

Sustainability Report

ABOUT THIS STATEMENT

Harn Len Corporation Bhd (hereby known as “Harn Len” or the “Group”) is proud to present its sixth Sustainability Statement to its valued stakeholders. The report covers the financial year ended 31 December 2021 (FY2021) and it addresses matters that are most material to our stakeholders and business operations. It also provides insights into our management and performance of Environmental, Social and Governance (ESG) elements.

2021 has been a challenging year due to the continuing fight against COVID-19. Our operations were greatly affected by the nationwide Movement Control Order (MCO). The reduced demand for palm oil is compounded by supply chain disruptions, increased operational costs and labour shortages on plantation grounds.

As we gear towards recovery and easing of movement restrictions, we will continue to monitor and review our sustainability management process to navigate paradigm shifts as well as retain the trust of our stakeholders.

Reporting Boundary & Scope

This Statement provides an overview of the Group’s operations which comprise our core business activities and major sources of revenue. The entities covered in this Statement span across west and east Malaysia and includes the Group’s main offices, oil palm plantations and palm oil mill within the states of Pahang, Johor and Sarawak.



Reporting Framework

To provide a balanced, comparable and meaningful statement, we adhere to the Main Market Listing Requirements of Bursa Malaysia and the Sustainability Reporting Guide (2nd Edition) (2018). The format and contents of our ESG disclosures are based on the requirements of the Global Reporting Initiatives (GRI) Standards (Core Option). To showcase our commitment towards the global sustainability agenda, we have aligned our initiatives in accordance with the aspirations of the United Nations Sustainability Development Goals (SDGs).



Reporting Principles

The reporting principles covered in this statement include:

Stakeholder Inclusiveness: Capturing our stakeholder expectations and addressing their concerns

Sustainability Context: Disclosing our sustainability performance in a balanced and transparent manner

Materiality: Identifying and prioritising the key ESG issues that our Group encounters

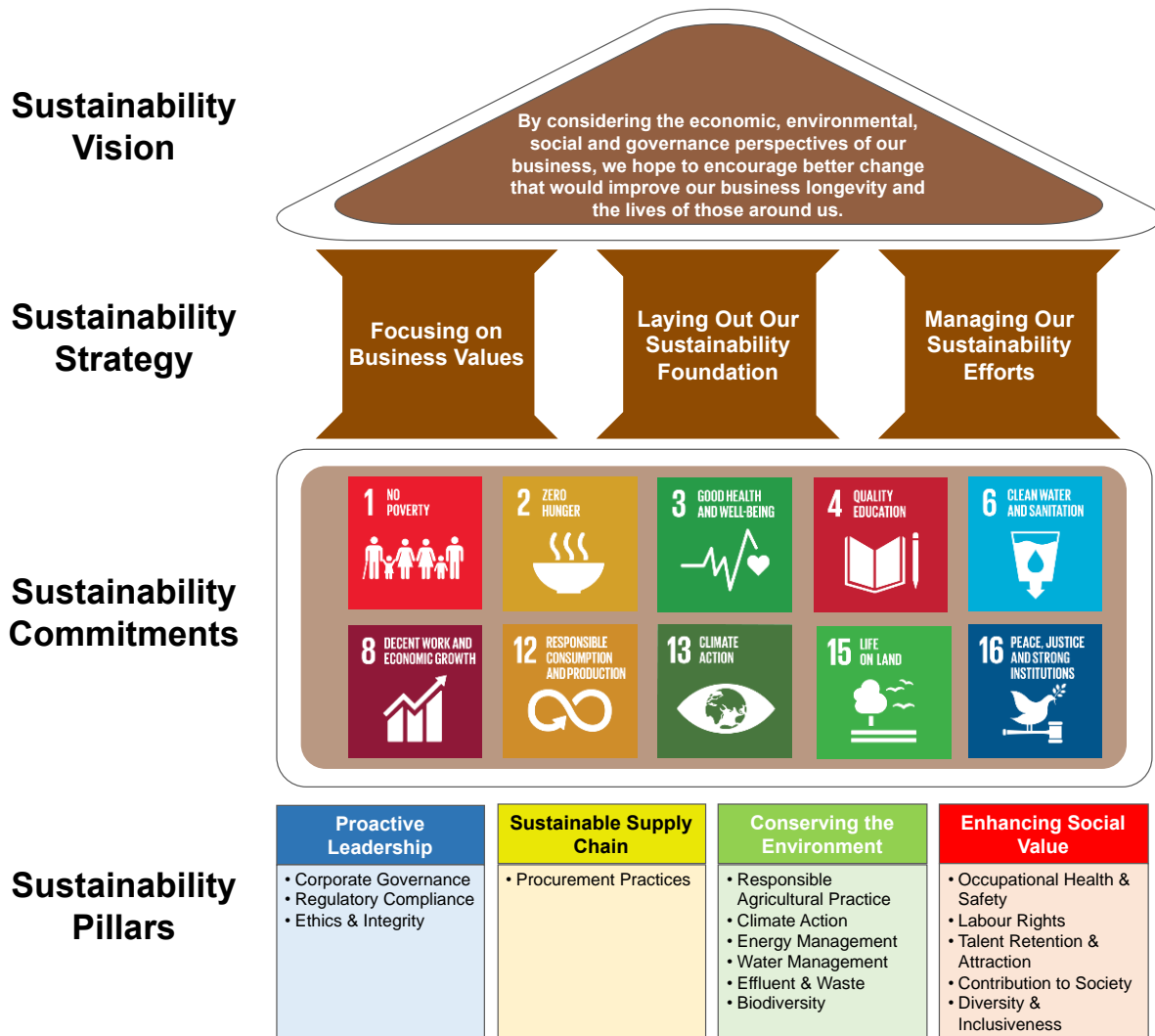
Completeness: Reporting all sustainability topics that are material to our Group and influence our stakeholders

EMBEDDING ESG WITHIN THE GROUP

Our ESG Framework

Since the release of our inaugural Sustainability Statement in FY2015, we remain committed in our efforts to incorporate the principles of ESG across our Group. Our drive towards sustainable development is encapsulated in the following framework:

HARN LEN SUSTAINABILITY FRAMEWORK



Our Global Agenda

The launch of the Twelfth Malaysia Plan, 2021 – 2025 (the Twelfth Plan) in September 2021 has set a new course for the nation to achieve a prosperous, inclusive and sustainable society. Set upon three (3) overarching themes namely, (1) Resetting the Economy, (2) Strengthening Security, Wellbeing and Inclusivity, and (3) Advancing Sustainability, the Twelfth Plan is aligned with the 17 United Nations Sustainable Development Goals (UN SDGs) out of which we have adapted 10 that are most relevant to our business.

The Group commits to contribute to the realisation of the global and national ambitions in sustainable development.

Goal 1: No Poverty  100% sourcing of goods and services from local businesses	Goal 2: Zero Hunger  Provision of food baskets to underprivileged communities
Goal 3: Good Health & Wellbeing  Updated COVID-19 procedure in the workplace	Goal 4: Quality Education  Online and site training programme for all staff members
Goal 6: Clean Water & Sanitation  Clean water supply in the labour quarters	Goal 8: Decent Work & Economic Growth  Safeguarding the rights of workers according to international standards
Goal 12: Responsible Consumption & Production  Recycling of empty fruit bunches as fertilisers for new production	Goal 13: Climate Action  Zero Burning Policy to reduce carbon emissions from estates
Goal 15: Life on Land  Establishment of riparian buffer zones to protect wildlife habitats	Goal 16: Peace, Justice & Strong Institutions  Conflict of Interest Policies and Procedures

Our Governance Structure

The two-tiered dedicated sustainability governance structure that we have established ensures that we implement our ESG strategy across operations, manage goal-setting and reporting processes including data collection. At the apex is the Board of Directors (BOD or the Board) that has general oversight of the Group’s sustainability strategy and performance. Setting the tone at the top permeates the entire Group; thus, the Board exercises oversight and approves, with finality, all sustainability-related activities.

Managing sustainability at the operational level is the Sustainability Committee (SC) that is led by the Chairman who reports to the BOD on the activities of the SC and ensures progress towards the Group’s sustainability goals.








Our Stakeholder Engagement

Our stakeholders are defined as individuals or groups who are integral to the Group and whose vested interest influence and impact our business operations. At Harn Len, we believe in developing strong and meaningful relationships with our stakeholders using multiple communication platforms. Understanding our stakeholders enables us to respond to their interests and needs effectively.



During the reporting year, amidst operating in the “new normal”, we conducted frequent engagement sessions to ensure that we remain cognisant of their concerns and through their feedback we were able to identify areas of improvement.

Stakeholder Groups	Areas of Interest	Harn Len's Response
 <p>Investors</p> <p>We build investor trust and confidence through our emphasis on corporate governance and transparency.</p>	<ul style="list-style-type: none"> • Sustainability and maximisation of shareholder value • Financial performance and business strategy 	<ul style="list-style-type: none"> • Hold regular engagement sessions with investors to announce our financial performance through the Annual General Meeting and publishing of the Annual Report • Facilitate continuous engagement, provide information and platform for constructive feedback via the Investor Relations section of our company website
 <p>Employees</p> <p>The welfare and competencies of our employees are critical to human capital development to ensure that our business performance meets our stakeholders' expectations.</p>	<ul style="list-style-type: none"> • Workers' rights • Grievance resolution • Performance management • Training and Development • Industrial harmony • Equitable remuneration • Safety, health and environmental concerns 	<ul style="list-style-type: none"> • Organise monthly management meetings to discuss employee grievances; • Maintain transparency by circulating important decisions via internal memo • Hold quarterly Sustainability Committee meetings to discuss ESG-related matters • Conduct annual performance appraisal with all employees and provide relevant training to close performance gaps • Review all processes pertaining to health, safety, and environmental matters every quarter to safeguard employee wellbeing

 <p>Customers</p> <p>Delivering quality palm oil to our customers is the basis for generating financial capital</p>	<ul style="list-style-type: none"> • Sustainable supply chain with relevant certifications • Efficient complaints resolution • Customer-company relationship • Safety and security 	<ul style="list-style-type: none"> • Meet with customers regularly to review and address their complaints to their satisfaction • Organise ad-hoc community and networking events to bolster customer relations
 <p>Regulatory Authorities and Statutory Bodies</p> <p>We cooperate with key government agencies to ensure compliance with all existing laws and regulations that are relevant to our sector, and to uphold industry standards for labour, health & safety and environmental protection.</p>	<ul style="list-style-type: none"> • COVID-19 standard operating procedures • Code of ethics and governance • Labour practices • Occupational safety and health • Environmental management and compliance 	<ul style="list-style-type: none"> • Communicate directly with government officials via email and telephone conversations to clarify regulatory issues as and when the need arises • Cooperate with local authorities during annual and ad-hoc inspections • Ensure that managers meet with local regulators to discuss major compliance issues, if any • Ensure compliance with audit processes
 <p>Suppliers</p> <p>We collaborate with supply chain partners to ensure they operate in line with Harn Len's expectations.</p>	<ul style="list-style-type: none"> • Transparent procurement practices • Service and delivery standards • Fair contractual terms 	<ul style="list-style-type: none"> • Hold periodic one-on-one meetings with supplier representative to discuss sustainability commitments • Conduct annual review to evaluate vendor performance with respect to contractual terms and procurement practices • Ensure all new vendors are duly registered before engaging them. • Negotiate fair contractual terms and conditions and ensure continuous monitoring and review thereof



Local Communities

We engage with local residents to create a positive impact in the communities we operate in.

- Biodiversity and conservation
- Social issues
- Transparency and accountability to the community
- Environmental impact
- Conduct focus group discussions with residents to make informed decisions about business operations
- Invite community members to selected festival celebrations
- Organise Corporate Social Responsibilities (CSR) activities to promote engagement between Harn Len and local communities

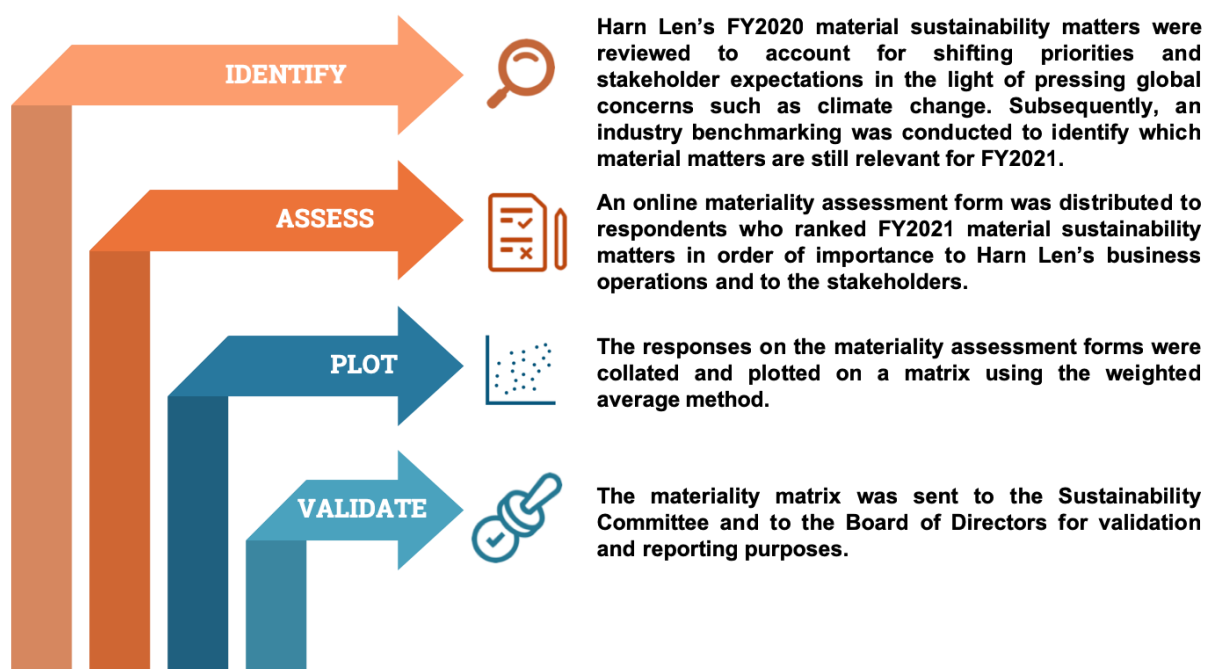
PRIORITISING OUR MATERIAL SUSTAINABILITY MATTERS

Materiality Assessment

Materiality assessment is the vital starting point of ESG reporting. In light of the ongoing COVID-19 pandemic, and anticipating a shift in the ESG priorities of our stakeholders, we conducted a re-assessment of our material sustainability matters this year.

Following the Materiality Assessment Process described below, we made substantial changes under the Environment pillar (Conserving the Environment) to include topics that are of global significance and are also important in the palm oil industry, namely Biodiversity and Climate Action; topics of Human Animal Conflict and Air Quality

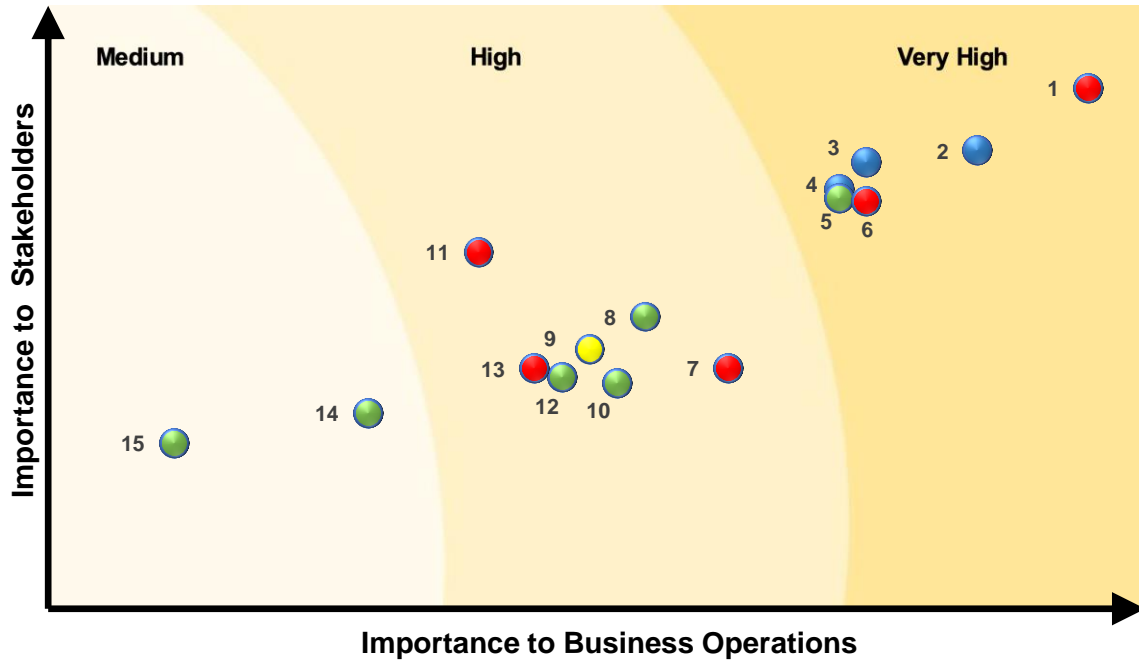
HARN LEN'S MATERIALITY ASSESSMENT PROCESS



Materiality Matrix

Data gathered from the materiality assessment were analysed and plotted in the materiality matrix according to the degree of importance that Harn Len and the stakeholders place on each material issue

Materiality Matrix FY2021



Proactive Leadership	Sustainable Supply Chain	Conserving the Environment	Enhancing Social Values
2. Corporate Governance 3. Regulatory Compliance 4. Ethics & Integrity	9. Procurement Practices	5. Responsible Agricultural Practice 8. Climate Action 10. Energy Management 12. Water Management 14. Effluent & Waste 15. Biodiversity	1. Occupational Health & Safety 6. Labour Rights 7. Talent Retention & Attraction 11. Contribution to Society 13. Diversity & Inclusiveness






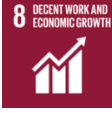







The FY2021 matrix shows a similar importance in the material sustainability matters or ESG topics reported in FY2020, with some notable changes:






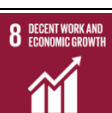


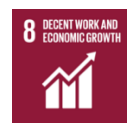
- *Responsible Agricultural Practice* has become a very high priority in FY2021
- The newly added *Climate Action* is of high priority to Harn Len
- *Energy Management* has increased in importance in FY2021

Overall, the six most significant matters, identified based on their location in the top-right section of the matrix, remained largely similar to the previous year's matrix, with the exception of Procurement Practice which was replaced by Responsible Agricultural Practice. This reflects the increased attention on the environmental impact of large-scale oil palm plantation and deforestation.

Mapping our Material Sustainability Matters

Pursuant to our sustainability strategy, we have aligned the fifteen (15) material sustainability matters to corresponding stakeholders and mapped them to the SDGs that we have identified as most crucial to our business venture.

Material Sustainability Matters	Description	Relevant GRI Standards	Stakeholders	Corresponding SDGs
PROACTIVE LEADERSHIP				
Corporate Governance	The system by which the Group is directed, led and managed which includes the policies, practices and processes to manage the business operations	102-16: Values, principles, standards and norms of behaviour	Employees, Investors	 
Regulatory Compliance	Ensuring that the Group adheres to all relevant laws, regulations and other legal requirements	307: Environmental Compliance 419: Socioeconomic Compliance 2016	Employees, Investors, Regulatory Agencies and Statutory Bodies	
Ethics and Integrity	Measures to ensure that ethics and integrity are upheld by the Group which includes a mechanism to report unethical behaviour	205: Anti-corruption 2016	Employees, Investors, Suppliers	 
SUSTAINABLE SUPPLY CHAIN				
Procurement Practices	Only suppliers and vendors that meet the Group's standards and requirements will be engaged when sourcing for products and services	204: Procurement Practices	Suppliers, Customers	
CONSERVING THE ENVIRONMENT				
Responsible Agricultural Practice	Adopting sustainable agricultural practices to protect the surrounding environment	Non-GRI	Investors, Regulatory Agencies and Statutory Bodies, Customers, Local Communities	
Climate Action	Efforts made to reduce the impacts of climate change	305: Emissions 2016	Investors	
Energy Management	Efforts made on responsible energy management and consumption	302: Energy 2016	Investors	
Water Management	Promoting efficient water usage including water conservation	303: Water and Effluents 2018	Local Communities	
Effluent and Waste	Reducing industrial wastes and effluents and ensure their proper disposal	303: Water and Effluents 2018	Regulatory Agencies and Statutory Bodies, Local Communities	 
Biodiversity	Strategies and initiatives to manage the impact of operations on biodiversity and the natural environment	304: Biodiversity 2016	Local Communities	

ENHANCING SOCIAL VALUES				
Occupational Health and Safety	Measures taken to prevent workplace accidents or injuries and to maintain a safe and conducive working environment	403: Occupational Health and Safety 2018	Employees, Regulatory Agencies and Statutory Bodies	 
Labour Rights	Respecting and protecting the rights of all workers, contractors, and employees' stakeholders regardless of gender, age, nationality, religion and race	412: Human Rights Assessment	Investors, Employees, Suppliers, Customers	 
Talent Retention and Attraction	Providing fair and equal employment opportunity and benefits to all existing and prospective employees	401: Employment 2016 404: Training and Education 2016	Employees	 
Contribution to Society	Donations given or programmes conducted to promote the wellbeing of the members of surrounding communities within which the Group operates	413: Local Communities 2016	Local Communities	 
Diversity and Inclusiveness	Promoting a diverse and inclusive workplace wherein every employee is treated with respect and dignity	405: Diversity and Equal Opportunity 2016 406: Non-discrimination 2016	Employees, Suppliers	



HARNESSING PROACTIVE LEADERSHIP

Harn Len aims to play a leading role in establishing a sustainable future by raising the sustainability standards for the palm oil industry. It is important for us to create an ethical workplace culture by aligning our actions and conducting our business affairs according to responsible ESG practices. To this end, we exercise effective oversight of business decisions to build and maintain a trusting stakeholder relationship.

Sustainability Highlights:

Zero incidents of corruption recorded

Alignment of Code of Ethics and Conduct with 'Conflict of Interest' Policy

Corporate Governance

To protect the interests of our stakeholders, we continue to harness a strong corporate governance in accordance with the Malaysian Code on Corporate Governance (MCCG) 2021. We are committed to implement reliable internal mechanisms and procedures that promote transparency and accountability.

With roles and responsibilities being clearly defined in our Board Charter as well as in the respective Board Committee Terms of Reference, the BOD is the final authority for Harn Len's decision-making process and is key to the longevity of our business operations. Our dedication towards robust corporate governance and integrity is exemplified in our External Auditors Policy and Remuneration Policy. The aforementioned policies are available on the Investor Relation's section of our corporate website, www.harnlen.com.my.

In FY2021, our Board formally approved a 'Conflict of Interest' Policies and Procedures to outline the corporate procedures to resolve a 'Conflict' where a person's ability to perform one's duty effectively is potentially impaired by personal consideration, interest or relationship. This Policy shall be applied to all Directors and employees of the Group and will come into effect in FY2022.

As part of our efforts to embed strong corporate governance practices within the Group, all Directors had undergone an in-house training conducted by third-party trainers on MCCG 2021 updates. Detailed disclosure of our practices can be found on the Corporate Governance Overview Statement in our Annual Report. We continually engage our stakeholders through the Investor Relations page of our website.

Regulatory Compliance

We strictly comply with all relevant federal regulations and Sarawak State ordinances pertaining to our business operations. We have also implemented stringent measures such

as maintaining a legal register in our Sarawak Estates and Senang Estate to ensure observance of applicable laws and regulations. Our company’s Malaysian Sustainable Palm Oil (MSPO) compliance team is sufficiently trained to identify risk areas and minimise company liabilities. The laws and regulations we adhere to include but are not limited to:

Federal Regulations	Sarawak Ordinances
Children and Young Persons (Employment) Act 1966	Land Code 1958
Environmental Quality Act 1974	Labour Ordinance 1958
Occupational Safety and Health Act 1994	Natural Resource and Environmental Ordinance 1958
Scheduled Waste Regulations 2005	Wildlife Protection Ordinance 1998
Personal Data Protection Act 2010	Protection of Public Health Ordinance 1999
Minimum Wage Order 2020	

Ethics and Integrity

We place great emphasis in maintaining high ethical standards to safeguard the Group’s reputation and integrity. All Directors and employees are governed by the company policies and procedures to ensure principled business conduct at all times.

1. Anti-Bribery and Corruption (“ABC”) Policy

With the enforcement of the Malaysian Anti-Corruption Commission (“MACC”) (Amendment) Act 2018 and the requirements of ISO 37001:2016, we maintained a comprehensive ABC policy and management system that applies to all directors, officers, employees as well as vendors, contractors and agents who perform work for and on behalf of Harn Len.

The ABC Policy outlines the Group’s expectations pertaining to giving or receiving gratification as defined under the MACC Act. It also provides guidance on reporting any attempts to solicit, offer or accept any gratification from Harn Len. To support the Policy implementation, all relevant internal and external stakeholders must sign a declaration certifying that they have read, understood and will abide by the Policy.

The complete provisions of our ABC policy can be read on the Investor Relations section of our website. No incident of corruption was reported in FY2021.

2. Whistleblowing Policy

Should any potential case of misconduct or wrongdoing be identified within Harn Len, we encourage all employees and members of the public to lodge a formal complaint according to the procedures outlined in our Whistleblowing Policy. Genuine whistleblowers who act in good faith will be accorded protection against reprisal or retaliation by safeguarding their identity. Details of this Policy can be viewed on the Investor Relation page of our website.

Our estate workers may also avail of communication channels where they can seek advice about unethical behaviour. In the Senang Estate, workers may escalate issues to their

superiors during the regular toolbox meeting; in Sarawak Estates, a complaints box and form are provided. A Social Liaison Officer has been appointed to oversee all relevant concerns.

In the year under review, we recorded zero cases under the Whistleblowing Policy.

3. Code of Ethics and Conduct

Our Code of Ethics and Conduct (the Code) contains the standards of professionalism and corporate conduct expected of all Harn Len directors and employees. In FY2021, the Code was amended to ensure alignment with our 'Conflict of Interest' Policies and Procedures with the provision of a prohibition clause against offering favours to customers, suppliers or contractors to influence their judgement or conduct. Interested parties may read the full provisions of the Code on our website.

ADVANCING SUSTAINABLE SUPPLY CHAIN

Our consideration for sustainability extends beyond our plantation operations to include our supply chain. In addition to cost savings, upholding a sustainable supply chain boosts our efforts to reduce our business impacts on the communities where we operate and on the environment.

Sustainability Highlight:

100% of procurement spending were on local suppliers

Procurement Practices

We implemented a Purchasing Policy and Procedure that applies to all of Harn Len's procurement practices. Prior to contract award, all supply chain partners are required to undergo a screening process against a set of criteria to ensure that we engage the best suppliers for our operations. Appointed suppliers also undergo an annual evaluation to assess their adherence to a set of criteria as illustrated below.

Evaluation Criteria

 <p><u>Product</u></p> <ul style="list-style-type: none"> ✓ Price ✓ Stock Availability ✓ Terms and Conditions 	 <p><u>Delivery Performance</u></p> <ul style="list-style-type: none"> ✓ Timeliness ✓ Flexibility ✓ Package and Handling
 <p><u>Sales and Service Support</u></p> <ul style="list-style-type: none"> ✓ Compliant Resolution ✓ After Sales Service 	 <p><u>Technical Expertise</u></p> <ul style="list-style-type: none"> ✓ Personnel Availability ✓ Personnel Conduct ✓ Complaint Resolution

We are proud to announce that 100% of our contracts and procurement spending were awarded to local partners. We believe that by supporting Malaysian-based suppliers, Harn Len can contribute to the growth of the local economy while engaging the community.

CONSERVING THE ENVIRONMENT



Harn Len espouses sustainable agriculture through resource optimisation and the adoption of environmentally friendly agricultural methods, as described below, to minimise the environmental impact of palm oil operations while maintaining productivity.

Sustainability Highlights:

6.3% reduction in total diesel consumption

Inaugural disclosure of carbon emissions (Scope 1 and 2)

0.81-ton reduction in scheduled waste generation

Responsible Agricultural Practices

Oil palm replanting is necessary for the estates to improve on palm oil productivity, along with excellent production equipment, road realignment, drain intensity and planting intensity. For oil palm replanting, Harn Len adopted the best practices in land preparation. We liaise with relevant stakeholders, such as the indigenous groups and government regulators, to ensure that adverse environmental and social impacts are mitigated or minimised. To date, we have implemented the following key sustainable practices:

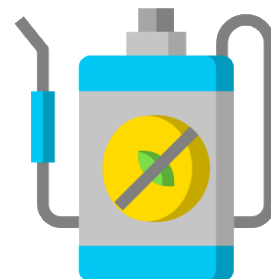
1. Zero Burning Technique

The traditional method of palm oil replanting involves burning of old trees which release extensive amounts of pollution and carbon into the atmosphere. We have prohibited this unsustainable method of land clearing by replacing the nutrient in the soil prior to replanting. We also practice organic residue management to improve soil productivity.



2. Responsible Chemical Use

To speed up productivity, palm oil plantations normally use pesticides and herbicides to eliminate unwanted weed growth and prevent insect infestation. Recognising the increased awareness of potential health hazard and ecological impacts of toxic chemicals, Harn Len has established control measures such as using alternative, less harmful chemicals as well as careful management of chemical concentration to avoid over-dosing.



Furthermore, the workers who are responsible for spraying the chemicals are provided with the necessary personal protective equipment such as gloves, apron, safety boots, goggles and face mask to prevent any accidental skin contact. These

measures are reviewed periodically to ensure compliance with regulatory requirements and alignment with industry best practices.

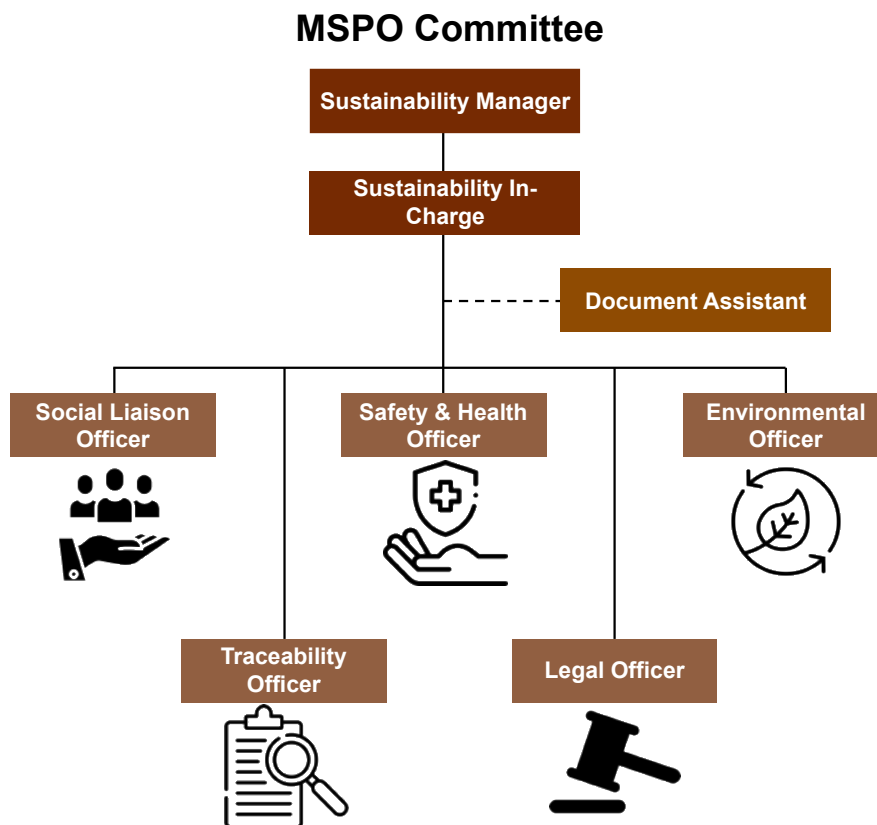
3. Riparian Buffer Zone

Harn Len has established a buffer zone that separates the estate from the surrounding natural habitat to protect the latter from the effects of pesticide contamination or noise pollution from operating heavy machinery.



Our plantation operation is certified under the MSPO Certification Scheme. This signifies that our palm oil production is managed in a transparent and sustainable manner. We have maintained our MSPO certification for three of our oil palm estate (Senang Estate in FY2020, Masranti Estate, Harn Len Pelita Bengunan and palm oil mill in FY2019) but we have yet to obtain the same certification for Masranti Sebangkoi due to complications arising from COVID-19 restrictions.

In line with our persistent drive towards sustainability, we established an MSPO Committee to oversee the compliance with MSPO standards at our oil palm plantation and to facilitate annual surveillance audit review by external parties. We also conduct internal audits to ensure our estate operations are in line with or able to implement new MSPO practices. These efforts have paid off as 89% of Harn Len's output were certified as sustainable palm oil in FY2021.

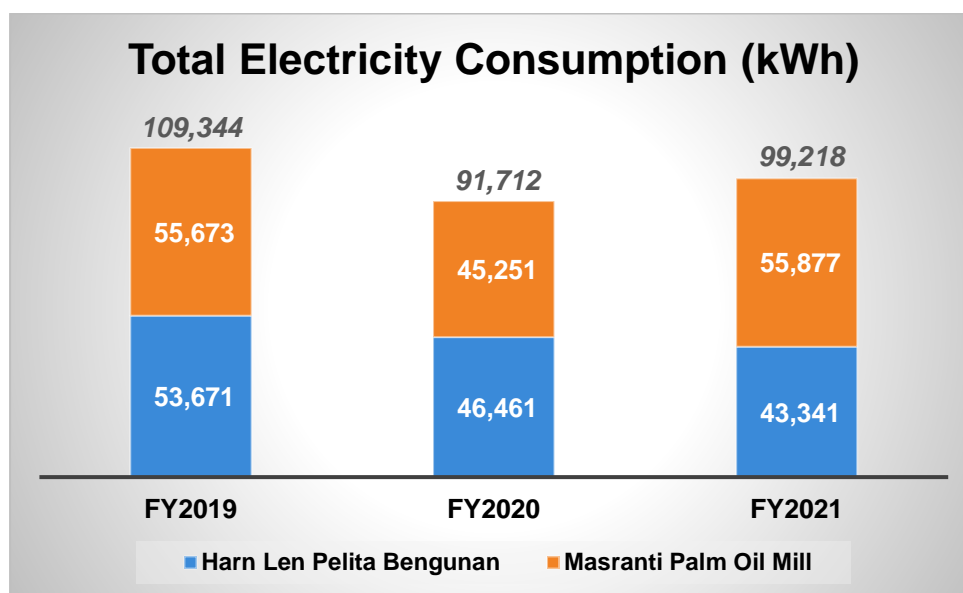


Energy Management

Diesel fuel is the primary source of energy for the machinery and power generator sets at our estates and palm oil mill, followed by electricity for Harn Len Pelita Bengunan and Masranti Palm Oil Mill. This year, we maintained our monitoring efforts at our palm oil facilities to better understand our environmental impact.

Electricity Consumption

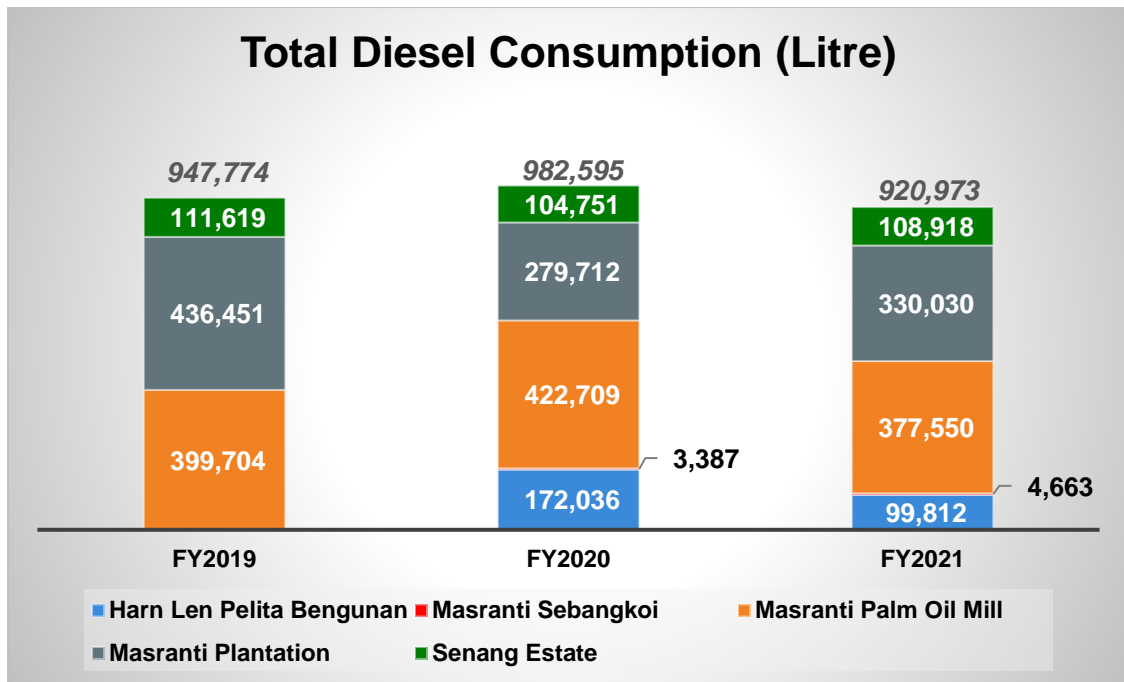
In FY2021, our total electricity consumption for Harn Len Pelita Bengunan and Masranti Palm Oil Mill amounted to 99,218 kWh, an 8.2% increase from FY2020. This increase in consumption can be attributed to disruptions during the Movement Control Order.



We enforce the best energy-saving practices in our daily operations. Workers are constantly reminded to shut down the equipment when not in use to reduce unnecessary energy consumption. We also provide regular maintenance and servicing of our machinery to ensure optimal operations and efficiency.

Diesel Consumption

We have expanded our data collection effort for diesel consumption to include Harn Len Pelita Bengunan and Masranti Sebangkoi in this reporting period. This encompasses all key facilities and estates disclosed in the reporting scope. This year, we recorded a reduction of 6.3% in total diesel consumption compared to FY2020.

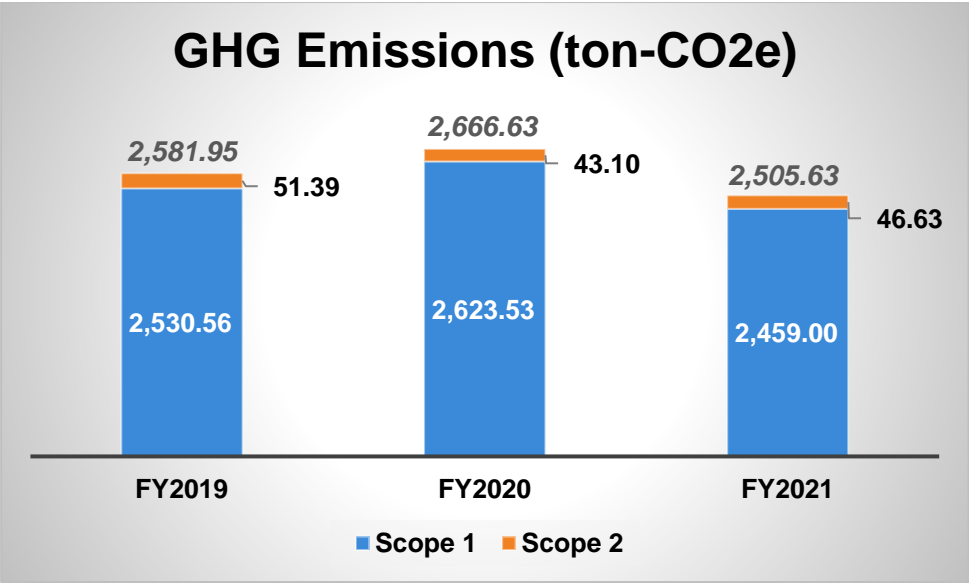


Note: Diesel Consumption records for Harn Len Pelita Bungalow and Masranti Sebangkoi for FY2019 is absent due to lack of data collection.

Climate Action

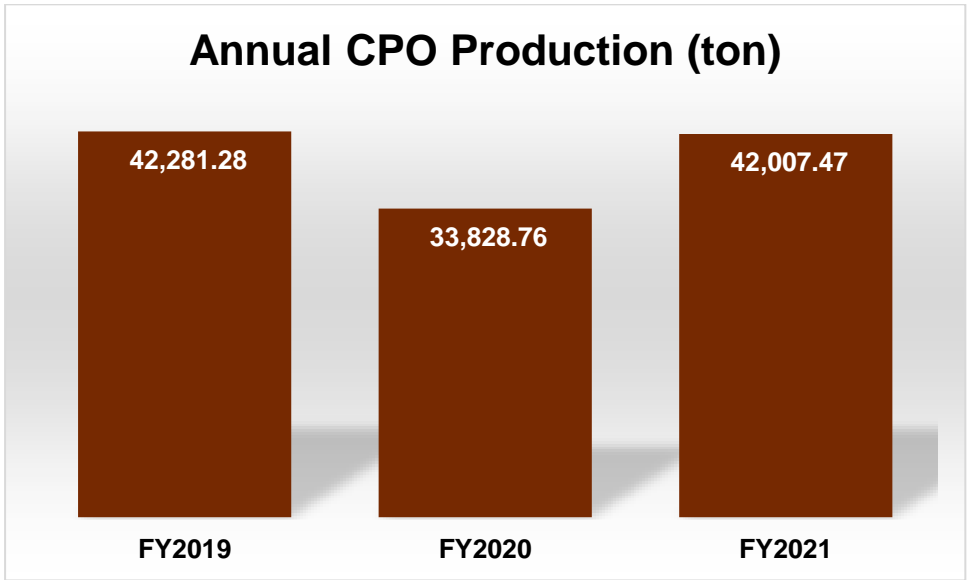
Palm oil is a major contributor to greenhouse gas (GHG) emissions and climate change due to the release of methane gas from deforestation and burning of peatlands during land clearing. In recognition of the global effort to limit the warming to 1.5°C based on the Paris Climate Agreement, we strictly enforce the Group's Zero Burning Policy to eliminate direct carbon emissions arising from land clearing practices.

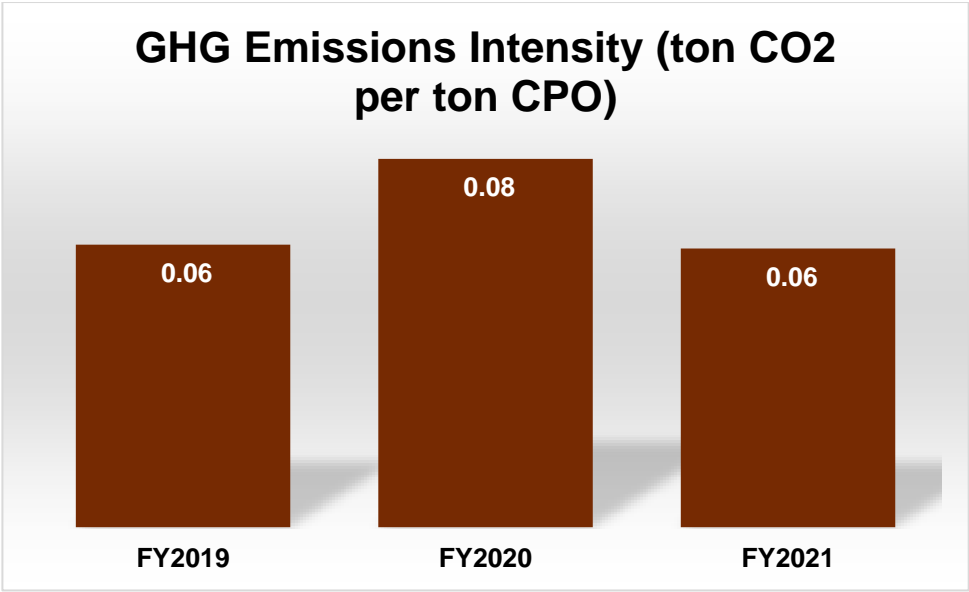
In FY2021 we included total GHG emissions arising from our business activities in the monitoring our impact on climate change. We are currently monitor Scope 1 GHG emissions that result from our use of diesel in generator sets and machinery, as well as Scope 2 GHG emissions from purchased electricity. This year, we generated 2,505.63 tonnes of CO₂ compared to 2,666.63 tonnes in FY2020. We successfully reduced our total GHG emissions by 6% due to more efficient diesel consumption.



*Note: Electricity emissions factor was obtained from UNFCCC Harmonized grid emissions factor 2019
 Diesel and fuel emissions factor was obtained from MYCARBON GHG Reporting Guidelines 2014*

We have monitored the GHG emissions intensity to evaluate the overall efficiency of our energy usage, using Harn Len’s annual production of crude palm oil (CPO) as the denominator. Across the Group, we managed to reduce the intensity of our operational GHG emissions to 0.06-ton CO₂ per ton of CPO, a 25% decrease compared to FY2020. The significant reduction is due to a decrease in Scope 1 GHG emissions coupled with greater CPO production.

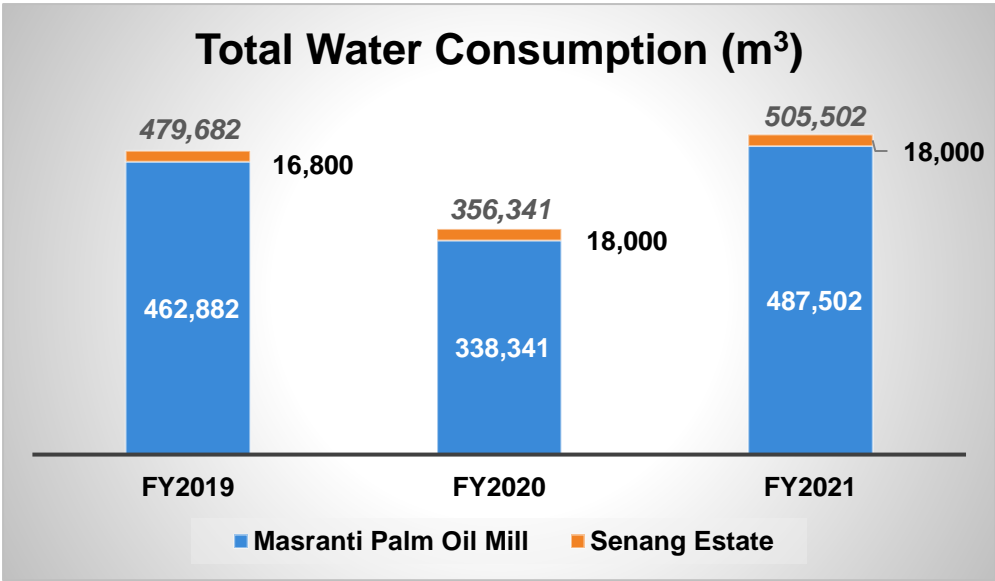




Water Management

Our operations at the palm oil mill consume large amount of water for the processing of harvested fresh fruit bunches into crude palm oil. To supplement the water procured from the municipal supply, we utilise the water from our reserve ponds constructed at strategic locations for use at our palm oil mill. Ground water is also extracted through tube-wells installations at Senang Estate to reduce our dependence on piped water.

In FY2021, our total water consumption was 505,502 m³ across Senang Estate and Masranti Palm Oil Mil. This is a 41.9% increase compared to FY2020, as we ramped up the production of our palm oil mill to its pre-pandemic levels.



Effluent and Waste

We demonstrate our commitment to environmental protection through our waste and effluent management process which includes identifying sources of waste generation and disposing of unwanted by-products in a manner that is not harmful to the environment. The three major sources of solid waste and effluent and we ensure that they are managed in accordance with the requirements of the prevailing regulations.

1. Domestic waste from offices and labour quarters

Recycle bins are provided in our facilities to encourage all workers to recycle where possible in order to reduce the amount of waste sent to landfill.

2. Empty fruit bunches from palm oil mill

Biomass wastes in the form of empty fruit bunches (EFB) are generated from the palm oil mill. In line with the principles of SDG 12, at our Masranti Palm Oil Mill, we have introduced the sustainable practice of converting the EFB into organic fertiliser through the process of composting and mulching. The fertiliser is then used in our own oil palm estates during our replanting phase.

3. Palm Oil Mill Effluents (POME)

Our palm oil mill generate POME from the processing of fresh fruit bunches to produce crude palm oil. We treat our POME in designated ponds before it is discharged into the river. To monitor the quality of the effluent, we have implemented a monitoring system to ensure that the effluent discharged into the receiving waterbody complies with the requirements of the Department of Environment (DOE).

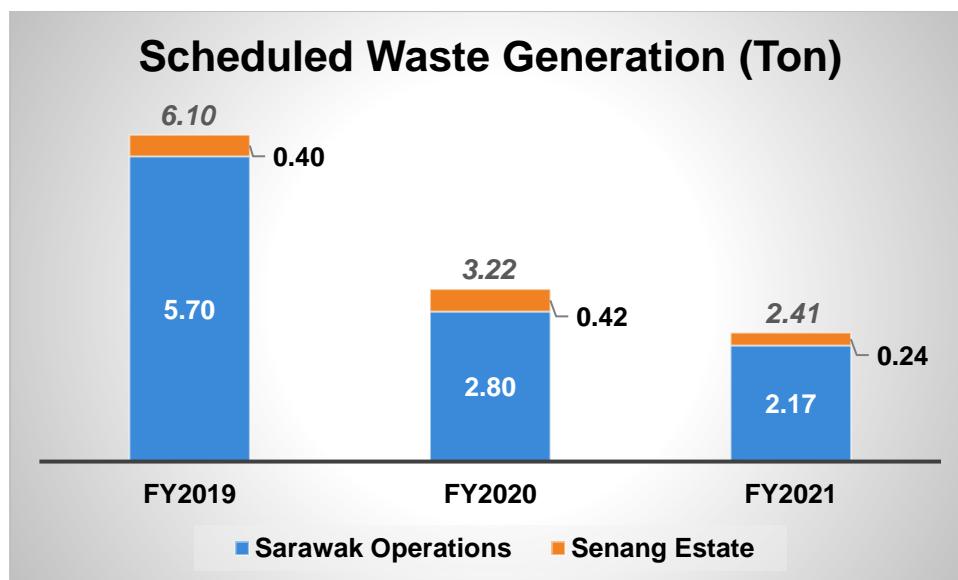
Parameters	Units	Average Annual Effluent Data	DOE Limits
pH	-	8.2	5.0 – 9.0
Biological Oxygen Demand	mg/l	10.6	100
Chemical Oxygen Demand*	mg/l	137.1	-
Suspended Solids	mg/l	7.3	400
Total Suspended Solids*	mg/l	1,812.3	-
Ammoniacal Nitrogen	mg/l	2.6	150
Total Nitrogen	mg/l	11.3	200
Oil & Grease	mg/l	3.0	50

*Parameters were set under the Crude Palm Oil Act 1977 Regulation 12(2) and (3), Second schedule parameter limits for watercourse discharge.

4. Scheduled Waste from workshops

Harn Len generates two types of scheduled waste from our palm oil mill: SW305 (Spent lubricating oil) and SW410 (Contaminated rags, plastics, papers or filters). To ensure that these hazardous materials are properly handled and discarded, our staff are trained in scheduled waste management to ensure proper storage of hazardous materials. We engage with licensed contractors to transport and dispose the scheduled waste in accordance with regulations. We monitor the quantity of waste disposed through the electronic Scheduled Waste Information System (“eSWIS”) monitored by the Department of Environment and the monthly E-consignment note provided by the contractors.

In FY2021, a total of 2.41 tons of scheduled waste was generated across the Group. This represents a 0.81-ton reduction from FY2020 as we have successfully eliminated spent hydraulic oil from our production system.



Biodiversity

Plantations are required to disclose any biodiversity-related risks due to the potential negative impacts on terrestrial, water and marine environment that is inherent in their operations. In the year under review, we confirm that none of Harn Len's oil palm estates are located near any areas of high conservation value.

Nevertheless, we have established the following practices in our estates to preserve and protect biodiversity.

- Comprehensive land assessment before any replanting or estate expansion
- Building a riparian buffer zone at the edge of our estates to minimise human-animal contact and to ensure that the native wildlife and plant species are protected from any land use activities
- Strict prohibition of fishing and hunting in the estate grounds, with clear signages to properly enforce the regulation
- Educating workers on the importance of protecting wildlife species

ENHANCING SOCIAL VALUES



At Harn Len, we recognise that the palm oil industry has developed a reputation for causing adverse social impact particularly on workers and the local communities. Hence, we place high priority on the social contract that we have signed up with our customers and employees. We recognise that being the backbone of Harn Len, our workers must take pride in being part of the Group. Thus, we nurture them by maintaining a safe workplace that continues to uphold diversity and inclusion, respecting their human and labour rights, and providing motivational and engagement programmes that will benefit them even outside of the workplace.

Sustainability Highlights:

99.8% of Staff
vaccinated against
COVID-19

Zero incidents of
discrimination recorded

Zero workplace
incidents recorded in
FY2021

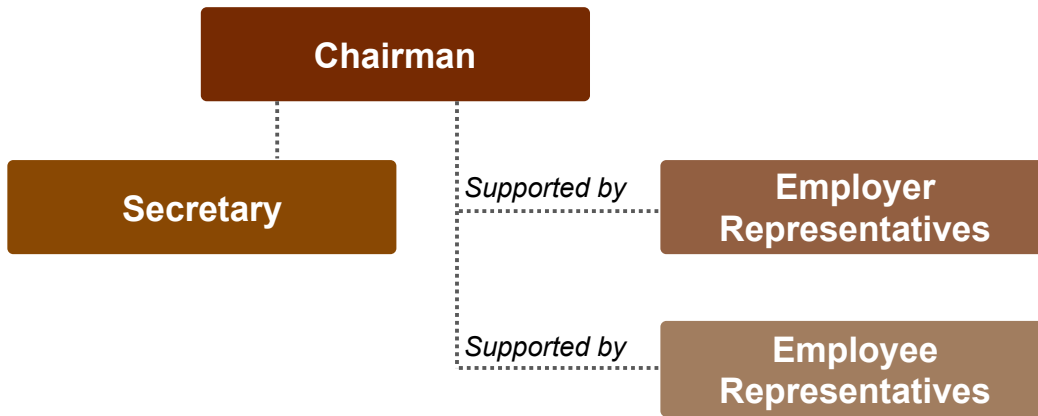
Occupational Health and Safety

The Group's commitment towards providing a safe work space is affirmed by our zero tolerance towards any and all acts of harassment. This commitment is further intensified by the Sexual Harassment, Violence and Abuse Policy under which a formal grievance mechanism has been organised to resolve complaints of harassment. Pursuant to this Policy, complainants who act in good faith will be protected from consequences of reprisal.

To mitigate health and safety risks that are innate in plantations, we have implemented stringent measures that adhere to the requirements of the MSPO certification. Our dedicated OHS Committee continues to execute the mandate of the Occupational Safety and Health Act (OSHA) 1994 and other laws applicable to the sector. The Committee ensures that our Health and Safety (OHS) Policy guidelines are properly enforced to avoid the occurrence of workplace accidents.

Headed by the Chairman, the Committee consists of equal representation from both the management and employees. This creates a balanced approach in the discussions meant to address any health and safety issues. The roles and responsibilities of each member are also clearly defined to prevent confusion in the workplace. The Committee convenes quarterly to review Harn Len's current OHS procedure and performance.

OHS Committee Structure



While we continue to conduct our annual Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) to identify key workplace hazards and associated risks, we also integrated the COVID-19 risk assessment into our HIRARC exercise for the first time this year to establish safe working conditions in the ‘new normal’. Regular workplace inspections have been organised to evaluate the safety standards in the estates and palm oil mill. Based on the findings from our HIRARC exercise and inspection, we have developed preventive measures as set in the Department of Occupational Safety and Health (“DOSH”) guidelines.



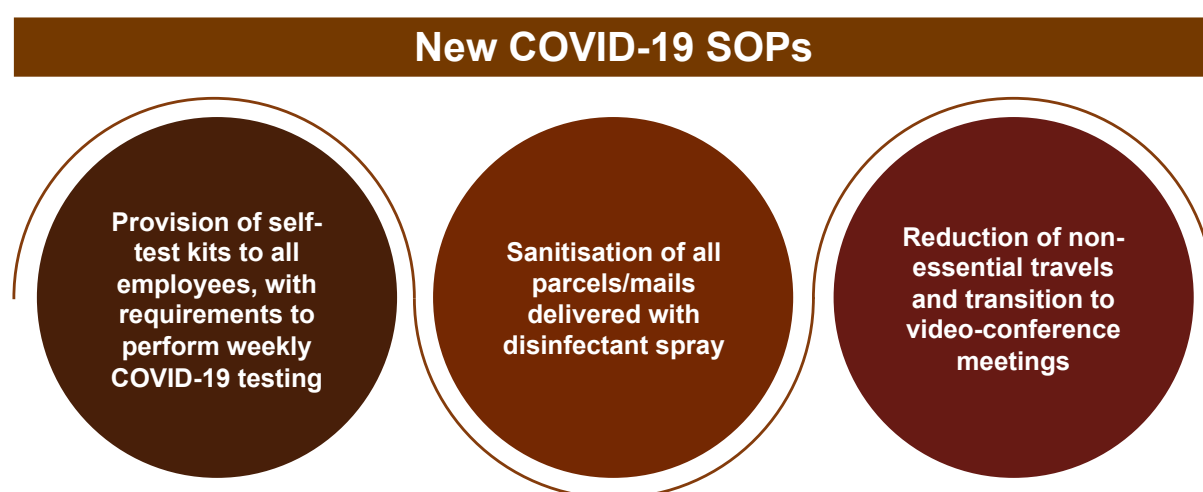
Amidst the pandemic-imposed restrictions, we conducted our annual training programmes to keep our staff updated with the latest health and safety practices. These programmes included:

 <p style="text-align: center;">Safe Working Procedure when entering confined spaces</p>	 <p style="text-align: center;">Permit to Work</p>	 <p style="text-align: center;">Chemical Handling and Personal Protective Equipment (“PPE”) Usage</p>
 <p style="text-align: center;">Lock Out Tag Out (“LOTO”) system for heavy machinery</p>	 <p style="text-align: center;">Introductory training on gas detector equipment</p>	 <p style="text-align: center;">Firefighting equipment and First-aid course</p>

We maintain an internal target of zero lost-time injury frequency rate as part of our commitment towards safe workplaces. Due to the zeal and efforts of our OHS Committee and employees, we recorded zero reportable incidents across 1,048,032 man-hours worked across the Group during this reporting period.

Managing COVID-19

With the Movement Control Order (“MCO”) imposed by the government to curb the increase in COVID-19 cases in Malaysia, it became imperative for our estate and palm oil mill operations to adapt and meet stakeholder expectations. In FY2021, we developed the following standard operating procedures (SOPs) alongside the FY2020 COVID-19 measures which aligned with the latest regulatory guidelines from the Ministry of Health.



Part of our pandemic preparedness initiative is the 60-bed quarantine centre located at our Masranti Plantation. Managed by efficient personnel, the centre employs qualified medical professionals to care for employees in the event of an outbreak and to verify that they are COVID-19 free before being discharged. We have also accelerated our vaccination programme for all office employees and estate workers to curb the spread of the Covid-19 infection. As at FY2021, 99.8% of our staff are fully vaccinated against COVID-19.

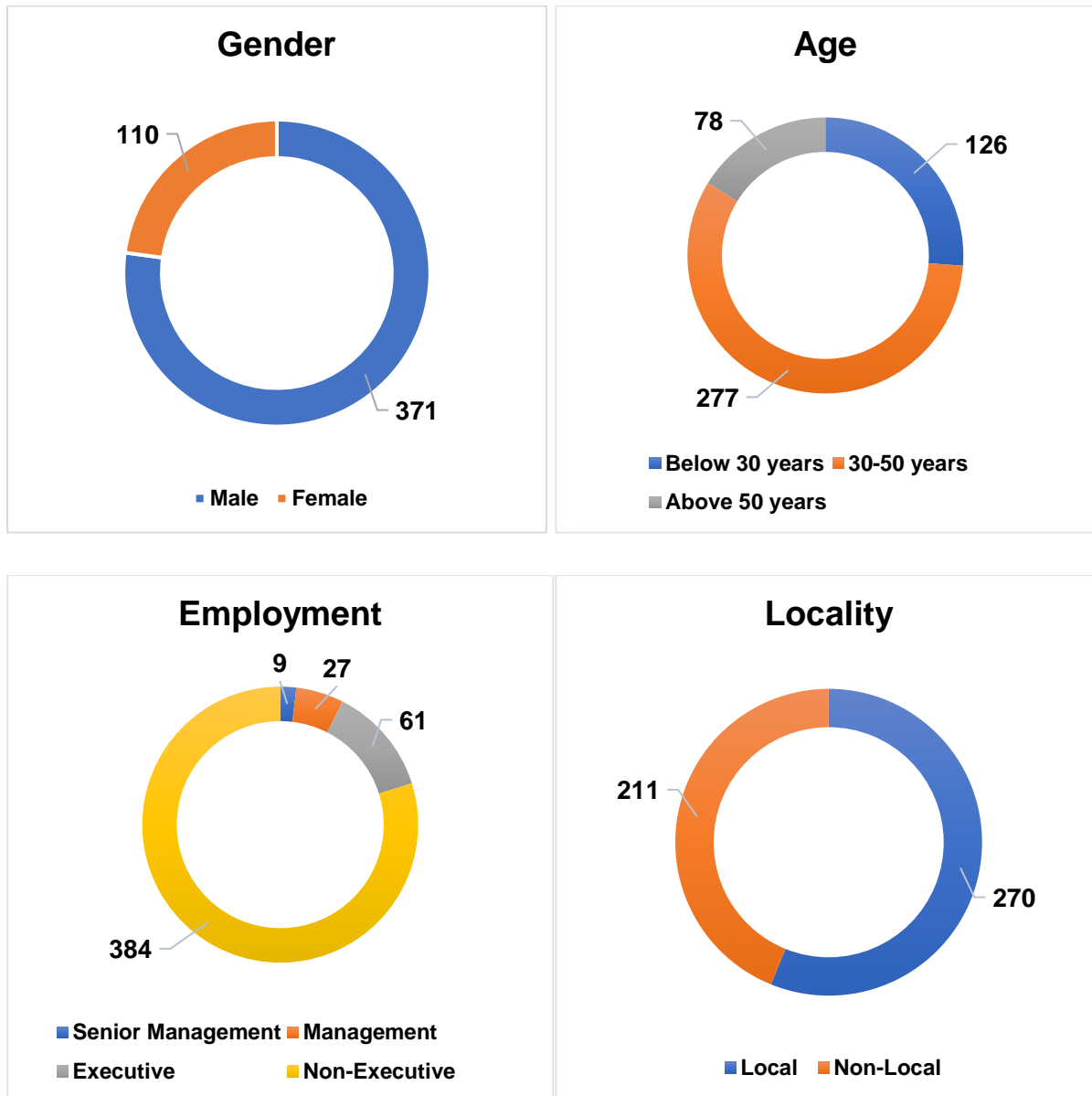
Diversity and Inclusiveness

In the year under review, we have accorded higher priority on Diversity and Inclusiveness as we continue to promote equal opportunity in the workplace. Our existing Diversity Policy, which mandates that all employees are treated equally regardless of age, gender, race, religious belief or cultural background is being reviewed periodically to assess its applicability. Updates are available on the Investor Relations page of our corporate website.

In this reporting period, we recorded zero incidents of discrimination within Harn Len.

As at end of FY2021, we have a total of 481 workers across the Group, which includes Indonesian foreign workers at our estates. The workforce demographics are described:

The breakdown of our workforce are as follows:



Labour Rights

Foreign workers comprise the majority of our workforce and it is imperative that we treat them according to the International Labour Organization's (ILO) labour standards and the Malaysian regulations governed under the Ministry of Human Resources which is harmonised with the ILO. We provide fair remuneration to all workers; with additional benefits provided to contracted workers whose monthly wages do not exceed RM 2,500, in accordance with the Sarawak Labour Ordinance.

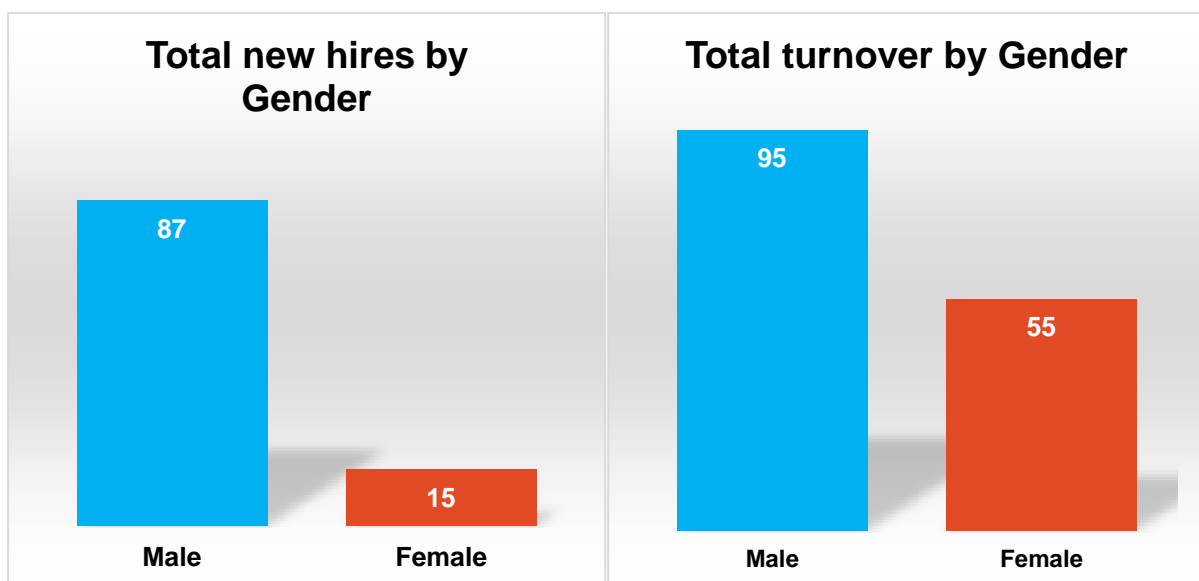
Our Labour Rights and Human Rights Policy also maintain alignment with the Universal Declaration of Human Rights wherein we acknowledge basic human rights based on the following principles:

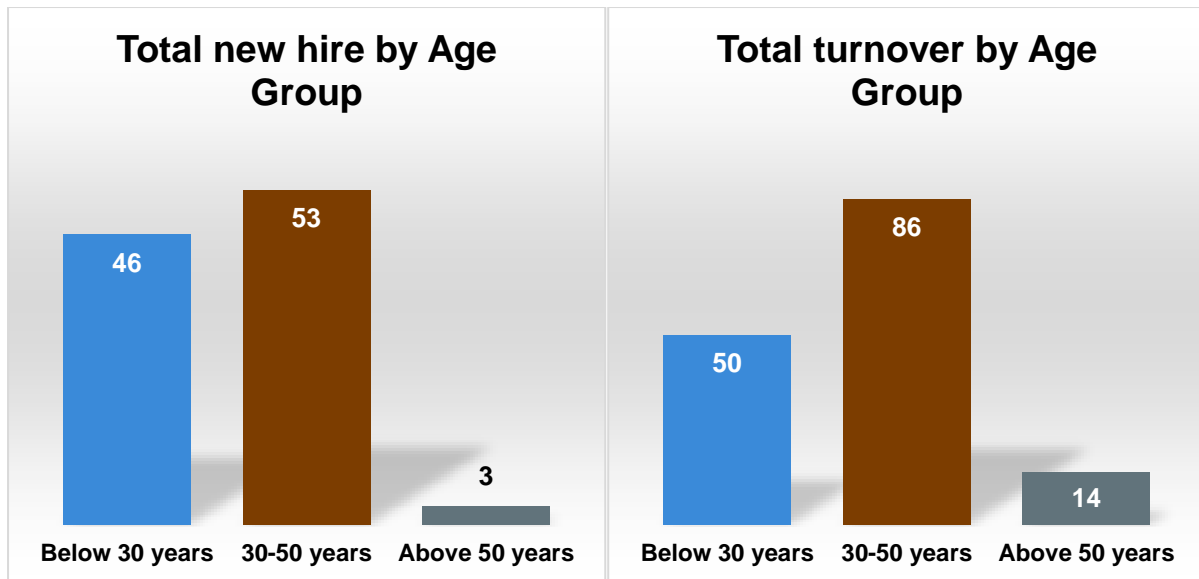


The Policy is available in both English and Malay and is communicated to all workers through the company billboard and notice board at the labour quarters. Unfortunately, we were unable to conduct any training on human rights policies or procedures in FY2021 due to the MCO.

Talent Attraction and Retention

The Group espouses equal opportunity employment and does not condone any form of bias across the organisation. In FY2021, we hired a total of 102 new employees, bringing our new hire rate to 20.2 %. However, 150 employees have resigned, leading to a turnover rate of 29.70 %.





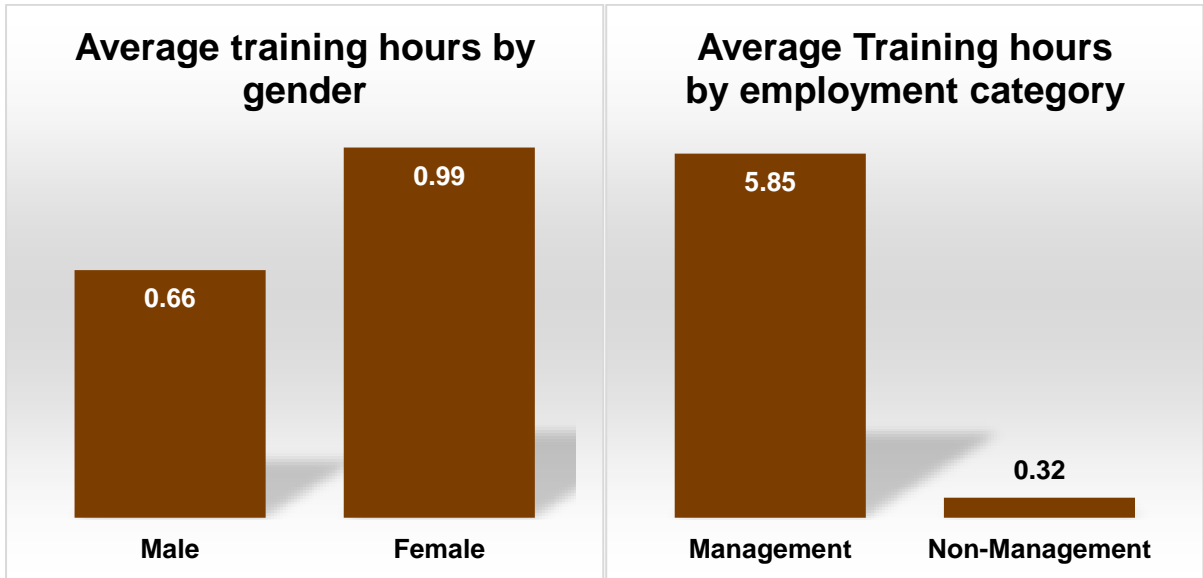
We believe that merit-based promotion motivates hardworking employees to do more. Thus, we provide a competitive, performance-based remuneration package which includes personal accident insurance, transport allowance, food allowance, attendance allowance, leave entitlement and employee share option scheme (ESOS).

As we continuously strive to become a better employer by providing opportunities that allow our staff to perform to the best of their abilities, we recognise that the professional and personal development of our employees is a key component in talent retention. Thus, despite the mobility challenges posed by COVID-19, we made sure that our workers are equipped with the latest skillsets and knowledge. Training programmes were conducted through virtual platforms based on the internal training matrix as agreed between managers and employees.

The following training programmes were held in FY2021:

Office Training Programmes	Site Training Programmes
<ul style="list-style-type: none"> • 2020 Employer's Income Tax Reporting Seminar • ESG Reporting Health Check • Financial Modelling for Forecasting, Budgeting & Financial Statements in Excel • Running and managing Virtual, Hybrid and Physical Meetings • Reward Strategies for 2021 and beyond • Malaysia Institute of Accountants Virtual Conference Series: Capital Market Conference 2021 • Corporate Directors Training Programme Fundamental • Company Secretaries Training Programme Essential 	<ul style="list-style-type: none"> • Chemical Spraying • Loose Fruit Collection • Harvesting • Pruning

In the year under review, we recorded a total of 354.7 training hours, leading to an average of 0.74 hours per employee. The drop in total training hours is caused by the reduction in training programmes for our operations division due to COVID-19. The breakdown of training hours is as follow:



Contribution to Society

Recognising the adverse social impact of palm oil plantations on local communities, such as loss of livelihood and human rights violations, giving due attention to the needs of our local communities has become part of our ESG priorities.

In the year under review, our community engagement activities were focused on aiding those whose livelihood have been affected by the COVID-19 pandemic. We donated food baskets to underprivileged groups who are struggling to make a living. In addition, we have conducted a vaccination programme for Masranti Palm Oil Mill and the surrounding communities. Affected stakeholders such as employees, local communities and suppliers are provided with two doses of vaccine to protect against COVID-19.



Food Basket Donations to COVID-19 affected communities.



Provision of COVID-19 vaccines to local communities.

CONCLUSION

As the world continues to operate in the new normal, we realize the need to rethink our focus in achieving sustainability success by continuously implementing relevant ESG initiatives to drive sustainability across Harn Len. Guided by the MSPO Certification Scheme, we have taken measures to address key ESG topic that concerns the palm oil sector. Our agricultural practices are reviewed to ensure minimal environmental impact on our natural surroundings as well as carbon emissions from replanting operations. We are also committed to upholding internationally-recognised human rights standards in our operations by providing adequate care for our plantation workers. We are confident in meeting our stakeholders' expectations on long-term economic growth as we strive to achieve our vision for business longevity.