This report covers Boustead Plantations Berhad’s plantations and mills as well as key aspects of the Group’s palm oil operations.

- Over 100 years plantation industry experience
We have determined our key material issues in relation to our Group’s business operations based on feedback and views from our stakeholder engagement initiatives.

- Over 50 years oil palm plantation management experience
We have pinpointed the **economic, environment** and **social** issues that are most important to our internal and external stakeholders in this report.

- 46 estates
- 9 palm oil mills
The Report details the Group’s efforts in advancing the multi-stakeholder engagement process to develop solutions for sustainable palm oil production.

- Land Bank of 93,300 Ha
- Planted Area of 75,000 Ha
It is our intention to report each year in line with the **Company's Financial Reporting Cycle**, which is the calendar year.

- **9,462 employees**
Boustead Plantations Berhad (BpB) is one of the most experienced and established upstream oil palm plantation companies in Malaysia. As a listed subsidiary of Boustead Holdings Berhad (BHB), one of Malaysia’s oldest and largest conglomerates, BpB has over 100 years of experience in the plantations industry and over 50 years of experience in the management of oil palm plantations.

We are principally involved in the ownership and management of oil palm plantations, the cultivation of oil palms and harvesting of fresh fruit bunches (FFB), as well as the production and sale of crude palm oil (CPO) and palm kernel (PK). In addition, we are also involved in the sale of FFB, provision of mill design and consultancy services. The Group is also actively involved in agronomy research.

We manage a portfolio of 46 oil palm estates and nine palm oil mills in Malaysia, with 19 estates in Peninsular Malaysia, 18 in Sabah and nine in Sarawak. Our total land bank stands at approximately 93,300 hectares (ha) of which 75,000 ha is cultivated with oil palm.
OVERVIEW

4 Sustainability Key Milestones
6 Chairman’s Statement
Sustainability Key Milestones

Published first sustainable handbook: BEA Towards Sustainable Agriculture

Sungai Jernih Business Unit: First business unit certified with RSPO

Founding member of RSPO

First Social Impact Assessment & High Conservation Value assessment conducted

Sungai Jernih Palm Oil Mill awarded with Clean Air Award by Department of Environment Pahang

Segaria Business Unit certified with RSPO & MSPO

Published first sustainable handbook: BEA Towards Sustainable Agriculture

Sungai Jernih & Estate certified with Malaysian Sustainable Palm Oil (MSPO)

Nak Business Unit certified with RSPO

Installed first Biogas Plant at Telok Sengat Palm Oil Mill

Trong Business Unit certified with RSPO

Founding member of RSPO
Sustainability Key Milestones

- **2014**: Listing of Boustead Plantations Berhad on the Main Board of Bursa Malaysia
- **2015**: Installed first Biogas Plant at Telok Sengat Palm Oil Mill
- **2016**: Sungai Jernih Palm Oil Mill awarded with Clean Air Award by Department of Environment Pahang
- **2017**: Nak Business Unit certified with RSPO
- **2018**: Sungai Jernih Business Unit: First business unit certified with RSPO & MSPO
- **2018**: Trong Business Unit certified with RSPO
- **2014**: Sungai Jernih Palm Oil Mill & Estate certified with Malaysian Sustainable Palm Oil (MSPO)
We are firm believers that commercial aspirations cannot be pursued without a strong commitment to sustainable development principles.

DR. RAJA ABDUL MALEK RAJA JALLALUDIN
Chairman,
Sustainability Committee

Chairman’s Statement
Given how interconnected our business operations are with our surrounding environment and communities, we subscribe to a holistic approach on sustainability to generate shared value for all.

We are conscious of our leadership role in the plantation sector and are committed to ensuring that we play our part in furthering sustainability practices in the local industry.

With our inaugural standalone Sustainability Report, we are pleased to report our endeavours to strengthen sustainability as demonstrated by our sustainability policies and measures, our accomplishments during the year and our agenda for the future.

While this Sustainability Report highlights the strong progress we have made, our commitment to sustainability is constantly growing. We are committed to updating our sustainability agenda to address fundamental material issues that affect our three strategic spheres of activity, specifically, economic, environment and social.

Delivering meaningful benefits to our stakeholders while cultivating an economically and environmentally sound business model will shape the way we move the Group forward as we look ahead to a sustainable future for all.

DR. RAJA ABDUL MALEK RAJA JALLALUDIN
Chairman,
Sustainability Committee
SUSTAINABILITY

10 Sustainability Vision and Mission
12 Governance Structure
14 Stakeholder Engagement
Fundamental to achieving our sustainability goals is inculcating sustainable practices across the board. Our position as an established upstream oil palm plantation company in Malaysia with over 100 years of experience is premised on creating sustainable long-term value through a balanced coalescences of economic, environment and social considerations within our businesses in accordance with our Sustainability Vision of:
To remain committed in our focus on R&D and implement breakthrough solutions at all levels and processes to maintain our technological edge.

To achieve greater economies of scale and operation efficiencies by consolidating and expanding our landbanks in Malaysia.

To implement sustainability standards as per BPB Sustainability Policy for Economic Prosperity, Environmental Management, Community Development and Social Impact.

To cultivate a capable talent pool and provide employees with opportunities for personal and professional development to enable them to fulfill their potential.

To explore business opportunities that yield strong returns.

The following Sustainability Mission Statement addresses the Group’s focus on balancing sustainability considerations with long-term growth:

**Sustainability Mission Statement**
Governance Structure

**BOARD OF DIRECTORS**

- **Chairman:**
  - Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R)

- **Vice Chairman:**
  - Tan Sri Dato' Seri Lodin Wok Kamaruddin (Vice Chairman until 31 December 2018)

- **Members:**
  - Dato' Mohzani Abdul Wahab
  - Dr. Raja Abdul Malek Raja Jallaludin
  - Datuk Zakaria Sharif

**BOARD SUSTAINABILITY COMMITTEE**

- **Chairman:**
  - Dr. Raja Abdul Malek Raja Jallaludin

- **Members:**
  - Dato' Mohzani Abdul Wahab
  - Datuk Zakaria Sharif

**SUSTAINABILITY MANAGEMENT COMMITTEE**

- **Members:**
  - Mr. Chow Kok Choy
  - Tn. Hj. Sharudin Jaffar
  - Ms. Chin Sup Chien

**Sustainability Working Committee**

- **Head:**
  - En. Anuar Semail

- **Secretary:**
  - En. Ahmad Azhar Shah Ibrahim

- **Members:**
  - En. Mohamad Mahazir Mustaffa
  - En. Shafie Muhd Zain

**Sustainability Section, Planting Advisor Department**

- **Head:**
  - En. Anuar Semail

- **Members:**
  - En. Ahmad Amirul Ariff Mohamad Noh
  - Cik Nurul Hanani Abdullah
  - En. Azrin Mazhidi Abd Manab
  - En. Hafizi Boniran
  - En. Amrul Nizam Abd Ghani
  - En. Muhd Hafiz Mamat
As part of the Group’s commitment to promoting and enhancing an integrated management of sustainability, we have established a governance structure to supervise and manage sustainability issues:

**Governance Structure**

<table>
<thead>
<tr>
<th><strong>Sustainability Governance</strong></th>
<th><strong>Roles</strong></th>
<th><strong>Key Responsibilities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Setting the tone</td>
<td>Full and effective control over the management of sustainability matters</td>
</tr>
<tr>
<td>Board Sustainability Committee</td>
<td>Strategy and stewardship</td>
<td>Review and approval of the Group’s sustainability policies and framework</td>
</tr>
<tr>
<td>Sustainability Management Committee</td>
<td>Management and monitoring</td>
<td>Recommends sustainability policies and framework to the Board Sustainability Committee</td>
</tr>
<tr>
<td></td>
<td>Accountability and performance</td>
<td>Implementation of the Group’s sustainability initiatives followed by close monitoring upon approval from the Board Sustainability Committee</td>
</tr>
</tbody>
</table>

**Sustainability Committee - Members and Meetings**

The Sustainability Committee held a total of three meetings during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set out as follows:

<table>
<thead>
<tr>
<th><strong>Name of Director</strong></th>
<th><strong>Meeting Attendance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Raja Abdul Malek Raja Jallaludin (Chairman)</td>
<td>3/3</td>
</tr>
<tr>
<td>Datuk Zakaria Sharif</td>
<td>3/3</td>
</tr>
<tr>
<td>Dato’ Mohzani Abdul Wahab</td>
<td>3/3</td>
</tr>
</tbody>
</table>
Stakeholder Engagement

A fundamental feature of our sustainability strategy is the emphasis placed on continuous engagement with all our stakeholders.

<table>
<thead>
<tr>
<th>Employees</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Employee Icon]</td>
<td>![Worker Icon]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Governmental Organisations (NGOs)</th>
<th>Investors, Banking and Business Partners</th>
<th>Industry Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>![NGO Icon]</td>
<td>![Investor Icon]</td>
<td>![Industry Peer Icon]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Employee Icon]</td>
<td>![Worker Icon]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outgrowers and Communities</th>
<th>Trading Houses</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Outgrower Icon]</td>
<td>![Trading House Icon]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customers</th>
<th>Government and Regulators</th>
<th>Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Customer Icon]</td>
<td>![Government Icon]</td>
<td>![Union Icon]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Media Icon]</td>
</tr>
</tbody>
</table>

Processes are in place to listen and respond to our customers, Government, key players in the palm oil industry, NGOs, local and indigenous communities, employees and the wider society.
**Stakeholder Engagement**

Sources and methodology used to identify our material issues:

**INTERNAL**

A series of internal stakeholder meeting was conducted at 2 different layers of Management.

1. Sustainability Broad Level Engagement inclusive of meeting conducted between Senior Management and Employees Representatives at Estates and Mills.
2. Annual internal stakeholder meeting was conducted across the operations between Managers of estates and mills with all employees.

**EXTERNAL**

External stakeholder engagement was conducted at every business unit on annual basis to gauge their feedback on sustainability issues.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Purpose</th>
<th>How We Engage</th>
<th>Frequency</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Bodies</td>
<td>Compliance, regulations</td>
<td>Periodic meetings, on-site inspections, correspondence on regulations</td>
<td>As required</td>
<td>Developed and improved guideline</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Decision Making</td>
<td>Meetings and correspondence</td>
<td>Quarterly</td>
<td>Advocated sustainability ethics, values and governance</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>Compliance</td>
<td>General Meetings, quarterly reporting and annual report</td>
<td>Annually</td>
<td>Incorporated sustainability issues into our investor relations</td>
</tr>
<tr>
<td>Customers</td>
<td>Business continuity</td>
<td>Annual meeting and report</td>
<td>As required</td>
<td>Maintain and obtain RSPO and MSPO certification</td>
</tr>
<tr>
<td>Employees</td>
<td>Human rights</td>
<td>Internal Stakeholder Meeting, Correspondence</td>
<td>Day-to-day</td>
<td>Improved the level of engagement amongst employees</td>
</tr>
<tr>
<td>Local Communities</td>
<td>Land Rights, “Free, Prior, Informed, Consent” (FPIC) and Sustainability practices</td>
<td>Regular on site meeting, RSPO Complaints and Grievances</td>
<td>Monthly, annually, and as required</td>
<td>Continued Investment in comprehensive range of community programmes</td>
</tr>
</tbody>
</table>
3 MATERIALITY ASSESSMENT

18 Materiality Assessment
19 Materiality Matrix
20 Summary of Material Matters
22 Sustainable Development Goals (SDG)
23 Mapping the Material Matters to SDG’s
24 Risk Management
In preparation for the Sustainability Report, we assess the sustainability issues that have an impact to Economic, Environment and Social.

### Materiality Assessment

<table>
<thead>
<tr>
<th>Identification</th>
<th>Prioritisation</th>
<th>Validation</th>
</tr>
</thead>
</table>
| A list of material matters were identified with reference to Bursa Malaysia's Sustainability Reporting Guide 2nd edition. The following factors were also taken into consideration: | Material matters were priorities by taking into account internal and external stakeholders’ opinion and their importance to BPB. A full-day materiality assessment workshop amongst mid-to-senior management from the different departments and functions was conducted. | The list of prioritized material matters were verified through interviews and discussions with the following:  
- Senior Management  
- Relevant subject matter expert  
The final materiality matrix was presented and endorsed by our Senior Management. |

The outcome resulted in the following list of material matters reported throughout this report and anchored to the following three themes.

#### Economic
- Creating business opportunity
- Research and development (R&D) and yield improvement
- Sustainability certification scheme
- Traceability and supply chain

#### Environment
- High Conservation Value (HCV) areas and biodiversity
- Greenhouse gas emissions
- Waste and effluent management

#### Social
- Workforce management
- Occupational safety and health
Materiality Matrix

Influence on Stakeholder Assessments and Decisions

Significance of Group’s Economic, Environmental and Social Impacts

Creating Business Opportunities
R&D and Yield Improvement
Sustainability Certification Scheme
Traceability and Supply Chain
Occupational Safety and Health
Greenhouse Gas Emissions
HCV Areas and Biodiversity
Waste and Effluent Management
Workforce Management
Summary of Material Matters

01 Creating Business Opportunities

02 Research and Development and Yield Improvement

03 Sustainability Certification Scheme

04 Traceability and Supply Chain

05 High Conservation Value Areas and Biodiversity

06 Greenhouse Gas Emissions

07 Waste and Effluent Management

08 Occupational Safety and Health

09 Workforce Management
Sustainable Development Goals (SDG)

The Sustainable Development Goals (SDGs) were born at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. The objective was to produce a set of universal goals that meet the urgent environmental, political and economic challenges facing our world.

The SDGs strategic plan focuses on key areas including poverty alleviation, democratic governance and peacebuilding, climate change and disaster risk, and economic inequality. United Nations Development Programme provides support to government to integrate the SDGs into their national development plans and policies.

In September 2015, all 193 United Nations member states adopted “Agenda 2030” - a plan to solve the world’s most pressing environmental, social and economic problems over the next 15 years. It consists 17 goals and 169 targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change.

We believe that achieving the SDGs requires the partnership of governments, private sector, civil society and citizens alike to make sure we leave a better planet for future generations. Hence, the Group has taken the first step to incorporate the SDGs into our sustainability plan and we map our progress against the SDGs.
## Mapping the Material Matters to SDG’s

<table>
<thead>
<tr>
<th>Material Sustainability Matters</th>
<th>Relevant Stakeholders</th>
<th>Corresponding SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Creating Business Opportunity</td>
<td>- Board of Directors</td>
<td><img src="image" alt="Decent Work and Economic Growth" /></td>
</tr>
<tr>
<td>- R&amp;D and Yield Improvement</td>
<td>- Shareholders, Investors, Suppliers, and Business Partners</td>
<td><img src="image" alt="Industry, Innovation, and Infrastructure" /></td>
</tr>
<tr>
<td>- Sustainability Certification Scheme</td>
<td>- Customers</td>
<td></td>
</tr>
<tr>
<td>- Traceability and Supply Chain</td>
<td>- Regulatory Bodies</td>
<td></td>
</tr>
<tr>
<td>- HCV Areas and Biodiversity</td>
<td>- Employees</td>
<td><img src="image" alt="Responsible Consumption and Production" /></td>
</tr>
<tr>
<td>- Greenhouse Gas Emissions</td>
<td>- Local Communities</td>
<td><img src="image" alt="Climate Action" /></td>
</tr>
<tr>
<td>- Waste and Effluent Management</td>
<td></td>
<td><img src="image" alt="Life on Land" /></td>
</tr>
<tr>
<td>- Workforce Management</td>
<td>- Employees</td>
<td><img src="image" alt="Good Health and Well-Being" /></td>
</tr>
<tr>
<td>- Occupational Safety and Health</td>
<td>- Local Communities</td>
<td><img src="image" alt="Quality Education" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td><img src="image" alt="Gender Equality" /></td>
</tr>
</tbody>
</table>

**Economic**

**Environment**

**Social**
Environmental Risk-
Chemical Usage and
Disposal

Outbreak of Pest and
Disease

Roundtable on Sustainable
Palm Oil (RSPO)

Environmental Risk-
Chemical Usage and
Disposal

Description:
The potential threat of disease outbreaks and/or pests either not being identified in a timely manner or not being mitigated effectively could potentially result in significant tracts of plantation being affected and/or being wiped out.

Mitigation:
- Expand the use of Integrated Pest Management
- Regular monitoring and timely control vis-à-vis pests and disease outbreak at estates

Description:
Attacks by NGOs on palm products and related products due to inconsistent practices which are against requirements

Mitigation:
- Implement best agricultural management practices in all operation
- RSPO and MSPO certifications for all operating units by 2023 and 2019 respectively
- Monitoring and reporting of RSPO certification audit non-compliance status (Uncertified Business Units)

Description:
Impact of chemical waste to monsoon drains and natural waterways which can result in prosecution, fines, disruption in operations and severe reputational damage

Mitigation:
- Establish Standard Operating Procedures on waste management
- Conduct dedicated training courses (i.e. Certified Environmental Professional in Schedule Waste and the Treatment of Palm Oil Mill Effluent)
Shortage of labour

Description:
Inadequate workers affecting production line efficiencies i.e skilled harvesters

Mitigation:
- Regular review of wage rate including rate for piece rated work are carried out to ensure that wage scale in our operations adhere to the industry standard and remain competitive
- Attract and retain workers and their families to work with estates by providing amenities which include conducive living quarters, Humana schools, Community Learning Centre, sports club, clinics, crèche and recreational facilities

Safety and Health

Description:
Accidents happened due to non-compliance with policies and procedures that may lead to fatalities or injuries

Mitigation:
- Occupational Safety and Health policy and procedures /guidelines established and implemented
- Annual Safety and Health compliance visit and reporting implemented
- Regular safety training, dialogues and roadshows and dedicated Occupational Safety and Health committees
ECONOMIC

Achieving Strategic Growth

29 Creating Business Opportunity
31 Research and Development and Yield Improvement
33 Sustainability Certification Scheme
35 Traceability and Supply Chain
Achieving Strategic Growth

MATERIAL MATTERS

Creating Business Opportunity

Research and Development (R&D) and Yield Improvement

Sustainability Certification Scheme

Traceability and Supply Chain

HIGHLIGHTS

- % of FFB purchased from smallholders
  Approximately 12%

- Value of projects awarded to local vendors (RM)
  >50 million in value of project in 2018

- Amount spent on R&D (RM)
  15.2 million

NUMBER OF VILLAGES THAT BENEFITED FROM BOUSTEAD COMMUNITY ROAD MAINTENANCE (CRM) PROGRAM

>15 villages at Segamaha and Rimba Nilai Business Units

BOUSTEAD PLANTATIONS BERHAD
Economic : Achieving Strategic Growth

The Group is committed to advancing its business sustainability while propelling the economic growth of the wider community.

Creating Business Opportunity

In our journey to strengthen the economic sustainability of the Group, we have been able to play a part in improving the livelihood of local communities and plantations.

During the year, we encouraged local development through supporting smallholders where approximately 12% of our total external FFB were procured from surrounding smallholders.

Recognising that some of our surrounding communities lack basic infrastructure, we are committed to work in partnership with the communities to provide practical and sustainable solutions to their infrastructure shortfalls.

During the year, we established the Boustead Community Road Maintenance (CRM) Programme. More than 15 villages benefited from this programme near our Segamaha and Rimba Nilai Business Units.

Main access road to Segamaha Business Unit, Lahad Datu, Sabah
Location Of Villages
Location of villages benefited by Boustead CRM programme in Rimba Nilai Business Unit.
Economic : Achieving Strategic Growth

R&D and Yield Improvement

The Group see innovations as an important driver in our quest for sustainability. As a result of our extensive R&D efforts, we have been able to proactively address challenges to sustainability.

We have developed a cloned using tissue culture to produce ramets with high oil content and FFB yield.

Some of our clonal palms boast a high oil to bunch ratio of up to 34%.

A total of more than 23,000 ha have been planted with clonal oil palms, amounting to 31% of our area under cultivation. As we move forward, all new replanting will utilise our clonal planting material.
Economic: Achieving Strategic Growth

Continuing the journey to ‘produce more with less’, two of our most productive palm oil mills, Segaria Palm Oil Mill and Sungai Jernih Palm Oil Mill boasted some of the highest oil extraction rates (OER) in the country during the year. Our Sungai Jernih Palm Oil Mill received the national level Malaysian Palm Oil Industry (MPOI) Award from Malaysian Palm Oil Board for Highest OER Achievement 2017/2018 while our Segaria Palm Oil Mill received the MPOI Award for Best Palm Oil Mill 2017/2018 for Sabah/ Sarawak.
As part of BPB’s commitment to comply with all relevant laws and regulations, including the National Interpretation of the RSPO Principles and Criteria, we aim to obtain RSPO certification for all our existing business units by 2023. As of 2018, four of our business units comprising four palm oil mills and 15 estates have been RSPO certified.

In line with MSPO standards, we successfully obtained MSPO certification for four of our palm oil mills. We target full certification for all our palm oil mills by 2019.

As a reflection of our strong focus on sustainability, in 2018 we produced over 84,000 metric tonnes (MT) of certified sustainable palm oil, up by 47% compared with the previous year.

BPB is supportive of the decision by the government to make MSPO a mandatory certification and RSPO vision to produce Sustainable Palm Oil a standard practice for the industry. We have embarked this journey to instill sustainability to all levels of workforce in BPB to achieve 100% MSPO certification by 2019 and 100% RSPO certification by 2023.

As of 2018, we have four business units that comprise 4 mills and 15 estates (26,347 Ha) certified with RSPO producing 84,420 MT of Certified Sustainable Palm Oil (CSPO) and 15,964 MT of Certified Sustainable Palm Kernel (CSPK). One business unit will be certified with MSPO and another business unit certified with both RSPO and MSPO in the first half of 2019.

<table>
<thead>
<tr>
<th>BPB</th>
<th>SUSTAINABILITY CERTIFICATION SCHEME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total land area:</td>
<td>93,325 Ha</td>
</tr>
<tr>
<td>Increase in CSPO Produced</td>
<td>47%</td>
</tr>
<tr>
<td>Increase in CSPK Produced</td>
<td>56%</td>
</tr>
<tr>
<td>Increase in RSPO Certified Area</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RSPO CERTIFIED AREA</th>
<th>MSPO CERTIFIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015: 11,525 Ha</td>
<td>2017: 1 ESTATE</td>
</tr>
<tr>
<td>2016: 11,503 Ha</td>
<td>2018: 15 ESTATES</td>
</tr>
<tr>
<td>2017: 21,633 Ha</td>
<td></td>
</tr>
<tr>
<td>2018: 26,347 Ha</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total CSPO (2016)</th>
<th>42,089 MT</th>
<th>Total CSPK (2016)</th>
<th>6,623 MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CSPO (2017)</td>
<td>57,292 MT</td>
<td>Total CSPK (2017)</td>
<td>10,221 MT</td>
</tr>
<tr>
<td>Total CSPO (2018)</td>
<td>84,420 MT</td>
<td>Total CSPK (2018)</td>
<td>15,964 MT</td>
</tr>
</tbody>
</table>
* 1 mill and 5 estates have undergone Main Assessment for MSPO Certification and are expected to be certified by the second quarter of 2019.

Economic : Achieving Strategic Growth

RSPO and MSPO Certification

- 2017 : 1 Mill, 1 Estate

- 2018 : 4 Mills, 15 Estates
We support calls for increased transparency in the palm oil industry. Ensuring traceability is a crucial component on our road to sustainability, one that will enable us to understand our supply chain better.

During the year, we demonstrated our commitment to traceability through the development of our Traceability Monitoring Programme, which has been implemented at all our business units. Our Traceability Monitoring Programme will enable us to trace the origins of the CPO back to the source. To date, four palm oil mills have been certified with RSPO Supply Chain certification.
Safeguarding the Environment

39 High Conservation Value Areas and Biodiversity
41 Greenhouse Gas Emissions
46 Waste and Effluent Management
Safeguarding the Environment

HIGHLIGHTS

1. HCV Area:
   - 364 Ha

2. 1 Biogas Plant

3. Methane Captured
   - 2017: 461,000 m³ (3 months)
   - 2018: 1,570,000 m³ (12 months)

- Installed
  - 1 Wet-scrubber

MATERIAL MATTERS

01. High Conservation Value Areas and Biodiversity

02. Greenhouse Gas Emissions

03. Waste and Effluent Management
Environment : Safeguarding the Environment

Excellence in environmental management is at the heart of our operations. We are fully committed to the implementation of policies and initiatives that mitigate environmental risks wherever possible.

High Conservation Value (HCV) Areas and Biodiversity

The Group is conscious that cultivating oil palms in Malaysia, a nation blessed with rich biodiversity, can have significant negative environmental impact unless necessary precautions are undertaken. As part of our effort to contribute to a sustainable palm oil industry, we are committed to preserving HCV areas.

Our management of HCV areas involves engagements with key stakeholders such as local communities and Government. We are committed to preserving HCV areas while reducing the impact on biodiversity as much as possible. We do this through the assessment of HCV areas, management of the biodiversity and quality of the HCV areas in addition to continuous monitoring of the HCV areas to ensure that it remains conserved.

HCV areas constitute of locations that are home to wildlife, rare ecosystems as well as those that are culturally significant, which are found across our land earmarked for development as well as in our existing plantations.
Our HCV assessments are benchmarked against international best practices and are incorporated into management plans for plantation development. Where necessary, we engage external experts to provide input on our HCV assessments. If a HCV area is found in our plantations, we endeavour to enhance its natural value and biodiversity by protecting the flora and fauna, particularly endangered species, through the elimination of threats from illegal activities. Signs are put up to denote that the area has been set aside for conservation while we also limit access through close monitoring of the area.

As of 2018, we have completed HCV assessments for 60% (six business units) of our plantations.

**HCV Assessment completed for Boustead Group (Plantations and Mills)**

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>(4 business units)</td>
<td>(2 business units)</td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6 business units)</td>
</tr>
</tbody>
</table>

Buffer zone initiatives at G&G Estate, Lahad Datu, Sabah
Environment: Safeguarding the Environment

Greenhouse Gas (GHG) Emissions

2017
Assess GHG reduction opportunities

2018
Develop emissions baseline (Calculating our GHG emissions in selected estates and mills)

2019
Short, medium and long-term reduction targets

Biogas Plant, Telok Sengat Palm Oil Mill, Kota Tinggi, Johor
Environment: Safeguarding the Environment

In recognition of the immense threat of climate change poses to our planet, the Group is committed to monitoring and reducing our potential contribution to global carbon emissions while reporting on our carbon footprint. Our efforts are focused on addressing the main sources of GHG emissions linked to palm oil production.

GHG Emissions

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ACTION PLAN</th>
<th>TIMELINES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To reduce pollution and emission of GHG that can contribute to climate change.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TARGET</th>
<th>ACTION PLAN</th>
<th>TIMELINES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil Nitrous Oxide (N\textsubscript{2}O) emissions.</td>
<td>• To utilise various best management practices in estate operations which can reduce GHG emissions and maximize energy efficiencies.</td>
<td>Continuous</td>
</tr>
<tr>
<td>Direct energy use and Carbon Dioxide (CO\textsubscript{2}) emissions from tractors, lorry, other machinery.</td>
<td>• To clean up, treat, and inspect diesel skid tanks regularly including eliminating carbon deposits inside the tank to improve diesel particle stability and protect against diesel tank corrosion, removal of residual water and contaminants during microbial contamination, as well as reducing black smoke released into the air from usage of diesel in tractors, lorries, and other machineries.</td>
<td>Continuous</td>
</tr>
<tr>
<td>Nitrous oxide (N\textsubscript{2}O) emission from soils treated with nitrogen-based fertilizers.</td>
<td>• To reduce nitrogen emission from fertilizer application, management has adopted Oil Palm Manuring Recommendation from Applied Agriculture Resources Sdn Bhd whereby the fertilizer recommendations are based on Agronomist advice from data obtained from soil and leaf samplings.</td>
<td>Continuous</td>
</tr>
<tr>
<td></td>
<td>• To plant legumes cover crops such as <em>Mucuna bracteata</em> which can recycle Nitrogen back to the soil. In addition, the cover crops reduce soil erosion and water runoff thereby reducing the leaching of nitrates from the soil into waterways.</td>
<td>Continuous</td>
</tr>
</tbody>
</table>
**Environment : Safeguarding the Environment**

<table>
<thead>
<tr>
<th><strong>TARGET</strong></th>
<th><strong>ACTION PLAN</strong></th>
<th><strong>TIMELINES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Dioxide (CO₂) emission from the use of tractor in estate operations.</td>
<td>• To reduce the carbon emission from the tractors in the estate operations, management performs vehicle maintenance at timely manner. For example a 90hp tractor is serviced at intervals of every 200 hours.</td>
<td>Continuous</td>
</tr>
<tr>
<td></td>
<td>• To reduce tillage agriculture (in which preparation of soil by mechanical agitation of various types, such as digging, stirring, and overturning). Examples of human-powered tilling methods used in the estate operations include shovelling, hoeing and raking.</td>
<td>Continuous</td>
</tr>
<tr>
<td></td>
<td>• To adopt management practices that promote soil’s role as a carbon sink. As a sink, soil currently offsets about 15% of agricultural GHG emissions. The ways to boost this capacity is to plant cover crops which can add organic matter that locks in more carbon.</td>
<td>Continuous</td>
</tr>
<tr>
<td>Methane (CH₄) release from palm oil mill effluent (POME)</td>
<td>• To construct biogas plant where possible to capture Methane (CH₄) formed from the anaerobic digestion of organic solids to reduce pollutions and GHG emissions from POME.</td>
<td>Currently, one biogas plant has been constructed at Telok Sengat Palm Oil Mill</td>
</tr>
</tbody>
</table>
Environment: Safeguarding the Environment

In addition, we have implemented a made-to-order PalmGHG Calculator for all our plantations and mills. The PalmGHG Calculator was developed by the GHG Working Group 2 (GHG-WG2) of the RSPO to allow oil palm growers to estimate and monitor their net GHG emissions. This will aid us in completing our baseline studies, which will then be utilised to design our overall GHG reduction targets and strategies for 2019.

We look to identify crucial areas in our production chain and thereby undertake emission reduction opportunities that are set for the short, medium, and long terms.

2018 GHG Emissions Assessment Project

<table>
<thead>
<tr>
<th>No.</th>
<th>Business Unit (BU)</th>
<th>Location</th>
<th>Description</th>
<th>t CO₂</th>
<th>t CO₂e/ t FFB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sungai Jernih BU</td>
<td>Pahang and Terengganu</td>
<td>POME (CH₄)</td>
<td>23,569</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption(mills)</td>
<td>1,016</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (estates)</td>
<td>595</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CO₂ emission from fertilizers</td>
<td>7,732</td>
<td>0.07</td>
</tr>
<tr>
<td>2.</td>
<td>Trong BU</td>
<td>Perak, Kedah, and Penang</td>
<td>POME (CH₂)</td>
<td>8,898</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (mills)</td>
<td>962</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (estates)</td>
<td>620</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CO₂ emission from fertilizers</td>
<td>9,300</td>
<td>0.06</td>
</tr>
<tr>
<td>3.</td>
<td>Nak BU</td>
<td>Sandakan, Sabah</td>
<td>POME (CH₄)</td>
<td>10,952</td>
<td>0.14</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (mills)</td>
<td>983</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (estates)</td>
<td>1,676</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CO₂ emission from fertilizers</td>
<td>8,945</td>
<td>0.10</td>
</tr>
<tr>
<td>4.</td>
<td>Segaria BU</td>
<td>Semporna, Sabah</td>
<td>POME (CH₄)</td>
<td>16,990</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (mills)</td>
<td>1,037</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fuel Consumption (estates)</td>
<td>1,256</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CO₂ emission from fertilizers</td>
<td>1,723</td>
<td>0.02</td>
</tr>
</tbody>
</table>

* These calculations are part of limited assessment and are representative of the GHG emissions in RSPO-certified business unit.
Environment - Safeguarding the Environment

While we continue to complete and design our overall GHG emission reduction strategy, we have already instituted several emission reduction initiatives.

We estimate that our biogas plant can reduce approximately 70% of operational methane emission.

<table>
<thead>
<tr>
<th>GHG emissions by output (CPO and PK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sungai Jernih Palm Oil Mill</td>
</tr>
<tr>
<td>Trong Palm Oil Mill</td>
</tr>
<tr>
<td>Nak Palm Oil Mill</td>
</tr>
<tr>
<td>Segaria Palm Oil Mill</td>
</tr>
<tr>
<td>CPO (t CO$_2$e/t CPO)</td>
</tr>
<tr>
<td>1.22</td>
</tr>
</tbody>
</table>

We identified the key sources of GHG emissions across our estates and mills:

- **Methane emission from POME**
  - mills

- **Emission associated with fertiliser use**
  - estates

- **Emission from fossil fuels**
  - mills and estates
Waste and Effluent Management

Processing FFB generates a variety of by-products including empty fruit bunches (EFB), fibre, shells and POME. We strictly observe best practices in handling effluent and waste generation in adherence to standards set by the authorities.

Our Biomass management includes a zero-waste strategy, which involves reusing, recovering and recycling various by-products. To this end, we recycle organic by-products into organic fertiliser as well as into a source of energy.

Our nine palm oil mills processed a total of 1,100,400 MT FFB, producing about 400,000 MT of solid biomass and about 700,000 MT of liquid biomass. Solid biomass, which comprises of mesocarp fibres and palm kernel shells are utilised as fuel for biomass boilers. The energy generated propels turbines for electricity production in order to power the plant and its machineries. The steam and electricity generated are more than enough to meet the energy demands of the palm oil mill. At the same time, 210,000 MT of EFB are utilised for mulching.

Liquid biomass comprising POME is converted into biogas through a biological process. This biogas is then captured via a covered lagoon biodigester system at our Telok Sengat Palm Oil Mill. The captured biogas is utilised to generate power through a gas-fired engine and burned in a biomass boiler as boiler fuel. About 1,570,000 m$^3$ of biogas was utilised at the Telok Sengat Palm Oil Mill. As a result, we have been able to reduce our dependency on fossil fuels and minimise GHG emissions as a result of this renewal energy source.
In line with the Department of Environment’s requirements on dust particulate emissions, we installed Wet Scrubbers at our Segamaha Palm Oil Mill in Sabah. We plan to add Electrostatic Precipitator devices at all mills.
SOCIAL

Embracing the Diversity of People

51 Workforce Management
52 Occupational Safety and Health
54 Corporate Social Responsibility and Community Outreach
Embracing the Diversity of People

**MATERIAL MATTERS**

1. Workforce Management
2. Occupational Safety and Health

**HIGHLIGHTS**

- Total number of employees: 9,462
  - Male: 6,884
  - Female: 2,578

**PROMOTIONS**

- Mill: 1 Person

**UPGRADING**

- Head office: 13 Persons
- Estates and Mills: 61 Persons

**LOSS TIME INJURY**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of injuries</td>
<td>228</td>
<td>196</td>
</tr>
<tr>
<td>Loss time injury hours</td>
<td>3,763</td>
<td>4,265</td>
</tr>
<tr>
<td>Fatality</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

BOUSTEAD PLANTATIONS BERHAD
The diversity of our social ecosystem comprising employees as well as the communities we operate within is an important factor in our continued success.

**Workforce Management**

Our employees are at the core of our growth, undeniably our success would not be possible without the expertise and dedication of each and every one of our employees.

We are committed to ensuring that the rights of our over 9,000-strong workforce is respected through workplace policies and procedures that are grounded in Malaysia's labour legislation and standards.

We are committed to enhancing our workplace through programmes and measures expressly designed to empower employees to achieve their full potential. Employees are offered various talent development and training programmes to aid in increasing opportunities for career advancement within the Group. We believe in investing in our employees, trainings conducted encompassed areas including sustainability certification, environmental protection awareness, safety enhancement and good agricultural practices.

We place emphasis on uniting our people as one team. Encouraging a strong sense of community at our estates is critical to attracting and retaining employees. Employee activities undertaken to improve camaraderie during the year included festive gatherings, celebrations and team building exercises.

In addition, we recognised and rewarded our employees for their contribution to our growth through performance-based rewards, awards, allowances and benefits. A total of 75 employees were promoted during the year.

We support the rights of our employees to form and join trade unions of their choice as well as to bargain collectively in line with industry-recognised collective agreements. In addition, we also provide a medium for employees to voice their grievances.
Providing employees with safe working conditions is of paramount importance to the Group.

Our occupational safety and health policy was implemented to safeguard our employees by preventing work-related illness and workplace accidents while creating a safe and healthy workplace to improve efficiency and productivity.

We constantly review and reassess our safety standards to ensure that they are in line with industry best practices, new technologies and scientific advances.
We periodically conduct both in-house and external health and safety training programmes for our workforce. In 2018, employees across our plantations and mills attended a number of training sessions including Safety Work Procedure Training, Workplace Inspection Training, First Aider Training, and Accident Investigation Training. We see training and development as an investment that delivers benefits to both employees and the employer.

We are pleased to report that in 2018, we reported no fatalities from our operations.
Corporate Social Responsibility and Community Outreach

We have a range of initiatives in place to create a positive impact on the community. This includes providing transportation facilities for school children at our plantations and establishing crèches, day-care centres where babies, toddlers and children are cared for in a safe and stimulating environment. These facilities enable our women employees to better focus on their work. We also provide formulated milk to all children in our crèches on a daily basis.
We understand the value of education and in line with this, we established two Humana Schools at G&G Estate and LTT Sabah Estate both in Lahad Datu, Sabah. We also collaborated with the Indonesian Consulate with the approval of the Ministry of Education, Malaysia, to establish a Community Learning Centre at Segaria Estate, Resort Estate, Sungai Segamaha Estate, Bukit Segamaha Estate, Sutera Estate and Sapa Payau Estate.

Apart from education, we also prioritise the healthcare of our workers. We have setup clinic at all estates to provide medical access to our resident and non-resident workers. The clinics are assigned with a qualified Estate Hospital Assistants. This medical facility is also benefit the surrounding communities whereby they can seek medical attention at minimal fee. This is especially important, given that the nearest alternative may be several hours away.
- We have set up a baseline in many areas of sustainability for action. These will be our reference points to monitor our progress going forward.

- The Board has set the tone, strategy to lead us forward on this journey. Our management team is competent and well informed to execute and monitor these efforts.

- With these fundamentals in place, we hope to report improvements in the three core areas of Economic, Environment and Social.
For More Info

Please Contact

BOUSTEAD PLANTATIONS BERHAD
Boustead Estates Agency Sdn Bhd
Planting Advisor Department (Sustainability)
19th Floor, Menara Boustead, 69 Jalan Raja Chulan,
50200 Kuala Lumpur.

03-21452121 ext. 500
www.bousteadplantations.com.my

WHISTLEBLOWING

Our whistleblowing channels are as below:-

1-800-800-2040
alert@boustead.com.my