



**TH PLANTATIONS BERHAD**

**SUSTAINABILITY POLICY**

**Version no. 01**

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## 1. PURPOSE

- 1.1. This Sustainability Policy ("Policy") aims at communicating the formal sustainability commitments of TH Plantations Berhad and its subsidiaries, joint ventures and companies which we have management control (hereinafter, collectively referred to as "THP").
- 1.2. These commitments set the objectives and guidelines in facilitating part of THP's long-term goal to adopt a holistic approach to business management. The approach will incorporate economic, environmental, social and governance considerations, alongside financial ones. This will serve as a sound business model that supports business continuity and long term value creation for stakeholders and society.

## 2. APPLICATION AND SCOPE

- 2.1 Provisions laid out in this Policy shall apply to all THP's operations in Malaysia, including subsidiary companies, joint ventures and companies which we have management control.
- 2.2 This policy is effective from the date of approval by Board of Directors, and shall be implemented in phases across all our operations in Malaysia, in line with our completion of full MSPO certification at our mills and estates.
- 2.3 The business activities included in this Policy refer to, but not limited to, THP's three key business activities:
  - a) Palm Oil – Cultivation of oil palm, processing of Fresh Fruit Bunches ("FFB"), marketing of Palm Kernel ("PK"), Crude Palm Oil ("CPO") and FFB;
  - b) Forestry – Harvesting of latex and rubberwood; and
  - c) Management Services – Includes provision of management services for oil palm plantations.

- 2.4** All directors and employees of THP are required to understand and adhere to this Policy.
- 2.5** It is the responsibility of all directors and employees to inform external parties that have any business dealings with THP, on the Company practices of this Policy.
- 2.6** All smallholders, suppliers, contractors, business partners, and other third-party bodies with direct relationships with THP's activities are required to understand this Policy, and apply it in activities with THP.
- 2.7** In the event external parties mentioned in **2.6** face challenges in applying the provisions of this Policy, THP will provide guidance to assist in improving their practices. If provisions of this Policy are repeatedly breached, THP may consider terminating the relationship until the external party is ready to apply the provisions of this Policy.
- 2.8** This Policy make reference to, and shall be read alongside other relevant policies, codes and standard operating procedures ("SOPs") at THP. Any supplemental policies, codes and SOPs, available at each subsidiary, or site of operations, shall also be read alongside this Policy. This includes, but not limited to, the following THP policies:
- a) Social Policy;
  - b) Occupational Safety and Health Policy;
  - c) Occupational Safety and Health for Chemical Substances Policy; and
  - d) Environmental Policy
- 2.9** In the event there are any inconsistencies, this Policy shall take priority over these supplemental policies, codes and SOPs, to the extent of such inconsistencies.
- 2.10** If a law conflicts with the Policy, directors and employees of THP should comply with the law. In the instance directors and employees of THP perceive a provision in this Policy conflicts with the law, directors and employees

should consult with their immediate superiors and THP's Sustainability and Investor Relations Department ("SIR") immediately, rather than opting to disregard the Policy without consultation.

### 3. DEFINITIONS

"Board"	: Means the Board of Directors of THP
"Bursa Malaysia"	: Means Bursa Malaysia Securities Berhad
"Director"	: Means the director(s) of THP in accordance with the definition provided in the Companies Act 2016. In this Policy, directors and employees will be collectively referred to as "employee (s)"
"Employee"	: Means employees who serve THP on a permanent, contract, secondment, temporary or assignment basis
"EIA"	: Means Environmental Impact Assessment
"ERT"	: Means Endangered, Rare and Threatened
"ESA"	: Means Environmentally Sensitive Areas, as defined by the Malaysian National Physical Plan-2 (April 2005). ESA refers to areas that are of critical importance in terms of the goods, services and life-support systems they provide such as water purification, pest control and erosion regulation. In addition, they also refer to areas that harbour the wealth of the nation's biodiversity.
"FPIC"	: Means Free Prior Informed Consent
"GHG"	: Means Greenhouse Gas Emissions
"HCS"	: Means High Carbon Stock
"HCV"	: Means High Conservation Value
"MPOB"	: Means Malaysia Palm Oil Board
"MSPO"	: Means Malaysian Sustainable Palm Oil Standards
"SIA"	: Means Social Impact Assessment
"SIR"	: Means the Sustainability and Investor Relations Department at THP
"SOPs"	: Means Standards Operating Procedures
"THP"	: THP refers to the company, TH Plantations Berhad, and its subsidiaries, joint ventures and companies which we have management control
"WHO"	: Means World Health Organisation
"Workers"	: Means employees who serve THP on a permanent, contract, secondment, temporary or assignment basis, but who do 'work', or forms of hard labour

## 4. HUMAN RIGHTS AND SOCIAL COMMITMENTS

### 4.1 Upholding human rights

We are committed to respecting and safeguarding human and labour rights, in line with relevant labour and social laws and regulations in the areas we operate. Our commitments towards the people involved in our operations are as follows:

- (i) We shall provide fair and equal employment opportunity, treatment, compensation and wages regardless of race, nationality, gender, religious beliefs, political opinion, disability, social origin, or any other distinguishing characteristics.<sup>1, 2</sup>
- (ii) All forms of child labour are prohibited. Children will not be employed or exploited for labour. The minimum age for recruitment shall be in compliance with local, state and national laws and regulations.<sup>1, 2</sup>
- (iii) Bonded or forced labour in all forms are not condoned. Human resource recruitment channels shall be done by legal means.
- (iv) THP will not withhold the passports or any other documents belonging to our workers. In the event the worker wishes for THP to store their passport for safekeeping, we will do so after we have obtained their approval in writing.
- (v) Rights to join and form trade unions, and collective bargain shall be respected, in accordance with the Trade Union Act 1959. Employees and union representatives have the right to negotiate their work conditions, without any repercussions. We will engage fairly and honestly in all negotiations.<sup>1, 2</sup>
- (vi) We will adhere to the minimum wage requirements as stipulated in relevant laws and regulations.<sup>1, 2</sup>
- (vii) Wage payouts will be in line with provisions communicated in employment contracts and collective bargaining agreements, where applicable.<sup>1, 2</sup>

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (viii) Working hours, overtime hours and all forms of paid and unpaid leave shall be provided and compensated in compliance with relevant labour laws and regulations. THP shall ensure that workers have at least one day of rest in a week. <sup>1, 2</sup>
- (ix) A harmonious work environment will be provided for. This includes, but not limited to, prevention and prohibition of workplace sexual harassment, acts of violence, and all forms of abuse. <sup>1, 2</sup>
- (x) Conflicts should be resolved civilly and through an appropriate and structured grievance mechanism implemented at THP. THP will maintain an 'open-door policy' to enable transparent and fair treatment of all feedback. Acts of abuse, including use of position of power to intimidate or acts of violence, will not be tolerated.
- (xi) Amenities and facilities at employees' living quarters provided by THP shall be safe, well maintained, and sanitary, and remain in compliance with applicable laws and regulations. <sup>1, 2</sup>
- (xii) THP shall not knowingly engage and work in partnership with suppliers, contractors, or other organisations and third party bodies involved in human trafficking, or other forms of illegal recruitment of labour.

#### **4.2 A safe and healthy workplace**

We are committed to maintaining a workplace that prioritises the safety and health of all employees, and which practices are in line with relevant laws and regulations.

- (i) We commit to our aim of zero fatalities, and to promote emphasis on preventing and reducing risks and occurrences of accidents.
- (ii) Safe and healthy workplace practices will be communicated to all employees via multiple channels, including training, daily briefings, signage, and internal policies, codes and SOPs. These practices include, but not limited to, the use of personal protective equipment and the

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

safe use of machinery, appropriate handling of chemicals and awareness of potential workplace hazards.

- (iii) We will only use chemicals approved by the Malaysian Pesticide Board, or any other relevant laws, regulations and standards at our sites. Chemicals categorised as hazardous under Class 1a and Class 1b by the World Health Organisation (“WHO”) will be phased out, whereas the use of Paraquat is strictly prohibited.
- (iv) Under exceptional circumstances where outbreak of pests is severe and disastrous to a significant portion of our crop, Class 1 chemicals may be used after obtaining approval from the relevant authorities. In these cases, Class 1 chemicals must be used under very strict supervision and via method of application, as specified in the Highly Toxic Pesticides (HTP) Regulations 1996 of the Pesticides Act 1974.
- (v) Medical screenings shall be provided to new workers to assess workers’ health conditions and to minimise risk of occupational disease and illnesses.
- (vi) Emergency preparedness will be promoted at our operations, including, but not limited to, readiness in instances of fire, spills or other workplace hazards, and readiness of personnel trained in first aid.
- (vii) Our occupational safety and health management measures and procedures will be compliant with relevant laws and regulations.

### 4.3 Employee welfare and promoting career development

We are committed to meeting our employees’ welfare and career development needs, who will in turn create a workforce that plays a part in the continuous growth of THP. We commit to our employees by:

- (i) Reviewing welfare and remuneration packages that consider the lifestyle needs of employees, and are competitive within the industry.
- (i) Investing in training and career development programmes relevant to the employees’ scope of work, roles and responsibilities. Training will

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)



be provided to ensure employees are equipped with the right skills and competency for their job function.<sup>1, 2</sup>

- (ii) Promote our 'open-door policy' to encourage employee engagement and promote a harmonious workplace.

#### **4.4 Respecting and upholding land rights**

We respect the rights of our surrounding communities and indigenous communities, and will not threaten or reduce their rights. In upholding their rights as part of our daily operations, we practice the following:

- (i) Respect the right to land of indigenous and local communities. THP shall ensure our activities do not diminish the land use rights of other users, including but not limited to, local communities and indigenous communities.<sup>1, 2</sup>
- (ii) Respect customary rights of indigenous communities, and other land users. We will not threaten or reduce these customary rights. Where land is regarded as sacred, we will maintain the condition of such sites.<sup>1, 2</sup>
- (iii) Land acquired for use of our operations will be obtained via legal proceedings only. We will not engage in acts of intimidation, abuse or threaten land users.<sup>1, 2</sup>
- (iv) Should the land granted to THP be recognised as customary land, opportunities to benefit and be compensated from land acquisition will be performed. As per provision **4.4(iii)**, THP firmly upholds that land will not be acquired outside of legal means. Regarding compensation to land users, refer to provision **4.4(vii)**.
- (v) Two-way communication channels will be made available for indigenous and local communities, and other stakeholders to express their views. We will practice our 'open-door policy' to demonstrate our willingness to engage stakeholders. Feedback will be raised and resolved through established and structured channels at THP.<sup>1, 2</sup>

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (vi) To support our current community consultation platforms, we will work towards establishing and conducting Free Prior Informed Consent (“FPIC”) processes. FPIC is encapsulated in the right of self-determination of local and indigenous communities, and we seek to respect their rights.<sup>1, 2</sup>
- (vii) Any disputes will be resolved peacefully and civilly, through structured feedback channels established at THP. We will seek resolutions that are mutually agreeable by both parties. Use of violence or abuse of power to intimidate or confront conflict will not be condoned.<sup>1, 2</sup>
- (viii) Towards respecting land rights, we will continue and strive to build upon our collaborative approach of land management with local and indigenous communities. We will continue our participation in the Sarawak Native Customary Rights Land Development Programme (“Programme”), or through other programme or local authorities, where relevant. Arrangements, including value of payments, will be as stipulated in agreements procured under this Programme. We will not delay or withhold payments owing to indigenous landowners under this Programme.<sup>1, 2</sup>

#### 4.5 **Creating shared value for local and national growth**

As part of our relationship with local communities, we wish to give back to them in areas that will improve their livelihood. We will also align ourselves with national agenda, to be able to contribute to the national economy. The following practices underline our commitments:

- (i) Seek to support and align ourselves with relevant national, international or industry agendas and plans on economic development, and to promoting sustainable agricultural practices.
- (ii) Community and corporate social responsibility initiatives will be developed in consultation with local communities.<sup>1, 2</sup>
- (iii) We will continually perform initiatives which benefit local communities, and support national agenda, where relevant.

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

## 5. ENVIRONMENTAL RESPONSIBILITY COMMITMENTS

### 5.1 Efficient use of resources

We acknowledge the use of precious natural resources in our operations, and the potential impact of its consumption on the environment. Therefore, we endeavor to efficiently use our resources by:

- (i) Striving to continually seek methods that will enable us to reduce our water consumption and practise efficient use of water in our operations.
- (ii) Withdrawing water from the source for use in operations, only after approval has been obtained from relevant authorities and third party bodies, where deemed necessary.
- (iii) Continually seek opportunities to promote efficient use of energy in our operations.
- (iv) Utilising renewable energy, wherever possible and within our means.<sup>1, 2</sup>

### 5.2 Waste, effluent and air emissions management

Stringent monitoring and management of waste and other by-products are implemented, as we seek to minimise our environmental impact.

- (i) All forms of waste, including scheduled and domestic waste, will be collected and disposed of, as guided by our policies, codes and SOPs, and in compliance with relevant laws, regulations and standards where we operate.
- (ii) Only treated effluent, including but not limited to, palm oil mill effluent ("POME"), with content quality in compliant with relevant laws, regulations and standards, will be discharged. Location of discharge will be in compliance with relevant laws, regulations and standards.
- (iii) The opacity of smoke emitted by our operations will be maintained in compliance with relevant laws, regulations and standards.

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (iv) We shall pursue opportunities to monitor and reduce greenhouse gas (“GHG”) emissions in our operations.
- (v) Where possible, we will strive to reuse and recycle waste from our operations.

### 5.3 Neighbouring water resources

We have an obligation to ensure our operations do not negatively impact natural water sources in the areas where we operate. To do so, all operations are to:

- (i) Adhere to our policies, codes and SOPs and comply with relevant laws, regulations and standards on managing water resources, including but not limited to, water withdrawal, waste discharge and water sampling to monitor of water quality.
- (ii) Maintain and restore appropriate riparian buffer zones during or before planting or replanting, along all natural waterways.<sup>1, 2</sup>
- (iii) No construction of bunds, weirs and dams across main rivers or natural waterways passing through an estate.<sup>1, 2</sup>

### 5.4 Zero burning

We practice a strict “Zero Burning” policy on new land development and replanting activities.

- (i) All employees and third party bodies operating on THP’s sites shall not perform any form of open burning in all activities. These activities include, but not limited to, use of fire for waste disposal, use of fire for preparing land for plantation use or for replanting.
- (ii) Fire may be used with exception to controlled burning for the management of highly diseased crop. In such event, prior approval from relevant authorities must be sought. Controlled burning must be performed as prescribed by relevant laws, regulations and standards.<sup>1, 2</sup>

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (iii) Activities for land clearing for plantation development or replanting are required to adhere to our policies, codes and SOPs.
- (iv) Fire prevention and rapid response programme shall be developed and implemented within and surrounding the THP operations and premises, to respond rapidly to any occurrence of fires, if any.

## 5.5 Biodiversity and conservation

We strive to conserve areas of biodiversity and reduce impact as much as possible via good agriculture practices, and ensure our operations are compliant with laws, regulations and standards. Our sustainability direction is underpinned by the following commitments:

- (i) Conduct a participatory and comprehensive Social Impact Assessments (“SIA”) and Environmental Impact Assessments (“EIA”) prior to establishing new plantings or operations. Parameters of the SIA and EIA will be guided by respective laws, regulations and standards. <sup>1, 2</sup>
- (ii) Planting shall not be performed on land with high biodiversity value, unless prior permission is granted by respective authorities and actions are in compliance with the National and/ or State Biodiversity Legislation. <sup>1, 2</sup>
- (iii) No conversion of Environmentally Sensitive Areas (“ESAs”) to plantations. <sup>1, 2</sup>
- (iv) No extensive planting on steep terrain, marginal and fragile soils, unless prior permission is obtained from local, state and national laws. Where planting on such land is performed, national, international and industry best practices will be applied. <sup>1, 2</sup>
- (v) Ensure protection of areas with High Conservation Value (“HCV”) and High Carbon Stock (“HCS”) for the development of new planting areas, by identifying these areas and performing relevant national, industry and international best practice to protect these areas.

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (vi) We will avoid any deliberate human-wildlife conflict at the site of our operations.
- (vii) We will ensure that relevant legal requirements to the protection of species with endangered, rare or threatened (“ERT”) conservation status are met.<sup>1</sup>
- (viii) Illegal and/ or inappropriate hunting, fishing or collecting of wildlife at the site of our operations are not allowed.<sup>1</sup>
- (ix) Management of peat land will be stringent and aligned with national, industry and international best practices, which includes guidelines provided by Malaysian Palm Oil Board (“MPOB”). Additionally, peat land management shall follow good agriculture practices laid out in our policies, codes and SOPs.<sup>1, 2</sup>
- (x) Fire prevention measures on areas of peat land will be implemented and strictly followed, as led by our policies, codes and SOPs, and as guided by national, industry and international best practices.

## 6. ETHICAL BUSINESS COMMITMENTS

### 6.1. Procurement practices

We are committed to ensure all our procurement processes are managed fairly and with integrity, as per the following commitments:

- (i) Our tender practices will be fair and adhere to our relevant policies, codes and SOPs, as well as internal controls and systems. Acts of corruption, including, but not limited to, bribery in the forms of facilitation payments, gifts, and others, will be not be tolerated.
- (ii) We shall ensure that all procurement procedures are performed in line with our policies, codes and SOPs.

### 6.2. Supply chain traceability

Traceability is of significant importance in food and agricultural products. The focus is on ensuring that all sourced materials stem from ethical and

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

sustainable sources. We are committed to supplying traceable products to our customers. Underpinning our promise are the following commitments:

- (i) The Crude Palm Oil (“CPO”) or Palm Kernel (“PK”) produced by milling operations of THP are traceable to the FFB produced at our own estate operations or purchased from third-party suppliers or smallholders.
- (ii) All relevant suppliers, contractors, smallholders, and other third party bodies need to possess legitimate and current MSPO certifications and documentation. These documentation should be reproducible upon request by THP. <sup>1, 2</sup>
- (iii) In the instance smallholders face challenges in producing relevant MSPO certifications and documents, we will seek to provide guidance to the best of our ability.

### **6.3. Corporate Integrity Practices**

We remain committed to upholding business practices that reflect our values. In doing so, we will sustain effective risk management systems and mitigation actions, as prescribed in our policies, codes and SOPs.

- (i) We do not tolerate any illegal acts, including acts of fraud and all forms of corruption, including, but not limited to, bribery and abuse of power.
- (ii) Our corporate governance practices will be guided by national and industry best practices.
- (iii) All of our operations shall be in compliance with applicable local, national and ratified international laws and regulations. <sup>1, 2</sup>
- (iv) We uphold our commitment to implementing relevant MSPO principles and criteria, and to continuously improve our practices in line with MSPO, regulations and standards, including forestry management, and other relevant industry, national and international best practices. <sup>1, 2</sup>

We will engage openly and transparently with all regulatory and industry bodies, and all other stakeholders.

<sup>1</sup> MS2530-3 (General Principles for Oil Palm Plantations and Organised Smallholders)

<sup>2</sup> MS2530-4 (General Principles for Palm Oil Mills)

- (v) We will strive towards our aim of delivering long-term shareholder value while remaining true to our responsibilities to the environment and the communities around us. This includes, but not limited to, managing product quality, meeting customers’ requirements, continuously investing in research and development, and performing roles and responsibilities in line with our policies, codes and SOPs.
  
- (vi) Any reports of non-compliance and unethical acts as mentioned in this Policy, will be thoroughly investigated within the established channels at THP.

**7. ADMINISTRATION OF THE POLICY**

- 7.1** This Policy is approved and adopted by THP’s Board of Directors (the “Board”).
  
- 7.2** This Policy shall be maintained under the jurisdiction of the Sustainability and Investor Relations Department (“SIR”). As the owner of the Policy, the SIR is responsible to ensure that the Policy is reviewed and updated to maintain its relevance.
  
- 7.3** The SIR is responsible to recommend any changes to the Policy to the Board for approval before it becomes effective.
  
- 7.4** This Policy shall be reviewed at least once every two (2) years, or when there have been changes in applicable laws, code or regulations.
  
- 7.5** The SIR team shall ensure that this Policy is communicated and accessible to all directors and employees.
  
- 7.6** THP’s employees are responsible to formally communicate this Policy in interactions with any third party, as well as other stakeholders such as customers, shareholders and the general public, where relevant.

----- END OF POLICY -----