



Sustainability Report



Baha Sanctuary at Genting Bahagia Estate, Sabah

Sustainability Report



Kapuas Estates, Kalimantan Tengah

At Genting Plantations Berhad, 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 our stakeholders.

Sustainability can be truly realised only when the varied interests of diverse stakeholders are brought together into a harmonious unison to achieve mutually-beneficial outcomes.

To this end, it is imperative that all corporate responsibilities -- from contributing to national economic growth to uplifting societal wellbeing, protecting the environment and maximising shareholder returns -- be pursued in equal measure so that no single facet takes precedence or gets left behind.

In essence, these are the core commitments that shape our Group's business strategies, practices and objectives that are embodied in our four-pillared sustainability agenda, encompassing Environment, Community, Workplace and Marketplace.

Sustainable Palm Oil

As the world population grows, so will its demand for vegetable oils. Palm oil, already the most widely consumed and most efficiently produced oil, is best-positioned to be the leading renewable and sustainable solution to global food and fuel security. This would entail the origination and consumption of palm oil within an orderly economic ecosystem that is commercially feasible and competitive while being environmentally responsible and socially conscious.

To be sure, our Group has a positive part to play in the development of sustainable palm oil. Building on the foundation carefully laid in prior

years, we made meaningful progress in 2013 in further strengthening the breadth and depth of our sustainability commitment.

Sustainable palm oil, of course, encompasses a far more holistic approach than merely certification. Yet, we also recognise that certification is useful in providing benchmarks to objectively assess the efficacy of an organisation's stakeholder engagement practices. Hence, we continue to take up certifications wherever such schemes can constructively add value to our Group's sustainability objectives.

In 2013, our Group embarked on certification to the ISCC system, a leading scheme for sustainability and greenhouse gas ("GHG") emissions recognised by the European Commission to demonstrate compliance with EU Renewable Energy Directive requirements. The ISCC system is used globally for the certification of biomass and bioenergy with proof of traceability of the supply chain process, and more recently, has been expanded to cover food, chemical and other applications through the ISCC PLUS scheme.

All six of our Group's oil mills in Malaysia and their supplying estates passed certification audits by the end of 2013 and were subsequently awarded ISCC EU and ISCC PLUS certificates. In the process, our Group made history by becoming the first palm oil producer in the world to obtain ISCC PLUS certification. Also securing ISCC certification during the year was our Group's biodiesel plant in Lahad Datu, Sabah.

Steps taken to align the practices of our operating units with ISCC standards have led to timely enhancements that will continue to be beneficial for our operations in the long-run. One of them is the calculation of GHG emissions stemming from the cultivation of oil palm and the use of required inputs such as fertiliser, pesticides,



Biodiesel plant at POIC Lahad Datu, Sabah



Genting Indah Oil Mill, Sabah

Among the Group's units which were awarded the ISCC Certification in 2013

diesel and electricity. Over and above the context of the ISCC, the tallying of emissions data is in itself a useful exercise to help identify the GHG hotspots in our Group's operations and to guide our internal monitoring and management of GHG emissions. Similarly, the establishment of a Sustainability Management Procedure Manual, developed through the streamlining and integration of existing internal sustainability-related management documents, serves not just to meet ISCC requirements, but also as a reference for the internal control systems of our Group's operating units.

In another ISCC-related development, our Group's representative was selected in 2013 as co-chair of the ISCC Technical Committee for Southeast Asia.

As far as sustainability certification goes, we have undoubtedly more than just the ISCC system in sight. The Roundtable on Sustainable Palm Oil ("RSPO") is another prominent certification scheme that our Group has been tracking.

National certification schemes in the jurisdictions where our Group operates are also expected to be an integral of the overall sustainable palm oil equation. In Malaysia, the Malaysian Sustainable Palm Oil ("MSPO") scheme was approved by the government in 2013. Ahead of the imminent roll-out of MSPO, our Group has continued to take the necessary preparatory actions and remains actively involved in the MSPO's National and Technical committees.

In Indonesia, work has been ongoing in implementing the standards of Indonesia Sustainable Palm Oil ("ISPO"), a mandatory scheme, with our Group targeting to secure certification for the first operating unit by end-2014.

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.

Oil palm cultivation and environmental wellbeing should not be viewed as opposing forces that can only thrive at the expense of each other. Instead, the two can be compatible. By caring for the earth, we contribute to the preservation of its natural balance, thus fostering the continuity of environmental conditions conducive to the health of all life, oil palm included.

In short, environmentally-sustainable development involves integrating the productive use of land to fulfill the world's growing need for renewable resources with an appreciation for the value in conserving biologically-diverse natural habitats.

Translating principles into outcomes is where our sustainability priorities are brought to bear. Potential risks to the environment are minimised, if not avoided, through the safeguards entrenched in our policies and procedures that ensure decisions and actions at all levels of the organisation are consistently taken with conscientiousness towards the environment.

In building a systematic and effective environmental engagement protocol, our Group has established the adoption of best-in-class standards of practice as one of the primary foundations. These certifiable standards serve as vital tools for the assurance of product consistency and performance efficiency of our operating units, besides the mitigation of impacts on the environment.

Starting with national standards, over 80% of our Group's oil palm estates in Malaysia are certified to the Malaysian Palm Oil Board's ("MPOB") Code of Good Agricultural Practice, while all six Malaysian palm oil mills hold MPOB Code of Good Milling Practice certificates.

At the broader international level, the environmental, health and

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safety, and quality management systems implemented at our Group's Malaysian oil mills are certified to leading global standards, including ISO 14001:2004 Environmental Management System, OHSAS 18001:2007 Occupational Health and Safety Management System and ISO 9001:2008 Quality Management System.

The frequent association of palm oil with environmental conservation matters, and along with it the close scrutiny it attracts, is understandable given that the nature of the oil palm is such that it flourishes in regions that are also among the most biologically diverse. This correlation means oil palm growers have a responsibility to exercise extra care in carrying out development activities to prevent any undue threats to the environment.

On our part, sustainability factors are taken well into account during due diligence and feasibility studies on prospective new projects while thorough social and environmental impact and High Conservation Value ("HCV") assessments are conducted prior to the commencement of development.

Any illegal clearing of forests with significant biodiversity values is strictly prohibited. Moreover, areas within our Group's landholdings that are assessed as HCV are set aside and left to thrive in their natural states. All along, the preservation of HCV forests has been practised since the early days of our Group's history, as evident in the Baha and Bahagia wildlife sanctuaries maintained within the Tenegang group of estates in Sabah. Incidences of endangered, rare or threatened species straying into our plantation areas are managed carefully with the assistance of the local wildlife authorities.



Among the steps taken by the Group to ensure biochemical oxygen demand are at permissible levels, is the implementation of bioflow plants at oil mills

In handling biodiversity hotspots, our Group is also involved in forest restoration efforts, where such intervention is deemed by experts as the best way forward. Along the Tenegang Besar River, one of the main tributaries of the Kinabatangan region in Sabah, which is home to one of the world's largest and most diverse floodplains, our Group continues to carry out reforestation work over an 86.5-hectare area that has been set aside. The project dates back to 1999 when our Group became the first plantation company to participate in a collaborative forest corridor programme initiated by WWF-Malaysia.

Meanwhile, in our Group's estates and oil mills, practices aimed at contributing positively towards a cleaner environment have been widely incorporated into daily operations.

A formal zero burning policy expressly prohibits open burning for land clearing or any other purposes. All types of waste products, including domestic waste, agricultural waste, biomass or by-products generated by operating units, if not recycled, are required to be disposed of safely and appropriately.

In the context of agriculture, the maximising of crop productivity is essential to achieving sustainability, but this may often involve some use of agrochemicals. If properly and responsibly handled, agrochemicals do not necessarily pose an imminent or undue threat to the environment. Nevertheless, our Group continually seeks ways to reduce the use of agrochemicals at our operating units as part of efforts to mitigate environmental risks, with resultant cost-savings being an added benefit. This is achieved by ensuring that chemicals are applied effectively to minimise potential wastage and by switching to organic alternatives where possible.

In the area of pest control, dependence on pesticides is reduced at our estates through the implementation of an integrated pest management approach, where biological control agents are deployed. The introduction of barn owls in estates to suppress the



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Recycling of biomass and wastes to the fields in the form of
 (i) compost
 (ii) POME application
 (iii) empty fruit bunches



GENP participated in the 2013 Wisma Genting Charity Bazaar in support of various charities and homes

rat population and the placement of pheromone traps to capture rhinoceros beetles are among methods that have proven effective over the years in reducing pest damage to crops.

Plant nutrients also represent another significant avenue for the substitution of chemical inputs with organic substitutes. Nutrient-rich by-products from the palm oil production process such as empty fruit bunches and treated palm oil mill effluents are applied in the fields to help reduce our estates' reliance on chemical fertilisers.

Biomass recycling represents a multi-faceted value proposition for our Group as it delivers a variety of economic benefits while providing multiple environmental advantages. The use of biomass as fertiliser in the fields and as fuel for oil mill boilers for power generation promotes good waste management practice, contributes to energy self-sufficiency and brings input-cost savings.

Good waste management is as much about proper and responsible handling of waste as it is about recycling. All necessary precautions are taken to prevent harmful or hazardous substances from being released into the environment. At our Group's oil mills, advanced effluent treatment systems installed and continuous improvements made ensure that the final discharge meets strict safety standards and is suitable to be channelled to estates for manuring and land irrigation. The presence of migratory birds at the effluent ponds of some of our Group's oil mills attests to the quality and safety standards that are being achieved.

Recognising that any sustainability commitment must have the support of the organisation's people to be effective, our Group endeavours to foster greater environmental awareness among employees through regular communication, campaigns, training and

education. Participation in global events such as the WWF's Earth Hour is also among practical steps taken in our Group's ongoing efforts to cultivate a culture of shared responsibility.

All in all, beyond the environmental aspects of day-to-day operations, no sustainability response is complete until it can address the heart of the matter, that is, the challenge of satisfying growing global demand for resources amid scarcity of arable land. At our Group, we are convinced that science holds the key in solving this pressing question. That is why we have embarked on our pioneering research in biotechnology, seeking to unlock the full potential of the oil palm. When the sought-after quantum leap in oil palm productivity is realised, land use efficiency will increase many times over, reinforcing palm oil's status as the world's leading sustainable food and fuel source.

Community

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

The nature of our Group's business as an oil palm grower has led us to frontier regions, placing us at the doorstep of often-isolated communities. Our hope is for our Group's presence in these remote localities to create openings for engagement that will make a difference to the wellbeing of the local rural people.

A spirit of mutual trust and cooperation is often a prerequisite in establishing a meaningful and lasting rapport. While this can only come with time and commitment, the initiative taken by our Group to promote ongoing consultations with local communities by holding

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matched by equally determined efforts to build mutual goodwill and cooperation through regular consultative meetings with plasma farmers.

Aside from the creation of income-earning opportunities, our Group's presence in the remote interiors helps bring improved accessibility and connectivity, thanks to the infrastructure and amenities that are built and maintained as part of comprehensive development plans. These range from roads and bridges to water transportation like speedboats, to name a few.



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- Among the amenities provided by the Group
- (i) housing
 - (ii) school bus
 - (iii) treated water supply
 - (iv) medical aid
 - (v) ambulance

regular meet-ups and dialogue sessions would go some ways towards forging greater understanding. Further, the development and operations of plantations are carried out in accordance with prevailing laws and regulations, with due regard given to local cultural norms and customs. Procedures are also in place to address any grievance in a systematic, timely and transparent manner.

Our Group's foray into rural regions as an investor presents economic spillover benefits for the communities, particularly opportunities to earn stable incomes that may not otherwise be available. In filling job vacancies and offering contract works, we prefer to engage local area talents and expertise, where possible.

In Indonesia, the development of plasma plantations, a scheme designed to assist small landholders, is a responsibility our Group takes seriously in contributing towards raising the livelihoods of rural communities. In 2013, our Group forged ahead in supporting local smallholders through the establishment of more plasma programmes, thus raising the total land area developed for plasma to nearly 8,000 hectares by the year-end. Development works are

Just as paramount to community wellbeing as economic advancement is the development of the social, cultural and spiritual aspects. Cultural practices and traditions are encouraged, with our Group frequently providing financial support and participating in the observance of festivals and religious celebrations at the local villages in areas where we operate.

This is also true at our property townships, where besides the celebration of cultural occasions, sports tournament, carnivals and other family-oriented events are also organised regularly by our Group to strengthen the sense of community spirit among residents and to promote healthy, balanced lifestyles.

In our commitment to community outreach, educational causes remain one of the primary focal points. Education commands special attention as it is said to be the single most powerful tool in empowering people and effecting positive change in society.

Mirroring the geographical spread of our Group's business presence, our support for education is centred mostly on Malaysia and Indonesia, where, to begin with, support in cash and kind is regularly extended to local schools of all types and levels, from primary to secondary, as well as to deserving students as needs arise.



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We agree with the declaration that every child has a fundamental right to education. To play a part in ensuring no child misses out, we have an ongoing collaboration with the non-profit Borneo Child Aid Society in Sabah, whereby our Group provides funds and assistance for the building, upkeep and running of Humana learning centres

for underprivileged children who would otherwise be denied access to basic education due to distance, poverty or legal status. Eight Humana centres serving hundreds of children are so far covered under the collaboration.

Our Group's support for the advancement of education in Malaysia and Indonesia extends to tertiary institutions, recognising their crucial role as the training ground for tomorrow's leaders.

In Malaysia, our Group, through the Tan Sri (Dr.) Lim Goh Tong Endowment Fund, has been working with Universiti Putra Malaysia, one of the nation's premier universities reputed for its agriculture programme. The Fund grants scholarships to deserving undergraduates pursuing agriculture studies and provides funding for the university's research activities and other education programmes.

In Indonesia, the awarding of scholarships for tertiary studies is also regularly practised. Eligible students from surrounding villages in areas where we operate receive financial support to pursue studies in agriculture and other related disciplines at renowned local institutions like Lembaga Pendidikan Perkebunan in Yogyakarta.



GENP's team for KL Rat Race 2013

Corporate philanthropy continues to be an essential feature of our Group's social responsibility agenda as it remains an effective means to meet the urgent needs of the marginalised and less fortunate in society. In 2013, our Group donated generously towards a variety of charitable causes. The year also marked the 7th consecutive time our Group has participated in the annual Kuala Lumpur Rat Race, a platform for Corporate Malaysia 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.



Various training programmes attended by employees

As our aim is to be the employer of choice, we seek to attract and retain the best talents by nurturing a secure, enabling setting where every individual is valued and empowered to realise his or her full potential through a fulfilling and rewarding career.

We respect the rights of employees. In our engagement with our people, we exercise fairness, consistency and transparency, mutually guided by the relevant Human Resources handbooks and manuals, which clearly sets out the policies, procedures, responsibilities and benefits. Any form of violence, harassment or discrimination against race, religion, national origin, disabilities, pregnancy, age and gender, is not tolerated at our Group. Complaints, if any, are addressed



Interaction activities to foster ties among employees

Sustainability Report (cont'd)



Participants at the 32nd Management Conference

systematically and equitably through an established grievance procedure.

Fairness, equality and dignity characterise the treatment of our valued plantation workforce, whose well-being are important to us. Our Group offers competitive remuneration schemes that are in tune with industry and market benchmarks, and in accordance with all applicable collective agreements and minimum wage policies. On top of monetary compensation, we are also committed to rendering the necessary assistance and amenities to improve the quality of life of our plantation workforce. A comprehensive range of conveniences, including housing, water and electricity supply, healthcare, places of worship, and childcare and recreational facilities are provided at our Group's operating units.

For new workers, orientation programmes are organised to help them adapt to the working environment in the estates and oil mills, while on-site induction programmes on job expectations, safety procedures and health aspects are also held upon their arrival.

Occupational safety and health is a matter of absolute priority. We leave no room for compromise in upholding our commitment to maintaining a safe and healthy working environment at all times for all employees and to protect others who may be affected by our Group's activities.

At all work sites, proper caution signs, emergency protocols and operating instructions are displayed clearly and prominently to ensure all necessary precautions against potential hazards are followed. To reinforce the awareness towards safety and health issues, our people are regularly enrolled in in-house and external training courses. The certification of all our oil mills to OHSAS 18001:2007 and MS 1722:2011 are but some examples of the best practices in



Recipients of the various outstanding performance awards

workplace safety and health being observed at our Group.

At our Group, we believe that mutual success begins with having an organisational culture of inclusiveness conducive to the building of a team that is united in objective but diverse in backgrounds, skills and expertise. Amid today's competitive globalised business environment, employees are encouraged to attend professionally-conducted training courses to enhance their competencies and to gain new insights into their respective specialisations. Through continuous employer-employee engagement, our Group is committed to retaining the best talents by helping them reach their full potential through well-defined career progression paths.

In-house events, including the annual Management Conference, are instrumental in creating a workforce that is motivated, skilled, effective and committed in accomplishing common organisational objectives. The 32nd edition of the Management Conference, where annual awards for high performers are given out and priorities for the forthcoming year are discussed, was held in Yogyakarta, Indonesia from 30 June to 3 July.

The next generation of talents are identified through recruitment drives and student engagement initiatives that cover a wide scope



Mr Tan Kong Han, Deputy Chief Executive, receiving GENP's "Best Mid-Cap Company for Investor Relations" award

of state and private colleges and universities, with selected recruits subsequently undergoing intensive training and structured training programmes to prepare them thoroughly for employment.

Professional capacity-building aside, the personal development of employees is certainly not forgotten. Recreational activities, including staff trips, sports days, celebrations of major religious and cultural festivals and annual dinners as well as health and wellness courses are among events held regularly to promote a healthy work-life balance among 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.

Good governance is the backbone of our business, without which any achievements would be rendered hollow and unsustainable. Enduring shareholder value can only be created when all affairs are managed in accordance with the appropriate standards and best practices for good corporate governance. That is our Group's stated policy, one that flows through every level of our organisation, starting at the very top. We are committed to having a Board of Directors that is composed of the best-qualified individuals with the requisite knowledge, experience, independence, foresight and good judgement to discharge their duties in the best interest of all shareholders.

Our Group observes strict standards in ensuring that business affairs are always conducted with utmost professionalism and integrity, free of any form of corrupt or unethical behaviour. This ethical code applies to all dealings, be they with our Group's business partners, vendors, contractors, customers or governing authorities.

Moreover, as transparency and accountability are the cornerstones of effective stakeholder engagement, we endeavour to disclose all material corporate information through the appropriate channels in a timely, accurate and complete manner. The Company's annual general meeting also represents a useful, interactive forum for direct engagement with shareholders.

Maintaining open and continuous communication typifies our approach to investor and shareholder relations. Corporate briefings, conference calls, face-to-face meetings and site visits are conducted regularly as part of efforts to strengthen our Group's rapport with investment professionals. The appreciation of the investment community for our investor relations ("IR") practices culminated in our Group being voted as the "Best Mid-Cap Company for Investor Relations" in the 2013 Malaysia Investor Relations Survey. In the survey of global buy and sell-side professionals conducted by Thomson Reuters Extel and the Malaysian Investor Relations Association, our Group was also named as among the top in various other IR categories.



Genting Plantations Berhad's Annual General Meeting 2013

Sustainability within a marketplace framework also entails a commitment to making a positive contribution towards the advancement of the industries we are involved in. Apart from being an active member of the Malaysian Palm Oil Association, our Group has more recently been involved in the development of the national Malaysian Sustainable Palm Oil standards and has been tasked to play a leading role in the regional technical committee of the ISCC. Leveraging our Group's scientific and technological capabilities, research and development collaborations for crop improvement are also ongoing with the likes of the MPOB and the Department of Agriculture, Sabah.