

# GLENEALY PLANTATIONS SDN BHD

## Sustainable Palm Oil Policy

### 1. Policy Purpose

1.1 Glenealy Plantations Sdn Bhd (GPSB) recognises the importance of committing to core sustainable values in The Group's palm oil production operations. GPSB commits to transforming into a responsible grower and miller in the palm oil industry, adhering to the "No Deforestation, No Peat, and No Exploitation" principles for its Palm Oil business (hereinafter referred to as "The Business"), which includes the following:

- No Deforestation
- No Peat
- No Exploitation
- Smallholder programme
- Transparency and Accountability

1.2 The Sustainable Palm Oil Policy represents GPSB's commitment towards business integrity and should be read in conjunction with other related policies such as: Human Rights Policy, Anti-Harassment and Anti-Discrimination Policy, Health & Safety Policy, Anti-Bribery and Anti-Corruption Policy and Whistleblower Policy.

### 2. Application

2.1 This policy applies to all oil palm plantations and palm oil mills managed and owned by GPSB.

2.2 GPSB considers a contravention of this Policy to be a serious violation, which may result in disciplinary action. The disciplinary action could extend to the dismissal of an Employee who may have violated the Policy.

### 3. Definition

3.1 "**High Carbon Stock (HCS)**" approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.

3.2 "**High Conservation Values (HCVs)**" areas refer to the areas necessary to maintain or enhance one or more HCV:

- HCV 1 – Species diversity
- HCV 2 – Landscape-level ecosystems and mosaics
- HCV 3 – Ecosystems and habitats

- HCV 4 – Ecosystem services
- HCV 5 – Community needs
- HCV 6 – Cultural values

3.3 **“Peat”** as defined by Roundtable on Sustainable Palm Oil (RSPO) P&C (2018) refers to soils with cumulative organic layer(s) comprising more than half of the upper 80 cm or 100 cm of the soil surface containing 35% or more of organic matter (35% or more Loss on Ignition) or 18% or more organic carbon.

3.4 **“Employees”** refer to individuals working at all levels and grades, including senior managers, officers, nominees, employees (whether permanent, fixed-term or temporary), trainees, seconded staff, casual workers and agency staff, of The Business, wherever located (collectively referred to as employees in this policy) and directors. This includes employees on secondment to joint ventures, affiliates or associates.

3.5 **“Third Parties”** refers to any outside party acting on behalf of The Business and its subsidiaries. Third Party consist of but may not be limited to the following: agents, consultants, distributors, teaming partners, contractors, joint-venture partners and certain vendors.

## 4. Guidance

### No Deforestation

4.1 The Business commits to zero deforestation or zero conversion of natural, undisturbed ecosystems. There will no future development in HCV and HCS areas identified. Land clearing will not cause deforestation or damage any area required to protect or enhance HCVs or HCS forests Existing and new HCV and HCS areas identified will be protected and managed.

- In all new development areas, The Business commits to undertake the Integrated High Conservation Value – High Carbon Stock Approach Assessment to identify areas having globally recognised HCV and HCS attributes. The identification procedure will be guided by HCVRN Common Guidance and HCSA Toolkits.
- In existing plantations, The Business will ensure potential HCV areas are identified and protected. This will also be ensured during replanting

4.2 The Business commits to a ‘No Open Burning’ policy. Fire will not be used for preparing land in new development and is prevented during replanting in existing plantations.

4.3 The Business will identify all sources of Greenhouse Gas Emissions in its mills and plantations and will progressively decrease emissions to meet relevant palm oil certification standards.

### No Peat

4.4 The Business has no plantings on peat and commits to no new development in peat areas of any depth. Any replanting on peat will also follow the requirements of the RSPO Best Management Practices (BMPs) on peat.

4.5 If any existing oil palm developed on peat prior to 31<sup>st</sup> December 2015 were to come under The Business’s management in the future, these areas will be managed, following RSPO BMPs for existing oil palm cultivation on peat.

## **No Exploitation**

4.6 The Business is committed to upholding the Universal Declaration of Human Rights by the United Nations. The important Articles that are relevant to The Business are as follows:

- Respect the rights of local and indigenous communities
- Respect human rights
- Support the inclusion of smallholders into the supply chain

## **4.7 Respect the rights of local and indigenous communities**

- In new development areas, open and continuous consultations with local and indigenous communities is a priority. No development will proceed without the Free, Prior and Informed Consent (FPIC) of landowners and users with legal rights.
- Any land conflict and grievance raised by local and indigenous communities will be resolved through a functional unbiased grievance and complaints mechanism. All appropriate grievance and complaint documentation will be made available to relevant stakeholders as a commitment to transparency.
- The Business is committed to contribute to local development where appropriate and within its capacity.

## **4.8 Respect human rights**

The Business is committed to protecting basic human rights of all Employees in the following human rights aspects:

- Prohibition of child labour
- Prohibition of human trafficking and the use of forced or bonded labour
- No discrimination based on race, colour, sex, language, religion, political, national or social original, and birth or other status
- No tolerance of violence, harassment, and sexual exploitation
- Gender equality and recognition of women's reproductive rights
- Freedom of association and right to collective bargaining
- Freedom of speech
- Equal opportunities and ethical hiring
- Secure and safe working environment
- Legal and employment with fair wages and benefits, including the right to medical treatment and insurance, following national laws and legal requirements
- Working hours following national laws and legal requirements
- Functional grievance mechanism

Should any human rights-related issues be identified, The Business commits to implementing remedial actions to ensure appropriate, timely and transparent responses. Please refer to The Group's Human Rights Policy.

## **4.9 Support the inclusion of smallholders within the supply chain**

The Business is committed to the inclusion of smallholders within the supply chain of its Palm Oil business and improve their livelihoods through fair and transparent partnerships. The Business will prioritise transparency by maintaining open communication with smallholders and making relevant information easily accessible to smallholders.

## **Natural Resources, Biodiversity and Wildlife Conversation**

4.10 The Business is committed to conserve and protect natural resources and waterways.

4.11 The Business is committed to conserving biodiversity and wildlife within its operations and HCV areas as per paragraph 4.1. The Business ensures the protection and of rare, threatened and endangered wildlife species by implementing national and international best practices for biodiversity and wildlife conservation.

#### **Slope & Buffer Zone Protection**

4.12 The Business is committed to the protection of slope and river buffer zones within its operations.

4.13 Slope protection will be guided by the following principles:

- No planting activity allowed in the area with more than 25 degrees slope
- Planting of legume cover crop alongside the terrace planting area below 25 degrees slope to avoid soil run-off
- Construct terrace for hilly area (not more than 25 degrees of slope) to lessen up the soil erosion
- Hilly area with more than 25 degrees slope of steepness, existing vegetation will be preserved and planted with more trees to avoid erosion.

4.14 River Buffer Zone protection will be guided by the following principles:

- Establishing buffer zone area.
- No activity involving chemical should be done within the buffer zone area such as chemical weeding, fertilizer application and other activity related to chemical.
- No washing equipment, etc. in the buffer zone area.

#### **Chemicals and Pesticides**

4.15 The Business is committed to minimising the use of chemical throughout the lifecycle of each planting within The Business's operations. This includes pesticides and chemical fertilisers by practicing good practices on soil management and integrated pest management.

4.16 The Business commits to no use of paraquat and pesticides banned by the Department of Agriculture, Malaysia.

#### **Waste Management**

4.17 The Business is committed to plan, assess and implement appropriate measures to reduce the impact on the environmental aspect arising from its operational activities. The Business shall comply with regulations concerning all types of pollutants and waste generated, through its Waste Management Plan for Scheduled and Non-Scheduled Waste.

4.18 The Business prohibits any form of domestic waste incineration and engages licensed contractor(s) to dispose all scheduled waste in an environmentally responsible manner.

4.19 Palm Oil Mill Effluent (POME) shall be treated to ensure that its Biochemical Oxygen Demand (BOD) level of final discharge is in compliance with the relevant regulations.

#### **Traceability and Accountability**

4.20 The Business upholds high standards of transparency through reporting of traceability and resolving grievances. The Business will maintain active communication and reporting to relevant stakeholders.

4.21 The Palm Oil Estates have also established a Complaint and Grievances Procedure to resolve disputes from employees or affected stakeholders in an effective, timely and appropriate manner, including keeping records of such incidents when they occur.

#### **Supplier Compliance**

4.22 All Sustainable Palm Oil Policy related commitments identified in paragraphs 4.1 – 4.21 will be gradually extended to our Third Parties.

4.23 The Business maintains the right to conduct third-party due diligence before entering into a business partnership with a Third Party.

#### **Compliance with Laws and Certification Standards**

4.24 The Business shall respect all applicable legal requirements.

4.25 The Business is committed to sustainable development and continuous improvement on plantation and milling operation through compliance with the certification standards for the sustainable management of palm oil plantations as set out in the following industry scheme(s):

- Malaysia Sustainability Palm Oil Principles and Criteria (MSPO)
- Malaysia Sustainability Palm Oil Supply Chain Certification Standard (MSPO-SCCS)

## **5. Administration**

#### **Communications and Training**

5.1 Employees should read, understand and comply with this policy. All employees are responsible to ensure the highest standards of ethics, honesty, openness and accountability in line with The Business's commitment to enhance good governance, transparency and safeguard the integrity of The Business.

5.2 This Policy shall be communicated to all relevant stakeholders, and they are expected to conform to the spirit and intent of the above guiding principles, where applicable.

#### **Policy Review**

5.3 This policy shall be reviewed once every two years, where The Business may modify this policy to maintain compliance with applicable laws and regulations or accommodate organisation changes. This review should be carried out by Plantation Director (Palm Oil).

5.4 The Head of Sustainability should review management compliance with this policy and procedure and recommend improvements or updates as necessary towards its continued effectiveness.

## **6. References**

6.1 Malaysian Sustainable Palm Oil: Principles & Criteria 2013

6.2 Universal Declaration of Human Rights

6.3 Malaysia's Environmental Quality Act (1974)

## 7. Policy Distribution

7.1 All Employees in The Business.

Date: 01 Feb 2021