

OUR SUSTAINABILITY JOURNEY

THP is pleased to report on our progress in the areas of implementation and monitoring of our various sustainability initiatives for the Financial Year 2022.

We are committed towards promoting awareness and driving the importance of sustainability as well as addressing global subjects and issues through embedding a sustainability culture within all levels of THP. To this end, we have developed a Sustainability Agenda with a three-pronged approach in the 3P's – Planet, People and Prosperity.

1

PLANET

Protect and Conserve the Environment

2

PEOPLE

Provide Sustainable Livelihood

3

PROSPERITY

Create Shared Value for Local and National Growth

In the year under review, we have increased our efforts to protect and support the Planet in various aspects including strengthening our NDPE commitment, which is further emphasised in the Group Sustainability Policy. This is to ensure that there will be no deforestation or conversion of peatlands and measures will be implemented to conserve the rich biodiversity and ecosystem of our riparian, buffer zones and water catchments.

We are also cognisant that our day-to-day operations impact the environment and as such, we take conscious measures to enhance our management of waste and water, and lower our GHG emissions by reducing fuel and utilising alternative sources of fuel such as biogas and solar energy. Further to that, we continue to implement integrated pest management, recycling of by-products and minimising usage of pesticides and chemicals. We believe that all these efforts will go a long way in reducing the negative effects our business may have on the environment.

On the other hand, our sustainability efforts for People seeks to provide a sustainable livelihood for society by upholding human rights and social commitments, providing a safe and healthy

workplace for our employees, engaging fully with our stakeholders, and supporting the needs and careers of our workforce.

Our sustainability agenda extends to improve the Prosperity or rather, the economic contributions of our business to our nation as we strive to provide shared value to all our stakeholders by driving our business growth. This includes maintaining Good Agricultural Practices, improving product quality and operational efficiency. Additionally, we continue to develop key performance indicators ("KPIs") and regularly monitor our sustainability initiatives. To date, all of our estates and mills in Peninsular Malaysia, Sabah and Sarawak have been certified under Malaysian Sustainable Palm Oil ("MSPO"). As at December 2022, all THP mills have been audited under the certification of Malaysian Sustainable Palm Oil Supply Chain Certification Standard ("MSPO SCCS").

Sustainability is a journey of continuous improvement, where we embrace change and seek to do better for the sake of our future generations. We will continue our efforts to create a shared environment which does not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.

OUR SUSTAINABILITY JOURNEY

ABOUT THE SUSTAINABILITY STATEMENT

The purpose of this Statement is to communicate to our stakeholders of our commitment and management of sustainability risks across Economic, Environmental and Social (“EES”) themes.

Our operations consist of three strategic business units, namely oil palm plantations, forestry (harvesting of latex and rubber wood), and management services. The scope of this Statement covers our operations in oil palm plantations in West and East Malaysia, which include activities of cultivating palm oil, processing FFB, marketing CPO and PK, unless otherwise stated. We place emphasis on palm oil activities as it is our core business which contributes almost 100% of our revenue since 2018.

The reporting period of our Statement is from 1 January 2022 to 31 December 2022, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO and MSPO SCCS certification before the year ends. Our main aim is to ensure business sustainability and mitigate environmental challenges such as complying with the NDPE policy which is determined by major industry players.

We have referenced Bursa Malaysia's Sustainability Reporting Guide and Toolkits, internationally recognised Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), relevant industry standards and benchmarks, and guidance that was given through the facilitation from external consultants in previous years when preparing the Statement.

SUSTAINABILITY GOVERNANCE

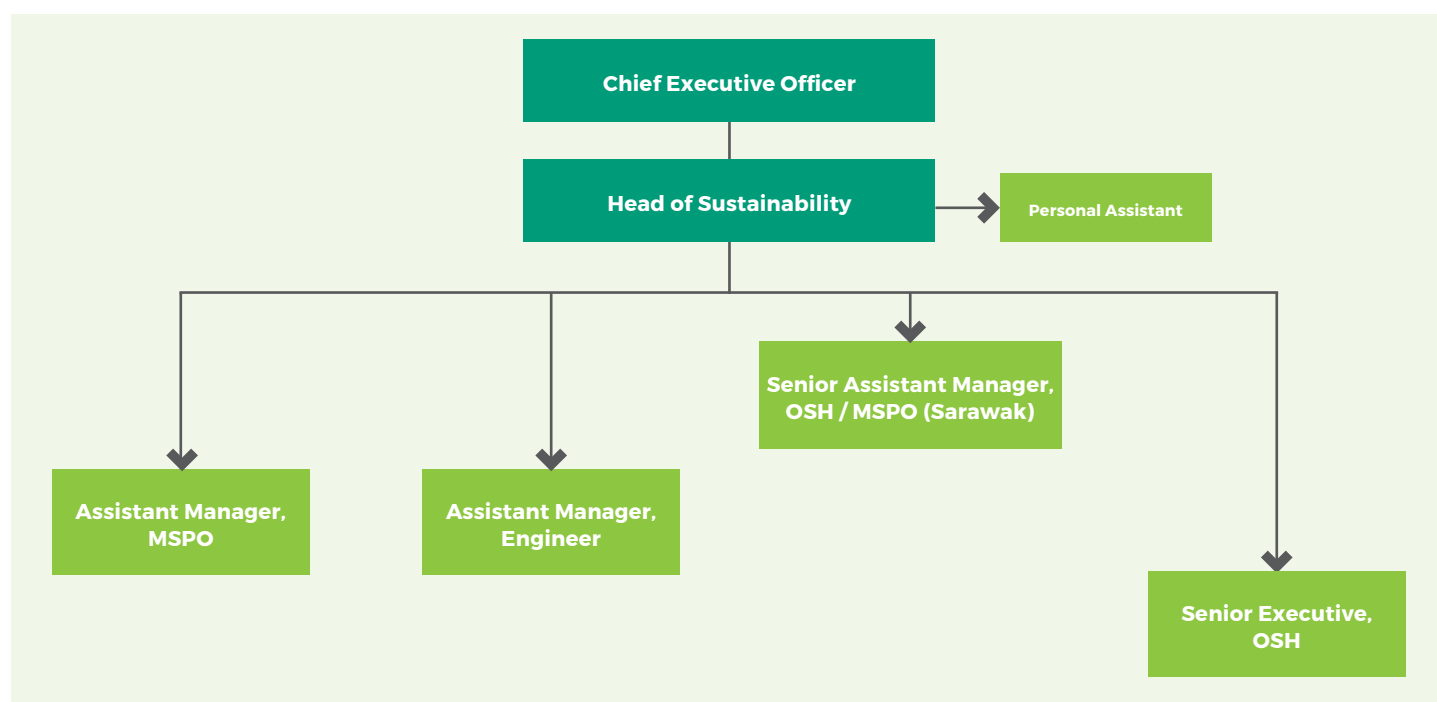
Our ‘tone at the top’ is set by THP’s Board of Directors (“the Board”), with whom the ultimate responsibility of setting the Group’s sustainability strategic direction rests. The Board is supported by the Chief Executive Officer (“CEO”) and the Sustainability Committee (“SC” or “Committee”). Our CEO 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 which was reformed in November 2020 comprises various Heads of Departments (as listed below). This requires vibrant, competent and effective Committee members to steer THP into the mainstream supply chain of palm oil products. In addition, the Committee is also responsible for monitoring the execution of the Board’s strategic sustainability directions and overseeing the preparation of the Sustainability Statement.

| | | | |
|---|--|----|---|
| 1 | Chief Executive Officer (“CEO”) Chairman | 8 | Estate Department Member |
| 2 | Plantation Director Deputy Chairman | 9 | Agronomy Member |
| 3 | Sustainability Secretariat | 10 | Legal & Secretarial Member |
| 4 | Plantation Controllers Member | 11 | Administration (Foreign Labour Unit) Member |
| 5 | Marketing Member | 12 | Heads of other Departments By Invitation |
| 6 | CEO’s Office Member | 13 | LTH Representative By Invitation |
| 7 | Engineering Member | | |

OUR SUSTAINABILITY JOURNEY

In recognition of the ever-changing Sustainability Agenda, we have made incremental improvements to strengthen our sustainability commitment. A dedicated Sustainability Department (“SD”) was formed in November 2020 and reports directly to the CEO. The SD comprises two units, the MSPO Certification/Sustainability Unit and the Occupational Safety and Health (“OSH”) Unit. The CEO oversees the overall implementation of the Group’s sustainability efforts, while the Head of Sustainability directs and monitors the implementation of sustainability initiatives within the Group. Meanwhile, the Sustainability Unit ensures our operations are in compliance with MSPO standards, whereas the OSH Unit is responsible for the implementation of OSH managements system to be aligned with policies, acts and regulations.



THP also has in place a comprehensive Group Sustainability Policy which was revised and implemented by the Board since 26 November 2020 in compliance with buyers’ NDPE Policy. Our Group Sustainability Policy is available for public viewing on our corporate website at <http://www.thplantations.my/sustainability.php>. We are committed to ensuring our updated Sustainability Policy is fully implemented to make sure that no violations which may affect the future of THP. Additionally, our Policy is in line with MSPO standards and is based on the following three major components:

| Human Rights and Social Commitments | Environmental Responsibility Commitments | Ethic Business Commitments |
|--|--|---|
| <ul style="list-style-type: none"> Upholding Human Rights A Safe and Healthy Workplace Employee Welfare and Promoting Career Development Respecting and Upholding Land Rights Creating Shared Value for Local and National Growth | <ul style="list-style-type: none"> No Deforestation, No Peat & No Exploitation Efficient Use of Resources Waste, Effluent and Air Emissions Management Neighbouring Water Resources Zero Burning Biodiversity and Conservation | <ul style="list-style-type: none"> Procurement Practices Supply Chain Traceability Corporate Integrity Practices |

OUR SUSTAINABILITY JOURNEY

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 for and to share the value created. Our approach to sustainability takes into consideration the long-term impact of our activities for both the Group and our stakeholders. As such, we proactively engaged with our stakeholders through our approach summarised below, which highlights their main concerns as well as THP's response:

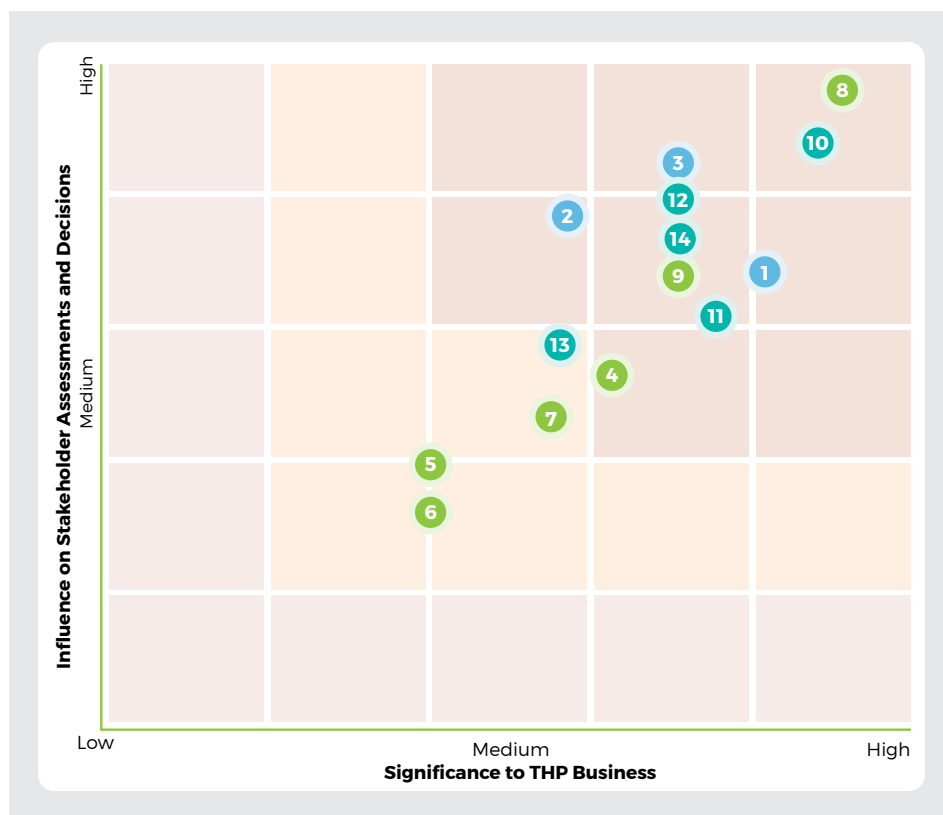
| STAKEHOLDER GROUPS & ENGAGEMENT PLATFORMS | STAKEHOLDER CONCERNS |
|---|---|
| Shareholders <ul style="list-style-type: none"> Annual General Meetings Quarterly announcements Special meetings | <ul style="list-style-type: none"> Management Discussion & Analysis from pages 10 to 21 Product Quality and Operational Efficiency on page 28 Audited Financial Statements from pages 96 to 223 |
| Directors <ul style="list-style-type: none"> Quarterly and special Board meetings Quarterly and special Board Committee meetings | <ul style="list-style-type: none"> Governance and Ethics on page 30 Corporate Governance Overview Statement from pages 60 to 78 Statement of Risk Management and Internal Control from pages 79 to 85 |
| Management <ul style="list-style-type: none"> Operational meetings and ad hoc meetings | <ul style="list-style-type: none"> Product Quality and Operational Efficiency on page 28 Traceability and Supply Chain Management on page 30 Effluent and Water Discharge Management on page 31 Waste Management on page 32 Water Management on page 34 Human Rights on page 37 Occupational Safety and Health on page 38 Employee Welfare and Development on page 41 |
| Employees <ul style="list-style-type: none"> 'Open-door' policy Company intranet, special briefings and bulletins Training | <ul style="list-style-type: none"> Governance and Ethics on page 30 Human Rights on page 37 Occupational Safety and Health on page 38 Employee Welfare and Development on page 41 |
| Customers <ul style="list-style-type: none"> Regular emails/in-person correspondence to discuss issues raised | <ul style="list-style-type: none"> Product Quality and Operational Efficiency from pages 28 to 29 Traceability and Supply Chain Management on page 30 Governance and Ethics on page 30 Biodiversity and Conservation from pages 34 to 35 NDPE Commitment on page 35 Local Communities on page 44 |
| Local Communities (i.e. towns, villages) <ul style="list-style-type: none"> Informal grievance channels Community programmes Land management schemes | <ul style="list-style-type: none"> Effluent and Water Discharge Management on page 31 Biodiversity and Conservation from pages 34 to 35 Local Communities on page 44 |
| Local Authorities (i.e. Malaysian Palm Oil Board ("MPOB"), DOSH, DOE, municipal councils, etc.) <ul style="list-style-type: none"> Monthly, annual and special reporting Forums | <ul style="list-style-type: none"> Governance and Ethics on page 30 Effluent and Water Discharge Management on page 31 Waste Management on page 32 Water Management on page 34 Human Rights on page 37 Occupational Safety and Health on page 38 |

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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.

MATERIALITY MATRIX

In 2022, 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 our stakeholder groups. Below is our materiality matrix:



Significance to THP’s Business

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:

ECONOMIC

1. Product Quality and Operational Efficiency
2. Traceability and Supply Chain Management
3. Governance and Ethics

ENVIRONMENT

4. Effluent and Water Discharge Management
5. Waste Management
6. Water Management
7. Biodiversity and Conservation
8. NDPE
9. Greenhouse Gases (“GHC”)

SOCIAL

10. Human Rights
11. Occupational Safety and Health
12. Employee Welfare and Development
13. Local Communities
14. Land Rights

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

OUR SUSTAINABILITY JOURNEY

MANAGING MATTERS TO CREATE SHARED VALUE

Governments, organisations and people of all backgrounds are unified in their 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 Twelfth Malaysia Plan (“12MP”), which took effect from 2021 to 2025 sets the direction to improve the country’s Prosperity, Inclusivity and Sustainability.

Against the backdrop of the above-mentioned agendas, we want to communicate how our matters create value on these global platforms. Therefore, we have connected the way we manage our matters to the various aspects of the UN SDGs and 12MP. Our representations are shown below:



OUR SUSTAINABILITY JOURNEY

ECONOMIC

▶ 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 MD&A section of our Annual Report from pages 10 to 21, we further discuss our operational performance, efforts and significant achievements during the year.

In 2022, we made efforts to improve the operational efficiency of our estates through increasing the use of mechanisation in our processes, to reduce our dependence on manual labour and to increase efficiency and productivity.

Customer Satisfaction

Our customers are important stakeholders in the sustainable development of our operations. It is our responsibility to produce quality products that are responsibly sourced and produced, which benefit our customers and drive our business growth. 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 following table highlights our average performance against the targets:

| Average Quality Indicators | Internal Target | Average Performance | | |
|---|-----------------|---------------------|------|-------------|
| | | 2020 | 2021 | 2022 |
| CPO | | | | |
| Free Fatty Acid ("FFA") (%) | ≤5.00 | 3.83 | 3.91 | 3.95 |
| Deterioration of Bleachability Index ("DOBI") | ≥2.30 | 2.52 | 2.58 | 2.52 |
| Moisture & Impurities ("M&I") (%) | <0.25 | 0.18 | 0.18 | 0.15 |
| PK | | | | |
| Moisture (%) | <7.00 | 5.85 | 5.87 | 6.19 |
| Dirt & Shell (%) | <6.00 | 4.75 | 4.78 | 4.86 |

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 (IPM), selection of suitable herbicides for effective weed control and stringent culling exercise to ensure no unproductive palms exist on the field.

OUR SUSTAINABILITY JOURNEY

ECONOMIC

Research and Development

Research and Development ("R&D") is an integral component of the Agronomy Department. The team consists of four 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 and plantation research. During the year, we carried out following significant projects:

Key R&D projects in 2022

1

Oil palm mill by-products utilisation such as application of EFBs on field to improve soil structure, retain soil moisture and provide organic matter and as an additional source of nutrients.

2

Collaborative research with reputable third parties on the utilisation of specifically formulated bait for suppressing rat population through an integrated comprehensive approach.

3

Providing technical support service to estate operations in areas of land development, establishment of estate boundary, and replanting.

4

Collaborative project on screening of planting materials with MPOB on authentication of quality seedlings/seeds via DNA testing.

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

| RM 'million | 2020 | 2021 | 2022 |
|--------------------|------|------|------------|
| Budget for R&D: | | | |
| Annual Expenditure | 1.6 | 1.5 | 1.3 |

MSPO & MSPO SCCS 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.

Under MSPO Standards, we address seven key areas:

- 1 Management commitment and responsibility
- 2 Transparency
- 3 Compliance with 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 the end of December 2022, all THP estates and mills operate under MSPO and MSPO SCCS certification, which strengthens the credibility of our products and traceability measures, placing us in line with local and international palm oil market demands.

Apart from that, we also increased our engagement with stakeholders, especially FFB suppliers, to provide them support in their MSPO certification process. This will further strengthen the relationships we have with our suppliers, as we work towards common goals and generation of opportunities for future collaborations.

In line with our goal to become an integrated and sustainable plantation company, we will continue to invest in R&D and maintain our internal quality controls, as we explore new areas of agricultural practice to improve yields and produce high quality products.

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ECONOMIC

▶ 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. We are committed to supplying traceable products to our customers. Our efforts are aimed at ensuring the:

Estates can trace FFB produced from various stages, including seedlings, planting, harvesting, and transportation; and

Palm oil mills are able to trace the production of CPO and PK – from receipt of FFB, mill processing, transporting to and delivery.

Validity of MSPO SCCS certification period for five years of all Palm Oil Mills.

To ensure that 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 enable us to 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, with more information available on page 44. 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.

▶ 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 2021 ("MCCG 2021") 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 60 to 78.

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.

Code of Ethics

We have in place a Code of Ethics and Conduct ("The Code") which ensure that we maintain the highest standards of conduct, integrity and professionalism in all our activities and transactions. We strive to ensure that we conduct ourselves ethically, in accordance with applicable laws, rules and regulations at all times. The Code guides our employees on ethical behaviour and business conduct and includes disciplinary procedures that require the compliance of management and staff.

In 2022, our Human Capital Department took the initiative to organise roadshows on our Code of Ethics and Disciplinary Procedures among staff at estates and mills. These roadshows were conducted at various complexes in Pahang, Sabah and Sarawak.

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ENVIRONMENT

EFFLUENT AND WATER DISCHARGE MANAGEMENT

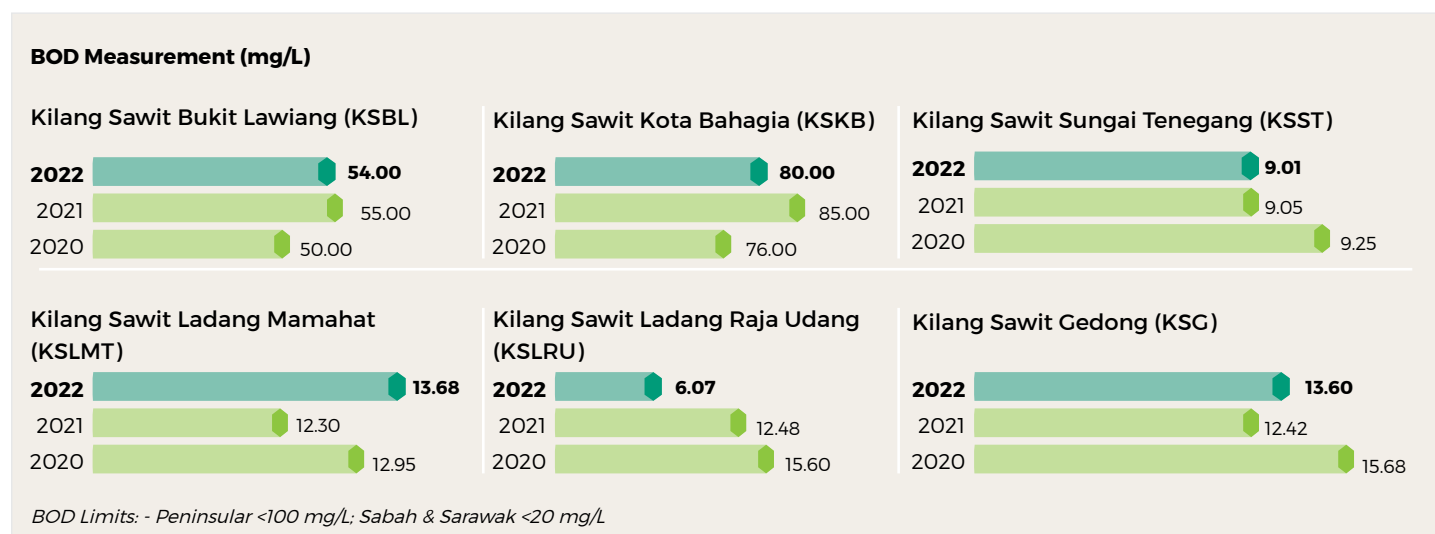
We understand the importance of managing our environmental impact by appropriately handling our effluent and water discharge.

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

POME is a significant by-product of processing FFB and without appropriate treatment, the effluent may be detrimental to the environment. 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 and 20 mg/L in West Malaysia and Sarawak/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.



In particular, our Sungai Tenegang palm oil mill achieved the lowest BOD measurement for the last three years. While for the year 2022, Raja Udang palm oil mill achieved the lowest measurement due to proper schedule maintenance of anaerobic pond which must be desludged approximately once every two to five years.

| Year | 2020 | 2021 | 2022 |
|-------------------------------------|---------|---------|---------|
| Total POME generated (metric tonne) | 730,387 | 510,529 | 510,073 |

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

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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.

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 more than 95% of the biomass residue in 2022, while the balance was sold):

| Type of Biomass Residue | 2020 | | 2021 | | 2022 | |
|-------------------------|---------------|-------------------------|---------------|-------------------------|-------------------|-------------------------|
| | Produced (mt) | Amount Re-utilised (mt) | Produced (mt) | Amount Re-utilised (mt) | Produced (mt) | Amount Re-utilised (mt) |
| EFBs | 190,680.43 | 180,637.29 | 177,770.85 | 159,601.61 | 162,351.38 | 157,900.54 |
| Shells | 76,521.05 | 75,572.99 | 91,024.64 | 91,024.64 | 69,395.16 | 67,225.31 |
| Fibre | 144,518.31 | 138,988.07 | 122,876.52 | 122,876.52 | 116,120.37 | 111,061.22 |

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 include measurement of other forms of biomass residue.

TYPES OF BIOMASS RESIDUE

Empty Fruit Bunches

Methods of re-utilisation:

- Natural fertiliser in the plantations in West Malaysia, also known as mulching
- Bunch Ash created through incineration, which is used to fertilise peatland

Shells

Methods of re-utilisation:

- As a source of fuel for the boiler system
- Sold to other plantations or industries to be re-used as sources of fuel

Fibres

Methods of re-utilisation:

- As a source of fuel for the boiler system

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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.

MANAGING OUR CARBON EMISSIONS

It is our corporate responsibility to reduce our carbon footprint to slow down climate change and preserve our environment. We have in place strategies to reduce our GHG emissions, including implementing nature-based solutions, executing forest rehabilitation and conservation activities as well as initiatives to minimise our operational emissions.

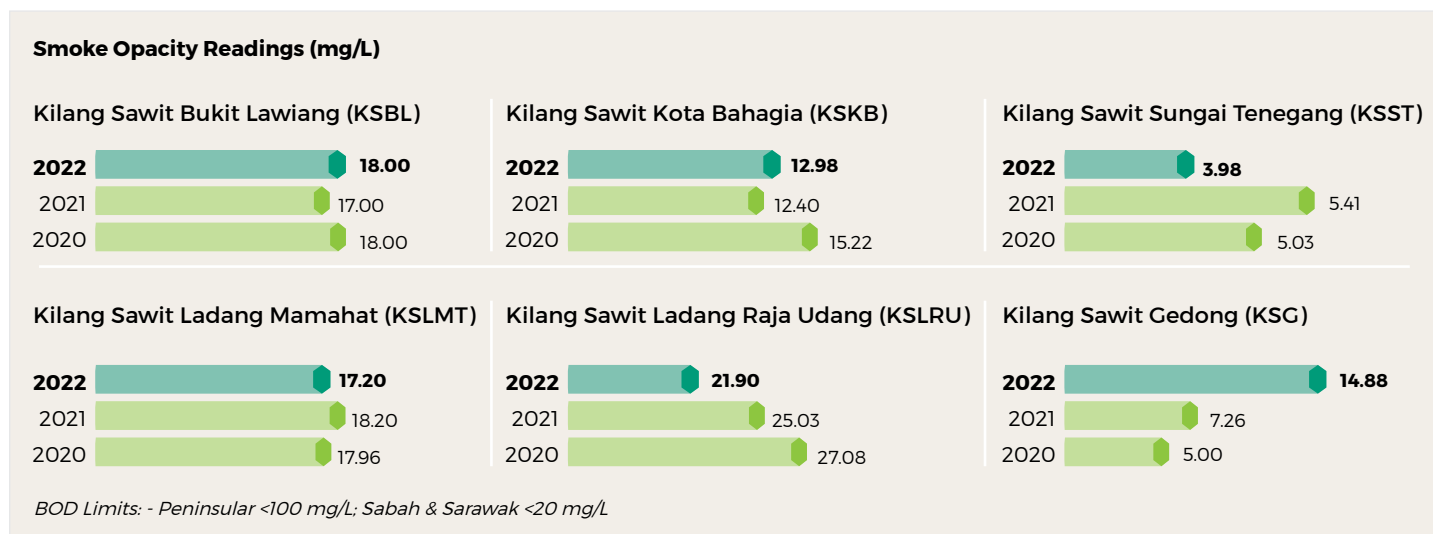
To minimise our GHG emissions, our efforts encompassed various aspects of our operations at our mills and estates. In 2022, we explored the feasibility of rooftop solar panels, while continuing to improve the operational efficiency and effectiveness of our processes, including peat management, replacing our boilers and turbines to increase efficiency, enhancing our management of

waste, yield enhancement and strengthening our commitment towards our zero-burning policy.

In 2022, we have completed the installation of Tertiary Effluent Treatment Plant ("TETP") in our Sabah and Sarawak mills. Going forward, we will equip our mills with biogas plant and install a TETP in Peninsular mills to further reduce BOD to lower than 20ppm. In addition, we will also utilise palm product waste generated from palm kernel shells, EFB and fibres as fuel for renewable energy and change our fertiliser application where possible.

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 20%. Over the years, we have maintained our smoke opacity in line with regulations, as shown below:



In time to come, we believe that DOE regulations will include reporting requirements on emissions of dust particles and 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 and smoke opacity 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.

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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 total average emission from EFB, POME & Fuel Consumption, as shown below:

GHG Emission (tCO₂e/mt FFB)

| Year | 2020 | 2021 | 2022 |
|------------------------|------|------|-------------|
| Average Total Emission | 1.99 | 1.93 | 1.85 |

We have managed to reduce 0.084mt or 4% of total GHG emission for the year 2022.

➤ 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 Palm Oil Mill, we use steam traps to reduce our water consumption. Steam traps filter the condensation 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 have managed to reduce our water consumption as per table below:

| Year | 2020 | 2021 | 2022 |
|---|-----------|---------|----------------|
| Total Water Consumed at Mill Operations (m ³) | 1,246,457 | 986,860 | 912,060 |

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, water sampling is conducted in these areas 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.

➤ 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. Since 2019, 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.

OUR SUSTAINABILITY JOURNEY

ENVIRONMENT

Environmental Impact Assessments

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

- | | |
|---|---|
| <ul style="list-style-type: none"> 1 soil erosion/slope stability and soil conditions 2 water and noise pollution 3 potential loss of flora and fauna and their habitats 4 waste disposal | <ul style="list-style-type: none"> 5 impact of replanting and abandonment 6 socio-economic and ecological impact 7 safety and health 8 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 including 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.

NDPE COMMITMENT

We work closely with the widest possible range of industry stakeholders to implement our commitments related to the protection of:

No Deforestation

- a) Areas with High Conservation Value (“HCV”) and High Carbon Stock (“HCS”) by identifying these areas and performing relevant national, industry and international best practice to protect these areas.
- b) Any plantation development activity must identify HCV areas and HCS forests for protection utilising international best practice guidance.
- c) Where feasible, explore options for natural forest restoration by working with expert stakeholders and communities.

No New Development on Peat

- a) No new development on peat land regardless of depth.
- b) Best Management Practices for existing plantation on peat 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.
- c) Where feasible, explore options for peat restoration by working with expert stakeholders and communities.

No Exploitation of People and Local Communities.

To ensure no exploitation issues, we concern ourselves with:

- a) Upholding human rights.
- b) A safe and healthy workplace.
- c) Employee welfare and promoting career development.
- d) Respecting and upholding land rights.
- e) Creating shared value for local and national growth.

OUR SUSTAINABILITY JOURNEY

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 team will provide the technical and advisory support for continuous management and care for the peatland. At the end of 2022, THP owned 44,749.27 ha of peatland, of which 14,924.84 ha is left unplanted and contributed to the biodiversity and conservation area.

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:

- 1 Use of *Tyto alba*, commonly referred to as barn owls, to control rat populations;
- 2 Shredded the felled trunk into chips with acceptable size to suppress the breeding of rhinoceros beetles;
- 3 Planting beneficial plants that provide shelter and food for predators and parasitoids of the pest; and
- 4 Use of *Bacillus Thuringiensis* ("Bt."), a soil-dwelling bacterium, against insect pest such as *Tirathaba rufivena* and bagworm larvae.

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 up to 50m between habitats and our operations. Where 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.

OUR SUSTAINABILITY JOURNEY



OUR ENVIRONMENTAL INITIATIVES FOR 2022

We have increased our efforts to conserve the environment and reduce GHG emissions. Our key efforts include:

Rehabilitation of Hutan Simpan Gunung Arong in Mersing, Johor

We embarked on a 7-year (2022 - 2029) conservation and restoration project to rehabilitate the degrading Hutan Simpan Gunung Arong in Mersing, Johor, covering 4,300 ha, in collaboration with a local non-governmental organisation. Our focus in this project, was to conserve the biodiversity and ecosystem of the environment through nature-based solutions that will also increase carbon sinks, allowing us to address climate change issues.

Installation of Solar Panels

We have installed solar panels to save cost and to support our renewable energy agenda, in two separate initiatives:

- Solar Panels for Street Lighting along Ladang Sungai Merchong (Muadzam)
- Rooftop Solar Panels at the guardhouse of Ladang Gedong (Serian) and Sungai Karangan (Bintulu)

Equipping our Mill with a Biogas Plant

We have formed a joint venture project with a third party, to equip our Bukit Lawiang Mill with a Biogas Plant which signifies our commitment to reduce GHG emissions in our day-to-day mill operations.

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 in 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 2022, we employed 5,303 employees and workers, of which 58% are local and 42% are foreign. Our commitment is to uphold their human rights by adhering to our Human Capital ("HC") Policies which outline the basic principles of human rights, as shown below:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1 Fair wages 2 No discrimination 3 No child labour 4 No compulsory or forced labour 5 Equal opportunity | <ol style="list-style-type: none"> 6 Freedom of association 7 Safety and health at work 8 Social protection 9 Employment security 10 Work-life balance |
|---|---|

OUR SUSTAINABILITY JOURNEY

SOCIAL

Supporting our Foreign Workforce

All our workers are treated fairly and equally. The hiring process for foreign workers is especially different as we will need to relocate them 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 obtaining quota approval to hire workers from Labour Department and Home Ministry. Upon request, our appointed agents will begin the recruitment and immigration process in Indonesia and will make flight arrangements for them. Our representatives will fetch them once they have arrived in Malaysia. All costs involved including levy fees payable to Malaysian government, visa application and first time flight ticket will be borne by the Company.

Upon arriving at our sites, all foreign workers are provided with safe and secure accommodation close to their work site. In 2022, we took the initiative to replace and upgrade our employees' living quarters as part of our ongoing commitment to support our workers, which is also in compliance with local laws and regulations. Moreover, we also constructed welfare and sports facilities for the benefit of our estate and mill employees in line with ILO requirements.

We strictly adhere to the national minimum wage regulations in our areas of operation. Effective April/May 2022, the Malaysian Government has specified a minimum wage of RM1,500 per month for the work performed in a place of employment, under the Wage Order 2020. The average monthly earnings of our workers in all our estates are highlighted below:

| Earnings (RM) | 2020 | 2021 | 2022 |
|-------------------------------------|-------|-------|--------------|
| Average monthly earnings per worker | 1,740 | 1,870 | 1,700 |



Other benefits provided to all our employees and workers are discussed under Employee Welfare from pages 41 to 43.



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 to 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 our employees' and workers' interests when holding discussions with Malayan Agricultural Producers Association ("MAPA") who engage on THP's behalf. Topics discussed include basis of wages and other matters which impacted the staffs 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 includes 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.

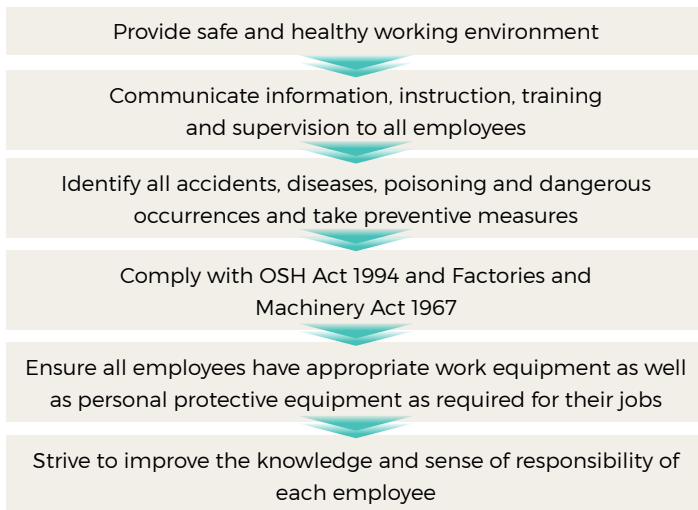
In 2022, our OSH department conducted a Compliance Visit to ensure that the practices in our mills and estates are in accordance with OSHA 1994, as well as to improve existing systems.

OUR SUSTAINABILITY JOURNEY

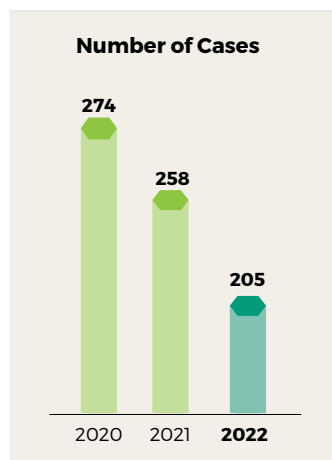
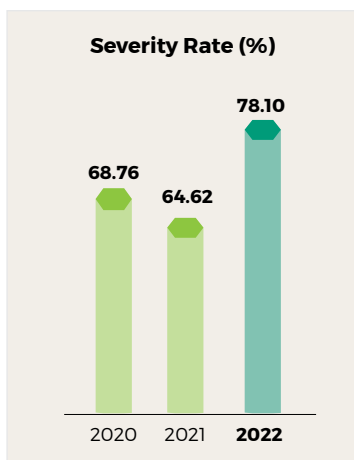
SOCIAL

Our Policies

In 2022, we maintain our Occupational Safety and Health Policy and Occupational Safety and Health for Chemical Substances Policy as per year 2020. Some of the key elements from our policies are highlighted below:



THP has set an annual target of zero fatalities, as well as a 5% reduction in incident cases and lost day rates from year to year. With a 20.5% decrease in cases, we were able to reach our goal of zero fatalities in 2022. However, due to the severity of injuries that resulted in the loss of more than four man days per case, the severity rate increased to 13.5%.



As a result, THP has taken proactive steps to substantially lower the severity rate of accidents in the future. Based on the possibility that an accident would occur in any activity, THP revised HIRARC and increased workers' awareness through training and briefing.

Inspection of Mills' Factories & Machineries

According to the Factory & Machinery Act of 1967, all of our mills must abide by the Mill's Factory & Machinery Inspection conducted by the Department of Occupational Safety & Health ("DOSH") Malaysia every 15 months. The inspections are conducted on an annual basis as part of our commitment to safety and include the Occupational Safety & Health Workplace Assessment ("OSHWA") and the assessment of machineries that are used in our operations such as boiler, unfired pressure vessel ("UPV") and hoisting machine.

Safety and Health Training

Our OSH unit regularly reviews the training plans. Workers and employees are assigned to pertinent training schedules and are obligated to attend them, as agreed. In accordance with the monitoring of training participation rates, more than 90% of all employees received training.



OUR SUSTAINABILITY JOURNEY

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Our key annual training programmes for the year 2022 are highlighted below:

| Name of training | Content of training | Frequency of training | Attended by |
|--|---|-----------------------|--|
| Training on Mechanisation | Safe operating procedures on mechanical handling | Once/year | Tractor Driver & Harvester/ Loaders |
| 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 training sessions | 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 |
| Personal Protective Equipment ("PPE") Handling and Replacement Procedure | SOP of PPE | Five times/year | All management, staff and workers |
| SOP Training and Best Practices for Estates and Mill Operations | Briefing on THP SOP based on task/department | Four times/year | All management, staff and workers |
| Noise Exposure Training | Adequate training, instruction and information regarding noise exposure | Once/year | Any employees who are subjected to excessive noise |

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; and
- Advise on improving the safety and health aspects of the working environment.

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.

OUR SUSTAINABILITY JOURNEY

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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 are shown below:

Key Findings from Safety and Health Audit in 2022

- Hazard Identification Risk Assessment Risk Control (“HIRARC”) was reviewed and updated accordingly
- Awareness and Warning Signage was not maintained properly
- Inadequate training and retraining of workers
- Some training is not recorded
- Noise Risk Assessment (“NRA”) findings
- The Medical Surveillance Report was not tabled and discussed

Management’s Response

- Consistent revision of the HIRARC whenever necessary
- Signage needs to be maintained or replaced
- Training and retraining to be carried out as planned
- Training records to be updated as per recommendation
- Implementation of necessary action and conducting an audiometric test
- To update minutes of meeting by including discussion on medical surveillance report by Occupational Health Doctor (“OHD”) or Health Assistant (“HA”)
- To update minutes of meeting by including health surveillance report by HA or Visiting Medical Officer (“VMO”)

Management of Noise Levels

We monitor the levels of noise around the mills to ensure that levels are below limits stipulated by the Environmental Quality Act 1974. All our mills operate within the permitted noise levels of 65 dB(A) during the day and 55 dB(A) at night.

Our employees are prohibited from being exposed to:

- Daily Noise Exposure Level (“NEL”) of more than 85 dB(A) / Daily Personal Noise Dose (“DPND”) of more than 100%
- Maximum Sound Pressure Level (“SPL”) of more than 115 dB(A) at any time
- Peak Sound Pressure Level (“SPL”) of more than 140 dB(C)

If employees are required to work in an environment with a DPND or NEL above 100%, earplugs are provided to protect their hearing, as per regular practice and recommendation from NRA.

EMPLOYEE WELFARE AND DEVELOPMENT

We care about our people and we are committed in 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.



Our People

THP’s talented and diverse workforce are our strongest resources and the bedrock of our success. We are committed in 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 | 2022 | |
|---|-------|-------|
| | Men | Women |
| Management (Senior Management) | 10 | 2 |
| Employees (Management, Executives and Non-Executives) | 532 | 186 |
| Workers (Local) | 1,880 | 470 |
| Workers (Foreign) | 1,597 | 626 |

OUR SUSTAINABILITY JOURNEY

SOCIAL

Benefits for Employees and Workers

We strive to compensate our workforce by providing competitive benefits to support them, due to the ever-changing needs of society.

Besides annual leave and life insurance, employees and workers who work at our mills and estates are provided with free lodging, electricity, and water supply. For our foreign workers, we absorb their total recruitment cost including airfare, transportation cost and annual levy fees.

To support our employees, we provide a number of benefits, such as allowance for accommodation, transportation and travel, medical and life insurance. Furthermore, we support working parents amongst our employees, providing them with 98 days of maternity leave and awarding employees' children for their excellent performance at 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 | 2020 | 2021 | 2022 |
|--|------|------|------|
| Total no. of employees who took parental leave | | | |
| - Men | 1 | 3 | 2 |
| - Women | 4 | 1 | 3 |
| Total no. of employees who returned to work in the reporting year after parental leave | | | |
| - Men | 1 | 3 | 2 |
| - Women | 4 | 1 | 3 |

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 most 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.

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 employees training and it is administered by our HC department which monitors and organises appropriate training programmes based on employees' skills and designations.

In 2022, we also held ESG briefings for the management of estates and mills to embed sustainability culture across all levels in our organisation, to emphasise the importance of sustainability and to encourage knowledge sharing. We also organised a Sustainability Month Programme to raise awareness amongst employees on the various aspects of sustainability, including various topics such as: Introduction of the Sustainability Department, MSPO, OSHA 1994, OSH Committee at headquarters and NDPE policy. Our estates and mills in Kluang, Kota Bahagia, Terengganu, Sabah and Sarawak also had OSH Compliance Visits conducted to ensure that their practices are in accordance with OSHA 1994.

During the year, the management of the Sustainability Department, Operations personnel and Finance department attended the International Palm Oil Sustainability Conference ("IPOSC") 2022 and sustainable financing talks organised by local financial institutions to increase their knowledge on sustainability challenges and opportunities in the Malaysian palm oil industry.

| Average Hours of Training Per Employee | 2020 | 2021 | 2022 |
|--|------|------|------|
| Management | 8 | 8 | 1 |
| Employees | 8 | 8 | 9 |
| Workers | 13 | - | 4 |

OUR SUSTAINABILITY
JOURNEY

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| Training for Non-Technical Skills | Frequency of Training | Employees who Attended the Training |
|-----------------------------------|-----------------------|--|
| MPOB Seminar & Training | Twice/year | Marketing and Estate Management |
| QMSPRO Seminar HIRARC | Once/year | Representative Department |
| MAICSA & SSM | Twice/year | Secretarial Department |
| MPOC Market Forum 2022 | Once/year | Marketing, Sustainability and Management |
| Basic Occupational First Aid | Once/year | Representative Department |
| MACA | Twice/year | Internal Audit Department |
| MAPA & Employment Law | Once/year | IT, HC and Management |
| MIA Institute of Accountants | Thrice/year | Finance Department |
| POC East Malaysia Palm & Lauril | Once/year | Marketing Department |

| Training for Technical Skills | Frequency of Training | Employees who Attended the Training |
|-------------------------------|-----------------------|-------------------------------------|
| MPOB Seminar & Training | Twice/year | Agronomy and Estate Management |
| MIA Institute of Accountants | Once/year | Finance and Management |
| MPOC Seminar IPOSC 2022 | Once/year | Sustainability and Management |
| NIOSH | Once/year | Estate Management |
| ISP | Once/year | Mechanical Department |

Employee Lifestyle Programmes

Various social and sporting events were held to build teamwork and to encourage employees' work-life balance. Numerous activities were organised both at the headquarters and at the estate/mill-level throughout 2022, including the following:

| Date | Events |
|----------------------------|--|
| 15 February | Program Vaksinasi Kanak-Kanak & Dos Penggalak Di Ladang Bukit Gold |
| 1-31 March | 'Sustainability Month' oleh Bahagian Kelestarian Ibu Pejabat |
| 11 March | Program Vaksinasi Booster Daripada KKIA Kinabatangan Di Ladang Bukit Belian |
| 18 March | Larian Keluarga (Persatuan Kaum Wanita-Ladang Bukit Belian) 2022 |
| 31 March | Majlis Persaraan Pengarah Perladangan |
| 1 April | Program Ceramah Agama Sempena Menyambut Ramadhan |
| 31 May | Majlis Jamuan Hari Raya Aidilfitri Peringkat Ibu Pejabat |
| 1-30 June | 'Engineering Month' oleh Bahagian Kejuruteraan & Kilang Ibu Pejabat |
| 4 & 5 June | Pertandingan Memanah Anjuran THP Saribas Archery Club ("T'SAC") |
| 1-31 July | 'Agronomy Month' oleh Bahagian Agronomi Ibu Pejabat |
| 19 July | Sesi Perbincangan Bersama Pembekal Utama FFB Berkenaan Kepentingan Pensijilan MSPO oleh Bahagian Kelestarian Ibu Pejabat |
| 18-19 August | Perlawanan Bola Jaring Antara Ahli PKW & Persahabatan Bersama NGO & Sekitar Kawasan Perkampungan, Anjuran Kompleks Sungai Tenegang |
| 16 September | Riadah Ahli Persatuan Kaum Wanita Ladang Sungai Tenegang Ke Pulau-Pulau di Semporna, Sabah |
| 28 & 29 October | Karnival Sukan Tabung Haji |

OUR SUSTAINABILITY JOURNEY

SOCIAL

▶ 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 by providing jobs 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. The programme enables us to work together with native landowners to develop and manage plantation land in certain areas. In 2022, 18% of the NCR land were part of the incentives payment programme involving 2,035 landowners. In exchange for their participation in the programme, indigenous landowners received 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.

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

| | 2020 | 2021 | 2022 |
|---|-----------|-----------|------------------|
| Total amount of incentives paid to local communities, as part of land management (RM) | 4,649,135 | 4,234,502 | 4,340,961 |

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 2022, we signed contracts worth RM154 million as part of the VDI initiative, of which, 38.80 % were Bumiputera businesses with a total contract value of RM59 million.

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

Our sustainability aspirations and efforts are now focused on sustaining MSPO Certification Programmes and improving our commitment towards the NDPE Policy in line with our position as a major industry player. These efforts will guide us in formalising our sustainability commitments and systems that are presently in place to manage our sustainability matters.

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. Our values will ensure that we do not falter in upholding our sustainability commitments as we move towards becoming a sustainable palm oil player.