

Hap Seng Consolidated Berhad 197601000914 (26877-W)

GROUP SUSTAINABILITY FRAMEWORK

1) Scope

This Group Sustainability Framework serves as the overarching document that guides Hap Seng Consolidated Berhad (“HSCB”) Group’s approach towards sustainability governance structure, commitments, implementation strategy, as well as how the HSCB Group measures performance for continuous improvement in addressing sustainability and climate-related risks and opportunities of HSCB.

All provisions in this Group Sustainability Framework apply to operations across all six business divisions (Plantation, Property, Credit Financing, Automotive, Trading and Building Materials), including future businesses.

2) Sustainability Governance Structure

Sustainability governance in HSCB is spearheaded by the Corporate Planning & Investors Relation Department (“CPIR”). CPIR ensures the Group Sustainability Framework is adhered within the Group and continuously engages with relevant internal and external stakeholders such as employees, customers, suppliers, regulators, investors and industry association/ civil society to monitor and address sustainability and climate-related matters. CPIR will also progressively identify new sustainability and climate-related matters that can add value to the businesses and stakeholders.



Figure 1. HSCB Sustainability Governance Structure

Board of Directors

- Oversight of the Group's sustainability and climate-related risks and opportunities, including their impact on the Group's strategy, business model and financial planning.
- To provide guidance on the alignment of Sustainability Pillars into the Group's business strategy.

Group Managing Director

- Heads the Group Sustainability Committee.
- Oversees the Group's sustainability and climate-related implementation, and update its progress at the Board level.

Group Sustainability Committee

- To conduct meeting(s) chaired by the Group's Managing Director ("GMD") with participation from Heads of Business Division.
- To discuss sustainability and climate-related performance metrics, targets, initiatives, risks and opportunities of respective business divisions.
- To align Board's expectation and business strategy to the Sustainability Pillars.

Divisional Sustainability Working Committee

- To conduct working group meeting(s) at business division level to review the sustainability and climate-related performance and brainstorm on continuous improvement.
- To consolidate and monitor sustainability and climate-related performance metrics and targets, and report them to the CPIR on a periodic basis.

3) Sustainability Pillars

The Group's sustainability approach and initiatives are guided by four core pillars, each underpinned by our unwavering commitment to sustainability:

Responsible Governance

Strong governance is needed to ensure the Group continues to operate in an ethical manner, thus fostering trust among our stakeholders.

Economic Resilience

Stable economic growth supports the development of the Group, contributing to long-term value creating for our stakeholders.

Environmental Protection

Limiting our environmental footprint is crucial for preserving natural resources for future generations and mitigating adverse impacts resulting from climate change.

People & Community Development

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 workplace through development programmes to alleviate socio-economic hardships within our surrounding communities.

The Group shall aspire and strive to meet the following commitments:

Responsible Governance:

i) General Commitments

- Promoting fair business practices while upholding integrity and ethical conduct in all aspects of the Group's operations.
- Complying all relevant laws, regulations, and guidelines.
- Implementing a cybersecurity strategy to prevent breaches related to privacy and data loss.
- Observing the Group's policy against all forms of corruption and bribery in accordance with the Group's Anti-Bribery and Corruption Policy.
- Engaging suppliers to uphold key sustainability and climate-related commitments through our Responsible Sourcing Policy.

ii) Specific Commitments

Plantation Division

- Adhering our oil palm plantation operations in Malaysia to Roundtable on Sustainable Palm Oil ("RSPO") and Malaysian Sustainable Palm Oil ("MSPO") certifications.
- Supporting our external oil palm supply chain in adopting sustainable production practices through training and assistance in achieving sustainability compliance.

Economic Resilience

i) General Commitments

- Providing quality products and excellent services that differentiates us from others.
- To be the preferred partner and promote win-win business relationships.
- To achieve sustainable growth and returns for our shareholders over the long term.
- To be a good corporate citizen in harmony with the environment and the communities we serve.
- Promoting responsible and local sourcing of materials and services.

ii) Specific Commitments**Plantation Division**

- Promoting a transparent, traceable, and sustainable palm oil supply chain.

Environmental Protection**i) General Commitments**

- Mitigating environmental impact from our operations through Environmental Impact Assessment and best management practices.
- Supporting biodiversity protection, conservation and urban greenery across operations.
- Supporting conservation and ecosystem restoration initiatives within the landscapes in which we operate.
- Implementing strict no-burning policy and fire management within our operations.
- Monitoring carbon emissions and reporting progress of carbon reduction.
- Reducing greenhouse gas emissions through utilisation of renewable energy and improvements in energy use efficiency.
- Minimising water consumption and improving efficiency of water use.
- Minimising waste generation and environmental impact through efficient use of resources, recycling and reuse.

ii) Specific Commitments**a) Plantation Division**

- Avoid deforestation and new development on forested peatland.
- Identification and protection of High Conservation Value (HCV) areas.
- Protection of rare, endangered and threatened (RTE) species within our operations.
- Identification and protection of High Carbon Stock (HCS) areas using the revised High Carbon Stock Approach (HCSA).
- Adopting RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat to reduce greenhouse gas (GHG) emissions.
- Reduce and phase out the use of paraquat and pesticides classified as Class 1A and 1B by the World Health Organization (WHO).
- Commitment to restoration of non-compliant land conversion or deforestation.

b) Property Division

- Supporting the development and construction of sustainable investment properties in line with internationally recognised green building guidelines.

People and Community Development**i) General Commitments**

- Ensuring a safe and healthy working environment in accordance to the HSCB's Safety and Health Policy.
- Complying with all applicable local laws on working hours and overtime, and preventing excessive work hours to promote employee well-being.
- Respecting the fundamental rights in the core conventions of the International Labour Organization.
- Preventing forced and child labour through responsible recruitment.
- Resolving complaints, conflicts and human rights issues through a transparent grievance mechanism.
- Adhering to the statutory minimum wage requirement and overtime compensation.
- Striving to create a work environment that respects human rights, is free from harassment, and upholds the dignity of every employee.
- According equal opportunity in employment and remuneration regardless of race, religion, gender, age, sexual orientation, disability and nationality.
- Recognising employees' right to collective bargaining and freedom of association.
- Supporting local communities by providing employment opportunities to local talent where we operate.
- Driving positive socio-economic impact for local communities in which we operate.

ii) Specific Commitments**Plantation Division**

- Supporting and encouraging smallholdings and suppliers with sustainable palm oil initiatives in line with national and international standards.

4) Implementation

- This Sustainability Framework will be reviewed periodically.
- Respective business division may develop their own policy or guideline within this overarching framework if deemed necessary.
- Sustainability and climate-related risks will be assessed and integrated into the risk management framework, with strategic responses developed to adapt to and mitigate potential business impacts.

- The Board’s competencies in sustainability and climate-related matters are assessed as part of the board effectiveness evaluation.
- Periodic training will be provided to ensure that committee members maintain the necessary competencies to effectively manage the sustainability and climate-related matters.

5) Measuring Performance and Continuous Improvement

- Sustainability and climate-related performance metrics and targets are monitored using specific material key performance indicators, which are linked to the overall remuneration of the senior management.
- HSCB will also monitor its sustainability and climate-related performance and progress against independent sustainability assessments that the Group participates such as RSPO, MSPO, FTSE4Good and SPOTT by the Zoological Society of London.
- HSCB will work with relevant stakeholders to continuously improve the existing practices.

6) Revision and Updates

This Group Sustainability Framework is to be reviewed when necessary. Any proposed amendments thereto will be recommended to the Board for approval.

This Group Sustainability Framework was approved by the Board on 28 August 2025.

Datuk Edward Lee Ming Foo
Managing Director