

CORPORATE SOCIAL RESPONSIBILITY



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We aspire 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 all stakeholders.

While 2009 may have been a tough year for most corporations, the Group refused to allow the prevailing financial concerns of the day to be used as an excuse to sidestep our responsibilities. In fact, we recognise that it is during such challenging times that the disadvantaged strata of society find themselves, as is often the case, in even greater need of support.

On our part, we remain firmly committed to corporate social responsibility in the four focal areas of environment, community, workplace and marketplace.

ROUNDTABLE ON SUSTAINABLE PALM OIL ("RSPO")

The initiatives taken by the Group in fostering environmentally-responsible development is broadly consistent with the aspirations of the RSPO, a multi-stakeholder, not-for-profit association that aims to promote the growth and use of sustainable palm oil.

As a member of RSPO since the time of its formal establishment in 2004, we continue to be actively involved as we seek to play our part in the development of a sustainable palm oil supply chain for the mutual benefit of the industry and all stakeholders.



Recycling of empty fruit bunches as mulch



Planting of beneficial plants as part of integrated pest management

In 2009, the Group made further strides forward in its journey towards attaining RSPO certification.

Four new policies pertaining to sustainability, namely Sustainability Policy, Environment Policy, People Policy and Sexual Harassment Policy, were formulated and adopted.

The focus of the Group's sustainability agenda in the first half of 2009 was on raising awareness on RSPO certification standards among the management and staff of estates and mills through relevant training courses. Baseline assessments were also conducted by the Sustainability Department to access compliance gaps, and subsequently, comprehensive action plans were developed for each operating unit to close these gaps.

High Conservation Value and Biodiversity Assessments were commissioned to identify biodiversity resources in the Group's plantations and surrounding areas. The assessments, undertaken by teams of experts in wildlife and landscape, involved all the Group's operations in Malaysia and Indonesia.

In the area of social responsibility, a series of social baseline assessments were carried out by local university trainees in 2009 for estates in Peninsular Malaysia. The insights gained from the exercise will prove useful in helping the Group build a stronger rapport with the workers and surrounding communities and to address their concerns more effectively. As a proactive measure, the Group is setting up an enquiry register and a grievance and complaints register to allow all stakeholders to raise any grievances. A mechanism to deal with grievances is also being put in place.

Elsewhere in our Indonesian operations, social impact assessments are progressively planned and carried out to deal with any issues that may arise from our new development areas.

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.

Our statement of commitment to sustainable development is being put into practice through the observance of Good Agricultural Practices ("GAP"). The implementation of GAP by the Group's plantation operations runs the gamut of standards relevant to the oil palm industry.

When undertaking new plantings, the Group gives thorough consideration to the environment by, among other things, carrying out comprehensive environmental and social impact assessments prior to commencement of development and adhering strictly to a zero-burning policy in land clearing. Utmost care is also taken to ensure the Group's developments do not encroach on high conservation value forest areas.

Where possible, the use of chemical products are minimised by the adoption of integrated pest management techniques and integrated nutrient management, including the recycling of oil palm wastes such as empty fruit bunches and mill effluents as organic fertiliser for field application.

Palm oil waste materials are also used as biomass to generate renewable power for the mills and surrounding areas, a practice that not only contributes to effective waste management, but also fosters energy efficiency through self-sufficiency.

The need to achieve a sustainable balance between development and conservation has always been fundamental to the Group. Our long-held concern for the environment is epitomised in



Cover crops and ground cover are planted to minimise soil erosion

our partnership with the World Wide Fund for Nature (WWF) since 1999, well before sustainability became a much-vaunted buzzword. The Group was the first plantation company to participate in the WWF's "Partners for Wetlands" programme, which aims to protect the lower basin of the Kinabatangan River in Sabah, one of the world's largest and most diverse forest-covered floodplains. Reforestation and rehabilitation work at an 86.5 hectare site along the Tenegang Besar River, one of Kinabatangan's main tributaries, that has been set aside by the Group for conservation, is ongoing. The Group is committed to seeing the project through to completion.

Sizeable areas within our plantation landbank have also been set-aside as High Conservation Value Forests, including the Baha and Bahagia sanctuaries in the Genting Tenegang Group of Estates, Sabah, as well as at the site of the ongoing development projects in Kalimantan, exemplifying our contribution towards the preservation of biodiversity. The Group also exercises care not to encroach on riparian reserves.



'Partners for Wetlands' programme with WWF



Aerial view of Baha Sanctuary

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In another demonstration of our support for environmental conservation, the Group joined thousands of other global business and hundreds of millions of people around the world in participating in Earth Hour 2009. An initiative of the WWF, Earth Hour is marked annually by the switching off of lights for one hour as a statement against climate change. On 28 March 2009, the Group observed an hour-long lights-out at its Corporate Head Office as well as regional offices, site offices and other properties.

COMMUNITY

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

The extensive geographical reach of the Group's plantation operations puts us in a unique position to reach out to the local communities in hitherto remote areas.



As part of our continual efforts to contribute towards enhancing the socio-economic wellbeing of the rural communities, opportunities for employment and contract works are provided to locals residing in the vicinity of the Group's operations. Infrastructures such as roads and bridges, ferry and speedboat services, as well as basic healthcare and medical services, which are built and maintained by the Group are opened for access to local villagers. Besides that, the Group also makes regular contributions in cash and kind



Donation to Persatuan Daybreak's School Socks Programme

towards various community activities, including religious festival celebrations. Where instances of misunderstandings arise over land issues, the Group's approach is to reach an amicable resolution with the communities concerned through active engagement and consultation. In Indonesia, local folks are accorded the opportunity to share in the benefits of development through the Plasma scheme, a programme that entails assistance being rendered by oil palm companies to smallholders to establish new plantations.

To foster stronger bonds among residents of the Group's property townships, community-oriented events such as family carnivals, sports tournaments and other cultural activities are also routinely held and sponsored by the Group.

The importance of education in the advancement of society and the development of the broader national economy cannot be overstated. For this reason, we have taken an especially keen interest in the area of education, consistently rendering our support at all levels.

Our contribution towards education can best be described as wide-ranging. In support of national schools and national-type vernacular schools located in the Group's Malaysian estates and property townships, the Group has made contributions in the form of land for the school premises as well as regular donations in cash and kind to meet the varied needs of the schools and their students.



Fostering bonds with the local community



The Group is also working in partnership with the Borneo Child Aid Society/Humana, a non-profit social organisation that focuses on providing education for thousands of children who live in estates and other remote areas far from schools in Sabah. To bring education to children who would otherwise have no access to basic education, the Group has established at least 8 Humana schools at its estates and is contributing financial support for the running of these schools.



Genting Group's team for Kuala Lumpur Rat Race 2009

Our involvement in education extends to the tertiary level through the Tan Sri (Dr.) Lim Goh Tong Endowment Fund (“the Fund”), set up in 2008 with an initial sum of RM1.0 million. The Fund, which is dedicated towards supporting Universiti Putra Malaysia (“UPM”), is used to grant scholarships to deserving students pursuing degrees in Agriculture and to fund UPM’s research programmes and educational activities. The Fund named its first scholarship recipient at its official launch in January 2009.

In Indonesia, the Group sponsored five local youths to undergo training in oil palm plantation management at a Jakarta-based polytechnic in 2009.

Philanthropic giving remains essential to the successful execution of our CSR agenda. Despite turbulent economic conditions in 2009, the Group continued to commit financial resources towards the various needs of society, including donations to orphanages, welfare organisations for the disabled and other charitable causes in Malaysia and Indonesia.



First scholar under the Tan Sri (Dr.) Lim Goh Tong Endowment Fund receiving his scholarship from Y Bhg Tan Sri Lim Kok Thay (left)

The Group, yet again, participated in the Kuala Lumpur Rat Race, an annual event that brings together Malaysia’s leading corporations to raise funds for charity.

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 respect the rights of employees and are committed to providing a workplace that is free from all forms of discrimination, harassment or exploitation. We neither practise nor support forced labour or child labour.

In line with the growth and expansion of the business, the Group’s total workforce, covering both Malaysian and Indonesian operations, increased further in 2009 to over 11,000 as at the end of the year.

To attract and retain the best talents, we strive to create mutually-rewarding work experiences for employees by giving due recognition to achievers and by aligning the aspirations of employees with the objectives of the Group through well-structured career progression paths.

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Opportunities for professional and personal development within the organisation are also key to employee satisfaction. Towards this end, training courses and capacity-building programmes are held regularly to equip employees at all levels with the necessary knowledge, skills and expertise to remain relevant in changing times.

The Group's Human Resources Handbook serves as the primary reference for policies and procedures to ensure consistency in employer-employee relationship. Any policy revisions, additions or deletions are clearly communicated to all employees through the issuance of memoranda. In the event of grievances, the interest of employees are safeguarded through the Group's formal grievance procedure.



Training courses are continuously attended by employees

As we care about the well-being of all our people, we continually strive to promote a healthy work-life balance by organising various social activities such as annual retreats and encouraging employees to participate in sporting events and volunteer work, among other things.

At the Group's operating units, a wide-range of amenities such as housing, clinics, schools, crèche, places of worship, utilities, and recreational facilities are provided for the comfort of workers and their families.

The safety and health of our people is of paramount concern to us. The Group seeks to uphold the highest safety standards and has put in place an occupational safety and health policy to minimise incidences of workplace injury or fatality. In 2009, training courses on safety and health-related aspects were held regularly to raise awareness among the Group's employees and workers on the importance of putting safety first.

Following the completion of a Chemical Hazard Risk Assessment ("CHRA") exercise for all estates in Peninsular Malaysia in 2008, the Group had also completed a similar exercise for all Sabah estate in 2009.

At the height of the outbreak of Influenza A (H1N1) in 2009, the Group responded proactively to take the necessary precautionary measures, including issuing advisories to employees and providing sanitisers at the workplace.

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.

Our commitment to adopting the best practices of good governance is guided by the Malaysian Code on Corporate Governance. In the name of transparency and accountability, the Group regularly interacts with the investment community and values the Annual General Meeting as a fundamental platform to strengthen shareholder relations. We maintain strict disclosure standards by ensuring all material information are disseminated via the relevant channels in a timely manner.

In our dealings with our business associates, suppliers and customers, we fully commit to acting professionally, equitably and with fairness at all times, free of corruption or unethical conduct.



Hari Peladang, Penternak dan Nelayan 2009 - YA Bhg Tan Sri Mohd Amin welcomes YA Bhg Datuk Seri Panglima Musa Haji Aman, Chief Minister of Sabah (left) to the Group's booth (top)

The Group seeks to contribute meaningfully to the advancement of the industries in which it is involved in by playing an active role in various trade associations, like the Malaysian Palm Oil Association, and by participating in various exhibitions and trade shows, including Hari Peladang, Penternak dan Nelayan 2009 held in Sandakan, Sabah on 2-5 July 2009.

Conscious of the role of the private sector in realising national development goals, the Group also consistently participates in dialogue and consultative sessions with policy makers, regulators and governing authorities.