

An aerial photograph showing a wide, muddy river winding through a vast, dense tropical forest. The forest is composed of various shades of green, indicating a rich biodiversity. The river's banks are lined with thick vegetation, creating a natural buffer zone. The sky is clear and bright, suggesting a sunny day. The overall scene conveys a sense of a well-preserved natural environment.

# SUSTAINABILITY REPORT

Riparian Buffer Zone, Tenegang Besar River (a tributary of Kinabatangan River), Sabah



Corporate citizenship starts with having a clearly articulated vision that inspires constructive action and interaction for the common good.

For Genting Plantations Berhad, our core values are encapsulated in our Corporate Social Responsibility ("CSR") statement which affirms our aspirations 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.

As a producer of palm oil - a leading source of dietary nourishment and renewable energy, our Group has the opportunity to play a part in the larger global response to the food and fuel needs of the world's growing population. Yet, it is inevitable that in so doing, our Group's activities may have wider implications. Recognising this, we consciously strive, across all our operations, to minimise the possibilities of any negative effects while enhancing the positive benefits for all our stakeholders.

By building our CSR strategy on the four pillars of environment, community, workplace and marketplace, we are committed to cultivating a successful business model that combines quantitative and qualitative values to give our Group a distinct competitive advantage. Put simply, we believe that good corporate conduct is good business.

**Roundtable on Sustainable Palm Oil**

The sustainable production of palm oil holds a position of prominence in our CSR agenda.

Our Group joined the Roundtable on Sustainable Palm Oil ("RSPO") as one of its earliest members in 2004 and had been an active participant in the organisation's Executive Board and working groups, a



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1-2. Good establishment of cover crops on steep slopes and soft ground cover are among the methods to reduce erosion  
 3-4. The environmental friendly effluent treatment system, which consists of the effluent ponds and bioflow plant, at Genting Indah Oil Mill is capable of treating the final discharge effluent to biological oxygen demand of less than 20 parts per million

testament of our underlying commitment to producing palm oil in an environmentally-friendly and socially-responsible manner.

In 2010, further significant progress was achieved towards meeting our long-term sustainability objectives, as guided by the Principles and Criteria of the RSPO. Spearheaded by the Sustainability Department, our ongoing drive to foster sustainable agriculture was focused, during the year, on the setting-up of an RSPO-compliant documentation system, formal engagement and consultations with internal and external stakeholders, and on environmental conservation at the estates. At the same time, major improvements were observed at our Group's operating units, covering a variety of aspects like infrastructure upgrades at workplace, pollution control and biomass management, good agricultural practices as well as stakeholders' welfare.

Following the completion of an external High Conservation Value ("HCV") assessment exercise for existing estates in Peninsular Malaysia, Sabah and Indonesia, we have started the process of drawing up definitive plans to protect and

preserve areas identified as possessing HCV attributes. Various environmental conservation efforts also got underway at the estate level in 2010, with their progress regularly communicated to stakeholders. These initiatives include the setting aside of riparian buffers at water catchments and natural waterways, preservation of natural reservoirs as wildlife habitats, installation of signages at forest boundaries and anti-poaching and wildlife monitoring patrols. Moreover, as a deeper understanding of the issues pertaining to the environment is key to the effectiveness of any conservation effort, training sessions on biodiversity protection were conducted by external experts for all operating units in Peninsular Malaysia and Sabah during the year.

Our stated intent to embrace sustainable development is also being put into practice in Indonesia, the location of our new plantation projects. In 2010, baseline assessments on selected RSPO Principles and Criteria were conducted at our Group's Indonesian operating units, focusing primarily on the progress of conservation of HCV areas. Relevant training courses and updates on the latest



1-2. Recycling of palm fronds and empty fruit bunches to supply nutrients to the soil

developments in the RSPO, especially those related to new planting procedures, were also provided to the operating units.

Social engagement is an equally critical aspect to us. In this connection, independent social impact assessments had been completed through consultative sessions with internal and external stakeholders were conducted at the operating units in 2010, enabling us to gather valuable feedback from workers, contractors, smallholders and the communities living around the estates and oil mills. The results of these social impact assessments and community development initiatives are being incorporated into the process of drawing up appropriate management plans to mitigate the negative impacts or enhance the positive ones. In addition, gender equality and women's rights issues were also addressed through a series of awareness programmes conducted at the operating units, along with the progressive formation of Women and Children's Welfare Committees to safeguard the welfare of women and children and to provide an appropriate grievance mechanism.

Inasmuch as continuity and consistency of execution are the essence of sustainability, all RSPO-oriented initiatives are closely monitored by our Group to ensure the intended outcomes are achieved.

### 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.

The thrust of our environmental management strategy is to achieve an optimal equilibrium between nurturing economic development and conserving the diversity of nature. Much of this is being realised through the guidelines of the RSPO that we are implementing. Furthermore, our regard for the integrity of the environment is reflected in the myriad of actions being taken across the range of our operations.

Our plantation operations are benchmarked to Good Agricultural Practices, which prescribes, among others, efficient land use and environmentally-responsible cultivation standards. In an

affirmation of the crop management methods being administered by our Group, the Malaysian Palm Oil Board awarded certification of Code of Good Agricultural Practice for Oil Palm Estates and Smallholdings and Code of Good Nursery Practice for Oil Palm Nurseries to Genting Tanah Merah Estate in 2010. Preparations are ongoing for other estates to obtain the certification.

Responsible custodianship involves showing rightful care for the environment even before any projects get off the ground. Towards this end, we ensure that comprehensive environmental and social impact assessments are carried out prior to the start of any development works. In the clearing of land for oil palm planting, we not only insist on having the relevant regulatory and environmental approvals in place, but also adhere strictly to a zero-burning policy.

When it comes to plantation development and expansion, we take a careful and meticulous approach to avoid any encroachment into HCV forests and riparian buffer zones. Areas verified as being rich in biodiversity are duly preserved in their natural state, as manifested, for instance, by the setting aside of the Baha and Bahagia wildlife sanctuaries in the Genting Tenegang Group of Estates in Sabah and the protection of HCV forests in our Group's new plantation projects in Kalimantan, Indonesia. In the establishment of new oil mills environmental safeguards and other innovative green features are incorporated. Genting Indah Oil Mill, which was commissioned in 2009, incorporates environment-friendly technologies that



Forest conservation initiative, Genting Bahagia Estate



help lower fuel usage and reduce effluent's biological oxygen demand ("BOD") levels.

To minimise any unnecessary risks to the environment, organic options, where available, are preferred over the use of chemicals throughout our estates and oil mills. Integrated pest management is practised as an effective means to control insects and rodents that are harmful to the oil palm crop. Prime examples of this are the use of pheromone traps for rhinoceros beetles and the rearing of barn owls as biological control agents of rats.

Integrated nutrient management is also widely adopted to improve soil properties and these techniques often work in reciprocity with our Group's waste management and recycling processes. We ensure palm oil mill effluents ("POME") are properly treated to minimise pollution, with the treated POME then applied in estate fields as organic fertiliser. On top of that, empty fruit bunches are used in the field for mulching to supply nutrients to the soil and to reduce erosion.

By-products such as palm kernel shells are also recycled, mainly as biomass for boiler fuel in palm oil mills, hence, enhancing our Group's energy self-sufficiency.

Prospective carbon emission mitigation initiatives as well as related renewable energy programmes are in the works. Our Group is pursuing collaborations with experienced partners to register, develop and implement proposed Clean Development Mechanism projects at selected oil mills. Such projects will have the potential to reduce greenhouse gas emissions substantially, generating valuable carbon credits for our Group.

Going the extra mile in raising environmental management standards, we actively pursue relevant recognised certifications from renowned accredited bodies. All of our oil mills in Malaysia have received Environmental, Occupational Health and Safety Management System certification from SIRIM, the country's leading standards development and certification organisation. Other reputable certifications are actively being pursued.



Donations of school uniforms and stationeries to children

Sustainability is a not a new concept to us. In 1999, our Group was the first plantation company to collaborate with the World Wide Fund for Nature ("WWF") in the 'Partners for Wetlands' programme, part of the broader 'Kinabatangan - Corridor of Life' project to conserve and rehabilitate the lower basin of the Kinabatangan River, one of the world's largest remaining and most biologically diverse forested floodplains. A site measuring 86.5 hectare along the Tenegang Besar river, one of main tributaries of the Kinabatangan River, has been dedicated by our Group for reforestation activities, which are still on going. Notwithstanding difficulties such as adverse weather conditions that may encumber the progress of tree planting, we remain committed to the rehabilitation of the area into a thriving habitat for the indigenous flora and fauna. We continue to support various initiatives that are consistent with our long-term objectives in fostering sound environment and resource management. Our Group's properties observe a lights-out every year for Earth Hour, uniting with hundreds of millions of people and organisations worldwide in switching off lights for one hour during the annual event to raise awareness of climate change.

### Community

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

We see continuous consultation and communication as pivotal to deepening our rapport with stakeholders, thereby, enhancing the depth and permanence of the positive impact we can make.

The expanse of our geographic footprint, stretching from north to south Peninsular Malaysia to Sabah and to west and central Kalimantan in Indonesia, has opened up rare opportunities for us to interact with people of diverse backgrounds and to reach otherwise isolated rural communities.

As wealth creation is inseparable from the socio-economic empowerment of communities, we seek, where possible, to fill the workforce requirements of our Group's operating units by hiring from within the surrounding populace and offering works to capable contractors in the area. Our investments and development activities also bring positive spillover effects for the well-being of the



local communities. Infrastructure and transport amenities like roads, bridges, ferries and speedboat services that are established and maintained by our Group help enhance accessibility in remote areas. Access to healthcare and medical services provided at operating units are also extended to workers of surrounding smallholdings and to their families. Local customs are respected and encouraged, with our Group's operating units readily providing financial support to the surrounding communities for cultural, religious and sporting activities.

In the process of land procurement and development, we are mindful of the sensitivities and interests of local communities. Through regular dialogue and by having an open channel for feedback, we endeavour to build mutual understanding and to resolve any differences that may arise with sincerity and goodwill.



As part of plantation operations in Indonesia, we support a community development programme known as the Plasma scheme. Under the programme, our Group will render assistance to local small landholders in the development new oil palm plantations for them to operate.

At our property township projects, activities like sports tournaments, family-oriented carnivals and other social and cultural events are regularly organised and sponsored by our Group to strengthen the camaraderie among residents as well as to promote healthy, balanced living.

Education is an especially critical feature in our engagement with society. To us, investing in education means investing in the future of a nation and of its people. Therefore, we have thrown our support behind educational pursuits at all levels in Malaysia and Indonesia. Extensive contributions in the form of cash and in-kind donations of equipment like computers and even land are made to primary and secondary schools located in and around our plantation operations and property townships.

Our support for education has led us to cooperate with the Borneo Child Aid Society, a non-profit social organisation. By



Staff interaction activities

establishing and providing steady funding for the running of at least 8 Humana learning centres in the remote areas of Sabah, our Group has helped make free schooling possible for the children of foreign plantation workers and the underprivileged, who would otherwise be deprived of access to basic education.

In 2010, our support for educational causes also included financial aid for the upgrading of Kota Kinabalu High School's sports field and for Kinabalu Foundation's Scholarship and Education Fund.

As today's knowledge-driven economy puts ever greater emphasis on the role of universities as developers of innovation and intellectual capital, we are intent on playing a meaningful part in contributing to the advancement of higher education. Since 2008, our Group has been

supporting Universiti Putra Malaysia through the Tan Sri (Dr.) Lim Goh Tong Endowment Fund. Established with an initial size of RM1 million, the Fund is used to award scholarships to deserving undergraduate students in the field of agriculture and to support the premier university's research activities and other related educational programmes. Three high-achieving students from financially-needy backgrounds are currently receiving scholarships from the Fund, with a fourth student to be selected in due course. The Fund also frequently provides financial backing for major professional conferences organised by the university, including sponsoring the

biennial International Conference on Agricultural Extension (AGREX '10) held in October 2010.



Our team for Kuala Lumpur Rat Race 2010

No social responsibility agenda will be complete without philanthropy, still a necessary and impactful way for our Group to respond to the undiminished needs of the disadvantaged and marginalised in society. We continue to extend donations to a range of charities every year, either directly or through corporate fund raising initiatives like the annual Kuala Lumpur Rat Race.





Participants at the 29th Management Conference

**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.

Our Group's total workforce exceeded 13,200 as at the end of the 2010, reflecting the continued growth and expansion of business operations.

Creating and maintaining a workplace that is free from any form of discrimination, harassment or abuse is our foremost objective. We believe all employees should be treated equally and their individual human rights respected at all times. More often than not, prevention and management of workplace behavioural issues begin with proper training. In this respect, our Group held a series of awareness training sessions on sexual harassment at the operating units in 2010, providing a description of harassment and educating workers on their rights, company policies and the procedures in dealing with gender-related issues. Women and Children's Welfare Committees have been formed at operating units to look into the welfare of women and to provide counselling and protection to any affected victims.

Assuredly, the engine of our success is our people. We seek to maintain a performance and reward system that is competitive and

relevant to the rapidly-evolving business landscape. Equally crucial to our talent attraction and retention strategy is the nurturing of our employees' progress through carefully-designed, well-fitting career paths that enable them to realise their full potential while meeting common objectives. Moreover, we support the professional and personal development of our people through continuous learning and re-training. Our employees – be they field workers, office executives or managers – are regularly provided in-house and external training on a variety of subject matters. This is to equip them with the competencies to perform their duties more effectively and to prepare them to meet future challenges.



Recipients of the various outstanding performance awards

The 29th Management Conference and the biennial Assistant Managers' Conference (Plantation Division) were held on 20-23 April 2010 in Manila, Philippines, and 23-24 July 2010 in Kota Kinabalu, Sabah respectively. "Achieving Higher Productivity" was the theme for the 2010 edition of both conferences, which serve as a useful forum for in-depth deliberations

on the opportunities and trends that lie ahead for our plantation operations.

Our Group has a well-established Human Resources Handbook, which definitively lays out the employee benefits, company policies and standards of professional conduct to prevent any ambiguities. Employees are duly notified of any revisions to the handbook through circulars issued by our Group. For dispute resolution, we have an established grievance procedure to systematically deal with complaints arising in the workplace.

We take a keen interest in the welfare of our people. Our Group routinely organises recreational activities like staff trips and

sports carnivals to promote a healthy work-life balance and greater solidarity among employees. The annual company trip to Arwana Perhentian Resort in Perhentian Island, Genting Plantations Office Sabah's Sports Day, and the GENP Cup in-house football tournament, were among the many staff activities held in 2010.

At the estates and oil mills, extensive efforts are made to create comfortable working and living conditions for staff and workers through the provision of amenities, including free housing, utilities, medical care, creches, schools, places of worship and sporting facilities.

The safety and health of our employees are an absolute priority. We are committed to taking the necessary preventive action and continually making improvements to minimise the risk of accidents, injuries, illnesses and deaths at the workplace.

Our Group's General Policy Statement for Occupational Safety and Health ("OSH"), a written statement of intent to look after the



On-site training sessions are regularly conducted for our Group's employees

safety and health of workers and others who may be affected by our Group's work activities, is prominently displayed at all operating units while qualified Safety and Health Officers have been employed to provide support. Our commitment to safety is further reinforced by the successful Environmental, Health and Safety ("EHS") Management System certification of all our oil mills by SIRIM recently. A Chemical Health Risk Assessment exercise for all plantation and processing operating units had also been completed in prior years. OSH management systems are being established for the property and biotechnology divisions.

Other steps taken by our Group to cultivate a safety-first culture at the workplace include campaigns and training courses which are regularly held to raise workers' awareness and knowledge on safety and health issues.

### Marketplace

Our business conduct shall be guided by honesty, integrity and a commitment



Palm Oil NKEA Lab leader from our Group giving a presentation to the Prime Minister

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.

Cognizant that a competitive, successful business enterprise is distinguished by the way it is directed and managed to enhance value creation for shareholders, we strive to uphold the highest standards of corporate governance by applying the principles and best practices prescribed by the Malaysian Code on Corporate Governance. Our Group was recognised as one of the Top 100 companies in the Minority Shareholders Watchdog Group's Malaysian Corporate Governance Index 2010.

Putting our support for corporate transparency and accountability into practice, we strictly ensure that all material information is publicly disclosed fully, accurately and in a timely fashion through the relevant channels. Active shareholder engagement is encouraged as it is integral to our commitment to meet the expectations of shareholders in delivering long-term value. On that front, regular meetings and briefings are conducted for investment professionals, including securities research analysts and asset managers, as part of our shareholder communication strategy. We also value the Annual General Meeting as an indispensable avenue for constructive interaction with minority shareholders.

In moving our corporate responsibility agenda into the marketplace, we seek to play a meaningful role in advancing broader national development goals. In 2010, our Group's representatives participated



Genting Plantations Berhad's Annual General Meeting 2010

actively in the Tourism and Palm Oil National Key Economic Area Labs, and even took up the mantle of Lab Leader for the Palm Oil Lab. Recommendations arising from the Lab were subsequently incorporated in the palm oil sector initiatives unveiled by the government under its Economic Transformation Programme to transform Malaysia into a high income nation by 2020.

Our ongoing efforts to contribute to the development of the sectors in which we are involved are also exemplified by, among others, our Group's membership in the Malaysian Palm Oil Association, the Indonesia Malaysia Palm Oil Group and RSPO, research collaborations with the Department of Agriculture Sabah and the Malaysian Palm Oil Board, as well as participation in various trade shows.



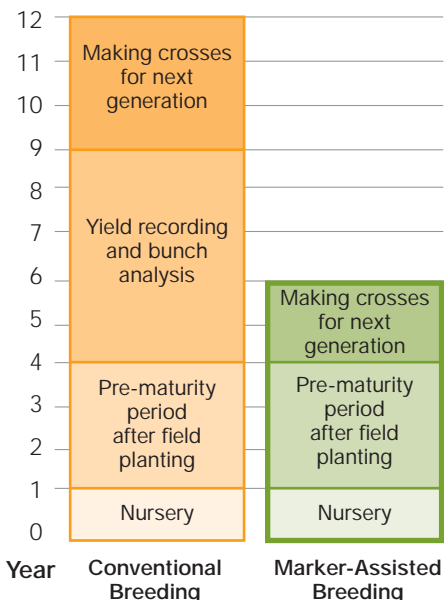
# CREATING SUSTAINABLE OIL CROPS

At Genting Plantations, we aim to be a leader in meeting the world's growing food and fuel needs sustainably. In pursuit of this goal, ACGT Sdn Bhd was formed to apply the field of genomics towards sustainable agriculture for oil crops like oil palm and jatropa.

With arable land getting scarcer by the day, the industry can no longer rely merely on expansion of acreages to raise production. The only way forward is to increase yields significantly.

Through ACGT's genomics-based marker-assisted selection technology, a new generation of superior planting materials will be possible and the long breeding cycle of the oil palm can be halved from 12 years to just 6 years. These breakthroughs will unlock the inherent potential of the oil palm and bring exponential growth in crop productivity.

## OIL PALM CONVENTIONAL BREEDING VS MARKER-ASSISTED BREEDING



## Applying genomics-based solutions for a better future

Furthermore, ACGT is also studying the ganoderma, a white rot fungus which causes basal stem rot, one of the most threatening diseases in oil palm. ACGT is studying the ganoderma genome to develop early detection, treatment and prevention solutions for oil palm plantations. With a ganoderma detection tool, plantations are able to diagnose the presence of ganoderma and the severity of the infection at an early stage.

ACGT's vigorous genomic studies of the oil palm tree, its environment and diseases will lead to better plant health and improve the yield of palm oil, a leading source of dietary nourishment and renewable energy.



**EARLY DETECTION OF OIL PALM DISEASE IS KEY**  
 - Ganoderma causes one of the most threatening diseases in oil palm, the basal stem rot. Whole genome sequencing is carried out to identify pathogenic/non-pathogenic isolates. Subsequently, these are used to screen the soil for the pathogenic strains

From Lab to Field - ACGT's genomics research will enable a new generation of superior planting materials for plantations without genetic modification.

