

Statement and Report on Corporate Responsibility and Sustainability

INTRODUCTION

Sustainability will always be integral to the Group’s business endeavours. This is reflected in our continued commitment to deliver shared value for our stakeholders through sustainable and responsible stewardship in all aspects of our business. The Group’s corporate responsibility (“CR”) blueprint of “Nurturing Sustainability” focuses on four pillars for continuous improvement in implementing best practices in accordance with Bursa Malaysia’s CR framework. These are categorised under Productivity and Innovations, Care for Environment, Investor in People and Returning to Community. These pillars mirror the Bursa Malaysia’s CR framework that emphasis on the Marketplace, Environment, Workplace and Community. The Group’s CR framework is our mantra or way of life as it continues to be immersed in our business model and daily operations towards producing palm oil products in a more responsible and sustainable manner. By ingraining these intertwined imperatives and a host of CR initiatives within our people and business dealings, the Group is confident of becoming an exemplary corporate player among responsible oil palm plantation companies whilst continuously exercising improvement initiatives. As the Group rolls out existing CR initiatives while introducing new ones, we are affirmed that our efforts will bring forth tangible outcomes that will deliver positive socio-environmental footprints and create shared value for our relevant stakeholders.

SUMMARY OF THE GROUP’S ONGOING CORPORATE RESPONSIBILITY INITIATIVES AND ACTIVITIES CARRIED OUT IN THE REPORTING YEAR IN LINE WITH THE BURSA MALAYSIA’S CORPORATE RESPONSIBILITY-SUSTAINABILITY FRAMEWORK ON FOCUS AREAS PERTAINING TO THE PLANTATION SECTOR

THE GROUP’S PILLARS OF SUSTAINABILITY

PRODUCTIVITY & INNOVATIONS



CARE FOR ENVIRONMENT



INVESTOR IN PEOPLE



RETURNING TO COMMUNITY



**IN LINE WITH BURSA
MALAYSIA'S CORPORATE
RESPONSIBILITY &
SUSTAINABILITY FOCUS AREAS
FOR THE PLANTATION SECTOR**

**THE GROUP'S CORPORATE RESPONSIBILITY INITIATIVES
AND ACTIVITIES CARRIED OUT IN THE REPORTING YEAR**

**THE GROUP'S
CORRESPONDING
STATEMENTS
AND REPORTS**

MARKETPLACE

- Business sustainability
- Operational best management practices
- Sustainability certification
- Ethical code of conduct
- Procurement and standards for suppliers
- Facilitation payments
- Consumer awareness
- Fairtrade
- Internal customer service
- Driving innovations
- Business risk management
- Corporate Governance
- Stakeholder engagements

- Achieved continuity in business profitability against the backdrop of high oil yield of 5.4 mt/ha in Malaysia amidst challenging commodity business realities.
- Research imperatives carried out by the Group's Quality, Training and Research Centre (QTRC). Review of the Group's standard operating procedures covering various aspects of operations. Collaborations with external parties.
- Quality and sustainability certifications ranging from HACCP, CoP, MSPO and ISCC.
- Code of Ethics and Corporate Governance rolled out.
- Effective tendering procedures.
- Finance, administrative and contract (FAC) procedures are in place.
- Supporting promotional efforts by MPOC and continued with myriad of stakeholder engagement initiatives.
- Policies in place: Code of Ethics and Corporate Governance.
- Continued engagements between estates, mills and service providers to enhance internal customer satisfaction.
- Enhancing customer service with external buyers of palm products. Meeting palm product quality specifications and customer needs.
- Promoting innovations throughout operations eg. focused on mechanisation in estates.
- Risk management and internal controls are in place with regular reviews.
- The Group was presented with the MSWG's Top PLC (Mid-cap) for Corporate Governance 2014.
- Hosted a total of 28 stakeholder engagement in reporting year.

Statement and Report on Marketplace

Statement on Corporate Governance

Statement on Risk Management and Internal Control

ENVIRONMENT

- Operational environmental friendly practices
- Conservation of high conservation value areas
- Land clearing policy
- Flora Biodiversity
- Fauna Biodiversity
- Waste management
- 3Rs: Reduce, Reuse & Recycle
- Pollutions Control and Prevention
- Energy and climate change
- Resource stewardship
- Waste management
- 'Green' marketing
- Environmental management
- Operational eco-efficiency

- Continued resource stewardship and operational practices that deliver positive environmental footprints.
- Maintaining and enhancing conservation sites such as "Hundred Acre Wood", riparian reserves and flood prone areas.
- Zero-burning in all new and replantings.
- Ongoing tree planting and rehabilitation on riparian reserves. 6,514 tree saplings planted in RJS estate.
- Promoting avian biodiversity awareness through 2014 Borneo Bird Festival. Crocodile relocation with Sabah Wildlife Department. Continued with integrated pest management.
- Best management practices for waste management in estates and mills.
- Quarterly 'Greening Saturdays' in HQ collected 900kg of waste for 3Rs.
- Best practices for spills prevention, effluent treatment and zero discharge practices.
- Biogas capture in palm oil mill, biomass utilisation for power generation and GHG monitoring.
- Continued implementation of rain harvesting, drip-irrigated nurseries, land irrigation with treated effluent and soil erosion control.
- Best management practices in place for waste management in estates and mills, practices in accordance to legal requirements.
- Sustainability-related certification ranging from CoP, MSPO and ISCC with environmental considerations.
- Implementation of environmental management plans in operating units spearheaded by in-house sustainability team.
- Integrated pest management and other operational environmental friendly BMPs.

Statement and Report on Environment & Resource Stewardship

WORKPLACE

- Employees engagement
- Respect human rights
- Occupational safety and health
- Provision of housing and amenities
- Working hours and minimum wage
- Education for guest workers children
- Diversity and inclusion
- Pay for performance
- Employees competency
- Competency trainings and retrainings
- Talent attraction, retention and development

- Carried out an employees engagement survey. Results showed high employee engagement score of 91% (from 82% in 2011). Continued with JCCs in operating units.
- Policy in place: Human Rights Policy.
- Policy in place: Statement on Environmental, Safety and Health, OSHA Month campaign, OSH awareness and ongoing trainings, medical surveillance and clinics facilities in plantations.
- Continued to invest in quality housing and amenities for the benefit of the plantation community including utilities such as treated water and electricity.
- Policy in place: Human Rights Policy.
- Managing 3 Humana-IJMP learning centres involving some 271 children.
- Embedded in the Group's core-values (I-PETRIC-Q) and Diversity & Inclusion Policy.
- Pay for performance with long term incentive plan (ESOS & ESGP) against the Group's principle of "shared destiny".
- Carried out ongoing skill and competency trainings through training need analysis. Partnership with OUM in providing tertiary learning opportunity in Sugut Region.
- A total of 342 different types of trainings were organised covering the training needs of all levels of employees.
- Managing intergenerational shift and empowering Gen-Y to lead in operational units.

Statement and Report on Workplace

Statement and Report on Marketplace

COMMUNITY

- Stakeholder engagement
- Local communities
- Social Equality
- Community health and safety
- Sport excellence for youth
- Focus on breast health awareness
- Empowering women
- Education
- Basic health imperative
- Collaboration with local tertiary institutions
- Volunteerism

- Hosted various stakeholder engagement including Walk with CEO programme.
- Extended assistance to the surrounding kampong communities in constructing community hall, roads and bridges.
- Policy in place: Human Rights Policy.
- Carried out health outreach and conservation awareness in schools and rural villages in Sugut/Paitan.
- Focused on youth sport development through rugby partnership involving over 80 schools and 2,500 students in reporting year.
- Collaborated with NGO and emphasis on grass-root breast health awareness (BHA) targeting schools. Total of 150 students participated in BHA activities organised.
- Promoting gender diversity with female graduates offered internship and job opportunities in plantation.
- Offered IJM scholarships to deserving students for local tertiary education.
- Providing basic medical and health assistance to rural communities.
- Provision of attachment trainings and internships for students with career opportunities.
- Promoted volunteerism among employees in various initiatives including blood donations and other outreach projects. Total of 243 pints donated in reporting year from 11 blood donation campaigns.

Statement and Report on Community

Statement and Report on Corporate Responsibility and Sustainability (cont'd)

SUMMARY OF SOME CR RELATED ACTIVITIES CARRIED OUT IN REPORTING YEAR 2015



Total schools involved in rugby sport excellence

