

Hap Seng Consolidated Berhad 197601000914 (26877-W)

SUSTAINABILITY FRAMEWORK

1) Scope

This Sustainability Framework provides a holistic overview on the Hap Seng Consolidated Berhad (“HSCB”) Group’s Sustainability Governance Structure, sustainability commitments, implementation strategy, as well as how the HSCB Group measures performance for continuous improvement.

All provisions in this Sustainability Framework apply to all the six business divisions (Plantation, Property Investment & Development, 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 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 ensure the Sustainability Focus Areas remain relevant. CPIR will also progressively identify new Sustainability Focus Areas that can add value to the businesses and stakeholders.



Figure 1. HSCB Sustainability Governance Structure

Board of Directors

- Oversight of the Group's sustainability implementation and progress.
- To provide guidance on the alignment of Sustainability Focus Areas into the Group's business strategy.

Group Managing Director

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

Sustainability Committee

- To conduct meeting(s) chaired by the Group's Managing Director ("GMD") with participation from Heads of Business Division.
- To discuss sustainability performance, initiatives, and risks from respective business division.
- To align Board's expectation and business strategy to the Sustainability Focus Areas.

Divisional Sustainability Working Committee

- To conduct working group meeting(s) at business division level to review the sustainability performance and brainstorm on continuous improvement.
- To set targets and track performance of Sustainability Focus Areas at the business division level.
- To compile the Sustainability Performance Matrix and submit to CPIR on a bi-annual basis.

3) Sustainability Focus Areas

HSCB's Sustainability Focus Areas consist of a set of environmental, social and governance commitments that has been identified by the Group in order to create additional value to our businesses. The Sustainability Focus Areas may change depending on the sustainability material matters and future trends identified from our engagement with stakeholders.

Sustainability Focus Areas for different sustainability components (environmental, social and governance) consist of general commitments which are applicable to all the business divisions, and specific commitments which are only relevant to specific business divisions.

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

Environmental

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 energy use efficiency.
- Minimizing water consumption and improving efficiency of water use.
- Minimising waste generation 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.

b) Property Investment & Development Division

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

Social

i) General Commitments

- Ensuring a safe and healthy working environment.
- Encouraging healthy work-life balance and 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 and conflicts through a transparent grievance mechanism.
- Adhering to the statutory minimum wage requirement and overtime compensation.
- Striving to create a work environment that is free from harassment, where employees are treated with respect and dignity.
- According equal opportunity in employment and remuneration regardless of race, religion, gender, age, sexual orientation, disability and nationality.
- Recognizing employees' right to collective bargaining and freedom of association.
- 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.

Governance

i) General Commitments

- Observing the Group's policy against all forms of corruption and bribery in accordance with the Group's Anti-Bribery and Corruption 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.

4) Implementation

- This Sustainability Framework will be reviewed periodically.
- Respective business division may develop their own policy or guideline within this overarching framework deemed necessary.

5) Measuring Performance and Continuous Improvement

- HSCB will monitor the sustainability 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 sustainability practices.

6) Revision and Updates

This Sustainability Framework is to be reviewed on a periodic basis and any proposed amendments thereto will be recommended to the Board for approval.

This Sustainability Framework was approved by the Board on 24 February 2022.

Datuk Edward Lee Ming Foo
Managing Director