

GROUP BIODIVERSITY POLICY STATEMENT

SD Guthrie has a strong legacy of environmental stewardship. We are committed to having a positive impact on the environment and have made significant strides in safeguarding the environment. We believe that businesses have a fundamental responsibility to conserve nature and ensure its sustainable usage through effective conservation and management of lands and waterways.

SD Guthrie's Responsible Agriculture Charter (RAC) articulates our firm commitment to No Deforestation, No new development on Peat and No Exploitation (NDPE). We continue to review and improve our commitment to NDPE, and responsible agricultural practices as outlined in the RAC to ensure that we can continue to minimise any harm that may result from our operations.

In alignment with the strategic vision and global roadmap outlined in the Global Biodiversity Framework (GBF) by the United Nations Convention on Biological Diversity (CBD) through 2030, SD Guthrie firmly supports the conservation, protection, and sustainable management of biodiversity and ecosystems. Guided by the targets set for businesses, SD Guthrie's biodiversity strategy is focused on preserving and enhancing biodiversity, aiming to foster its resilience and its thriving nature.

Scope and Approach

Our commitments extend to areas within and beyond our concession land, including any High Conservation Value (HCV), High Carbon Stock (HCS) and set-aside lands. Through our Responsible Sourcing Guidelines, we ensure that our commitments to biodiversity conservation are upheld throughout our supply chain, including third-party suppliers' operations that we source directly or indirectly from. We are dedicated to minimising instances of non-conformance by implementing prompt and appropriate corrective actions.

We recognise the inherent value of forests and their biodiversity content, as well as the scarcity of natural resources and threats posed by climate change. Our commitment is focused on achieving the following goals:

- Rehabilitation of ecosystems and their values - where deforestation or conversion has occurred - to their prior conditions guided by the Remediation and Compensation Procedures (RACP). The RACP was established in 2014 to address land clearance and plantation development undertaken without prior HCV assessments since November 2005.
- Reforestation through large-scale tree planting initiatives to enhance biodiversity and ecosystem services.
- Establishment of buffer zones to provide added protection for wildlife in forested areas. Best management practices are implemented to conserve peatland and prevent soil erosion.
- Adequate land-use planning, including setting aside areas for conservation that takes into consideration wildlife survival needs and proper management to provide resilient landscapes for wildlife.
- Addressing human-wildlife conflicts within plantation boundaries, including the prohibition of hunting of all species through implementation of evidence-based practices and building tolerance to promoting coexistence.
- Achieving 100% deforestation-free operations across our entire supply chain by 2025.

We will continue to regularly monitor, assess, and transparently disclose our risks, dependencies and impacts on biodiversity. This includes assessing the impacts of our operations, products and services on biodiversity and reporting on our progress.

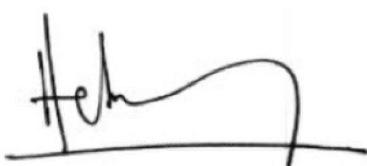
We will continuously engage with our employees, communities, and suppliers to provide them with the support and training in implementing our commitments.

To accelerate action, we will foster partnerships and joint initiatives to ensure efficient use of resources and knowledge. This includes forming collaborations within our supply chain for collective action.

Review

This statement shall be read together with the RAC as a complete approach to our sustainability commitments. It shall be reviewed regularly to ensure that it is updated to meet stakeholder requirements and practical in its implementation.

We will report our performance and progress quarterly to the Board Sustainability Committee and disclose progress to external stakeholders through our Annual Integrated Reports and Sustainability Reports, where available.



Datuk Mohamad Helmy Othman Basha
Group Managing Director
September 2023

ANNEX: 2023 PERFORMANCE

SD Guthrie continues to prioritise biodiversity conservation as a core component of our sustainability strategy. We undertook several key initiatives aimed at preserving and enhancing biodiversity within and around our plantation areas.

Through our Conservation and Biodiversity Approach (CBA), we identified and categorised areas to be protected, restored, and connected. Since 2008, we have a commitment to support conservation of rare, threatened & endangered (RTE) species of tropical rainforest trees. We also commit to restore, rehabilitate or conserve 100,000ha across and beyond our value chain by 2030. Our focus is on the reforestation of degraded land, prioritising the planting of RTE and endemic species. Furthermore, as at the end of 2023, a total of 45,396 ha has been set aside as HCV and conservation set-aside (CSA) areas. The projects presented below provide a stock take on the impact of this policy on biodiversity and species.

Additionally, we actively engaged at the landscape level with agencies, researchers and local communities, involving them in conservation activities and awareness programmes. These partnerships have been crucial in protecting biodiversity-rich areas and promoting sustainable practices in the long term.

No	Project & Collaboration Partner	Species Count	Action Plan	Timeline
1	Biodiversity Assessment for Lavang Estate <i>Collaboration with Universiti Putra Malaysia Kampus Bintulu (UPMKB)</i>	There are 92 flora species of which 8 are threatened and 80 are least concern. There are 109 species of fauna of which 43 is rare, 4 threatened, 1 endangered and 58 least concern. <ul style="list-style-type: none"> • 43% (n=42) insects • 25% (n=24) avifauna • 12% (n=11) fishes • 8% (n=8) arachnida • 6% (n=6) mammals • 5% (n=5) amphibians • 1% (n=1) reptiles 	<ul style="list-style-type: none"> • Peatland Restoration and Rehabilitation • Wildlife Protection and monitoring • Community Engagement and Education • Agricultural Best Management Practices 	2030
2	HCV & Biodiversity site verification for NASH smallholders <i>Collaboration with National Association of Smallholders Malaysia (NASH)</i>	There are 193 species of fauna which 7 are vulnerable, 111 of least concern, 1 of critically endangered, 1 of endangered, 1 near threatened. <ul style="list-style-type: none"> • 40% (n=120) birds • 35% (n=106) arthropods • 16% (n=47) mammals • 4% (n=13) reptiles • 3% (n=9) amphibian • 2% (n=5) fishes • 1% (n=2) mollusk 	<ul style="list-style-type: none"> • Wildlife Protection • Engagement and Education • Agricultural Best Management Practices 	2025
3	Site sampling at Sandakan Bay <i>Collaboration with Universiti Malaysia Sabah (UMS)</i>	There are 3 species of flora which the species status is not evaluated. There are 35 species of fauna which 3 of least concern and 32 not evaluated. <ul style="list-style-type: none"> • 66% (n=23) butterfly • 34% (n=12) moth 	<ul style="list-style-type: none"> • Restoration and Rehabilitation • Wildlife Protection and monitoring • Agricultural Best Management Practices 	2025
4	Avifauna Book <i>Collaboration with Forest Research Institute Malaysia (FRIM)</i>	There are 85 bird species in total, of which 5 vulnerable, 5 near-threatened, and 75 classified as of least concern.	<ul style="list-style-type: none"> • Engagement and Education 	2030
5	Camera trapping <i>(Internal Capacity)</i>	There are 14 species of fauna, of which 3 endangered, 10 of least concern, and 1 not evaluated.	<ul style="list-style-type: none"> • Wildlife Protection and monitoring 	2030
6	SD-PAT Jentar <i>(Internal Capacity)</i>	There are 126 flora species in total, of which 35 critically endangered, 17 endangered, 8 vulnerable, 2 near threatened, 18 of least concern, and 46 not evaluated.	<ul style="list-style-type: none"> • Restoration and Rehabilitation • Wildlife Protection & Education 	2030
7	SD-PAT Kamuning <i>(Internal Capacity)</i>	There are 65 flora species in total, of which 12 critically endangered, 9 endangered, 4 near threatened, 13 of least concern, 8 vulnerable, and 19 not evaluated.	<ul style="list-style-type: none"> • Restoration and Rehabilitation • Wildlife Protection & Education 	2030

*Endangered species, referred to as RTE (Rare, Threatened, Endangered) species, as listed according to their IUCN Redlist status.

Despite these achievements, the company faced challenges, particularly in managing human-wildlife conflicts. Incidents of wildlife depredation in plantation areas (i.e. elephants) required careful management to ensure the safety of both the animals and the plantation workers. SD Guthrie implemented various strategies to mitigate these conflicts, including evidence-based and adaptive management approaches in decision-making.

In conclusion, 2023 was a year of significant progress for SD Guthrie in its mission to protect and enhance biodiversity. The company remains dedicated to integrating biodiversity conservation into its sustainability agenda, ensuring that its operations contribute positively to the environment and local ecosystems.