

## LINKING SUSTAINABILITY TO OUR STRATEGY



**Following our inaugural Sustainability Statement in 2017, THP is proud to use this opportunity to report on our progress in the areas of implementation and monitoring of our various sustainability initiatives for the Financial Year 2018.**

We made further progress this year moving beyond outlining our initiatives to the development of KPIs and regular monitoring of these initiatives together with regular progress updates to management. In addition to these, the Board of THP has approved and endorsed the Group's Sustainability Policy in February 2019. THP is also in the midst of seeking the MSPO certification for all the estates and mills owned by the Company. To date, all of its estates and mills in Peninsular Malaysia have been certified under MSPO, while its estates and mills in Sabah and Sarawak are in the final stages of the certification process and are expected to be certified within the stipulated deadline.

Guided by our values, we remain committed to our economic, environmental, and social matters. This includes managing our effluents and water discharge, upholding human rights and maintaining a safe and healthy workplace, as well as preserving riparian areas, exercising good agriculture practices, and improving product quality and operational efficiency.

Sustainability is a journey of continuous improvement, where we embrace change and seek to do better for the sake of our future generations. With the progress made in 2018, we acknowledge that more could be done towards sustainable growth. We will continue our efforts in creating a shared environment that not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.

### About the Sustainability Statement

The purpose of this Statement is to communicate to our stakeholders on our commitments and management of sustainability risks across the economic, environmental, and social ("EES") themes.

Our operations consist of three strategic business units, namely oil palm plantations, forestry (harvesting of latex and rubberwood), and management services. The scope of this Statement covers our operations in oil palm plantations in West and East Malaysia, which includes activities of cultivating palm oil, processing Fresh Fruit Bunches ("FFB"), marketing Crude Palm Oil ("CPO") and Palm Kernel ("PK"), unless otherwise stated. Our Indonesian operations have been excluded as the palms here were still immature during the reporting period. As palm oil activities in Malaysia is our core business, contributing almost 100% of our revenue in 2018, emphasis would be placed here.

The reporting period of our Statement is 1 January 2018 to 31 December 2018, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO certification by 2019. We are pleased to note that all nine estates and two mills in Peninsular Malaysia have been fully certified in 2018 and there are 22 estates and four mills in Sabah and Sarawak in the process of certification.

We have referenced Bursa Malaysia's Sustainability Reporting Guide and Toolkits, as well as the internationally-recognised Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and relevant industry standards and benchmarks, as well as facilitation from external consultants when preparing the Statement.

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### Sustainability Governance

Our 'tone at the top' is set by THP's Board of Directors ("the Board"), with whom the ultimate responsibility of setting the Group's sustainability strategic direction rests. The Board is supported by the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC" or "Committee"). Our CEO is tasked with reporting to the Board on the Group's sustainability performance, as well as reviewing updates from the Committee on THP's sustainability management and preparation of the annual Sustainability Statement.

The Committee comprises various heads of departments (as illustrated in the diagram below). The Committee is headed by the Sustainability and Investor Relations department ("SIR") with the Head of SIR reporting to the CEO periodically. The Committee is responsible for monitoring the execution of the Board's strategic sustainability directions and overseeing the preparation of the Sustainability Statement.

The Committee is also responsible for monitoring the implementation of our Sustainability Agenda. Our Sustainability Agenda guides THP towards becoming a sustainable and integrated palm oil player over the long-term, including achieving full MSPO certification by 2019 and preparing a comprehensive Sustainability Statement as a platform to communicate our initiatives. In 2018, the development of the Sustainability Policy was also deliberated and discussed by the Committee, and further refined and improved by the Committee, before it was tabled for approval by the Board of Directors. The Policy formalises our commitment to strengthening our sustainability agenda and guides THP towards adopting a holistic approach to business management. With the full support of the Board, we are confident that the Policy will achieve its aim, as it is implemented in parallel with the full MSPO certification of our mills and estates.



Respective heads of departments manage the risks and opportunities that fall within their jurisdiction and report to the Committee on their achievements. The SIR department manages THP's sustainability reporting processes, ensures the Group complies with relevant sustainability requirements, such as MSPO and serves as the communication platform for our stakeholders.

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## Stakeholder Engagement

We recognise our stakeholders as being key enablers who support our business activities, contribute to our success, and to whom we owe a duty to care and to share value created. Our approach to sustainability takes into consideration the long-term impact resulting from our activities for both the Group and our stakeholders. As such, we have proactively engaged with our stakeholders. Summarised below is our engagement approach towards our stakeholders, highlighting their main concerns as well as THP's response:

Stakeholder Group	Engagement Platforms	Concerns	Management's Response
Shareholders	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Quarterly announcements</li> <li>Special meetings</li> </ul>	<ul style="list-style-type: none"> <li>Growth of THP's earnings</li> <li>Dividend pay-out</li> </ul>	<ul style="list-style-type: none"> <li>Refer to our Management Discussion &amp; Analysis ("MD&amp;A") on page 6 to 10 and Audited Financial Statements page 81 to 231</li> <li>Product Quality and Operational Efficiency on page 17</li> </ul>
Directors	<ul style="list-style-type: none"> <li>Quarterly and special Board meetings</li> <li>Quarterly and special Board Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining THP's financial support and growth</li> <li>THP's relationship with its stakeholders</li> <li>Maintaining good governance practices</li> </ul>	<ul style="list-style-type: none"> <li>Refer to our MD&amp;A page 6 to 10 and Audited Financial Statements on page 81 to 231</li> <li>Governance and Ethics on page 19</li> </ul>
Management	<ul style="list-style-type: none"> <li>Quarterly management meetings and ad-hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>Business growth and increased yields</li> <li>Achieving MSPO certification</li> <li>Stakeholder relationship management</li> <li>Mitigation of occupational safety and health risks</li> <li>Regulatory requirements on discharge management</li> <li>Preventing human rights violations</li> <li>Talent retention and supporting employees via welfare and competitive remuneration</li> <li>Improving operational efficiency, including reducing waste</li> <li>Product quality and meeting customers' requirements</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality and Operational Efficiency on page 17</li> <li>Traceability and Supply Chain Management on page 19</li> <li>Occupational Safety and Health on page 27</li> <li>Effluents and Water Discharge Management on page 20</li> <li>Waste Management on page 21</li> <li>Employee Welfare and Development on page 31</li> <li>Human Rights on page 26</li> <li>Water Management on page 23</li> </ul>

## LINKING SUSTAINABILITY TO OUR STRATEGY

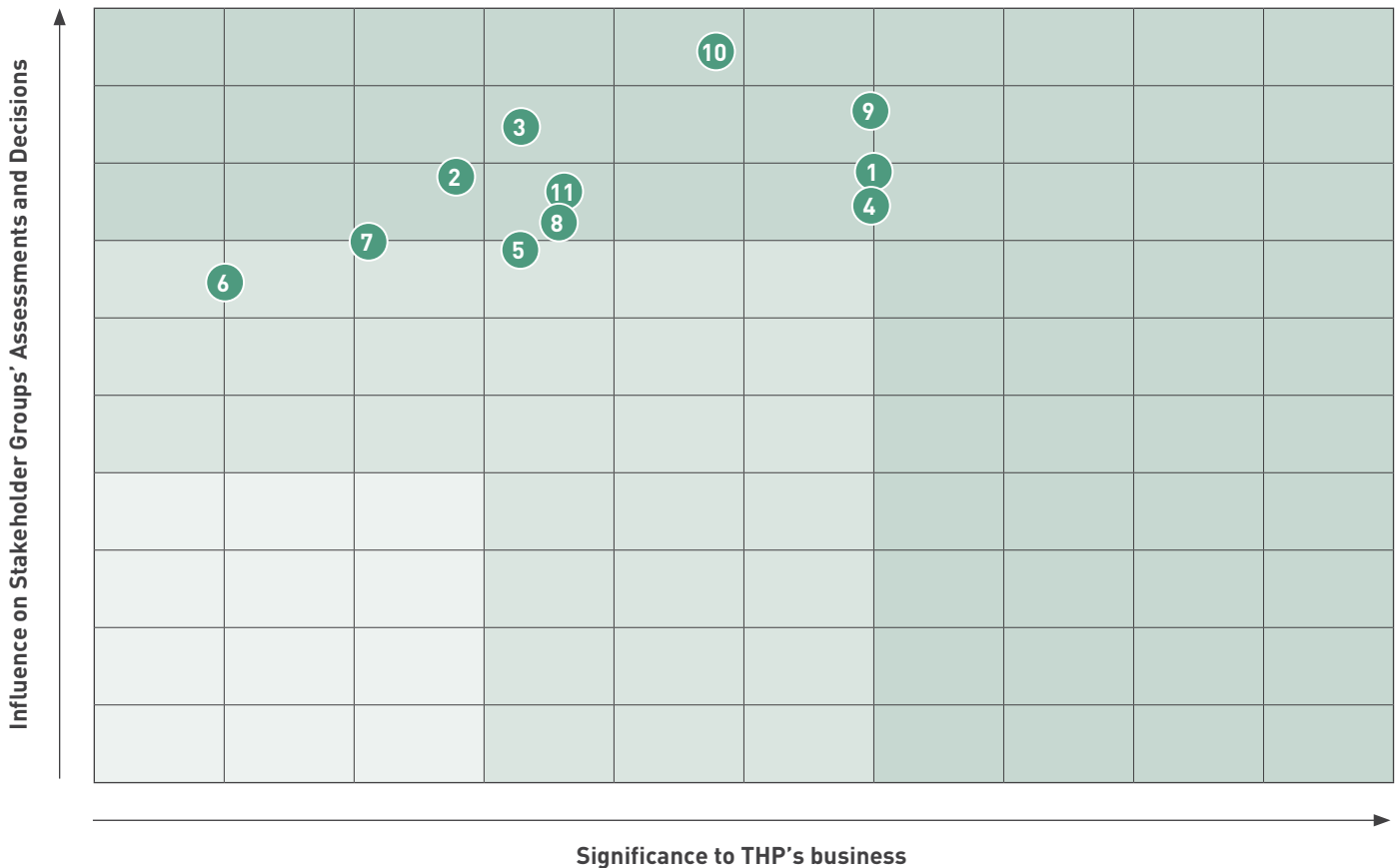
Stakeholder Group	Engagement Platforms	Concerns	Management's Response
<b>Employees</b>	<ul style="list-style-type: none"> <li>• 'Open-door' policy</li> <li>• Company intranet, special briefings</li> <li>• Trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of occupational safety and health risks</li> <li>• Seeking a supportive workplace environment with competitive wages and benefits</li> <li>• Good governance and ethical environmental and social management practices</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Safety and Health on page 27</li> <li>• Employee Welfare and Development on page 31</li> <li>• Human Rights on page 26</li> <li>• Governance and Ethics on page 19</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Regular email/in-person correspondence to discuss issues raised</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting quality requirements and demand needs</li> <li>• THP's performance and management of EES matters</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Operational Efficiency on page 17</li> <li>• Traceability and Supply Chain Management on page 19</li> <li>• Governance and Ethics on page 19</li> <li>• Biodiversity and Conservation on page 24</li> <li>• Human Rights on page 26</li> </ul>
<b>Local Communities (i.e. towns, villages)</b>	<ul style="list-style-type: none"> <li>• Informal grievance channels</li> <li>• Donation programmes</li> <li>• Land management schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Management of effluent discharge</li> <li>• Provision of support elements (i.e. donations and medical facilities)</li> </ul>	<ul style="list-style-type: none"> <li>• Local Communities on page 34</li> <li>• Biodiversity and Conservation on page 24</li> <li>• Effluents and Water Discharge Management on page 20</li> </ul>
<b>Local authorities (i.e. Malaysian Palm Oil Board ("MPOB"), DOSH, DOE, municipal councils, etc.)</b>	<ul style="list-style-type: none"> <li>• Monthly, annual and special reporting</li> <li>• Forums</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting regulatory requirements (i.e. health and safety statistics, air emissions and effluent and discharge, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Governance and Ethics on page 19</li> <li>• Effluent and Water Discharge Management on page 20</li> <li>• Human Rights on page 26</li> <li>• Occupational Safety and Health on page 27</li> <li>• Waste Management on page 21</li> <li>• Water Management on page 23</li> </ul>

Throughout the process, we recognised the limitations of our current stakeholder engagement scope. Nevertheless, as part of the process for MSPO certification, we have expanded and formalised additional platforms for engagement with our stakeholders, including formal stakeholder meetings at each complex level as well as the provision of grievance channels for our stakeholders to submit their concerns regarding our operations.




## LINKING SUSTAINABILITY TO OUR STRATEGY

### Materiality Matrix

In 2018, we identified our material matters via Bursa Malaysia’s Materiality Assessment Toolkit. We considered the impact of relevant matters to the business and the importance of each matter to the engaged stakeholder groups. Below is our materiality matrix:



All relevant matters identified above are material to our operations, and are managed with prudent planning and execution. We have grouped our matters into the following themes:

 <b>Economic</b>	 <b>Environment</b>	 <b>Social</b>
<ol style="list-style-type: none"> <li>1. Product Quality and Operational Efficiency</li> <li>2. Traceability and Supply Chain Management</li> <li>3. Governance and Ethics</li> </ol>	<ol style="list-style-type: none"> <li>4. Effluent and Water Discharge Management</li> <li>5. Waste Management</li> <li>6. Water Management</li> <li>7. Biodiversity and Conservation</li> </ol>	<ol style="list-style-type: none"> <li>8. Human Rights</li> <li>9. Occupational Safety and Health</li> <li>10. Employee Welfare and Development</li> <li>11. Local Communities</li> </ol>

The next section provides details how we manage all of our identified material sustainability matters, including key practices we exercise and performance indicators that we monitor.

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### Managing Matters to Create Shared Value

Governments, organisations and people of all backgrounds are unified in agreement that the United Nations Sustainable Development Goals ("SDGs"), will help attain the future and quality of life we want for our communities, our businesses, and our nations. In Malaysia, the Eleventh Malaysia Plan ("11MP") took effect from 2016, with a review in 2018, which set six strategic directions for the country to achieve greater prosperity by 2020.

Against the backdrop of the abovementioned agendas, we want to communicate how our matters create value on these universally-spoken platforms. Therefore, we have connected the way we manage our matters to the different aspects of the SDGs and 11MP. Our representations are shown below:

Economic

SDGs	11MP
<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>1</b> NO POVERTY                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>2</b> ZERO HUNGER                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>10</b> REDUCED INEQUALITIES                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS                     </div> </div>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   <b>1</b> Enhancing inclusiveness towards an equitable society                 </div> <div style="text-align: center;">   <b>3</b> Accelerating human capital development for an advanced nation                 </div> </div>

Environment

SDGs	11MP
<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>6</b> CLEAN WATER AND SANITATION                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>13</b> CLIMATE ACTION                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>15</b> LIFE ON LAND                     </div> </div>	<div style="text-align: center;">   <b>4</b> Pursuing green growth for sustainability and resilience                 </div>

Social

SDGs	11MP
<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>1</b> NO POVERTY                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>3</b> GOOD HEALTH AND WELL-BEING                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>4</b> QUALITY EDUCATION                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>5</b> GENDER EQUALITY                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>8</b> DECENT WORK AND ECONOMIC GROWTH                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>10</b> REDUCED INEQUALITIES                     </div> <div style="width: 20%; text-align: center; margin-bottom: 10px;">   <b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS                     </div> </div>	<div style="display: flex; flex-direction: column; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   <b>1</b> Enhancing inclusiveness towards an equitable society                 </div> <div style="text-align: center;">   <b>2</b> Improving wellbeing for all                 </div> <div style="text-align: center;">   <b>3</b> Accelerating human capital development for an advanced nation                 </div> </div>



## ECONOMIC



### 1 Product Quality and Operational Efficiency

As an upstream oil plantation business, we understand the importance of quality to meet our customers' requirements and our internal business targets. In doing so, we focus on an array of areas to manage product quality and uphold a high rate of operational efficiency. In the Management Discussion & Analysis section of our Annual Report, pages 6 to 10, we further discuss our operational performance, efforts and significant achievements during the year.



#### Customer Satisfaction

Our customers are important stakeholders in the sustainable development of our operations. It is our responsibility to produce quality products that benefit our customers, drive business growth and are responsibly produced and sourced. We regularly engage with our customers to understand their needs and develop collaborative relationships to overcome common industrial challenges.

We strive to maintain the quality of our CPO and PK to meet customer requirements. Each batch is measured and monitored against our internal targets, which have been prepared alongside the Standard Quality Grade of the Malaysian Standards, MS814:2007 and MS236:2007, for CPO and PK respectively. The table below highlights our average performance against the targets.

Average quality indicators	Internal target	Average performance		
		2016	2017	2018
<b>CPO</b>				
Free Fatty Acid (FFA) (%)	≤5.00	3.67	3.94	<b>3.98</b>
Deterioration of Bleachability Index (DOBI)	≥2.30	2.58	2.46	<b>2.41</b>
Moisture & Impurities (M&I) (%)	<0.25	0.15	0.16	<b>0.16</b>
<b>PK</b>				
Moisture (%)	<7.00	5.25	5.24	<b>5.51</b>
Dirt & Shell (%)	<6.00	4.39	4.48	<b>4.72</b>

## LINKING SUSTAINABILITY TO OUR STRATEGY ECONOMIC

### Good Agriculture Practices

Our plantation operations are guided by our Standard Operating Procedure ("SOP") on Good Agriculture Practices ("GAP"). Key focus areas of GAP include managing optimum water levels, implementation of site-specific fertiliser programmes, application of integrated pest management and efforts to minimise production of poor fruit sets.

### Research and Development

Research and Development ("R&D") is an integral component of the Agronomy and Innovation Department. The team consists of seven talented professionals who are focused on improving elements of operations such as increasing the quality and quantity of yield. Key areas covered by the team include fertiliser recommendations, geospatial service, and plantation research. There were a number of projects for the year, key highlights of which are:

#### Key R&D projects in 2018

1. Implementation of precision water management technique for yield improvement on peatland, including establishment of water flow map.
2. Establishment of SOP for pollinating weevil nesting box, in an effort to improve the yield of FFB.
3. Suppressing rat damage through a new baiting system.
4. Collaborative research with a local Malaysian university, to forecast Bagworm outbreaks.
5. Providing technical support service to estate operations in areas of land development, establishment of estate boundary, and replanting.

To support our team, annual budgets are allocated for R&D expenditure. The table below highlights our R&D expenditure over the years:

	2016	2017	2018
Budget for R&D Annual Expenditure (RM million)	2.2	2.4	2.4

### MSP0 Certification

Given our position as a supplier of CPO and PK, it is essential that we improve sustainability along the supply chain of the palm oil industry. We seek to solidify our commitment by obtaining full MSP0 certification of our estates and mills by 2019.

Under MSP0 standards, we address seven key areas:

- 1 Management commitment and responsibility
- 2 Transparency
- 3 Compliance to legal requirements
- 4 Social responsibility, safety, and employment conditions
- 5 Environment, natural resources, biodiversity, and ecosystem services
- 6 Best practices
- 7 Development and new plantings

As of end-2018, we have certified all our mills and estates in Peninsular Malaysia. The mills and estates in Sabah and Sarawak are expected to be certified within the stipulated deadline. MSP0 certification will strengthen the credibility of our products and traceability measures which aligns us with local and global palm oil market demands.

In line with our goal to be an integrated and sustainable plantations company, we will continue to invest in R&D and maintain our internal quality controls, as we explore new areas of agriculture practice to improve yield and produce high quality products. This will support us in completing our plans of certifying all our mills by 2019.



## LINKING SUSTAINABILITY TO OUR STRATEGY

### ECONOMIC



## 2 Traceability and Supply Chain Management

The production of sustainable palm oil is guided by responsible practices along the supply chain. We acknowledge our role in providing quality products that are made via ethical and sustainable operations. Hence, we pay close attention to the management of our supply chain to ensure that responsible and transparent end-to-end processes and procedures are practised. Our actions enable traceability, which we define below.

### Traceability

As part of our efforts to manage our supply chain, we underline the importance of traceability as part of our internal procurement and supplier management processes. Our efforts are aimed at:

- Ensuring the estates are able to trace FFB produced from various stages, including seedlings, planting, harvesting, and transportation; and
- Ensuring palm oil mills are able to trace the production of CPO and PK – from receipt of FFB, mill processing, transporting, and delivery.

To ensure the FFB produced at estates as well as the CPO and PK produced as part of mill operations are traceable, we have established procedures under the purview of our Estate and Mill Departments. These operations are closely monitored to ensure we manage the sustainable production of our FFB, CPO, and PK.

### Fair Procurement Practices

All potential suppliers are treated equally, including potential participants of our Vendor Development Initiative on page 36. Our Procurement Department guides our procurement process by selecting suppliers based on specified criteria, including the extent of vendors' resources and skills, quality and composition of requested resource. Furthermore, our procurement process is governed by internal controls, such as limits of authority and approval from the Tender Committee to ensure fair practices.



## 3 Governance and Ethics

### Good Governance

We are committed to good corporate governance and ethical practices at our workplace. Our governance practices are guided by the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and Bursa Malaysia's Listing Requirements.

Further information on our Corporate Governance structure and initiatives during the year can be found in the Corporate Governance Overview Statement from pages 49 to 66.

### Anti-Corruption Practices

At THP, we avoid all forms of corruption at the workplace. We have in place mitigation measures such as operational limits of authority and procedures for all directors and employees to declare any conflicts of interest. In addition, our 'open-door' policy promotes open channels of communication at the workplace. To date, we have not had any cases of corrupt practices at our offices.

As we recognise the importance of formalising our values and workplace practices, we will establish our own Code of Ethics to guide our management and employees in a structured manner. Our Whistle-Blowing Policy has been formalised and enforced to further endorse a safe and secure platform to report any incidents.



## ENVIRONMENT



### 4 Effluent and Water Discharge Management

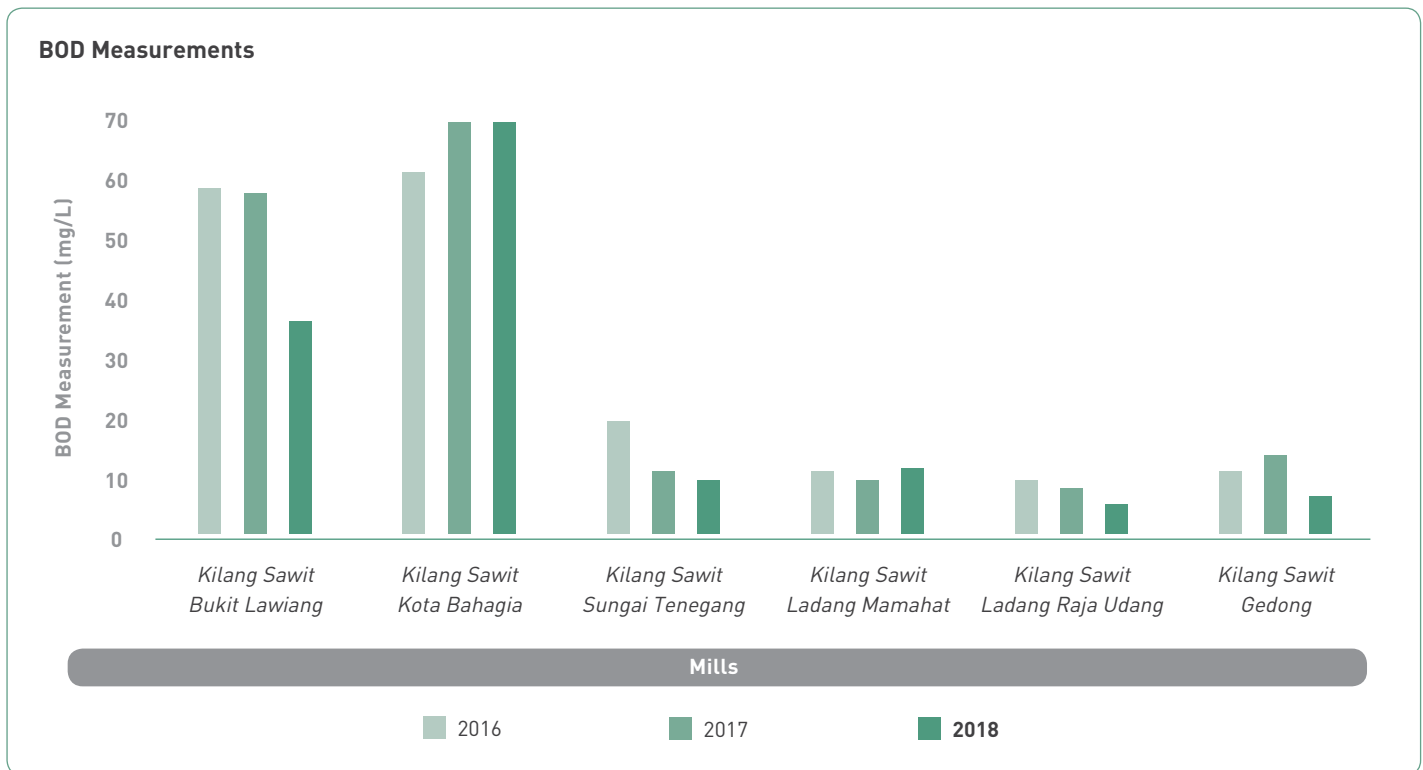
Palm Oil Mill Effluent is a significant by-product of processing FFB. Without appropriate treatment, the effluent may be detrimental to the environment. We understand the importance of managing our environmental impact by appropriately handling our effluent and water discharge.

#### Palm Oil Mill Effluent (“POME”) and Biological Oxygen Demand (“BOD”) Measurements

Over years of technological evolution, we have improved our POME processing methods to manage the BOD measurements of our effluent and water discharge. The implementation of a tertiary effluent treatment plant at some of our mills has assisted in maintaining the BOD measurement below the regulatory limit, as highlighted below. Meanwhile, our other mills are striving to upgrade effluent treatment plants in anticipation of stricter DOE regulations in time to come.

Furthermore, we have stringent processes and internal controls in place to appropriately treat our effluents and maintain BOD readings within regulatory limits. The primary control is done by testing a sample of the treated effluent prior to discharge. Existing regulations require a BOD measurement not exceeding 100 mg/L, 50 mg/L and 20 mg/L in West Malaysia, Sarawak and Sabah’s Kinabatangan Basin respectively. At THP, our target is to maintain our BOD measurements below regulatory requirements.

The table below demonstrates our performance against regulatory requirements. To date, we have consistently remained within DOE limits.



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In particular, our Raja Udang palm oil mill achieved the lowest BOD measurement for the last three years. In terms of its footprint on the Group, our Raja Udang mill processes all the FFB from our estates in Pusa, Sarawak with the production contributing approximately 23% of our Group revenue.

	2016	2017	2018
Total POME generated (metric Tonne)	500,710	630,773	<b>607,285</b>

Our total POME generated depends on the amount of FFB processed.

We continuously look at improving discharge treatment at all our mills to reduce the BOD levels of POME generated, as well as upholding rigid internal controls and systems to prevent inappropriate discharge of effluents.



## 5 Waste Management

The way we manage our waste influences our environmental footprint and our social license to operate. Hence, we observe strict internal controls in waste management to prevent mishandling and to ensure adherence to relevant laws and regulations.

### Hazardous and Non-Hazardous Waste Management

We constantly monitor and manage our waste as we focus on disposing our waste appropriately and reducing our waste output. Waste generated on our sites include scheduled (hazardous) and non-hazardous waste which constitutes less than 10mt/month on average. Third-party contractors are hired to assist in disposing our waste. Disposal of our scheduled waste is performed as required by the environmental regulations under the DOE, which includes working with third-party contractors who have been endorsed by the DOE. We monitor our collected scheduled waste via collection records provided by our waste contractors upon completion of waste collection from our sites. These are reported to the DOE every month.

Our newer mills are equipped with increasingly efficient processing plants, which assist us in moving towards reducing our waste output. In terms of our domestic waste, we dispose our domestic waste appropriately through waste collectors. Moving forward, we seek to report performance indicators of the total domestic waste collected.

### Biomass Residue

Biomass residue is a by-product of FFB processing, which in turn are excellent sources of natural energy and fertiliser. Highlighted below is our performance data on biomass residue (we utilised 100% of our shells and fibres in 2018):

Type of Biomass residue	2016		2017		2018	
	Produced (mt)	Amount re-utilised (mt)	Produced (mt)	Amount re-utilised (mt)	Produced (mt)	Amount re-utilised (mt)
Empty Fruit Bunches	163,141	85,422	193,984	100,391	<b>210,956</b>	<b>150,180</b>
Shells	62,965	41,065	75,935	50,781	<b>57,619</b>	<b>57,619</b>
Fibre	117,700	77,690	139,655	93,691	<b>126,461</b>	<b>126,461</b>

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The production of biomass residue is positively correlated with the production of CPO and PK. At present, we are able to measure some of our biomass residue, as shown above. Other forms of biomass residue (trunks and pruned fronds) have been re-used as organic fertiliser, albeit not measured. As we push forward our sustainability agenda, we will focus on filling the gaps in our reporting disclosures, which includes measurement of other forms of biomass residue.

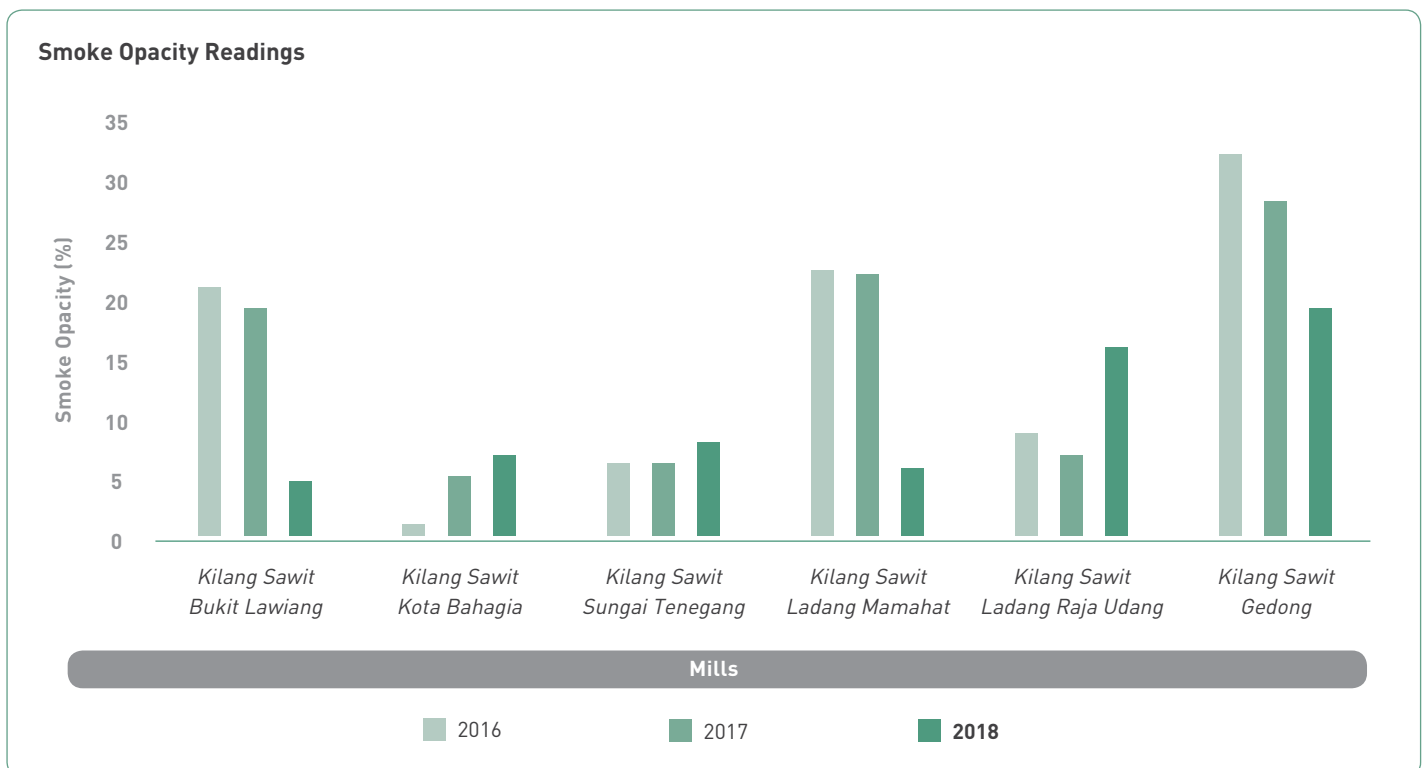
### Types of biomass residue

Empty Fruit Bunches	Shells	Fibres
<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>Natural fertiliser in the plantations in West Malaysia, also known as mulching</li> <li>Incineration to create Bunch Ash, which is used to fertilise peatland</li> </ul>	<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>As a source of fuel for the boiler system</li> <li>Sold to other plantations or industries to be re-used as sources of fuel</li> </ul>	<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>As a source of fuel for the boiler system</li> </ul>

One of the key uses of our biomass residue is the use of shells and fibres to fuel boilers, which are utilised in processing FFB at our mills. We have practised this over the years and it has enabled us to save costs and reduce our environmental footprint.

### Emission from the Boilers

We monitor our boiler emissions via the Continuous Emissions Monitoring Systems (“CEMS”), which is implemented as part of local environmental regulations. The system monitors and concurrently updates the DOE on the contents of our emissions. At present, local regulations require us to maintain smoke opacity below 40%. Over the years, we have maintained our smoke opacity in line with regulations, as shown below:



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In time to come, we believe that DOE regulations would include reporting requirements on emissions of dust particles and Greenhouse Gas (“GHG”) emissions. In response to these upcoming requirements, we will implement additional measures to meet increasing regulations. For example, we are installing the Electrostatic Precipitator (“ESP”) as a measure to reduce dust particles in our emissions as per DOE requirement.

Capturing and reusing emissions as biofuel would effectively recycle emissions and reduce costs. Therefore, one of our planned measures would be to build a biogas plant at each of our sites. The plant will capture methane and produce biogas as a source of natural fuel at all our mills. These methane-capturing facilities are costly to build and as such, long-term planning and considerations would be necessary prior to its implementation.

Furthermore, we acknowledge current reporting gaps in monitoring domestic waste, other forms of biomass residue, and monitoring GHG emissions. Our mills are in the process of closing these gaps and have begun monitoring and recording the data based on these parameters.



### Water Management

Our plantations and mills require a significant amount of water, thus, managing efficiency of our water consumption is a high priority for us. In doing so, we reduce operational cost and exercise good agriculture practice. Furthermore, our estates and mills are surrounded by natural water streams. It is our responsibility to prevent our operations from damaging these waterways.

#### Water Consumption

At our plantations, we perform rainwater harvesting by digging weirs and pits to collect rainwater to provide the trees with resources over a longer period of time at our plantations. Harvested rainwater is also used to manage water tables at peatland. At the mills, FFB processing requires water of purer quality, hence our utilisation of municipal water. Once treated, the processed water can be reused on site for non-operational purposes such as drip irrigation, washing or gardening around the mills and estates.

At our Raja Udang mill, we use steam traps to reduce our water consumption. Steam traps filter out the condensate which is then reused for dilution. In addition, we reuse water to cool turbines and conduct continuous sterilisation as a method of reducing water consumption. We highlight our annual water consumption below.

	2016	2017	2018
Total water consumed at mill operations (m <sup>3</sup> )	1,258,514	1,486,325	1,602,285



#### Water Sampling

Our mills and estates share rivers with local communities, hence it is our responsibility to prevent contamination of the rivers due to effluent and water discharge from our operations. To do so, we conduct water sampling in these rivers. Water sampling is conducted by external laboratories and the results are reported to the DOE. To date, there have been no instances of water contamination in rivers surrounding our operations.

Managing water consumption during FFB processing is an ongoing challenge in our industry. However, we have significantly reduced our water footprint due to efforts such as rainwater harvesting, reusing water in other areas of operations and investing in newer technology which reduces water consumption. In the future, we seek to identify more opportunities to reduce our water consumption.

## LINKING SUSTAINABILITY TO OUR STRATEGY ENVIRONMENT



### 7 Biodiversity and Conservation

We recognise that our operations are surrounded by local ecosystems and biodiversity. As a member of the agricultural industry, we understand our role and responsibility to respect these habitats and to support the sustainability of surrounding ecosystems. We have therefore implemented practices and controls to minimise our impact on the environment.

#### Riparian Reserves

Riparian reserves are areas of conservation between land and rivers teeming with life from the habitats of flora and fauna. The importance of identifying these areas for conservation lies in their role of supporting local ecosystems as well as maintaining water and soil quality. As part of our efforts, we have identified and incorporated buffer zones and riparian reserves within our plantations. As of 2018, we have established 335.16 ha of riparian reserves and buffer zones.

To manage and preserve our riparian reserves, we plant Legumes Cover Crops ("LCC") to prevent soil erosion. In addition, LCC helps manage the health of our crops by preventing weed growth and increasing the fertility of soil by supplying organic matter.

#### Environmental Impact Assessments

Prior to every replanting exercise, we perform extensive Environmental Impact Assessments ("EIA") via third party consultants. EIA is performed with the aim of minimising adverse environmental impact. For this reason, criteria considered in an EIA report includes:

- soil erosion/slope stability and soil conditions
- water and noise pollution
- potential loss of flora and fauna and their habitats
- waste disposal
- impact of replanting and abandonment
- socio-economic and ecological impact
- safety and health
- peat soil subsidence

Results of the EIA are then reported to the DOE. A number of considerations are taken before a replanting exercise is performed. This includes the age of the oil palm (palms above 25 years of age would see its yield fall below 15 mt/ha), height of palm (palms exceeding 45 feet would prove a challenge to harvest), and areas where soil quality has eroded due to flood or palm root diseases.



## LINKING SUSTAINABILITY TO OUR STRATEGY ENVIRONMENT

### Peatland Management

At THP, we only plant on peat which has been set aside by the Malaysian government for agricultural development. We understand the nature of peatland and over the years, we have managed our peatland via extensive efforts and strict internal processes. This includes maintaining water at optimum levels and draining excess water to prevent peat degradation. Our Agronomy and Innovation team will provide the technical and advisory support for continuous management and care for the peatland. At the end of 2018, THP owned 39,844.17 ha of peatland in Malaysia, of which 10,986.86 ha is unplanted.

### Integrated Pest Management

Pest management is an unavoidable practice in cultivating palm oil to ensure healthy yields and to avoid damaging the plantation. As part of our conservation efforts and in reducing our use of chemicals, we adopt the practice of integrated pest management, which encourages the use of bio-pesticides and bio-control agents at our estates based on the most suitable pest management plan. Some of our efforts include:

- Use of *Tyto alba*, commonly referred to as barn owls, to control rat populations;
- Proper shedding of oil palm trees to suppress the breeding of rhinoceros beetles;
- Planting beneficial plants that provide shelter and food for predators and parasitoids of the pest; and
- Use of a local strain *Bacillus thuringiensis* ("Bt."), a soil-dwelling bacterium, against *Tirathaba rufivena larvae* – which damages the fruit bunches on the palm.

### Towards Biodiversity Conservation

We have additional efforts in place to conserve areas of natural flora and fauna around us. Our key efforts include:

#### Canopy cover

We ensure that we do not disrupt the canopies of the jungles. Suitable spacing and density of trees are integral in supporting a range of wildlife, especially arboreal species such as orang utans and gibbons that seldom venture on ground.

#### Allowing natural decomposition of dead vegetation

Decomposition of dead vegetation feeds the soil with nutrients and supports a natural ecosystem. We do not apply weed killers and pesticides to these areas as it would disrupt the process.

#### Reducing human-wildlife conflicts

To manage our impact on the environment, we ensure a minimum width of 100 – 400m between habitats and our operations. When larger animals are concerned, we collaborate with experts in the field to develop and maintain green fences.

### Zero Burning Policy

We understand the environmental and health risks associated with open burning practices, which is why we observe a strict zero-burning policy across our operations, as stipulated in our SOP and Environmental Policy. When performing land clearing for plantation development or replanting, trees are felled, chipped and stacked. To date, there have not been any cases of open burning at plantations owned and operated by us.



## SOCIAL



### Human Rights

Our employees and workers are important stakeholders and the cornerstone of our success. The human rights of our workforce are respected and valued as we uphold our obligation towards them. Our practices and internal systems are continuously reviewed and updated to mitigate any negative impact to our stakeholders. We have not faltered in supporting them and ensuring that their rights are protected.

#### Our Human Rights Commitment

As part of our commitment to becoming an integrated and sustainable plantation company, we see human rights as an essential component of our sustainability mandate. To this effect, we uphold, respect and protect the rights of all individuals as we understand that this forms the foundation of sustainable business growth.

In 2018, we employed 7,304 workers, of which 65.88% are foreign and 34.12% are local. Our commitment to them is to uphold their human rights. Although we have yet to formalise a policy on human rights, we have adhered to our Human Resource ("HR") SOPs that outline the basic principles of human rights, as shown below:

Fair wages

No discrimination

No child labour

No compulsory or forced labour

Equal opportunity

Freedom of association

Safety and health at work

Social protection

Employment security

Work-life balance

#### Supporting Our Foreign Workforce

All our workers are treated fairly and equally. For foreign workers, the hiring process is especially different as the workers are required to relocate from their home countries. For that reason, we want to support their transition to the best of our ability. Our hiring process for foreign workers ensures that the workers are not bound by hidden fees or harmful conditions which would violate their rights. All of the foreign workers employed by us are from Indonesia.

The process begins with us obtaining quota approval to hire workers from Labour Department and Home Ministry. Upon our request, our appointed agents will begin the recruitment and immigration process in Indonesia and make flight arrangements for them. Then, our representatives will fetch them once they arrive in Malaysia. All costs involved including levy fees payable to the Malaysian government, visa application and first-time flight ticket, would be borne by us.

Upon arriving at our sites, all foreign workers are provided with safe and secure accommodation close to their work site.

We strictly adhere to the national minimum wage regulations in our areas of operation. For financial year 2018, the minimum wage under the Wage Order 2016 was RM1,000 and RM920 per month for West and East Malaysia, respectively. Effective January 2019, Under the Wage Order 2018, the Malaysian government specifies a minimum wage of RM1,100 per month for the whole Malaysia. The average monthly earnings of our workers in all our estates are highlighted below:

	2016	2017	2018
Average monthly earnings per worker	1,358	1,536	1,522

Other benefits provided to all our employees and workers are discussed under Employee Welfare on pages 31 to 36.



## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

#### Engagement with Workers' Union

Workers have access to union representatives and are free to join worker unions. This allows our workers to engage in open dialogue, discuss and raise issues through available platforms. The most common union is the All Malayan Estates Staff Union ("AMESU") and National Union Plantation Workers ("NUPW").

Union representatives represent the staffs' and workers' interests in discussions with Malayan Agricultural Producers Association ("MAPA") who engage with the union representatives on THP's behalf. Topics discussed include basis of wages and other matters that impact staff and workers.

Moving forward, we remain committed towards respecting and protecting the rights of our workforce as well as encouraging our workers to communicate any issues they are facing to us. We seek to formalise our commitments to our workers in an appropriate policy, which will include the setting up of formal feedback channels.



#### Occupational Safety and Health

Our employees and workers' safety and health are a top priority for us. Our policies and measures underline the management's strict approach to occupational safety and health. It is our duty to provide the best care to our employees, as a safe, healthy and conducive environment would benefit all stakeholders and ensure the sustainability of our business.

#### Our Policies

In 2018, we reviewed and updated our Occupational Safety and Health Policy and Occupational Safety and Health for Chemical Substances Policy in line with the OSH Act 1994. Some of the key elements from our policies are highlighted below:

Provide and maintain and assure safe and healthy working environment

Ensure information, instruction, training and supervision is given to all employees to carry out their tasks safely and without risking the health of employees, customers and the public

Identify all accidents, diseases, poisoning and dangerous occurrences and take preventive measures to ensure such incidents do not recur

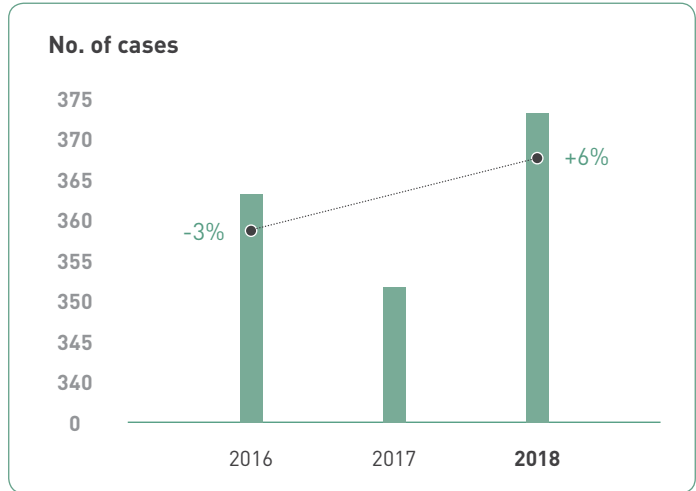
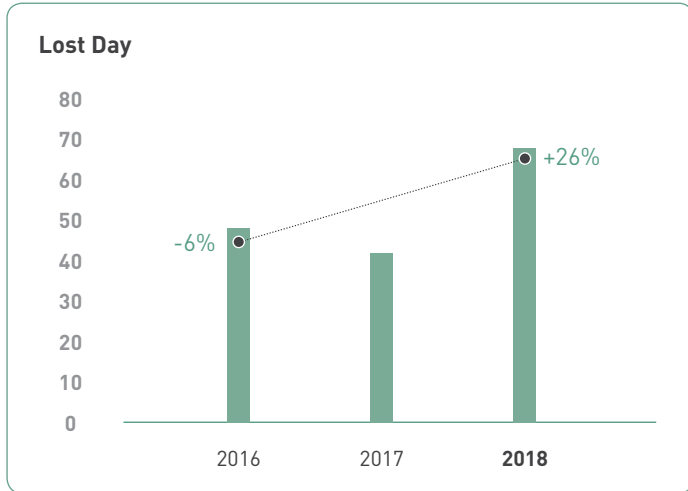
Comply with the legal requirements and other requirements regarding health and safety as set out in the OSH Act, 1994 and Factories and Machinery Act 1967

Ensure all employees have appropriate work equipment as well as personal protective equipment as required for their jobs

Strive to improve the knowledge and sense of responsibility of each of its employees from time to time towards proper safety and health practices regarding the handling of chemicals

## LINKING SUSTAINABILITY TO OUR STRATEGY SOCIAL

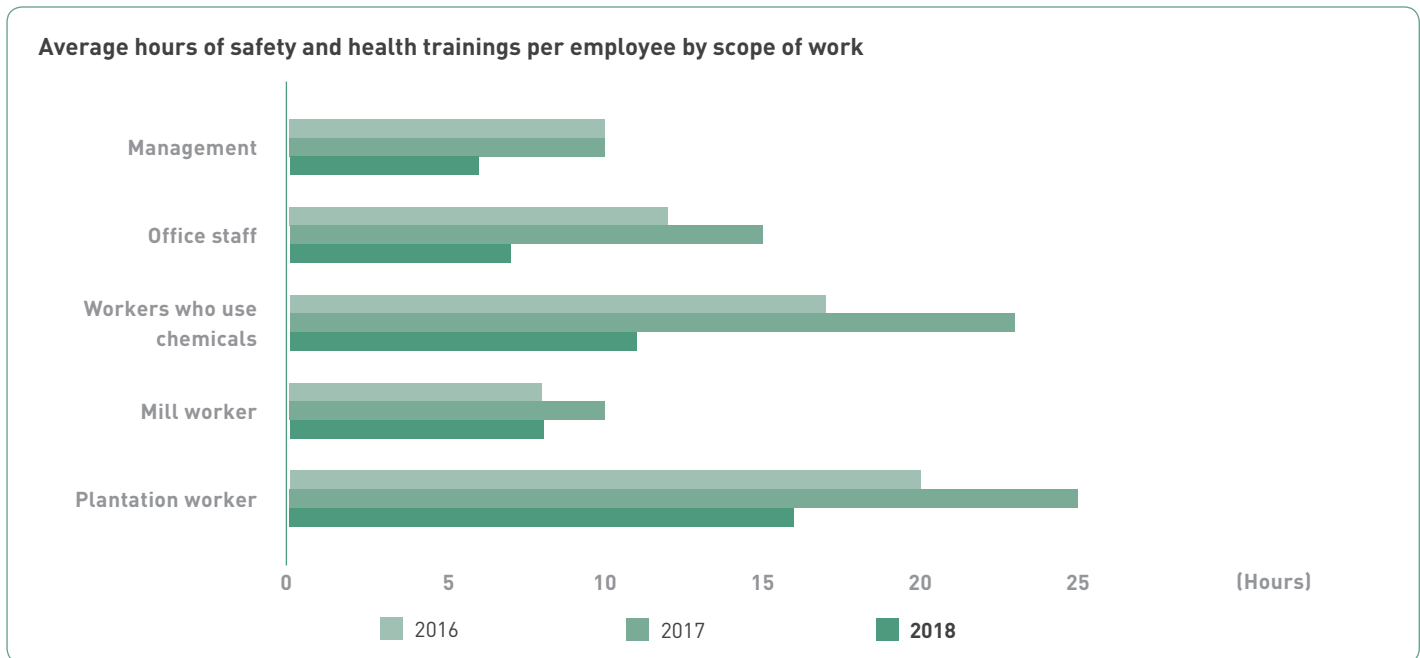
### Incident Report



THP has set an annual target of zero fatalities and reducing 5% in no. of incident cases and lost day rate year-on-year. For year 2018, we achieved the target for zero fatalities but the number of cases increased by 6% and the number of lost day rate increased by 26%. The increase in the number of lost days was due to the increase in the severity of injuries.

### Safety and Health Training

Training schedules are reviewed by our OSH unit on a regular basis. As previously discussed above, workers and employees are assigned to relevant training schedules and are required to attend them. We monitor the participation rates at our trainings and more than 80% of employees were trained over the total no of employees, as highlighted below:



## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

Our key annual training programmes for the year 2018 are highlighted below:

Name of training	Content of training	Frequency of training	Attended by
Awareness of company policies and objectives (OSH Policy)	Communicated and implemented OSH Policy	Once/year	All management, staff & workers
Emergency Response Action Plan Procedure (Accident, Chemical Spillage, Fire, Flood, Drowning, Animal Attack)	SOP of Emergency Response Plan ("ERP")	Once/year	All management, staff & workers
Basic First Aider	Basic first aider trainings	Once/year	OSH Committee
Fire extinguisher safety & fire drill (inspection & training)	Potential sources of fire and fire management procedures	Once/year	All management, staff & workers
PPE handling and replacement procedure	SOP of PPE	4 times/year	All management, staff & workers
SOP training for estate & milling operation and best practices	Briefing on THP SOP based on task/department	4 times/year	All management, staff & workers
Workplace Inspection	Inspection of safety at work place	4 times/year	OSH Committee

### Safety and Health Audits

Internal safety and health audits are conducted annually by our OSH unit. The audits cover all our estates and mills. The aim of our audits are to:

- Determine the level of health and safety of our employees in each business unit;
- Analyse the risk factors that may negatively affect the health and safety of our employees;
- Identify areas of improvement, if any, to be made to the facility to improve levels of health and safety; and
- Give advice to improve the safety and health aspects of the working environment.

## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

The main areas inspected during the audit include:

- Review all records related to OSH;
- Safety Operating Procedure of all work sites;
- Amenities for emergency response;
- Personal Protective Equipment (“PPE”) provided by estate and mill;
- Systematic maintenance of equipment and machinery; and
- Availability of amenities and infrastructure at the worksite.

Findings are communicated to respective managers of mills and estates. Their actions are followed-up on in the next audit. Key findings from the latest safety and health audit is shown below:

Key findings from safety and health audit in 2018	Management’s response
Inadequate Hazard Identification, Risk Assessment, Risk Control (“HIRARC”) covering all activities	Review HIRARC for all activities
Health Surveillance must be conducted by Hospital Assistant (“HA”) every 6 months	HA will be assigned to conduct a Health Surveillance every 6 months
Replacement of unclear warning signs	Unclear warning signs will be replaced
Increase training and retraining for workers	Training and retraining will be carried out as planned
Emergency shower and eye wash must be functional every time	Carry out repairs and maintenance when it is not functional

#### Chemical Health Risk Assessment (“CHRA”)

The Group’s OSH Unit conducted a CHRA on 18 plantations and one mill in Sabah, Sarawak, and Peninsular Malaysia in May of 2018, following the expiry of the previous assessments. The CHRA is a required assessment in response to the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000. The CHRA is performed every five years to ensure that the appropriate controls and measures are in place to protect the health of employees who may be exposed to chemicals that are hazardous to health at work. All assessed plantations and mills passed the assessment. Most findings are similar to the OSH audit performed during the same period. Below, we highlight additional key findings from the CHRA audit.

## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

#### Key findings from CHRA audit 2018

Current use of biological controls needs to be continued. It is recommended to evaluate all hazardous chemicals and find opportunities of eliminating and substituting hazardous chemicals to less hazardous ones.

The use of PPE for chemical exposure protection should become part of the safety culture for the workers. The estates need to establish a structured PPE programme which includes issuance and education and also need to ensure the provision of proper storage for the PPE.

It is recommended that medical surveillance is performed only for the workers that use organophosphates.

It is recommended to continue providing training to the workers to ensure that they are competent when handling emergency situations.

#### Management action plan/response

- Maintain the use of less hazardous chemicals
- Establish beneficial plants such as Tunera subulata, Antigonon leptopus, Cassia coganensis.

- Establish PPE procedure which includes inspection and maintenance of PPE
- List of PPE recommendations based on work unit
- PPE issuance record
- Training for all workers

Perform health surveillance by Occupational Safety & Health Doctor ("OSHD")

- Provide portable first aid kit to all supervisors mandores
- Provide first aid training to OSH Committee and supervisors
- Provide Emergency Response Procedure
- Communicate the Emergency Response Procedure to all workers

#### Management of noise levels

We monitor the levels of noise around the mills to ensure that levels are below limits stipulated by local regulations. Below we illustrate the average results of our noise monitoring over the years. Limits during the day is 65 dB(A) and 55 dB(A) at night. Workers are provided with ear plugs to protect their hearing in areas with high noise levels.

	2015	2016	2017	2018
Average noise levels [Day dB(A)]	55.8	61.0	54.3	<b>58.4</b>
Average noise levels [Night dB(A)]	48.7	56.1	51.9	<b>50.6</b>

#### Employee Welfare and Development

We care about our people, and are committed to meeting the requirements of our employees and workers in the areas of career development and competitive remuneration and welfare. Without the commitment and drive of our workforce, we would struggle to grow as a business.

## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

#### Our People

THP's talented and diverse workforce are our strongest resource and has been the bedrock of our success. We are committed to developing a strong workforce which can drive the Group's strategic direction and create a positive impact on our economic, environmental, and social dimensions.

Total no. of employees	2018	
	Men	Women
Management (Senior Management)	16	3
Employees (Management, Executives and Non-Executives)	618	184
Workers (Local)	850	821
Workers (Foreign)	3,893	919

#### Benefits for Employee and Workers

We understand the needs of our employees and workers to adapt to a competitive and changing society. To support our employees, we provide a number of benefits, such as home, car, travel, and medical allowances and free life insurance.

Life insurance is provided to our workers as well as free transport, accessible and free medical services, besides annual leave. Our workers and employees who work at our mills and estates are provided with free lodging, alongside the absorption of foreign workers' annual levy fees. Furthermore, we support working parents amongst our employees, providing them with 60 days of maternity leave and awarding our employees' children who performed well in school. We acknowledge parental leave as an important benefit to support work-life balance amongst our employees.

All permanent employees and workers are entitled to parental leave and all employees who took parental leave, returned to work as shown below:

Turnover rates	2016	2017	2018
Total number of employees who took parental leave			
Men	3	10	6
Women	5	7	5
Total number of employees who returned to work in the reporting year after parental leave			
Men	3	10	6
Women	5	6	5

We consider our employees' long-term needs via our contribution to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO") on behalf of our employees. We also established the Retirement Gratuity Scheme, for which all permanent employees are eligible. The scheme provides our retiring employees with an attractive retirement package.

We believe in a fair and equal workplace. We treat our employees equally and provide competitive remuneration based on their individual performance.

## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

#### Career Development and Training

We want our Group to be a platform for career progression and development for our employees. To realise this, we encourage our employees to broaden their knowledge base, and provide them with various career development programmes, such as job rotation, mobility and training programmes to help them advance in their careers.

A budget is allocated annually for employee training and it is administered by our HR department which monitors and organises appropriate training programmes based on employees' skills and designations. Below, we summarise our efforts towards employee training.

Average hours of training per employee	2016	2017	2018
Management	6	5	4
Employees	8	7	6
Workers	9	9	7

	2016	2017	2018
Total expenditure on trainings (RM)	453,550	459,282	217,096

Training for non-technical skills	Frequency of training	Employees who attended the training
EIA	Once/year	Estate Management
Jabatan Tenaga Kerja	3 times/year	Estate/Mill Employees
PERKESO	Once/year	Estate Management

Training for technical skills	Frequency of training	Employees who attended the training
Steam Certification	Twice/year	Mill Assistant Engineer
MIA	3 times/year	Finance & Accounts Staff
Xamarin Training	Twice/year	IT staff

#### Employee Lifestyle Programmes

Various social and sporting events are organised out of the workplace to build team work and encourage work-life balance of our employees. Numerous activities were organised both at the headquarters and at the estate/mill-level throughout 2018, including the following:

Date	Event
10 February	8 <sup>th</sup> Calix Bowling Tournament KL organised by Sime Darby Seeds & Agricultural Sdn. Bhd.
17 March	Participation in the 'Kan Syok TH' programme
March	Sports Carnival for Labour Day 2018 at Ladang Bukit Gold
27 April	Blood Donation Campaign carried out by Hospital Dutch of Kent (DOK), Sandakan and held at Ladang Sungai Tenegang

## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

Date	Event
29 April	THP Cycling Team participates in 'Fun Ride 20KM' organised by Pejabat Pendidikan Daerah Kunak
27 June	Hari Raya Aidilfitri celebration at the Sarawak operations office
July	Celebration of Labour Day at Ladang Sungai Tenegang
3 July	THP Hari Raya Aidilfitri celebration for employees & family
August	THP contingent joined the 61 <sup>st</sup> independence anniversary parade
1 October	PRIB replanting ceremony at di Ladang Gunung Sumalayang
November	Celebration of Maulidur Rasul in Sabah (Ladang Bukit Gold) & Sarawak (Ladang Sadong)

Our employees are important to us and we will strive to continuously provide them with competitive wages and welfare in order to meet their expectations and reward them for their commitment. Our future plans include establishing formal employee engagement platforms to structure our relationship with our employees.

#### Local Communities

Our operations are located in numerous areas amongst diverse communities. With this opportunity, we cultivate significant relationships with surrounding communities and contribute to the national economy in areas of job creation and charitable aid.

#### Serving the Local Communities

A number of our estates, especially estates located in Sarawak, are part of a land management programme with indigenous communities. We respect the rights of these communities, therefore we establish a collaborative approach towards land management with these communities. To do so, we participate in the Sarawak's Native Customary Rights ("NCR") Land Development Programme, which is managed by the Sarawak Land Custody and Development Authority. Under this programme, we work together with native landowners to develop and manage plantation land in certain areas. In 2018, 27,658 ha of our Sarawak plantations were developed under the NCR, with the participation of 1,155 landowners – a significant increase from 2017 when we engaged only 72 landowners. In exchange for their participation in the programme, indigenous landowners receive income in the form of incentives and leasehold payments. These incentives are paid twice a year, based on the amount of hectares under our management.

	2016	2017	2018
Total amount of incentives paid to local communities, as part of land management (RM)	3,017,585	3,066,416	<b>3,718,851</b>

Furthermore, the close proximity of our plantations to local communities allowed us to provide job opportunities to members of these communities.



## LINKING SUSTAINABILITY TO OUR STRATEGY

### SOCIAL

#### Creating New Opportunities for Graduates

As an employer, we are able to create opportunities for young graduates to develop workplace skills through capacity building programmes. Since 2014, THP has been an active participant of the Skim Latihan 1Malaysia ("SL1M") programme whereby recent graduates undergo training programmes for six months at our offices and sites to develop practical working skills. In 2018, THP had trained 64 new graduates under this program where 6 of them stayed on to become permanent employees at TH Plantations.

	No. of Participation	2018
No. of graduates under the SL1M programme	64	64

#### Enhancing Education Opportunities Through PINTAR

In any community, we recognise that education plays an important role in helping families improve their livelihoods and gain a better future. We do this by participating in the Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PINTAR") programme, which we have been part of since 2009. Under this programme, organisations adopt Malaysian schools and provide educational support, leadership, and motivational and teambuilding activities to encourage parents and community involvement in the development of children's education.



THP has adopted SK Ladang Kota Bahagia in Keratong, Pahang and has provided aid to the school since 2010. The school is located in close proximity to our plantation in Pahang, and some of the students are children of our employees and workers. We support the students at the school through various programmes, such as "Kempen Jaya UPSR", "Program Kepong UPSR" and the "English Language Campaign". These programmes prepare Standard 6 students for the national exam known as Ujian Penilaian Sekolah Rendah ("UPSR"), via workshops by experienced tutors. The English Language Campaign urges the students to be proactive in language-based activities, such as the Spelling Bee. We also fund studying materials to support the children.

In 2018, we conducted 4 workshops with the students of SK Ladang Ulu Sungai Arip (Bintulu), SK Obah (Beluran), SK Ladang Kota Bahagia (Keratong) and SK Muadzam Jaya (Muadzam). Below are workshop and motivational activities conducted in the year of 2018:

- Workshop to help students with their UPSR 2018 examination was attended by a total of 159 students from these 4 schools. Some of the students that were involved in this programme are children of our employees and workers. Motivational programmes were conducted in conjunction with this programme.
- 'Klinik UPSR BH DIDIK' programme to help students understand the 2018 UPSR question format was attended by 44 students at SK Ladang Kota Bahagia.
- 'Program PINTAR' at SK Ulu Sungai Arip involved 27 students throughout 2018, including motivational programmes and 'Bengkel Kemahiran Menjawab Soalan UPSR'.
- 'KLINIK UPSR BERITA HARIAN' at UMS Kota Kinabalu was attended by 7 students from SK Obah Beluran.
- 'Bengkel Teknik Menjawab Soalan', 'Motivasi Pelajar', and 'Program Pasca UPSR' which involved 81 students at SK Muadzam Jaya.

We also extended financial support to students from the reformatory classes of Sekolah Kebangsaan Kota Bahagia and Sekolah Kebangsaan Muadzam Jaya. In 2018, we contributed RM80,500.00 towards the PINTAR programme.

**LINKING SUSTAINABILITY TO OUR STRATEGY**  
**SOCIAL**



**Unlocking Entrepreneurial Capabilities**

One of the ways in which we help our communities achieve better future prospects is through the Vendor Development Initiative (“VDI”), which promotes entrepreneurship amongst the locals. Through VDI, we encourage individuals from our local communities to start a business that will allow them to become our business partner. By giving them the opportunity to earn contracts from THP, we are not only promoting an entrepreneurial culture among the locals, but also helping them earn a living. In addition to this, we also encourage the participation of Bumiputera contractors in the VDI programme. In 2018, we signed 894 contracts, worth RM81 million as part of the VDI initiative, of which, 32% were Bumiputera businesses with a total contract value of RM18 million.

	2016	2017	2018
Total no. of contracts signed as part of the VDI	706	801	<b>894</b>

We will continue to respect our relationship with our local and indigenous communities and utilise our resources to provide for local development. Additionally, we will play a role in supporting the nation’s agenda to assist youths and develop the national economy of countries we operate in.

**Conclusion**

Since all our estates and mills in Peninsular Malaysia have been completely MSPO certified in year 2018, our sustainability aspirations and efforts are now focused on having all remaining estates and mills (Sabah & Sarawak) MSPO certified within the stipulated deadline. These efforts will guide us in formalising our sustainability commitments and systems that are presently in place to manage our sustainability matters.

Alongside our MSPO plans, we will continue to monitor and manage our material matters and seek to bridge identified reporting gaps. With shifting tides and global trends in the plantation industry, we need to continuously adapt to internal and external changes while closely collaborating with our stakeholders. Led by our values, we will not falter in upholding our sustainability commitments as we move towards becoming a sustainable palm oil player.