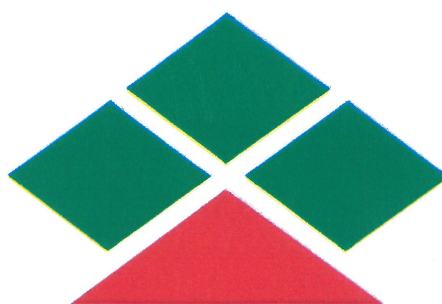




SAMLING

Samling Group

Responsible Forest
Management Policy

1. POLICY PURPOSE

- 1.1 Samling Group and its subsidiaries ("the Group") recognise the importance of committing to core sustainable values in the Group's forestry operations. The Group commits to adhering to the following aspects:
- Compliance with relevant Laws and relevant Certification Standards;
 - No deforestation in undisturbed natural ecosystems;
 - Indigenous Peoples' Land Tenure Rights;
 - Community Relations;
 - Responsible Usage of Forest Resources;
 - Environmental Impact Assessment;
 - High Conservation Value (HCV);
 - Human Rights;
 - Transparency and Traceability; and
 - Business Integrity and Governance
- 1.2 This Responsible Forest Management Policy represents the Group's commitment to business integrity and sustainability, and therefore should be read in conjunction with other related policies such as: Human Rights Policy, Anti-Harassment and Anti-Discrimination Policy, Health & Safety Policy, Anti-Bribery and Anti-Corruption Policy and Whistleblower Policy.

2. APPLICATION

- 2.1 This Policy applies to all forests managed by the Group and its subsidiaries.
- 2.2 The Group considers a contravention of this Policy to be a serious violation, which may result in disciplinary action. The disciplinary action could extend to the dismissal of an Employee in appropriate circumstances, or the termination of the business relationship with a Third Party who may have violated the Policy.

3. DEFINITION

- 3.1 "High Conservation Value (HCV)" areas refer to areas identified with one or more of the following values:
- HCV 1 – Species diversity
 - HCV 2 – Landscape-level ecosystems and mosaics
 - HCV 3 – Ecosystems and habitats
 - HCV 4 – Ecosystem services
 - HCV 5 – Community needs
 - HCV 6 – Cultural values
- 3.2 "Deforestation" refers to the loss of undisturbed natural forest as a result of:
i) conversion to tree plantation or to agriculture or other non-forest land use;
or ii) severe and sustained degradation.

- 3.3 "Employees" refers to individuals working at all levels and grades, including senior managers, officers, nominees, employees (whether permanent, fixed-term or temporary), trainees, seconded staff, casual workers and agency staff, of the Group, wherever located (collectively referred to as employees in this Policy) and directors. This includes employees on secondment to joint ventures, affiliates or associates.
- 3.4 "Third Parties" refers to any outside party acting on behalf of the Group and its subsidiaries. Third Party Representatives consist of but may not be limited to the following: agents, consultants, distributors, teaming partners, contractors, joint-venture partners and certain vendors.

4. GUIDANCE

No Deforestation in Undisturbed Natural Ecosystems

- 4.1 The Group commits to zero deforestation or zero conversion of undisturbed natural ecosystems.

Indigenous Peoples' Land Tenure Rights

- 4.2 The Group shall respect the legal and customary land tenure rights of Indigenous Peoples as recognised within relevant federal, state and local laws.

The Free, Prior and Informed Consent (FPIC) of communities with legal or customary land rights as recognised within relevant federal, state and local laws shall be respected by the Group.

Long-term tenure land use rights insofar as these are relevant to forest management and recognised within relevant federal, state and local laws.

Any land conflict and grievance raised by local and indigenous communities will be resolved through a functional, grievance and complaints mechanism. All appropriate grievance and complaint documentation can be made available to relevant stakeholders as a commitment to transparency.

Community Relations

- 4.3 The Group will consider ways of enhancing the long-term social and economic well-being of forest workers and local communities within and neighbouring the Group's forest operational areas. In this regard, the Group may help facilitate the formation of Community Representative Committee(s) as might be requested in order to promote mutual understanding, assist in conflict resolution and to foster community development.

The Group will strive to provide opportunities for employment, training and other services to communities within and nearby the Group's forest management units, where possible.

Responsible Management of Forest Resources

- 4.4 The Group shall have robust forest management plans which are environmentally sound, socially beneficial, and economically viable where possible. The management plan shall be implemented and updated as required by the plan.
- 4.5 Forest management certification systems e.g., MTCS and STLVS, ensure that the process of forest management including harvesting and transporting is regulated by existing laws, procedures and policies that govern forests and their management in the state.
- 4.6 Best management practices will be implemented to protect water resources, reduce soil erosion, and mitigate the impact of mechanical disturbances associated with forest operations. In the sustainably managed forest areas, the Group will use Reduced Impact Logging (RIL) to help maintain or enhance sustainable forest ecosystems and their functions. Where applicable elements of RIL will be practised in the tree plantations.
- 4.7 The Group commits to monitoring its forest areas for illegal activities including encroachment and is committed to reporting such incidents to the relevant authorities.

High Conservation Value (HCV) and Environmental Impact Assessments (EIA)

- 4.8 The Group commits to continuing to undertake HCV and EIA assessments as appropriate to the forest areas concerned.

Biodiversity and Wildlife Conservation

- 4.9 The Group shall cooperate with the agencies tasked to protect any rare, threatened and endangered wildlife species within the Group's operational areas. The Group commits to no hunting by its employees or contractors within the Group's operational areas.

The Group will endeavour to monitor the occurrence of any invasive exotic tree species that might spread from the plantations it operates.

Chemicals and Pesticides

- 4.10 The Group is committed to minimising the use of pesticides within the Group's forest operations.

- 4.11 The Group commits to no use of the following:
- Type 1A and 1B and chlorinated hydrocarbon pesticides as stipulated by World Health Organisation (WHO);
 - Chemicals listed in the Stockholm Convention and the Rotterdam Convention; and
 - Genetically modified organisms.

Waste Management

- 4.12 The Group is committed to complying with regulations concerning all types of waste generated by its operational activities, through its Waste Management Plan for Scheduled and Non-scheduled Waste.

Traceability and Accountability

- 4.13 The Group commits to continuing to uphold high standards of traceability of natural forest and plantation logs from forest to mill or export point.
- 4.14 The Group is also committed to resolving any grievance from Employees, per the Procedure on Employees' Grievance Resolution. For complaints involving external parties, the Group has established Guidelines on Conflict Resolution to help resolve any conflict occurrence with local communities due to the impact of forest operations.

Supplier Compliance

- 4.15 The Group expects suppliers to comply with these commitments set out in paragraphs 4.1 – 4.14 fully, and maintains the right to conduct monitoring or due diligence activities on existing and potential suppliers respectively. Where issues identified in paragraphs 4.1 – 4.14 are detected in any of the supplier's operations, the Group may require the supplier to implement corrective actions on a case-by-case basis.

Compliance with Laws and Certification Standards

- 4.16 The Group shall respect all applicable laws of Malaysia and international treaties and agreements in which Malaysia is a signatory.
- 4.17 The Group is committed to continuing the forest management certification process for its forest resources, and where achieved, maintaining the certified status.

5. ADMINISTRATION

Communications and Training

- 5.1 Principles and procedures of this policy shall be communicated to all relevant stakeholders at the outset and as appropriate thereafter.
- 5.2 Employees should read, understand and comply with this policy. All employees are responsible for ensuring the highest standards of ethics, honesty, openness and accountability in line with the Group's commitment to enhance good governance and transparency and to safeguard the integrity of the Group.

Policy Review

- 5.3 The Responsible Forest Management Policy shall be reviewed once every two years, when the Group may modify this Policy to maintain compliance with applicable laws and regulations or accommodate organisational changes. This review should be carried out by the Chief Forester and the Sustainability Team.

Signed on **1st February 2021** for and on behalf of the Group.



Lawrence Chia
Chief Executive Officer