

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ABOUT THIS SUSTAINABILITY STATEMENT

This sustainability statement describes the sustainability strategies, initiatives and values which underpinned our sustainability journey at Hap Seng Consolidated Berhad (Hap Seng or the Group), which align with our corporate vision of “Creating Value Together”.

REPORTING PERIOD AND SCOPE

This sustainability statement encompasses our sustainability-related performance for financial year (FY) 2024, commencing 1 January 2024 to 31 December 2024, from across our corporate headquarter in Kuala Lumpur to our six business divisions: Plantation, Property, Credit Financing, Automotive, Trading and Building Materials. The tiles business segment by Hafary Holdings Limited, which is a new segment operating under the Building Materials division has been included as part of the new reporting scope. Aside from that, we have also expanded our reporting to include data and information from all operating units within our operational control across Malaysia, Singapore, China, Indonesia and the United Kingdom.

Our Plantation division, Hap Seng Plantations Holdings Berhad (Hap Seng Plantations), a public listed entity, publishes its standalone Sustainability Report. The report and its full ESG disclosures can be found at: <https://www.hapsengplantations.com.my/sustainability-report.html>. Sustainability performance for Hafary Holdings Limited, a subsidiary of the Group listed on the Singapore Exchange Limited (SGX), can be found in its Annual Report, which is available at: https://www.hafary.com.sg/investor_relations_annual_reports. For the purpose of this sustainability statement, only key environmental, social and governance (ESG) performance of Hap Seng Plantations and Hafary will be disclosed to provide the overall Group ESG performance.

REPORTING FRAMEWORK

We have prepared our sustainability statement with reference to the following framework and standards:-

- i) Bursa Malaysia Securities Berhad's Main Market Listing Requirements,
- ii) Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition),
- iii) Global Reporting Initiative (GRI) Universal Standards 2021 and the sector standards, GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022,
- iv) International Financial Reporting Standards (IFRS) S1 & S2.
- v) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and Roundtable on Sustainable Palm Oil (RSPO) PalmGHG methodology for carbon emissions disclosure.

ASSURANCE

The data and information presented in this sustainability statement has not been internally reviewed by our internal auditor nor has it been assured by a third-party. The Group however is planning to have the sustainability statement internally reviewed by next year, with the goal of conducting qualified third-party assurance in the future.

This sustainability statement has been reviewed by our Annual Report Committee and presented to the Board of Directors prior to publishing.

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Hap Seng Sustainability Journey

2017

- Conducted the first materiality assessment and identified 13 material sustainability matters.

2019

- Included Governance pillar under sustainability pillars.
- Adopted SDG 16.

2021

- Expanded the disclosure and coverage of ESG performance to align with GRI
- Incorporated essential ESG data and information of Plantation division.

2023

- Established the ESG-related key performance indicators (KPIs) for the Group.
- Linked the ESG KPIs to the remuneration of the senior management.
- Established the Group’s GHG emissions baseline based on GHG Protocol.
- Quantified scope 3 (business travel) GHG emissions.
- Issued SLBs of up to RM1.25 billion.
- Reconducted materiality assessment and identified 14 material sustainability matters.

2018

- Adopted eight Sustainability Development Goals (SDGs) SDG 1, 4, 6, 8, 9, 11, 12 and 13.

2020

- Reconducted materiality assessment and identified 13 material sustainability matters.

2022

- Published the Group Sustainability Framework.
- Established the Group Sustainability Committee and Divisional Sustainability Working Committee.
- Realignment of material matters to the requirements from Bursa’s Enhanced Sustainability Framework.
- Commenced quantification of scope 3 GHG emissions.
- Issued Sustainability-linked Bonds (SLBs) of up to RM1.1 billion as of December 2022.
- Reconducted materiality assessment and identified 15 material sustainability matters.

2024

- Disclosed the qualitative climate risks and opportunities assessment in accordance to the IFRS S2 requirements.
- Expanded scope of disclosure by incorporating Hafary and operations outside Malaysia.
- Issued SLBs of up to RM1.78 billion.

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Key Sustainability Highlights in FY2024



GOVERNANCE

- Reporting **ESG-related KPIs** and linked the KPIs as part of remuneration of the senior management.
- Alignment to **IFRS S2 climate-related disclosure**.
- FTSE4Good ESG score remains at **2.8**.
- SPOTT ESG Policy Transparency Assessment score improved to **87.5%**.
- Rated **"A"** in MSCI ESG Rating.



ECONOMY

- **86.5%** average procurement and services spending on local suppliers.
- Supported **13 third-party fresh fruit bunches (FFB) suppliers** in their sustainability certification journey.



ENERGY

- Derived **71.5%** of energy requirement from renewable energy sources.
- Biogas plants generated **16.08 million kWh** of renewable electricity for plantation operations.
- Derived **2.44 million kWh** from solar energy for autohaus and Hafary operations with excess electricity sold to the grid.



WASTE

- **314,052 MT** of generated non-scheduled waste was recycled and reused.
- Avoided **196,634 tCO₂-e** of emission by diverting recyclable waste from landfill.
- Reduced **82,000 pieces** of paper parking ticket with the implementation of cashless parking system within the premises of Hap Seng.



GREENHOUSE GAS EMISSIONS

- **236,408 tCO₂-e** GHG emissions were sequestered from existing oil palm trees and conservation efforts.
- Installed **39 units of electric vehicle charger** at 10 of the Hap Seng Star's autohaus throughout Malaysia.
- Installed **2 units of electric vehicle charger** at Menara Hap Seng 2 in the collaboration with Shell Malaysia.



CORPORATE SOCIAL RESPONSIBILITIES

- Contributed more than **RM2.82 million** for education and community programmes that benefited more than **11,000 beneficiaries**.

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ACHIEVEMENTS & RECOGNITIONS

Business Division	Achievement/ Recognition	Operating Unit
Plantation	Roundtable on Sustainable Palm Oil (RSPO) Certification	100% of oil mills 11 out of 14 estates
	Malaysian Sustainable Palm Oil (MSPO) Certification	100% of oil mills and estates
	International Sustainability & Carbon Certification (ISCC EU)	100% of oil mills
	Hazard Analysis and Critical Control Points (HACCP) Certification	100% of oil mills
	Makanan Selamat Tanggungjawab Industri (MeSTI) Certification	100% of oil mills
	HALAL Certification	100% of oil mills
	Zero Off Spec CPO by IOI Edible Oils	Tomanggong Palm Oil Mill
	Best Quantity CPO Supplier by IOI Edible Oils	Tomanggong Palm Oil Mill
	Absolute Scope 1 & 2 GHG Emissions	113,775.84 t CO ₂ -e
Property	Leadership in Energy and Environmental Design (LEED) Certified	Menara Hap Seng 3 Plaza Shell
	Green Building Index (GBI) Certified	Menara Hap Seng 2
	Green Real Estate (GreenRE) Certified	Mercedes-Benz Setia Alam Autohaus Mercedes-Benz Bukit Tinggi Autohaus
	FIABCI Malaysia Property Award 2024	Hyatt Centric Kota Kinabalu
	Asia Pacific Property Awards 2024: Gold - Hotel (Up to 300 rooms) Category	Hyatt Centric Kota Kinabalu
	Provisional GreenRE Certification	
	Bronze	Eko Perdana & Bandar Sri Perdana
	Gold	Retail Podium @ KL Midtown
	GreenRE Certification – Silver	Hyatt Centric Kota Kinabalu
	PAM Sabah Awards	
	Silver: Category 2 - Multiple Residential : Low-Rise	South Ville Apartment @ Bandar Sri Indah
Silver: Category 3 - Multiple Residential : High-Rise	Kingfisher Sandakan	

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Business Division	Achievement/ Recognition	Operating Unit	
Automotive	Environmental Management System (ISO 14001) Certified	Hap Seng Star Jalan Sultan Ismail	
	Quality Management Systems (ISO 9001) Certified	Hap Seng Star Kinrara Hap Seng Star Jalan Sultan Ismail Hap Seng Trucks Distribution Sdn Bhd	
	Mercedes-Benz Retail Partner of The Year Award 2024		
	Retail Partner of The Year - 1 st Runner-up	Hap Seng Star Kinrara	
	Retail Partner of The Year - 2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Best in Customer Service - 2 nd Runner-Up	Hap Seng Star Kinrara	
	Best in CSI (5 Star Rater) - Champion	Hap Seng Star Kinrara	
	Best in CSI (5 Star Rater) - 1 st Runner-up	Hap Seng Star Melaka	
	Best in CSI (5 Star Rater) - 2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Best in Financial Services - 2 nd Runner-up	Hap Seng Star Kinrara	
	Best in Business Excellence - 1 st Runner-up	Hap Seng Star Bukit Tinggi	
	Service Excellence Award 2024 - Champion League		
	Champion	Hap Seng Star Kinrara	
	1 st Runner-up	Hap Seng Star Melaka	
	2 nd Runner-up	Hap Seng Star Bukit Tinggi	
	Service Excellence Award 2024 - Super League		
	Champion	Hap Seng Star Kota Kinabalu	
	1 st Runner-up	Hap Seng Star Kuching	
	Building Materials	Brick certified by SIRIM and BOMBA for Integrity, Insulation, Strength and Hose Stream Test	Sin On Tiku Brick Factory
		Quality Management System (ISO 9001) certified	Hafary Pte Ltd
Occupational Health and Safety (OH&S) Management System (ISO 45001) certified		Hafary Pte Ltd	
Bizsafe Star Certification		Hafary Pte Ltd	
SIRIM Eco-Labelling Scheme		International Ceramic Manufacturing Hub Pte Ltd	
Singapore Green Labelling Scheme		International Ceramic Manufacturing Hub Pte Ltd	
The Edge Singapore Centurion Club Awards (Cyclical Consumer Products + Cyclical Consumer Services + Personal & Household Products & Services Sector) - Returns To Shareholders Over Three Years - Weighted Return On Equity Over Three Years - Overall Sector Winner		Hafary Holdings Limited	

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EXTERNAL MEMBERSHIPS AND ASSOCIATIONS

Hap Seng is a member of various industry associations and trade groups. Through these associations, we regularly engage with key industry players, keeping us abreast with the latest industry developments and best practices.

As a member, Hap Seng regularly uses the opportunity to influence the value of good sustainability practices within the respective industry.

Division	Business Segments	Membership/Association
Corporate	-	Malaysian-German Chamber of Commerce (MGCC)
		Public Listed Companies Transformation (PLCT) Programme
Plantation	-	Roundtable on Sustainable Palm Oil (RSPO)
		Malaysian Palm Oil Association (MPOA)
		Malaysian Palm Oil Board (MPOB)
		Malayan Estate Owners' Association (MEOA)
Property	Property Development	Real Estate and Housing Developers' Association (REHDA) Malaysia
		Sabah Housing and Real Estate Developers' Association (SHAREDA)
		International Real Estate Federation (FIABCI) Malaysia
	Property Investment	Malaysian Palm Oil Board (MPOB)
		Construction Industry Development Board (CIDB)
Hospitality	Sabah Timber Industries Association	
Credit Financing	-	Malaysian Association of Hotels Owner (MAHO)
		Asset Financing and Leasing Association of Malaysia (AFLAM)
Automotive	Passenger	Association of Hire Purchase Companies Malaysia (AHPKM)
		Malaysian Retail Chain Association (MRCA)
		Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI)
	Commercial	Malaysian Automotive Association (MAA)
		Association of Malaysian Hauliers (AMH)
Trading	Fertilizer Trading	Malaysian Automotive Association (MAA)
	General Trading	Zero Emission Vehicles Association (ZEVA)
	Quarry	Fertilizer Industry Association of Malaysia (FIAM)
Building Materials	Hafary	Master Builders Association Malaysia (MBAM)
		Sabah Quarry Association
		Singapore Business Federation
		Singapore Renovation Contractors and Materials Suppliers Association

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OUR RESPONSIBILITY TOWARDS SUSTAINABLE DEVELOPMENT

Supporting the United Nations Sustainable Development Goals

In line with our dedication to the United Nations Sustainable Development Goals (SDGs), we have identified and embraced nine out of the 17 SDGs set forth by the United Nations. These SDGs have been strategically aligned with our potential for value creation by leveraging our operational nature and extensive network.

Our contribution in FY2024 under the respective SDGs are: -

- Provided 2,340 new employment opportunities.
- Provided financial services to 2,472 Small and Medium Enterprises (SMEs).



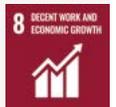
- Contributed RM2.82 million for education and development programmes.
- 4,028 students and teachers benefited from our education and development programmes.
- Sponsored 10 school leavers for the Advanced Modern Apprenticeship programme to develop qualified and competent automotive technicians.



- Use harvested rainwater as alternative water source at Plantation, Property and Automotive divisions.
- Supplying treated water for the employees and their family members in the plantation.
- Equipped toilet with water-efficient dual flush and automatic faucets to reduce water consumption.



- Supported local economy development by procuring 86.5% of supplies and services locally.
- Exercise non-discriminatory hiring practices.
- All employees undergo evaluation based on KPIs or an equivalent performance-based assessment.
- Averaged 8.41 training hours per employee.



- Eco-friendly fittings incorporated wherever possible in constructed properties.
- Renewable energy generation from biogas, biomass, biofuel and solar energy.
- Recorded zero data mismanagement within the reporting period.



- Certified for various industry and internationally recognised ESG and green building certifications (refer to Achievements & Recognitions section on page 82 to 83).
- Developed 2.630 million sq. ft. of certified green buildings as of FY2024.



- Implemented reuse and recycle measures to optimise resource consumption and waste generation.
- Recovered 314,052 MT of recyclable wastes through recycle and reuse.
- Achieved various industry and international quality certifications (refer to Achievements & Recognitions section on page 82 to 83).
- Continuous improvement through proactive customer satisfaction survey (refer to Quality Products & Services section on page 98 to 99).
- Implemented an Integrated Pest Management (IPM) approach to control pests in plantation.



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- Derived 71.5% of energy consumption from renewable energy.
- Conserved 1,402 hectares as High Conservation Value (HCV) area and 1,057 hectares of riparian reserve as of FY2024.
- Quantified scope 1, scope 2 and partial scope 3 greenhouse gas emissions.
- Carbon emissions reduction of 236,408 t CO₂-e through carbon sequestration from conservation area and oil palm plantings.
- Renewable energy from biogas was utilised in three out of four palm oil mills.
- Solar energy was utilised at seven locations under the Automotive division and Hafary.
- No reported incident of deforestation and fire within and surrounding the plantation.



- Zero corruption case reported.
- Continuous compliance to ESG requirements.
- Provided channels to report incidents or wrongdoing in the organisation.



Our Approach to Sustainability

To ensure alignment between the business priorities and sustainability performance, the Group has integrated ESG performance into the business divisional KPIs which is linked to the remuneration of employees. This approach incentivises management to focus on sustainability initiatives and address areas of improvement that are material to our businesses.

Below are the Group’s sustainability pillars, upon which we structure our approach and ESG-related KPIs to build a sustainable business.

Responsible Governance	Economic Resilience	Environmental Protection	People & Community Development
<p>Strong governance is needed to ensure the Group continues to operate in an ethical manner, thus fostering trust among out stakeholders.</p>	<p>Stable economic growth supports the development of the Group, contributing to long-term value creation for our stakeholders.</p>	<p>Limiting our environmental footprint is crucial for preserving natural resources for future generations and mitigating adverse impacts resulting from climate change.</p>	<p>Safeguarding a conducive workplace which retains and attracts talent that contribute to the achievements of our strategies and goals. We also contribute to the community outside the workplace through development programmes to alleviate socio-economic hardships within our surrounding communities.</p>

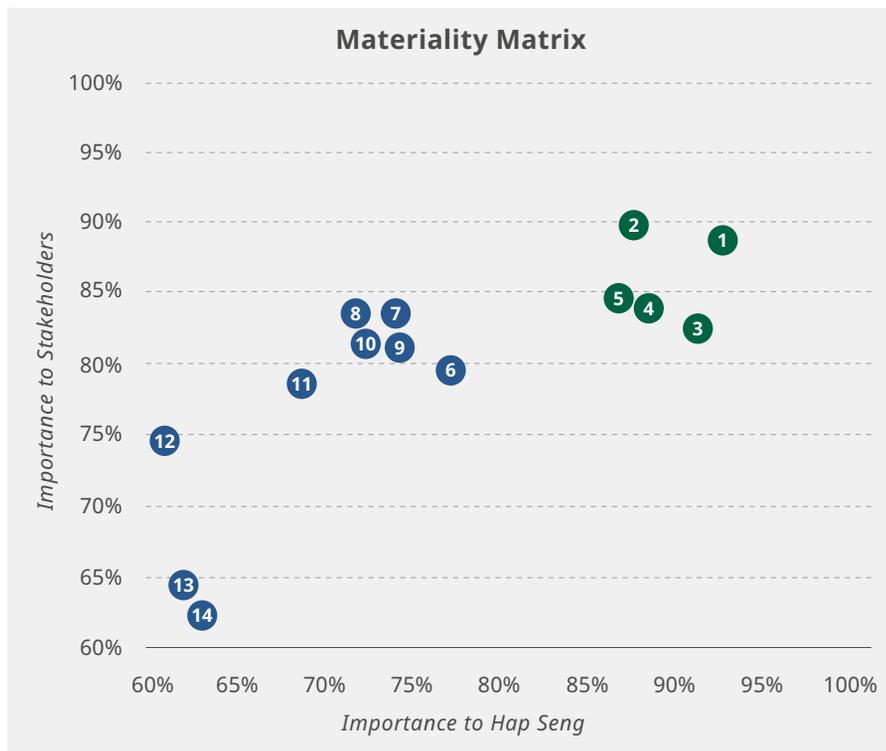
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OUR MATERIAL SUSTAINABILITY MATTERS

A list of 14 material matters were identified in FY2024. The material matters were rated and deliberated by the Group Sustainability Committee, taking into consideration expectation from regulators, industry, stakeholders and latest local and global ESG requirements. The material matters are aligned to the latest Bursa Malaysia's Enhanced Sustainability Disclosure requirement on common sustainability matters. Outcome of the materiality assessment was presented to the board of directors.

Stakeholder Ranking	▶	Importance of Material Matter to Business Operations	▶	Importance of Material Matter to Stakeholders
Key stakeholder group was assigned a ranking based on priority to the Group.		A ranking was assigned to each material matter in accordance with its importance for the continuity and strengthening of business performance and operations.		Material matter was ranked based on importance to a selected stakeholder group. Ranking on stakeholders' material matters are based on our regular correspondence and understanding on them.



Most Important Material Matters

- 1 Economic Performance
- 2 Corporate Governance, Transparency and Anti-corruption
- 3 Data Privacy and Security
- 4 Health and Safety
- 5 Quality Products & Services

Other Important to Moderately Important Material Matters

- 6 Labour Practices and Standards
- 7 Emissions Management
- 8 Supply Chain Management
- 9 Energy Management
- 10 Waste Management
- 11 Water Management
- 12 Supporting Small & Medium Enterprises
- 13 Community/ Society
- 14 Diversity

Changes in FY2024 materiality assessment:

- Material matters such as health and safety, labour practices and standards, emissions management and supporting small and medium enterprises were repositioned to a higher level of importance compared to last year.
- The level of importance for corporate governance, transparency and anti-corruption, data privacy and security, energy management, waste management and water management remain unchanged.
- The importance of quality products & services, supply chain management and community/ society were rated lower than the previous year.

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DESCRIPTION OF OUR MATERIAL MATTERS

Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Economic Performance	Consistent and strong economic growth will create long-term value to the company and stakeholders.	<ul style="list-style-type: none"> Limited local economic development and low employment rate. 	<ul style="list-style-type: none"> Contribute to economic development and provide employment opportunity. 		<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Shareholders, investors and analysts.
Corporate Governance, Transparency and Anti-corruption	Robust governance structure and good business ethics will strengthen reputation long-term value creation.	<ul style="list-style-type: none"> Increased cost from non-compliance and losing brand reputation. 	<ul style="list-style-type: none"> Improve stakeholders' confidence by demonstrating ability to meet ESG requirements. 	 	<ul style="list-style-type: none"> Regulators and government bodies. Shareholders, investors and analysts. Customers.
Data Privacy and Security	We uphold stringent data protection practices to ensure confidential data is kept securely and not misused in any way.	<ul style="list-style-type: none"> Leaking of confidential and personal data can be reputationally and financially detrimental. 	<ul style="list-style-type: none"> Improved stakeholders' confidence. 		<ul style="list-style-type: none"> Employees. Regulators and government bodies. Suppliers. Customers.
Health & Safety	Ensuring a healthy and safe working environment and optimal productive workforce.	<ul style="list-style-type: none"> Poor health and safety practices would lead to operational inefficiency and legal non-compliance. 	<ul style="list-style-type: none"> Improved working environment, productivity and regulatory compliance. 		<ul style="list-style-type: none"> Employees. Regulators and government bodies. Media.
Quality Products & Services	Continuous improvement in products quality and services will ensure the business remains relevant to the market.	<ul style="list-style-type: none"> Diminishing brand value and reputation. 	<ul style="list-style-type: none"> Competitive advantage through improved products and services. 	 	<ul style="list-style-type: none"> Employees. Customers. Shareholders, investors and analysts. Media.
Labour Practices and Standards	Well managed, effective and functional workforce are important for continuous business development.	<ul style="list-style-type: none"> Under motivated and incompetent workforce may limit the organisation's growth. 	<ul style="list-style-type: none"> Effective and skilled workforce increase competitive advantage and continuous innovation. 	 	<ul style="list-style-type: none"> Employees.

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Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Emissions Management	Supporting the global climate agenda by mitigating climate change through best operational practices and low carbon operations.	<ul style="list-style-type: none"> Delayed transition to low-carbon operations could result in missed opportunities in the low-carbon economy. 	<ul style="list-style-type: none"> Contributing to the global climate agenda. Improved competitive advantage by capturing opportunities in low-carbon economy. 		<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Suppliers. Customers. Shareholders, investors and analysts. Media.
Supply Chain Management	Reliable and consistent supply chain will ensure seamless raw materials procurement and product distribution.	<ul style="list-style-type: none"> Disruption in supply chain may increase cost of production. 	<ul style="list-style-type: none"> Well managed supply chain ensures sustainable business growth. 		<ul style="list-style-type: none"> Suppliers. Customers.
Energy Management	Adoption of renewable energy and efficient energy management enable businesses to operate at higher capacity while minimising the operational and environmental costs.	<ul style="list-style-type: none"> Increasing stakeholder's requirements on energy efficient products and services. 	<ul style="list-style-type: none"> Enable businesses to operate at higher efficiency, reducing cost of operation and minimising impacts to environment. 	  	<ul style="list-style-type: none"> Employees. Customers. Shareholders, investors and analysts.
Waste Management	Efficient waste management leads to long-term sustainable growth and maximising resources use efficiency.	<ul style="list-style-type: none"> Irresponsible production may lead to negative environmental impact and potential legal non-compliances. 	<ul style="list-style-type: none"> Minimising direct environmental impact and expenses on waste management. 	  	<ul style="list-style-type: none"> Employees. Communities. Regulators and government bodies. Media.
Water Management	Proper water management reduces operational costs, mitigates risks, and protects the environment.	<ul style="list-style-type: none"> Inefficient water management may lead to scarcity, higher costs, fines, and negative environmental impacts. 	<ul style="list-style-type: none"> Efficient water resources management can reduce operating costs. 	 	<ul style="list-style-type: none"> Communities. Regulators and government bodies. Media.

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Material Matter	Why This Is Material to Hap Seng and Our Stakeholders	Potential Risk	Potential Opportunity	Link to Adopted SDG	Link to Our Stakeholders
Supporting Small & Medium Enterprises	Provide opportunity for SMEs to grow their businesses through financing products and services, consequently supporting the local economy.	<ul style="list-style-type: none"> Inadequate support to SMEs may limit businesses growth opportunity. 	<ul style="list-style-type: none"> SME contributing significantly to the Malaysia's Gross Domestic Product (GDP). 		<ul style="list-style-type: none"> Regulators and government bodies. Customers.
Community/ Society	Value creation to local communities through our Corporate Social Responsibility (CSR) and educational programmes.	<ul style="list-style-type: none"> Deprived local community may negatively impact the overall economic development. 	<ul style="list-style-type: none"> Empowered community will directly elevate socio-economy and business opportunities. 	   	<ul style="list-style-type: none"> Communities. Media.
Diversity	Diversity brings together people from different backgrounds, experiences and perspectives, leading to innovation, better problem-solving and a stronger company culture.	<ul style="list-style-type: none"> Lack of diversity may result in reduced innovation, discrimination, and affect company reputation. 	<ul style="list-style-type: none"> Ability to foster a more inclusive culture and customer loyalty through better understanding of diverse customer needs. 		<ul style="list-style-type: none"> Employees.



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STAKEHOLDER ENGAGEMENT

At Hap Seng, we engage with our key stakeholders to ensure that our approach in addressing relevant sustainability matters takes into account their concerns and expectations. The table below covers the list of stakeholder groups, our engagement methods, and the way we respond to the identified material matters.

Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Material Matters	Our Response
Employees	<ul style="list-style-type: none"> Employees' intranet Internal emails Annual performance appraisal Training Internal meetings Interviews 	Ongoing, Annually	<ul style="list-style-type: none"> Corporate governance and transparency Occupational health and safety Talent management 	<ul style="list-style-type: none"> Continuous feedback and rectification through grievance and whistleblowing channels. Regularly provide updates on health and safety preventive measures. Career development, attractive remuneration and benefits package.
Communities	<ul style="list-style-type: none"> Community engagement sessions and community programmes Corporate website and social media 	Ongoing, Annually	<ul style="list-style-type: none"> Climate change Environmental stewardship Empowering local communities 	<ul style="list-style-type: none"> Organising programmes to uplift socio-economy of communities. Minimising potential impact to the communities through resources use efficiency and pollution prevention measures. Regular engagement and socialisation with local communities. Respecting Free, Prior and Informed Consent (FPIC) on new development involving community land rights.
Regulators	<ul style="list-style-type: none"> Regular compliance reporting Participating in government led initiatives Continuous engagement 	Ongoing	<ul style="list-style-type: none"> Corporate governance and transparency Occupational health and safety Environmental stewardship 	<ul style="list-style-type: none"> Establishing and implementing robust corporate governance across the Group. Adhering to the Anti-bribery & Corruption Policy. Adopting health and safety management system and preventive measures to minimise potential workplace accident. Regular monitoring on environmental and social compliance.
Suppliers	<ul style="list-style-type: none"> Tender process and supplier feedback mechanism Regular communication 	Ongoing	<ul style="list-style-type: none"> Supply chain management Supporting SMEs 	<ul style="list-style-type: none"> Practised equal business opportunity through tendering process. Procure from responsible and sustainable suppliers to minimise supply chain disruption. Supporting SMEs' growth by providing optimal financial solutions.
Customers	<ul style="list-style-type: none"> Customer networking event Customer satisfaction survey Online feedback 	Ongoing	<ul style="list-style-type: none"> Data protection Products quality and services Supply chain management 	<ul style="list-style-type: none"> Proactively request feedback from customers through customer satisfaction survey. Strengthening internal cybersecurity and data management system to safeguard customer's data. Timely product and service delivery to customer.

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Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Material Matters	Our Response
Investors	<ul style="list-style-type: none"> Annual General Meeting Investor engagement sessions Regular communication 	Ongoing, Quarterly	<ul style="list-style-type: none"> Corporate governance and transparency Economic performance 	<ul style="list-style-type: none"> Annual General Meeting is organised every year to update shareholders, investors and analysts on the Group's performance and strategy. Analyst briefings are conducted quarterly or as and when required to discuss financial performance of the Group. Press release is published as and when required to communicate latest business developments.
Media	<ul style="list-style-type: none"> Press release Information on the company's websites 	Ongoing	<ul style="list-style-type: none"> Corporate governance and transparency Economic performance 	<ul style="list-style-type: none"> Direct engagement to communicate latest and upcoming developments from the Group.

OUR ACHIEVEMENTS AND TARGETS

Our ESG-related KPIs were developed based on industry priorities and identification of our internal strength and potential value creation with the business divisions. The ESG-related KPIs were deliberated in the Group Sustainability Committee and approved by the Board. The Group has linked the identified ESG-related KPIs to the overall remuneration of the senior management.

Material Matter	ESG-related KPI	Performance	Remarks
Responsible Governance			
Data Privacy and Security	Zero substantiated breach of customer privacy and losses of customer data	Achieved No breach was reported	To maintain.
Economic Resilience			
Economic Performance	Providing returns to shareholders with not less than 50% dividend payout rate	Achieved Dividend payout rate: 77%	To maintain.
Quality Products & Services	Maintaining Customer Satisfaction Index scoring of more than 75% for Property Development (West Malaysia) and Automotive (Passenger Vehicles)	Achieved 79.0%: Property Development 98.0%: Passenger Vehicles	To maintain.
	Maintaining Tenant Satisfaction Index scoring of more than 80% (Property division)	Achieved Averaged score of 85.3% (Menara Hap Seng 1, 2, 3 and Plaza Shell)	To maintain.
	All new investment properties developed from 2025 onwards are certified with recognised green building certification	Future commitment	To disclose performance in FY2025.

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Material Matter	ESG-related KPI	Performance	Remarks
Economic Resilience (cont'd)			
Supply Chain Management	Supporting local economy by maintaining more than 60% procurement and services from local suppliers	Achieved Local Suppliers: 86.5%	To maintain.
	Performing ESG due diligence on all new and existing suppliers by 2024	Not achieved	Will be implemented in FY2025.
	Maintaining 100% traceability to the oil palm supply chain	Achieved FFB sources are fully traceable to the 13 supplying smallholders.	To maintain.
Supporting Small & Medium Enterprises	Supporting the growth of SMEs by providing more than 70% of our credit financing services to SME customers	Achieved 78.0% customers are operating SME businesses.	To maintain.
Environmental Management			
Emissions Management	Continuous reduction of scope 1 and scope 2 GHG emissions (intensity or absolute) from baseline year 2023	Achieved Emission Intensity (t CO ₂ -e/ RM'million Revenue): -4.0% Absolute Emission (t CO ₂ -e): +9.1%	Refer to page 108 for details on GHG emissions.
Energy Management	Continuous reduction in energy use (intensity or absolute) through efficient energy management	Achieved Energy Intensity (MJ/ RM'million Revenue): -5.6% Absolute Energy (MJ): +7.5%	Refer to page 113 for details on energy consumption.
	Maintaining more than 31% share of renewable energy by 2025 as per Malaysia's target	Achieved Overall, 71.5% energy consumption derived from renewable energy.	To maintain.
Water Management	Continuous reduction of water usage (intensity or absolute) from baseline year 2023	Achieved Water Consumption Intensity (m ³ / RM'million Revenue): -0.8% Absolute Water Consumption (m ³): +13.0%	Refer to page 116 to 118 for details on water consumption.
People and Community Development			
Health & Safety	Maintaining zero workplace-related fatality and high-consequence injury	Not achieved One fatality case recorded in Plantation division. One high consequence injury case recorded in Building Materials division.	Refer to page 126 for details on immediate actions taken to improve workplace safety.
Labour Practices and Standards	Zero substantiated discrimination and harassment case at workplace	Achieved Zero case reported.	To maintain.

RESPONSIBLE GOVERNANCE

Align to SDG:



Our Approach

The Board leads the Group, overseeing its management, objectives, and initiatives, including those of the Group Sustainability Committee. Both the Board and Hap Seng’s management are dedicated to upholding robust corporate governance and business ethics. Details regarding the Board’s duties and responsibilities are outlined in the Board Charter which is accessible on our corporate website, the Annual Report (page 62) and the Corporate Governance Report.

CORPORATE GOVERNANCE, TRANSPARENCY AND ANTI-CORRUPTION

Sustainability Governance

The Group has developed a Group Sustainability Framework that outlines the Group’s sustainability governance, commitments, and strategy, serving as a guide for all business divisions in addressing sustainability and potential climate-related risks and opportunities. The sustainability governance structure is laid out in the diagram below.

The Corporate Planning & Investor Relations Department (CPIR) manages and coordinates the sustainability activities within the Group and continuously engages with relevant internal and external stakeholders on the Group’s sustainability and climate-related matters.

The Group Sustainability Committee and the Divisional Sustainability Working Committee meeting will convene at least once annually, with biannual updates provided to the Board.

Group Sustainability Committee Structure and Responsibilities



¹ https://www.hapseng.com.my/en/download/termsofreference/HSCB_Sustainability_Framework.pdf

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

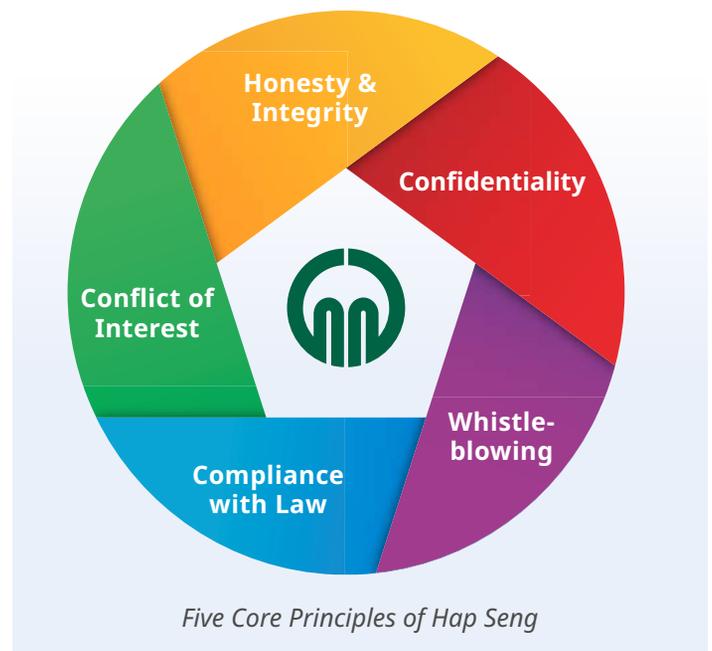
As the Group transitions to a more structured approach in sustainability management, it has implemented the following improvements recommended by the Group Sustainability Committee in FY2024:



Business Ethics and Policies

Hap Seng emphasizes business ethics and integrity through five core principles, integral to all employees' expected conduct. These principles are communicated during induction training and documented in the Employee Handbook and the Group's Code of Conduct, accessible via the employee intranet portal.

Hap Seng has a zero-tolerance policy towards bribery and corruption, as outlined in its Anti-Bribery and Corruption Policy (ABC Policy). Established in June 2020 and updated in November 2021, the policy aligns with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. All employees, business associates and external providers are required to sign an integrity declaration form affirming their adherence to the policy. External providers and business associates must also disclose any conflicts of interest.



Hap Seng established an Integrity Management Committee (IMC), to oversee the implementation of the ABC Policy. The IMC has introduced the Integrity Programme which includes policies, procedures, training and communication as well as monitoring and enforcement. Group Internal Audit conducts annual corruption risk assessments to ensure compliance with the ABC Policy. The FY2024 assessment identified a low corruption risk, with zero reported breaches or disciplinary actions against employees for non-compliance.

The Group conducted a comprehensive anti-bribery and anti-corruption training for employees as part of its anti-corruption programme. Subsequently, an Integrity Declaration process was implemented, mandating all the employees to make annual declaration to reaffirm their commitment to the ABC policy. New employees are also required to acknowledge their understanding of the ABC policy as part of the onboarding process. The policy is accessible on the Group's website for reference by internal and external stakeholders.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Whistleblowing Channel

Hap Seng has established a whistleblowing channel for employees and third parties to report suspected ABC Policy violations. Incidents involving employees are reported to the Industrial and Employee Relations Manager, while those involving Board members and senior management are reported to the Senior Independent Director.

The identity of the whistleblower will be protected throughout the investigation process to prevent potential threats and retaliation. There were no reported cases through the whistleblowing channel in FY2024.

Regulatory Compliance

Hap Seng is committed to full compliance with relevant laws and regulations. We have an in-house Legal and Compliance Department that closely monitors changes in applicable laws and regulations, and implements necessary actions to meet those changes.

The main laws and regulations that we are adhering:

- Companies Act 2016
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Income Tax Act 1967
- Employment Act 1955 (Amendment) 2022
- Personal Data Protection Act 2010 (PDPA)
- Capital Markets and Service Act 2007
- Environmental Quality Act 1974
- Occupational Safety and Health (Amendment) Act 2022
- Factories and Machinery Act 1967
- Children and Young Persons (Employment) Act 1966
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Malaysian Anti-Corruption Commission (Amendment) Act 2018

The risk of legal non-compliance has been adequately identified and mitigated through our internal controls and risk management process. In FY2024, there were zero reported incidents of non-compliance or fines related to environmental, social, and governance-related laws.

The Group does not engage in any lobbying practice or make any political contribution.

Risk Management

The Risk Management Committee of Hap Seng is responsible for conducting annual risk assessment and ensuring that mitigation measures are effectively implemented for identified risks, including sustainability and climate-related risks.

Risks are categorised based on low, moderate, significant, and high net risk ratings. After the risk assessment is completed, the Group implements additional controls and procedures to effectively manage identified risks within acceptable risk tolerance levels. More information on Hap Seng's approach to risk management can be found on page 74 of this Annual Report.

In FY2024, we conducted a climate risk assessment to identify potential physical and transition climate risks across the business. The processes for identifying, assessing, and managing sustainability and climate-related risks are integrated into the Group's Enterprise Risk Management (ERM) framework. Sustainability and climate-related risks are prioritized alongside other key risks within the Group's overall risk management strategy.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Data Privacy and Security

We strictly adhere to the requirements of the Personal Data Protection Act (PDPA) 2010 in managing customer data, supported by a clear policy governing its collection, storage, and usage.

The Group IT Department ensures cybersecurity through regular group-wide security assessments and phishing email tests to identify risks and vulnerabilities. Collaborating with a trusted security service provider enables comprehensive data monitoring and protection measures.

Access to customer personal data is restricted to authorized personnel within our operations. Annual reviews of user access to business systems across divisions are conducted by the Group IT Department to maintain security standards. Our commitment to data protection is strengthened by the Computer Access and Usage Policy, ensuring proper management of employee data.

Given the increasing reliance on technology, interconnected systems, and the rise of cyber threats, the Group has developed a cybersecurity protection plan to safeguard the company from potential cyber-attacks. Initial measures are implemented by the Group IT department include simulated phishing tests, cybersecurity awareness programmes and annual training sessions to enhance employee vigilance.

Cybersecurity Training	FY2022	FY2023	FY2024
Employees Participated	305	297	1,376
Total Training Hours	763	740	2,064

Note: This data excludes Hafary's operations outside of Malaysia

In the event of data breach, the Group IT Department shall promptly conducts a thorough investigation. Within 24 hours of the breach report, a risk assessment shall be initiated to gauge its impact on affected individuals and the Group. Remedial measures will then be developed to contain the breach and prevent further harm. Upon investigation completion, a report will be provided to the Chief Information Officer, outlining findings, causes, impact, and recommendations for strengthening the security system to prevent future incidents.

Throughout the year under review, the Group did not receive any substantiated complaints concerning breaches in customer privacy or data loss.

Customer Complaints on Privacy Breaches or Data Loss	FY2022	FY2023	FY2024
	0	0	0

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ECONOMIC RESILIENCE

Align to SDG:



Our Approach

Our Group's economic stability hinges not only on our operational success but also that of our business partners and stakeholders. Leveraging our size and reach, we aim to create positive impacts and opportunities throughout our value chain. Through long-term strategic planning, we enhance operational resilience while ensuring fair business opportunities and delivering top-quality products and services to meet stakeholder expectations.

ECONOMIC PERFORMANCE, QUALITY PRODUCTS & SERVICES, SUPPLY CHAIN MANAGEMENT

Economic Performance

Economic resilience forms the bedrock of our business culture and practice. It enables us to create value and make a positive impact to our stakeholders through dividend distributions, community service, and employment opportunities. By focusing on economic resilience, we are poised to drive sustainable growth for the Group and all our stakeholders. In FY2024, a total dividend of 20 sen per share for the year was declared and paid, representing a payout ratio of approximately 77%.

Investments in sustainability are an integral part of our Group's business strategy and value creation. To this end, we have issued Sustainability-linked Bonds (SLBs) of up to RM1.78 billion as of December 2024. These SLBs are aligned with the International Capital Market Association's Sustainability-linked Bond Principles, with a variable interest rate linked to the achievement of predetermined sustainability performance targets, such as reducing water and electricity consumption, increasing the use of solar energy, and implementing rainwater harvesting initiatives.

Quality Products & Services

In our Plantation division, we ensure compliance with palm oil buyers' requirements by sourcing responsibly and sustainably. All our palm oil is fully traceable to its source, with 80.87% also RSPO certified. Our palm oil holds various food quality certifications like HACCP, MeSTI, and HALAL. It consistently meets or exceeds the industry's vital quality parameters, resulting in our Plantation division being awarded Zero Off Spec CPO and Highest Quantity CPO Supplier by one of our major buyers, IOI Edible Oils in FY2024. Two of our palm oil mills have been equipped with a chloride washing plant as part of our proactive effort to reduce potential traces of 3-monochloro-propanediol esters (3-MCPDE) in our palm oil, a type of contaminant commonly formed in heat-processed oil. Compliance with food safety requirements and certifications enables us to cater to the stringent requirements of global buyers.

The Property division is guided by internal standard operating procedures, designed to ensure consistent and efficient operations while upholding high standards of quality and service across all property management activities. Our customer satisfaction survey uses a 5-point scale, allowing both customers and tenants to rate their level of satisfaction. The survey includes a series of general questions that cover various aspects, such as cleanliness, landscaping, security, customer service, quality of project delivery, property features, and more. Complaints or feedback from customers are handled by assigned sales consultants or customer service officers according to timelines stated in the standard operating procedures.

Property Development			
Customer Satisfaction Index (%)	FY2022*	FY2023*	FY2024
	78	79	79

* Restated data. Refer to page 130 for details.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

For our investment properties, we actively engage with tenants both in person and through online communication platforms, offering ongoing customer management support and conducting annual Tenant Satisfaction Surveys to gather feedback and ensuring that we consistently meet their needs. A tenant fit-out guide with specific green clauses that require the tenant to comply with during the renovation process is also provided to ensure alignment with our sustainability practices.

Property Investment			
Tenant Satisfaction Index (%)	FY2022	FY2023	FY2024
	85.7	84.8	85.3

Our Automotive division continues to focus on providing customers with end-to-end premium service experience, in both sales and aftersales. Several of our autohaus were also recognized as champions and runners-up in the Mercedes-Benz South East Asia II Service Excellence Award, highlighting Hap Seng Star's commitment to delivering exceptional sales and service experiences for its customers. Please refer to the Achievements & Recognitions section on page 82 to 83 for more information.

Automotive - Passenger Vehicle			
Customer Satisfaction Index (%)	FY2022	FY2023	FY2024
	97 to 100*	98.8	98.0

* A score range was reported in FY2022.

Supply Chain Management

Recent geopolitical developments, including rising trade tensions have further underscored the critical importance of resilient supply chain management and local sourcing. To an extent, Hap Seng mitigated the impact of global supply chain disruptions through its diverse range of businesses which strategically support internal synergies by supplying essential services and raw materials across different business divisions.

In Hap Seng, supplier selection is done through a transparent and impartial tendering process. Potential suppliers are evaluated based on a set of criteria to ensure they can deliver top-quality products and services that meet the demands of our customers. We hold our suppliers accountable to our ethical principles, as outlined in the Group Sustainability Framework, ABC Policy, relevant industry standards, and legal requirements. We target to implement responsible sourcing policy to enhance our supply chain resilience and sustainability in FY2025.

In FY2024, 86.5% of the Group's procurement expenditure was from local suppliers. The expenditures from Hap Seng Trucks Distribution and Hap Seng Fertilizers have been excluded from the calculation to provide a more accurate reflection of this indicator. Hap Seng Truck Distribution is the exclusive general distributor of Mercedes-Benz and FUSO commercial vehicles in Malaysia. It imports Completely Knocked Down kits from its principal, for assembly and distribution in Malaysia. Hap Seng Fertilizer supplies fertilizers primarily to oil palm plantations in Malaysia and Indonesia. Its fertilizer are sourced from foreign producers.

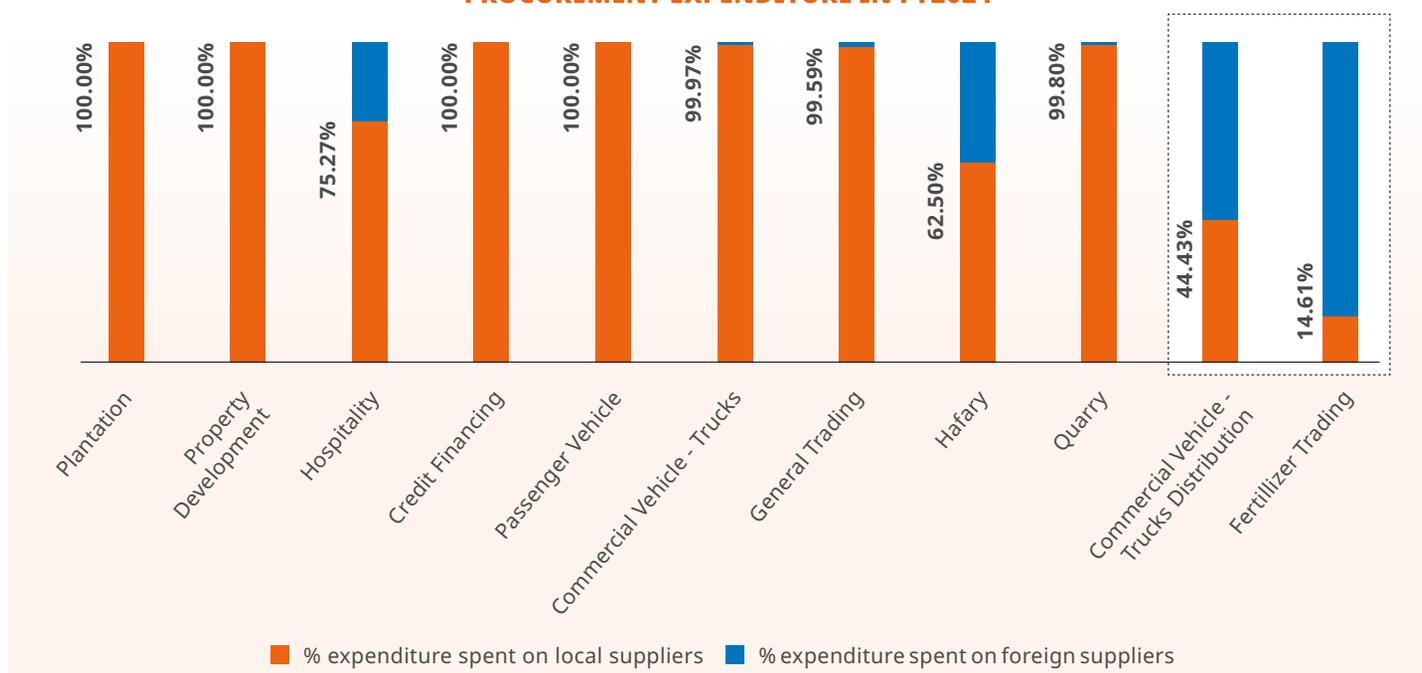
Procurement Expenditure Allocated to Local Companies (%)	FY2022	FY2023	FY2024*
	62.9	67.2	86.5

• Excluded expenditure data from trucks distribution and fertilizers trading.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PROCUREMENT EXPENDITURE IN FY2024



Supporting Small, Medium-sized Enterprises and Smallholders

Our success in maintaining a high proportion of SME customers in our Credit Financing division is a result of our commitment to providing tailored financing solutions that drive their business growth.

Proportion of SME Customer (%)	FY2022	FY2023	FY2024
	77.5	77.5	78.0

Our Plantation division supports 13 outgrowers and smallholders by promoting the adoption of sustainable practices through comprehensive training and technical assistance. This includes guidance on the sustainability certification and audit processes. We provide targeted training to enhance the skills of outgrowers and smallholders, equipping them with the knowledge needed to comply with sustainability certification. By actively assisting them throughout their certification journey, we ensure a consistent supply of sustainably sourced Fresh Fruit Bunches (FFB) for our mills. Close engagement with the outgrowers and smallholders also ensures our FFB are fully traceable from legal and sustainable sources. In FY2024, we sourced from 10 out of 13 certified outgrowers and smallholders, which exceeded our initial target of having 9 of our outgrowers and smallholders certified with either RSPO or MSPO certification. We will continue to engage the remaining outgrowers and smallholders and provide necessary support to expedite their sustainability certification process.

Certification Status of Outgrowers and Smallholders	
RSPO and MSPO certified	6
MSPO certified only	4
Total certified outgrowers and smallholders	10

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ENVIRONMENTAL PROTECTION

Align to SDG:



Our Approach

As a natural resource-dependent Group, we prioritize environmental conservation and minimizing operational impact for sustainable growth. We aspire to transition to low environmental footprint operation through utilization of renewable energy, recycle and reuse. As a certified sustainable producer, our Plantation division commits to no deforestation and protects areas with high carbon stock (HCS) and high conservation value (HCV).

Emissions Management

Our carbon footprint is calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard to ensure consistent reporting and future comparability across different business divisions. Data for emissions generated was based on internationally recognised calculation tools i.e. 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines and local emission factors (where applicable). Emission from the grid electricity was based on the Grid Emission Factor published by the local Energy Commission or published sources. Global warming potential from CH₄, N₂O, and HFCs were converted into CO₂ equivalents from the IPCC Sixth Assessment Report (AR6).

The control approach is used to consolidate the GHG emissions where we fully account the GHG emissions from operations over which we have control. The reporting coverage includes business divisions operating in Malaysia, Singapore, China, Indonesia and the United Kingdom.

We measure our emissions in three scopes:

- Scope 1: Direct GHG emissions from sources that are owned, such as company-owned vehicles, machineries and generators.
- Scope 2: Indirect CO₂-e emissions from the generation of purchased electricity.
- Scope 3: Indirect CO₂-e emissions that occur outside the organization covering the following scope 3 emission categories:
 - i) Category 3 – Fuel and energy-related activities
 - ii) Category 5 – Waste generated in operations
 - iii) Category 6 – Business travel
 - iv) Category 7 – Employee commuting
 - v) Category 13 – Downstream leased assets

Biogenic emissions are reported separately from the scopes according to GHG Protocol which cover CO₂ emissions from biomass combustion, biofuel consumption and application of biomass as organic manure. Land use change emissions are derived from the RSPO PalmGHG calculation, which is currently the most reliable approach for quantifying these emissions.

We continue to improve the data quality and explore opportunity to reduce emissions through renewable or environmentally friendly energy options. We continue to monitor our emissions through ESG-related KPIs and build our capacity in other categories of scope 3 emission quantification.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Climate-related Risks and Opportunity Assessment

In FY2024, we conducted our inaugural climate-related risks and opportunities assessment in accordance with IFRS S2 requirements. This initiative reflects our commitment to remain resilient and responsive to the evolving challenges posed by climate change. The output from this assessment will serve as a cornerstone for our ongoing efforts to integrate climate change management into our strategic decision-making and risk management.

IFRS S2 Climate-related Disclosures	Our Approach
Governance	We have established our Sustainability Framework and formed the Group Sustainability Committee to create value and address sustainability-related risks and opportunities including climate change. The Board is also updated with the sustainability-related and climate change implementation and progress biannually. Refer to page 94 for details on Hap Seng's sustainability governance structure.
Strategy	<p>In FY2024, we conducted a qualitative exercise to identify and assess the Group's climate-related transition and physical risks and opportunities. The key management team from our business divisions were engaged to understand how these risks and opportunities impact the business and operations, covering both organisation-wide and asset-level impacts.</p> <p>Hafary, a subsidiary of HSCB, has conducted its own climate risk assessment. Refer to Hafary's 2024 Annual Report on pages 37 to 39 for further details.</p>
Risk Management	Pages 103 to 106 provide a summary of identified transition and physical climate risks and opportunities, which risk ratings were assessed using our internal risk matrix, considering both likelihood and impact on a total of 153 premises, comprising 92 owned and 61 rented premises.
Metrics & Targets	<ul style="list-style-type: none"> • Absolute scope 1 and 2 GHG emissions from the business divisions in FY2024 valued at 179,821.26 tCO₂-e. The emission was higher than the targeted emission based on FY2023 at 164,806.80 tCO₂-e mainly due to the inclusion of emissions from Hafary. • Carbon emission from land use change was at 201,894 tCO₂-e, lower than FY2023 at 204,562 t CO₂-e (based on RSPO PalmGHG) due to the absence of land clearing activity for new planting in our Plantation division. • Carbon sequestered from conservation areas and oil palms was at 236,408.00 tCO₂-e, consistent with the previous year due to the unchanged planted area. • Biogenic emissions were at 163,972.71 tCO₂-e, lower than FY2023 at 210,627.48 tCO₂-e mainly due to the discontinuation of biomass Empty Fruit Bunch (EFB) incineration activity in the Plantation division and lower biodiesel consumption from quarry operations following rationalisation of its operations. • Quantified scope 3 emissions were at 30,949.67 tCO₂-e, higher than FY2023 at 26,092.90 tCO₂-e due to the addition of new emissions contribution from Hafary in FY2024.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Physical Risks

A physical climate hazard screening was conducted based on the following timeframes, climate scenarios and climate hazards:



Climate Scenarios

RCP 8.5 (High Emissions Scenario):
Business-as-usual emissions, likely leading to warming of 4°C by 2100

RCP 2.6 (Low Emissions Scenario):
Aggressive mitigation efforts, aiming for warming below 2°C by 2100

Note: The two climate scenarios for physical risk screening are based on Intergovernmental Panel on Climate Change (IPCC) report.

Climate Hazards	Chronic climate hazards	Hazard definitions	Climate hazard tool
	Coastal flooding	Rising sea levels and higher incidence of extreme sea events, including sea water flooding due to high tides, low air pressure and waves, which can damage coastal assets.	Climate Central
	Extreme heat	In Malaysia, a heat wave is defined when the maximum daily temperature exceeds 37°C for three consecutive days.	Think Hazard
	Water stress	Water stress, the ratio of water demand to renewable supply, measures the competition over local water resources. The smaller the gap between supply and demand, the more vulnerable a place is to water shortages.	World Resources Institute's Water Risk Atlas

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Hazard	Location	RCP 8.5		RCP 2.6		Results	Impact to Business	Risk Treatment Response
		2030	2050	2030	2050			
Coastal flooding	Kota Kinabalu	■	■	■	■	1% of our premises may potentially be exposed to coastal flooding by 2050.	<ul style="list-style-type: none"> • Damage to inventory and equipment. • Increased cost for replacement or repair of damaged assets. 	To mitigate this risk, we will implement measures such as flood insurance for our assets and establish flood response procedures for our business locations. If flooding becomes more frequent in the future, we may evaluate options such as relocating or other flood adaptation strategies such as improving drainage systems and installing flood gates.
	Kuching, Sepang, Lahad Datu	■	■	■	■	15% of our premises may potentially be exposed to coastal flooding by 2030 and 2050.	<ul style="list-style-type: none"> • Temporary disruption of access. • Safety of our employees and local communities. • Increased insurance costs. 	

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Hazard	Location	RCP 8.5		RCP 2.6		Results	Impact to Business	Risk Treatment Response
		2030	2050	2030	2050			
Coastal flooding	Lahad Datu	■	■	■	■	1% of our premises may potentially be exposed to coastal flooding by 2030 and 2050.	<ul style="list-style-type: none"> • Damage to inventory and equipment. • Increased cost for replacement or repair of damaged assets. • Temporary disruption of access. • Safety of our employees and local communities. • Increased insurance costs. 	To mitigate this risk, we will implement measures such as flood insurance for our assets and establish flood response procedures for our business locations. If flooding becomes more frequent in the future, we may evaluate options such as relocating or other flood adaption strategies such as improving drainage systems and installing flood gates.
	Other locations	■	■	■	■	83% of our premises are of low risk for coastal flooding by 2030 and 2050.	N/A	N/A
Extreme heat	Plantation asset locations	■	■	■	■	12% of our premises face a moderate risk from extreme heat by 2030 and 2050.	<ul style="list-style-type: none"> • Potential discomfort due to heat stress. • Reduced working efficiency of employees. • Higher electricity bills from use of air conditioners. 	To mitigate the risks of extreme heat, we will implement heat mitigation measures and consider incorporating heat-related measures into our health and safety SOPs.
	Other locations	■	■	■	■	88% of our premises are of low risk for extreme heat by 2030 and 2050.	N/A	N/A
Water stress	Oil palm mill locations	■	■	■	■	3% of our premises face a moderate risk of negative impacts from water stress by 2030 and 2050.	Impact on domestic water use requirement.	To address the risk of water stress, our measures include increase in water tank capacity, procurement of additional storage equipment where needed, regular inspection of water tank conditions, and implement water efficiency measures in the areas subject to water stress.
	Other locations	■	■	■	■	97% of our premises have low risk of negative impacts from water stress.	N/A	N/A

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Transition Risks

TIMEFRAMES: 2025 (SHORT TERM) → 2030 (MEDIUM TERM) → 2050 (LONG TERM)

Climate Scenarios

Stated Policies (STEPS) Scenario:

A business-as-usual approach. Global warming could rise by 2.4°C.

Net Zero Emission by 2050 (NZE) Scenario:

Aggressive mitigation action aimed at limiting global warming to 1.5°C

Note: The two climate scenarios for transition risk assessment are based on International Energy Agency (IEA) report.

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Risk Category	Risk Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Possible Mitigation Approach
Policy and Legal	Carbon tax	Medium term	■	■	Opex increase	To formulate GHG reduction targets and a climate transition plan.
	Energy Efficiency and Conservation Act (EECA)	Short to medium term	■	■	Capex and opex increase	The Group has established a target to ensure that all new investment properties developed from 2025 onwards achieve green building certification.
	Removal of RON 95 subsidy in Malaysia	Short to medium term	■	■	Opex increase	To consider reducing the travel expenses of the Group.
	Regulations on environmental compliance	Short term	■	■	Revenue decrease	Prevent expansion by developing unplanted land.
	EU's revised Renewable Energy Directive (RED II) on biodiesel	Short term	■	■	Revenue decrease	Maintaining relevant sustainability certifications for the mills and estates.
	Enhancing use of biodiesel	Medium term	■	■	Revenue decrease	Engaging with principal to supply energy efficient engines that are compatible with fuel requirements of the government.
	Transport policy for electric vehicles	Medium term	■	■	Revenue decrease	<ul style="list-style-type: none"> To consider engaging with government to support EV initiatives. To consider working with partners to accelerate affordable electric truck adoption in Malaysia. To provide charging solutions and subsidize EV charger.
	Climate risk in lending compliance	Medium term	■	■	Opex increase	To consider evaluating risks and exploring the integration of climate risk into our lending assessments.
Market	Logistics and transportation risks	Medium to long term	■	■	Opex increase	To evaluate the risks and may review prices to accommodate any future cost increases along the value chain.
	Impact on internal combustion engine vehicles due to shift to EVs	Long term	■	■	Revenue decrease	To consider capacity building for aftersales team to prepare for EV for passenger vehicles segment.
	Increased demand and cost to maintain a climate-responsive value chain	Short, medium to long term	■	■	Opex increase	To consider exploring and implementing opportunities such as installing EV chargers.
	Shifting customer demand	Long term	■	■	Revenue may increase and/or decrease	To consider exploring and implementing opportunities such as installing EV charging stations for tenants, offering low carbon products, and developing green certified buildings.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

RISK LEVEL: ■ Low ■ Moderate ■ Significant

Risk Category	Risk Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Possible Mitigation Approach
Technology	Obsolescence in technological innovations in EV	Long term	■	■	Revenue may increase and/or decrease	To consider offering vehicle financing solutions to address buyers' concerns about the vehicles' resale value.
Reputation	Stakeholders' sentiments	Medium to long term	■	■	Decrease in access to financing	<ul style="list-style-type: none"> To consider looking at measures to reduce GHG emissions. Property division is obtaining green building certification for our asset portfolio.

OPPORTUNITY LEVEL: ■ Low ■ Moderate ■ Significant

Opportunity Category	Opportunity Description	Time Horizon	STEPS (2.4 °C)	NZE2050 (1.5 °C)	Financial Impact	Response
Energy Source	Green building	Short to medium term	■	■	Increase in capex and future costs saving	The Group has established a target of to ensure all future development of investment properties to be certified with green building certification.
	Renewable energy implementation	Short term	■	■	Increase in capex and future cost saving	The Automotive division has equipped autohaus with solar panels, while the Plantation division operates two biogas plants and is constructing an additional one.
Products and services	EV and infrastructure	Short to medium term	■	■	Revenue and Capex increase	<ul style="list-style-type: none"> To consider retrofitting or including EV infrastructure during the design and construction stage for our properties. Evaluating EV opportunities for the Automotive division.
	New market and sustainable product	Short to medium term	■	■	Increase in revenue	To consider investing in sustainable products and collaborating with our suppliers and customers.
Market	Sustainable finance	Medium term	■	■	Decrease in financing costs	To consider sustainable financing to be raised at the Group level.



SUSTAINABILITY AT HAP SENG GROUP

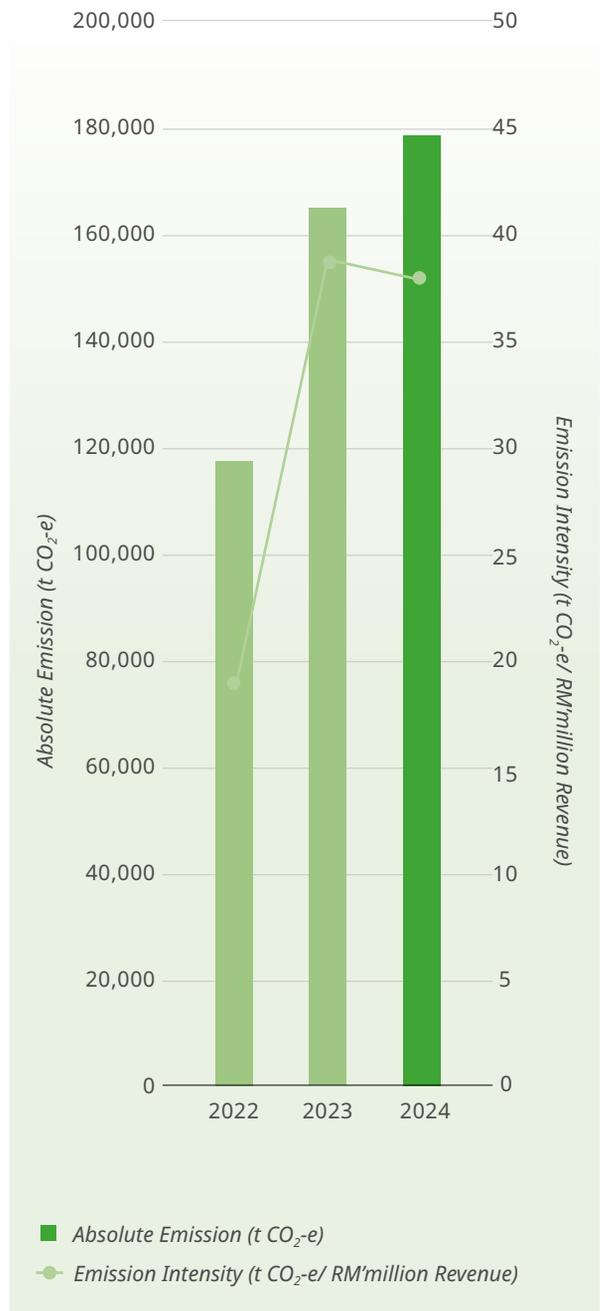
CREATING VALUE FOR ALL

Emissions Source	tCO ₂ eq		
	FY2022	FY2023*	FY2024
Scope 1 - Direct emissions	102,305.89	145,113.07	122,738.77
Scope 1: Mechanical	-	31,674.45	28,684.22
Fossil Fuel Combustion	-	31,085.75	28,092.15
Fugitive Emissions (Refrigerants)	-	588.70	592.07
Scope 1: Non-Mechanical	-	113,438.62	94,054.55
Fertiliser	-	42,376.50	28,671.42
POME Treatment	-	67,588.55	61,966.51
Land Application	-	0.00	0.00
Domestic Water Treatment	-	0.00	733.95
Biogenic Emissions (CH ₄ and N ₂ O)	-	3,473.57	2,682.67
Scope 2 - Indirect emissions	16,149.93	19,693.73	57,082.49
Purchased Electricity	16,149.93	19,693.73	57,082.49
Absolute Scope 1 & Scope 2 Emissions	118,455.81	164,806.80	179,821.26
Land Use Change (based on RSPO Palm GHG)	202,236.74	204,562.00	201,894.00
Carbon Sequestration	-190,915.37	-235,942.53	-236,408.00
Biogenic Emissions (CO₂)	-	210,627.48	163,972.71

Note: FY2022 breakdown unavailable as a different methodology was used.

* Restated data. Refer to page 130 for details.

ABSOLUTE EMISSION AND INTENSITY FY2022 - FY2024



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

GHG Emissions by Emission Sources

The increase in the Group absolute GHG emission is mainly due to addition of new emissions contribution from Hafary operations in FY2024, which is currently the second largest GHG emission contributor among divisions. The increase was also attributed to the inclusion of overseas operations and enhancements in data collection in FY2024. The overall emission intensity as a Group was slightly reduced, mainly contributed by the lower emission intensity from Plantation division and fertilizer trading operations.

GHG emission intensity and absolute GHG emission by business divisions are as follows:

Business Division	GHG Consumption Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute GHG Emission (t CO ₂ -e)			FY'24 vs FY'23 (%)
	FY2022	FY2023*	FY2024			FY2022	FY2023*	FY2024	
Corporate Head Office	-	-	-	-	-	-	502.68	497.93	-0.94
Plantation	0.70	0.90	0.76	-15.89	t CO ₂ -e/ Sales Volume	88,721.48	133,057.35	113,775.84	-14.49
Property Investment	17.24	0.01	0.01	0.83	t CO ₂ -e/ Occupied Area	8,594.21	10,277.28	10,707.06	4.18
Credit Financing	0.67	1.25	1.46	17.57	t CO ₂ -e/ RM' million Revenue	150.67	277.55	261.09	-5.93
Automotive - Passenger	2.34	1.09	1.37	25.54	t CO ₂ -e/ Sales Volume	3,342.11	3,806.00	3,581.11	-5.91
Automotive - Commercial	1.05	1.16	1.60	38.48	t CO ₂ -e/ RM' million Revenue	358.11	364.05	322.75	-11.35
Trading - Fertilizer Trading	0.00041	0.00039	0.00036	-7.88	t CO ₂ -e/ Sales Volume	406.45	363.34	576.88	58.77
Trading - General Trading	0.51	0.29	0.66	128.85	t CO ₂ -e/ RM' million Revenue	242.05	141.04	291.90	106.96
Building Materials - Quarry	110.20	94.02	63.88	-32.06	t CO ₂ -e/ RM' million Revenue	16,640.74	16,017.51	8,430.46	-47.37
Building Materials - Hafary	-	-	46.30	-	t CO ₂ -e/ RM' million Revenue	-	-	41,376.25	-
Group Overall	19.62	37.81	36.30	-4.00	t CO ₂ -e/ RM' million Revenue	118,455.81	164,806.80	179,821.26	9.11

* Restated data. Refer to page 130 for details.

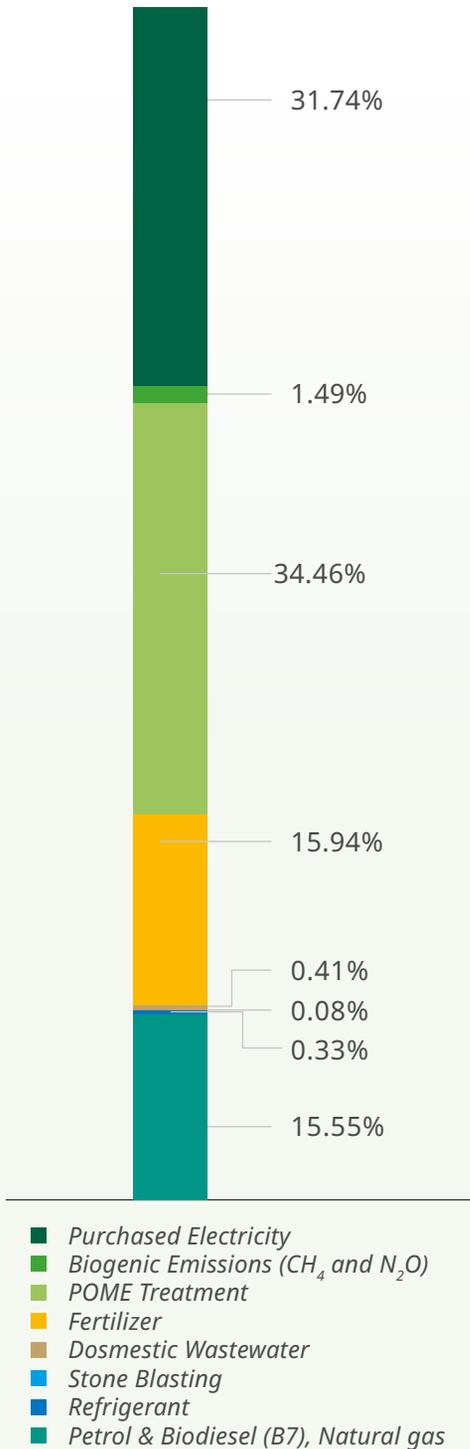
Plantation remains the highest emitter among the business division. Reduction in the emission as compared to the previous year was driven by the lower amount of nitrogen-based fertilizers application at the fields planned for near term replanting activity, as well as overall lower nutrient deficiencies identified through palm nutrient analysis. Biogenic emission was reduced due to discontinuation of EFB incineration process. The transition from raw EFB to fibremat is expected to improve transportation efficiency, reducing emission from fuel consumption.

Carbon Sequestration (tCO ₂ e)	FY2022	FY2023	FY2024
	190,915*	235,943	236,408

* Carbon offset from sequestration for FY2022 was based on RSPO PalmGHG.

SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

GHG EMISSIONS BY EMISSION SOURCES IN FY2024



Emissions from property investment operations increased mainly due to higher electricity consumption to cater for the increased tenant occupancy. There is opportunity to reduce the electricity consumption through utilisation of energy efficient lightings and equipment. Additionally, an energy audit is planned for FY2025 to identify further opportunities for optimizing energy consumption across the properties.

Reduction of GHG emissions in the Automotive division was attributed to the lower grid electricity consumption and mobile combustion. Higher renewable electricity generated from the solar panels installed at three of the autohaus contributed to the lower grid electricity consumption, as well as emission saving of 1,123.70 tCO₂e.

Significant emission reduction in the quarry operations was mainly attributed to the rationalisation of its operations in FY2024. The main sources of emission from Hafary operations were from electricity consumption and mobile combustion. Currently, four warehouses are equipped with solar panels to reduce reliance on grid electricity. In FY2024, the reduction in grid electricity consumption through the use of renewable energy resulted in an emissions saving of 397.68 tCO₂e. The management will continue to identify any future opportunity to equip more warehouses with the solar energy.

Efforts in reducing emissions in other business divisions relies on gradual transitioning to energy-efficient machinery and vehicles. We are exploring opportunities to install more solar panels at our properties to reduce our grid electricity consumption. We are expecting the commissioning of two additional solar facility for Automotive division and one additional solar facility for Hafary in FY2025. The Automotive division has also installed 39 electric vehicle chargers nationwide, offering complimentary charging to customers and promoting the transition to electric vehicles in the community.

We are currently quantifying five categories of scope 3 emissions. Given our diversified businesses, we recognise that fully quantifying scope 3 emissions is a complex and time-consuming process. Thus, we aim to disclose this data gradually as we strengthen our internal capacity and enhance data completeness and accuracy.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Scope 3 Emissions Category	Description	Data Quality*
Fuel and Energy-related Activities	<ul style="list-style-type: none"> Emissions from fuel usage encompassed emissions associated with extraction, refining and transportation of the raw fuel sources prior to combustion. Emissions from electricity usage is associated with transmission and distribution losses with purchased electricity. 	Fair
Waste Generated in Operations	<ul style="list-style-type: none"> Emissions from waste generated is calculated based on the disposal methods (either recycling, reuse or disposal to landfill) of various type of wastes generated from our operations. 	Fair
Employee Commuting	<ul style="list-style-type: none"> Emissions from employee commuting is calculated based on a group- wide survey sent to all the employees for their feedback on mode of transport and their distance workplace commuting distance (round trip) in FY2024. The calculation is based on the data from 43.5% of the total employees surveyed. The resulting emissions were subsequently extrapolated to the number of employees ending FY2024. Survey on employee commuting will be conducted in every two years interval. 	Fair
Business Travel	<ul style="list-style-type: none"> Business travel data was extracted from the group's internal business travel application system, which has been customized to capture distances travelled via different modes of transport requirement for the trip. 	Fair
Downstream Leased Assets	<ul style="list-style-type: none"> Emissions from indirect electricity usage from assets not operating by the Group. 	Fair

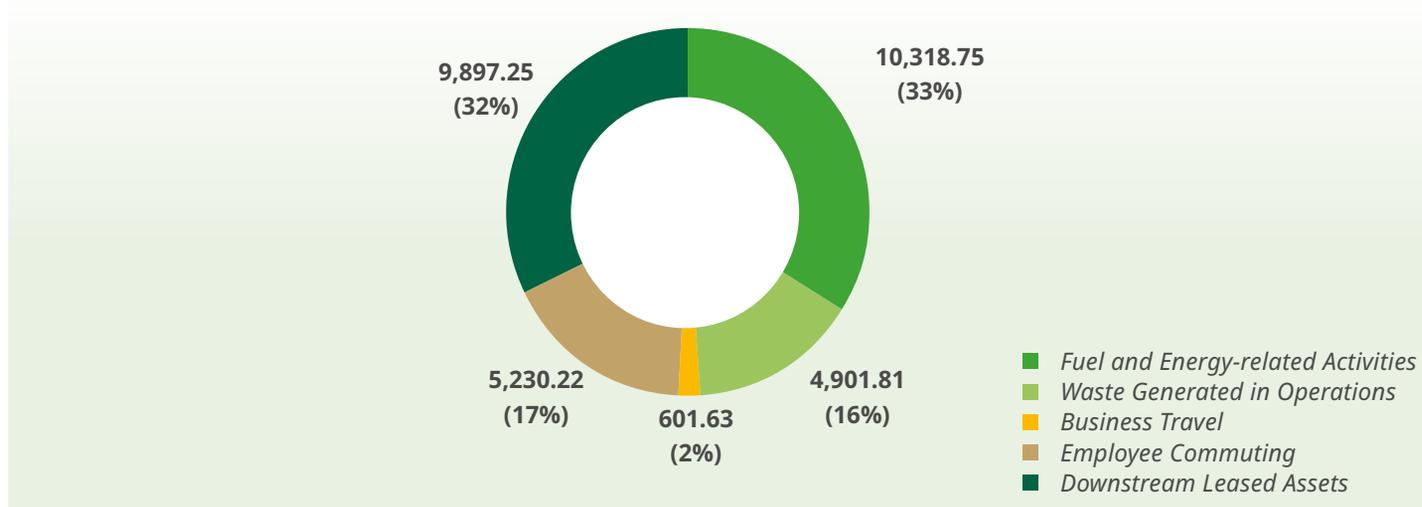
* The assessment of data quality is based on the GHG Protocol Scope 3 standard.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PROPORTION OF SCOPE 3 GHG EMISSIONS IN FY2024



Scope 3 Emission	Emission (tCO ₂ -e)		
	FY2022	FY2023	FY2024
Fuel and Energy-related Activities	15,394.32	9,342.30	10,318.75
Waste Generated in Operations	2,422.27	6,504.10	4,901.81
Business Travel	N/A	761.30	601.63
Employee Commuting	3,942.34	3,457.00	5,230.22
Downstream Leased Assets	3,718.88	6,028.20	9,897.25
Total	25,477.82	26,092.90	30,949.67

As a Group, the scope 3 emissions were higher in FY2024 primarily due to contributions from Hafary's operations.

Emission from fuel and energy-related activities which originates from our dependency to fossil fuel and grid electricity, is the largest source of scope 3 emission. A long-term transition plan towards increasing utilisation of renewable energy is essential to lowering indirect emissions resulting from the production of energy.

Electricity usage by downstream leased assets was the second largest source of scope 3 emissions. In addition to our ongoing conversion to energy-efficient lightings and equipment, we have planned to conduct an energy audit to explore the potential opportunities for us to reduce the electricity demand from our leased assets.

Emissions from both business travel and employee commuting contributed 19% of the overall measured scope 3 emission. We may consider initiatives to reduce emission for business travel.

Indirect emissions from waste generation contributed 16% to the quantified scope 3 emission. Our recycling efforts have helped mitigate emissions from waste generation by diverting it from landfills. In FY2024, we avoided an estimated 196,634.02 tCO₂-e by diverting waste through recycling and reusing. Most recycled waste came from oil palm biomass, such as oil palm fibre, empty fruit bunches, decanter solids, and boiler ash. Oil palm fibre was reused for renewable energy generation, while empty fruit bunches, decanter solids, and boiler ash were composted to improve soil nutrient content in the fields of oil palm estates.

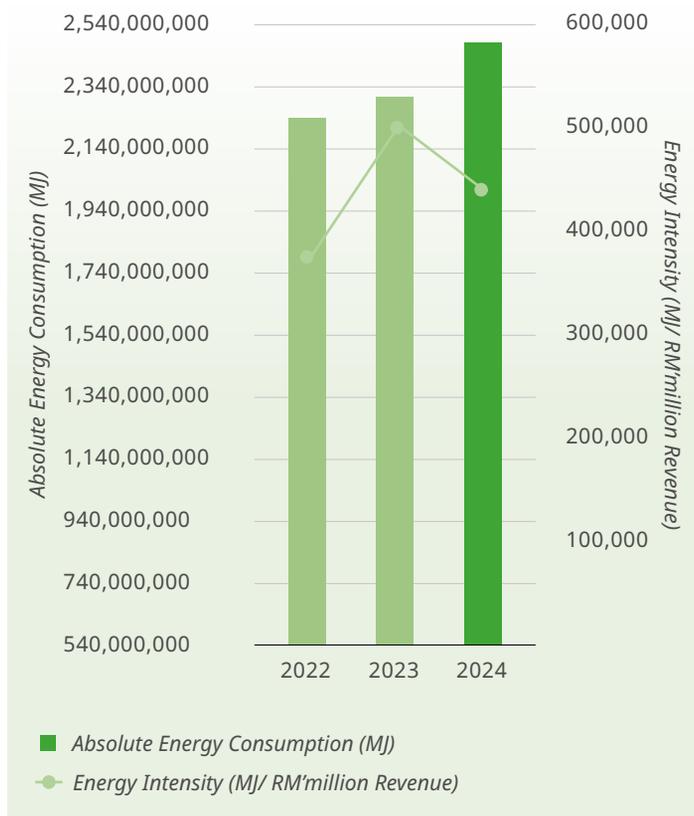
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Energy Management

The Group consumed a total of 2.49 billion MJ of energy in FY2024, with 71.5% of the energy requirement sourced from renewable energy.

ABSOLUTE ENERGY CONSUMPTION AND INTENSITY (FY2022 TO FY2024)



The Group's overall energy consumption increased, primarily due to higher usage across most business divisions, except for Credit Financing, Automotive divisions and quarry operations. Additionally, the inclusion of Hafary's operations contributed significantly to the increase. However, the overall energy consumption intensity was reduced, mainly contributed by the lower energy consumption per revenue recorded in the hospitality, fertilizer trading and quarry operations.

Plantation, which was the most energy reliant division, recorded higher energy consumption compared to FY2023. The increase was primarily driven by higher usage of oil palm fibre and biogas for energy generation to support the increased production. The energy consumption for Plantation division is expected to reduce

further in FY2025 after the commissioning of a new biogas plant in Tomanggong Palm Oil Mill. The additional biogas generated is expected to contribute to the amount of renewable energy and reduce reliance on fossil fuel for energy generation. Currently, 85.3% of the Plantation division's energy requirements are met by renewable sources, primarily derived from biomass, biogas, and biodiesel.

Grid electricity is the primary energy source for the property investment, with consumption increasing compared to FY2023 due to higher occupancy rate. Due to the limited rooftop space for solar energy generation, the management is exploring energy efficiency improvements by conducting an energy audit in FY2025. Additionally, management is committed to ensuring that all newly developed investment properties from FY2025 onwards, obtains recognized green building certifications to leverage the energy-efficient benefits of sustainable buildings. Management has currently six buildings with the total built-up area of 2.630 million certified. Energy usage in the hospitality operations increased due to a higher occupancy rate.

Energy consumption in the Automotive division remained largely unchanged from FY2023. The segment continues to rely on solar panels to reduce dependence on grid electricity, with improved solar energy utilization leading to increased renewable energy use.

Energy requirement for the quarry operations was significantly reduced due to rationalisation of its operations in FY2024. 61.0% of its energy requirements were met by renewable sources, primarily derived from wood waste for bricks heating and biodiesel. Energy requirement in the Hafary is primarily from the grid electricity consumption by the warehouses and showrooms. The high electricity consumption demand is partially fulfilled by the renewable energy from solar panels installed in four of its warehouses. Currently, 2.5% of the energy mix in Hafary consist of renewable sources. The management is exploring to install more solar panels at the suitable sites to further reduce reliance on grid electricity.

Energy consumption in Credit Financing division, commercial vehicle, fertilizer trading and general trading operations are generally low due to the inherently non-energy intensive nature of these businesses.

SUSTAINABILITY AT HAP SENG GROUP

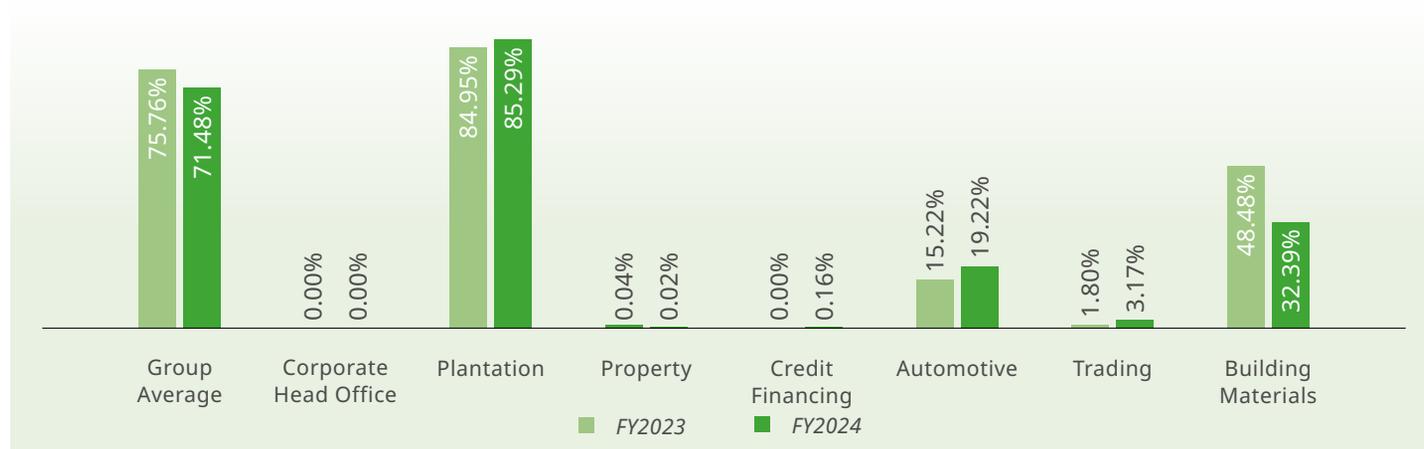
CREATING VALUE FOR ALL

Energy consumption intensity and absolute energy consumption by operating divisions are as follows:

Business Division	Energy Consumption Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute Energy Consumption (MJ)			FY'24 vs FY'23 (%)
	FY2022	FY2023*	FY2024			FY2022	FY2023*	FY2024	
Corporate Head Office	-	-	-	-	-	-	4,828,768.37	4,654,351.16	-3.61
Plantation	13,860.83	12,530.47	12,669.32	1.11	MJ/ MT Sales	1,758,191,185.53	1,855,662,580.51	1,907,480,888.76	2.79
Property Investment	108,140.10	57.64	58.25	1.07	MJ/ Occupied Area	53,892,914.76	53,974,961.94	56,365,750.43	4.43
Property - Hospitality	-	605,236.79	454,046.42	-24.98	MJ/ RM' million Revenue	-	20,046,652.83	21,566,297.00	7.58
Credit Financing	4,398.63	10,881.34	12,884.78	18.41	MJ/ RM' million Revenue	986,173.20	2,425,558.76	2,298,052.11	-5.26
Automotive - Passenger	14,588.02	7,208.90	9,618.22	33.42	MJ/ No. of Car Sold	20,867,564.61	25,180,678.16	25,180,492.44	-0.001
Automotive - Commercial	10,659.06	11,057.21	14,865.83	34.44	MJ/ RM' million Revenue	3,624,102.06	3,477,492.24	2,993,012.39	-13.93
Trading - Fertilizer Trading	3.35	4.33	4.10	-5.34	MJ/ MT Sales	3,300,000.18	3,982,197.73	6,497,045.25	63.15
Trading - General Trading	5,500.27	2,692.07	7,190.01	167.08	MJ/ RM' million Revenue	2,605,699.00	1,319,802.60	3,187,833.74	141.54
Building Materials - Quarry	2,403,348.39	2,057,382.15	1,795,704.74	-12.72	MJ/ RM' million Revenue	362,929,639.99	350,483,562.80	236,989,928.37	-32.38
Building Materials - Hafary	-	-	254,465.76	-	MJ/ RM' million Revenue	-	-	227,405,362.82	-
Group Overall	365,413.24	528,550.58	498,767.69	-5.63	MJ/ RM' million Revenue	2,206,397,279.33	2,321,382,255.93	2,494,619,014.46	7.46

* Restated data. Refer to page 130 for details.

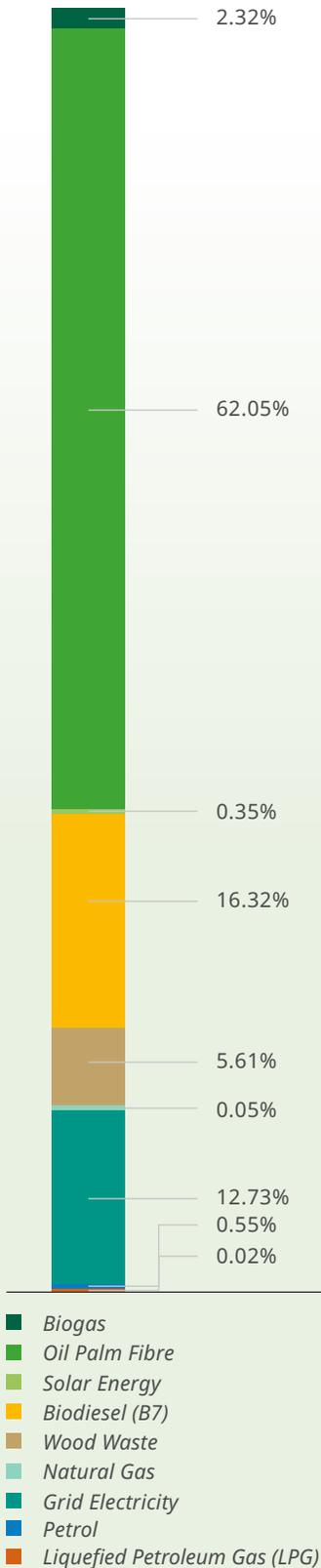
RENEWABLE ENERGY CONSUMPTION BY BUSINESS DIVISION



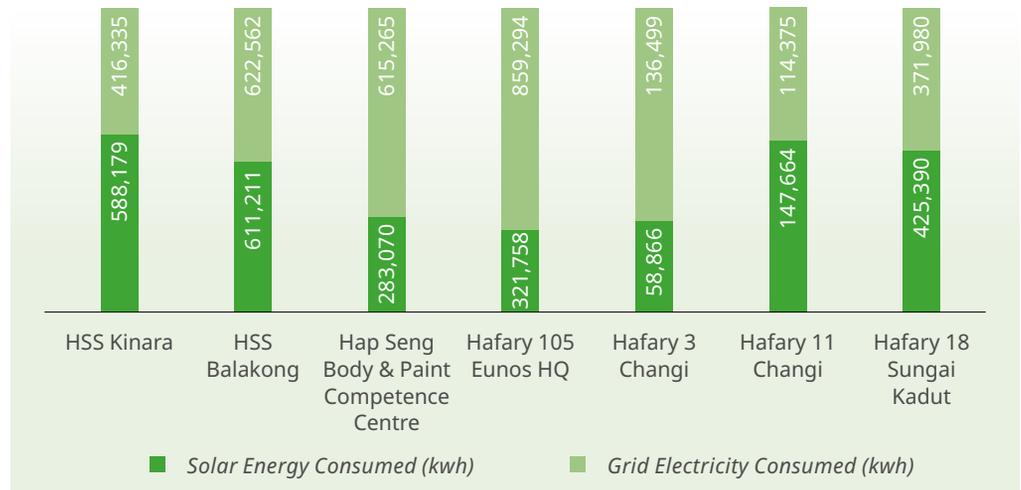
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

ENERGY CONSUMPTION BY SOURCES IN FY2024



ELECTRICITY CONTRIBUTION FROM SOLAR ENERGY IN FY2024



Seven operating units under the Automotive and Building Materials divisions are currently harnessing solar energy, contributing 8.77 million MJ of renewable energy to the Group. In addition to meeting our own consumption needs, 7.01 million MJ of surplus renewable electricity was fed into the grid to offset the grid usage. The substantial increase in energy export to the grid was due to Hafary operations, which accounted for approximately 81% of the total renewable energy exported from solar.

Energy Surplus Fed to National Grid (MJ)	FY2022	FY2023	FY2024
	0.94 million	1.06 million	7.01 million

Property	Green Building Certificate
Menara Hap Seng 2	Green Building Index
Menara Hap Seng 3	Leadership in Energy and Environmental Design (Gold)
Plaza Shell	Leadership in Energy and Environmental Design (Silver)
Mercedes-Benz Setia Alam Autohaus	Green Real Estate (Bronze)
Mercedes-Benz Bukit Tinggi Autohaus	Green Real Estate (Bronze)
Wisma Mercedes-Benz	Leed Gold Certified
Eko Perdana & Bandar Sir Perdana	GreenRE (Bronze)
Hyatt Centric Kota Kinabalu	GreenRE (Silver)
Retail Podium @ KL Midtown	Provisional GreenRE (Gold)

General groupwide implementation of energy management practices:

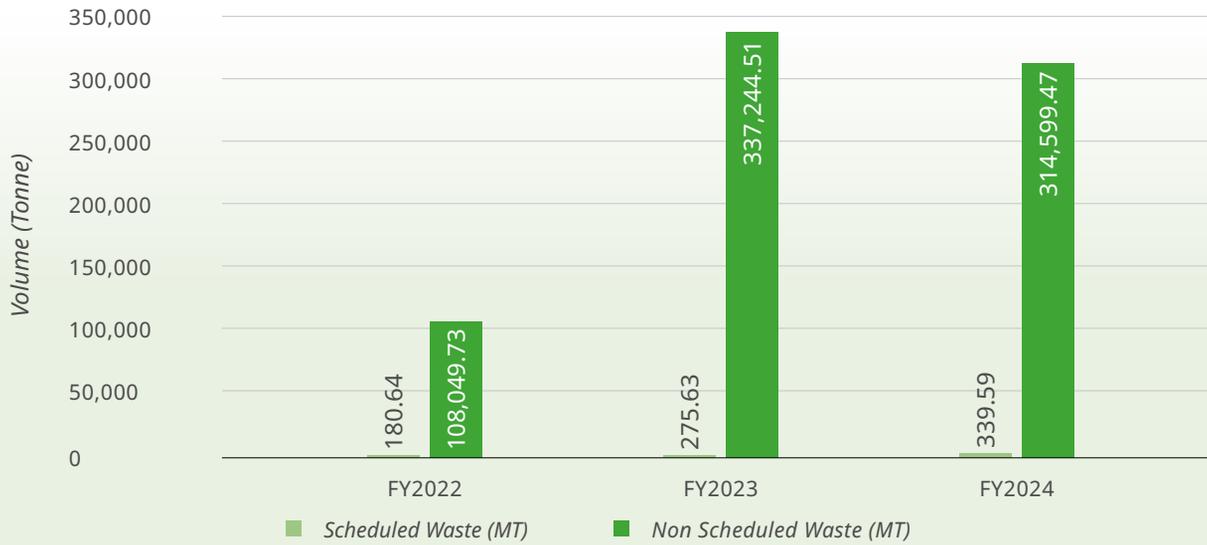
- Auto-adjusted air conditioning system.
- Lights-off during non-office hours and vacant sections.
- Timer and motion sensor-controlled lighting system.
- Progressive replacement of existing conventional lighting to energy saving light-emitting diode (LED) lighting.
- Utilised LED lighting for office building and carpark area
- Utilisation of solar energy.
- Utilisation of biomass to generate renewable energy.

SUSTAINABILITY AT HAP SENG GROUP
CREATING VALUE FOR ALL

Waste Management

The Group strives to manage resources in a responsible manner, reducing waste generation through efficient utilisation of resources, reuse, and recycling.

WASTE GENERATED (FY2022 TO FY2024)



Waste Management	Unit	Scheduled Waste	Non-scheduled Waste	Total
Waste Generated		339.59	314,599.47	314,939.05
Waste Diverted from Disposal	MT	0.00	314,052.28	314,052.28
Waste Disposed		339.59	547.18	886.77

Each business division manages its waste in accordance to the divisional waste management systems. In FY2024, we recorded lesser waste due to rationalisation of quarry operations. Majority of the recorded waste was from the oil palm biomass which was reused as renewable fuel and mulch in the plantation operations. Discarded bricks from our bricks factory were mostly reused to repair the bricks heating kiln wall and recycled as raw material to produce new bricks. Metal waste was mainly generated by Automotive and Plantation divisions from the disposal of parts and machinery.

Through our Property division, we are actively raising awareness about the importance of managing non-scheduled waste by collaborating with waste collectors and leveraging our extensive network of tenants at our investment properties. We continue to collaborate with McDermott Asia Pacific Sdn Bhd and Kloth Malaysia on fabric recycling. In FY2024, we managed to collect 1,252 kg fabric for recycling purpose. Recognising

the increasing electronic waste produced by the community, we initiated an e-waste recycling initiative in collaboration with Electronic Recycling Through Heroes (ERTH) Malaysia. This initiative encouraged employees and tenants at Menara Hap Seng to dispose of their unused electronic items responsibly. A total of 42 kg of electronic waste was collected through this campaign in FY2024. Internally, we have also introduced the cashless parking system across our main investment properties, significantly reduced paper usage by 82,000 carpark tickets.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

In the hospitality segment, various practices were adopted to reduce waste such as providing refillable drinking water, eco-friendly amenities like large-format soap dispensers and recycling of cooking oil.

In our other business divisions operating in an office environment, the majority of generated waste consists of general waste and office paper. We continuously raise employee awareness by encouraging waste segregation and promoting paperless documentation through digitalization. We encourage electronic document sharing and advocate for printing only when necessary, emphasizing double-sided printing practices.

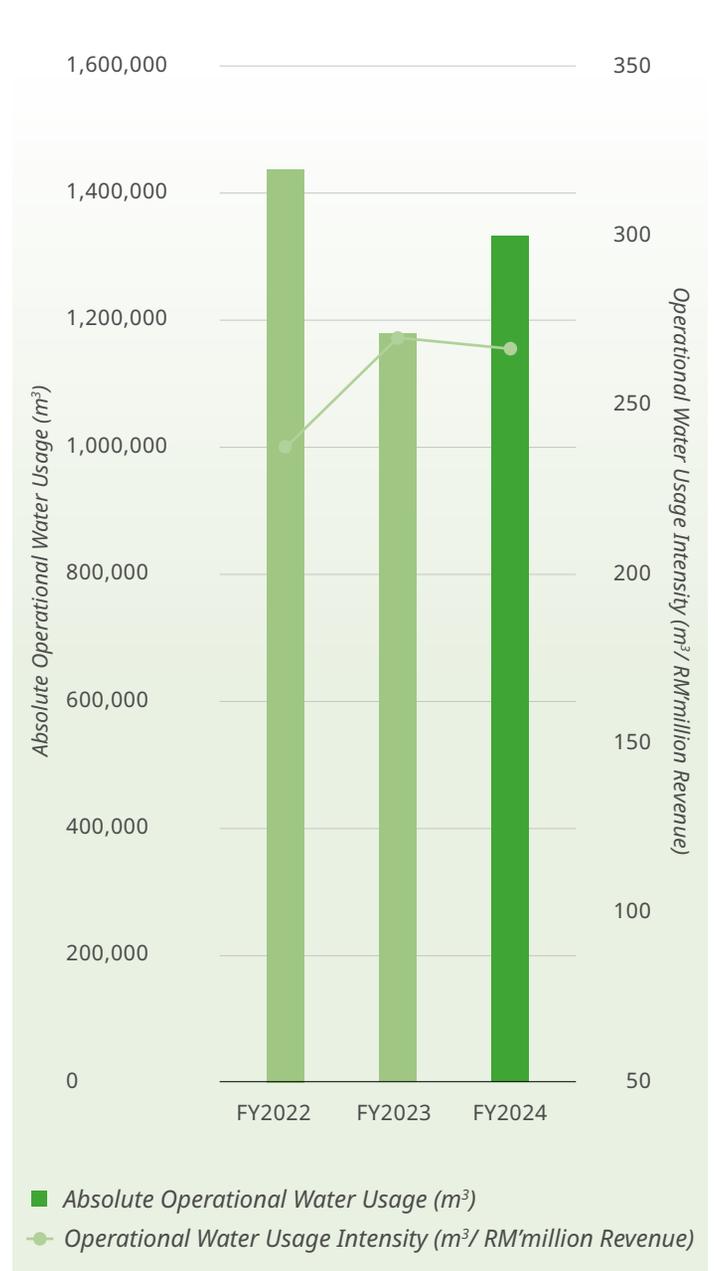
Collaborations on waste recycling in FY2024:

Partnership	Type of Waste	Quantity (kg)
McDermott Asia Pacific Sdn Bhd and Kloth Malaysia	Fabric	1,252
ERTH Malaysia	Electronic Waste	42



Water Management

ABSOLUTE OPERATIONAL WATER USAGE AND INTENSITY (FY2022 TO FY2024)



The Group recorded an increase in the absolute operational water consumption, which was primarily due to inclusion of consumption from Hafary. However, water consumption intensity saw a slight decline, driven by improved water use efficiency recorded in the Plantation division and hospitality, fertilizer trading and quarry operations.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Operational water consumption intensity and absolute water consumption by operating divisions are as follows:

Business Division	Operational Water Usage Intensity			FY'24 vs FY'23 (%)	Intensity Unit	Absolute Operational Water Usage (m ³)			FY'24 vs FY'23 (%)
	FY2022	FY2023	FY2024			FY2022	FY2023	FY2024	
Plantation	1.88	1.28	1.25	-2.11	m ³ / MT FFB Processed	1,205,366.00	909,259.00	892,372.00	-1.86
Property Investment	259.00	0.18	0.19	5.93	m ³ / Occupied Area	129,075.82	135,741.57	148,917.15	9.71
Property - Hospitality	-	1,322.75	1,081.50	-18.24	m ³ / RM' million Revenue	-	43,812.00	51,369.00	17.25
Credit Financing	2.83	2.79	5.74	106.22	m ³ / RM' million Revenue	634.00	621.00	1,024.64	65.00
Automotive - Passenger	38.44	13.10	17.44	33.10	m ³ / No. of cars sold	54,981.30	45,769.00	45,659.14	-0.24
Automotive - Commercial	8.47	9.88	13.51	36.71	m ³ / RM' million Revenue	2,880.66	3,108.00	2,720.00	-12.48
Trading - Fertilizer Trading	0.01	0.02	0.01	-35.04	m ³ / MT Sales	11,737.00	15,147.00	16,959.80	11.97
Trading - General Trading	7.39	7.98	10.38	30.09	m ³ / RM' million Revenue	3,500.00	3,911.00	4,601.36	17.65
Building Materials - Quarry	210.27	136.78	120.56	-11.86	m ³ / RM' million Revenue	31,753.00	23,300.88	15,910.44	-31.72
Building Materials - Hafary	-	-	172.38	-	m ³ / RM' million Revenue	-	-	154,048.86	-
Group Overall	238.47	268.82	266.63	-0.82	m ³ / RM' million Revenue	1,439,927.78	1,180,669.46	1,333,582.39	12.95

Plantation division recorded slight lower water usage from the implementation of water management initiatives such as rainwater harvesting and recycling of turbine cooling water. The property investment and hospitality operations saw higher water consumption due to increased occupancy rates at investment properties and Hyatt Centric Kota Kinabalu. However, there is a reduction in the water use intensity, reflecting improved water use efficiency.

Menara Hap Seng 2, Manara Hap Seng 3 and Plaza Shell are equipped with a rainwater harvesting system, which collected 4,107 m³ of rainwater. Additionally, condensate water is also captured from the cooling system in Hyatt Centric Kota Kinabalu to maximise water resource. Both harvested rainwater and condensate water were primarily used for plant irrigation.

The Automotive division recorded lower absolute water consumption in both passenger and commercial vehicles segments. This decline in water consumption intensity was primarily due to lower sales volume and revenue. Rainwater harvesting system is available in three of the autohaus to supply water for car washing purpose. In FY2024, 1,632 m³ of rainwater was utilised by the autohaus.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Water consumption in the Credit Financing and Trading divisions increased due to the inclusion of contributions from operations outside Malaysia. An underground pipe leakage at one of the warehouses under the fertilizer trading operation further contributed to higher water usage. To improve monitoring of potential underground leaks, the management plans to implement manual water consumption tracking instead of relying solely on water bills, which can take over two months to receive.

Water consumption for the quarry operations was significantly reduced due to rationalisation of its operations in FY2024.

In FY2024, 85.5% of total water withdrawal came from surface water sources, originated from natural ponds and harvested rainwater. Rainwater harvesting systems contributing about 8.1% of the group's total water withdrawal, are accessible across the Plantation, Property, Automotive, and Trading divisions. These systems are typically installed during the construction phase of our buildings, serving as a permanent solution for rainwater collection. Additionally, in Sabah, some of our landed property developments incorporate rainwater harvesting as an alternative water source.

Source of Water Withdrawal	Unit	Freshwater ($\leq 1,000$ mg/l Total Dissolved Solids)		
		FY2022*	FY2023*	FY2024
Surface Water	ML	1,910.60	2,295.98	2,592.33
Groundwater		0.00	0.00	0.00
Seawater		0.00	0.00	0.00
Third-party Water		483.70	271.41	441.21
Total		2,394.30	2,567.39	3,033.54

Destination of Water Discharge	Unit	Freshwater ($\leq 1,000$ mg/l Total Dissolved Solids)		
		FY2022	FY2023	FY2024
Surface Water	ML	979.15	817.16	729.84
Groundwater		0.00	0.00	0.00
Seawater		0.00	0.00	0.00
Third-party Water		0.00	0.00	0.00
Total		979.15	817.16	729.84

Water Consumption (ML)	FY2022*	FY2023*	FY2024
		1,415.15	1,750.24

Note: *Restated data. Refer to page 130 for details.

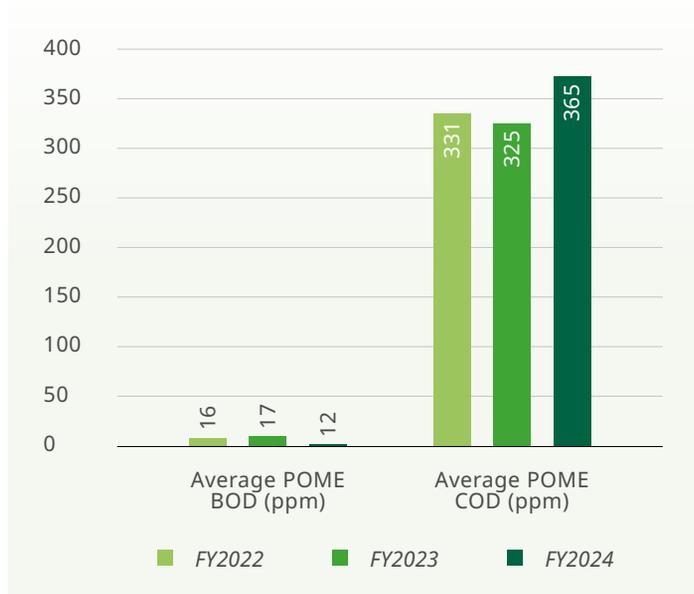
Currently, the Group faces minimal risk of operational disruption from water stress. Our Plantation and Building Materials divisions, which rely on natural water sources, have installed permanent water reservoirs in the form of ponds to store excess surface water. Planting of leguminous cover crops, stacking of oil palm fronds, application of EFB as mulch to enhance soil moisture retention and carry out land irrigation with palm oil mill effluent (POME) are some of the practices implemented to alleviate the impact of water stress within our plantation operations.

We continue to install rainwater harvesting facilities in our buildings to enhance cost efficiency and alleviate potential future water stress. Using rainwater also reduces reliance on treated water, especially in areas with limited access. For more details on our water stress assessment, refer to page 104.

SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

Aside from improving water security within our operations, we are committed to ensuring that the generated wastewater is treated and discharged in accordance with the Environmental Quality (Industrial Effluent) Regulations 2009. Plantation division generated 729.84 ML wastewater in the form of palm oil mill effluent (POME) in FY2024. The generated wastewater was eventually diverted to the treatment pond, where it was processed in a closed-loop system within the plantation.

QUALITY OF TREATED POME (FY2022 TO FY2024)



Biological Oxygen Demand (BOD) from palm oil mills remained below 20 ppm prior to its release in accordance to the environmental regulation. Treated POME is channelled to the estate for land irrigation, which enhances the soil's nutrient and moisture content for the oil palms.

The Plantation division has banned the use of paraquat since 2011, as it was highlighted by stakeholders as a chemical of concern due to its widespread misuse. We do not use pesticides and chemicals in our plantations that are categorized by the World Health Organization (WHO) as Class 1A and 1B. We further commit to reduce pesticides and chemicals specified in the Rotterdam and Stockholm conventions. Additionally, pollution prevention measures are implemented to prevent surface water runoff from the oil palm fields. Our employees are trained not to spray any

chemical within the riparian buffer, which is maintained along the natural waterways to minimise chemical runoff. Regular monitoring of stream water quality is also conducted to ensure compliance with the requirements set forth by the Department of Environment of Malaysia. We employ robust agricultural practices by adopting IPM strategies that emphasize cultural, biological, and mechanical methods to reduce reliance on chemicals. Additionally, we have introduced barn owls for natural rodent control, further reinforcing our commitment to responsible and sustainable agriculture.

Air Quality Management

We are taking steps to mitigate the impact of air pollutants by adhering to the Environmental Quality (Clean Air) Regulations 2014 and the Malaysian Ambient Air Quality Standards 2020. Dust and chemical vapors are identified as potential air pollutants in our Plantation, Automotive and Building Materials divisions.

The following initiatives are taken to manage air quality within our operation: -

Division	Initiatives
Plantation	<ul style="list-style-type: none"> Installation of Electrostatic Precipitator System in all four palm oil mills to reduce dust emission to less than the permissible emission level of 150 mg/m³.
Automotive	<ul style="list-style-type: none"> Use fully enclosed vehicle painting booths. Air filters to ensure air pollutants such as sulphur dioxide and paint particles are confined and filtered within the booths.
Building Materials - Quarry	<ul style="list-style-type: none"> Water sprinklers installed at strategic locations to minimise particulate matter in the air. Retention ponds to capture the dust-water mixture. Quarry operations achieved an averaged air particulate matter of 22.3 µg/m³, significantly lower than the permissible limit of 260 µg/m³.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Biodiversity Management

We place a high priority on allocating resources towards managing biodiversity in our Plantation division, as some of our estates are located near areas with HCV. Due to the nature of our businesses, Credit Financing, Automotive, and Trading divisions have negligible impact on biodiversity.

Commitments by the Plantation division in biodiversity management:

- No deforestation and no new planting on peatland.
- Legality screening of external FFB sources.
- Full traceability to FFB sources.
- Monthly deforestation monitoring via Global Forest Watch’s deforestation alerts to ensure all of the FFB sources are deforestation free.
- Maintaining HCV and riparian buffer.
- Prohibition of hunting, logging, possession, and trafficking of wildlife, including species categorised as rare, threatened, and endangered on the International Union for Conservation of Nature (IUCN) Red List.
- Monitoring of illegal boundary encroachment.
- Boundary patrolling.
- Collaboration with Wildlife Department and Forestry Department.

Type of Conservation Area	Area (Hectares)
HCV	1,401.98
Riparian Buffer	1,056.74

We employed satellite imaging technologies such as the Global Forest Watch Fire Portal to detect fires within and surrounding of our estates. Report on fire hotspot detection will be disclosed at monthly basis on our Plantation division’s website¹ and our internal Emergency Response Team is prepared to respond promptly in the event of a fire.

¹ <https://www.hapsengplantations.com.my/environmental-sustainability.html>

No. of Detected Fire Hotspot	FY2022	FY2023	FY2024
	0	0	0

The Property division’s development projects have minimal impact on biodiversity, as they are located in urban areas. Potential biodiversity risks were assessed during planning, with measures integrated to enhance surrounding biodiversity through greenery. Additionally, Hyatt Centric Kota Kinabalu emphasises responsible sourcing of food and beverages, complying with Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certifications.

Potential environmental risks at the quarries were thoroughly assessed through Environmental Impact Assessment (EIA) prior to development. We periodically submit environmental quality monitoring reports to the DOE to ensure ongoing compliance. We are required to rehabilitate any decommissioned quarry site to expedite regeneration of natural vegetation and restore ecological functions to support biodiversity. As at FY2024, none of our quarries were decommissioned.



SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

PEOPLE AND COMMUNITY DEVELOPMENT

Align to SDG:



Our Approach

Our priority in sustainability is creating value for employees and local communities. At Hap Seng, we recognize their vital role in fostering a sustainable business that contributes to socio-economic development. We uphold the fundamental rights outlined in International Labour Organization conventions and promote fair labor practices across all operations.

Labour Practices and Standards

At Hap Seng, we believe our employees are the most valuable assets driving the success and growth of the Group. We are committed to fostering an environment that supports the well-being and development of our workforce.

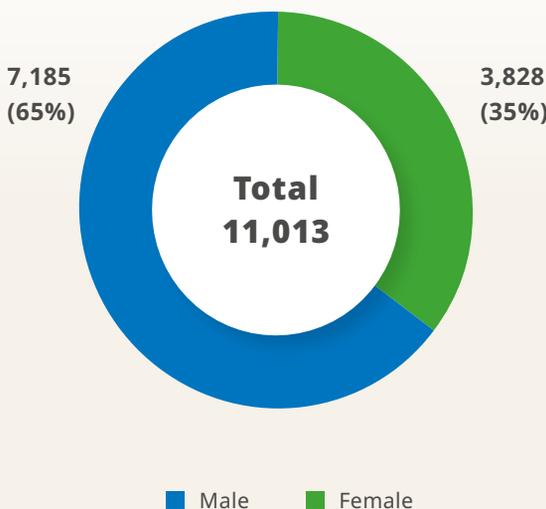
Diversity

We are committed to promoting diversity and inclusivity by ensuring equal opportunities and fair compensation, regardless of race, religion, gender, age, sexual orientation, disability, or nationality. This year, we have expanded our reporting scope to include operations in Singapore, Indonesia, China and the United Kingdom.

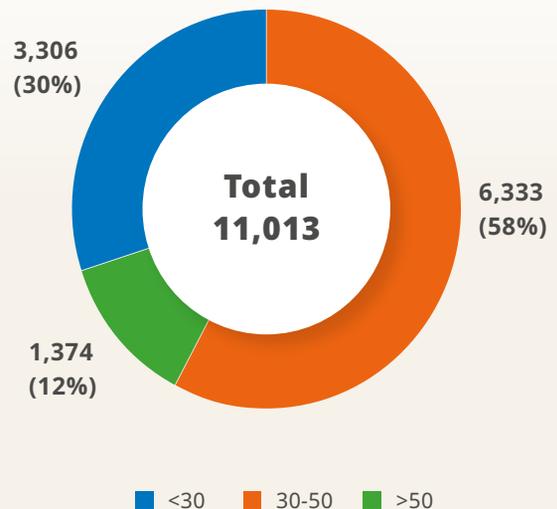
The Group believes that promoting diversity, equity, and inclusion benefits the workplace in various ways, including fostering an innovative mindset that contributes to more effective decision-making and increased work productivity.

In FY2024, the Group employed 11,013 people globally, with 35% of them being women. Women also make up 41% of managerial roles. While men make up the largest portion of our workforce, primarily due to the nature of our Plantation division, we remain committed to fostering gender inclusivity across our organization.

WORKFORCE DIVERSITY BY GENDER IN FY2024



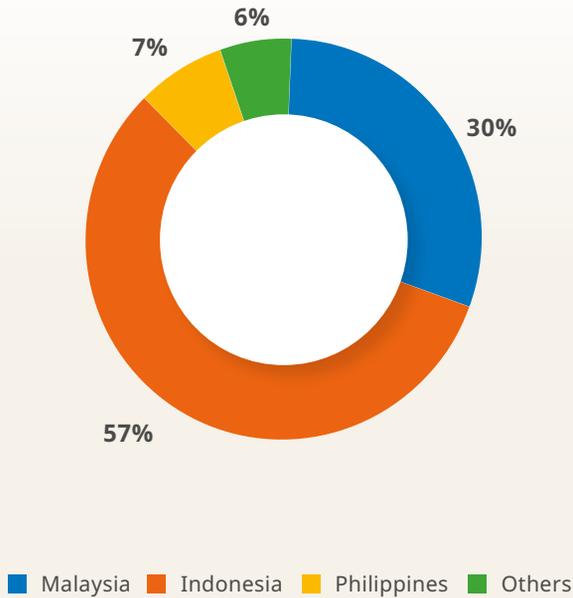
WORKFORCE DIVERSITY BY AGE GROUP IN FY2024



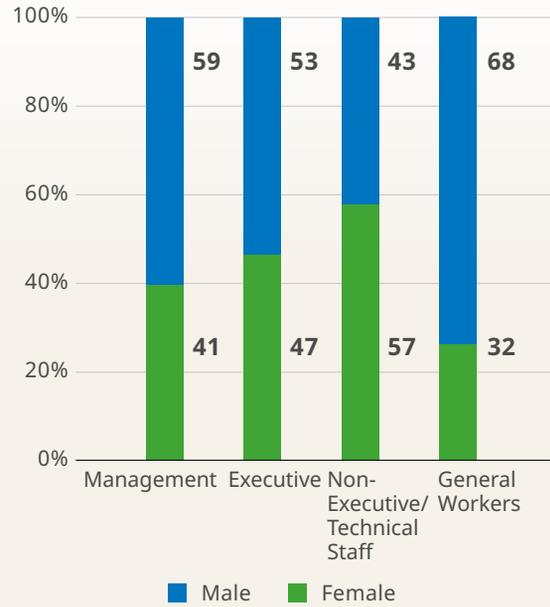
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

WORKFORCE DIVERSITY BY NATIONALITY IN FY2024



GENDER DIVERSITY BY EMPLOYEE CATEGORY IN FY2024



	FY2024
Number of Temporary and Part-time Employee	28
Percentage of Temporary and Part-time Employee	0.25%

Hap Seng prioritizes the recruitment and attraction of local talent to foster a diverse workforce, encompassing employees from various ethnic backgrounds. We are committed to hiring and promoting individuals based on merit, upholding the rights of all employees regardless of their background, and actively promoting an inclusive workplace. Our Human Resources department ensures that the interview process remains free from discrimination.

In FY2024, the Group hired 2,340 new employees, with males constituting a significant proportion of the new hires. This is largely due to 65% of the new hires being in the Plantation division.

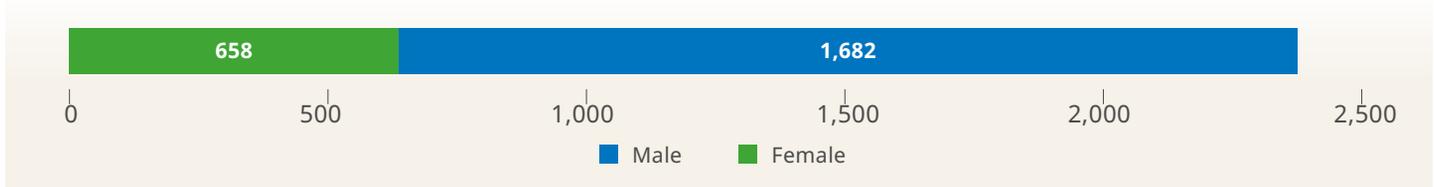
The voluntary turnover rate for FY2024 was recorded at an average of 21.9%. This turnover rate is lower compared to FY2023 due to the expansion of the scope of disclosure. However, there were voluntary separations due to outsourcing activities and business rationalisation in the quarry operations.



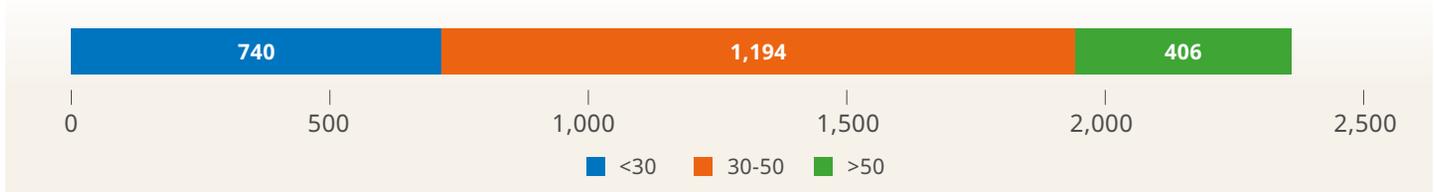
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

NEW HIRES BY GENDER IN FY2024



NEW HIRES BY AGE GROUP IN FY2024



Remuneration and Benefits

The Group is committed to providing fair compensation and benefits that meet or exceed minimum wage requirements. We offer both monetary and non-monetary benefits to our employees, in full compliance with local regulations. These include various types of paid leave, comprehensive healthcare coverage, and more.

Leave Entitlement

- Annual leave
- Examination leave
- Medical leave
- Marriage leave
- Compassionate leave
- Maternity leave
- Paternity leave
- Prolonged illness leave

Fringe Benefits

- Medical and hospitalisation benefits
- Groups personal accident insurance
- Long service/ retirement awards
- Outstation meal, accommodation and travel allowances
- Education assistance
- Membership in professional association
- Sports facilities & health initiatives
- Dental and optical benefits (selected job grades)

Employee Engagement

At Hap Seng, we place a strong emphasis on fostering a healthy work-life balance and prioritizing the overall well-being of our employees. We understand that maintaining a balance between professional responsibilities and personal time is crucial for both productivity and job satisfaction. To support this, we offer a wide range of weekly activities designed to promote physical fitness, mental relaxation, and social connection. These activities include Zumba classes, yoga sessions, badminton, and more.

In FY2024, the Group launched a Wellness Day in collaboration with our health service panel to promote a healthier work-life balance and improve the overall well-being of our employees. A series of activities were initiated, including medical check-ups, flu vaccinations at a special rate, and a health-related webinar. Wellness vendors are also available to provide employees with advice on health matters.

In addition to these wellness initiatives, we also encourage departments to organize team-building events. These activities are designed to enhance collaboration, strengthen relationships, and build a positive, supportive work environment. By fostering a sense of community and teamwork, we aim to create a workplace where employees feel valued, motivated, and connected.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Our Property division has initiated numerous employee engagement activities based on five key pillars: Safety and Health, Recreation and Employee Welfare, Knowledge, Education and Publicity, Green Technology and Initiatives, as well as Community Service. These initiatives not only target internal stakeholders but also extend to external stakeholders, such as tenants and the public. Through these initiatives, we hope that the Group will be able to strengthen social sustainability within the community.



Learning and Development

Hap Seng is dedicated to fostering a culture of continuous learning, equipping our workforce with the skills needed to respond to the evolving market. We believe that continuously upskilling our employees will foster their growth by providing them with leadership and functional competencies tailored to specific job roles. For example, employees in management positions are trained in leadership strategies, while those in technical roles receive specialized training in areas like cybersecurity, project management and data analysis.

To ensure that training aligns with job requirements, we encourage employees to propose the training they need to enhance their skill set and knowledge, which will assist in their job functions, during the annual performance review with their superiors. In addition, the Group provides educational assistance to employees who wish to enhance their academic or technical knowledge, supporting their career goals. In FY2024, we achieved a total of 92,611 training hours, demonstrating our commitment to employee development.

Our focus on continuous development also supports our succession planning effort which identifies talents with potential for senior leadership roles. This ensures business continuity and sustainable growth for the future.

Total Training Hours in FY2024:
92,611 hours

Average Training Hours Per Employee:
8.41 hours

Total Training Hours by Employee Category in FY2024

Board	Management	Executive	Non-executive/ Technical Staff	General Workers
174	11,919	29,143	45,279	6,096

Total Training Hours by Training Category

Health and safety	Human rights and grievance management	Anti-corruption & bribery	Data privacy & security	Environmental management	Laws & regulations	Others
38,242	702	78	2,377	14,361	3,355	33,496

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Human Rights

Hap Seng is guided by its Group Sustainability Framework, where we are committed to respecting the fundamental principle and rights at work, such as freedom of association, collective bargaining, prevention of all forms of forced labour, compulsory labour and child labours, as well as promoting a workplace free from discrimination in employment and build a safe working environment.

We ensure there is no violations of human rights occur in the process of recruitment and workplace. The Group has established the grievance procedure to guide the employee on the steps to raise their grievance they may have. This procedure is available in the employee handbook on the company's intranet and it is communicated to all employees, including both management and graded staff level.

Employees are encouraged to raise grievances with their immediate superior or the Industrial & Employee Relations Manager regarding issues they may face. In addition, the Group fosters a workplace free of any form of harassment, which is communicated to all employees. In FY2024, there was zero reported incident of harassment.

Number of Substantiated Complaints Concerning Human Rights Violations	FY2022	FY2023	FY2024
	0	0	0

Health and Safety

The Group is committed to fostering a health and safety-conscious workplace across all business divisions. This commitment is essential to ensure the protection of our employees and to create a secure, supportive and productive work environment.

At Hap Seng, we adhere to all mandatory health and safety legislation and have established procedures to effectively address health and safety concerns.

We have implemented dedicated health and safety committees in each division, consisting of representatives from both employees and management. These committees are tasked with overseeing health and safety initiatives and ensuring compliance with safety regulations.

To equip all employees with the necessary health and safety knowledge, we provide regular training on various health and safety topics. This includes annual fire drills, personal protective equipment (PPE) training and other relevant courses. This proactive approach helps minimize the risk of health and safety incidents in the workplace.

The Group has also adopted Hazard Identification, Risk Assessment, and Risk Control (HIRARC) process. This evaluation helps identify potential risks related to



health and safety within our operations, allowing us to proactively mitigate and manage any possible hazards.

To minimize chemical exposure to our employees, the Plantation division has adopted drone technology for chemical spraying. This approach enhances workplace safety by reducing direct contact with chemicals, improves productivity and optimizes workforce utilization.

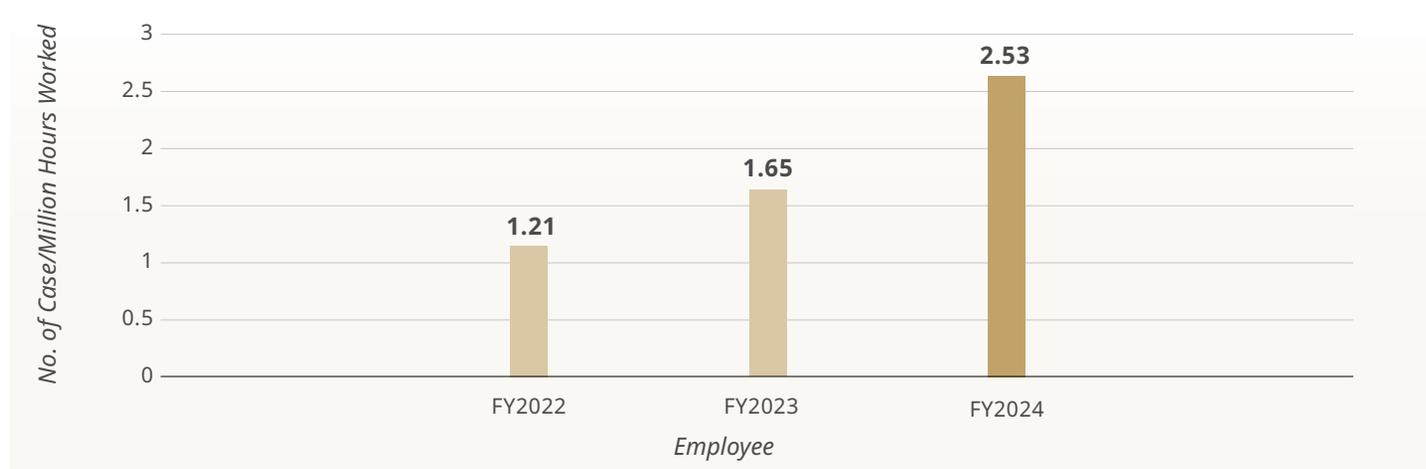
SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Health and Safety Training	FY2022	FY2023	FY2024
Number of employees trained	350	794	1,822
Total training hours	2,583	3,270	38,242

Health and Safety Performance	Unit	FY2024
Work-related Injury		
Fatality case	No. of case	1
High-consequence injury	No. of case	1
Other work-related injury	No. of case	60
Fatality rate	No. of case/Million hours worked	0.04
High-consequence injury rate	No. of case/Million hours worked	0.04
Lost time injury frequency rate	No. of case/Million hours worked	2.53
Work-related Ill Health		
Fatality case	No. of case	0
Work-related ill health	No. of case	0

LOST TIME INJURY FREQUENCY RATE (FY2022 TO FY2024)



In FY2024, we had recorded one workplace fatality and one high consequence cases involve our employees. The fatality incident occurred in the Plantation division, where a worker tragically fell into the river and drowned while transferring fertilizers from the barge to the lorry. The high-consequence incident at the tiles production factory was caused by a short circuit in the motor pump press of a machine. In both incidents, immediate action was taken by the management to prevent similar incident, which involve post-accident investigation, reviewing of operating procedures, enhancement in HIRARC documents, introducing necessary personal protective equipment and providing essential training to the existing employees.

The rise in workplace accidents and the lost time injury frequency rate has prompted the Group to implement additional measures at the Group level to enhance governance and monitoring of safety and health matters. Immediate corrective measures were implemented to prevent the recurrence of the incident. These include the installation of Standard Operating Procedures along with safety and warning signage in the operations, the conduction of refresher training on the revised SOP, and the completion of HIRARC in conjunction with the updated SOP.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Community & Society

The Group is dedicated to creating a meaningful and positive impact on both society and the environment, while also promoting socio-economic benefits for the local communities where we operate. Through our active engagement with these communities, we strive to reduce any negative effects, take corrective measures when needed, and enhance the positive outcomes for all stakeholders involved. Our goal is to continuously strengthen and maintain strong, collaborative relationships with our stakeholders, ensuring mutual growth and benefit.

Contributions, Beneficiaries, and Employee Volunteering	FY2022	FY2023	FY2024
Total Contribution (RM)	>1.9 million	>2.4 million	>2.8 million
Total Beneficiaries	>3,000	>27,000	>11,000
Total Employee Volunteered	109	125	83
Total Volunteering Hours	1,617	1,717	685

We actively encourage our employees to engage in community programmes, as we believe that such involvement nurtures a strong sense of responsibility and personal fulfillment. Through meaningful participation, employees not only have the opportunity to make a tangible, positive impact on society, but also to experience personal growth and deepen their connection with the communities they serve. In FY2024, a total of 83 employees participated in these initiatives, collectively contributing 685 hours of volunteer work.

Category	Programmes	Monetary Contribution (RM)
Education	HSG EXPLORE 2.0	347,760
	Contribution for Humana	947,300
	HSG Ignite Digital Maker 4.1	392,770
	Mercedes-Benz Advance Modern Apprenticeship Programme	598,000
	Naga Scholarship Award 2023	31,600
	Smart TV Donation to SK Tanjung Batu Keramat, Tawau	29,700
	Back to School Donation Drive	1,500
Environment and social well-being	Donation for Alfatoun Charity Run	760
	Sustainable Farming with Hopes	4,780
	Recycling with Carlsbot	
	Contribution in-kind for Harvest Festival	800
	CSR Contribution	450,680
	HSPD Caring Developer 2.0	6,000
	Sponsorship to District Council Kinabatangan (Harvest Festival)	2,860
	Donation to Health Department of Kinabatangan in conjunction of International Nurses Day	1,000
	Jom Bersih Pantai	1,110
	Blood Donation Drive	270
Total		2,816,890

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL

Following are some of the highlights of CSR programmes conducted in FY2024:

Humana Programme

The Plantation division has partnered with the Humana Child Aid Society, a non-governmental organization, to provide education to the children of workers living in plantations and remote areas of Sabah, making education more accessible despite the challenges posed by their location.



HSG Ignite Digital Maker

Contributed about RM 393,000 to promote STEM (Science, Technology, Engineering, and Mathematics) education to primary school students in Tawau, Semporna, Lahad Datu, and Papar, Sabah. This also includes efforts to enhance the digital literacy of 1,200 students and 100 teachers across 60 schools.



Supporting the Rumah Amal Raudhatul Jannah

The Group has launched a “Back to School Donation Drive” to support underprivileged students at Rumah Amal Raudhatul Jannah. We have contributed a total of RM1,500 to help these students purchase essential school supplies. This initiative has benefitted 20 students.



HSPD Caring Developer 3.0

Initiated a townhall sessions with the residents of Bandar Sri Indah, Tawau with the aim to strengthening community engagement and promoting sustainable developments in the areas where we operate.

Environmental Conscious Initiatives

Hyatt Centric KK initiated the Sustainable Farming project with Hopes Malaysia, aimed at empowering the targeted rural communities in Sabah to improve their food security and standard of living.

Additionally, they have collaborated with Carlsbot on recycling initiatives, contributing to environmental and social well-being through waste management and recycling efforts.

SUSTAINABILITY AT HAP SENG GROUP

CREATING VALUE FOR ALL



HSG Explore

Hap Seng's flagship CSR programme aims to nurture leadership and personal development among youth in Sabah. This programme offers career readiness activities, peer mentoring by teachers, and a structured learning development framework for 850 students and 60 teachers, with a total contribution of about RM 348,000.

Coastal Beach Cleaning

In November 2024, the Group organized a coastal beach cleanup to encourage employees to come together and contribute to environmental preservation. This initiative aims to raise awareness about the importance of keeping our local beaches clean, safe, and free from pollution. A total of 20 employees volunteered for this campaign.

Respecting Land Rights: Managing Land Disputes and Upholding Community Commitments

We acknowledge the legal and customary land rights of local communities. The Plantation division has established a Land Dispute Management Policy that outlines the process for handling land disputes encountered with third parties, such as indigenous groups or individuals claiming interests in the land. We also respect the customary or native rights of indigenous and local communities and are committed to ensuring compliance with the FPIC process for all new developments.

As part of the requirements in obtaining RSPO and MSPO certifications, 10 out of 13 independent local outgrowers and smallholders who are supported by Hap Seng Plantations have made commitment to respect legal and customary land rights as well as the indigenous and local communities' rights.

RESTATEMENTS

Quality Products & Services		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Customer Satisfaction Index (%)	85	79
	Disclosed Figure in FY2022	Restated Figure for FY2022
	83	78

There have been changes in the methodology for calculating the customer satisfaction survey for FY2022 and FY2023 by the property development. After review, the Group has restated the quantitative data.

Emissions Management		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Absolute GHG Emissions (t CO ₂ -e)	154,662.75	164,806.80
GHG Emissions Intensity (t CO ₂ -e/ RM'million Revenue)	32.26	37.81

- The emissions for Plantation division were undercalculated by 9,438.58 t CO₂-e due to adjustment in the emissions from POME treatment and EFB land application.
- The emissions for Automotive division were undercalculated by 202.79 t CO₂-e due to adjustment in electricity consumption.
- The emissions from the corporate head office, amounting to 502.68 t CO₂-e, are incorporated as the absolute GHG emissions rather than reported as a separate figure.
- The denominator for intensity calculation in property investment has been changed from revenue to occupied area (sq. ft.).
- The denominator for intensity calculation in Automotive division has been changed from revenue to unit of car sales.

Energy Management		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Absolute Energy Consumption (MJ)	2,305,864,209.16	2,321,382,255.93
GHG Emissions Intensity (MJ/ RM'million Revenue)	477,625.56	528,550.58

- The electricity consumption for hospitality was undercalculated by 9,755,643.60 MJ.
- The electricity consumption for Automotive division was undercalculated by 933,634.81 MJ.
- The energy consumption from the corporate head office, amounting to 4,828,768.37 MJ is incorporated to the absolute energy consumption figure.
- The denominator for intensity calculation in property investment has been changed from revenue to occupied area (sq. ft.).
- The denominator for intensity calculation in Automotive division has been changed from revenue to unit of car sales.

Water Withdrawal and Water Consumption		
	Disclosed Figure in FY2023	Restated Figure for FY2023
Operational Water Usage Intensity (m ³ / RM'million Revenue)	244.56	268.82

Change in intensity figure due to adjustment in the denominator used for calculating property investment intensity from revenue to occupied area (sq. ft.).

We have identified an inadvertent calculation error in our reported rainwater harvested figures for FY2022 and FY2023 in the Plantation division. Upon review, we have corrected the data to reflect the actual water withdrawal and water consumption across our operations.

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
All Employees	Percentage	No Data Provided	70.00 *	67.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,940,889.47	2,402,478.61	2,816,890.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3,563	27,419	11,496
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0.50	0.20	1.60
Management Between 30-50	Percentage	56.00	60.00	62.40
Management Above 50	Percentage	43.60	39.80	36.00
Executive Under 30	Percentage	17.40	15.70	17.80
Executive Between 30-50	Percentage	66.10	68.80	69.60
Executive Above 50	Percentage	16.50	15.50	12.60
Non-executive/Technical Staff Under 30	Percentage	13.40	41.60	28.80
Non-executive/Technical Staff Between 30-50	Percentage	70.70	48.20	60.70

Internal assurance

External assurance

No assurance

(*)Restated

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Diversity)				
Non-executive/Technical Staff Above 50	Percentage	15.90	10.20	10.50
General Workers Under 30	Percentage	36.70	35.60	32.90
General Workers Between 30-50	Percentage	54.30	54.50	56.10
General Workers Above 50	Percentage	9.00	9.90	11.00
Gender Group by Employee Category				
Management Male	Percentage	67.20	65.70	59.40
Management Female	Percentage	32.80	34.30	40.60
Executive Male	Percentage	44.00	46.70	53.50
Executive Female	Percentage	56.00	53.30	46.50
Non-executive/Technical Staff Male	Percentage	46.40	75.40	42.90
Non-executive/Technical Staff Female	Percentage	53.60	24.60	57.10
General Workers Male	Percentage	67.10	67.30	67.70
General Workers Female	Percentage	32.90	32.70	32.30
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	90.00	88.90	88.90
Female	Percentage	10.00	11.10	11.10
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00

Bursa (Energy management)

Bursa C4(a) Total energy consumption	Megawatt	612,888.13 *	644,828.40 *	692,949.73
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Bursa (Health and safety)

Bursa C5(a) Number of work-related fatalities	Number	0	0	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.21	1.65	2.53

Internal assurance

External assurance

No assurance

(*)Restated

Note: Information about the board of directors is based on the end of the reporting period (as of 31st December 2024).

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Health and safety)				
Bursa C5(c) Number of employees trained on health and safety standards	Number	350	794	1,822
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	5,206	6,258	11,919
Executive	Hours	8,903	6,402	29,143
Non-executive/Technical Staff	Hours	10,095	9,264	45,279
General Workers	Hours	No Data Provided	No Data Provided	6,096
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	0.00	0.25
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	-	76	88
Executive	Number	-	242	106
Non-executive/Technical Staff	Number	-	416	53
General Workers	Number	-	1,701	2,146
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	62.92	67.19	86.45
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

Internal assurance

External assurance

No assurance

(*)Restated

ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	1,415.150000 *	1,750.240000 *	2,303.710000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	314,939.05
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	314,052.28
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	886.77
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	122,738.77
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	57,082.49
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	30,949.67

Internal assurance

External assurance

No assurance

(*)Restated

GRI CONTENT INDEX

Statement of use	Hap Seng Consolidated Berhad has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	6 - 47
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