



Baha Sanctuary at Genting Bahagia Estate, Sabah

Sustainability Report

Sustainability Report

Sustainability is not simply a collection of isolated benevolent activities carried out by companies. Rather, it encapsulates the core values that underpin and frame how business decisions are made, executed and evaluated.

At Genting Plantations Berhad, we recognise that in these rapidly-evolving times, it is imperative for businesses to go beyond merely mitigating the negative impact of their activities and to use their strengths to forge mutually-desirable outcomes founded on shared values for all stakeholders.

Embracing this worldview, we have set out our guiding principles in our Group's Corporate Responsibility statement, which articulates our aspiration to achieve a balanced integration of ethical, social, environmental and economic considerations in the way we conduct our business to create sustainable long-term value for our stakeholders.

At the practical level, our sustainability vision is translated into action through proactive engagement and constructive programmes initiated across the four pillars of Environment, Community, Workplace and Marketplace. Our Group continued along this path in 2012, guided by a fundamental commitment to doing business in a responsible manner.

Sustainable Palm Oil

Since joining the Roundtable on Sustainable Palm Oil ("RSPO") in 2004 as one of its earliest members, our Group has been advancing steadily in aligning our own sustainability-oriented practices with the standards of the RSPO. In 2012, our Group gained further traction on this continuing journey.

Across all operating units in Malaysia, notable progress was observed in meeting the targeted benchmarks set against the RSPO's principles and criteria. Prerequisite infrastructures that are essential to attaining these sustainability goals were put in place during the year while more thorough and precise measures aimed at addressing specific shortcomings were carried out.

Through the commitment of all stakeholders in embracing sustainability as a collective priority, constructive outcomes are being achieved. Internal compliance assessments based on stringent parameters revealed steady progress made by the operating units of our Group in reaching more advanced levels of preparedness for eventual RSPO certification audits. The Southern Region, comprising one oil mill and three supplying estates, has been adjudged to have met the standards of RSPO.

Still, with the RSPO principles and criteria currently in the midst of a revision and pending RSPO's resolution of technical matters such as land compensation mechanisms, our Group is retaining flexibility for now in



the timeline to embark on a formal certification exercise. Our underlying advocacy for the sustainable production of palm oil, nevertheless, is unchanged as reflected in our Group's continued active membership in RSPO.

To enhance the robustness of our Group's sustainability management performance, further essential steps were taken in 2012, spearheaded by the Sustainability Department.

Operating units have been advised to incorporate all significant risks associated with compliance to sustainability standards into their risk assessment profiles, a move that entails the implementation of adequate controls and action plans to address identified risks. These risk profiles, controls and action plans will be closely reviewed and monitored to ensure that risks are effectively managed as part of daily operational activities.

In 2012, our Group's commitment to the sustainable management of High Conservation Values ("HCV") was put into practice in an incident of direct wildlife interaction at Genting Suan Lamba Estate. Due to the



1-2. Good practices for environmental stewardship
3. Bunding for pollution control

estate's location near wildlife corridors in the Kinabatangan flood plain, incidences of wild elephants straying into the estate's outlying divisions is not uncommon. In such instances, a set management plan is in place to direct the estate's actions, whereby the involvement of the Sabah Wildlife Department will be sought to trans-locate the elephants to a designated elephant sanctuary. Translocation is an effective management tool in managing endangered species such as elephants and orang utans that may have wandered and settled into pockets of fragmented forests or plantation.

Working in close co-operation with the Sabah Wildlife Department, Genting Suan Lamba Estate, in May 2012, provided the resources and logistical support necessary for the successful capture and transport of a male elephant to the Sukau Wildlife Centre for treatment before its subsequent transfer to an elephant sanctuary located in Danau Girang, Sabah.

RSP0 principles and criteria aside, national sustainability standards practiced in every jurisdiction where our Group operates are held in equally high regard. In Malaysia, our Group has taken an active role in the development of the Malaysian Standard for Sustainable Palm Oil ("MSPO"), an initiative led by the Malaysian Palm Oil Board with direct involvement and inputs from industry participants and trade associations. Genting Plantations Berhad is represented in the National and Technical

Committees of the MSPO. In general terms, the MSPO is based on the fundamentals of the RSP0 principles and criteria that are applicable to growers and millers and will eventually be extended to cover the nursery, production, milling, kernel crushers, refineries, handling/transport, storage and bulking facilities. Currently in its finalisation stage, this standard is expected to be rolled-out later in 2013.

In the run-up to the introduction of MSPO, two of our Group's estates, namely Genting Ayer Item Oil Mill and Genting Sungei Rayat Estate, were selected by MPOB to undergo a trial audit in 2012 and were found to have fulfilled the requirements of the MSPO. One recommendation that arose from the trial audit was for the establishment of a policy on greenhouse gas ("GHG") identification and monitoring. Taking prompt follow-up action, our Group has since completed the baseline GHG inventory of the Southern Region operating units. The data will prove useful in identifying GHG hotspots and in guiding the monitoring and management of GHG emissions in our Group's operations. The GHG inventory will be progressively expanded to include the other regions in Peninsular Malaysia and Sabah.

In Indonesia, work is ongoing to align our Group's operations with the requirements of the Indonesia Sustainable Palm Oil ("ISPO"), a mandatory certification scheme for oil palm companies and smallholders launched recently by the government of Indonesia. The PT Sejanjang Intisurya Mulia estates together with the newly-completed oil mill in Kalimantan Barat are being readied for external ISPO audit, keeping to the scheduled 31 December 2014 certification target set for companies that have been pre-classified under the Indonesian Department of Agriculture's Plantation Business Assessment process.

Environment

As our business activities are closely associated with natural resources, we recognise the importance of practising responsible stewardship of the environment and strive to adhere to the principles of sustainable development for the benefit of present and future generations.

Commercial oil palm cultivation and environmental wellbeing need not be regarded as mutually exclusive domains. If anything, we see the two as being, in fact, complementary. After all, the oil palm is a gift of nature and as such can only benefit from living within a healthy environment and diverse ecosystem. Taking care of the earth ensures good environmental conditions which in turn promote the healthy growth of plant life, including oil palms.

Therefore, our Group adopts a holistic approach to sustainable development, seeking to harmonise environmental protection priorities with the core responsibility of cultivating oil palms to satisfy the world's growing food and non-food needs.

Sustainability Report (cont'd)



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Respect for the environment is a value instilled across the gamut of our Group's business - from decision-making at the top to operations on the ground. Through environmental safeguards embedded in our policies, operating procedures and best practices, our Group endeavours to conduct business in a conscientious manner to prevent and mitigate any potential risks to the environment.

We believe the first essential step in building a systematic and meaningful environmental stewardship agenda lies in the adoption of well-established, internationally-recognised standards of operations. In this regard, our Group's oil palm estates in Malaysia are progressively being certified as meeting the requirements of the Malaysian Palm Oil Board's Code of Good Agricultural Practice. As at the end of 2012, fifteen estates had attained the certification.

All six of our Group's Malaysian palm oil mills have also received Code of Good Milling Practice certification from the Malaysian Palm Oil Board. Furthermore, our oil mills have been certified by SIRIM for their Environmental, Safety and Health Management Systems, comprising ISO 14001:2004 Environmental Management System, OHSAS 18001:2007 Occupational Health and Safety Management System and MS 1722: Part 1:2011 Occupational Health and Safety Management



Visit by Minister of Plantation Industries & Commodities Tan Sri Bernard Dompok to GENP's sustainability project sites in Sabah - Genting Trushidup Oil Mill and Baha Sanctuary, at Genting Bahagia Estate on 23-24 July 2012



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1. Effluent ponds are a habitat for migratory birds (Genting Trushidup Oli Mill)
2. Use of BioTube for desludging of effluent ponds (Genting Indah Oil Mill)

System. These rigorous standards help provide a useful benchmark to ensure the integrity, consistency and sustainability of our Group's operations.

Invariably, the wellbeing of our planet is measured by the state of its biodiversity. Being a plantation-focused group, we are aware of the responsibility entrusted upon us to be especially circumspect in view of the nature of our activities that often lead us to the doorstep of biologically-rich ecosystems. Hence, our Group makes no exception in observing a policy of conducting full environmental impact and High Conservation Value ("HCV") assessments before proceeding with new plantation development projects.

Indiscriminate destruction of forest with significant biodiversity values is strictly prohibited. In fact, areas deemed as HVC forests within our Group's landholdings are left to flourish in their natural state. The setting-aside of HCV forests is a practice that goes back to the formative years of our Group - the conservation of the Baha and Bahagia wildlife sanctuaries within the Tenegang group of estates in Sabah being among notable examples - and remains intact up until this day. In any incidences of endangered, rare and threatened wildlife straying into our Group's plantation, the advice and help of experts from the local wildlife authorities are immediately sought.

Where there are conservation sites that require more active engagement, our Group has not shied away from such opportunities, instead forming collaborations with relevant experts to formulate and execute

sustainable forest management strategies. One area that is particularly close to our heart is the Kinabatangan region in Sabah, home to one of the world's largest and most diverse floodplains, not least because of our Group's extensive presence in the state. Since 1999, our Group has taken an active interest in the conservation of the Kinabatangan floodplain, having been the first plantation company to participate in a forest corridor programme initiated by WWF-Malaysia. Under this long-term project, our Group has set aside an area measuring 86.5 hectares along the Tenegang Besar River, a main tributary of the Kinabatangan River, for the planting of forest tree species. Through the years, adverse weather conditions have encumbered the progress of planting activities, but our Group remains committed to carrying on with the reforestation works, which include rehabilitation of frequently flood-ravaged sections.

In the day-to-day running of plantation and oil mill operations, our Group has instituted safeguards and initiatives intended to not only protect, but also deliver benefits to the environment.

A formal zero burning policy is strictly enforced, prohibiting open burning for land clearing or any other purposes at operating units. All types of waste products, including domestic waste, agricultural waste, biomass or by-products generated by estates and palm oil mills, are required to be disposed of safely and appropriately.

Moreover, as part of efforts to keep the environment clean, our Group continually works to reduce the application of agrochemicals at operating units. Of course, agrochemicals, if properly and responsibly handled, do not necessarily pose any imminent or undue threat to the environment. Nevertheless, the use of "green" and organic options is preferred, where possible.

Along these lines, integrated pest management, an eco-friendly approach to pest control that minimises dependence on pesticides, is widely-practised at our Group's estates. The deployment of biological control agents have proven effective in reducing pest damage to crops, as exemplified by the successful suppression of the rat population through the introduction of barn owls in the fields and the containment of insect pests through the placement of pheromone traps and planting of beneficial plants.

Organic solutions also feature prominently in our Group's estate operations when it comes to fertiliser application. By-products generated from the palm oil production process like empty fruit bunches and treated palm oil mill effluent are utilised as safe and economical nutrient sources that are applied in the fields to supplement the regular inorganic fertiliser regime. Oil palm biomass utilisation represents a multi-faceted value proposition for our Group. The recycling of waste materials as manure or as boiler fuel for power generation not only serve as a "green" approach



Integrated pest management methods adopted by the Group

to waste and energy management, but also provides input-cost savings and new income creation opportunities.

In many instances, the channelling of biomass to good economic use is directly tied to the efficiency of waste management. The recycling of effluents, for example, is made possible by the advanced treatment systems adopted by our Group's palm oil mills, which ensure the quality of final discharge is suitable to be used for manuring or land irrigation. It is not uncommon to see migratory birds resting at effluent ponds, a testimony to the environmental-safety standards that can be achieved by palm oil mills.

Having a sound sustainability vision at the corporate level is merely a starting point. Lasting and impactful outcomes can only be achieved when the core values of an organisation are embraced and shared by its people. Toward this end, our Group seeks to cultivate greater care for the environment among employees through regular communication, training and education as well as through various activities. Our Group also participates annually in the WWF's Earth Hour event by observing a one-hour lights out at major premises and offices, leveraging on the occasion to raise employee awareness to climate change.

Sustainability Report (cont'd)



Still, our sustainability interests do not solely lie within the context of daily operations. The megatrends confronting the world, especially questions over food security amid arable land scarcity, are equally of concern to us. That is why we have embarked on our biotechnology venture. Through the power of science, our Group is hopeful of unlocking the full potential of the oil palm. In so doing, crop productivity and land utilisation can be optimised, making palm oil the sustainable solution to the world's food and even fuel needs.

Community

We seek to build mutually beneficial relationships with the communities where we operate and with society at large through active engagement.

As an oil palm grower, our Group has ventured into the frontier regions of Malaysia and Indonesia. This has placed us in a unique position of direct engagement with communities in rural localities. In these often-isolated areas, we want to see our Group's presence having a positive spillover effect on the socio-economic wellbeing of the local residents.

Building a meaningful engagement begins with developing a good rapport based on mutual trust and respect. As such, we value interaction with the communities in the areas where we operate. Dialogue sessions and casual gatherings are regularly held as part of the consultative process to gather feedback and to promote greater understanding. In carrying out development and operations, our Group adheres to prevailing local laws and regulations, with due respect also to local cultural sensitivities. Any grievance is addressed in a systematic and timely manner through the proper channels.

Being in the remote parts of the region, our Group is able to contribute to the enrichment of the livelihoods of the communities by bringing development and wealth-creation opportunities that may otherwise be unavailable to them. When it comes to the filling of job vacancies and awarding of contract works, local area talents and expertise are preferred, where possible.



- Contributions to local communities include
1. Covered pick up/drop off point at school
 2. School bus
 3. Medical facilities
 4. Humana schools

In Indonesia, alongside the ongoing expansion of our Group's plantation operations, steady progress is being made in the development of oil palm plots under the Plasma scheme, part of our Group's commitment to assist and co-operate with native small landowners.

Another notable feature of our presence in the rural interiors is the improvement in accessibility and connectivity as a result of the infrastructure and amenities provided by our Group such as roads and bridges as well as the availability of river transport services like speedboats and ferries.

Our outreach to the community also extends to the social and cultural aspects. Our Group encourages the practice of local traditions and norms, frequently participating in and providing financial assistance for festival celebrations in the local villages in the areas where we operate. Furthermore, financial assistance is routinely extended to local schools, places of worship and other worthy community causes.

Community engagement efforts are also evident at our property division. Our Group seeks to foster greater esprit de corps among residents and thus, regularly holds carnivals, sports tournaments and family-oriented events to strengthen community ties and promote healthy lifestyles.

It is said that education is the way out of poverty. It is also described as key to a nation's human, social and economic development. Undoubtedly, the importance of education in empowering society cannot be overemphasised. Education, therefore, holds a prominent position in our Group's sustainability commitments.

In Malaysia and Indonesia, our Group delivers support in cash and kind to local schools of various types and levels, from primary to secondary, and to their students as needs arise.

Additionally, in Sabah, our Group has a partnership with the non-profit Borneo Child Aid Society, providing funds and assistance to build and run classrooms for underprivileged children who would otherwise be denied basic education because of distance, poverty or legal status. Through the collaboration, which covers eight Humana learning centres in our estates, primary education has been made a reality for hundreds of children.

Universities and institutions of higher learning play a pivotal role in the shaping of today's youths to become the leaders of tomorrow. In advocating the continued development of tertiary education in Malaysia, our Group, through the Tan Sri (Dr.) Lim Goh Tong Endowment Fund ("the Fund"), has been working with Universiti Putra Malaysia, one of the nation's premier universities reputed for its expertise in agriculture. The Fund provides scholarships for deserving undergraduates pursuing agriculture studies and funding for the university's research activities and educational programmes. In 2012, selected undergraduate students from needy backgrounds continued to receive full scholarships from the Fund. The Fund also sponsored various activities including the International Agriculture Students Symposium and granted financial aid to students undergoing industrial training locally and abroad.

In the same vein, assistance in the form of scholarships is also common practice for our Group in Indonesia. Eligible students from surrounding villages are given the financial support needed to pursue Diploma level studies in agriculture and related fields at renowned local institutions like Lembaga Pendidikan Perkebunan in Yogyakarta.



Our team for Kuala Lumpur Rat Race 2012

Philanthropic giving remains an essential fixture in our corporate social responsibility plans to meet the pressing needs of the needy and marginalised in society. Donations were made out to a variety of charitable causes in 2012. Our Group also participated for the 6th straight year in the annual Edge-Bursa Malaysia Kuala Lumpur Rat Race, joining Corporate Malaysia in raising funds for charity.



Trips are organised annually to encourage interaction among employees

Workplace

Our people are our most important asset.

We value diversity in our workforce and promote ethical behaviour through our code of conduct while striving to provide a working environment that is safe, healthy and conducive to continuous employee development.

We aspire to be the employer of choice, a workplace where our people can grow and prosper together. Recognising that it is not monetary considerations alone that matter in attracting, retaining and motivating the best talents, our Group strives to maintain a working environment that is conducive for employees to build satisfying and rewarding careers.

The rights of employees are respected at all times. Any form of violence, harassment or discrimination against race, religion, national origin, disabilities, pregnancy, age and gender, is not tolerated at our Group. To ensure consistency and fairness in employer-employee relations,

Sustainability Report (cont'd)



Participants at the 31st Management Conference

employment benefits, policies and procedures are clearly set out in the relevant Human Resources handbooks and manuals. A formal grievance procedure is also in place to ensure that employee and stakeholder complaints are addressed in a systematic and equitable manner.

We value the contributions of our plantation workforce and are committed to their welfare. At our Group, workers are rewarded fairly based on competitive remuneration schemes that are in accordance with all applicable collective agreements and minimum wage policies. Due care and consideration are also given to the quality of life of our workforce. A comprehensive range of conveniences, including housing, water and electricity supply, healthcare, sports amenities, places of worship and childcare facilities, are provided at our Group's operating units to help make them more comfortable to work and live in.

Occupational safety and health ("OSH") is our absolute priority. We are unequivocally committed to upholding our OSH policy of maintaining a safe and healthy working environment for all employees and to protect others who may be affected by our Group's activities.

At all our Group's work sites, proper caution signs along with operating instructions and emergency protocols are prominently displayed to remind workers to take necessary precautions against potential hazards. Our people regularly attend in-house and external training courses and seminars to stay abreast of the latest developments in safety and health. These are but some of the many best practices adopted by our Group to eliminate and minimise risks at the workplace. Our compliance with strict international OSH standards is demonstrated by the OHSAS 18001:2007 and MS1722:2011 certifications received by our Group's oil mills in Malaysia. Chemical Health Risk Assessments have also been progressively completed by the operating units, as required.

We believe that an organisation succeeds only when its people succeed. Therefore, we do not hesitate to invest in the development of our

people, empowering them with the capacity to drive our Group forward. Employees of all levels and specialisations are encouraged to undergo professional training programmes to strengthen their competencies, broaden their skill-sets and equip them to meet future challenges. The crux of our human resource management strategy is to help bring out the best in our people, enabling them to realise their full potential by charting well-defined career progression paths.

Indeed, worker engagement was our Group's predominant agenda in 2012, with the 31st Management Conference being centered around the theme "Managing the Workforce to Achieve Higher Productivity". The conference, held in Ho Chi Minh City, Vietnam in 2012, provides a valuable platform for key decision makers and managers to share experiences and exchange ideas on best management practices.

Our desire is for our people to be happy, healthy and well-rounded. Recreational activities such as staff trips, sports activities, celebrations of major cultural and religious festivals, annual dinners and other events are held regularly not only to cultivate healthy work-life balance but also to enhance camaraderie among employees.



Recipients of the various outstanding performance awards



Among the various training programmes attended by employees

Marketplace

Our business conduct shall be guided by honesty, integrity and a commitment to excellence. We are committed to promoting responsible practices among our business partners, showing care for the well-being of our customers and upholding good corporate governance to meet the expectations of our investors.

We see sustained corporate success and the creation of long-term shareholder value as intertwined with the practice of good governance across all levels of the organisation. Our Group's policy is to manage all affairs in accordance with the appropriate standards and best practices for good corporate governance. This is a priority that starts from the very top, where our Group is committed to having a Board of Directors composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgment to discharge their duties in the best interest of shareholders.

Throughout the organisation, stringent standards of behaviour are enforced to ensure that the business affairs of our Group are conducted professionally and with integrity, free of any form of corrupt or unethical practices. Our code of ethics applies to all dealings, be they with our Group's business partners, vendors, contractors, customers or the governing authorities.



Engagement with PEMANDU - visit to Genting Sepang Estate



Genting Plantations Berhad's Annual General Meeting 2012

To our Group, good corporate governance also entails a commitment to transparency and accountability in engaging with shareholders. Therefore, we endeavour to disclose all material corporate information through the appropriate channels in a timely, accurate and complete manner. Our Group also values the Annual General Meeting as an effective avenue for open and direct interaction with shareholders.

Our relationships with existing and prospective investors are managed through a strategic approach to investor relations. Corporate briefings, face-to-face meetings and visits to our Group's operating units are conducted on a regular basis to help us develop deeper mutual understanding with the professional investment community. Our investor relations practices have been well-received by analysts and fund managers, as evidenced by our Group's commendable performance in the 2012 Malaysian Investor Relations Survey conducted jointly by the Malaysian Investor Relations Association and Thomson Reuters. In the poll of global buy-side and sell-side investment professionals, our Group was voted as one of the top 10 mid-cap companies in various categories, including Best Company for Investor Relations ("IR"), Best CEO for IR, Best CFO for IR and Best IR Professional.

Part of being a responsible corporate citizen encompasses contributing to the advancement of the industries we are in. On this front, our Group actively participates in representative bodies like the Malaysian Palm Oil Association and the Roundtable on Sustainable Palm Oil. Our Group's collaborations with government agencies like the Malaysian Palm Oil Board and the Department of Agriculture, Sabah are also examples of the work we are doing alongside our stakeholders to enhance the long-term sustainability and economic value of the palm oil industry.



Datuk Seri Panglima Haji Musa bin Haji Aman, Chief Minister of Sabah (right) officiates GGT's participation at Ulu Dusun Agriculture Research Station Open Day 2012 and 50th Anniversary Celebration