



**HAP SENG
PLANTATIONS**

Creating
Value
Together



**HAP SENG PLANTATIONS
HOLDINGS BERHAD**

SUSTAINABILITY REPORT 2022



ABOUT THIS REPORT

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

Scope and Boundaries

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

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

Unless otherwise stated, this report contains data and information for the financial year 2022, commencing 1 January 2022 to 31 December 2022. This report is intended to meet the information needs of our stakeholders and communicate our approach on EES aspects of our business. This report is also intended to be read in conjunction with our 2022 Annual Report and the sustainability-related disclosures on our website.

The scope of our report covers:

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

Materiality Assessment

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

As they have been no significant change to the size, structure, or ownership of our operations since our first reporting in 2015, we set the review of our materiality matters once every two years. We conducted the last reassessment of our key material matters in 2021 through various platforms, including group session engagements, phone calls, and emails with the participation from both our internal and external stakeholders. Their inputs have been incorporated into our updated materiality matrix on page 14.

In line with the sustainability effort spearheaded by the United Nations, we have been aligned to the United Nations Sustainable Development Goals (UN SDGs) as stated on page 8 to 13.

Please refer to the GRI Content Index (from page 68 to 72) for list of disclosures in accordance to the reporting framework.

VISION & MISSION

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

SUSTAINABILITY PRINCIPLES & VALUES

Economic
growth

Environmental
protection

Mutually beneficial
relationship with
our community

Accountable to
our stakeholders

CORE VALUES

Integrity



Transparency



Commitment to
excellence



Sustainability



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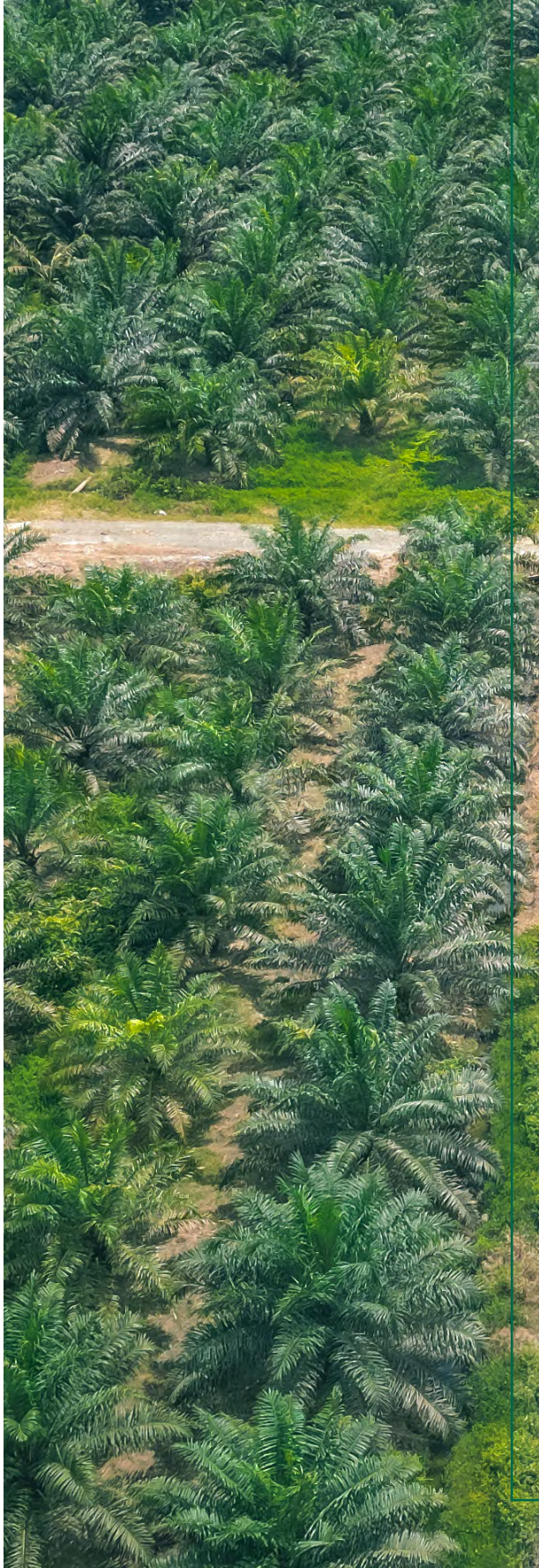
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FOREWORD FROM HAP SENG PLANTATIONS HOLDINGS BERHAD



We are pleased to present to you Hap Seng Plantations Holdings Berhad's 2022 Sustainability Report, which is our eighth sustainability report to date. We remain committed towards good business practices, good governance, and strictly observing sustainable agriculture practices. Our Sustainability Report (SR) was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and Bursa Malaysia's Sustainability Reporting Framework.



We remain committed to prioritising safety and health aspects for the well-being of our employees and have made it a cornerstone of our journey towards sustainability. In FY2022, we recorded zero workplace fatality, which is a testament to our ongoing commitment to ensuring the safety and well-being of all our personnel. We recognise the importance of consistently reminding, monitoring and train our personnel at all levels about workplace safety as well as providing a safe working and living environment. Additionally, we have adopted sustainability standards for both our estates and mills, further emphasising our commitment to the well-being of our employees and the environment.

In our milling operations, we have installed new noise pollution controls at Bukit Mas Palm Oil Mill (BPOM) to reduce noise levels. Additionally, we have provided new equipment and facilities at our clinics in Sungai Segama Group of Estates (SSGOE) and Jeroco Group of Estates (JGOE), including vital signs monitoring machine and ambulances. These investments align with our goal of maintaining zero fatality at all of our estates and mills.

As part of our Best Management Practices (BMP), we focused on innovating through automation and digitalisation using drone technology. This ongoing effort is aimed at improving our precision agriculture management. Our drones are utilised for various activities including verifying palm stand per hectare, field boundaries survey,

FOREWORD FROM HAP SENG PLANTATIONS HOLDINGS BERHAD

monitoring flood-affected areas, assessing palm health, and conducting pests and diseases surveys. Currently, we have deployed 14 drones for precision agriculture in our plantations, which are used for pests and diseases (P&D) management, herbicide spraying, mapping, and surveillance purposes.

In addition, we have explored the use of spraying drone as an alternative solution for effective and efficient productivity, safety, and profitability. This technology is used to reduce reliance on manpower and achieve a higher level of productivity for P&D spraying in the nursery, immature fields and tall palm areas that are unreachable using conventional knapsack pumps/ mist blowers. The solution also minimises workers' exposure to hazardous chemicals, in accordance with the guidelines in the Occupational Safety & Health Act.

Continuing our approach towards BMP initiatives, we firmly believe in the effectiveness and efficiency of Integrated Pest Management (IPM) which combines cultural, biological, and mechanical measures for managing P&D. For example, to limit the population of Bagworms and Nettle Caterpillars, we have planted beneficial plants throughout the estate and prioritised the use of microbial agents over agrochemicals. Another example is the use of pheromone traps to control the population of Rhinoceros Beetle instead of excessive agrochemicals usage.

In recent times, the issue of global warming has been recognised as a serious concern due to the unpredictable nature of climate change. We were reminded of the devastating effects of climate change when we witnessed severe floods and landslides cases happened in Malaysia last year. The palm oil sector has come under scrutiny as it is often seen as one of the significant contributors to global warming due to land use change. As a result, downstream palm oil consumers are expecting additional disclosures of greenhouse gas emissions information.

At Hap Seng Plantations, we are committed to reducing the impact of greenhouse gas emissions from our operations. One of our major efforts in this direction is the commissioning of biogas plants which capture methane gas from Palm Oil Mill Effluent (POME) and convert it into electricity. We are pleased to report that three of our palm oil mills - Jeroco Palm Oil Mill 1 (JPOM 1), Jeroco Palm Oil Mill 2 (JPOM 2), and Bukit Mas Palm Oil Mill (BPOM) are utilising electricity generated from biogas plants.

We have also been using the RSPO PalmGHG calculator to monitor our progress, and we are proud to announce that we have achieved 28% reduction in greenhouse gas (GHG) emissions. Our emissions have decreased from 0.94 MT CO₂-e / MT CPO in 2021 to 0.68 MT CO₂-e / MT CPO. This is a significant milestone for us, as it is the first time we achieved GHG emissions below 0.75 MT CO₂-e/MT CPO.

Furthermore, our company has installed Electrostatic Precipitators (ESP) for all our mills, and three out of the four ESP were commissioned at the time of reporting. This has resulted in a cleaner environment at the boiler house vicinity, where dust particulates emitting from the boiler are kept below 150mg/m³ at all times.

We are committed to protecting the biodiversity, High Conservation Value (HCV), and High Carbon Stocks (HCS) areas within and adjacent to our plantations. We are fully aware that human intrusion can pose a significant threat to these areas, especially across our borders with adjacent forest reserves. To prevent such intrusion, we installed 45 motion camera traps in 2022, an increase from 40 units in the previous year. These camera traps help to deter animal poachers from entering our estate and neighboring forest reserves. This is in line with our commitment to ensuring zero conversion of natural ecosystems and restoration of non-compliant land conversion or deforestation. This commitment also applies to all fresh fruit bunch (FFB) suppliers, as stated in our Sustainable Agriculture Policy and Biodiversity Policy.



FOREWORD FROM HAP SENG PLANTATIONS HOLDINGS BERHAD



To ensure that our palm oil meets stricter food safety requirements on free and bound 3-monochloropropane diol (3-MCPDE), we have commissioned the chloride washing plants at Bukit Mas Palm Oil Mill (BPOM) and Jeroco Palm Oil Mill 1 (JPOM 1) in January 2022. This was in response to the requirement by the European Food Safety Authority Panel on Contaminants in the Food Chain setting the tolerable daily intake of free and bound 3-MCPDE as 2.0 µg/kg of body weight.

With the growing concern of consumers regarding food safety and security, we remain dedicated to delivering premium quality certified palm oil products and services to our customers worldwide. At present, our Plantations Central Laboratory (PCL) employs three registered Chemists under the Institut Kimia Malaysia (IKM) and one registered Food Analyst under the Majlis Juruanalisis Makanan Malaysia (MJMM) to ensure that our certified palm oil products meet our customers' needs and requirements.

In FY2022, we actively assisted 11 independent smallholders and outgrowers in pursuing sustainability certifications. As of this reporting period, four independent smallholders and outgrowers have obtained both RSPO and MSPO certifications, while another three are MSPO certified. The remaining three are currently in the process of obtaining RSPO and MSPO certifications. We are committed to supporting the certification of independent smallholders and outgrowers who supply to us, and we collaborate with buyers who share similar commitment to sustainable sourcing.

Hap Seng Plantations' improved ranking in the Zoological Society of London Sustainable Palm Oil Transparency Toolkit (ZSL SPOTT) affirms that we are on the right track. In the ZSL SPOTT November 2022 assessment, we achieved a major breakthrough by scoring more than 80% for the first time, a score achieved by only two other Malaysian plantation companies presently. This achievement can be attributed to the progress made in addressing gaps and meeting our sustainability targets. In the assessment, we recorded a score of 81.8%, ranked third among assessed Malaysian companies and 14 out of 100 assessed oil palm producers, processors and traders.

Since publishing our inaugural sustainability report in 2015, we have been unwavering in our commitment to sustainability. While we recognise that there is still more we can do to advance our sustainability efforts, we remain steadfast to pursuing sustainable practices in all aspects of our operations. We are confident that with the continued support, efforts, and active participation of our people and stakeholders, we can achieve even greater success in this endeavour. Therefore, we extend our heartfelt gratitude to all our employees and stakeholders for their unwavering support throughout the year.

AU YONG SIEW FAH

Chief Executive – Group Plantations

PERFORMANCE HIGHLIGHTS



FINANCIAL

Our
Revenue

RM814.6
million

Profit
Before Tax

RM264.0
million

Basic Earnings
Per Share

26.30
sen



OPERATION

Total
Production
Volumes

130,510 MT

29,450 MT

CPO

PK



HEALTH & SAFETY

Lost Time
Frequency
Rate

0.7 incidents per 200,000 hours worked

Fatal
Accident

0 fatality



SOCIAL

Best Quality CPO Supplier

(Grouping Category) FY2022 from IOI Edible Oils

Highest Quantity CPO Supplier

(Individual Mill Category) Tomanggong Palm Oil Mill
FY2022 from IOI Edible Oils



TRACEABILITY

FFB Processed

77% or 494,800 MT
processed by identity preserved
mills (JPOM 1 and BPOM)

23% or 146,451 MT
processed by mass balance mills
(JPOM 2 and TPOM)

CPO Production

CSPO - 77% or 100,368 MT
from identity preserved mills
(JPOM 1 and BPOM)

CPO - 23% or 30,142 MT
from mass balance mills
(JPOM 2 and TPOM)

PK Production

CSPK - 77% or 22,579 MT
from identity preserved mills
(JPOM 1 and BPOM)

PK - 23% or 6,871 MT
from mass balance mills
(JPOM 2 and TPOM)

2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Sustainability Achievements – Marketplace; Workplace; Community; Environment

	Achievements	2022 Data
Marketplace	Net profit	RM210.3 million
	Market capitalisation	RM1.551 billion
	Fresh Fruit Brunches production	583,943 MT
	Crude Palm Oil production	130,510 MT
	Palm Kernel production	29,450 MT
	RSPO certification	Maintain 100% certification for all mills
	MSPO certification	Maintain 100% certification for all estates & mills
	MSPO SCCS certification	Maintain 100% certification for all mills
	ISCC EU certification	Maintain 100% certification for all mills
	HACCP certification	Maintain 100% certification for all mills
	MeSTI certification	Maintain 100% certification for all mills
	HALAL certification	Maintain 100% certification for all mills
Workplace	Total workforce	7,747
	Women in workforce	2,563
	Hiring rate	41.20%
	Turnover rate	19.92%
	Safety training	856 hours per year
	Lost Time Incident Rate per 200,000 hours worked	0.7
	Fatality	0
Community	Community investment	Programmes & activities: RM809,252
	Schools – Humana & rural schools	No. of Humana schools: 11; contributed RM497,644 Capacity building programmes: contributed RM473,944
	Support independent local outgrowers and smallholders	No. of outgrowers and smallholders: 11
	CSR activities for local communities	No. of programmes: 3; contributed RM298,280
Environment	GHG emissions	0.68 MT CO ₂ -e/ MT CPO
	HCV areas	1,401.98 Ha
	Riparian buffer areas	1,056.74 Ha (Distance: 557,453.05 m)
	Biogas facilities	Three mills have access to biogas facilities (JPOM 1, JPOM 2 & BPOM)
	Recyclable waste	4.34 MT
	Water consumption intensity	1.88 m ³ / MT FFB processed
	BOD discharge level	16 ppm
	COD discharge level	331 ppm

2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Tracking Progress on Our Commitments













Year	Status
2015	• All mills RSPO certified
	• Establish a GHG baseline
	• Increase FFB yield to 22 MT per hectare
	• Complete a biodiversity baseline study
	• No increase in lost time accident rate
	• Zero fatality
2016	• ISCC EU certification of all mills
	• Complete guidelines on biodiversity management at landscape level using an HCV approach
	• Develop a GHG emissions reduction plan
2017	• Reduce BOD level to 20 parts per million (ppm) for JPOM
	• HACCP certification of all mills
	• Increase CPO extraction rate to 22.5%
	• MSPO certification of Pelipikan Estate
	• Reduce GHG emissions intensity to between 1.5 to 2.0 MT CO ₂ -e/ MT CPO
	• MSPO certification of all estates and mills
2018	• RSPO & MSPO certification of 50% of JPOM 2 external FFB
2019	• Reduce BOD level to 20 parts per million (ppm) for BPOM
	• Reduce BOD level to 20 parts per million (ppm) for TPOM
2020	• 70% reduction of COD level at anaerobic treatment for JPOM & BPOM
	• Biogas facilities with methane capture for all mills
2021	• Reduce GHG emissions intensity to between 1.0 to 1.5 MT CO ₂ -e/ MT CPO
2022	• RSPO & MSPO certification of 100% of JPOM 2 and TPOM external FFB
	• 70% reduction of COD level at anaerobic treatment for TPOM
	• Reduce GHG emissions intensity to below 1.0 MT CO ₂ -e/ MT CPO
2023	• Commisioning of Electrostatic Precipitators (ESP) for all mills

- | | |
|---|--|
| <ul style="list-style-type: none"> • RSPO - Roundtable on Sustainable Palm Oil • FFB - Fresh Fruit Bunch • ISCC - International Sustainability & Carbon Certification • HCV - High Conservation Values • GHG - Greenhouse Gas • CPO - Crude Palm Oil • MSPO - Malaysian Sustainable Palm Oil • MSPO SCCS - Malaysian Sustainable Palm Oil Supply Chain Certification Standard | <ul style="list-style-type: none"> • JPOM 1 - Jeroco Palm Oil Mill 1 • JPOM 2 - Jeroco Palm Oil Mill 2 • TPOM - Tomanggong Palm Oil Mill • BPOM - Bukit Mas Palm Oil Mill • BOD - Biological Oxygen Demand • HACCP - Hazard Analysis Critical Control Points • COD - Chemical Oxygen Demand |
|---|--|












* We have reset targets to benchmark against MPOB Sabah averages as this is the accepted industry practice.

2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS










Sustainability Performance Indicators – Targets and Achievements

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Marketplace								
Food Safety								
Pest Management; Food Security	Reduction in toxicity unit per planted hectare (herbicide only).	To maintain or reduce the toxicity rate as compared to previous year.	Toxicity rate was increased from 418 toxicity unit/ha in 2021 to 527 toxicity unit/ha in 2022. Refer to page 41 on the detail of increased toxicity rate.	To maintain or reduce the toxicity rate as compared to previous year.	To maintain or reduce the toxicity rate as compared to previous year.	Conserving biodiversity & pollution control.	  	41
	Obtain food safety certification.	To maintain certification for both HALAL and HACCP.	Achieved target.	To maintain certification for both HALAL and HACCP.	To maintain certification for both HALAL and HACCP.	Food safety & sustainable production.		7, 42
Economics								
Productivity	FFB yield per hectare.	To achieve higher yield than MPOB's Sabah average FFB yield.	Achieved target as our FFB yield was higher at 18.17 MT per hectare than MPOB's Sabah average yield at 15.39 MT per hectare.	To achieve higher yield than MPOB's Sabah average FFB yield.	To achieve higher yield than MPOB's Sabah average FFB yield.	Productive & responsible production.		24
	Oil Extraction Rate (OER).	To achieve higher yield than MPOB's Sabah average OER.	Achieved target as our OER was higher at 20.35% than MPOB's Sabah average OER at 20.25%.	To achieve higher OER than MPOB's Sabah average OER.	To achieve higher OER than MPOB's Sabah average OER.	Productive & responsible production.		25
Benchmarking								
Business Expansion & Growth; RSPO; Traceability and Segregation; Food Labelling, Quality and Oil Palm Nutritional Value and Safety; HACCP; MSPO; MS ISO/ IEC 17025; SPOTT Ranking	RSPO P&C.	<ul style="list-style-type: none"> To maintain 100% certification for all mills. 100% mills were certified in 2015. 	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.	 	7, 42
	MSPO.	<ul style="list-style-type: none"> To maintain certification. 100% estates and mills in 2018 ahead of mandatory deadline of 31 December 2018. 	Achieved target. Passed recertification/ annual surveillance audit for estates and mills.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	 	7, 42
	MSPO SCCS	<ul style="list-style-type: none"> To maintain certification. 100% mills were certified ahead of mandatory deadline of 1 January 2020. 	Achieved MSPO SCCS certification for all mills. Passed recertification/ annual surveillance audit for all mills.	To maintain certification.	To maintain certification.	Food safety & sustainable production.	 	7, 42








2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Marketplace								
Benchmarking								
Business Expansion & Growth; RSPO; Traceability and Segregation; Food Labelling, Quality and Oil Palm Nutritional Value and Safety; HACCP; MSPO; MS ISO/ IEC 17025; SPOTT Ranking	ISCC EU	<ul style="list-style-type: none"> To maintain certification. 100% mills were certified in 2016. 	Achieved target. Passed recertification audit.	To maintain certification.	To maintain certification.	Food safety & sustainable production.		7, 42
	HACCP	<ul style="list-style-type: none"> To maintain certification. 100% mills were certified in 2017. 	Achieved target. Passed recertification/annual surveillance audit.	To maintain certification.	To maintain certification.	Food safety & sustainable production.		7, 42
	MS ISO/IEC 17025	<ul style="list-style-type: none"> To maintain certification. Certified in 2018. 	Achieved target. Passed annual surveillance audit.	To maintain certification.	To maintain certification.			7, 42
	MeSTI	<ul style="list-style-type: none"> To maintain certification for four mills (JPOM 1, JPOM 2, TPOM & BPOM). 100% mills were certified in 2020. 	Achieved target.	To maintain certification.	To maintain certification.	Food safety & sustainable production.		7, 42
	HALAL	<ul style="list-style-type: none"> To maintain certification. 100% mills were certified in 2019. 	Achieved target.	To maintain certification.	To maintain certification.	Food safety & sustainable production.		7, 42
Legal compliance								
Water Pollution; Air Pollution; Safety & Health	National water quality standards regulated by Ministry of Health.	To comply with all regulations and guidelines.	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	 	57
	Sabah Water Resources Enactment 1998.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.		39
	Department of Irrigation and Drainage guideline.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	  	63











2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 1: Marketplace								
Legal compliance								
Water Pollution; Air Pollution; Safety & Health	Sabah Wildlife Enactment & the International Union for Conservation of Nature (IUCN) Red List.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	 	63
	Environmental Quality Act 1974.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.		40, 57
	Environmental Quality (Scheduled Wastes) Regulation 2005.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.		67
	Occupational Safety and Health Act 1994.	To comply with all regulations and guidelines	No violation reported.	To comply with all regulations and guidelines.	To comply with all regulations and guidelines.	Code of ethics & governance.	 	45
Governance								
Integrity and Transparency	Value, governance and ethics.	To adhere the core values of Hap Seng Plantations Holdings Berhad.	<ul style="list-style-type: none"> No corruption case reported. No breach of legal requirement. 	To adhere the core values of Hap Seng Plantations Holdings Berhad.	To adhere the core values of Hap Seng Plantations Holdings Berhad.	Code of ethics & governance.		35
	Policies and procedures are publicly made available.	To add new or update the policies and procedures of publicly available documents when required.	There was no new or updated policy in FY2022.	To add new or update the policies and procedures of publicly available documents when required.	To add new or update the policies and procedures of publicly available documents when required.	Code of ethics & governance.		29
	Stakeholders engagement.	Stakeholders meeting for estates & mills level is carried out on a regular basis.	Internal stakeholders meeting was carried out by estates and mills on a regular basis.	<ul style="list-style-type: none"> Stakeholders meeting for estates and mills level is to be carried out on a regular basis. Stakeholders meeting for group level to be carried out once every two years. 	<ul style="list-style-type: none"> Stakeholders meeting for estates & mills level to be carried out on regular basis. 	Responsible partnership.		30








2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 2: Workplace								
Labour Conditions and Welfare; Safety and Health; Child Labour	No work-related fatality.	Zero fatality.	Zero fatality reported.	Zero fatality.	Zero fatality.	Occupational safety & health.		46
	Reduce lost time injury frequency (LTIF) below 2014 level of 4.0 per 200,000 hours worked.	To maintain or reduce LTIF further.	Lost time injury frequency (LTIF) per 200,000 hours worked increased from 0.6 per 200,000 hours worked in 2021 to 0.7 per 200,000 hours worked in 2022. Refer to page 46 on the detail of increased LTIF.	To maintain or reduce LTIF further.	To maintain or reduce LTIF further.	Occupational safety & health.		46
	To live up to International Labour Organisation (ILO) and UN guiding principles on business and human rights.	No violation of human rights.	No violation reported.	No violation of human rights.	No violation of human rights.	Human & workers' rights.		50
	No child labour.	Zero case.	Zero case reported.	Zero case.	Zero case.	Human & workers' rights.		50
	Physical security.	No theft nor criminal case.	No theft nor criminal case reported.	No theft nor criminal case.	No theft nor criminal case.	Occupational safety & health.		51
Target 3: Environment								
Biodiversity								
No Deforestation & HCS; Elephant & Wildlife	Protect forest reserve adjacent to our areas by monitoring the buffer zone.	<ul style="list-style-type: none"> No encroachment at forest reserve area. To maintain forest reserve buffer zone. 	No encroachment reported and achieved target.	<ul style="list-style-type: none"> No encroachment at forest reserve area. To maintain forest reserve buffer zone. 	<ul style="list-style-type: none"> No encroachment at forest reserve area. To maintain forest reserve buffer zone. 	Conserving biodiversity.		56, 63
	Monitoring and management of HCV areas.	<ul style="list-style-type: none"> To install more camera traps to monitor the biodiversity (fauna) of the HCV areas. To maintain monthly monitoring as well as HCV area. 	Achieved target. 45 camera traps were purchased/ installed to improve the monitoring.	To maintain monthly monitoring as well as HCV area.	To maintain monthly monitoring as well as HCV area.	Conserving biodiversity.		45

2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 3: Environment								
Biodiversity								
No Deforestation & HCS; Elephant & Wildlife	Monitoring deforestation.	To maintain monthly monitoring and record of no deforestation activity.	No deforestation activity reported.	To maintain monthly monitoring and record of no deforestation activity.	To maintain monthly monitoring and record of no deforestation activity.	Conserving biodiversity.	 	39
	Implement Rare, Threatened and Endangered (RTE) policy to protect wildlife.	<ul style="list-style-type: none"> To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	<ul style="list-style-type: none"> No incident was reported. Another 5 new cameras were purchased/installed to improve the monitoring of RTE species in the HCV areas. 	<ul style="list-style-type: none"> To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	<ul style="list-style-type: none"> To maintain monthly monitoring. To continue yearly training at estate level. To maintain zero incident of breach. 	Conserving biodiversity.		64
Climate Change								
GHG Emissions; Fire Management; Peat	Reduce GHG emissions intensity of CO ₂ -e/ MT CPO.	To reduce GHG emissions intensity to between 1.0 to 1.5 MT CO ₂ -e / MT CPO.	Achieved ahead of target.	To maintain or reduce GHG emissions intensity between 1.0 to 1.5 MT CO ₂ -e / MT CPO.	To maintain or reduce GHG emissions intensity between 1.0 to 1.5 MT CO ₂ -e / MT CPO.	GHG emission discharge & waste management.		59
	Commissioning biogas plants.	All four mills to have access to biogas facilities.	Three mills have access to biogas facilities.	To build new biogas facilities.	To commission new biogas facilities.	GHG emission discharge & waste management.	  	66
	No development on peat soil.	To maintain no planting / development on peat area.	Achieved target.	To maintain no planting / development on peat area.	To maintain no planting / development on peat area.	GHG emission discharge & waste management.		40
	Zero burning policy.	To maintain zero burning on estates.	No fire incident reported.	To maintain zero burning on estates.	To maintain zero burning on estates.	GHG emission discharge & waste management.	 	40

2022 SUSTAINABILITY HIGHLIGHTS & ACHIEVEMENTS

Materiality Matters/ Topics	Sustainability Focus	Target 2022	Status of Target	Target 2023	Target 2024	Material Matters Addressed	Relevant to UN SDGs	Reported in Page
Target 3: Environment								
Water Resources								
Water Management; Encroachment of Riparian Area	Reduce Biological Oxygen Demand (BOD) level due to POME discharge.	All mills to achieve 20 ppm.	Biological Oxygen Demand (BOD) for Tomanggong Palm Oil Mill (TPOM) was higher at 21.58 ppm. Refer to page 58 on the detail of higher BOD for TPOM.	All mills to achieve 20 ppm.	To maintain 20 ppm target for all mills.	Conserving biodiversity & pollution control.		58
	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.	 	39
	Water Resource Management Plan.	To complete installation of water treatment plant at Pelipikan Estate or to provide water from the source that meets the quality of National Water Quality Standard for Malaysia.	No water treatment plant at Pelipikan Estate. Refer to page 50 on the detail of delayed installation of water treatment plant at Pelipikan Estate.	To complete installation of water treatment plant at Pelipikan Estate or to provide water from the source that meets the quality of National Water Quality Standard for Malaysia.	To complete installation of water treatment plant at Pelipikan Estate or to provide water from the source that meets the quality of National Water Quality Standard for Malaysia.	Workers access to clean and treated water.	 	50, 57
	Water usage in operation at mills.	To maintain or to reduce water usage at 1.4 m ³ / MT FFB.	Target not achieved 2022 - 1.88 m ³ / MT FFB 2021 - 1.77 m ³ / MT FFB 2020 - 1.46 m ³ / MT FFB 2019 - 1.42 m ³ / MT FFB 2018 - 1.40 m ³ / MT FFB Refer to page 42 on the detail of higher water usage.	To reset target of water usage at 1.5m ³ / MT FFB.	To maintain or to reduce water usage at 1.5m ³ / MT FFB.	Water resource management.		42
Target 4: Community								
Relationship and Support to Smallholders; Traceability and Segregation; Partnership with Stakeholders; Community Development	Assist neighbouring independent local outgrowers / smallholders in achieving RSPO & MSPO certifications.	Nine out of 11 independent local outgrowers / smallholders to get RSPO / MSPO certifications.	Seven out of 11 independent local outgrowers / smallholders successfully obtained RSPO / MSPO certifications.	To ensure nine out of 11 independent local outgrowers / smallholders successfully obtained RSPO / MSPO certifications.	To ensure 10 out of 11 independent local outgrowers / smallholders successfully obtained RSPO / MSPO certifications.	Responsible partnership.		36

MANAGING OUR MATERIAL MATTERS

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

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

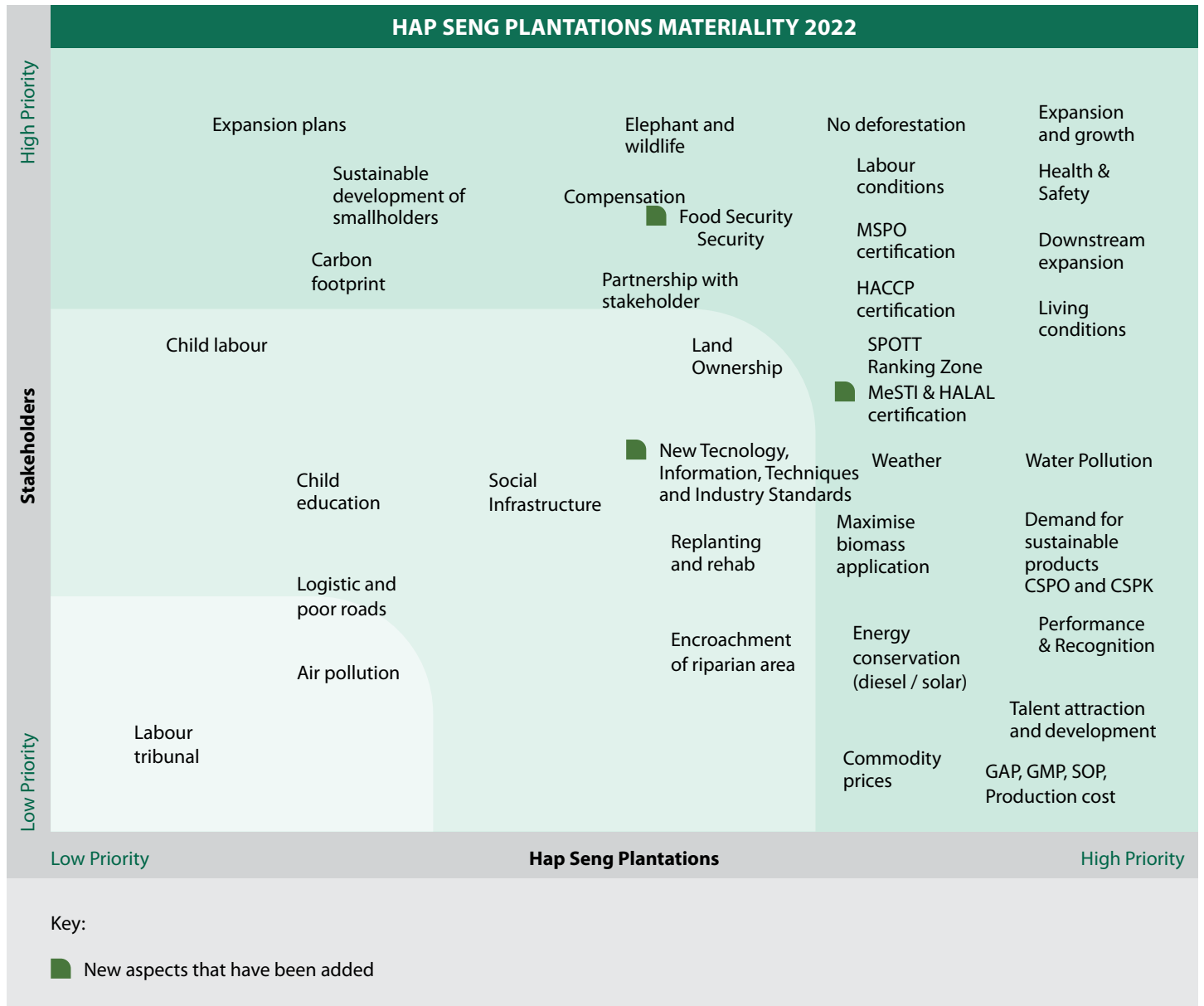
The outcome of the findings, comprising all the key sustainability issues raised by the stakeholders, are then reorganised to reflect issues that are of high concern to stakeholders and of high significance to Hap Seng Plantations. These issues are organised in accordance to our three pillars of sustainability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

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

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



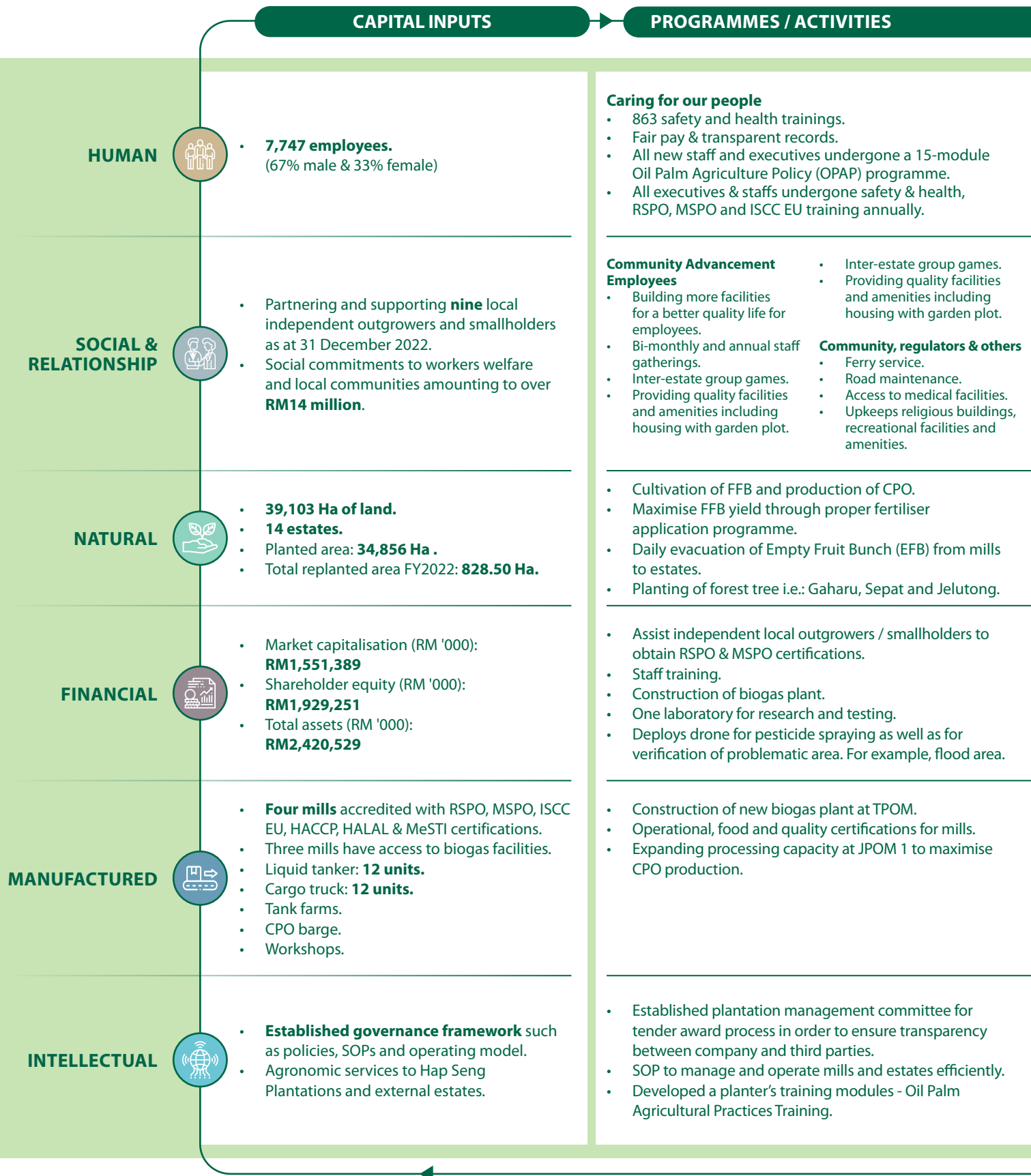
MANAGING OUR MATERIAL MATTERS

**Assurance**

This report has been reviewed by our Annual Report Committee and presented to the Board of Directors for approval.

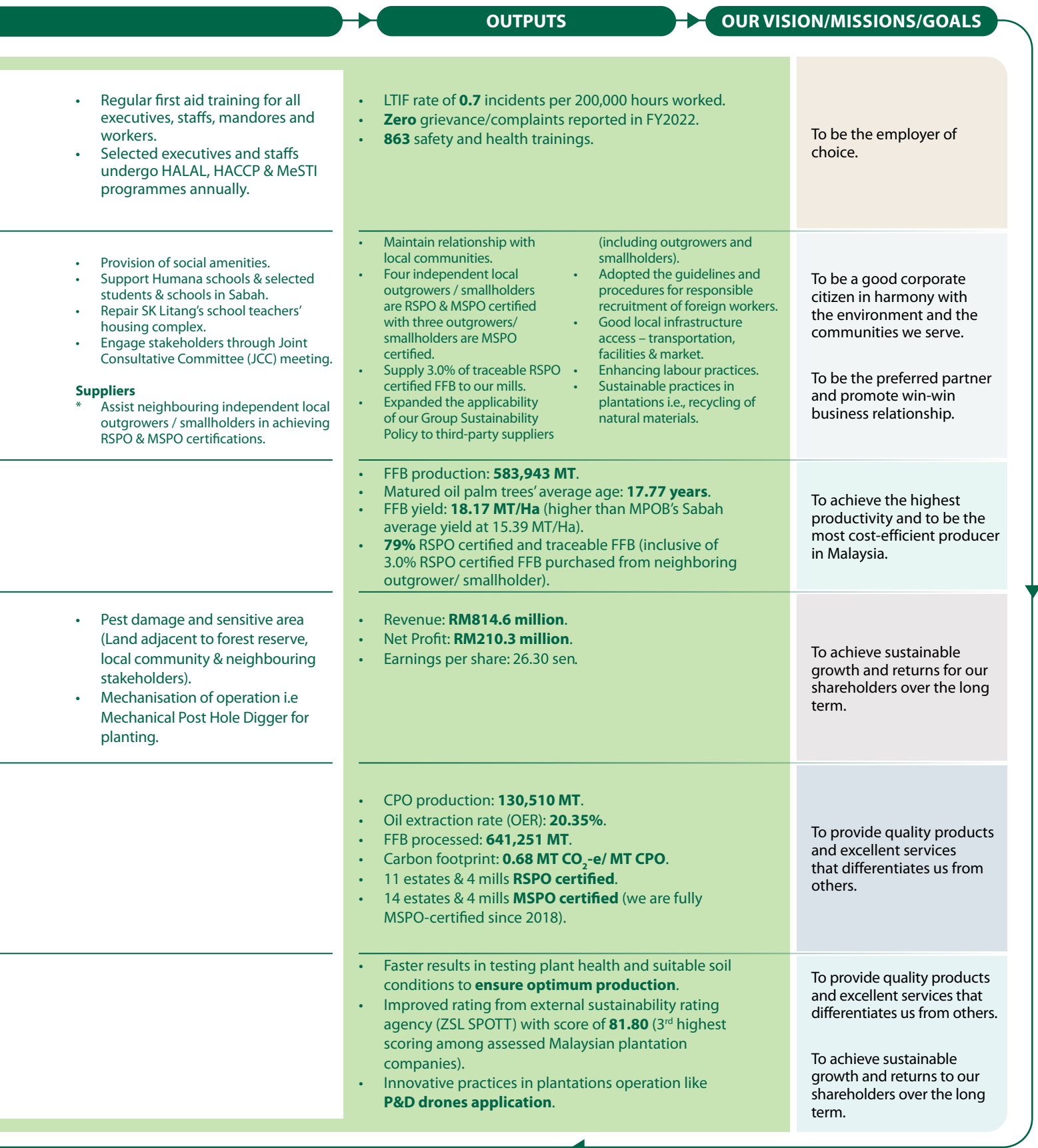
To strengthen the accuracy and reliability of our reporting, we plan to obtain internal assurance for our future report.

OUR VALUE CREATION MODEL



Six Capitals

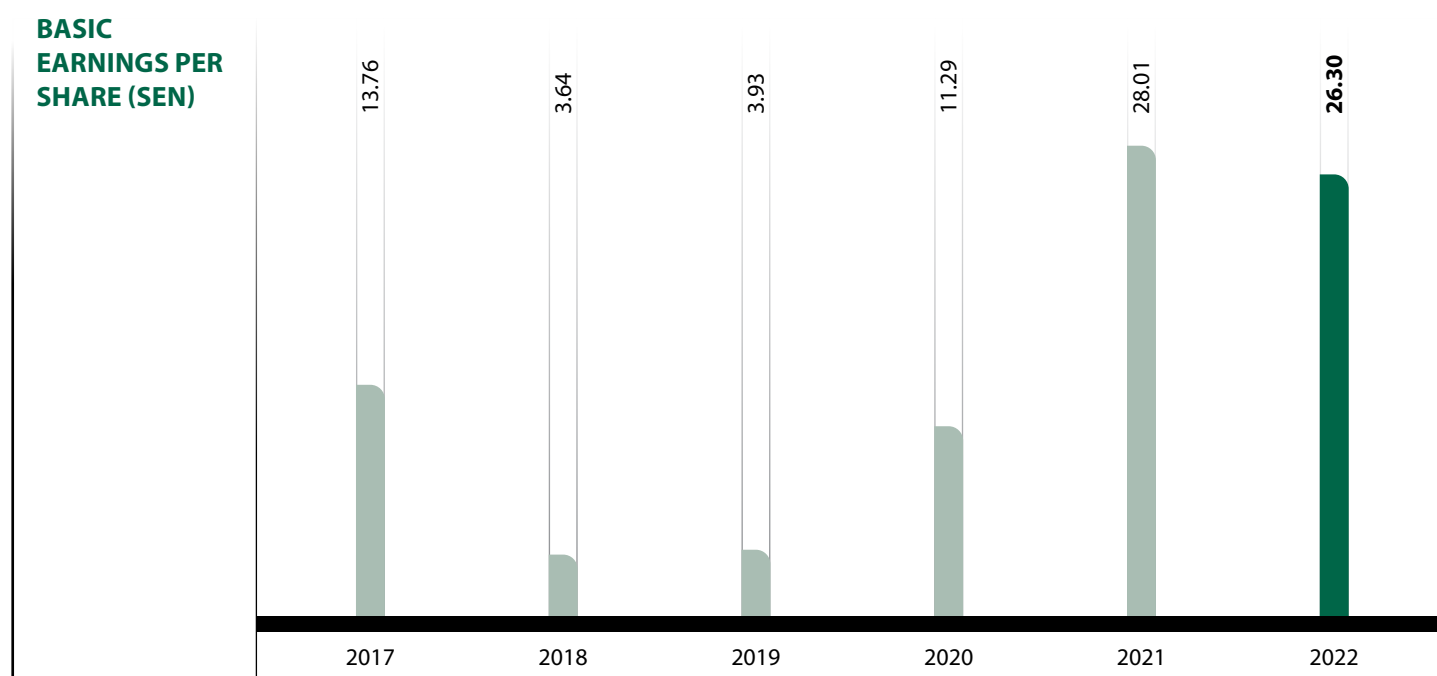
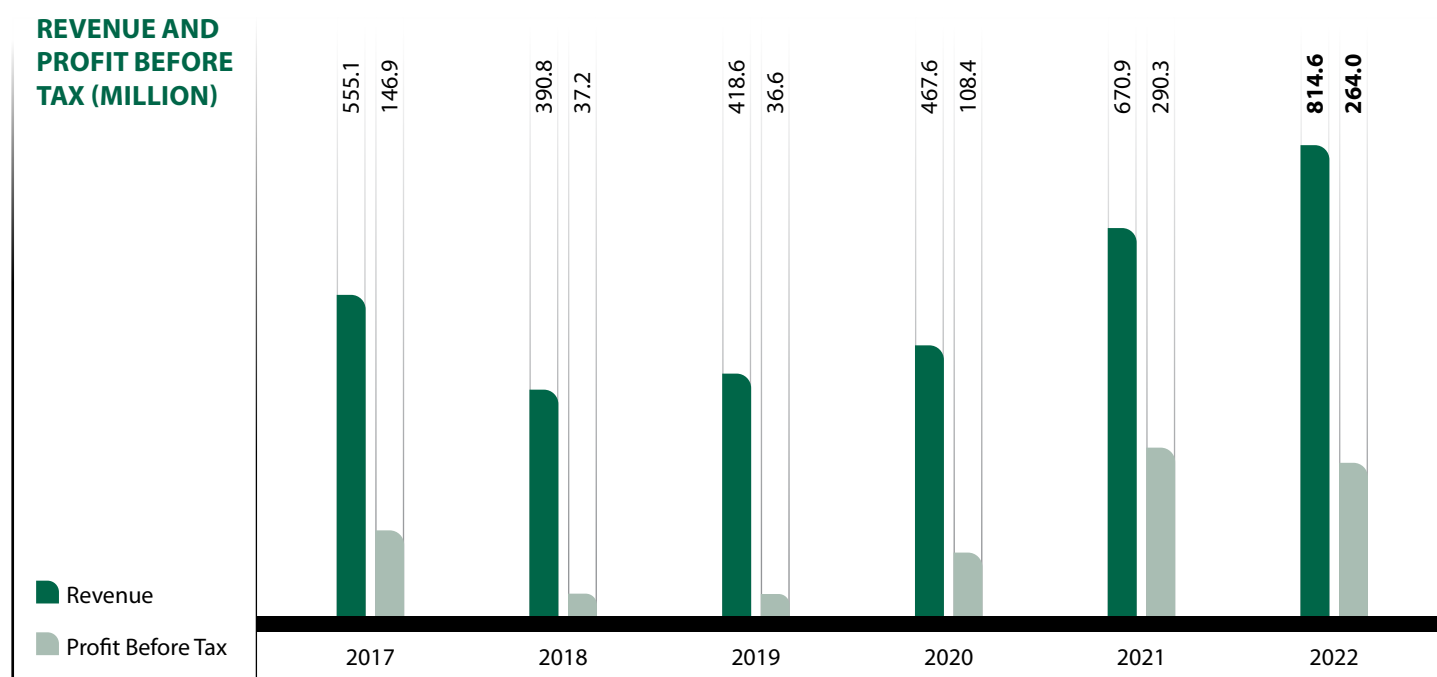
Hap Seng Plantations creates value for its stakeholders by transforming its capital inputs into tangible and non-tangible outcomes in line with the Group's vision and mission. This year, we have described our value creation within the context of six forms of capitals in accordance with the Integrated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



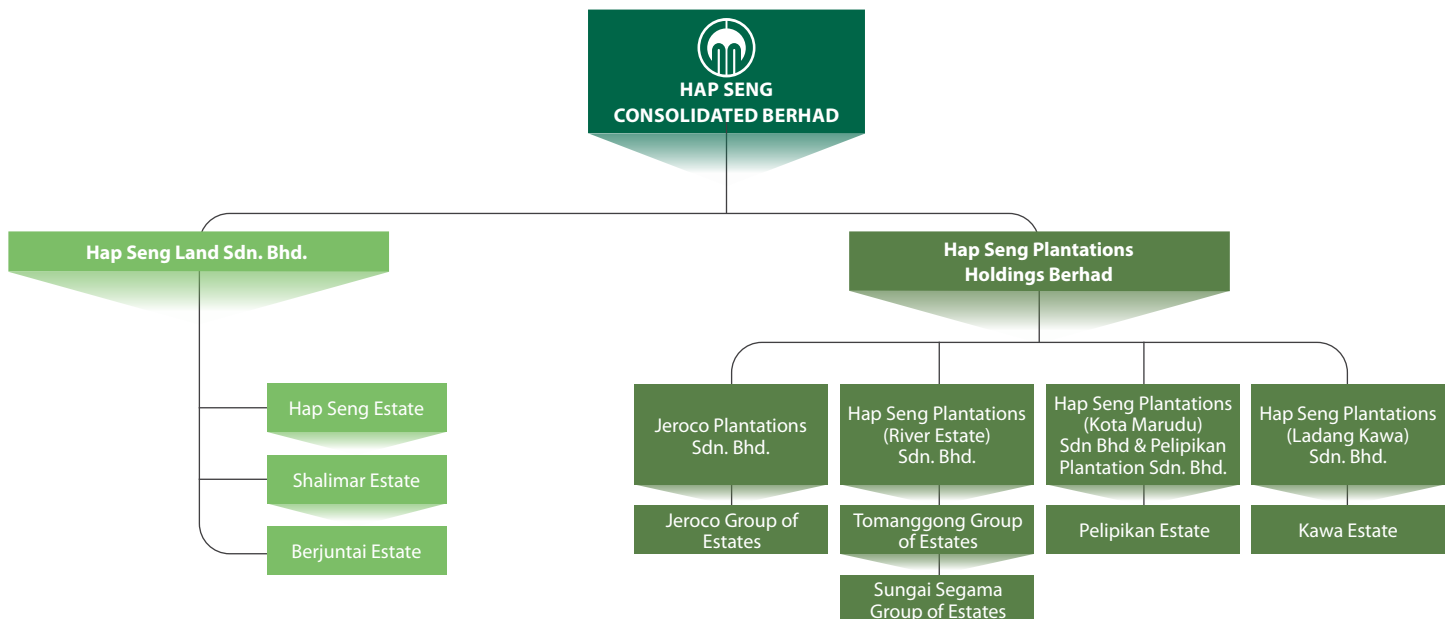
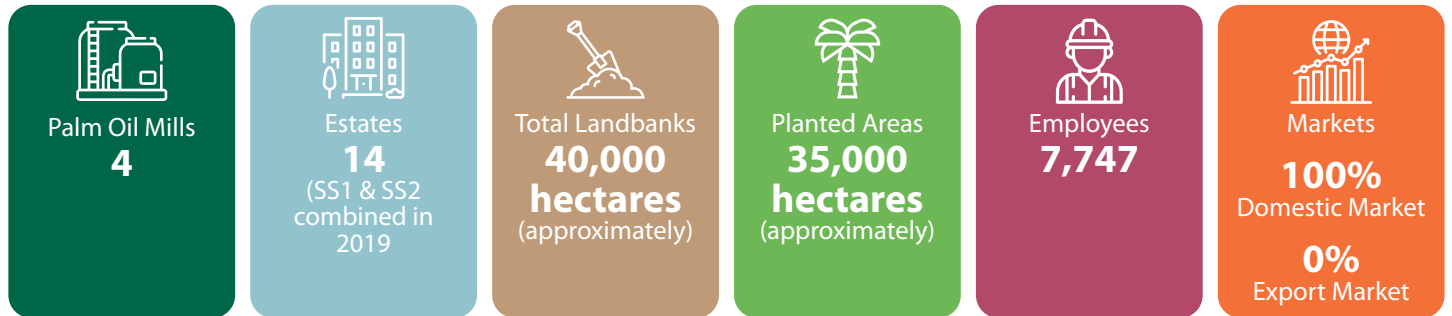
FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS

	2022	2021
Revenue (millions)	RM814.60	RM670.9
Profit before Tax (millions)	RM264.0	RM290.3
Basic Earnings per Share	26.30 sen	28.01 sen



ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD



Hap Seng Plantations is a public listed company in Bursa Malaysia. The plantation division of Hap Seng Consolidated Berhad (HSCB), a diversified group with businesses in property investment and development, credit financing, automotive, trading and building materials, HSCB holds a 71.57% shareholding in Hap Seng Plantations as at 31 December 2022.

Hap Seng Plantations' estates are situated on a contiguous plot of land in the Lahad Datu region of Sabah, Malaysia. Our landbank spans around 40,000 hectares, of which approximately 35,000 hectares are dedicated to oil palm cultivation. The remaining land is reserved for buildings, including four mills and housing for our workforce of 7,747. Additionally, we maintain 1,400 hectares as conservation areas.

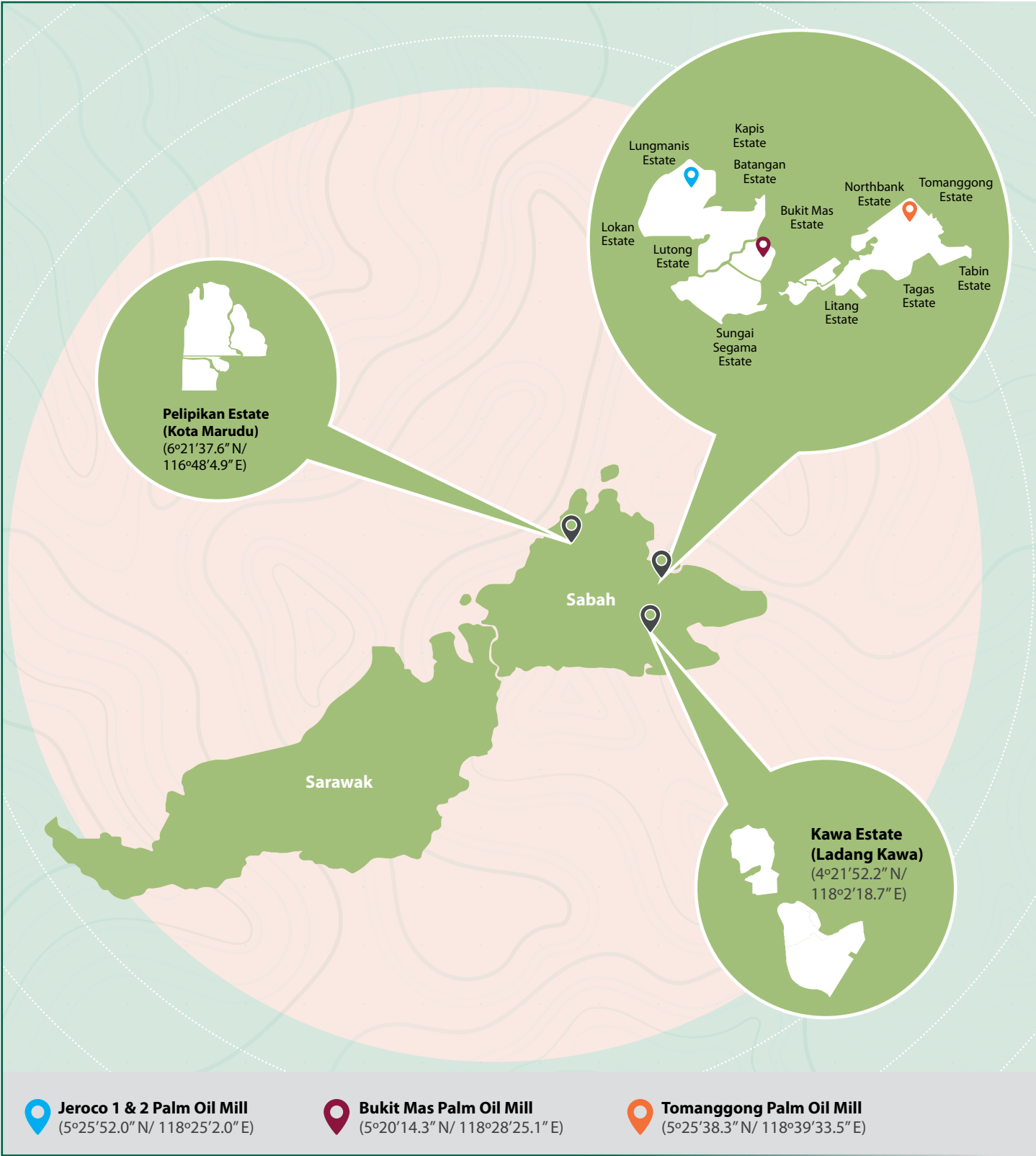
Our main business is in the oil palm cultivation and production of CPO, primarily for the edible oil sector, and palm kernels (PK), which are sold to local palm kernel crusher plants.

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

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

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

Plantation Operations

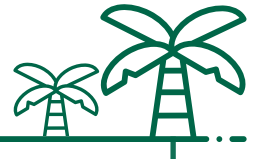


ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

Our Palm Oil Value Chain

Planted

35,000 hectares in Sabah, Malaysia



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



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



**COMMERCIAL PRODUCTS
(NOT INVOLVED)**



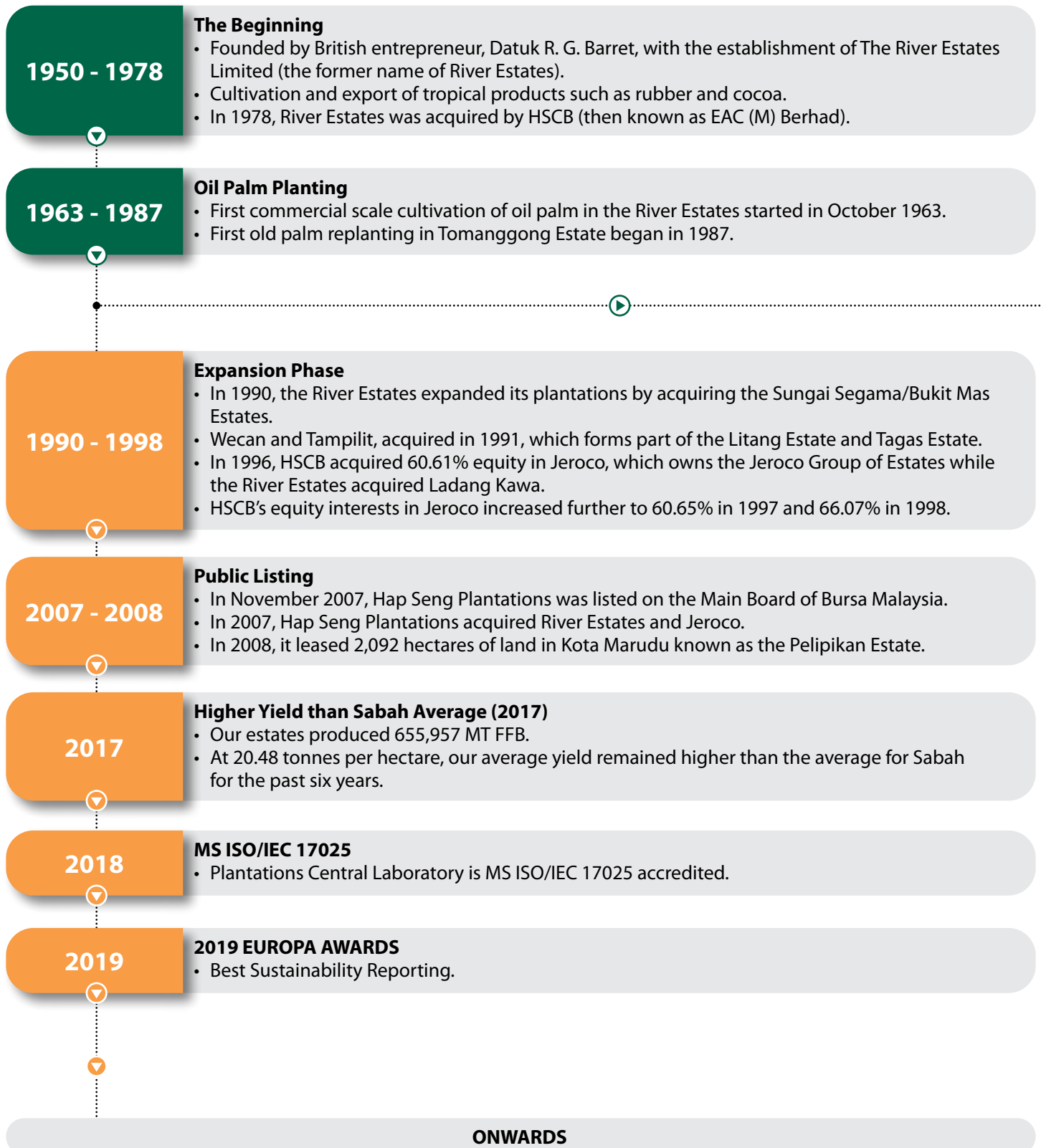
**REFINERIES
(NOT INVOLVED)**



SHIPPING

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

Key Milestones



ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD



2005

RSPO

- Joined RSPO as a member.

2012 - 2015

RSPO Certification

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

2016

ISCC EU

- ISCC EU certification of all mills.

2017

HACCP & MSPO Certifications

- MSPO certification of Pelipikan Estate.
- HACCP certification of all mills.

2018

100% MSPO Certification

- Among the earliest companies to be fully certified.

2019

HALAL & MSPO SCCS Certifications

- HALAL certification of all mills.
- MeSTI certification of two mills.
- MSPO SCCS certification of all mills.

2020

MeSTI Certification

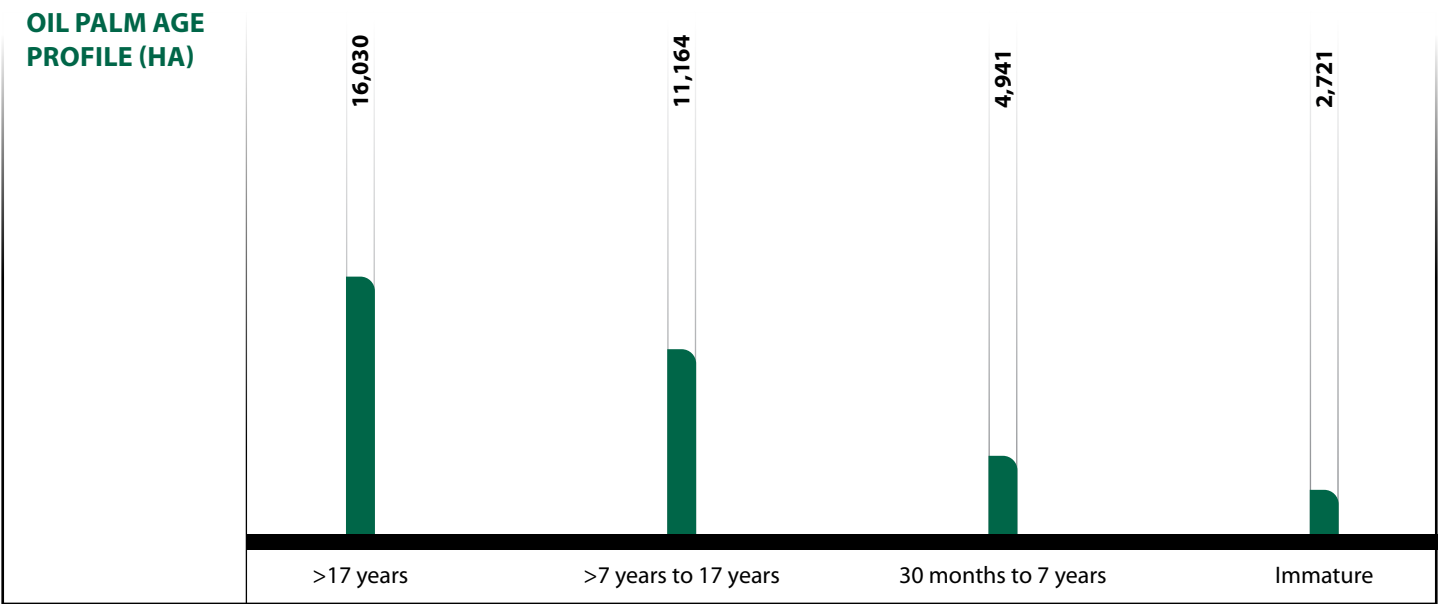
- MeSTI certification of all mills.

ONWARDS

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

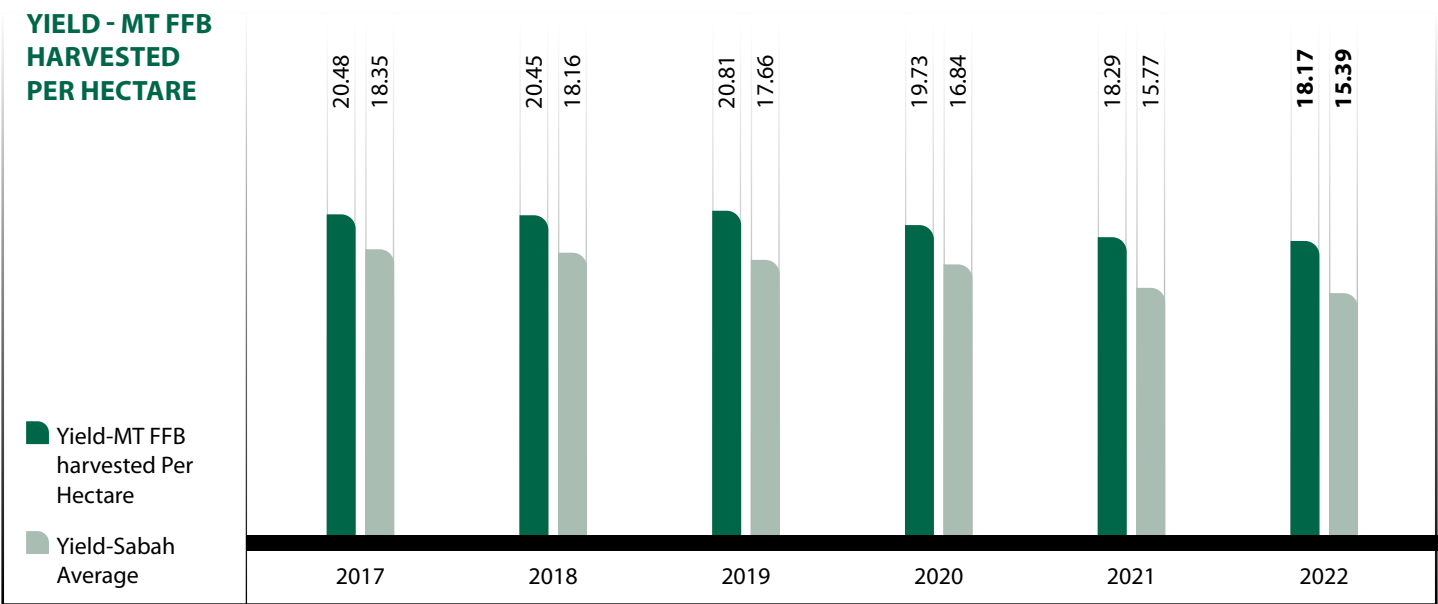
Operational Review

Our Palm Age Profile



The average age of our oil palms is 17.77 years while around 92% of our planted area consists of mature palms. Our replanting programme ensures that we maintain an optimal age profile and level of productivity.

Our Yield



In FY2022, our estates produced 583,943 MT of FFB. At 18.17 MT per hectare, our average yield has remained higher than the Sabah state's average for the past six years. This is the result of our focus on best management practices and the use of premium and high-quality planting materials, such as Hybrid DxP seeds, throughout our estates.

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD

Estates Under Management

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

Ladang Kawa, Sabah

668.50 Hectares

owned by Hap Seng Land Sdn Bhd

1,176.36 Hectares

owned by Future Golden Development Sdn Bhd

Kuala Selangor, Selangor

587.00 Hectares

owned by Hap Seng Land Sdn Bhd

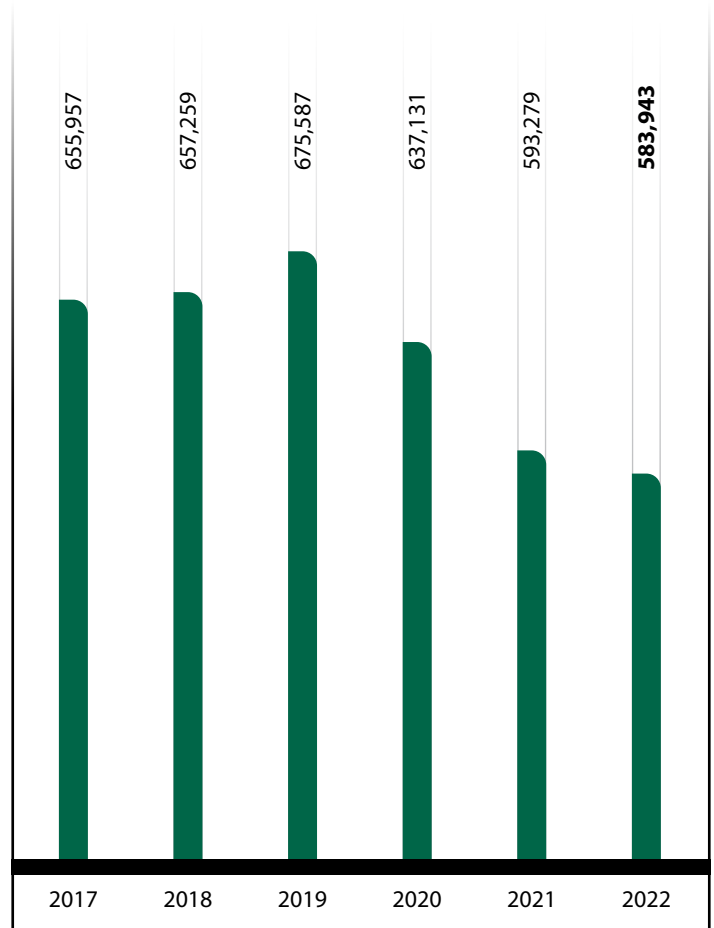
Sepang, Selangor

1,157.00 Hectares

owned by GLM Emerald (Sepang) Sdn Bhd and Sunpoint Resources Sdn Bhd (formerly known as Vintage Height Sdn Bhd)

FFB Harvested

FFB HARVESTED (MT)



Group Yields and Extraction Rate

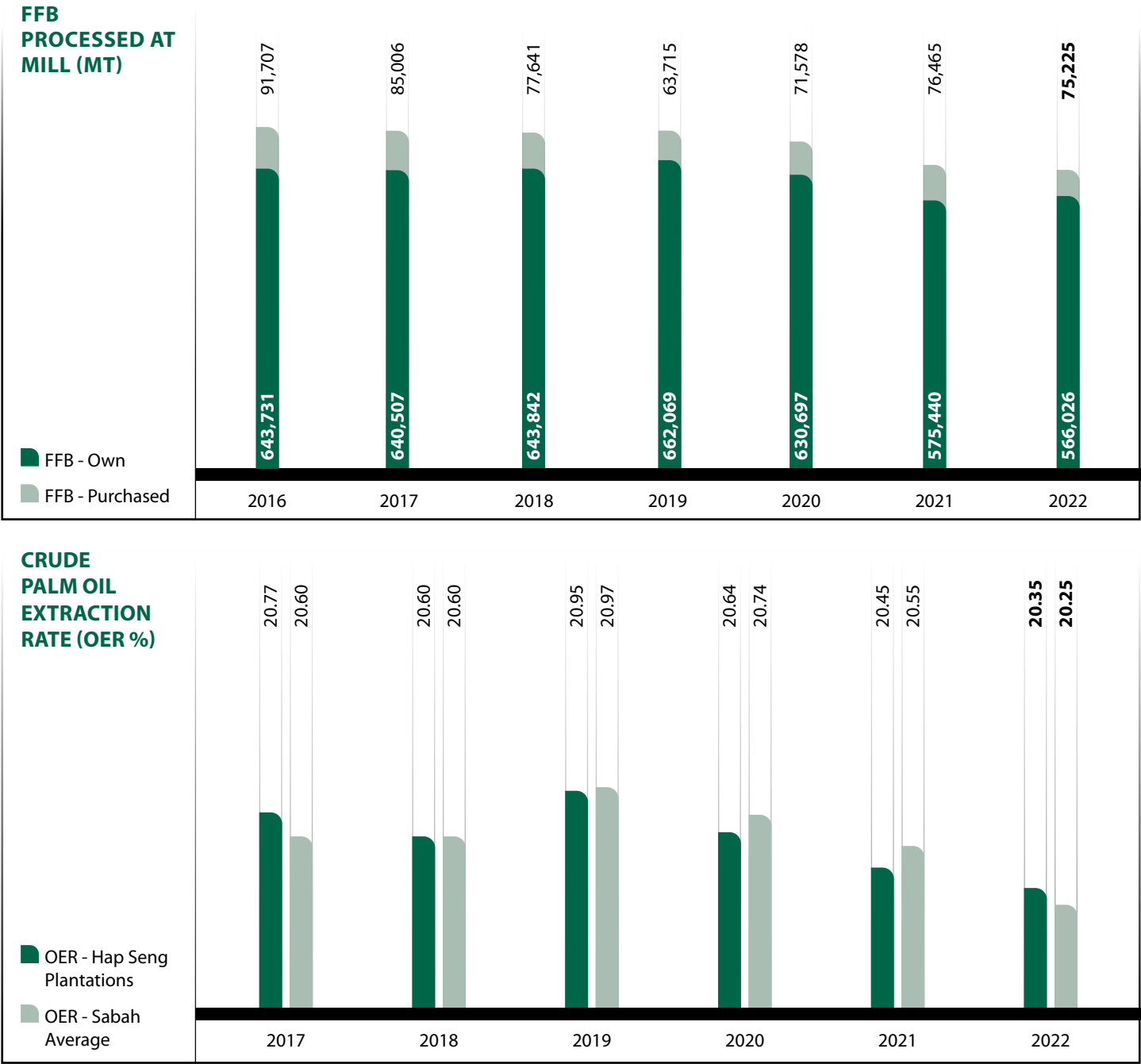
Hap Seng Plantations processed a total of 641,251 MT of FFB in FY2022. 566,026 MT or 88% of FFB were produced by our own plantations while the remaining 75,225 MT or 12% were bought from our neighbouring independent local outgrowers and smallholders.

We operate two identity preserved (IP) and two mass balance (MB) mills in Lahad Datu where all of these mills are RSPO and MSPO certified. With a combined milling capacity of 180 tonnes of FFB per hour, our mills produced 130,510 MT of CPO in 2022, with an average OER of 20.35%.

In FY2022, 77% or 494,800 MT of FFB purchased from our own estates and independent local outgrowers and smallholders were processed by our identity preserved mills (JPOM 1 and BPOM), producing 100,368 MT of CSPO.

Our mass balance mills (JPOM 2 and TPOM) handled the remaining 23% or 146,451 MT of FFB, producing 30,142 MT of CSPO.

ABOUT HAP SENG PLANTATIONS HOLDINGS BERHAD



OUR SUSTAINABILITY GOVERNANCE

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



Our Sustainability Agenda – Environment, Workplace, Community and Marketplace

Sustainability serves as an important aspect to our agenda in line with our operations and business strategies as we strive towards making our business more sustainable and responsible by continuously working to strengthen our policies and guidance in all aspects of our palm oil operations.



Marketplace

- Engage in responsible business practices by staying committed to ethical business conduct, responsible agriculture practices, as well as producing safe and quality products.



Workplace

- Prioritise to our people by focusing on uplifting the safety and health, work environment, as well as family welfare of our employees.
- Approximately 33.08% of our workforce consist of women.



Community

- Promote community advancement by building mutually beneficial relationships that support the enrichment of local communities through provision of convenient means of transportation, business and employment opportunities, as well as access to a better quality of life.
- A total of 2 Community Learning Centre (CLC) at our plantations.
- Supported 11 Humana schools at our plantations.



Environment

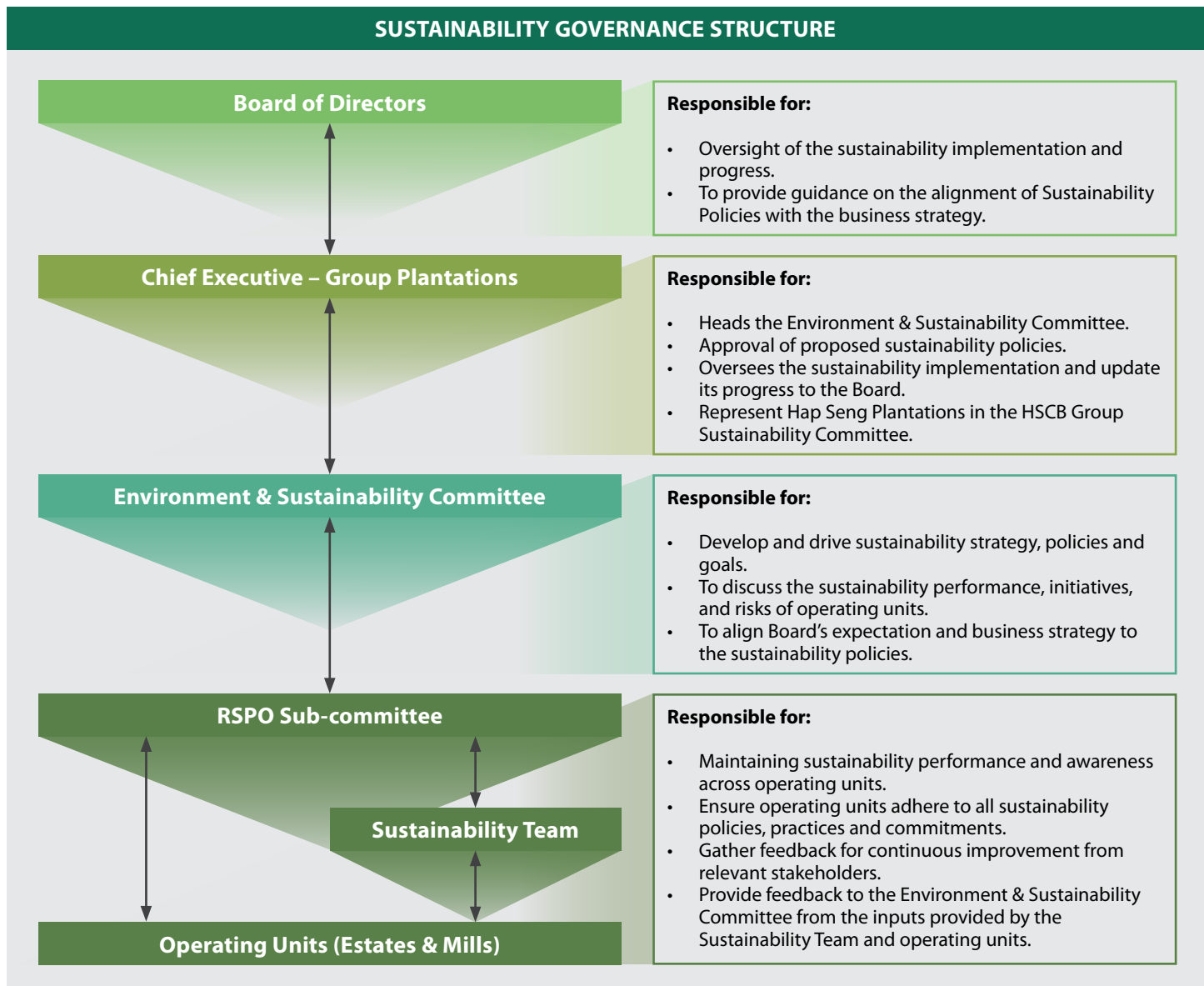
- Practise on environmental remediation, conservation and preservation on forest and riparian reserve area with a long-term plan to enrich the flora biodiversity within the vacant areas in Hap Seng Plantations with forest tree species.
- Areas set aside for conservation with the total of 1,401.98 ha.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

OUR SUSTAINABILITY GOVERNANCE

Sustainability Governance Structure

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

Sustainability governance in Hap Seng Plantations is spearheaded by the Environment & Sustainability Committee and overseen by the Chief Executive – Group Plantations who reports to the Board of Directors. The Environment & Sustainability Committee is supported by the RSPO Sub-committee to develop and drive sustainability strategies, policies and goals to achieve the overall effectiveness and adequacy in the management of environmental, social and governance (ESG) issues in accordance to the Hap Seng Plantations Sustainability Policies. Hap Seng Plantations Sustainability Policies consist of commitments within the ESG requirements to create additional value to the businesses. The policies will be updated depending on the sustainability material matters and future trends derived from engagement with the stakeholders. The Chief Executive or his/her nominee also will represent Hap Seng Plantations in the HSCB's Sustainability Committee.



OUR SUSTAINABILITY GOVERNANCE

Sustainability Policies

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

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

Policy	Introduced	Updated
HALAL Policy	July 2019	-
Environmental Policy	November 2018	-
Grievance Procedure	November 2010	<ul style="list-style-type: none"> • September 2020 • March 2018 • July 2011
MSPO Policy	March 2017	October 2019
Sustainable Agriculture Policy	February 2017	<ul style="list-style-type: none"> • October 2020 • August 2019
Rare, Threatened and Endangered Species Policy	November 2017	-
Land Dispute Management	March 2016	December 2020
Equal Opportunity Policy	March 2016	March 2019
Freedom of Association and Right to Collective Bargaining Policy	March 2016	March 2019
Labour Policy for Foreign Workers	September 2015	April 2019
Occupational Safety and Health Policy	April 2015	-
Biodiversity Policy	December 2021	-

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

OUR STAKEHOLDERS

Engaging with Our People and Stakeholders

Stakeholder Group	Area of Interests / Issues	Type of Engagement	Frequency	Outcomes
Government	<ul style="list-style-type: none"> Riparian areas. Buffer zone along forest reserve border. 	<ul style="list-style-type: none"> One-to-one meeting with respective agencies. 	<ul style="list-style-type: none"> External stakeholder meeting conducted once every two years. Last meeting was conducted on 27 April 2021. 	<ul style="list-style-type: none"> Continuous improvement plan on environment, HCV & Biodiversity, RTE species. Previous meeting outcome: <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. Support to 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 at group level conducted regularly. Last meeting was conducted on 27 April 2021. 	<ul style="list-style-type: none"> 7th JCC Stakeholder Consultation Meeting was conducted on 27 April 2021 for JGOE, SSGOE, TMGOE & Kawa Estate. Meeting outcomes: <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"> Stakeholder meeting conducted for all estates and mills on a regular 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, Malaysian Palm Oil Association. 	<ul style="list-style-type: none"> Stakeholder meeting at group level conducted regularly. Last meeting was conducted on 27 April 2021. 	<ul style="list-style-type: none"> Previous meetings outcomes: <ul style="list-style-type: none"> Commitment to a time bound plan for certification. Appointed Vice Chairman of the Malaysian Palm Oil Association.

OUR STAKEHOLDERS

Stakeholder Group	Area of Interests / Issues	Type of Engagement	Frequency	Outcomes
Employees	<ul style="list-style-type: none"> Talent attraction and retention. Employee development. 	<ul style="list-style-type: none"> Annual performance appraisal. Quarterly engagement with HR managers. Formalise training. 	<ul style="list-style-type: none"> Once a year engagement (October 2022). Quarterly engagement (February, May, August & November 2022). 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 palm oil. Quality of palm oil. 	<ul style="list-style-type: none"> One-on-one meetings. 	<ul style="list-style-type: none"> Stakeholder meeting conducted regularly. Last meeting was conducted on 27 April 2021. 	<ul style="list-style-type: none"> "Best Quality CPO Supplier" and "Highest Quantity CPO Supplier" awards from IOI Edible Oils.
Independent Local Outgrowers and Smallholders	<ul style="list-style-type: none"> To commit to RSPO and MSPO certifications. 	<ul style="list-style-type: none"> Provide free technical support and facilities. 	<ul style="list-style-type: none"> 22 meetings with independent local outgrowers and smallholders were conducted in 2022. 	<ul style="list-style-type: none"> Four independent local outgrowers and smallholders obtained their RSPO & MSPO; another three outgrowers/ smallholders successfully obtain the MSPO certification.
Suppliers	<ul style="list-style-type: none"> To ensure all suppliers operate at sustainable manner. 	<ul style="list-style-type: none"> Documents and operation review to ensure suppliers comply with sustainability requirements. 	<ul style="list-style-type: none"> Once every year. 	<ul style="list-style-type: none"> All suppliers continuously meeting the sustainability requirements. Continue engagement with uncertified suppliers. Discontinue engagement if the supplier refused to comply with sustainability requirements.

OUR STAKEHOLDERS

Membership to Associations

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

ADDRESSING OUR MATERIAL MATTERS BASED ON OUR RISK PROFILE

Identified Risk	Identified Risk Related to Material Matters	Strategy to Address the Identified Risk
Human Resource Risk	Labour Conditions and Welfare S <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 to performers. • Provide conducive amenities to accommodate the employees.
Safety and Health Risk	Safety and Health S <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 SOP for each work unit. • 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.
Input Material	Input Material M <ul style="list-style-type: none"> - Inadequate supply of good quality seedlings/ ramets. 	<ul style="list-style-type: none"> • To explore the possibility of in-house DxP seed production for self sufficient supply to own estates.
Weather (Drought, Flood & Fire) Risk	Weather M <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 techniques and rescue works. • Discussion on fire prevention measure in JCC meeting on both estate and group level. • Intensify water rationing when water reserves drop to critical levels. • Intensify rain water collection at labour quarters. • Purchase water tanks to increase water storage capacity. • To undertake flood mitigation measures, e.g. bundling, planting on raised platform, proper drainage on flood prone areas. • Maintain alternative route (e.g. transport by road and barge) for CPO/PK despatch during flooding. • Initiate to speed up dispatching of 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.

S = significant M = medium L = low

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

ADDRESSING OUR MATERIAL MATTERS BASED ON OUR RISK PROFILE

Identified Risk	Identified Risk Related to Material Matters	Strategy to Address the Identified Risk
Pests and Diseases (P&D) Risk	Pest Management M - Oil palm trees are attacked by pests (e.g. rats) and diseases.	<ul style="list-style-type: none"> • Strict compliance with the provisions in the Oil Palm Agricultural Policy No. 10. • Routine P & D inspection by experienced and well-trained personnel, workers, mandors, field staff and executives; to be alert for any P & D outbreak incidence. • Adequate chemical and spraying equipment provided for P & D treatment; perimeter fence maintained in good order. • Adequate stock of pesticides at all times. • Advocate propagation of beneficial plants in estates in line with IPM.
Security Risk	Theft M - Palm products stolen during transit.	<ul style="list-style-type: none"> • Install Global Positioning System (GPS) in all vehicles. • Install Closed-circuit Television Camera (CCTV) at critical locations. • Ensure all palm product in transit is properly insured. • Policy on carrying diesel stock in the estates and mills to be closely monitored.
Security Risk	Security M - Foreign intrusion.	<ul style="list-style-type: none"> • Increase number of security personnel in the estates and palm oil mills. • Construct perimeter chain link fencing in residential areas. • Close surveillance of four entry points in the estates, mills and jetties using security cameras.
Logistics Bottleneck Risk	Logistics and Poor Roads L - Delay in deliveries. - Inadequate storage in warehouse due to stock pile-up. - Congestion at Sandakan jetty and/or buyers' refineries during peak crop season due to infrastructural limitations. - Variation in actual vs. forecast production tonnages.	<ul style="list-style-type: none"> • Store CPO in barges as storage/bulking tanks. • Despatch CPO by road transport to Sandakan. • Develop contact with/sell to refiners at Lahad Datu. • Export sales to international buyers. • Maximise the return trip of existing lorry fleet (e.g. to transport PKS, FFB, fertiliser etc.). • Weekly update of production forecast.

S = significant M = medium L = low

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

MARKETPLACE



RESPONSIBLE BUSINESS AND PRACTICES



Business Code of Conduct

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

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

Our Five Fundamental Principles

1 Honesty & Integrity

2 Confidentiality

3 Compliance with law

4 Whistleblowing

5 Conflict of interest

MARKETPLACE

Corporate Governance

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

The Board strive to adhere to The Malaysian Code on Corporate Governance 2021 - a best practice standard for corporate governance - and plays a key role in developing and implementing Hap Seng Plantations' direction and strategy, professional standards and internal control systems. The Board acknowledges that good corporate governance extends beyond mere compliance, and therefore works to attain the highest standards of business ethics, accountability, integrity and professionalism throughout all Hap Seng Plantations' activities.

The Chief Executive - Group Plantations is responsible for the daily operations of Hap Seng Plantations. This includes the 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.

The Board (12 Members)	
1	Managing Director
3	Executive Directors
2	Non-independent Non-Executive Directors
6	Independent Non-Executive Directors

Integrity First

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

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

In addition, the Group has a long-established formal avenue for employees to report any misconduct or unethical behaviour they have witnessed directly to the Managing Director. In FY2022, there were no reported corruption, extortion or bribery case involving our employees.

Platform for Open Dialogue

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

Responsible Supply Chain

Sourcing Sustainably - Independent Local Outgrowers and Smallholders

Currently, 3.0% of the FFB purchased from our third party suppliers (independent local outgrowers and smallholders) are RSPO or MSPO certified as four out of the 11 independent local outgrowers and smallholders have successfully obtained both RSPO and MSPO certifications, while another three have obtained the MSPO certification as at December 2022. The three RSPO certified outgrowers and smallholders have been sending their crop to our identity preserved mill at BPOM since August 2020 while another one RSPO certified outgrower has been sending their certified crop to mass balance mill at JPOM 2 since August 2022. This is expected to contribute to the volume of our certified products in the near future.

In order 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 of sustainable palm oil and the benefits of getting certified. One of the remaining outgrowers and smallholders has committed to implementing RSPO and MSPO, while the other two have not made a commitment.

MARKETPLACE

Those who have made commitment to obtain RSPO and MSPO certifications have adopted sustainability policies from Hap Seng Plantations as these policies align with the RSPO and MSPO requirements. Hap Seng Plantations will assist these independent local outgrowers and smallholders by conducting independent internal audits on them at least twice a year to gauge on their compliance to our company policies. In FY2022, we conducted two internal audits on all seven independent local outgrowers and smallholders.

In FY2022, Hap Seng Plantations continued to provide free technical support (including training, policy implementation and the development of SOP and training facilities to assist the independent local outgrowers and smallholders in achieving their RSPO and MSPO certifications. The cost for technical support was estimated at RM200,000 per outgrower or smallholder.

We also hope that the study undertaken by RSPO in demonstrating the various benefits of sustainable practices and increase in productivity would be a pulling factor in convincing the independent local outgrowers and smallholders to pursue RSPO certification.

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

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

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

* Previously the land was managed by Chin Hock Vui.

Commitment to Traceability

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

MARKETPLACE

Mill	Origin of FFB Sources	
	Own Plantation	Third Party
JPOM 1	281,453 MT (99.65%)	998 MT (0.35%)
JPOM 2	5,032 MT (14%)	31,453 MT (86%)
TPOM	92,041 MT (84%)	17,924 MT (16%)
BPOM	187,500 MT (88%)	24,850 MT (12%)
Total	566,026 MT (88%)	75,225 MT (12%)

88% of our FFB originates from our own plantations while the remaining 12% are from third parties. Nine out of our 11 independent local outgrowers and smallholders indicated their willingness to support and participate in activities towards RSPO and MSPO certifications. The encouraging support motivated us to allocate significant efforts and resources in helping all 11 independent local outgrowers and smallholders in obtaining RSPO and MSPO certifications.

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

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

We have achieved full traceability of the FFB that we procure through our efforts. Furthermore, of the traceable FFB, 79% are RSPO certified.

Certification Journey with Our Outgrowers and Smallholders

	2018	2019	2020	2021	2022
Official meeting	✓				
No. of supplier committed to obtain RSPO & MSPO certifications	4	7 (+3)	7	8 (+1)	9 (+1)
Obtained RSPO & MSPO certifications	-	-	3	3	4 (+1)
Obtained MSPO certification	-	-	1	3 (+2)	3

Responsible Agriculture Practices

Responsible Land Use

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

MARKETPLACE

Environmental Protection Mechanism

- 1 Environmental, Health and Safety Committee meeting – conduct quarterly meetings
- 2 Estates' administrative managers to execute decisions from the meeting (monitor, prevent & implement)
- 3 Proper management of waste
- 4 No violation of local regulations on pollution

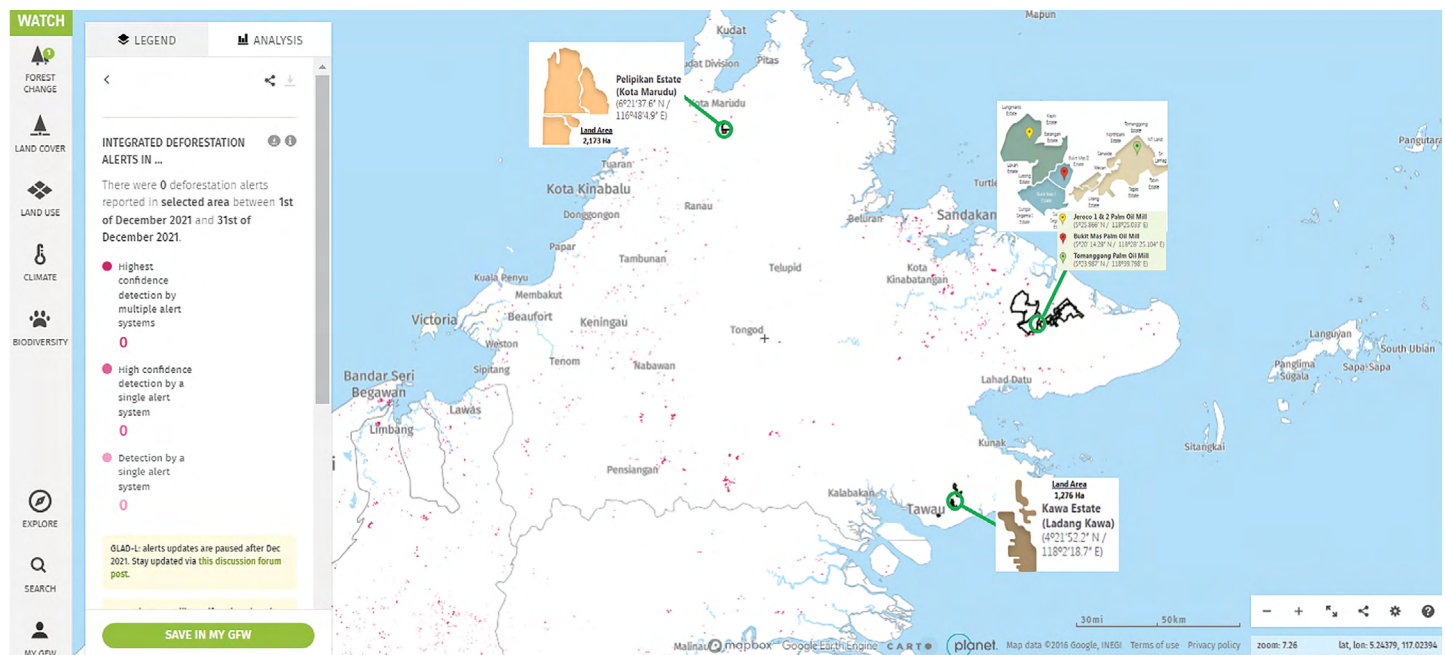
Monthly Riparian Monitoring Team

Hap Seng Plantations has introduced monthly riparian monitoring to comply with the requirements of the Sabah Water Resources Enactment 1998. For FY2022, we continue to maintain the riparian buffer distance requirement as per the Enactment.

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

Monitoring Deforestation

Global Forest Watch (GFW) provides an open access tool for sustainability practitioners to create a deforestation free supply chain. It provides information about potential deforestation activities to users.



We continued to monitor potential deforestation activity of our own and suppliers' estates on monthly basis. This is part of our commitment to our Sustainable Agriculture Policy. The monitoring covers the buffer zone boundary along the forest reserve area. In FY2022, we have not detected any evidence of deforestation taking place within our boundaries. There was also no deforestation activity reported on our FFB suppliers. The monitoring report is published on our website.

MARKETPLACE

Fire & Haze Management

Though transboundary haze did not recur in FY2022, Hap Seng Plantations continued to strictly abide by the regulations stipulated under the Environmental Quality Act 1974.

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

We monitor fires and fire hotspots of our own and suppliers' estates using the Global Forest Watch Fire Portal. The reports are available on our company website at <https://www.hapsengplantations.com.my/environmental-sustainability.html>. We have recorded zero fire incident since we started the monthly monitoring in 2014.

Nine out of 11 independent local outgrowers and smallholders have also committed to our sustainability policies that cover no planting on peat soil, zero burning, no deforestation, biodiversity conservation, protection of rare, threatened and endangered (RTE) species, human rights, Free, Prior and Informed Consent (FPIC) and the protection of HCV areas.



Soil Management Practices

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

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

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

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

MARKETPLACE

Integrated Pest Management

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

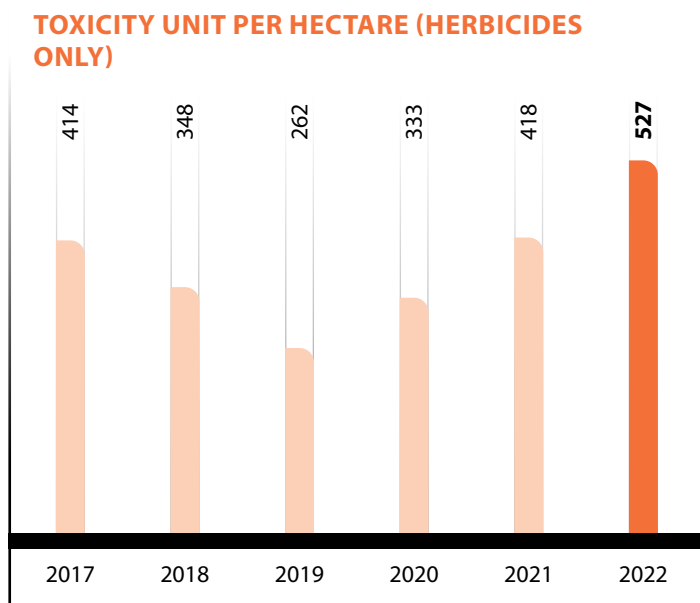
Other preventative measures include the establishment of fast-growing leguminous covers to accelerate decomposition of palm biomass. This prevents biomass from becoming a breeding ground for *Oryctes rhinoceros* beetles, one of the major pests afflicting the palm oil industry.

We have also introduced a type of beneficial fungus (*Beauveria bassiana*), which is parasitic on various oil palm damaging arthropods, as well as a natural insecticidal bacterium (*Bacillus thuringiensis*) as natural pests control measures.

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, Cockchafer and Odoratus, while diverting them from damaging the immature oil palm plantings. This method has helped us to reduce the use of synthetic pesticides such as Cypermethrin.

Selective Chemical Application

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



We are currently using 31 types of agrochemical in our plantations for weeds and pests control. Four of the chemicals are listed in the UN Rotterdam and Stockholm conventions. Two of the listed chemicals are only used in the nursery, while the other two are used to target specific pests. In order to minimise the usage of such chemicals, we regularly conduct P&D surveillance and monitoring. Chemical treatment is only implemented when the pest damage surpasses critical thresholds that have been established. To accurately assess the extent of pest infestation, we deploy census gangs to conduct surveys. This helps us make informed decisions on whether chemical treatment is necessary and to what degree it should be applied.

Toxicity rate was increased from 418 toxicity unit per hectare in FY2021 to 527 toxicity unit per hectare in FY2022. This was attributed by carry forward of delayed weed spraying to FY2022 and increased of spraying rounds due to higher rainfall in FY2022.

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

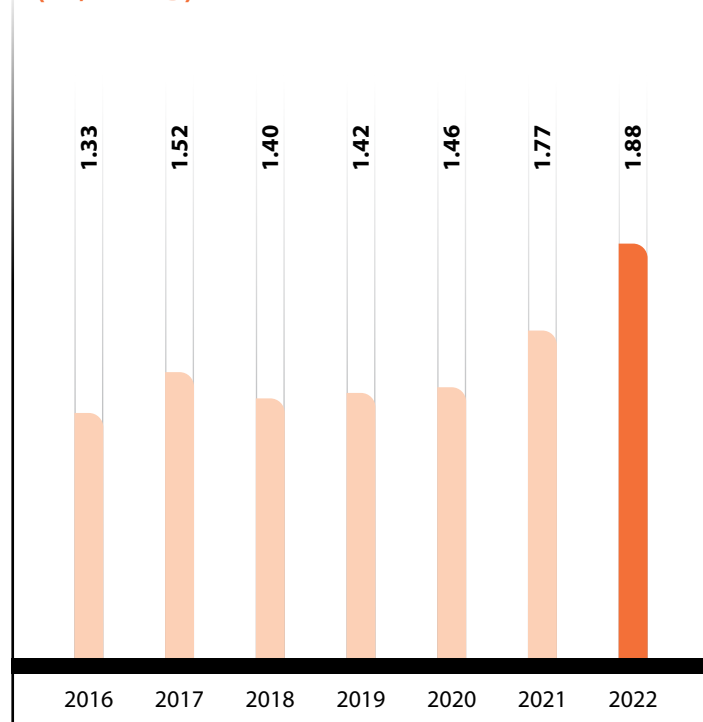
* Toxicity units are calculated from the volume, concentration and level of toxicity as declared by the manufacturer and determined by means of the LD50 toxicity test. The data above are based on budgeted consumption. Note that the figures are restated from our 2014 Sustainability Report.

MARKETPLACE

Water Efficiency

In FY2022, the total amount of water used for FFB processing in mills has increased to 1.88 m³/ MT FFB (FY2021: 1.77 m³/ MT FFB). The higher water consumption was due to higher water usage from the new boiler to control boiler's total dissolved solid (TDS), additional CPO washing plant and lower crop processed in FY2022.

WATER USAGE IN MILLS
(m³/MT FFB)



ZSL SPOTT RANKING



14th Globally



3rd in Malaysia

Traceability

100%
to FFB sources

**Traceable and
RSPO Certified**

79%
of Certified &
Sustainable FFB

Hap Seng Plantations achieved various international and local certifications, including standards such as RSPO, MSPO, MSPO SCCS, ISCC EU, HACCP, ISO/IEC, HALAL and MeSTI.

RESPONSIBLE PRODUCT

Benchmarking our Practices

Highlights	
Certifications	Facilities
RSPO	All mills & 81% landbank as at 2022
MSPO	All mills & 100% landbank*
MSPO SCCS	All mills
ISCC EU	All mills
HACCP	All mills
MS ISO/IEC 17025	Plantations Central Laboratory
HALAL	All mills
MeSTI	All mills

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

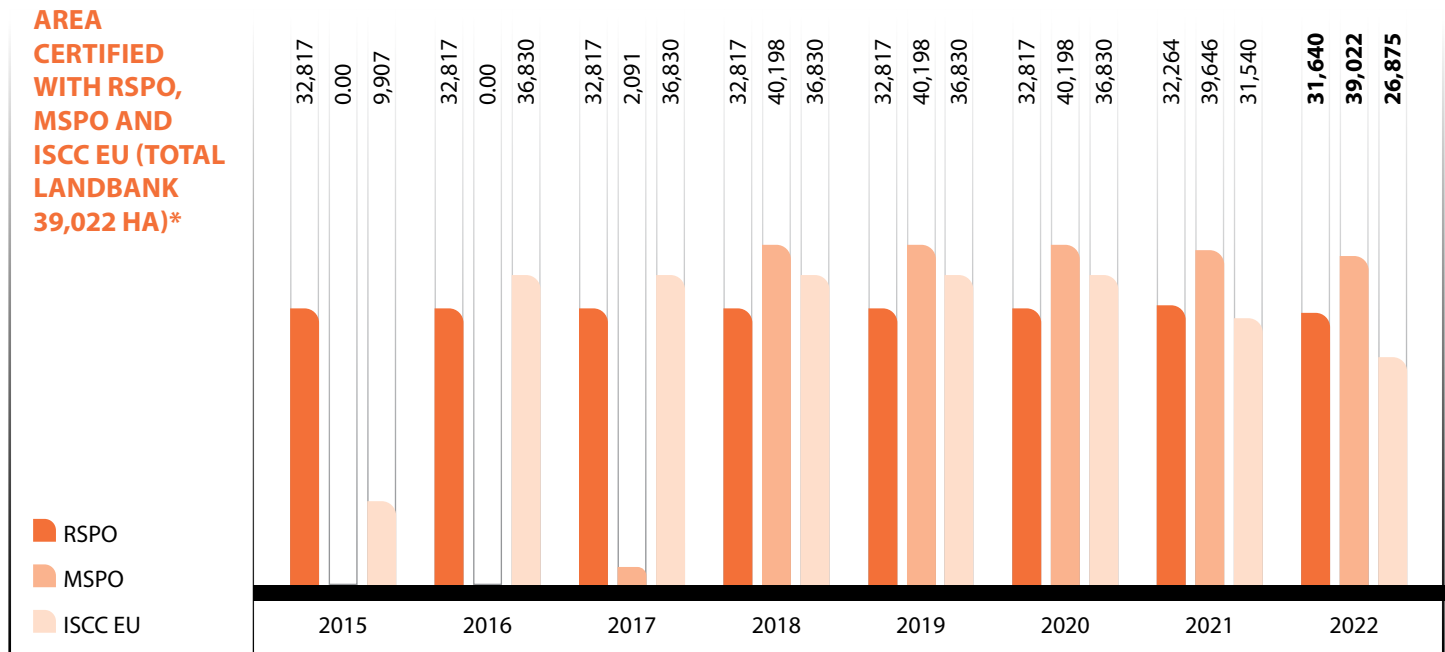
In order to improve the quality and safety of our products, CPO washing plants were installed in November 2021 for BPOM and December 2021 for JPOM 1. Both plants were successfully commissioned in January 2022. The main function of a CPO washing plant is to reduce the level of 3-monochloro-1,2-propanediol, its esters (3-MCPDE), and glycidyl esters (GE) by removing the chloride in CPO. Due to the formation of 3-MCPDE, which can be triggered by the presence of chloride in CPO, the total chloride content in CPO is currently a critical quality factor that buyers closely monitor and has raised concerns on its potential health risks to humans. As part of the CPO washing process, chloride-free water is added into CPO in an amount of 5-10% by weight of the crude oil.

MARKETPLACE

International & Local Certifications

Type of Certification	Achievement	Date Achieved	Remarks
MSPO	100% of estates & mills	February 2018	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 31 December 2018. MSPO Recertification Audit for Group Certification (SSGOE, Kawa, TMGOE, JGOE) and mills on October 2022. MSPO Recertification Audit for Pelipikan on June 2022.
MSPO SCCS	100%	December 2019	<ul style="list-style-type: none"> Achieved ahead of mandatory deadline of 1st January 2020. 3rd MSPO SCCS Annual Surveillance Audit for mills on October 2022.
RSPO	82% of landbank	As at 2018	<ul style="list-style-type: none"> SSGOE – 3rd Cycle Recertification – 1st Annual Surveillance Audit included Kawa as supply based on March/April 2022 (Onsite Audit). JGOE – 2nd Cycle Recertification – 4th Annual Surveillance Audit on July 2022 (Onsite Audit). TMGOE – 2nd Cycle Recertification – 3rd Annual Surveillance Audit on October 2022. 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"> 2022 Recertification Audit held on October 2022 and the certificates was obtained on 13th November 2022.
HACCP	100% mills	June 2017	<ul style="list-style-type: none"> 3rd Cycle – Recertification Audit on 22nd-23rd June 2022 (BPOM). 2nd Cycle – 2nd Annual Surveillance Audit for JPOM 1 on 20th June 2022, JPOM 2 on 21st June 2022 and TPOM on 24th June 2022.
MS ISO/IEC 17025	Accredited	October 2018	<ul style="list-style-type: none"> Plantations Central Laboratory.
HALAL	100% mills	September 2019	<ul style="list-style-type: none"> All mills are HALAL certified.
MeSTI	100% of all mills	September 2020	<ul style="list-style-type: none"> All mills are MeSTI certified.

MARKETPLACE



* Total landbank of 39,022 hectares not including 81 hectares of land adjoining to the existing land of which the land title is currently under application.

* Total landbank reduce from 39,646 Ha to 39,022 Ha.

In FY2022, Hap Seng Plantations improved its SPOTT ranking to third position amongst the assessed Malaysian plantation companies with an overall score of 81.8%, an improvement of 2.1% as compared to the score of 79.6% registered in FY2021.

SPOTT assessment provides detailed snapshot of corporate transparency on sustainability performance. Hap Seng Plantations is currently amongst the 100 plantation producers/ processors/ traders tracked by SPOTT, which represent around half of land banks under oil palm cultivation globally. Hence, SPOTT assessment provides industry stakeholders with a comprehensive overview of the state of the market as well as specific insight into our progress.

Year	Score (%)	Overall Ranking	Ranking (Malaysia Plantation Companies)	Ranking (RSPO Member Companies)
Nov 16	46.2	21 (out of 50 assessed companies globally)	6	20
Nov 17	66.2	17 (out of 50 assessed companies globally)	4	15
Nov 18	74.4	14 (out of 70 assessed companies globally)	4	14
Nov 19	65.7	19 (out of 99 assessed companies globally)	5	18
Nov 20	73.7	19 (out of 100 assessed companies globally)	5	19
Nov 21	79.6	13 (out of 100 assessed companies globally)	3	13
Nov 22	81.8	14 (out of 100 assessed companies globally)	3	14

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

WORKPLACE



CARING FOR OUR PEOPLE



Workforce Safety & Health



ZERO
fatality



LTIF Rate of
0.7 incidents
per 200,000
hours worked



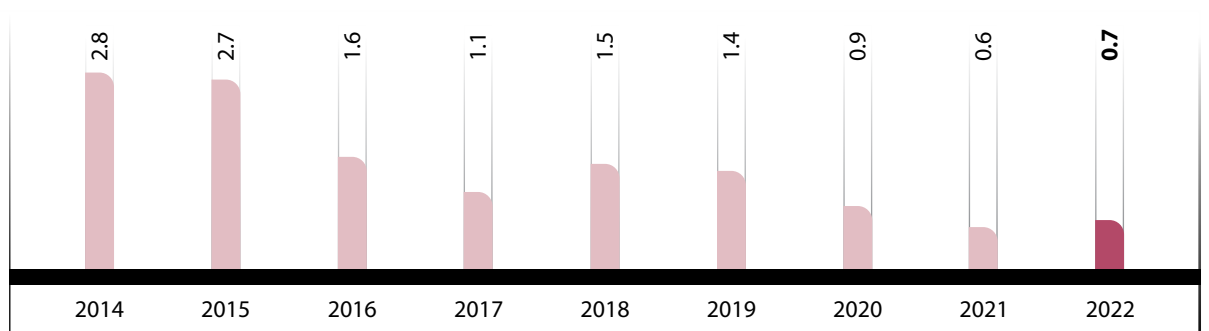
863 safety &
health trainings



348 CCTV
cameras (safety &
security purposes) as
compared to 2021's
321 and 2020's 288
CCTV cameras

Focus on Safety and Health

**LOST TIME
INCIDENT
FREQUENCY
RATE
(INCIDENTS
PER 200,000
HOURS
WORKED)**



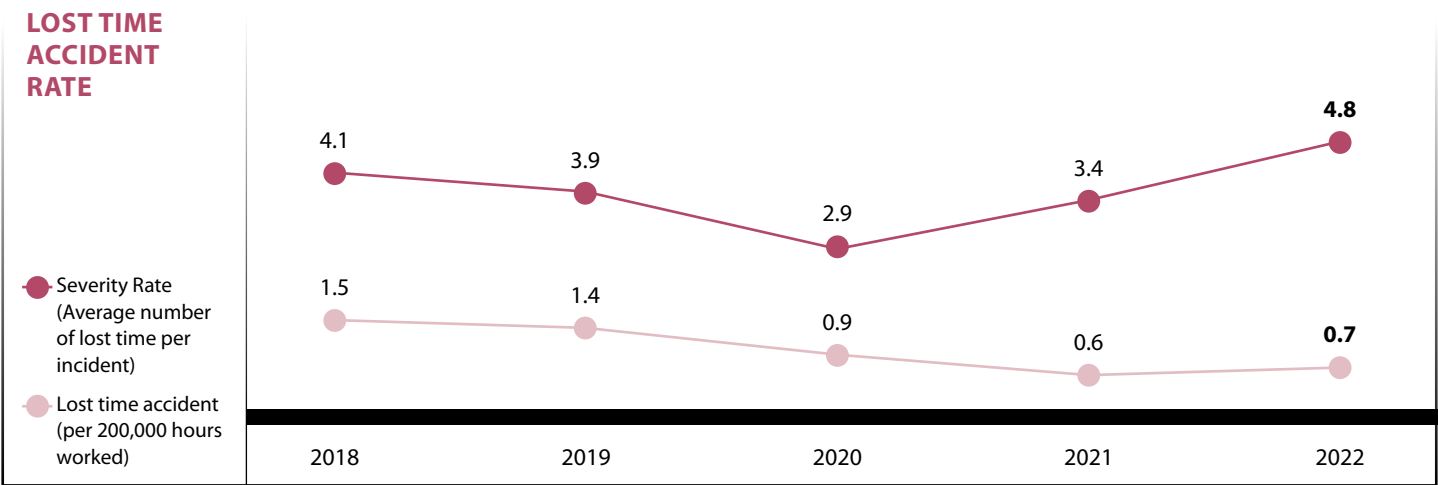
Hap Seng Plantations seeks to provide and maintain a safe and healthy working environment for all employees, contractors and visitors. In this respect, our commitment to safety is to ensure a continuous reduction in the number of accidents in our operations, while continuously instilling a safety-first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

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

WORKPLACE

Towards a Zero-fatality Workplace

No fatality was recorded in FY2022 while the lost time accident rate decreased by 75% from 2.8 incidents per 200,000 hours worked in FY2014 to 0.7 incidents per 200,000 hours worked in FY2022. The severity rate (average amount of lost time per accident), increased by 71% from 2.8 in FY2014 to 4.8 in FY2022.



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

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

In addition to reactive programmes, we also carry out preventative actions to ensure a safer working environment. Our OSH Committee conducts workplace inspections and provides regular in-house OSH training. Safety and warning signs are clearly positioned at workplace. Whenever an accident or incident occurs, the OSH Committee will investigate its cause, reviews the SOP, and considers new control measures to prevent recurrence of such incident in the future.

WORKPLACE

Handling of Chemicals

In FY2022, Hap Seng Plantations deployed the use of drone for chemical spraying as an alternative in our pest and disease management. This new technology effectively reduces the risk of chemical exposure to our employees.

Despite being new and still under trial, we believe that this system able to reduce the risk of chemical exposure to our employees, improve productivity, and optimise workforce utilisation. We were able to reduce the number of workers needed for the spraying activity by 86% and spraying cost per seedling by 26% in FY2022.

To ensure safety, our chemical handlers receive continuous safety training in chemical handling. All sprayers are required to wear full-body personal protective equipment (PPE) and shower after each shift.

Assistant managers and field conductors are responsible for ensuring compliance with safety procedures, which is regularly monitored through internal safety audits. Spraying crews are required to attend a health check every three months, with particular emphasis on the health of women workers. Pregnant workers are assigned lower-risk tasks, such as general work and are given maternity leave after delivery.



Challenges in Changing Work Habits

The main obstacle we face when pursuing our health and safety goal is dealing with the attitude of workers towards health and safety. Based on our investigation, we found that many workers do not prioritise safety training as it requires them to be away from the field, which can result in reduced income. To address this reluctance, we have been emphasising the personal benefits of safety training as an investment, as a reduced risk of accidents is directly linked to increased productivity and higher income.

In this regard, we are employing the following strategies to achieve our objectives.



Our safety management plan includes:

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

WORKPLACE

Implementation of specific safety procedures, including:

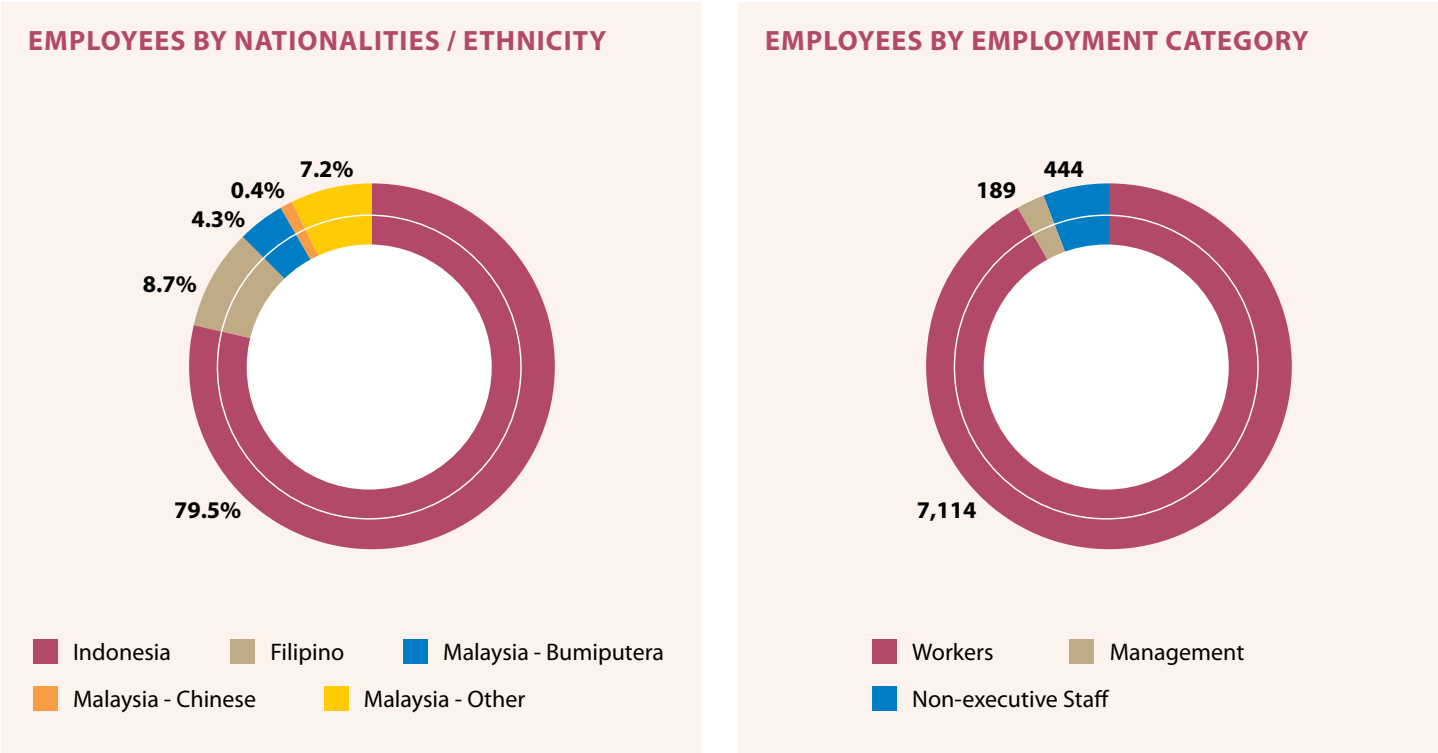
- Implementation of a Log Out Tag Out (LOTO) system in mills. LOTO increases machine handling safety, especially during maintenance, by locking the switchboard to prevent accidental activation.
- Implementation of Permit To Work (PTW) for high-risk and/or non-routine work - for example working at height, in extreme temperatures and in confined spaces. PTW is 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 safety measures requiring improvement.
- Train workers on HIRARC for each work task to help them better understand task-specific hazards.
- Engaging external occupational safety and health trainers, such as the National Institute of Occupational Safety and Health (NIOSH) and BOMBA, to conduct Authorised Entrant and Standby Person (AESP) competency training and PPE fit test training.

All of our estates and mills are required to undergo Chemical Health Risk Assessments (CHRA) routinely. The CHRA is conducted once every five years to assess chemical hazards to health and ensure compliance with the Use and Standard of Exposure Chemical Hazardous to Health (USECHH) Regulation 2000.

Responsible Employer

Our Employees

Hap Seng Plantations employs 7,747 people, reflecting the typical composition found in the plantation sector. Approximately 91% of our employees are manual workers based in the field and mill. The majority of these workers are non-local, primarily Indonesians and Filipinos. Most of our Malaysian employees are from local communities.



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

WORKPLACE

Fair Pay and Transparent Records

All our workers are paid the required base wage of RM1,500 per month. This is the state minimum wage requirement since May 2022 as stipulated under the Minimum Wages Order 2022.

Beyond the base wage, workers are paid an additional daily rate based on tonnage of harvest, maturity of the field worked, and specific work tasks. During peak harvesting months, workers have the opportunity to earn up to RM 4,000 per month based on the amount of FFB they harvested. However, due to the seasonal nature of our operations, earnings may vary throughout the year, which can make it challenging to manage workers' expectations. To address this issue, we periodically review wages to prevent income fluctuations and reduce potential worker dissatisfaction.

Job Title	Gender	Average Salary per Month
GENERAL COOK	Male	RM2,120
	Female	RM2,045
ESTATE CLERK	Male	RM2,135
	Female	RM2,035
LABORATORY TECHNICIAN	Male	RM1,985
	Female	RM2,295
MILL CLERK	Male	RM1,985
	Female	RM1,985
PURCHASING CLERK	Male	RM2,290
	Female	RM2,075
STORE CLERK	Male	RM2,555
	Female	RM1,885
CHIEF CLERK	Male	RM2,745
	Female	RM2,680
ACCOUNTS EXECUTIVE	Male	RM2,940
	Female	RM4,320
ADMIN EXECUTIVE	Male	RM4,250
	Female	RM4,600

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

Job Title	Gender	Average Daily Wage
SPRAYER	Male	RM57.70
	Female	RM57.70
P&D WORKER	Male	RM57.70
	Female	RM57.70
GENERAL WORKER	Male	RM57.70
	Female	RM57.70

Do note that we are committed to pay fair wage to all employees irrespective of ethnicity and gender. The plantation management committee review workers' wages at quarterly interval to ensure that they are aligned with the market rate.

WORKPLACE

Freedom of Association & Rights to Collective Bargaining

Although we recognise the right of our employees to form and join unions, there are no unions represented in our plantations. This is mainly due to 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 that enables employees to raise issues and seek redress.

Addressing Undocumented Workers

Sabah's long coastline and proximity to neighbouring Indonesia and the Philippines create challenging conditions for the government to manage its borders and make it particularly easy for individuals to enter the country.

We take special measures to ensure that all our plantation employees are legal. To achieve this, we often hire new workers recommended by our existing employees. Individuals who do not have appropriate documentation for legalisation process will be 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 keep workers' travel documents for safekeeping.

Children in Our Plantations

We do not allow children or young person under the age of 18 to work in our estates. We do, however, recognise that workers living in estates sometimes involve their children in loose fruit collection and other light work. To eliminate this practice, we conduct regular spot checks, and for the reporting period, no reported incident of children helping their parents at work.

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

Free Access to Clean and Safe Water for Our Workers

In FY2019, we have completed the establishment of three water treatment plants and are currently able to produce sufficient treated water to cater to our employees living in our plantations except for Pelipikan Estate (Kota Marudu region), which is still relying on rainwater harvesting. The delay in establishing water treatment plant at Pelipikan Estate was mainly due to geographical factors. It was challenging to identify a strategic location for the water treatment plant with sufficient water catchment within the terrain of Pelipikan Estate.



WORKPLACE

We continue to provide adequate supply of treated water to all workers. In addition, we are committed to provide safe and quality water to our employees. As such, we regularly monitor the water quality according to the National Water Quality Standards as regulated by the Malaysia's Ministry of Health.

Addressing Security Issues for Our Workers

We are currently taking measures to enhance the security of residential areas in our estates. In addition to maintaining close communication with security forces, particularly the Royal Malaysian Police, a number of specific security enhancements have been made.

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

Women in the Workplace

Supporting Women in Our Workplace

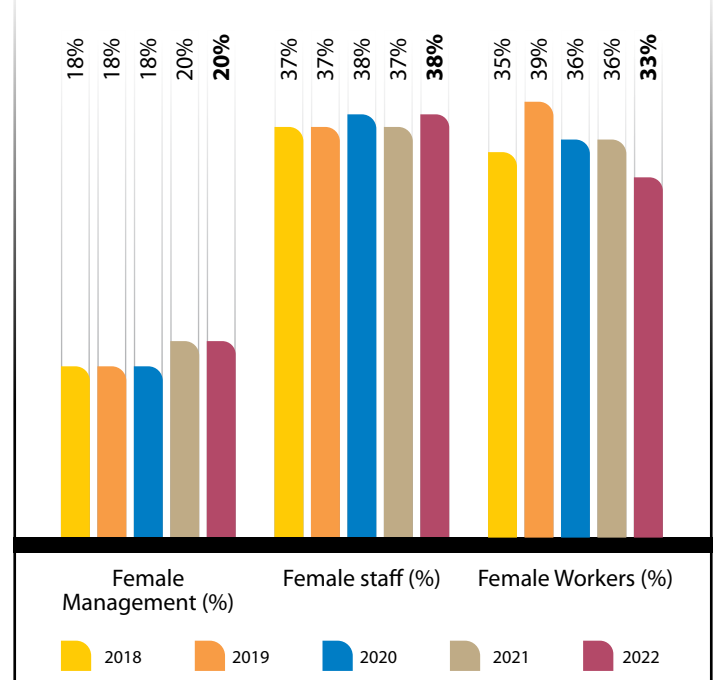
Hap Seng Plantations is committed to providing equal employment opportunity to all employees and does not discriminate based on gender. We also encourage married couples to apply for job openings, which can contribute to a more stable workforce.

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

While we acknowledge that balancing work and family responsibilities can be a challenge for many women, we are committed to supporting their career advancement. Additionally, we are exploring ways to enhance the educational resources available within our plantations for their children to ensure that they have the support they need to succeed in their career.



WOMEN IN HAPSENG PLANTATIONS



COMMUNITY



COMMUNITY ADVANCEMENT



Community Development

Building Facilities for a Better Quality of Life

In FY2022, Hap Seng Plantations has an estimated 2,651 hectares of land for development of buildings and infrastructure, including residential buildings, medical clinics, sundry shops and recreational facilities.

Housing is provided to almost all of our 7,747 employees and their families. Workers’ quarters are designed to incorporate a sufficient plot of land for cultivation of food. In addition, each estate has a shop that has been granted permission to operate by the company. The management regularly monitor the 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 food.

Facilities for both workers & nearby communities

 All Housing with garden plots	 6 Ambulance*	 117km of road for nearby villages*
 4 Clinics with wards*	 21 Shops*	 2 24-hour ferry – accessible to nearby villages*
 14 Full-time nurses*	 2 X-ray equipment (SSGOE & JGOE)*	 1 Audiometric room facility (JGOE)
 3 Visiting doctors*	Recreational facilities	
 3 Medical assistants*	 4 Clubhouse	 8 Other facilities (e.g. hall)

* Accessible to local communities

COMMUNITY

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

Hap Seng Plantations continue to enjoy a very positive and mutually beneficial relationship with our local communities. Our community-focused activities take into account that many of these communities are isolated and have limited access to basic facilities. Our local interactions therefore include:

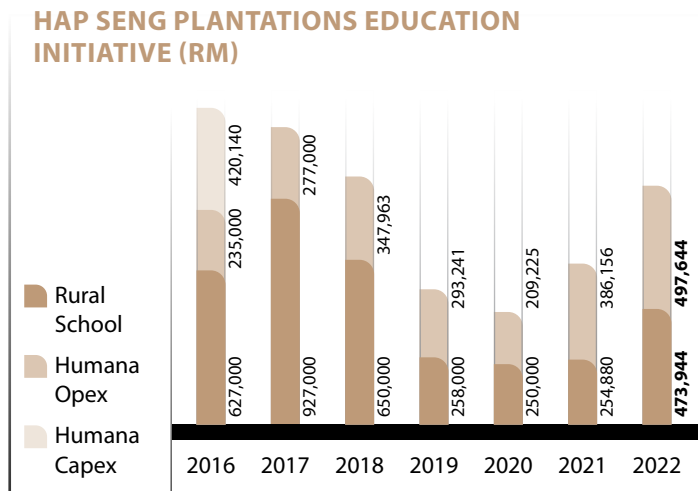
- Engaging with community leaders
- Providing assistance to local communities, particularly for celebrations and festivals
- Providing job opportunities to local communities
- Extending access to our health services
- Building, repairing and maintaining local infrastructure (including 117km of roads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

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

		2022	2021	2020
	Items	Amount Per Year (RM)		
Workers Welfare	Housing	1,296,360.78	638,317.75	685,665.21
	Utilities - electricity	9,070,977.93	5,287,685.77	4,130,351.59
	Utilities - water	1,508,505.23	824,150.56	676,826.54
	Training & development	41,640.41	15,588.80	6,194.71
	Transport for workers (work purpose)	1,312,632.99	921,987.80	717,695.60
	Clinic - medical for employees & dependents	183,032.74	99,243.51	170,252.17
	Upkeep of religious buildings, recreational facilities and amenities	455,416.17	387,685.68	352,873.30
	Provision of social amenities	-	-	-
	Social contributions	461,098.86	325,682.24	208,433.13
Community	Ferry service	240,830.74	123,334.91	66,715.19
	Road maintenance	1,698,613.49	1,016,320.83	815,100.61
	Clinic - medical for employees & dependents	165,534.07	111,412.91	46,702.56
	Upkeep of religious buildings, recreational facilities and amenities	2,495.64	331.80	2,099.16
	Provision of social amenities	-	-	-
	Utilities - free electricity	-	-	-
	Social contribution	174,555.05	51,434.10	67,889.41
Retailers in Estates	Subsidies rental	-	-	-

COMMUNITY

Investing in Education for Our Community



Hap Seng Plantations believes in the role of education in poverty eradication. As a result, we invest significantly in education for our community. Due to our remote location and the presence of children of foreign workers, one of our key initiatives is to provide these children with access to schools. To achieve this, we collaborate with Humana Child Aid Society, a social non-governmental organisation that provides education to thousands of children living in plantations and other remote areas of Sabah, where schools are inaccessible.

In FY2022, we contributed an estimated RM497,644 to the Humana Child Aid Society to support its mission to provide education for children in plantations and other remote areas of Borneo. Moreover, we have also reached out to other plantation companies in the area to raise awareness of the right to basic education and to encourage them to adopt similar initiatives.



Main Capacity Building Programmes in FY2022

Empowering Humana

Recognising the role of Humana Child Aid Society in their mission of providing education for children in our estates, the Group had contributed more than RM490,000 for their cost of expenditure and maintenance of the Humana schools in FY2022. Humana Child Aid Society is a Malaysian registered NGO that was created to provide education to children unable to access to Malaysian schools for various reasons. We are currently supporting 11 Humana schools accommodating 803 students and 21 teachers in our plantations.

HSG EXPLORE! 2022

At Hap Seng, we are dedicated to nurturing the next generation of leaders in collaboration with MAD (Make a difference) Movement. To that end, we have invested over RM416,000 in our youth leadership programme in Sabah, which is centered around the theme of "EXPLORE!" Our aim is to equip young people with essential leadership skills that will help them achieve their full potential and make a positive impact in their communities.

The programme includes a range of interactive activities, such as the School Holiday Academy Programme Experience (SHAPE), parent engagement sessions, teacher training and more, to help students develop the skills and confidence they need to become effective leaders in their communities and for their future careers.

On 18 December 2022, the leadership programme concluded with a closing ceremony. Over 250 students, teachers and parents participated, and the event was officiated by YB Datuk Nizam Abu Bakar Titingan, Assistant Minister to Sabah Chief Minister & Apas assemblyman. In his speech, he expressed pride in seeing students as young as nine years old participating in the programme, and gratitude that Hap Seng Plantations continue to invest in education and capacity-building for students.

The convention culminated in the presentation of the MAD projects by the participants from Sabah and Johor. These projects showcased the practical and tangible application of the knowledge and skills learned during the programme and their positive impact on the Malaysian community.

COMMUNITY



HSG Ignite Digital Maker 3.0

The Digital Maker programme was introduced in Lahad Datu District schools following its success in various districts throughout Sabah. The programme is part of a larger strategy aimed at promoting STEM (science, technology, engineering and mathematics) education and increasing digital literacy in Sabah. Recognising the benefits of this programme to the students and teachers, Hap Seng Plantations contributed RM320,000 to this programme in FY2022.

The programme offers a comprehensive training programme consisting of bootcamps and workshops designed to teach 20 primary school teachers from different schools about digital conceptualisation, creativity, and innovation. These skills will then be imparted to students through collaborative team projects. By training teachers and empowering students with digital skills, the programme aims to make a lasting impact on the education landscape in Sabah and increase access to digital literacy for all members of the community.

Respecting Land Rights

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

Hap Seng Plantations has one outstanding complaint undergoing 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 the case on-hold pending the outcome of legal decision. The case does not involve customary or indigenous land rights. Further information can be found in our Annual Report, and also from the latest update by RSPO at https://rspo.org/wp-content/uploads/Minutes_of_the_Complaints_Panel_meeting_No-6-2021.pdf.


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

ENVIRONMENT


 **ENVIRONMENT STEWARDSHIP**








Achieved GHG emissions intensity of below
1.0 MT CO₂-e / MT CPO
ahead of target timeline of 2022



Maintaining POME BOD level below **20 PPM**



ZERO fire incident

1,056.74 Ha
set for Riparian Area

1,401.98 Ha
set for HCV Area

Protecting Our Environment

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

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

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

In FY2022, we continued to:

- Conduct monthly monitoring of scheduled waste management by a competent person.
- Improve the recycling programme including workers’ housing areas by conducting awareness training to all workers.
- Conduct monthly monitoring of landfill areas.
- Conduct monthly monitoring of riparian areas.
- Conduct monthly monitoring of deforestation activity and forest buffer zone.

- Conduct monthly monitoring of fire hot spots. The monitoring report is available on our company website.
- Engage with accredited external consultant on our environmental compliance which including 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.

ENVIRONMENT

Safeguard Our Water Resources

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

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

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

The water management plan covers various aspects of water usage and conservation as follows:

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

We are mainly utilising water sourced from ponds and rainwater for our operations and domestic consumption. In FY2022, we have withdrawn 21,787 ML of water. Aside from ensuring water security within our operations, we also committed to ensure the generated wastewater is treated and discharged in accordance to the Environmental Quality Act 1974. Most of the 888.09 ML of wastewater was discharged as treated POME which was eventually utilised for field irrigation purpose within our estates. Analysis using the World Resources Institute's Aqueduct Tool shows that none of our estates and mills are located in water-stressed areas. Nevertheless, we continue to utilise rainwater harvesting facilities at our buildings as a cost-saving measure and to mitigate potential future water stress resulting from climate change. Additionally, using rainwater reduces the need of chemicals for water treatment.



FY2022	Source of Water Withdrawal (ML)	
	Freshwater (≤1,000 mg/l Total Dissolved Solids)	Freshwater (>1,000 mg/l Total Dissolved Solids)
Surface Water	21,787.36	0.00
Groundwater	0.00	0.00
Seawater	0.00	0.00
Third-Party Water	0.00	0.00
Total	21,787.36	0.00

FY2022	Destination of Water Discharge (ML)
Surface Water	767.98
Groundwater	0.00
Seawater	0.00
Third-Party Water	0.00
Total	888.09

Water Consumption (ML)	Water Consumption Intensity (ML/MT CPO)
20,899.28	0.16

* ML: Megalitre

ENVIRONMENT



Rainwater Harvesting

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

As host to the 7,747 employees and their families, managing water for our domestic consumption is just as important as managing water for our operations. We have therefore supplemented our treated water sources with additional supply from rainwater harvesting to ensure sufficient water resources availability. Almost all of our houses were equipped with a rainwater harvesting system, which collected approximately 20,337.04 ML of rainwater in FY2022.

Managing POME Discharge

We have been continuously striving to reduce BOD levels across all of our mills. The commissioning of a new biogas facility and polishing plant at BPOM has been instrumental in significantly reducing BOD since 2021. However, there has been a slight increase in average BOD recorded in comparison to FY2021, possibly due to variations in the quantity of FFB processed, weather conditions, and higher BOD level recorded at TPOM, which has not equipped with a biogas facility or CPO polishing plant.

To achieve our goal of meeting the 20 ppm BOD target for all mills, we have planned to build a biogas facility at TPOM in 2023 and target to be commissioned in 2024. Additionally, we have established a dedicated committee (the 20 ppm and Biogas Project Committee) to monitor BOD levels on a daily basis and support our efforts towards achieving this goal.

Discharged POME BOD Level

Mills	BOD level in				
	2022	2021	2020	2019	2018
BPOM	11 ppm	7 ppm	29 ppm	31 ppm	33 ppm
JPOM 1	15 ppm	15 ppm	12 ppm	12 ppm	13 ppm
JPOM 2	16 ppm	16 ppm	16 ppm	19 ppm	21 ppm
TPOM	22 ppm	17 ppm	22 ppm	19 ppm	23 ppm
Total Average	16ppm	14 ppm	20 ppm	20 ppm	23 ppm

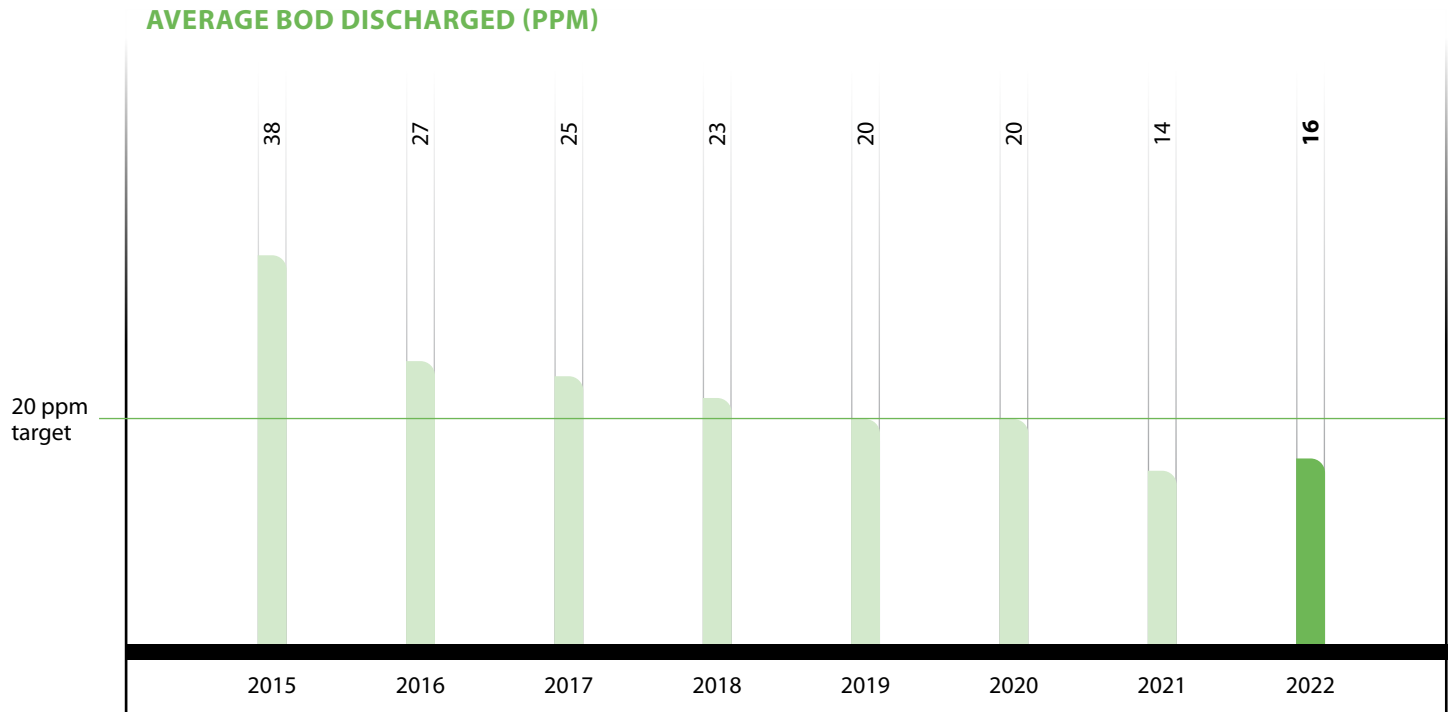
Even though there is no legal requirement by the DOE to report Chemical Oxygen Demand (COD), Hap Seng Plantations took the initiative to monitor the COD discharge level from our mills. Hap Seng Plantations aimed to achieve a 70% reduction in COD level at the POME discharge point compared to the POME in the anaerobic pond which typically ranges from 3,500 ppm to 5,500 ppm. The target has been achieved in all of our mills since 2020.

The level of COD from our discharged POME are as follow:

Discharged POME COD Level

Mills	COD level in			
	2022	2021	2020	2019
BPOM	278 ppm	391 ppm	456 ppm	373 ppm
JPOM 1	278 ppm	327 ppm	295 ppm	342 ppm
JPOM 2	285 ppm	364 ppm	295 ppm	342 ppm
TPOM	311 ppm	290 ppm	347 ppm	272 ppm
Total Average	331 ppm	343 ppm	348 ppm	332 ppm

ENVIRONMENT



Throughout FY2022, all Hap Seng Plantations' operations met or exceeded the relevant local thresholds for compliance with environmental regulations in relation to aquatic ecosystem and groundwater.

Carbon Management – Action on GHG Emissions

Hap Seng Plantations recognise that climate change is a major threat to our planet, and we are committed to monitor and reduce our carbon emissions. We established our GHG emissions baseline in FY2014 by using the RSPO PalmGHG Calculator v2.1.1. RSPO introduced the new PalmGHG Calculator v4.0 in 2019 and since then, we have calculated our data using this latest version.

In FY2022, our net carbon emissions per tonne of CPO reduced by 28% as compared to FY2021. The significant reduction was attributed to the commissioning of a new biogas facility at BPOM and reduction in the emissions from land use change due to reclassification of more oil palm planted areas as planting on non-forested land. Land use change accounts for 69% of our GHG emissions. The estates supplying FFB to BPOM were originally cleared decades ago, and were left to regenerate until the 1990s when they were finally planted. Consequently, this land is classified as disturbed forest under the PalmGHG definitions.

Mills	MT CO ₂ -e/ MT CPO							
	2014	2016	2017	2018	2019	2020	2021	2022
JPOM 1	1.61	0.99	0.50	0.40	0.56	0.17	0.75	0.62
JPOM 2	1.07	1.49	1.19	1.92	1.62	1.54	1.11	1.30
BPOM	3.18	1.45	2.09	2.06	1.44	0.41	0.88	0.58
TPOM	1.85	2.35	1.99	1.80	1.34	2.80	1.29	1.22
Group Average	2.35	2.00	1.89	1.45	1.08	1.03	0.94	0.68

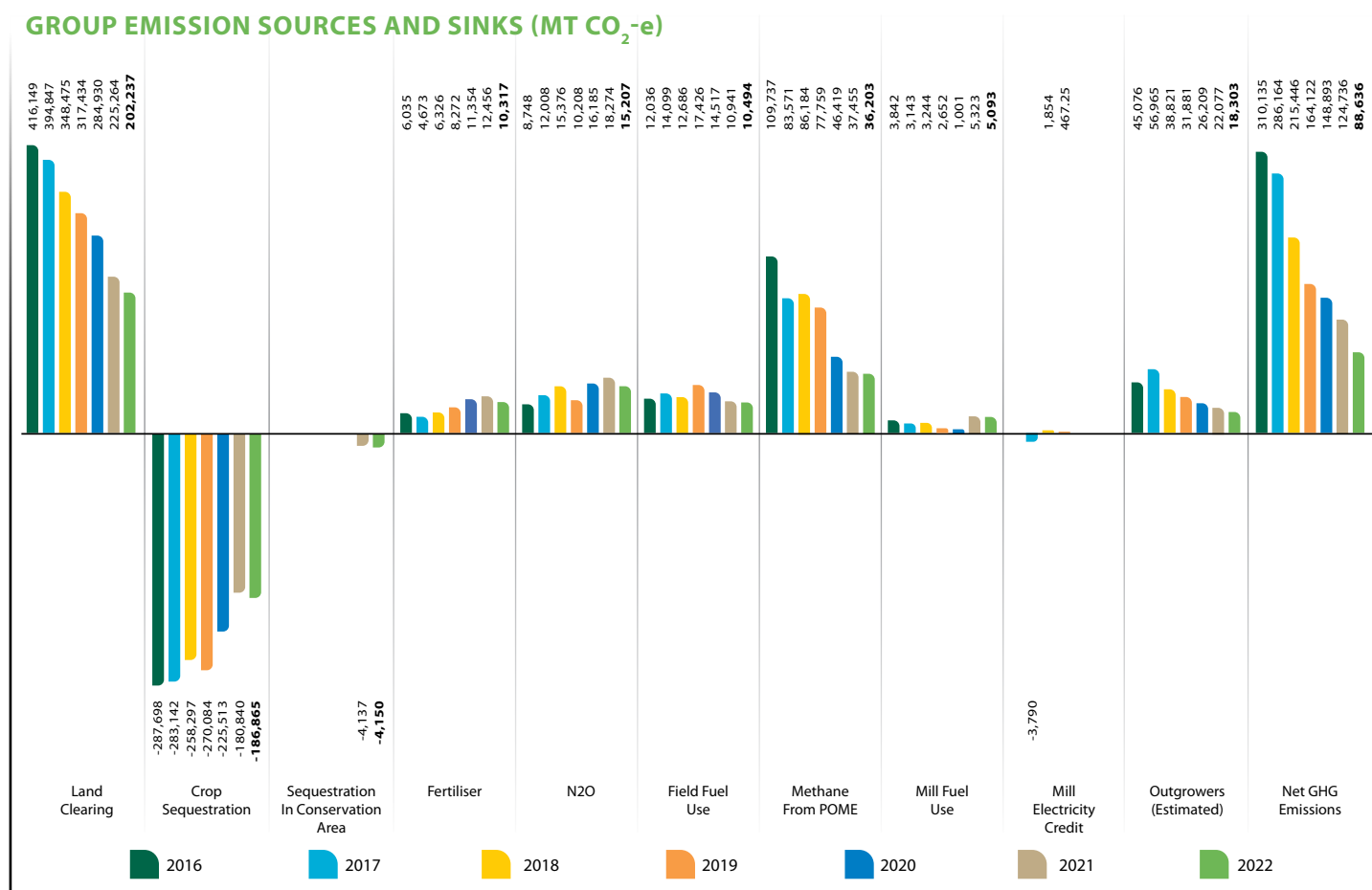
Note that the 2014 figures were calculated using RSPO PalmGHG v2.1.1. For 2016, 2017 and 2018 the figures used the PalmGHG v3.0.1 while for figures from 2019 onwards are based on the PalmGHG v4.0. RSPO advises that recalculation is not necessary.

ENVIRONMENT

We have also aligned our emissions to GHG Protocol using the data from PalmGHG. Direct GHG emissions (Scope 1) contributed 279,551.47 MT CO₂-e while the indirect GHG emissions (Scope 2) contributed 85.38 MT CO₂-e. The GHG emissions significantly reduced by the GHG sequestration and credit gained from our conservation efforts and natural carbon removal capacity from the planted oil palm trees. GHG reduction from sequestration and credit accounted as much as 68.27% of our gross GHG emissions, resulted in net GHG emission of 88,721.85 MT CO₂-e.

FY2022	Emissions at MT CO ₂ -e
Scope 1 Emissions	279,551.47
Scope 2 Emissions	85.38
Gross GHG Emissions	279,636.85
GHG Sequestration & Credit	190,915.00
Net GHG Emissions	88,721.85

Note: Emissions were based on the output of the RSPO PalmGHG calculator and mapped into scope 1 and scope 2 categories. Scope 2 emissions for Plantations only involve grid electricity consumption, with an emission factor of 0.550 Kg CO₂-e/kWh (Source: Tenaga Nasional Berhad's Sustainability Report 2021).



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

Net GHG emissions do not include estimated emissions from outgrowers.

To gain a comprehensive understanding of our potential emissions reduction throughout our value chain, we have begun the process of quantifying scope 3 emissions. We recognise that full quantification of scope 3 emissions can be a complex and time-consuming process. Therefore, we plan to disclose our data progressively as we continue to develop our internal capacity to improve data accuracy and reliability.

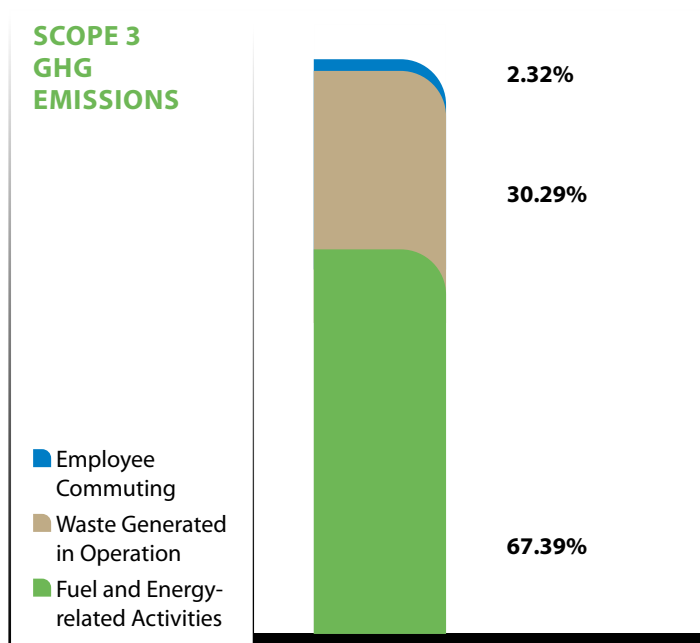
ENVIRONMENT

Following describes the three categories of scope 3 emissions that we have quantified in FY2022.

Scope 3 Emissions Category	Description	Data quality
Fuel and Energy-related Activities	Emissions from fuel usage encompassed emissions associated with extraction, refining and transportation of the raw fuel sources prior to combustion. Emissions from electricity usage is associated with transmission and distribution losses with purchased electricity.	Fair
Waste Generated in Operations	Emissions from waste generated is calculated based on the disposal methods (either recycling, reuse or disposal to landfill) of various type of wastes generated from our operations.	Fair
Employee Commuting	Emissions from employee commuting is calculated based on a group-wide survey sent to all the employees for their feedback on mode of transport and their distance workplace commuting distance. The calculation is based on the data from 647 employees surveyed. The survey did not include the field workers from as they are staying within the walking distance from their workplace and general transportation is usually provided by the plantation when necessary.	Fair

* Subjective evaluation of the data quality of the direct emissions data, activity data, and emission factors. The type of evaluation according to the criteria (Technology, Time, Geography, Completeness, and Reliability) is based on the GHG Protocol Scope 3 standard.

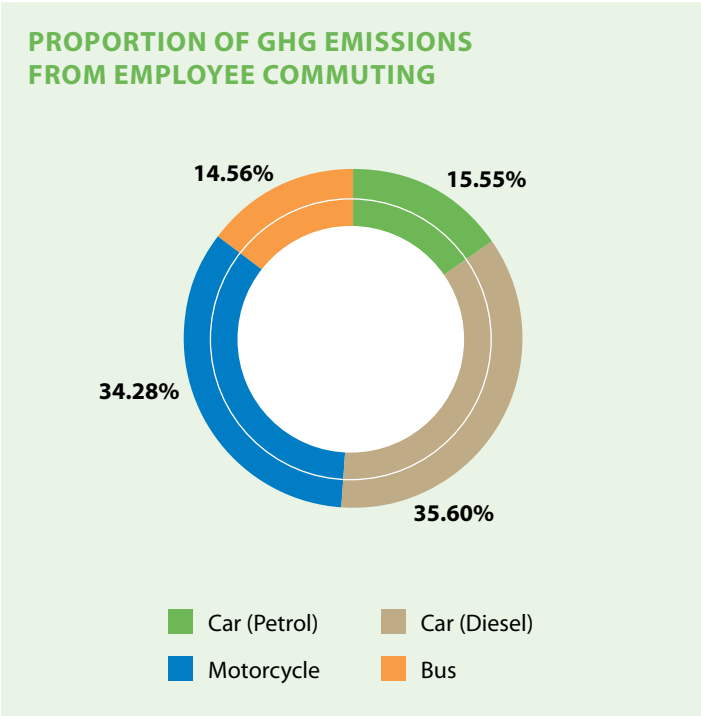
Our quantification of scope 3 emissions has revealed that majority of the emissions were attributed to indirect fuel and energy-related activities utilised by our operations. A progressive transition plan towards utilisation of renewable fuel sources will help to reduce reliance on non-renewable energy, thereby lowering indirect emissions resulting from production of energy.



Scope 3 Emission Categories	Unit	Plantations	%
Fuel and Energy-related Activities	MT CO₂-e	4,740.14	67.39%
Waste Generated in Operations		2,130.69	30.29%
Employee Commuting		163.48	2.32%
Total		7,034.31	

ENVIRONMENT

Our current recycling efforts have partially mitigated the emissions from generated waste by reducing the amount of waste sent to landfills. In FY2022, the operations avoided 59,649.52 MT CO₂-e by recycling and reusing about 105,131 tonnes of waste. Majority of the waste was generated from oil palm biomass, which include oil palm fibre and empty fruit bunches. Oil palm fibre was utilised to generate renewable energy in the boiler, while the empty fruit bunches were reused for composting to improve the nutrient content of our oil palm estates.



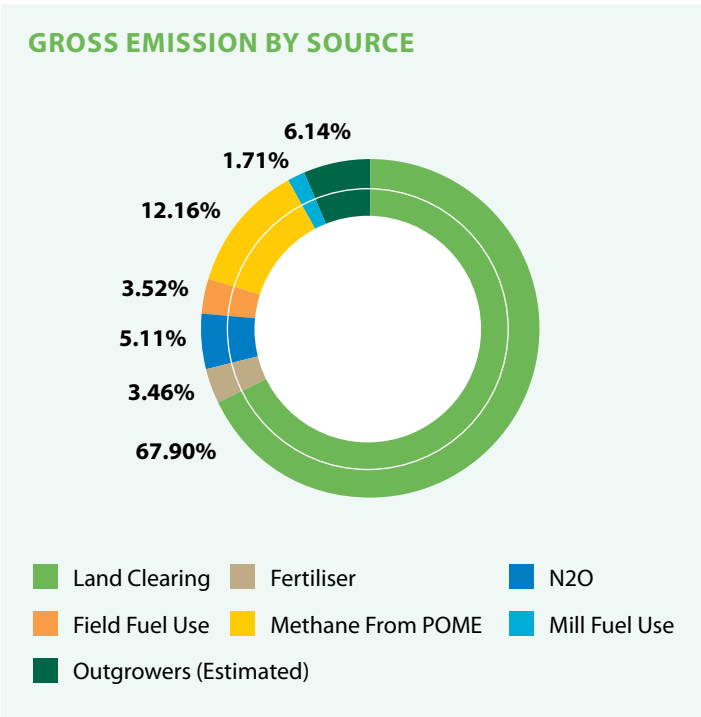
The emissions resulting from employee commuting to work are fully attributable to the consumption of petrol and biodiesel by internal combustion vehicles. Due to the nature of the industry and the lack of infrastructure to support energy-efficient vehicles, their utilisation is almost non-existent in plantation operations. However, the emissions contribution from employee commuting is relatively insignificant compared to other quantified scope 3 emission categories, as most employees consist of local people who reside nearby or within the estate community.

We use direct energy from fossil fuels, such as diesel and petrol, to operate mechanised equipment and for vehicles to transport FFB from our estates to the mills. Additionally, we use fossil fuels for FFB processing in the mills, as well as for vehicles to transport CPO from the mills to ports or our customers. We also use fossil fuels to provide power to our employees' housing, except in our Batangan and Kapis

estates, where electricity is supplied by the JPOM biogas facilities. In FY2022, our estates used a total of 14,254 litres of petrol, mainly for transportation purposes.

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

No	Diesel Usage for	Estate/Mill	Volume (Litre)
1	Genset	Mill	736,995
		Estate	1,834,481
2	Transport	Mill	974,521
		Estate	3,493,790
3	Process	Mill	23,458



ENVIRONMENT

Non-renewable Energy	Renewable Energy
Petrol	Oil palm fibre
Grid Electricity	Biogas
	Biodiesel (B7)

FY2022	Unit	
Non-renewable Energy		1,027,692.46
Renewable Energy		582,018,301.07
Excess Electricity Feed to Grid	MJ	0.00
Total Energy Consumption		583,045,993.53
Energy Intensity	MJ/MT CPO	4,467.44

Our operations consumed 583,045,993.53 MJ of energy derived from renewable and non-renewable energy. Renewable energy generated from biogas plant, burning of biomass and utilisation of biodiesel constitute 99.8% of the overall energy consumption. Dependency on grid electricity and petrol usage was significantly mitigated through high utilisation of renewable energy.

Natural Resource Management

Protecting Our Rivers and Riverbanks

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

The Segama and Kretam rivers that flow through our estates are well managed, with established riparian reserves (natural riverside vegetation) along both riverbanks. The riparian reserves effectively intercept non-point sources of pollution such as heavy metals and nutrients, trap suspended sediments from surface runoff, and support beneficial 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. The markings indicate that the area shall be free from chemical spraying and manuring activities. Workers are also regularly educated on the importance of maintaining riparian reserves.

Oil palms that were planted within the riparian reserves in the 1980s have been left in situ in accordance to the guidelines issued by the Department of Irrigation and Drainage.

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

Conserving Biodiversity

Most of our plantings were on land that was previously used for other agricultural purposes. Furthermore, a large part of our land bordering other plantations rather than forest. Nevertheless, we have allocated approximately 1,400 hectares or about 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 to our headquarters. The management plan is monitored and reviewed annually by our internal assessment team.

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

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

Supported by our comprehensive replanting efforts, the Jelutong's quick growth and hardy nature meant that its extinction is now unlikely. Today, Jelutong covers around 86 hectares on our estates. These trees were originally propagated in vacant and HCV areas from seedlings we collected. Another area comprising 60 hectares which was no longer suitable for oil palm cultivation due to repeated flooding has also been set aside for planting of Sepat, a species of wetland timber tree.

ENVIRONMENT

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

In FY2022, nine out of 11 independent local outgrowers and smallholders who have committed to implementing RSPO and MSPO certifications have also made commitment to HCV assessment and conduct social and environmental Impact assessments (SEIA) in their plantations.

Tabin Wildlife Reserve

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

Eight primate species are also found at Tabin, including Orangutans and Proboscis monkey, as well as three protected cat species and Sunda clouded leopard. Over 42 families of birds representing some 220 species have also been recorded in 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 area gives us a responsibility to support its ongoing protection. Continuous monitoring of RTE species is carried out across our estates as well as in bordering areas, to protect wildlife identified by the Sabah Wildlife Enactments and the 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 during morning muster. We take appropriate action against individuals that ignore these instructions. CCTV have been installed to identify illegal hunting or encroachment.

We also work to pre-empt and prevent human-wildlife conflict. While our operations are not located within the migratory paths of elephants, and while incidents involving elephant encroachment are rare, we have nevertheless set up electric fences along our estate's boundary as prevention.

Moreover, our plan is to set up camera traps along the boundary area in the near future. This project would help minimise potential human-wildlife conflict.

Compensation Case Update

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

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

In FY2019, we engaged the RSPO Compensation Team to discuss on the improvement of the Concept Note before resubmission. During the reporting period, we were able to come up with the latest revision of concept note with improvement by RSPO. We are currently awaiting the status of our resubmission.



SUSTAINING OUR FUTURE



71 training sessions per month



71.3 training hours per month

Renewables at Hap Seng Plantations

Amount of recycled
waste

total **4.34 MT**



Plastic bottle



Glass bottle



Paper



Aluminium



3 mills have
access to biogas
facilities

Training the Next Generation of Planters

At Hap Seng Plantations, all staff and executives must undergo a 15-module Oil Palm Agriculture Policy (OPAP) programme that consist of best practices in estate management. A passing grade is mandatory for staff members and executives to advance in their work. From 2016 to 2022, additional syllabus on RSPO, MSPO, ISCC EU and Health and Safety were included to the programme, ensuring that staff and executives are well equipped to maintain and support our certification programme and safety efforts.

SUSTAINING OUR FUTURE

No	Training	Target Employees	Objective of Training	Schedule	Number of Employees Trained in FY2022
1	Oil Palm Agriculture Policy	All executives and staff from estates.	To educate staff and executives on good agricultural practices.	6 months (Feb to July) every year with examinations.	34
2	First Aider Training	All executives, staff, mandors and workers from estates and mills.	To train all individuals in charge of work units at estates and mills on first aid principles and kit.	Every three years (in 2020, it took place on 7 – 8 March 2020).	113
3	RSPO, MSPO and ISCC EU	All executives and staff from estates and mills.	To provide training on RSPO/MSPO/ISCC EU principles and criteria for all estates and mill operating units.	Annually.	34
4	Safety and Health	All executives and staff from estates and mills.	To regularly educate and promote awareness on safety measure at workplace.	Annually.	26
5	HACCP	All executives and staff from mills.	To educate on food safety and HACCP requirements.	Annually.	48
6	HALAL	One HALAL executive and five committee members for each mill.	To educate on food safety and HALAL requirements.	Annually.	24
7	MeSTI		To educate on food safety and MeSTI requirements.	Annually.	24

Renewables at Hap Seng Plantations

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

As a responsible producer, we recognise that the production of palm oil generates waste which must be carefully managed to minimise its impact on the environment. The primary waste resulting from the production of crude palm oil is POME.

In line with our goal of reducing both GHG and BOD levels, we have commissioned biogas plants to capture methane from POME and convert them into electricity. This process will not only reduces the amount of methane released into the environment but also decreases our dependence on fossil fuels for energy generation. Additionally, the nutrient-rich by-products from our biogas plant can be used to replace costly fertilisers, thereby further reducing our carbon footprint and benefitting our company economically.

The electricity produced by our biogas plant is currently powering our three mills at JGOE (in Kapis Estate, Batangan Estate and SK Jeroco local school) and SSGOE (in Plantations Central Office, Sungai Segama Estate, Bukit Mas Estate and Humana school).

SUSTAINING OUR FUTURE

Year Commissioned	Biogas Facility (quantity)	Energy Produced (kW)	Mill	Beneficiary
2017	one	2017 – 5,988,804	JPOM 1	Workers housing at JPOM 1, JPOM 2, Kapis Estate and Batangan Estate. <ul style="list-style-type: none">• SK Jeroco.• Office area.• Mill 1 and 2 operations.
		2018 – 6,930,471		
		2019 – 8,390,010	JPOM 2	
		2020 – 8,424,527		
		2021 – 7,500,903		
		2022 – 8,287,546		
		Total = 45,522,261		
2020	one	2020 – 5,042,263	BPOM	Office area, BPOM operation, and workers housing (BME & SSE).
		2021 – 6,994,370		
		2022 – 6,386,279		
		Total = 18,422,912		
2024	one	NA	TPOM	Workers housing.

Waste Management Programme – Recycling

In FY2022, we generated 105,495.20 MT of wastes and managed to recycle 105,131.65 MT of recyclable wastes. Most of the recycled wastes consist of oil palm biomass recycled for energy generation and soil nutrient enhancement purposed. Other recycled wastes consist of paper, metal, plastics, glass and other recyclable waste that were collected by authorised waste collector for recycling.

Waste Management	Unit	Scheduled Waste	Non-scheduled Waste	Total
Amount Generated	MT	75.31	105,419.89	105,495.20
Recycled & Reused		0	105,131.65	105,131.65
Disposed		75.31	288.24	363.55

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

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



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

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

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ECONOMIC											
Revenue	RM million	814.6	670.9	467.6	418.6	390.8	555.1	503.4	434.9	495.6	443.3
Profit before taxation	RM million	264	290.3	108.4	36.6	37.2	146.9*	167.1	120.2	176.1	137.7
Profit after taxation attributable to owners of the Company	RM million	210.3	224	90.3	31.4	29.1	109.2*	124.1	96.4	128.3	97.5
LAND / PLANTATION											
Total Area											
Group	Ha	39,103	39,727	39,726	40,279	40,279	40,279	40,279	39,803	39,803	39,803
Jeroco group of estates (JGOE)	Ha	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117	14,117
Tomanggong group of estates (TMGOE)	Ha	12,806	12,806	12,806	12,806	12,806	12,806	12,806	12,331	12,331	12,331
Sungai Segama group of estates (SSGOE)	Ha	9,907	9,907	9,907	9,907	9,907	9,907	9,907	9,906	9,906	9,906
Ladang Kawa	Ha	100	724	723	1,276	1,276	1,276	1,276	1,276	1,276	1,276
Pelipikan	Ha	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Kota Marudu	Ha	808	808	808	808	808	808	808	808	808	808
Total Planted Areas (Oil Palm)											
Group	Ha	34,856	35,434	35,434	35,957	35,957	36,103	36,145	35,678	35,685	35,697
Jeroco Group of Estates (JGOE)	Ha	12,722	12,722	12,722	12,722	12,722	12,808	12,808	12,808	12,808	12,808
Tomanggong Group of Estates (TMGOE)	Ha	11,803	11,803	11,803	11,803	11,803	11,864	11,893	11,426	11,426	11,426
Sungai Segama Group of Estates (SSGOE)	Ha	8,743	8,743	8,743	8,743	8,743	8,742	8,755	8,761	8,761	8,761
Ladang Kawa	Ha	100	678	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	Ha	903	903	903	903	903	903	903	903	903	903
Kota Marudu	Ha	585	585	585	585	585	585	585	585	585	598
Planted Areas – Mature											
Group	Ha	32,136	32,436	32,286	32,458	32,139	32,023	32,374	32,440	31,373	30,670
Jeroco group of estates (JGOE)	Ha	11,590	12,048	11,863	11,645	10,957	10,731	10,589	10,565	10,693	10,567
Tomanggong group of estates (TMGOE)	Ha	11,221	10,606	11,009	10,807	11,070	10,705	10,727	10,431	9,552	9,334
Sungai Segama group of estates (SSGOE)	Ha	7,737	7,616	7,248	7,317	7,423	7,899	8,368	8,755	8,761	8,761
Ladang Kawa	Ha	100	678	678	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Pelipikan	Ha	903	903	903	903	903	903	903	903	581	209
Kota Marudu	Ha	585	585	585	585	585	585	585	585	585	598
Planted Areas – Immature											
Oil palm	Ha	2721	2,998	3,148	3,499	3,819	3,934	3,625	3,092	4,165	4,881
Other crops	Ha	146	146	146	146	146	146	146	146	146	146
Plantation Average Age	Years	17.7	16.3	15.9	15.8	15.6	15.3	15.3	15.5	15.4	15.2

* 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. 2022	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016	31.12. 2015	31.12. 2014	31.12. 2013
LAND / PLANTATION											
Planted Areas – Immature											
30 months to 7 years	Ha	4,941	4,933	5,040	4,340	4,491	5,615	5,626	5,599	4,089	2,525
> 7 years to 17 years	Ha	11,164	10,279	10,196	9,794	8,522	6,839	7,245	8,480	10,122	10,981
> 17 years	Ha	16,030	17,224	17,050	18,324	19,125	19,569	19,503	18,361	17,162	17,164
Area Set Aside for Conservation	Ha	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,401	1,401	1,480
Peat Developed	Ha	0	0	0	0	0	0	0	0	0	0
PRODUCTION											
FFB	MT	641,251	593,279	637,131	675,587	657,259	655,957	662,774	709,984	727,937	704,241
FFB Processed											
FFB - Own	MT	566,026	575,440	630,697	662,069	643,842	640,507	643,731	667,504	680,741	662,452
FFB - Purchased (Local Outgrowers and Smallholders)	MT	75,225	76,465	71,578	63,715	77,641	85,006	91,707	107,829	121,673	116,490
Palm Oil	MT	130,510	133,284	144,977	152,017	148,651	150,695	154,682	170,546	172,980	166,202
Palm Kernel	MT	29,450	30,286	33,594	35,402	34,802	35,183	35,872	38,087	38,778	36,554
Palm Oil OER	Percentage	20.35	20.45	20.64	20.95	20.60	20.77	21.03	22.00	21.56	21.34
Palm Kernel OER	Percentage	4.59	4.65	4.78	4.88	4.82	4.85	4.88	4.91	4.83	4.69
FFB Yield per Mature Hectare	MT/Ha	18.17	18.29	19.73	20.81	20.45	20.48	20.47	21.89	23.20	22.96
Oil per Mature Hectare	MT/Ha	3.70	3.74	4.07	4.36	4.21	4.25	4.31	4.81	5.00	4.90
EMPLOYEES											
Number of Employees		7,747	6,861	7,137	7,479	7,100	7,192	6,993	7,331	7,257	7,036
Employee Categories	Management	189	177	177	171	175	166	161	145	138	138
	Non-executive Staff	444	439	436	430	442	425	381	364	336	310
	Workers	7,114	6,245	6,524	6,878	6,483	6,601	6,451	6,822	6,783	6,588
Female Employees		2,563	2,422	2,575	2,881	2,485	2,599	2,387	2,613	2,644	2,489
Male Employees		5,184	4,439	4,562	4,598	4,615	4,593	4,606	4,718	4,613	4,547
Number of Foreign Workers	Indonesian	6,159	5,284	5,550	5,699	5,570	5,761	5,585	5,952	5,663	5,488
	Filipino	672	683	614	628	578	553	511	563	661	703
Male Non-executive Staff		274	277	272	269	279	263	228	217	211	187
Female Non-executive Staff		170	162	164	161	163	162	153	147	135	120
Female Workers		2,355	2,225	2,378	2,690	2,290	2,413	2,214	2,449	2,502	2,353
Male Workers		4,759	4,020	4,146	4,188	4,193	4,188	4,237	4,373	4,275	4,244
Female Management		38	35	33	30	32	24	20	17	18	16
Male Management		151	142	144	141	143	142	141	128	116	116
Ethnic / Racial Breakdown	Malaysian - Bumiputra	330	319	353	364	377	396	429	387	465	370
	Malaysian -Chinese	30	31	26	33	35	32	35	34	34	40
	Malaysian - Indian	0	0	0	0	0	0	0	2	2	1
	Others - Malaysian	556	544	594	755	540	450	433	393	432	434
	Other Non-Malaysian	6,831	5,967	6,164	6,327	6,148	6,314	6,096	6,515	6,324	6,191

BASE DATA AND NOTES

Category / Indicator	Measurement Unit / Breakdown	31.12. 2022	31.12. 2021	31.12. 2020	31.12. 2019	31.12. 2018	31.12. 2017	31.12. 2016	31.12. 2015	31.12. 2014	31.12. 2013
TRAINING											
Number of Employees who have Received Formal Qualifications Funded by Hap Seng		0	0	0	0	0	0	0	0	8	
LABOUR STANDARD											
Minimum Starting Wage	RM per Month	1,500	1,100 & 1,200 (Kawa)	1,100 & 1,200 (Kawa)	1,100	920	920	920	800	800	800
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		21	64	55	57	74	50	18	22	32	12
% Returned After Maternity Leave		67	85	76	92	87	76	67	75	81	100
COMMUNITY AND HOUSING											
Breakdown of Charitable Contributions (MYR)	Humana (CAPEX)	0	0	0	0	0	0	420,140	43,150	0	24,440
	Humana (Expenses)	497,644	386,156	209,225	293,241	347,963	277,000	235,000	304,000	320,000	278,044
	Misc Donations	13,328	6,738	75,000	6,880	0	917,500	36,000	306,390	5,790	2,650
	CSR	298,280	164,640	1,964,274	191,189	538,161	1,698,015	576,000	0	0	0
	Total	809,252	557,534	2,248,499	491,310	886,124	2,892,515	1,267,140	653,540	325,790	305,134
Number of Employees and Dependants Housed		11,583	11,379	11,356	11,224*	9,901	6,479	4,160	4,242	3,934	3,875
HEALTH AND SAFETY											
Fatalities		0	0	1	0	0	1	0	1	0	1
Number of Lost Time Accidents		24	19	34	48	58	44	74	66	164	230
Number of Lost Days (not including fatalities)		116	74	98	185	240	101	200	197	460	676
Lost Time Accident Rate (recordable injuries at 200,000/hours worked)	Incidents per 200,000 Hours Worked	0.7	0.6	0.9	1.4	1.5	1.1	1.6	2.7	2.8	4.1
Severity Rate (total lost work days/number of recordable injuries)	Average Number of Lost Time per Incident	4.8	3.4	2.9	3.9	4.1	2.3	2.7	3.0	2.8	2.9
ENVIRONMENT											
BOD Level	Ppm	16	14	20	20	23	25	27	38	34	40
Total Fertiliser Usage	MT / /Ha	1.12	1.30	1.16	0.79	1.07	0.83	0.96	1.05	0.88	1.02
Total Water Usage (mills only)	MT / MT FFB	1.88	1.77	1.46	1.42	1.40	1.52	1.33	1.53	1.52	1.62
Total Number and Volume of Significant Spills		0	0	0	0	0	0	0	0	0	0
Toxicity per Hectare		527	418	333	262	348	414	449	398	486	515

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 which is kept separately from ordinary palm oil throughout the supply chain.
International Labour Organization (ILO)	ILO is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called “conventions”, offered to member nations for adoption.
Independent Director	According to Bursa Malaysia, an independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of an applicant or a listed issuer.
Integrated Pest Management (IPM)	IPM is a pest control strategy that uses an array of complementary methods. These include mechanical and physical devices; genetic, biological, legal and cultural controls; and chemical management. These methods are undertaken in three stages: prevention, observation, and intervention. IPM is an ecological approach aimed at significantly reducing or eliminating the use of pesticides.
International Sustainability & Carbon Certification (ISCC)	ISCC is an internationally-oriented, practical and transparent system for the certification of biomass and bioenergy.
Leaderonomics	Leaderonomics.com is a leadership portal social enterprise focused on transforming nations through leadership programmes.

GLOSSARY

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

www.hapsengplantations.com.my

HAP SENG PLANTATIONS HOLDINGS BERHAD

Registration No. 200701011957 (769962-K)

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

Tel : (603) 2172 5228

Fax : (603) 2172 5286

Email:

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

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