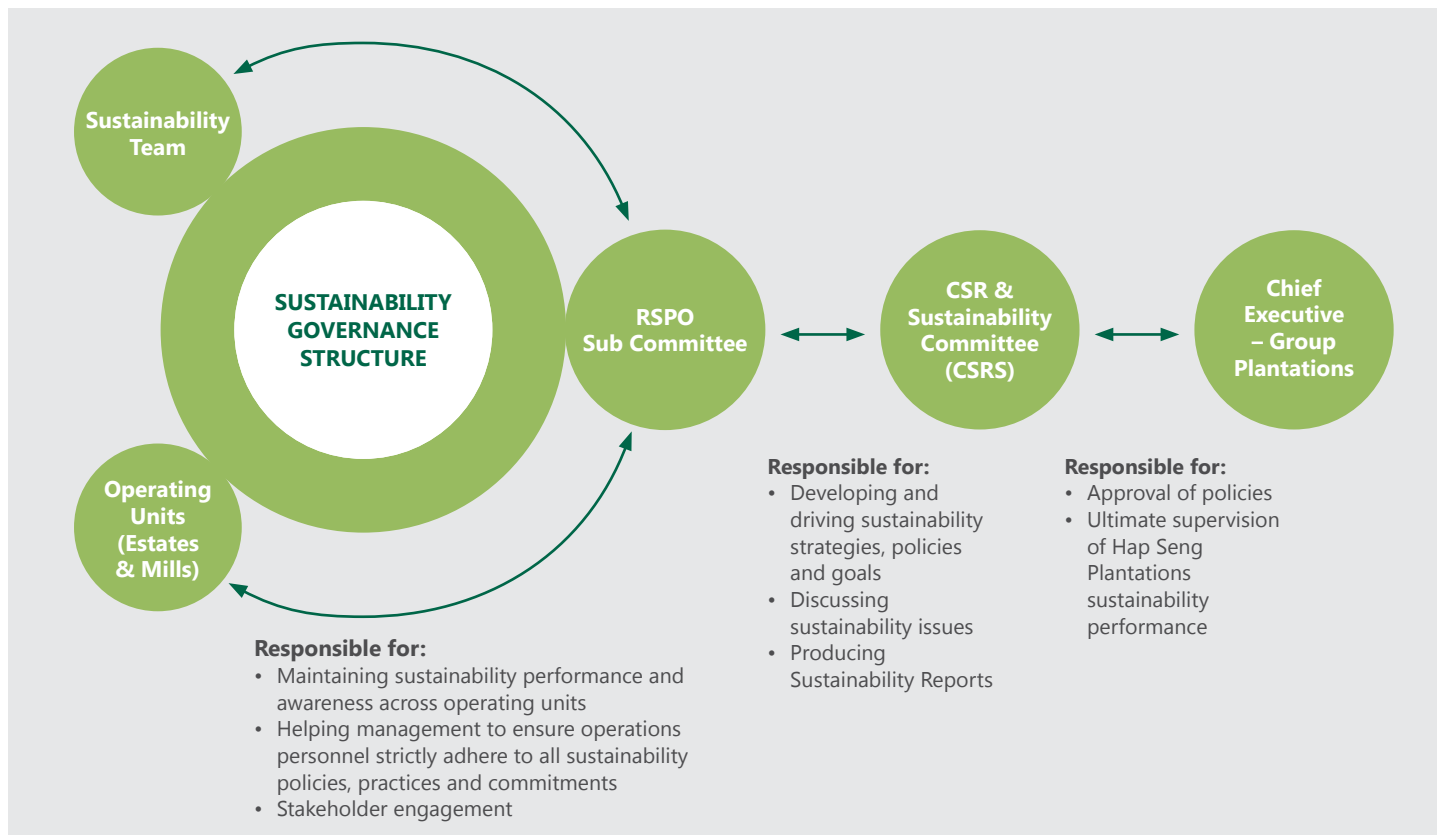
To-date, seven of our 11 independent local outgrowers and smallholders have made commitments to pursue RSPO & MSPO certifications. Two are already RSPO and MSPO certified while the others have undergone either Stage 1 or Stage 2 Audit.

SUSTAINABILITY GOVERNANCE AND MANAGEMENT STRUCTURE

Sustainability is an integral part of our Board’s agenda, as it reviews and signs off on sustainability policies and disclosures. These include both new and 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.

Sustainable practices are already ingrained in our activities, but we still strive for continuous improvement. This requires leadership and ongoing focus on compliance procedures. It also requires mechanisms to monitor external developments, and means by which innovative ways of working can be adopted where relevant.

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



SUSTAINABILITY AT HAP SENG PLANTATIONS

SUSTAINABILITY POLICIES

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

Hap Seng Plantations has launched several sustainability policies aimed at delivering on our commitment without compromising on performance. These apply to Hap Seng Plantations and all its subsidiaries. We encourage our contractors, suppliers and independent local outgrowers and smallholders to adopt our policies, with some of them already adopting some of our sustainability policies.

Overview of Policies

Policy	Introduced
• Occupational Safety and Health Policy	April 2015
• Land Dispute Management	March 2016
• Sustainable Agriculture Policy	August 2019 (updated)
• MSPO Policy	October 2019 (updated)
• Rare, Threatened & Endangered Species (RTE) Policy	November 2017
• Grievance Procedure	March 2018
• Environmental Policy	November 2018
• Labour Policy for Foreign Workers	April 2019 (updated)
• Equal Opportunity Policy	March 2019 (updated)
• Freedom of Association & Right to Collective Bargaining Policy	March 2019 (updated)
• HALAL Policy	July 2019

Details about these policies are publicly available at hapsengplantations.com.my/corporate-citizen.html

RISK MANAGEMENT

Risks	Descriptions	Mitigations
Human resource risk	<ul style="list-style-type: none"> 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.
Weather (drought, flood & fire) risk	<ul style="list-style-type: none"> 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 and rescue techniques. Intensify water rationing when water reserves drop to critical levels. Intensify water collection at labour quarters. Purchase water tanks to increase water storage capacity. Repeat some of the detective control and clearing of blockages; prioritise essential work operation 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.
Pests and diseases (P&D) risk	<ul style="list-style-type: none"> Oil palm trees are attacked by pests 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, mandors, field staff and executives; be alert and on the lookout for P&D outbreaks. Adequate chemical and spraying equipment provided for P&D treatment; perimeter fence maintained in good order. Advocate propagation of beneficial plants in estates in line with Integrated Pest Management (IPM).
Logistics bottleneck risk	<ul style="list-style-type: none"> Delays in deliveries Inadequate storage in warehouse due to stock pile-up 	<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.).

RISK MANAGEMENT

Risks	Descriptions	Mitigations
Security risk	<ul style="list-style-type: none"> • 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.
	<ul style="list-style-type: none"> • Foreigner intrusion 	<ul style="list-style-type: none"> • Close surveillance of four entry points in the estates, mills and jetties using security cameras.
Safety & health risks	<ul style="list-style-type: none"> • Accidents at work due to non-compliance with safety and health policies and procedures 	<ul style="list-style-type: none"> • Annual training of Safety Operating Procedure (SOP) for each work unit. • Daily monitoring of work activity in each work unit by management representatives. • Induction training on SOP for every new employee. • Quarterly safety committee meetings between management and worker representatives to discuss actions required to improve the SOP of each work unit. • Periodical review of HIRARC to improve control measures and reduce the risk of accidents.

STAKEHOLDERS ENGAGEMENT

ENGAGING WITH OUR SHAREHOLDERS AND STAKEHOLDERS

Stakeholder Groups	Area of Interests/Issues	Type of Engagements	Frequencies	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"> Stakeholder meeting conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> 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 conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> 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"> Joint consultative committee (JCC) meeting conducted at yearly basis 	<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
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 conducted once every 2 year. Last meeting was conducted on 29 April 2019 	<ul style="list-style-type: none"> Commitment to a timebound plan for certification Appointed Vice Chairman of the Malaysian Palm Oil Association

STAKEHOLDERS ENGAGEMENT

Stakeholder Groups	Area of Interests/Issues	Type of Engagements	Frequencies	Outcomes
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 Quarterly 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"> Best Supplier Award
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 2019. Last meeting was conducted in 2018 	<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"> 5 meetings with independent local outgrowers were conducted in 2019 	<ul style="list-style-type: none"> First batch consisting of 3 Independent local outgrower & Smallholder went for RSPO & MSPO Stage 2 Audit and 2 of them successfully certified for RSPO and MSPO Second batch consisting of 4 Independent local outgrower went for RSPO & MSPO Stage 1 Audit
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

MEMBERSHIP OF PROFESSIONAL AND INDUSTRY GROUPS

Memberships	Joined	Roles	Engagements	Purposes
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 (Continued from the previous management in Teluk Merbau Plantation)	Teluk Merbau Plantation & Shalimar/Berjantai Estate are members of MAPA	Annual membership renewal	To support the trade union in catering to the needs and interests of agricultural employers

BENCHMARKING OUR PRACTICES



Certifications



RSPO	MSPO
All Mills & 82% landbank*	All Mills & 100% landbank
MSPO SCCS	ISCC EU
All Mills	All Mills
HACCP	MS ISO/IEC 17025
All Mills	Plantations Central Laboratory
HALAL	MeSTI
All Mills	2 Mills

ZSL SPOTT Ranking

19

globally

5

in Malaysia



Traceability
83%
of FFB

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

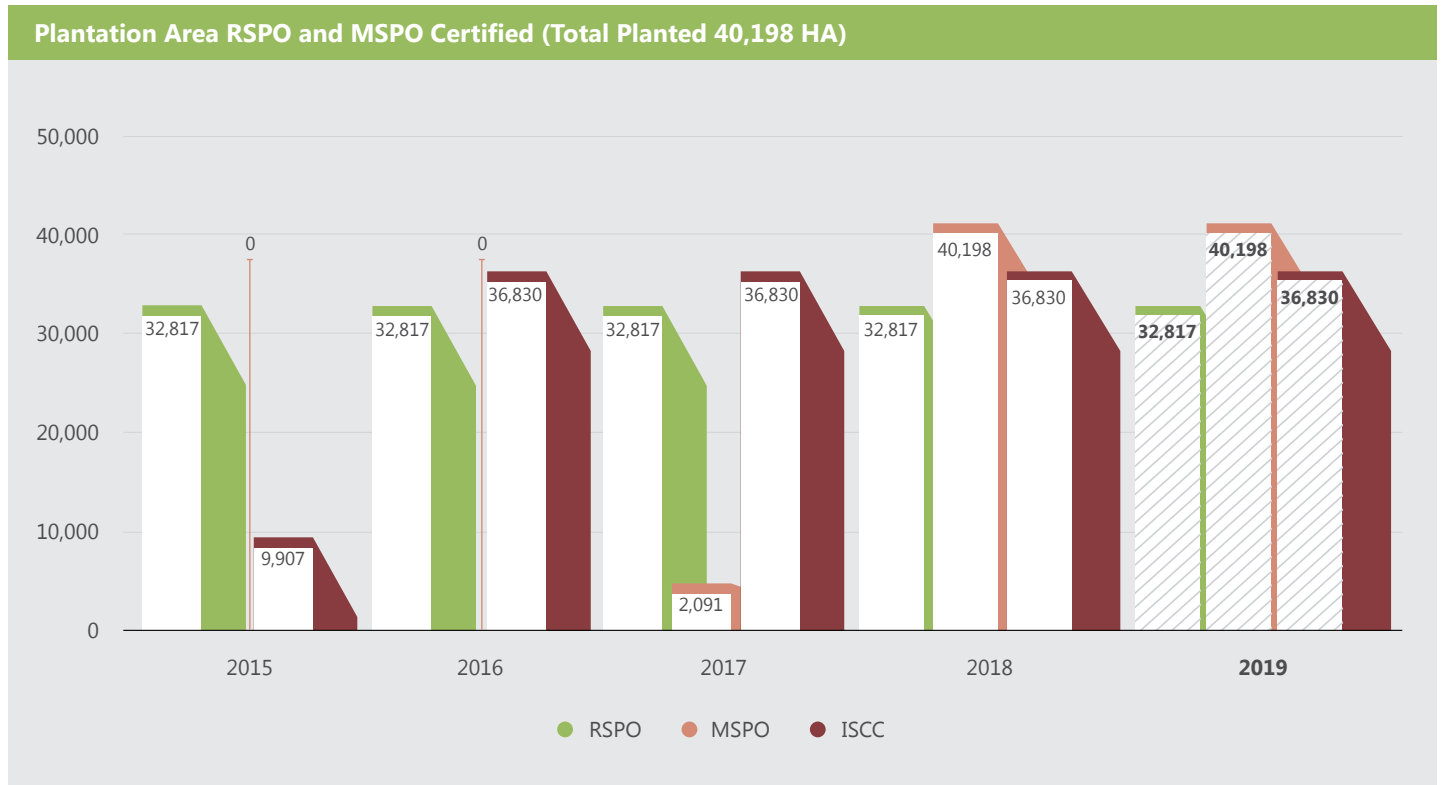
Hap Seng Plantations has taken the initiative to benchmark its best practices against global standards in key sustainable areas of its business. This has led to several successes in our quest for international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, ISO/IEC, HALAL and MeSTI.

INTERNATIONAL & LOCAL CERTIFICATIONS

Type of Certifications	Achievements	Date Achieved	Comments
MSPO	100% estates & mills	February 2018	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 31 December 2018
MSPO SCCS	100% mills	December 2019	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 1 January 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 base on March 2019 JGOE – 2nd Cycle Recertification - 1st Annual Surveillance Audit on July 2019 TMGOE - Recertification Audit on October 2019 Compensation: The concept note and Land Use Change Analysis (LUCA) have been submitted to RSPO
	100% mills	2017	<ul style="list-style-type: none"> All mills are RSPO certified
ISCC EU	100% mills	2017	<ul style="list-style-type: none"> Recertification Audit was obtained on 30 November 2019
HACCP	100% mills	June 2017	<ul style="list-style-type: none"> Annual Surveillance Audits were passed on 25 June 2019 (JPOM 1 & 2), 28 June 2019 (TPOM) and 31 July 2019 (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	50% of all mills	February 2019	<ul style="list-style-type: none"> 2 mills (JPOM 1 & BPOM)

ON TRACK FOR 100% RSPO CERTIFICATION

For 2019, we have revised our time bound plan in our Annual Communication on Progress (ACOP) to achieve 100% certification by the end of 2022. This is due to the compensation case relating to our Northbank and Tabin estates. We have also established a CSR and Sustainability Committee (CSRS), which will work together with the RSPO Sub-Committee to ensure that our estates and mills are fully compliant with RSPO requirements at all times. As for MSPO, we have achieved 100% certification for total planted area.



ZSL SPOTT RANKING

In 2019, Hap Seng Plantations’ SPOTT ranking dropped to five from four the previous year amongst Malaysian oil palm companies while registering a score of 65.7% as compared to 74.4% (a drop of 8.7%). The drop in ranking and scoring was mainly due to a revision in all the 10 indicators utilised by SPOTT as their measurement.

With the revised SPOTT measuring methodology, zoning based on SPOTT’s transparency score – green, orange & red zone - no longer apply. Previous format indicated that those whose scores are in the green zone are top performers while those in the red zone are bottom performers.

SPOTT assessments provide detailed snapshots of corporate transparency on sustainability issues. Hap Seng Plantations is amongst the current 99 (was 70 companies in 2018) companies tracked on SPOTT which represent around half of land banks under oil palm cultivation and therefore their 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.

BENCHMARKING OUR PRACTICES

Year	Score (%)	Ranking (from 50 to 99 companies globally)	Ranking (Malaysia Companies)	Rank (for RSPO member companies)
Nov 15	46.00	16	5	15
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

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



2019 EUROPA AWARDS FOR BEST SUSTAINABILITY REPORTING

In 2019, Hap Seng Plantations' 2018 Sustainability Report was acknowledged by the Europa Awards for Sustainability 2019 for the Best Sustainability Reporting at an award ceremony held at the Four Seasons Kuala Lumpur on 28 November 2019.

Based on reviews by the panel of judges, some of the best practices highlighted in the report were reasons for its selection as the winner. The outstanding contents in the report were inclusion of a clear and long term sustainability vision coupled with specific strategies, actions and values. The report also showcased the actions taken for each stakeholder group's sustainability concerns.

The Europa Awards for Sustainability was launched by the EUMCCI in 2017 as its effort to recognise companies that have shown exemplary business excellence in the field of sustainability and contributed to the long-term benefit of Malaysian society and economy.

TRACEABILITY

It is of utmost importance that our company maintains a positive reputation among our customers. In our effort to mitigate impacts on food safety, we have committed to ensuring that our palm products are traceable from estates to the mill, and ultimately to buyers in both local and international markets. Traceability describes the ability to identify and trace the origin, distribution, location and application of products and materials through supply chains.

In 2017, we established a taskforce 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 is to provide procedure for:

- Identifying, segregating & recording the estate and mill products by suitable means during all stages of reception, production, storage and delivery.
- Recording the Certified Sustainable Fresh Fruit Bunch (CSFFB) and normal FFB by suitable means from harvesting and during stages of loading.
- Recording the CSFFB and Normal FFB by suitable means from reception and during stages of CSPO, CPO, CSPK and PK dispatch to refinery.
- Documented recording of the CSPO and CSPK delivery from mill to refinery/ bulk transit installation (external)/ buyer's vessel.
- Documented recording of the CSPO and CSPK during the development of the contract agreement, purchase order, and after delivery/ sales of the product has been made.

Through these efforts, we achieved 83% traceability of FFB in 2019.

A FIRM COMMITMENT TO OUR SHAREHOLDERS

In order to meet our shareholders' expectation while achieving our sustainability goals, we remain focused on managing our productivity through ongoing improvements in yields and extraction rates, rather than expanding our land bank. Our land bank has not grown in recent years, partly due to limited land

availability in our region and the fact that available land is often unsuitable for efficient palm oil cultivation because of poor soils, presence of large peat areas and the potential risk to HCV ecosystems.

While we do not rule out future land acquisitions, we stand by our commitments to abide by the RSPO New Planting Procedure (NPP), undertake relevant High Carbon Stock (HCS) and HCV assessments, and ensure that robust Free, Prior and Informed Consent (FPIC) procedures are completed prior to any new plantings. We will additionally ensure that no new developments occur on peat, regardless of depth.

To support our effort in pushing for greater productivity, we upscaled our Plantations Central Laboratory's capability in 2018 by obtaining the MS ISO/IEC 17025 accreditation. With the certification, it now has a fully supportive in-house capacity to run timely and reliable soil, foliar, water and effluents analyses, as well as the ability to provide reliable recommendations on fertilizer usage to optimise plantation yields.

As global concerns about food safety continue to grow, Hap Seng Plantations took the effort in obtaining the HALAL and MeSTI certifications in 2019, a chain-of-custody system that provides assurance of appropriate and safe handling of food products. HALAL certification is in accordance to Islamic principles while MeSTI is based on the national standard. We met our target of achieving 100% HALAL certified for all the mills by September 2019 while two mills gained MeSTI certification in February 2019.

In order to further improve our good agriculture practices, we are evaluating and assessing the usefulness of adopting drone technology to capture real time aerial views of our immature plantings. The call for adoption is great as drone will enable us to review our field conditions and monitor our oil palm nurseries. This will also improve our estate field management as the drone imagery will help us ascertain greater accuracy in determining the total number of palms and the size of vacant areas. This will then benefit the plantation for at least the next 20 years.

CARING FOR OUR PEOPLE



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



NO
fatal accident



LTIF Rate of
1.4 incidents
per 200,000
working hours



726
safety & health trainings



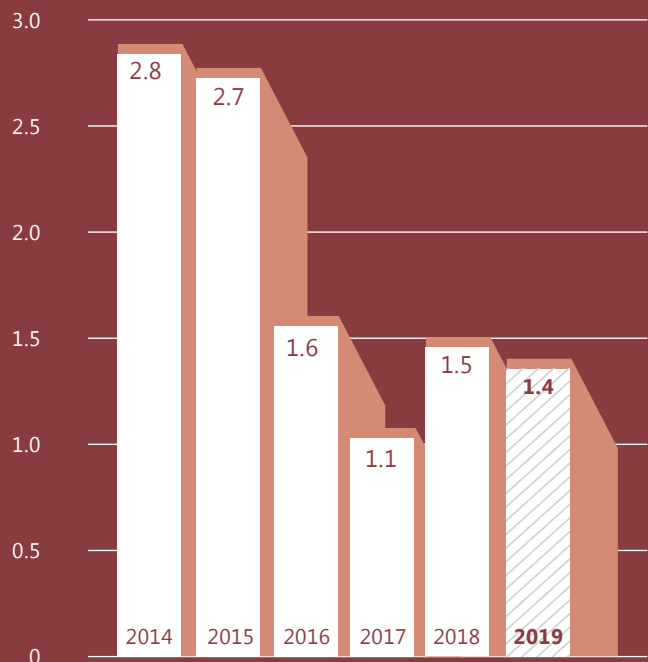
260 CCTV
cameras

(safety & security purposes) as compared to 2018's 252 CCTV cameras

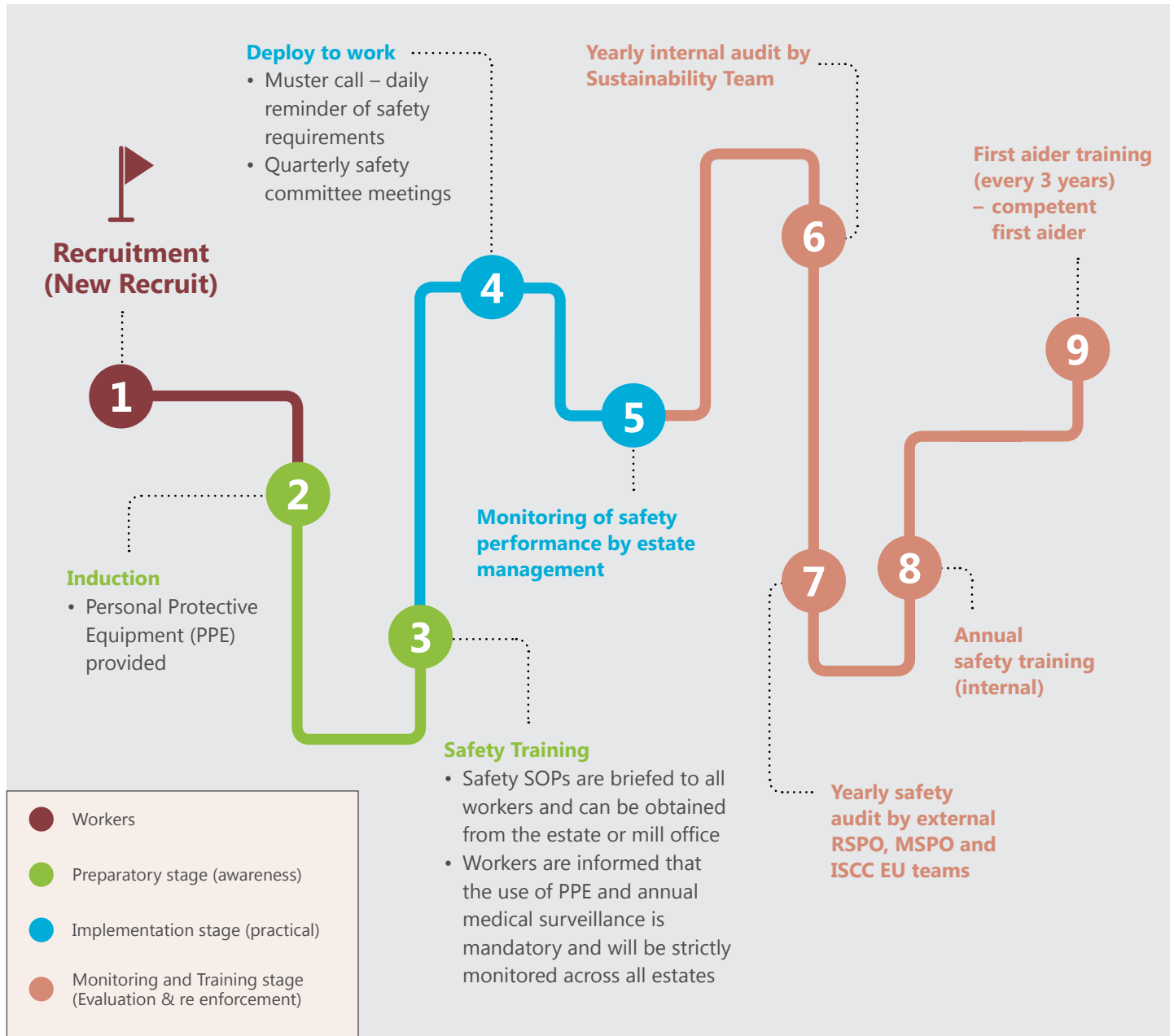
FOCUS ON SAFETY AND HEALTH



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



SAFETY JOURNEY IN HAP SENG PLANTATIONS

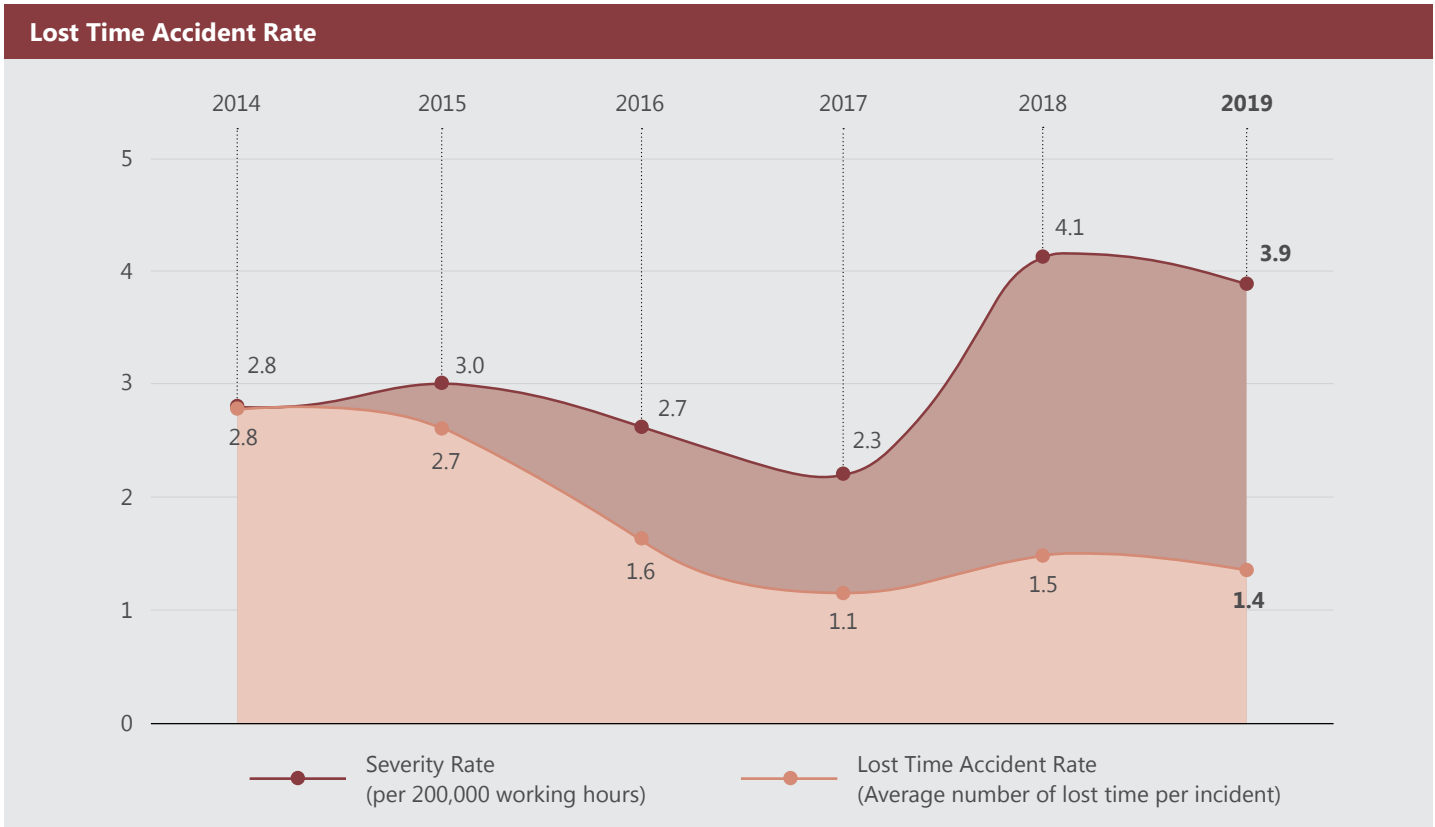


TOWARDS A ZERO FATALITY WORKPLACE

No fatalities were recorded in 2019 while the lost time accidents (LTA) also experienced a decrease of 50%, from 2.8 in 2014 to 1.4 in 2019. The severity rate (average amount of lost time per accident), unfortunately, increased by 39% from 2014 to 2019.

Unlike 2018 where the major cause of accidents were due to harvesting-related works, accidents sustained while commuting to and from the workplace were the main contributor to this increase. This showed that intensive training, specifically focusing on safe FFB harvesting techniques, in 2019 have effectively brought down harvesting-related accidents. This included the yearly harvesting safety standard operating procedure (SSOP) conducted by estates and intensive training (counselling method) conducted by RSPO officer on a weekly basis on problematic harvesters.

CARING FOR OUR PEOPLE



All accidents are reported and recorded at our clinics. Following each incident, the estates and oil mills OSH Committee conducts a thorough investigation and provides recommendations for enhancing safety.

Our SOP requires us to 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 Occupational Safety and Health Act 1994, an occupational accident is classified as serious when a worker has been given medical leave by a doctor for more than four days, and when the accident is required to be reported to the Department of Safety and Health (DOSH) within seven working days.

Beside reactive programmes, preventative actions are 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.



In 2019, seven out of 11 independent local outgrowers and smallholders assisted by Hap Seng Plantations have also made commitment to address OSH issues in their plantations, as part of their journey in obtaining their RSPO and MSPO certifications.

HANDLING OF CHEMICALS

Dedicated spraying crews manually apply fertilizers and pesticides in our plantations. Each crew member receives continuous 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 women workers. Pregnant workers are reallocated to new job tasks with less risk, such as general work (e.g. line sweeper), 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

Our challenge is not only to reduce accident rates, but also to make OSH a culture and a way of life. The main obstacle we face is that workers do not always prioritise safety training if it means being away from the field. To overcome this reluctance, it is vital that we emphasise the personal benefits of what is essentially an investment: a reduced risk of accidents linked to more productivity and a higher income.

CARING FOR OUR PEOPLE

We have employed two strategies to achieve this objective. The first has been a major project to implement a standardised health and safety programme, according to job type, across all operations. This programme continuously reminds our employees to adopt a safe work culture on a daily basis and avoid at risk behaviours. The safety management plan includes:



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

Our second strategy 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 fire training.

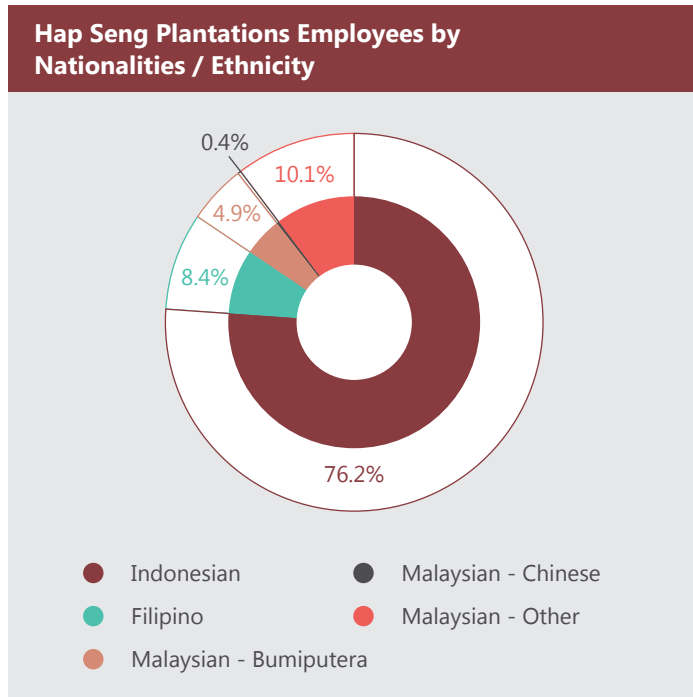


Furthermore, all our estates and mills will need to routinely undergo chemical health risk assessments (CHRA). The CHRA is conducted once every five years to understand chemical hazards to health and ensure compliance with the Use and Standard of Exposure Chemical Hazardous to Health (USECHH) Regulation 2000. All Hap Seng Plantations workers are covered by the Foreign Workmen Compensation Scheme, a general insurance policy that covers both injuries and fatalities.

OUR EMPLOYEES

Our Employees in Profile

Hap Seng Plantations employs 7,479 people. Our workforce reflects the typical composition found in our sector and the diversity of Sabah. Approximately 91% of our employees are manual workers based in the field and mill. The majority of these workers are non-Malaysian nationals, primarily Indonesians and Filipinos. Most of our Malaysian employees come from local communities.

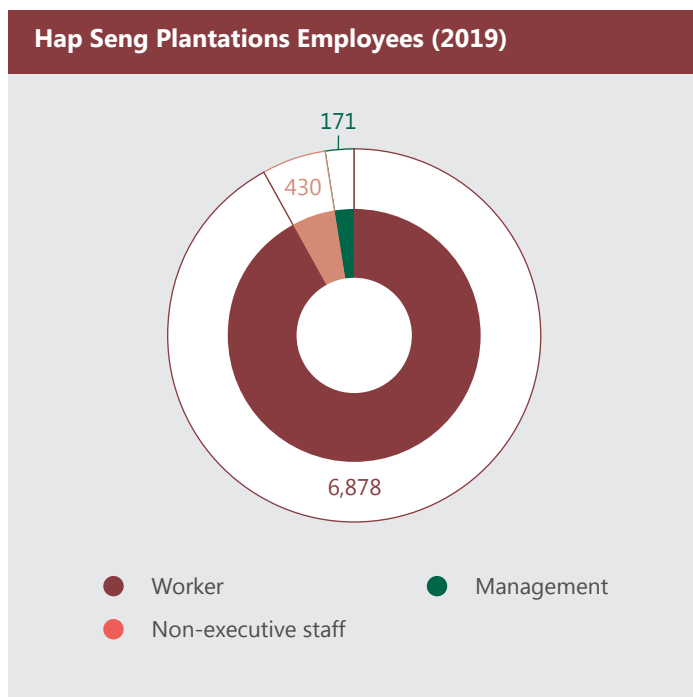


Safeguarding the Rights of Workers

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.

Hap Seng Plantations is also assisting seven out of 11 independent local outgrowers and smallholders who have made commitment to obtaining their RSPO and MSPO certifications in adopting policies pertaining to human rights, respect workers' rights and fundamental ILO convention of Free and Fair labour principles. This is a part of the requirement in obtaining RSPO and MSPO certification.



CARING FOR OUR PEOPLE

FREEDOM OF ASSOCIATION AND 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.

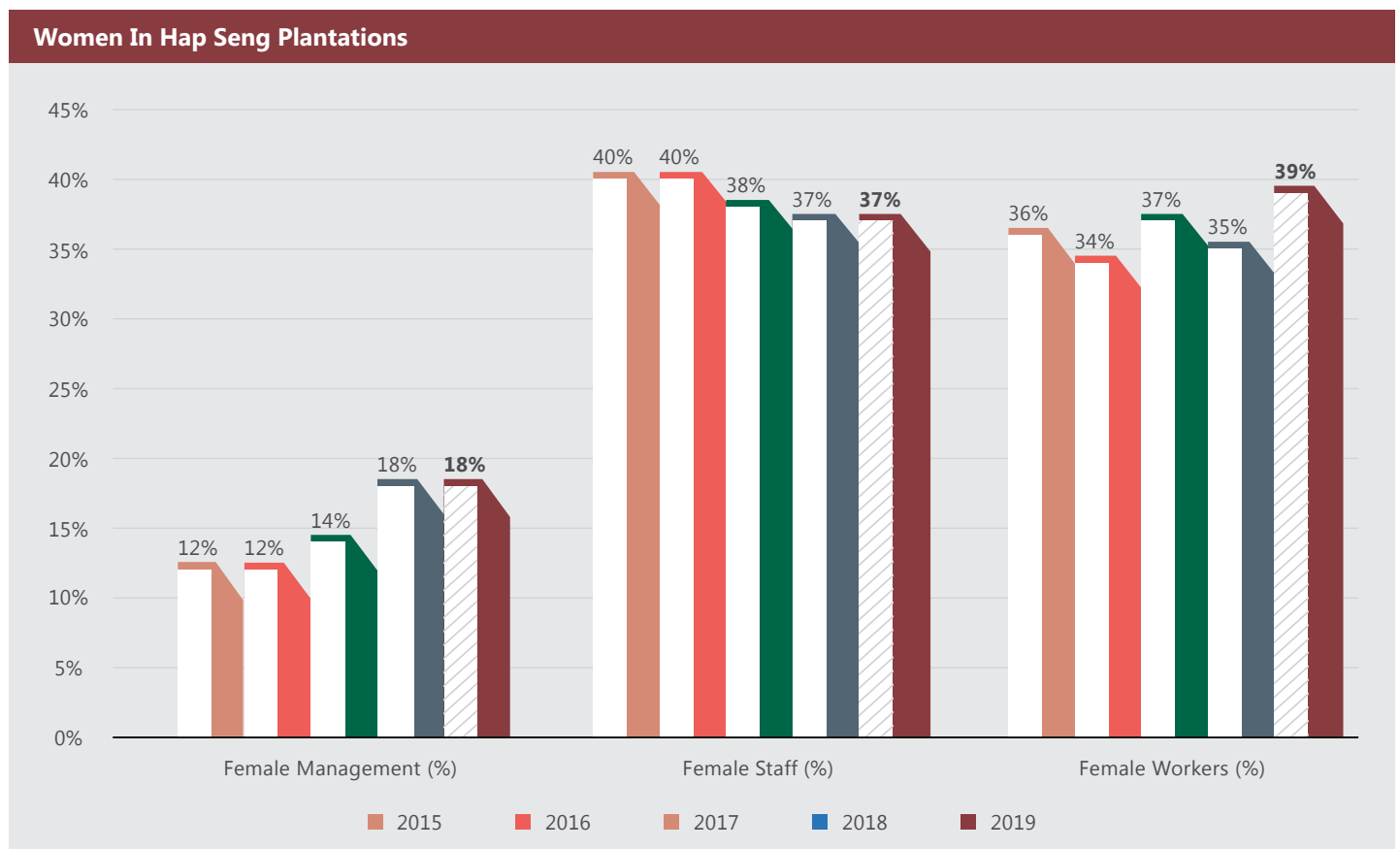
Nevertheless, we do not restrict our workers from forming an association or conducting collective bargaining. We also have a grievance procedure in place that allows all employees to raise issues and seek redress.

SUPPORTING WOMEN IN OUR WORKFORCE

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 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 in this respect is that many women leave our 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.






FAIR PAY AND TRANSPARENT RECORDS

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 the competitive market rate.

From January 2019, we paid all our workers 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 as stipulated by the Minimum Wages Order 2020. 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.

Though we are committed to equal pay for the same job, there are variables that determine the pay as defined by job categories. For office and administrative works, there were only a slight difference in gender pay gap at Hap Seng Plantations and these differences were mainly due to the length of service, workers skills as well as their work experiences. For field workers, all workers irrespective of gender were paid the same based on the type of work.

2019 Pay by Gender For Selected Job Category		
 JOB TITLE	 MALE AVERAGE SALARY PER MONTH	 FEMALE AVERAGE SALARY PER MONTH
EXECUTIVE/ADMIN WORKS		
CHEF	RM2,356.67	RM1,543.33
ESTATE CLERK	RM1,802.50	RM1,740.72
LABORATORY TECHNICIAN	RM1,651.25	RM1,928.00
MILL CLERK	RM1,500.00	RM1,615.00
PURCHASING CLERK	RM2,546.67	RM1,786.67
STORE CLERK	RM1,950.00	RM1,335.00
CHIEF CLERK	RM2,550.00	RM2,350.83
ACCOUNTS EXECUTIVE	RM2,724.50	RM4,161.50
ADMINISTRATION EXECUTIVE	RM4,118.00	RM4,444.00
FIELD WORKS		
	AVERAGE DAILY WAGE	AVERAGE DAILY WAGE
PLANTATION WORKERS	RM42.31	RM42.31

CARING FOR OUR PEOPLE

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.

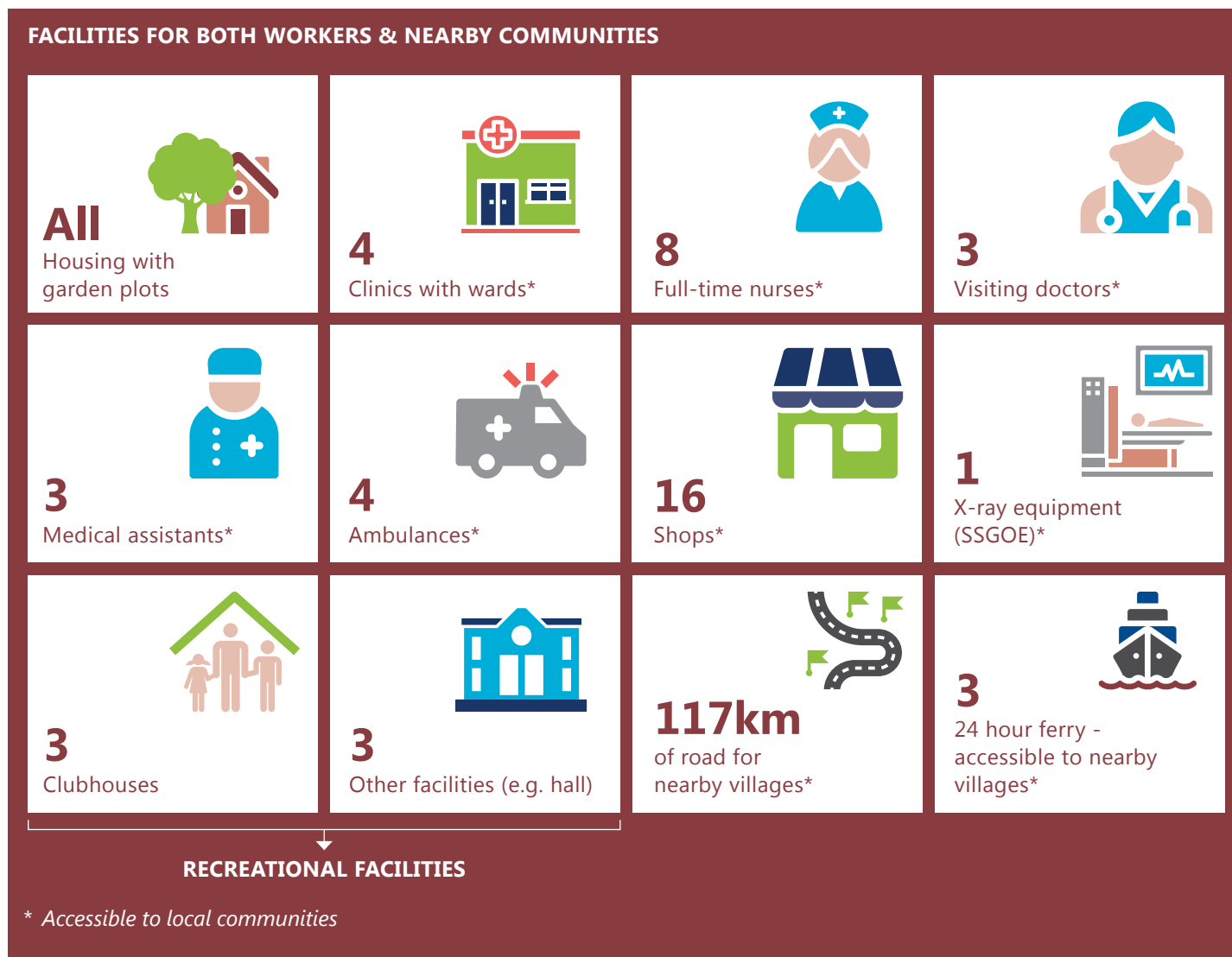


OUR COMMUNITY – FACILITIES FOR A BETTER QUALITY OF LIFE

As at 31 December 2019, Hap Seng Plantations has an estimated 2,679 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 7,479 employees and their families. Workers' quarters are designed to incorporate a sufficient plot of land to cultivate their own food. In addition, each estate has a shop that is granted permission to operate by the company, 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.

In 2019, we continued our efforts to upgrade our workers' quarters. This work included replacing metal water tanks with corrosion-proof high-density polyethylene (HDPE) models.



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

Hap Seng Plantations 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)

CARING FOR OUR PEOPLE

SOCIAL COMMITMENT COST TO FACILITATE FOR A BETTER QUALITY OF LIFE

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	Amount Per Year (RM)		
	2019	2018	2017
Workers Welfare			
Housing	1,327,798.26	1,514,571.32	875,441.72
Utilities - electricity	5,111,659.35	4,999,792.22	4,437,066.72
Utilities - water	812,290.71	753,154.43	713,828.68
Training & development	47,037.62	32,428.96	47,529.73
Transport for workers (work purpose)	585,112.07	674,433.71	639,357.05
Clinic - medial for employees & dependents	158,538.34	184,185.44	173,645.54
Upkeep of religious buildings, recreational facilities and amenities	602,071.73	727,557.54	714,631.42
Social contributions	335,575.02	407,947.80	360,449.82
Community			
Ferry service	63,458.99	66,016.25	9,695.18
Road maintenance	2,616,604.67	1,114,025.27	1,571,165.70
Clinic - medial for employees & dependents	95,820.42	100,366.07	111,342.91
Upkeep of religious buildings, recreational facilities and amenities	552.00	-	-
Social contributions	30,727.89	31,118.12	23,532.11
Retailers in Estates			
Subsidies rental	15,900.20	15,715.20	15,715.20

FREE ACCESS TO CLEAN, SAFE WATER FOR OUR WORKERS

In 2019, we finally 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 adequate supply of treated water to all workers. In addition, we are also committed to providing safe and quality water for our employees. As such, we regularly monitor the water quality closely as mandated by the National Water Quality Standards regulated by Malaysia’s Ministry of Health.

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 certification, seven out of 11 independent local outgrowers who have made commitment to obtaining their RSPO and MSPO certifications is assisted by Hap Seng Plantations in making commitment to respect legal and customary land rights as well as the indigenous and local communities rights.



ADAPTING SECURITY MEASURES FOR EMERGENCY SITUATIONS

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.



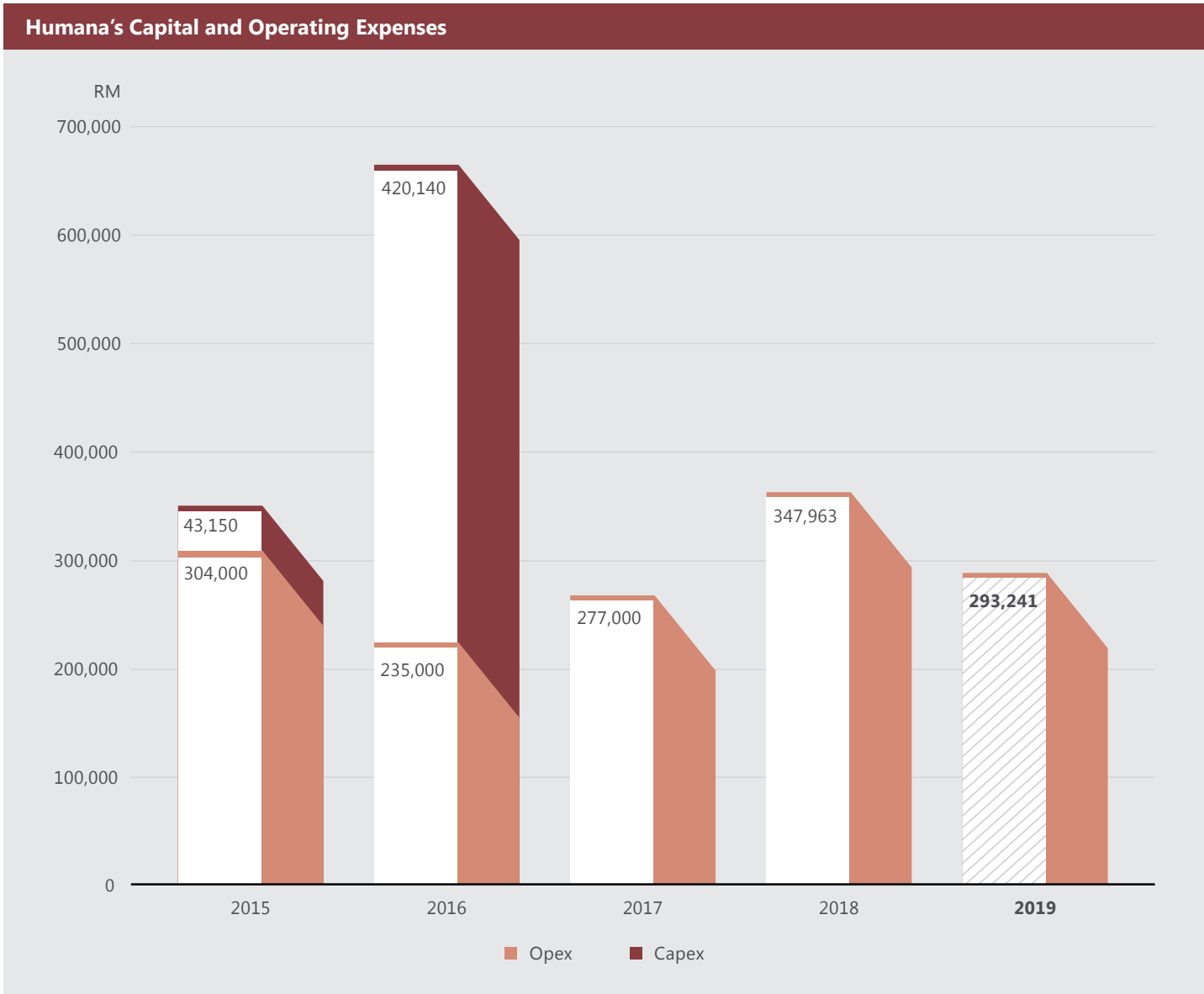
INVESTING IN EDUCATION FOR OUR COMMUNITY

Building Educational Capacities for Humana

Challenged by our remote location, and the fact that many children of foreign workers are undocumented, improving access to schools has been a key initiative for our company. Since 2009, the Hap Seng Plantations has funded the Humana Child Aid Society to support its mission to provide education for children in plantations and other remote areas of Borneo.

In 2019, we contributed an estimated RM293,241.00 to our foreign workers education. We have also conducted 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.

CARING FOR OUR PEOPLE



Investing in Education For Rural Schools

Our CSR mandate is to be a catalyst in improving education in rural areas through capacity building in Higher Order Thinking Skills (HOTS) and English.

In 2019, we invested approximately RM258,000.00 in three main capacity building programmes, namely, HSG Tawau Leadership, Malaysian Collective Impact Initiative for Education (MCII) and WordPower KK. The focus for the Tawau Leadership programme was on building leaders while the WordPower KK and the MCII supported Collective impact models were aimed at increasing proficiency in English literacy and STEM education.



HSG TAWAU LEADERSHIP



LOCATION

Bandar Sri Indah, Tawau.



PARTICIPATION

- 240 youth from 7 – 16 years old, 50 parents and community volunteers. Out of the total, around 40 high potential participants from the 2018 camp also participated in the event.

ABOUT THE PROGRAMME

Third year for the community in Tawau.

OBJECTIVE

Leadership Development and Character Building.

ACTIVITIES

- Continued with monthly engagement with the kids and parents under the Hap Seng Leadership Club. This was held at Hap Seng Properties Development Office, Bandar Sri Indah, Tawau.
- LEAD Convention themed Tawau My Home was held at BSI Sports Complex from 3 – 7 December 2019.

OUTCOMES

- Some of the high potential youth from the 2018 camp became facilitators.
- 30 local facilitators were also selected from Charis International School, Vision School and St. Patrick Academy.
- The Tawau community is now more aware of the importance of developing leadership among youth through our leadership programme:
 - > The youth understands that a good leadership involves character building and values – the importance of teamwork, patience, focus and determination.
 - > Parents and community volunteers are aware that their involvement and support would significantly help develop youth leadership.



MCII (MALAYSIAN COLLECTIVE IMPACT INITIATIVE FOR EDUCATION)



LOCATION

14 schools in Klang.



PARTICIPATION

- **EngagED programme**
 - six schools with 420 teachers.
- **MYReaders programme**
 - 10 schools with 120 students.
- **STEM Education**
 - 10 schools with 160 students and 20 teachers joined the programme.

ABOUT THE PROGRAMME

- Hap Seng Group is a member of MCII since 2017 where all members collaborate to fund selective programmes with the aim to assist in education needs and create a collective impact in schools and community in an identified area.
- EngagED programme, MYReaders programme and STEM Education programme.

OBJECTIVE

- EngagED programme is to improve classroom learning environment targeted at teachers.
- MYReaders programme is to increase English proficiency for students.
- and STEM Education is to acquire coding skill for students and teachers.

OUTCOMES

- **EngagED programme**
 - > 25% improvement of use of CL and feedback strategies in lessons against baseline.
 - > 50% improvement in student engagement.
 - > 56% increase in inviting peers to observe their lessons and participation in online learning networks.
- **MYReaders programme**
 - > 23% improvement in word recognition.
 - > 4% improvement in fluency.
- **STEM Education**
 - > Two teams participated in the Young Innovate Challenge at national Level.



WORDPOWER KK



ABOUT THE PROGRAMME

- A three-day event celebrating all the different contexts and uses of the English language with talks and workshops.
- Included a teambuilding day for Hap Seng Group East Malaysia synergy team.

OBJECTIVE

- English literacy.

OUTCOMES

- Spelling proficiency.



LOCATION

Palace Hotel, Kota Kinabalu.



PARTICIPATION

- 430 youths from all over Kota Kinabalu attended the event.

CARING FOR OUR ENVIRONMENT



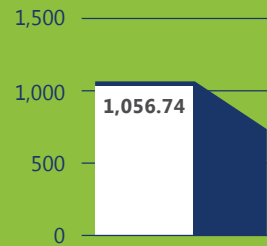
Achieved GHG emissions intensity of between **1.0 to 1.5 tonnes CO₂e/tonnes Crude Palm Oil** ahead of target timeline of 2021



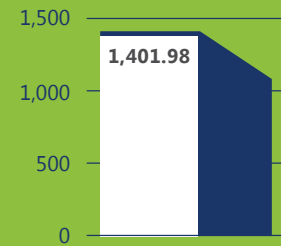
Reduction in GHG by **26%**
(compared against 2018)

ZERO fire

13% reduction in BOD level



1,056.74 Ha
set for Riparian Buffer Zone



1,401.98 Ha
set for HCV Area



Our operations in Sabah are located close to some of Southeast Asia's richest biodiversity, including flagship species and flora endemic to the area.



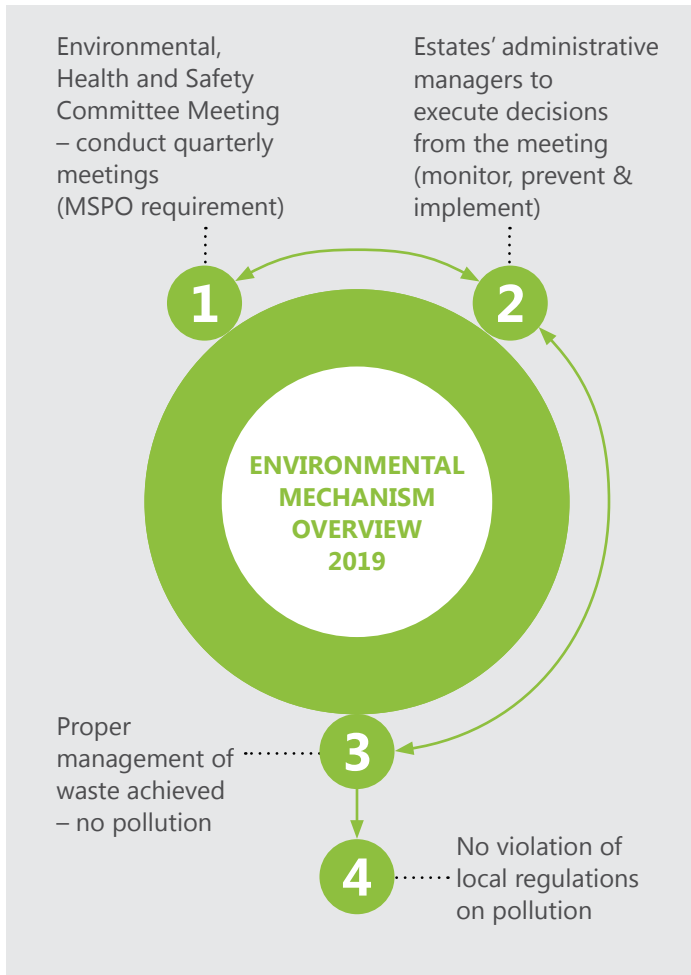
We have developed a structured and continuously evolving set of systems to ensure that our operations do not endanger wildlife habitats or ecosystems.

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 the Hap Seng Plantations 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.

For 2019, we began monitoring the effectiveness of the established mechanism aimed at improving the environment within our operations. This included evaluating the usefulness of the quarterly meetings to discuss the effectiveness of our environment management plan before adoption into our business practices. The outcome of the meetings resulted in the implementing of the following mechanisms:

- 1 Conduct monthly monitoring of scheduled waste management at estates and mills by a competent person.
- 2 Improve the recycling programme implemented at estates and mills including workers' housing areas by conducting awareness training to all workers.
- 3 Conduct monthly monitoring of landfill areas at each estate.
- 4 Conduct monthly monitoring of riparian areas at each estate.
- 5 Conduct monthly monitoring of deforestation activity and forest buffer zone at each estate.
- 6 Conduct monthly monitoring of fire hot spots at each estate. The data is available on our company website.
- 7 Engage accredited external consultant to conduct quarterly monitoring 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.

ENVIRONMENTAL MECHANISM OVERVIEW 2019



SAFEGUARDING OUR WATER SOURCES

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 to 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

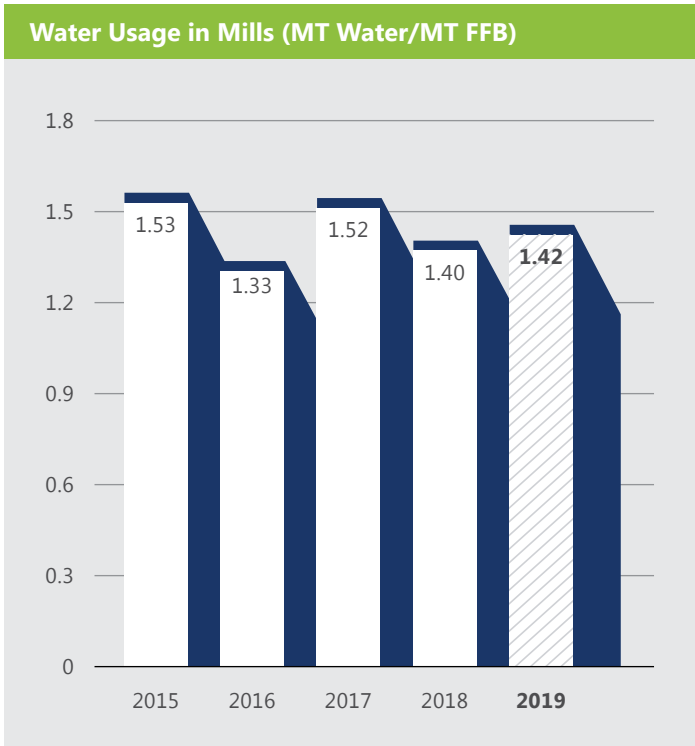
CARING FOR OUR ENVIRONMENT

WATER EFFICIENCY

Water usage at our mills has remained stable between 2018 and 2019. In 2019, the total amount of water used for processing FFB in mills increased to 1.42 m³/ tonne FFB, 0.02 m³/ tonne FFB higher than the 1.40 m³/ tonne FFB recorded in 2018. 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 new biogas plant with a single biogas facility will be built at TPOM in 2022. This addition is expected to further reduce water usage intensity in the plantations.



**MANAGING PALM OIL MILL EFFLUENT (POME)
DISCHARGE IN WATER SOURCE**

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

Hap Seng Plantations treats POME by conventional treatment method through series of open pond system which involves both anaerobic and aerobic digestion process. This system requires long Hydraulic Retention Time (HRT), approximately 140 – 200 days, before the treated effluent can be discharged into land irrigation.

The digestion process will generate sludge which will eventually reduce HRT of the ponds and affect the quality of final discharge if not removed regularly. Hap Seng Plantations has installed continuous desludging system via Belt Press. The sludge from the ponds are pumped into the system where they are removed by the belt press when the sludge are compressed into solids. These solids are applied to the field as organic fertilizer.

Hap Seng Plantations has also embarked on building biogas facilities in its plantations with the operation of biogas facilities at JPOM and BPOM (commissioned in Feb 2020) while maintaining the existing conventional Effluent Treatment Plant (ETP) system.

For biogas facilities, POME is pumped into a series of enclosed Digester Tank where anaerobic digestion process take place. Biogas generated from anaerobic digestion process will be purified in a bio-scrubber system to remove Hydrogen sulphide (H₂S) before it is fed into the Gas Engine of biogas facilities for power generation. The power generated will be supplied for use in mills and estates.

The liquid discharged from the Digester Tanks will flow back into the existing ETP pond system for further treatment. Polishing Plant that involved aeration and sludge removal in JPOM has reduced Biological Oxygen Demand (BOD) positively. Treated effluent that complies to the DOE’s specification are discharged into the field irrigation system.

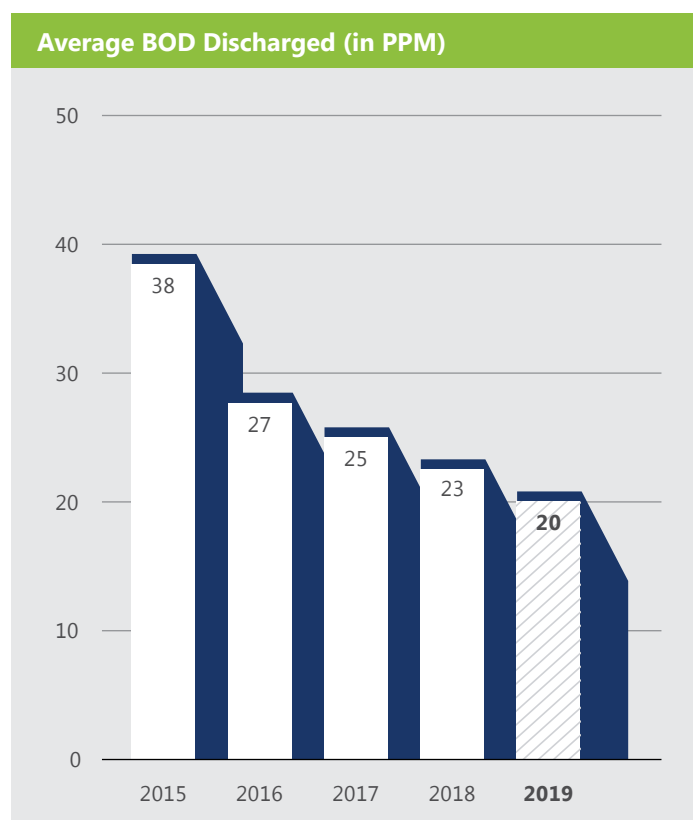
Hap Seng Plantations has shown an evidential improvement in reducing BOD at all four mills by 13%, from an average of 23 ppm in 2018 to an average of 20 ppm in 2019. This

positive change is due to the expansion of the belt press system in 2019 at BPOM. The commissioning of a new biogas facility and Polishing Plant at BPOM in February 2020 is set to further improve the BOD level in the plantations. Moreover, one new 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 towards our 20 ppm target for all mills by 2020. 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 (in PPM)

Mills	BOD level in 2019	BOD level in 2018	BOD level in 2017
BPOM	31 ppm	33 ppm	41 ppm
JPOM 1	12 ppm	13 ppm	20 ppm
JPOM 2	19 ppm	21 ppm	20 ppm
TPOM	19 ppm	23 ppm	19 ppm
Total Average	20 ppm	23 ppm	25 ppm



CARING FOR OUR ENVIRONMENT

Even though there is no requirement by the DOE to report on Chemical Oxygen Demand (COD), Hap Seng Plantations took the effort to monitor the COD discharge level from our mills. Hap Seng Plantations has also taken the initiative to set a target of 70% reduction by 2020 from the baseline figure established in 2018 of 276 ppm.

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

COD Discharged Level (in PPM)

Mills	COD level in 2019	COD level in 2018
BPOM	373 ppm	442 ppm
JPOM 1	342 ppm	214 ppm
JPOM 2	342 ppm	214 ppm
TPOM	272 ppm	232 ppm
Total Average	332 ppm	276 ppm

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 2019.

HARVESTING RAINWATER

In accordance with Ministry of Health 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 7,479 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.



PROTECTING OUR RIVERS AND RIVERBANKS

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

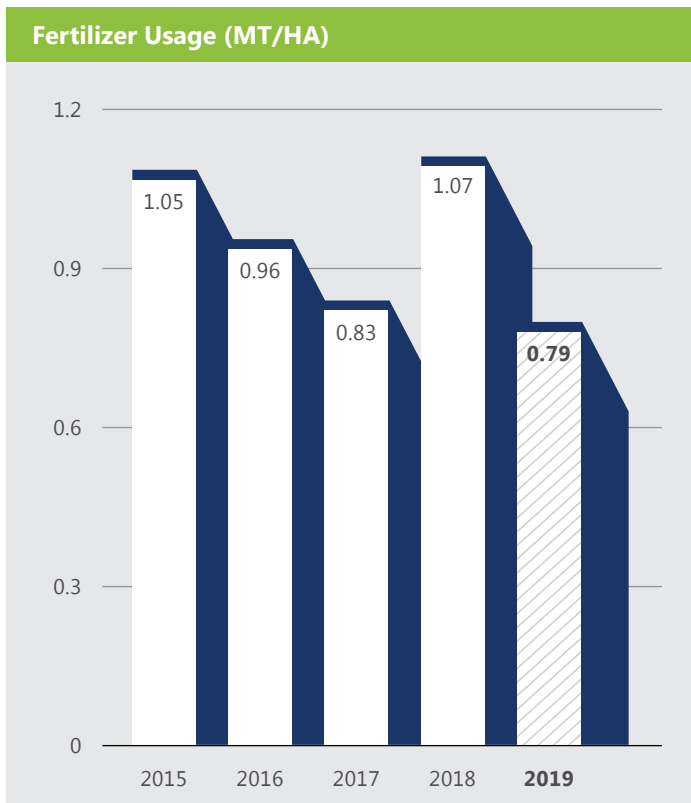
Oil palms that were planted in riparian areas in the 1980s have been left in situ in accordance with guidelines issued by the Department of Irrigation and Drainage (DID).

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.

MONTHLY RIPARIAN MONITORING TEAM

Hap Seng Plantations has introduced monthly riparian monitoring to comply with the requirements of the Sabah Water Resources Enactment 1998. As at 2019, we still 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 river quality on a quarterly basis. There have been no significant issues raised by the consultant during the reporting period.



INTEGRATED PEST MANAGEMENT (IPM)

Hap Seng Plantations deploys an IPM system to control pests, pathogens and weeds so as to minimise the use of chemical pesticides in its plantations. Controlling nettle caterpillars has been one of our biggest pest control challenges, and a previous infestation in the Sungai Segama Group caused extensive defoliation and a substantial loss of yield over a significant period.

To control the nettle caterpillar population, we now plant more than the recommended 10 metres of beneficial plants per hectare of oil palm. These plants, which include *Tunera subulata*, *Antigonon leptopus* and *Cassia cobanensis*, provide a natural habitat for insect predators of nettle caterpillars and bagworms.

Other preventative measures include the establishment of fast-growing leguminous covers to accelerate 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.

CARING FOR OUR ENVIRONMENT

OUR SOIL MANAGEMENT PRACTICE

Yield size and quality depends on the nutrient content of our soil. We adhere to the best soil conservation practice of 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 fruit bunches 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 fertilizer 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.

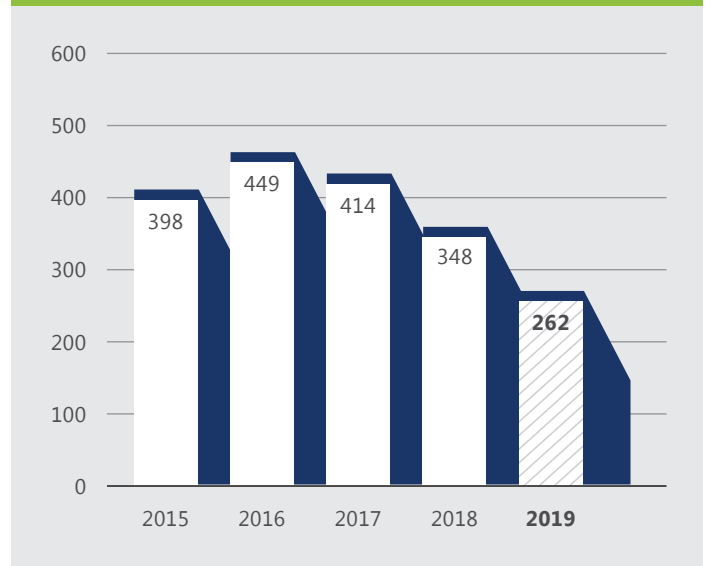
Hap Seng Plantations' Sustainable Agriculture Policy distinctly prescribed "no new development on peat areas regardless of depth" and this has been the practise. Similarly, the seven out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications 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.

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.

In 2019, we continued with our approach to herbicide usage that contributed to a reduction in toxicity units per planted hectare compared to 2018. The main contributing factor has been our use of a pre-emergence herbicide, which enables us to reduce the number of spraying rounds required per year (by up to two rounds) as compared to conventional herbicides.

Toxicity Unit Per Hectare (Herbicides Only)



* 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.

We currently use a total of 31 agricultural chemicals in our plantations for weed and pest control purposes. Of these, only 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 continue to search for ways to replace these chemicals, but have yet to find suitable alternatives.

Since 2011, we banned the use of paraquat in our plantations as highlighted by stakeholders as a chemical of concern due to widespread misuse. Since our engagement with the independent local outgrowers and smallholders in 2018, seven out of 11 independent local outgrowers and smallholders have committed to adopt a "no use of paraquat policy" as this policy comply with the requirement set by RSPO and MSPO.

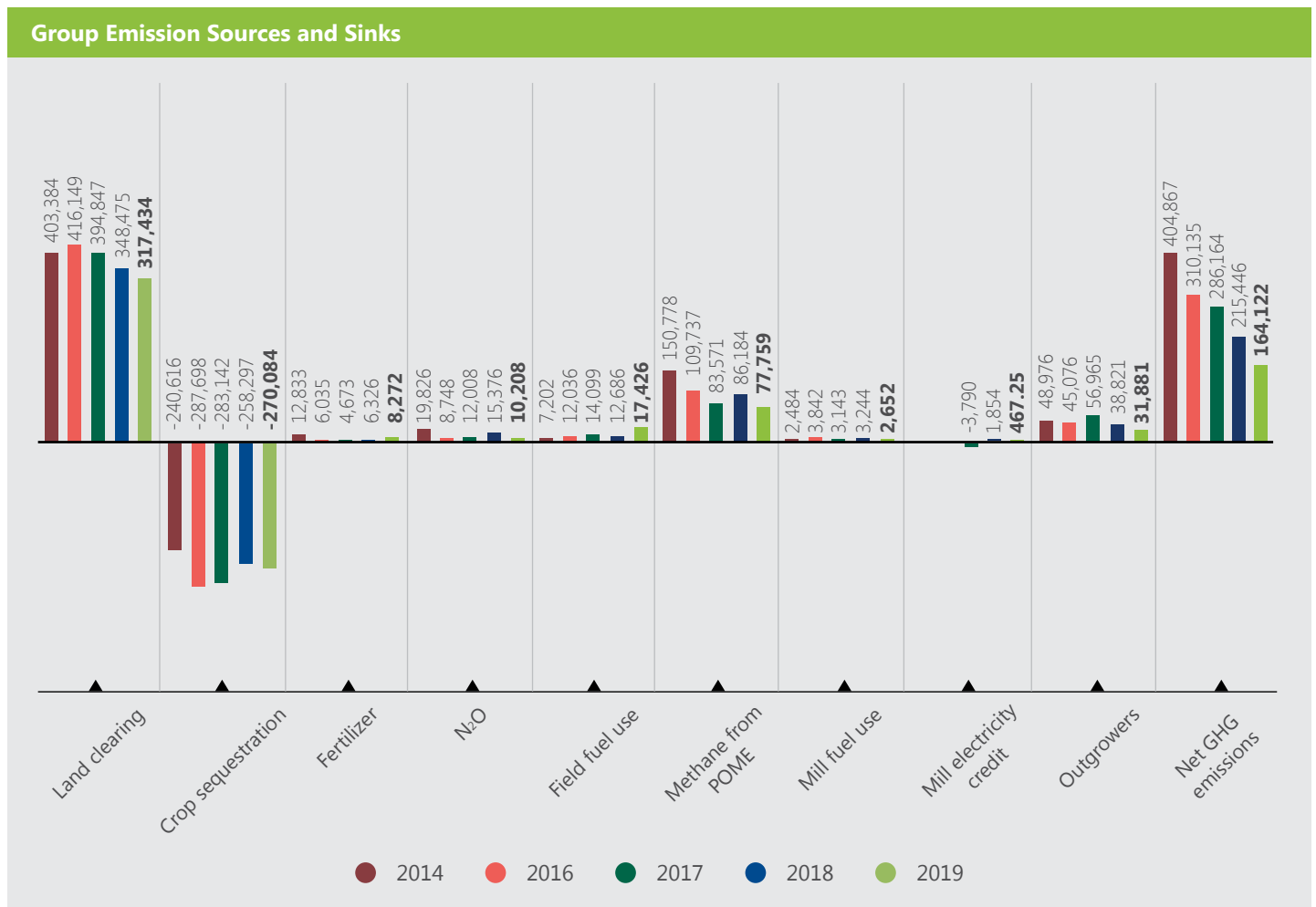
CARBON MANAGEMENT - ACTION ON GHG EMISSIONS

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 in 2019, and data for 2019 has been calculated using this version.

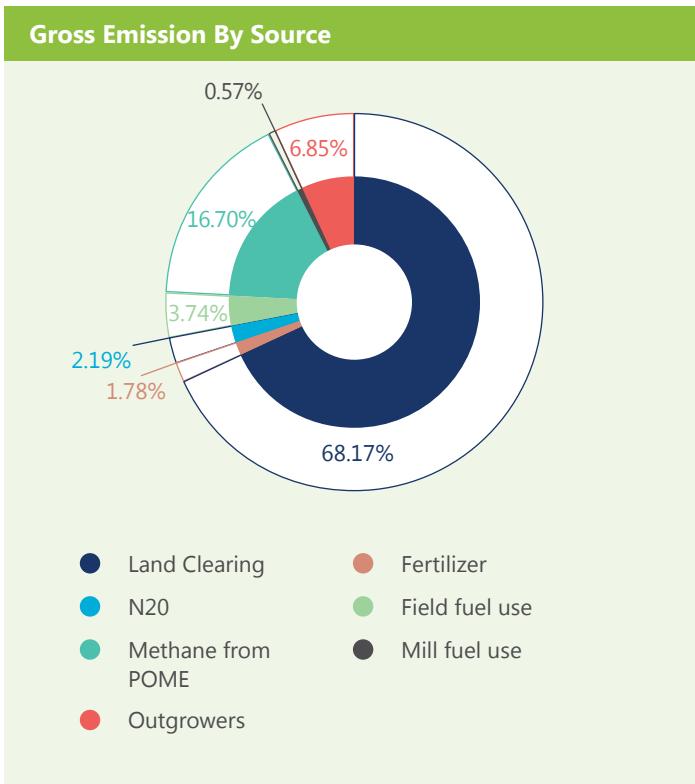
We are pleased to report that in 2019, Hap Seng Plantations has achieved reductions of around 26% in our net carbon emissions and our footprint per tonne of CPO compared to 2014. The commissioning of our biogas facilities contributed significantly to this reduction.

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

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 2019 the figures used is based on the PalmGHG v4.0 RSPO advises that these numbers may be compared without recalculation.



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 69% 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) 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.

With the commissioning of our third biogas facility at BPOM, this will only mean that fossil fuel usage will be further reduced in our plantations operations. We are now focused on building another biogas plant at TPOM for electricity generation.

CONSERVING BIODIVERSITY

Most of our plantings have been developed 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.

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



Although a formal HCV assessment has never been required by the RSPO for this area, as there has been neither land clearing for use nor conversion since November 2015, we appointed 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 continued working to conserve the Jelutong tree, a protected species in parts of Malaysia and Thailand. Latex tapped from Jelutong trees was a key ingredient in the production of chewing gum until the 1960s, 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. 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 – unplantable	1,143.68
Total area	1,401.98

In 2019, seven out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications have committed to HCV assessment as well as 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 body annually.

CARING FOR OUR ENVIRONMENT

TABIN WILDLIFE RESERVE

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

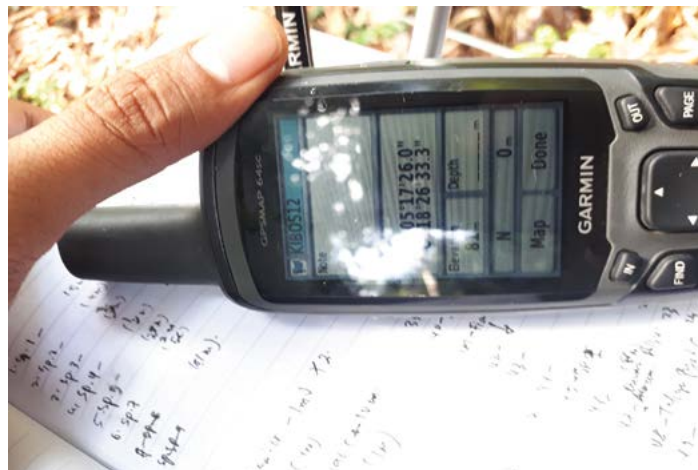
Eight primate species are also found at Tabin, including orangutans and proboscis monkey, as are three protected cat species, not least the Sunda clouded leopard. Over 42 families of birds representing some 220 species have also been recorded on the reserve. Many additional types of wildlife are attracted 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.



MONITORING DEFORESTATION

Shapefile (a data format used to visualise geographic features) was provided to RSPO and their team to monitor deforestation around our estates. We have continuously monitored our buffer zone boundary along the forest reserve area on a monthly basis, and have not detected any evidence of deforestation taking place within our boundaries.

In addition, seven out of 11 independent local outgrowers and smallholders have also agreed to the adoption of the zero deforestation or zero conversion of natural ecosystem and biodiversity policies as this commitment comply with the requirement set by RSPO and MSPO.

FIRE & HAZE MANAGEMENT

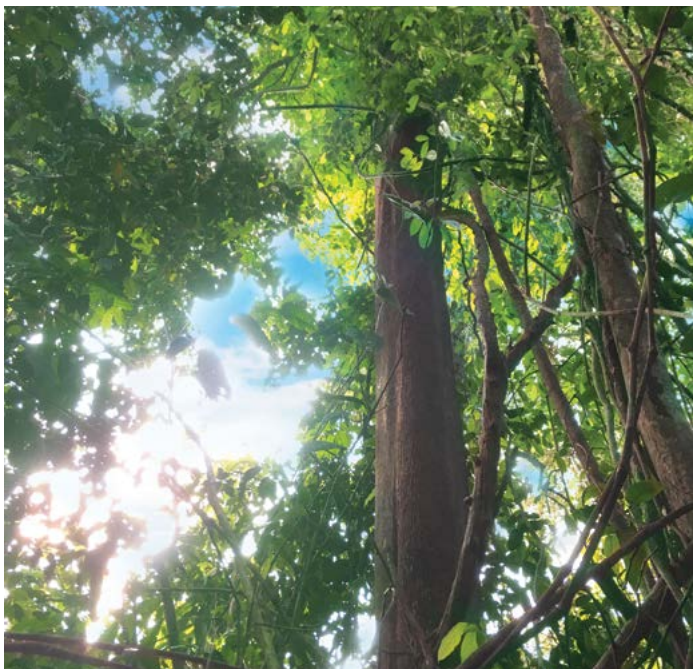
Zero Burning Policy

With the recurrence of transboundary haze in 2019, a result of forest fires during the dry season in this region, Hap Seng Plantations, as a concerned party, has always strictly abide by the regulations stipulated under the Environmental Quality Act 1974.

In order to enforce our zero burn policy, we have deployed teams of employees to patrol our perimeter with 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 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 2018.

To date, seven out of 11 independent local outgrowers and smallholders had also committed to our sustainability policies covering 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.



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 Ha on our Northbank and Tabin estates had been cleared without undergoing the required HCV assessment.

As custodian of the land, we have records showing that the area in question was degraded prior to planting, and therefore did not require a HCV assessment.

Nevertheless, we voluntarily notified and submitted our case to the RSPO Compensation Task Force (CTF) in 2014. A panel of RSPO members comprising industry peers and environmental experts was convened. Through land use change analysis, historical pictures, and an on-the-ground survey of the site, we were able to demonstrate to the panel that the area had been planted with oil palm in the 1960s and 1980s, but that these plantings had failed. We submitted our final land use change analysis to the RSPO in December 2016, which showed a significant reduction in potential compensation area.

Our concept proposal to compensate the total liability of 579.48 Ha with hectare-for-hectare reparations combined with monetary compensation was rejected by the RSPO Biodiversity and HCV Compensation Panel (BHCV-CP) in 2018.

We had since re-submitted a revised concept note to the BHCV-CP in October 2018 proposing an increase in the riparian reserve by six metres, or an additional allocation of 334.48 Ha (instead of the 167.24 Ha originally proposed), with the remaining 245 Ha compensated through plantings within the set aside area.

Our purpose in extending the riparian hectareage was to promote the river ecosystem and enhance the biodiversity of endemic species. However, the BHCV-CP did not approve our revised concept note.

In 2019, we engaged a RSPO compensation team to discuss on the improvement of the Concept Note. The discussion was made to ensure that both Hap Seng Plantations and RSPO would have a common understanding towards achieving the same objective of enabling Hap Seng Plantations to achieve 100% certification for planted area.

SUSTAINING OUR FUTURE



No. of training sessions per month
60.5 training sessions per month



No. of hours of training per worker
61.01 hrs per month

Renewables at Hap Seng Plantations



Plastic bottle



Glass Bottle



Papers



Aluminium

Amount of recycled waste

23.01 MT



3 biogas facilities



TRAINING THE NEXT GENERATION OF PLANTERS

The biggest human resources challenge for our industry is the recruitment of experienced planters and the training of the next generation. It can take a decade for a planter to become trained and matured in all aspects of the business. For us to ensure we have access to trained and experienced planters, we have an active programme that specifically look into promoting talented supervisory field staff as trainee field assistants.

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 2019, 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.

Training	Target employees	Objective of Training	Schedule	Number of employees trained for 2019
Oil Palm Agriculture Policy	All executives and staff from estates	To educate staff and executives on good agricultural practices	6 months (Feb, Mar, Apr, May, June, July) every year with examination	61
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	Annually	113 (as at March 2020)
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	180 (67 for RSPO & 113 for MSPO & ISCC EU)
Safety and Health	All executives and staff from estates and mills	To regularly educate and promote awareness on safety measure at workplace	Annually	71
HACCP	All executives and staff from mills	To educate on food safety and HACCP requirements	Annually	48
HALAL	One HALAL executive and five Committee for each mill	To educate on food safety and HALAL requirements	Annually	23
MeSTI	All executives, staff and workers from mills (food handlers only)	To educate on food safety and MeSTI requirements	Annually	23

RENEWABLES AT HAP SENG PLANTATIONS

Biogas Facility

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.

As a responsible planter, and in line with our sustainable goal of reducing both our GHG and BOD levels, Hap Seng Plantations has commissioned a biogas plant that is able to capture methane from POME and convert it 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 fertilizers, thereby further improving our carbon footprint and benefitting our company economically.

The electricity produced by our biogas plant is now powering our two mills at Jeroco. It also lights up our Kapis and Batangan estates, including SK Jeroco local school.

In 2019, the biogas plant at BPOM was completed. With this new facility, we have met our target of utilising renewable energy for BPOM.



Year commissioned	Biogas Facility (quantity)	Energy Produced (kW)	Mill	Beneficiary
2017	two	2017 – 5,988,804 2018 – 6,930,471 2019 - 8,390,010 Total = 21,309,285	JPOM 1 JPOM 2	- Workers housing at JPOM 1, JPOM 2, Kapis Estate and Batangan Estate - SK Jeroco - Office area - Mill 1 and 2
2020	one	NA*	BPOM	- Workers housing
2021	one	NA*	TPOM	- Workers housing

* not available



RECYCLING PROJECT - WASTE MANAGEMENT

As part of our effort to manage waste and inculcate a culture of recycling, Hap Seng Plantations has introduced a waste management programme to collect plastic bottles, glass bottles, paper and aluminium. Hap Seng Plantations understands that poor waste management is detrimental to the environment and poses risks to 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 built storage facilities for recycling waste at JGOE, SSGOE and TMGOE. Another two storage units were completed in 2019 at Kawa and Pelipikan estates. To support the project, workers have been educated on the importance of waste recycling as part of their environmental sustainability training.

In June 2018, we launched a trial run for the project, engaging an authorised contractor to collect recyclable waste materials. In 2019, we successfully recycled about 23.01 MT of recyclable wastes, an increase of 77 % from the 5.28 MT collected in 2018. This indicated an increase in awareness by our operating units for the need to recycle our wastes.

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 passed their competent person certificate after having submitted and presented their field training report to the Environmental Institute of Malaysia (EiMAS), DOE.

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 reached 20 tonnes as stipulated under Regulation 9, Environmental Quality (Scheduled Wastes) Regulation 2005.

MATERIALITY MATRIX

Materiality

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 engagements 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. However, in our effort to constantly improve our reporting and transparency, we undertook to reassess our key materiality matters in 2019.

This time, we directly engaged with both our internal and external stakeholders through group session engagements, by phone and one-to-one interviews. The outcome of the findings, comprising all the key sustainability issues raised by the stakeholders, 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.

In 2019, we have also mapped our material sustainability matters to the corresponding GRI indicators, the relevant stakeholders as well as our adopted SDGs underline our commitment to this sphere of activity.

We have reviewed 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.

HAP SENG PLANTATIONS MATERIALITY MATRIX 2018		
Stakeholders	High Priority	<ul style="list-style-type: none"> ● Safety & Health ● Water Management ● Labour conditions & welfare ● Transparency
	Low Priority	<ul style="list-style-type: none"> ● Community development ● Partnership with stakeholders ● Fire Management ● Encroachment of riparian area ● Child labour ● Pest Management ● MSPO certification ● Peat ● HACCP certification ● Food labelling, SPOTT Ranking & MS ISO/IEC 17025 certification
	Low Priority	<ul style="list-style-type: none"> ● Logistic and poor roads ● Child education ● Demand for CSPO & CSPK ● Security ● Air pollution ● Food security ● Bribery & corruption ● Energy conservation (diesel/solar) ● Replanting & rehab ● Commodity prices ● Weather ● Performance & Recognition & GAP, GMP, SOP, Production cost ● GMOs, Maximise biomass application & Talent attraction & Labour tribunal
		<ul style="list-style-type: none"> ● RSPO certification ● Relationship & support to Smallholders ● No deforestation ● Expansion and growth ● Land ownership ● Traceability & Segregation ● Elephants & wildlife ● GHG Emissions ● Downstream expansion

Key Material Issues

- Issues that have changed in importance since the previous report (Rating of 3 and above for both Hap Seng Plantations and Stakeholders)

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 would seek from us.

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
No deforestation & HCS	5	Customers (5) Retail shops (1.5) Suppliers (1) Community (0) Smallholders (3) Schools (1) Workers (2) Standard body (4) Shareholder (5) Regulatory Body (5)	<ul style="list-style-type: none"> Establishment of Sustainable Agriculture Policy pledging no development on HCS areas in 2017 and updated in 2019. Monthly monitoring of forest buffer zone with reports and photos. 	Environment 103-2: Management Approach 304-3: Habitats protected and restored
Expansion & growth	5	Customers (3.5) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (2.5) Schools (0.5) Workers (3) Standard body (1) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> RSPO, MSPO, ISCC EU, HACCP & HALAL and MeSTI certifications to widen market reach. 	Economics 102-15 Key impacts, risks, and opportunities
RSPO	5	Customers (4) Retail shops (5) Suppliers (1.5) Community (5) Smallholders (2.5) Schools (0.5) Workers (3) Standard body (0) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> Member of RSPO since 2005. All mills are RSPO certified. 91% of planted area is RSPO certified. Commitment to achieve 100% RSPO certification for all estates by 2022. Commitment to achieve 100% RSPO certification for independent local outgrowers and smallholders by 2022. 	Economics 203-2: Significant indirect economic impacts
Relationship & support to smallholders	5	Customers (4) Retail shops (4) Suppliers (2.5) Community (5) Smallholders (3) Schools (1.3) Workers (2.5) Standard body (1) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> First meeting to extend our help to all 11 outgrowers and smallholders in 2018 (supply their produce to HSP). 7 of 11 agreed to participate in obtaining RSPO & MSPO certifications. 4 of the 7 participations have completed stage 1 and 2 audit (RSPO & MSPO) in September/October 2019. 3 of the 7 participations have undergone stage 1 audit (RSPO & MSPO) January 2020. At the time of reporting, 2 of 7 have obtained the MSPO certificate. 	Management approach Disclosure 103-2: The management approach and its components

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
GHG Emission	4	Customers (4) Retail shops (0.5) Suppliers (1) Community (0) Smallholders (0.3) Schools (0) Workers (2.5) Standard body (1) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> Established carbon baseline in 2014. Commitment to reduce GHG emission by 1.0 to 1.5 tonnes CO₂e/tonnes CPO by 2021. 2019 achieve reduction of 31% in net carbon emission due to commissioning of biogas facility. Monitor carbon footprint based on diesel consumption per tonne FFB for estate on per tonne CPO for mills. Completion and commissioned additional Biogas facilities at BPOM on February 2020. 	Environment 103-2: Management Approach 302-1: Energy consumption with organization 302-3: Energy intensity 302-4: Reduction of energy consumption
Transparency	4	Customers (4.5) Retail shops (2.5) Suppliers (2) Community (4) Smallholders (2.5) Schools (3.3) Workers (4) Standard body (2) Shareholder (5) Regulatory Body (0)	<ul style="list-style-type: none"> Value, Governance & Ethics. Sustainability principles, commitments & values. Company policies and procedures are publicly available at company website and estates/mills notice board. Conduct Stakeholders meeting once every 2 years. 	Governance 102-16 Values, principles, standards, and norms of behavior 102-17: Mechanisms for advice and concerns about ethics

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Labour conditions & welfare	4	Customers (5) Retail shops (5) Suppliers (2) Community (0) Smallholders (2.5) Schools (3) Workers (4) Standard body (3) Shareholder (5) Regulatory Body (4)	<ul style="list-style-type: none"> • Safeguarding rights of workers with policies aligned to RSPO, ILO Declaration of Fundamental Principles and Rights at work and UN Guiding Principles on Business and Human Rights. • Freedom of Association and Rights to Collective Bargaining. • Provide facilities for a better quality of life. • Fair pay and Transparent records. • Free access to clean and safe water. • Policies that address the welfare of workers i.e. grievance procedure (updated in 2018) and occupational health and safety policy (2015). • Sustainability Agriculture Policy on rights and welfare of workers. • Providing electricity to all employees of Hap Seng Plantations. • Free access to medical treatment at estates clinic. • Provide free protective personal equipment (PPE). 	103-2: Management Approach 403-1: Occupational Health and Safety management system 403-2: Hazard identification, risk assessment, and incident investigation (HIRARC) 403-4: Worker participation, consultation, and communication on occupational health and safety 403-5: Worker training on occupational health and safety 403-9: Work-related injuries 403-10: Work-related ill health
Traceability and segregation	4	Customers (4.5) Retail shops (0.5) Suppliers (1.5) Community (5) Smallholders (0.5) Schools (0) Workers (1.6) Standard body (2) Shareholder (5) Regulatory Body (4)	<ul style="list-style-type: none"> • RSPO & MSPO certifications. • Assisting smallholders who are our suppliers to do likewise. • Establish taskforce to monitor the traceability of our product. • Implement Traceability and Supply SOP. • Currently achieve 83% traceability of FFB since 2017. • Commitment to achieve 100% RSPO certification by 2022. • Commitment to purchase 100% RSPO certified FFB from external independent local outgrowers and smallholders by 2022. 	Disclosure 103-2: The management approach and its components Disclosure 203-2: Significant indirect economic impacts

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Elephant & wildlife	4	Customers (1) Retail shops (0) Suppliers (2) Community (5) Smallholders (3) Schools (0) Workers (1.6) Standard body (2) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> Establishment of Sustainability Agriculture Policy pledging no development on HCS areas in 2017 and updated in 2019. RSPO & MSPO. Rare, Threatened & endangered Species policy in 2017. Monthly monitoring by estates personnel on animal sighting in plantations. Annual training/briefing of RTE species for all level of workforce. 	304-3: Habitats protected and restored
Downstream expansion	3	Customers (2) Retail shops (1.5) Suppliers (2) Community (0) Smallholders (0.5) Schools (0) Workers (1) Standard body (2) Shareholder (3) Regulatory Body (2)		Economics Disclosure 102-15: Key impacts, risks, and opportunities
Land ownership (413-2)	4	Customers (3.5) Retail shops (0.5) Suppliers (1.5) Community (5) Smallholders (3) Schools (3.3) Workers (1.6) Standard body (1) Shareholder (5) Regulatory Body (3)	<ul style="list-style-type: none"> Procedure on land dispute management adopted in 2016 and made publicly available in company's website. External audit by Certification Body (auditors appointed by ISCC EU, RSPO & MSPO) on legal land ownership as per government requirement. 	Disclosure 413-2: Operations with significant actual and potential negative impacts on local communities
Fire management	3	Customers (4.5) Retail shops (2.5) Suppliers (1.5) Community (5) Smallholders (2.5) Schools (1) Workers (3.3) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> Adopted a zero burning policy. Conduct monthly patrol in our plantations' perimeter with forest reserve. Subscribe to Global Watch Fires Portal to monitor our plantations for hot spot. Zero fire incident since 2014. Installation of fire hydrants (fire fighting facilities) for estate buildings and housings. Establishment of Emergency Response Team (ERT) and firefighting team at each estate and mill. 	Environmental Compliance Disclosure 307-1: Non-compliance with environmental laws and regulations

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Safety & health	3	Customers (4) Retail shops (4) Suppliers (1.5) Community (5) Smallholders (4) Schools (5) Workers (5) Standard body (2) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> • Policies that address health and safety with the adoption of the occupational health and safety policy (2015). • Compulsory to wear safety PPE for certain job. • Ban of use of certain harmful chemical like paraquat. • Yearly review of HIRARC and SOP. • Safety awareness during induction. • Daily reminder of safety at morning muster. • Quarterly safety meetings. • Annual safety training. • First aid training once every three years. • OPAP for executives and above. • Annual medical surveillance for chemical handler. • Appoint competent person accredited by DOSH (e.g: AGT, AESP, engine driver etc.). • Specific training (counselling method) for harvester and driver. <p>Monitoring & Inspection</p> <ul style="list-style-type: none"> • Routine monitoring of safety by estate management. • Yearly internal audit by sustainability team as well as by external RSPO, MSPO and ISCC EU teams. • CHRA assessment by registered assessor (once every 5 years). 	<p>103-2: Management Approach</p> <p>403-1: Occupational Health and Safety management system</p> <p>403-2: Hazard identification, risk assessment, and incident investigation (HIRARC)</p> <p>403-4: Worker participation, consultation, and communication on occupational health and safety</p> <p>403-5: Worker training on occupational health and safety</p> <p>403-9: Work-related injuries</p> <p>403-10: Work-related ill health</p>
Peat	3	Customers (4.5) Retail shops (0) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (0.8) Standard body (1) Shareholder (5) Regulatory Body (4)	<ul style="list-style-type: none"> • Establishment of Sustainability Agriculture Policy pledging protection on peat areas since 2017 and updated in 2019. 	Disclosure 102-16: Values, principles, standards, and norms of behavior

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Water management	3	Customers (2.5) Retail shops (4) Suppliers (1.5) Community (5) Smallholders (3.5) Schools (5) Workers (4) Standard body (1) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> • Practise water resource management guided by a Water management plan. • The plan is revised annually to ensure water resources are well managed. The plan includes: <ul style="list-style-type: none"> > 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. > Monthly monitoring on water quality at final discharge of POME pond (mill) by external lab. > Quarterly water quality checking by external consultant for river. 	<p>Disclosure 303-1: Interactions with water as a shared resource</p> <p>Disclosure 303-4: Water discharge</p>
Pest management	3	Customers (1.5) Retail shops (1) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (2.5) Standard body (1) Shareholder (3) Regulatory Body (2)	<ul style="list-style-type: none"> • Uses an Integrated Pest Management system to control pests, pathogens and weeds so as to minimise the use of chemical pesticides. • Introduced beneficial plants that attracts insects that feed on known pest. • Also introduced other natural, cultural and mechanical pest control strategies have also proven effective i.e. pheromone traps. 	<p>Disclosure 203-2: Significant indirect economic impacts</p>
Productivity (yield/OER)	3	Customers (1.5) Retail shops (1) Suppliers (2) Community (0) Smallholders (3) Schools (0) Workers (0.8) Standard body (0) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> • Pest management. • MS ISO / IEC 17025 for plantations central Lab. • RSPO & MSPO certifications. • Introduce good agriculture practices i.e. OPAP training for executives and above, RSPO & MSPO guidelines. • Introduction of mechanisation (motorised cutter) into harvesting system. 	<p>103-2: Management Approach</p> <p>201-1: Direct economic value generated and distributed</p>

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Food Labeling, quality and oil palm nutritional value/ safety	3	Customers (1.5) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (1) Schools (0) Workers (0) Standard body (1) Shareholder (4) Regulatory Body (3)	<ul style="list-style-type: none"> 100% of mills is HACCP certified since June 2017. 100% mills is HALAL certified in 2019. 2 out of 4 mills is MeSTI certified and the other 2 will be certified as at February 2020. Establishment of food safety policy for all mills. 	<p>Disclosure 416-1: Assessment of the health and safety impacts of product and service categories</p> <p>Disclosure 417-1: Requirements for product and service information and labeling</p> <p>Economics</p> <p>203-2: Significant indirect economic impacts</p>
HACCP	3	Customers (2) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (0.8) Standard body (0) Shareholder (3) Regulatory Body (3)	<ul style="list-style-type: none"> 100% of mills is HACCP certified since June 2017. Conduct annual surveillance audits with the latest on 25 June 2018 (JPOM 1& 2), 28 June 2018 (TPOM) and 31 July 2018 (BPOM). Conduct annual surveillance audits with the latest on 21st June 2019 (JPOM 1 & 2), 19th June 2019 (TPOM) and 18th June 2019 (BPOM). 	
MS ISO / IEC 17025	3	Customers (1.5) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (0) Standard body (0) Shareholder (4) Regulatory Body (2)	<ul style="list-style-type: none"> Certified in October 2018 for our Plantations Central Laboratory. 	
MSPO	3	Customers (1.5) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (1.5) Schools (0) Workers (1.6) Standard body (5) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> All mills and estates are MSPO certified since 2018. 	

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
SPOTT Ranking	3	Customers (2.5) Retail shops (2.5) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (0) Standard body (0) Shareholder (4) Regulatory Body (2)	<ul style="list-style-type: none"> Set a KPI of achieving at least 60% score. Since 2017, Hap Seng Plantations has been ranked within the highest score range on the SPOTT scoreboard (60 and above). In 2019, Hap Seng Plantations registered a score of 65.7% and is ranked 5 in Malaysia and 19 globally. 	
Partnership with stakeholders	3	Customers (3.5) Retail shops (1.5) Suppliers (3.5) Community (0) Smallholders (2.5) Schools (3.3) Workers (3.1) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> First meeting to extend our help to all 11 outgrowers and smallholders in 2018 (supply their produce to HSP). 7 of 11 agreed to participate in obtaining RSPO & MSPO certifications. 4 of the 7 participations have completed stage 1 and 2 audit (RSPO & MSPO) in September/October 2019. 3 of the 7 participations have undergone stage 1 audit (RSPO & MSPO) January 2020. 2 of 7 has obtained MSPO certification. 	102-43: Approach to Stakeholder Engagement 103-2: Management Approach
Child Labour	3	Customers (5) Retail shops (1) Suppliers (1.5) Community (0) Smallholders (2.5) Schools (0) Workers (1.6) Standard body (2) Shareholder (5) Regulatory Body (4)	<ul style="list-style-type: none"> RSPO & MSPO. RSPO & MSPO policies on child labour. 	GRI 408: Child Labor

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Community Development	3	Customers (4) Retail shops (1) Suppliers (1.5) Community (0) Smallholders (2.5) Schools (3) Workers (3.3) Standard body (2) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> In 2018, Hap Seng Plantations has an estimated 2,679 hectares of land for the development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities. Each estate has a shop that is granted permission to operate by the company, with prices controlled to ensure that goods remain affordable. Each month, a special two-day bazaar is set up to facilitate the trading and selling of homegrown goods. Providing local job opportunities to local community. Built, repaired and maintained local infrastructure (including 117 km of roads and 24-hour ferry services). Invested close to RM1 million in various CSR initiatives, including capacity building programmes and building funds for schools. 	103-2: Management Approach 413-1: Operations with local community engagement
Encroachment of Riparian area	3	Customers (3.5) Retail shops (1.5) Suppliers (1) Community (5) Smallholders (2.5) Schools (0) Workers (2.5) Standard body (1) Shareholder (4) Regulatory Body (5)	<ul style="list-style-type: none"> 1,056.74 hectares set aside for riparian buffer to-date. Monthly monitoring of riparian areas to ensure compliance to Sabah Water Resources Enactment 1998. Annual internal and external audit by internal sustainability team and external certification bodies (RSPO, MSPO & ISCC EU). 	Disclosure 303-1: Interactions with water as a shared resource Disclosure 303-2: Management of water discharge-related impacts
Food Security	3	Customers (3) Retail shops (1.5) Suppliers (1) Community (1) Smallholders (2) Schools (0) Workers (2.5) Standard body (1) Shareholder (3) Regulatory Body (3)	<ul style="list-style-type: none"> Provide infrastructure for local community to buy and sell their produce. Allow and easy access to local community to buy and sell produce at plantations workers' weekly & monthly fair. Monitoring prices of sundry shop by estate personnel. 	Disclosure 413-1: Operations with local community engagement, impact assessments, and development programs

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Bribery & Corruption	2	Customers (3.5) Retail shops (2.5) Suppliers (4.5) Community (2) Smallholders (0.5) Schools (0) Workers (1) Standard body (1) Shareholder (5) Regulatory Body (5)	<ul style="list-style-type: none"> • Five code of conduct principles. • Code of conduct and business ethics policy. • Whistle blowing mechanism. • Annual internal audit by finance department. • Annual external audit by accredited party. 	<p>Governance</p> <p>102-16: Values, principles, standards, and norms of behavior</p> <p>102-17: Mechanisms for advice and concerns about ethics</p> <p>205-1: Operations assessed for risks related to corruption</p> <p>205-2: Communication and training about Anti-Corruption Policies and procedures</p>
Security	2	Customers (2.5) Retail shops (4) Suppliers (4.5) Community (3) Smallholders (2.5) Schools (3) Workers (2.5) Standard body (1) Shareholder (4) Regulatory Body (3)	<ul style="list-style-type: none"> • Improving communications among security personnel. • Establish early warning systems at the main entrance and exit points. • Maintain a close rapport with security forces particularly the Royal Malaysian Police. • Installation of CCTV at each main entrance. 	<p>GRI 410: Security Practices (references 103)</p>
Child Education	2	Customers (4.5) Retail shops (4) Suppliers (1.5) Community (5) Smallholders (2.5) Schools (5) Workers (2.5) Standard body (1) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> • Invested close to RM1 million in various CSR initiatives, including capacity building programmes and building funds for schools including sponsorship to Humana schools. • Free transportation for students from estate housing to school. 	<p>103-2: Management Approach</p> <p>413-1: Operations with local community engagement</p>

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Weather	2	Customers (2) Retail shops (1.5) Suppliers (1) Community (1) Smallholders (0.5) Schools (0) Workers (2.5) Standard body (0) Shareholder (3) Regulatory Body (1)	<ul style="list-style-type: none"> Factored in our risk management assessment. 	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change
Demand for sustainable PO product	2	Customers (3) Retail shops (1.5) Suppliers (1.5) Community (0) Smallholders (0.5) Schools (0) Workers (2.5) Standard body (5) Shareholder (4) Regulatory Body (3)	<ul style="list-style-type: none"> RSPO & MSPO certifications. Assisting smallholders who are our suppliers to do likewise. ISCC EU certification. 	Disclosure 203-2: Significant indirect economic impacts
Energy Conservation	2	Customers (3) Retail shops (1.5) Suppliers (1.5) Community (0) Smallholders (4.5) Schools (0) Workers (2.5) Standard body (0) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> Commissioning of biogas plant. 	Disclosure 302-4: Reduction of energy consumption
Air pollution	2	Customers (3.5) Retail shops (1.5) Suppliers (2) Community (5) Smallholders (2) Schools (3.3) Workers (2.5) Standard body (0) Shareholder (4) Regulatory Body (4)	<ul style="list-style-type: none"> Establish Environmental, health and safety committee to monitor pollution matters. Conduct EPMC quarterly meetings to discuss effectiveness of pollution control system. Conduct ERCMC (top management) meeting at yearly basis as per legal requirement. Commissioning of biogas plant result in reduction of diesel usage hence minimising carbon emission and GHG. 	103-2: Management Approach 305-1: Direct (Scope 1) GHG emissions 305-2: Energy indirect (Scope 2) GHG emission 305-7: Nitrogen oxides, sulphur oxides and other significant air emissions

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
GMOs	1	Customers (2.5) Retail shops (1) Suppliers (1) Community (0) Smallholders (0.5) Schools (0) Workers (0.8) Standard body (1) Shareholder (3) Regulatory Body (4)		Disclosure 103-2: The management approach and its components
Replanting & rehab	1	Customers (4) Retail shops (1) Suppliers (1.5) Community (0) Smallholders (3.5) Schools (0) Workers (1.6) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> Replanting programme by stages at around 5% per year. 	Disclosure 103-2: The management approach and its components Disclosure 201-1 Direct economic value generated and distributed
Maximise biomass application	1	Customers (2.5) Retail shops (1) Suppliers (1) Community (0) Smallholders (2.5) Schools (0) Workers (0.8) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> EFB application at estate. BPS application at estate. 	Disclosure 302-4: Reduction of energy consumption
Performance & Recognition	1	Customers (2.5) Retail shops (1.5) Suppliers (1.5) Community (0) Smallholders (2) Schools (0) Workers (2.5) Standard body (1) Shareholder (3) Regulatory Body (2)	<ul style="list-style-type: none"> Hap Seng Plantations Sustainability Won the Best Sustainability Reporting at the 2019 Europa Award for Sustainability for its 2018 Sustainability Report. Best Quality CPO Supplier 2019 (Grouping category) from IOI Edible Oils. 	103-2: Management Approach

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Talent attraction & recognition	1	Customers (2.5) Retail shops (1) Suppliers (1) Community (0) Smallholders 0.5) Schools (0) Workers (1.6) Standard body (1) Shareholder (4) Regulatory Body (2)	<ul style="list-style-type: none"> OPAP for executives and above. Yearly recognition for staff at its Hap Seng Plantations annual dinner. Committed to paying fair wages to all employees. <p>Workers welfare</p> <ul style="list-style-type: none"> In 2019, Hap Seng Plantations has an estimated 2,679 hectares of land for the development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities. Each estate has a shop that is granted permission to operate by the company, with prices controlled to ensure that goods remain affordable. Each month, a special two-day bazaar is set up to facilitate the trading and selling of homegrown goods. housing is provided to all employees with quarters designed to ensure sufficient plot of land for cultivation of food. 	103-2: Management Approach 401-1: New employee hires and employee turnover 401-2: Full-time employee benefits 405-1: Diversity of governance bodies and employees
GAP, GMP, SOP & production cost	1	Customers (2) Retail shops (1.5) Suppliers (1) Community (0) Smallholders (0.5) Schools (0) Workers (2.5) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> Establishment of Oil Palm Agriculture Policy (OPAP) as a guideline for good agricultural practices. 	Disclosure 203-2: Significant indirect economic impacts
Commodity prices	1	Customers (3.5) Retail shops (1.5) Suppliers (1) Community (0) Smallholders (3) Schools (0) Workers (1.6) Standard body (5) Shareholder (4) Regulatory Body (2)	<ul style="list-style-type: none"> Factored in our risk management assessment. 	Disclosure 201-2: Financial implications and other risks and opportunities due to climate change

MATERIALITY MATRIX

Outcome of Sustainability Material Issue after re-assessment	Significant to Hap Seng Plantations* (5 being the most significant and 1 the least)	Significant to stakeholder* (5 being the most significant and 1 the least)	Action In place and/or taken to address the issue	GRI Indicator
Logistics & roads	1	Customers (3) Retail shops (4) Suppliers (2.5) Community (0) Smallholders (4.5) Schools (1.6) Workers (3.3) Standard body (1) Shareholder (3) Regulatory Body (4)	<ul style="list-style-type: none"> Built, repaired and maintained local infrastructure (including 117 km of roads and 24-hour ferry services). 	103-2: Management Approach 413-1: Operations with local community engagement
Labour Tribunals	1	Customers (2) Retail shops (2.5) Suppliers (1) Community (0) Smallholders (0.5) Schools (0) Workers (1.6) Standard body (1) Shareholder (4) Regulatory Body (2)	<ul style="list-style-type: none"> Safeguarding rights of workers with policies aligned to RSPO, ILO Declaration of Fundamental Principles and Rights at work and UN Guiding Principles on Business and Human Rights. 	GRI 402: Labor/ Management Relations / management approach

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
General Disclosure			
GRI 102: General Disclosures 2016			
102-1	Name of Organisation	Frontcover	
102-2	Activities, brands, products, and services	PG 17, 18, 19, 23	
102-3	Location of headquarters	Backcover	
102-4	Location of operations	PG 18	
102-5	Ownership and legal form	PG 17	
102-6	Markets served	PG 17	
102-7	Scale of the organisation	PG 17 - 21, 47 - 50	
102-8	Information on employees and other workers	PG 47	
102-9	Supply chain	PG 19, 23 - 26	
102-10	Significant changes to the organisation and its supply chain	PG 13 - 15, 23 - 26	
102-11	Precautionary Principle or approach	PG 33, 34	
102-12	External initiatives	PG 13 - 15, 23 - 26	
102-13	Membership of associations	PG 37	
Strategy			
102-14	Statement from senior decision-maker	PG 13 - 15	
102-15	Key impacts, risks and opportunities	PG 13 - 15, 33, 34	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Inside cover, PG 27 - 28	
102-17	Mechanism for advise and concern about ethics	PG 27 - 28	
Governance			
102-18	Governance structure	PG 27, 28, 31	
102-19	Delegating authority	PG 27, 28, 31	
102-20	Executive-level responsibility for economic, environmental, and social topics	PG 27, 28, 31	
102-21	Consulting stakeholders on economic, environmental, and social topics	PG 35, 36, 74 - 87	Some info not available
102-22	Composition of the highest governance body and its committees	PG 27, 28, 31	2019 HSP Annual Report – corporate governance statement (PG 10 - 41)
102-23	Chair of the highest governance body	PG 27, 28, 31	2019 HSP Annual Report - corporate governance statement (PG 27 - 32)
102-24	Nominating and selecting the highest governance body	PG 27, 28	2019 HSP Annual Report – corporate governance statement (PG 30)

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
General Disclosure			
Governance			
102-25	Conflicts of interest	PG 27, 28	2019 HSP Annual Report - corporate governance statement (PG 30, 37 - 40)
102-26	Role of highest governance body in setting purpose, values, and strategy	PG 27 - 28, 31	2019 HSP Annual Report - corporate governance statement (PG 27 - 32)
102-27	Collective knowledge of highest governance body	PG 27	2019 HSP Annual Report - corporate governance statement (PG 29)
102-28	Evaluating the highest governance body's performance	-	2019 HSP Annual Report - corporate governance statement (PG 39 - 41)
102-29	Identifying and managing economic, environmental, and social impacts	-	2019 HSP Annual Report - corporate governance statement (PG 42 - 47)
102-30	Effectiveness of risk management processes	-	2019 HSP Annual Report - corporate governance statement (PG 44 - 47)
102-31	Review of economic, environmental, and social topics	PG 4 - 11, 74 - 87	2019 HSP Annual Report - corporate governance statement (PG 42 - 47)
102-32	Highest governance body's role in sustainability reporting	PG 27	
102-33	Communicating critical concerns	PG 13, 14, 33, 34	2019 HSP Annual Report - corporate governance statement (PG 42 - 47)
102-34	Nature and total number of critical concerns	PG 13, 14, 33, 34	
102-35	Remuneration policies	-	2019 HSP Annual Report - corporate governance statement (PG 30, 41)

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
General Disclosure			
Governance			
102-36	Process for determining remuneration	-	2019 HSP Annual Report - corporate governance statement (PG 41)
102-37	Stakeholders' involvement in remuneration	-	2019 HSP Annual Report - corporate governance statement (PG 30, 41)
102-38	Annual total compensation ratio	-	2019 HSP Annual Report - financial statements (PG 119)
102-39	Percentage increase in annual total compensation ratio	-	2019 HSP Annual Report - financial statements (PG 119)
Stakeholder Engagement			
102-40	List of stakeholder groups	PG 35, 36	
102-41	Collective bargaining agreements	PG 48	
102-42	Identifying and selecting stakeholders	PG 73	
102-43	Approach to stakeholder engagement	PG 35, 36	
102-44	Key topics and concerns raised	PG 35, 36	
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 73 - 87	
102-48	Restatements of information	PG 3	The data are restated as a measurement of our progress as compared to previous years.
102-49	Changes in reporting	Inside cover, PG 73	
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	Inside backcover, Backcover	
102-54	Claims of reporting in accordance with the GRI Standards	Inside cover	
102-55	GRI content index	PG 88 - 103	
102-56	External assurance external assurance for the report	PG 73	

Disclosure		GRI Standards Content Index 2019	Comments
Material Aspects			
Economic Performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 12 - 15	
103-2 (reason for omission allowed)	The management approach and its components	PG 12 - 26	
103-3 (reason for omission allowed)	Evaluation of the management approach	PG 4 - 11, 33, 34	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	PG 16	
201-2	Financial implications and other risks and opportunities due to climate change	PG 33, 34	
201-3	Defined benefit plan obligations and other retirement plans	PG 49, 51 - 54	
201-4	Total monetary value of financial assistance received by the organization from any government during the reporting period	-	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 13, 17	
103-2	The management approach and its components	PG 13, 18, 25, 26	
103-3	Evaluation of the management approach	PG 25, 26	
GRI 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	PG 49	
202-2	Proportion of senior management hired from the local community	PG 47, 48	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Material Aspects			
Indirect Economic Impacts			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 51 - 54	
103-2	The management approach and its components	PG 51 - 54	
103-3	Evaluation of the management approach	PG 51 - 54	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	PG 51 - 54	
203-2	Significant indirect economic impacts	PG 51 - 54	
Procurement Practices			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 23 - 26	
103-2	The management approach and its components	PG 23 - 26	
103-3	Evaluation of the management approach	PG 23 - 26	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	PG 25	
Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 27, 28, 32	
103-2	The management approach and its components	PG 27, 28, 32	
103-3	Evaluation of the management approach	PG 27, 28, 32	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	PG 83	
205-2	Communication and training about anti-corruption policies and procedures	PG 28	
205-3	Confirmed incidents of corruption and actions taken	PG 28	
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		
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not relevant to our industry	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Material Aspects			
Materials			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 72	
103-2	The management approach and its components	PG 72	
150-3	Evaluation of the management approach	PG 72	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	PG 72	
301-2	Recycled input materials used	PG 72	
301-3	Reclaimed products and their packaging materials	PG 72	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Environment			
Energy			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 71, 84	We have yet to report on our energy usage in our organisation and intend to do so in the next 5 years
103-2	The management approach and its components	PG 71, 84	
103-3	Evaluation of the management approach	PG 71, 84	
GRI 302: Energy 2016			
302-1	<p>Energy consumption within the organization</p> <p>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</p> <p>c. In joules, watt-hours or multiples, the total:</p> <p>i. electricity consumption</p> <p>ii. heating consumption</p> <p>iii. cooling consumption</p> <p>iv. steam consumption</p> <p>d. In joules, watt-hours or multiples, the total:</p> <p>i. electricity sold</p> <p>ii. heating sold</p> <p>iii. cooling sold</p> <p>iv. steam sold</p> <p>e. Total energy consumption within the organization, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used.</p>	PG 66, 71	
302-2	<p>Energy consumption outside of the organization</p> <p>a. Energy consumption outside of the organization, in joules or multiples.</p> <p>b. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>c. Source of the conversion factors used.</p>	PG 71	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Environment			
Energy			
GRI 302: Energy 2016			
302-3	<p>Energy intensity</p> <p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>	-	
302-4	<p>Reduction of energy consumption</p> <p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	PG 65, 66, 71	
302-5	<p>Reductions in energy requirements of products and services</p> <p>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</p> <p>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	PG 65, 66, 71	
OG2	Total amount invested in renewable energy	PG 60, 71, 84	
OG3	Total amount of renewable energy generated by source	PG 71	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Environment			
Water			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 58, 59	
103-2	The management approach and its components	PG 58, 59	
103-3	Evaluation of the management approach	PG 58, 59	
GRI 303: Water 2016			
303-1	Water withdrawal by sources	PG 59, 62	
303-2	Water sources significantly affected by withdrawal of water	PG 59, 60	
303-3	Water recycled and reused	PG 61, 62	
Biodiversity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 13, 67 - 69	
103-2	The management approach and its components	PG 13, 67 - 69	
103-3	Evaluation of the management approach	PG 13, 67 - 69	
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 67 - 69	
304-2	Significant impacts of activities, products and services on biodiversity	PG 67 - 69	
304-3	Habitats protected or restored	PG 67 - 69	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	PG 67 - 69	
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	PG 67 - 69	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Environment			
Air Emissions			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 65, 66, 69, 84	
103-2	The management approach and its components	PG 65, 66, 69, 84	
103-3	Evaluation of the management approach	PG 65, 66, 69, 84	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	PG 64 - 66	
305-2	Energy indirect (Scope 2) GHG emissions	PG 64 - 66	
305-3	Other indirect (Scope 3) GHG emissions	PG 64 - 66	
305-4	GHG emissions intensity	PG 64 - 66	
305-5	Reduction of GHG emissions	PG 64 - 66	
305-6	Emissions of ozone-depleting substances (ODS)	PG 64 - 66	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	PG 64 - 66	
Effluents and Waste			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 61, 62	
103-2	The management approach and its components	PG 61, 62	
103-3	Evaluation of the management approach	PG 61, 62	
GRI 306: Effluents and Waste 2016			
306-1	Water discharge by quality and destination.	PG 61, 62	
306-2	Waste by type and disposal method	PG 61, 62	
306-3	Significant spills	-	No spillage was recorded in 2019
306-4	Transport of hazardous waste	PG 72	Our scheduled wastes are collected by authorised agents licensed by the department of Environment, Sabah. We have yet to report those data.
306-5	Water bodies affected by water discharges and/or runoff	PG 61, 62	
OG5	Volume and disposal of formation or produced water	PG 61, 62	No info
OG6	Volume of flared and vented hydrocarbon	Not available	No info
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Not available	No info

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Environment			
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 8, 43, 44, 46, 53, 58, 59, 62, 68, 69, 72	
103-2	The management approach and its components	PG 8, 43, 44, 46, 53, 58, 59, 62, 68, 69, 72	
103-3	Evaluation of the management approach	PG 8, 43, 44, 46, 53, 58, 59, 62, 68, 69, 72	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	PG 8, 43, 44, 46, 53, 58, 59, 62, 68, 69, 72	
Supplier Environmental Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 26, 36	
103-2	The management approach and its components	PG 25, 36	
103-3	Evaluation of the management approach	PG 25, 36	
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 25, 36	Our scheduled wastes are collected by authorised agents licensed by the department of Environment, Sabah. We have yet to report those data.
308-2	Negative environmental impacts in the supply chain and actions taken	PG 25, 36	

Disclosure		GRI Standards Content Index 2019	Comments
Social			
Employment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47	
103-2	The management approach and its components	PG 47	
103-3	Evaluation of the management approach	PG 47	
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 49 - 54	
401-3	Parental leave	PG 45	
Labor/Management Relations			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47 - 54	
103-2	The management approach and its components	PG 47 - 54	
103-3	Evaluation of the management approach	PG 47 - 54	
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	No data available	
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2016			
103-1	Explanation of the material topic and its boundary	PG 42 - 46	
103-2	The management approach and its components	PG 42 - 46	
103-3	Evaluation of the management approach	PG 42 - 46	
GRI 403: Occupational Health and Safety 2016			
403-1	Workers representation in formal joint management – worker health and safety committees	PG 44 - 46	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	PG 43, 44	
403-3	Workers with high incidence or high risk of diseases related to their occupation	PG 43, 44	
403-4	Health and safety topics covered in formal agreements with trade unions	-	We do not have such agreements with unions as they are no union in our plantations.

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Social			
Training and Education			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 70	
103-2	The management approach and its components	PG 70	
103-3	Evaluation of the management approach	PG 70	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	PG 70	
404-2	Programs for upgrading employee skills and transition assistance programs	PG 70	
404-3	Percentage of employees receiving regular performance and career development reviews	PG 70	
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47, 49	
103-2	The management approach and its components	PG 47, 49	
103-3	Evaluation of the management approach	PG 47, 49	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	PG 48	
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 47, 49, 53	
103-2	The management approach and its components	PG 47, 49, 53	
103-3	Evaluation of the management approach	PG 47, 49, 53	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	PG 47, 49, 53	
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 48	
103-2	The management approach and its components	PG 48	
103-3	Evaluation of the management approach	PG 48	
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 48	

Disclosure		GRI Standards Content Index 2019	Comments
Social			
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 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 47 - 50	
103-2	The management approach and its components	PG 47 - 50	
103-3	Evaluation of the management approach	PG 47 - 50	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	PG 47 - 50	
Security Practices			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47, 53, 83	
103-2	The management approach and its components	PG 47, 53, 83	
103-3	Evaluation of the management approach	PG 47, 53, 83	
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	PG 47, 53, 83	
Rights of Indigenous Peoples			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47, 53	
103-2	The management approach and its components	PG 47, 53	
103-3	Evaluation of the management approach	PG 47, 53	
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	PG 47, 53	
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	PG 47, 53	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Social			
Human Rights Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 47 - 50	
103-2	The management approach and its components	PG 47 - 50	
103-3	Evaluation of the management approach	PG 47 - 50	
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	PG 47 - 50	
412-2	Employee training on human rights policies or procedures	PG 47 - 50	No info
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not relevant	We do not have such contracts or agreements.
Local Community			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	PG 51 - 54	
103-2	The management approach and its components	PG 51 - 54	
103-3	Evaluation of the management approach	PG 51 - 54	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	PG 51 - 54	
413-2	Operations with significant actual and potential negative impacts on local communities	PG 51 - 54	
OG10	Number and description of significant disputes with local communities and indigenous peoples	NR	We do not have 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 25, 26	
103-2	The management approach and its components	PG 25, 26	
103-3	Evaluation of the management approach	PG 25, 26	
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 25, 26	

Disclosure		GRI Standards Content Index 2019	Comments
Social			
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
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	

GRI STANDARDS CONTENT INDEX

Disclosure		GRI Standards Content Index 2019	Comments
Social			
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 33, 34, 53	

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/ breakdown	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	418.6	390.8	555.1	503.4	434.9	495.6	443.3	526.5	654.9
Profit before taxation	RM million	36.6	37.1	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	31.4	29.1	109.2*	124.1	96.4	128.3	97.5	140.3	253.0
LAND/PLANTATION										
Total area										
Group	Ha	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
Tomanggong group of estates (TMGOE)	Ha	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	9,906	9,906	9,906	9,906	9,906
Ladang Kawa	Ha	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
Kota Marudu	Ha	808	808	808	808	808	808	808	808	808
Total planted areas (Oil Palm)										
Group	Ha	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	12,808	12,808	12,808	12,808	12,808	12,808	12,808
Tomanggong group of estates (TMGOE)	Ha	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	8,742	8,755	8,761	8,761	8,761	8,761	8,761
Ladang Kawa	Ha	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	1,050
Kota Marudu	Ha	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.

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/ breakdown	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 - Mature										
Group	Ha	32,458	32,139	32,023	32,374	32,440	31,373	30,670	30,455	31,068
Jeroco group of estates (JGOE)	Ha	11,645	10,957	10,731	10,589	10,565	10,693	10,567	10,999	11,455
Tomanggong group of estates (TMGOE)	Ha	10,807	11,070	10,705	10,727	10,431	9,552	9,334	8,687	8,811
Sungai Segama group of estates (SSGOE)	Ha	7,317	7,423	7,899	8,368	8,755	8,761	8,761	8,761	8,758
Ladang Kawa	Ha	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	581	209	209	245
Kota Marudu	Ha	585	585	585	585	585	585	598	598	598
Planted areas - Immature										
Oil palm	Ha	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
Plantation Average Age	Years	15.8	15.6	15.3	15.3	15.5	15.4	15.2	14.8	
30 months to 7 years	Ha	4,340	4,491	5,615	5,626	5,599	4,089	2,525	2,788	2,289
> 7 years to 17 years	Ha	9,794	8,522	6,839	7,245	8,480	10,122	10,981	13,332	16,009
> 17 years	Ha	18,324	19,125	19,569	19,503	18,361	17,162	17,164	14,335	12,770
Area set aside for conservation	Ha	1402	1402	1402	1402	1402	1,401	1,480		
Peat developed	Ha	0	0	0	0	0	0	0	0	0
PRODUCTION										
FFB	MT	675,587	657,259	655,957	662,774	709,984	727,937	704,241	665,812	738,969
FFB processed										
FFB – Own	MT	662,069	643,842	640,507	643,731	667,504	680,741	662,452	620,770	693,901
FFB – Purchased (Independent local outgrowers and smallholders)	MT	63,715	77,641	85,006	91,707	107,829	121,673	116,490	105,469	107,623
Palm oil	MT	152,017	148,651	150,695	154,682	170,546	172,980	166,202	154,595	168,025
Palm kernel	MT	35,402	34,802	35,183	35,872	38,087	38,778	36,554	34,587	37,050
Palm oil OER	Percentage	20.95	20.60	20.77	21.03	22.00	21.56	21.34	21.29	20.96
Palm kernel OER	Percentage	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	20.81	20.45	20.48	20.47	21.89	23.20	22.96	21.86	23.79
Oil per mature hectare	MT/Ha	4.36	4.21	4.25	4.31	4.81	5.00	4.90	4.65	4.99

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

BASE DATA AND NOTES

Category/ Indicator	Measurement unit/ breakdown	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	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		57	74	50	18	22	32	12	23	19
% returned after maternity leave		92	87	76	67	75	81	100	100	100
Community and Housing										
Breakdown of charitable contributions (MYR)	Humana (capex)	0	0	0	420,140	43,150	0	24,440	155,454	547,750
	Humana (expenses)	293,241	347,963	277,000	235,000	304,000	320,000	278,044	243,040	92,495
	Misc donations	6,880	0	917,500	36,000	306,390	5,790	2,650	5,000	1,000
	CSR	191,189	538,161	1,698,015	576,000					
	Total	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		9,901	9,901	6,479	4,160	4,242	3,934	3,875	3,844	3,778
HEALTH AND SAFETY										
Fatalities		0	0	1	0	1	0	1	1	0
Number of lost time accidents		48	58	44	74	66	164	230	321	388
Number of lost days (not including fatalities)		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	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	4.0	4.1	2.3	2.7	3.0	2.8	2.9	3.3	3.2

Category/ Indicator	Measurement unit/ breakdown	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
ENVIRONMENT										
BOD level	ppm	20	23	25	27	38	34	40	42	39
Total fertilizer usage	MT/Ha	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	1.42	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
Toxicity per ha		262	348	414	449	398	486	515	474	465

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 e) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.
Effluents	Water discharged from one source into a separate body of water, such as mill process water.
Extraction rate	The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.
Free, prior and informed consent (FPIC)	The principle that a community has the right to give or withhold its consent to proposed project that may affect the lands they customarily own, occupy or otherwise use.
Fresh fruit bunch (FFB)	Bunch harvested from the oil palm tree. Each bunch can weigh from 5 to 50 kg and can contain up to 1,500 or more individual fruits.
Global Forest Watch (GFW)	Global Forest Watch is an online platform that provides data and tools for monitoring forests. By harnessing cutting-edge technology, GFW allows anyone to access near real-time information about where and how forests are changing around the world.
High Carbon Stock (HCS) Approach	The High Carbon Stock Approach is a universally agreed methodology to prevent deforestation through the classification of forest and vegetation types. The methodology is governed by a multistakeholder steering group.
High Conservation Values	The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic and cultural biodiversity and landscape value.
Identity Preserved	Sustainable palm oil from a single identifiable certified source 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.
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)	Byproduct 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.

GLOSSARY

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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