

Clarification on Grievances Raised

Date: 22 October 2025

Nature of Grievances Raised

Grievances have been raised regarding the operations of a subsidiary of the Group, Urun Plantations Sdn Bhd (UPSB), comprising of:

1. Deforestation after the NDPE cut-off date of 31 December 2015, and
2. Alleged non-compliance with Free, Prior and Informed Consent (FPIC) principles.

UPSB acknowledges the concerns raised by stakeholders and downstream market partners relating to the above grievances. We understand the need to address the situation on the ground and are committed to resolving this with appropriate action through a responsible and transparent process. We extend our appreciation to the community leaders, field experts, and independent facilitators are interested to support the dialogue and resolution process.

Background

The Group's plantation project commenced in 1997 as part of a joint venture project with Permodalan Assar Sdn Bhd (Sarawak state-owned company) to bring rural development to the Long Urun area. Sin Heng Chan (M) Bhd first acquired shares in the joint venture company (Urun Plantations Sdn Bhd, UPSB) in 2006 before subsequently acquiring the entire equity interest in 2008.

Upon SHC's entry into the project in late 2006, UPSB entered into earnest discussions with the local community in the project area regarding the development of the project. The Long Urun residents (initially comprising of some 6 longhouses in 2007 and growing to 15 longhouses to-date) are formally represented by the Village Committee of Long Urun (*Jawatankuasa Kawasan Kampung Long Urun, JKKK*). The Village Committee, in turn, comprises the head of each longhouse (*Ketua Kampung*). These discussions culminated in the signing of an Agreement in July 2007 between the JKKK and UPSB wherein a Settlement Area of 1,400 acres would be set aside in the project area for community use. In addition, in the spirit of upgrading the economic livelihoods of the local community, UPSB would contribute a monthly social contribution to the JKKK with a total commitment of RM10.44 million. As of Sep 2025, UPSB has paid RM7.88 million to-date to the JKKK and continues to do so. In 2016, upon further discussions with the JKKK, UPSB entered into a further Declaration with each of the 15 longhouses individually to resolve all remaining grievances related to unsettled land issues. This was witnessed and signed by the District Office of Belaga.

In addition to this, it is the policy of UPSB that where further individual native customary claims are made, they will be investigated fairly and verified by multi-stakeholders comprising of the longhouse head, the JKKK, senior community leaders such as the Penghulu and Temenggong of the area, the Superintendent Administrative Officer or District Officer. If the claims are deemed genuine then they are handled amicably and compensated fairly. UPSB has carried out its agricultural activities on the project lands for over 28 years, and has maintained a positive and longstanding relationship with the JKKK and local community.

The Dispute

The complainants originate from a small group of approximately twenty individuals who are mostly members of the Ipa Lian family. The dispute began when they - without prior consultation nor consent of the company or the JKKK - constructed a homestay structure called *Lepau Uten* to conduct tourism activities around 2021 within the protected river buffer zone in the project area, located far away from the designated Settlement Area. UPSB has been engaging with these individuals since April 2024 through established channels including the JKKK Long Urun, the Temenggong, Penghulus, and local authorities including the District Officer and Sarawak Administrative Officer (SAO).

In all cases, there has been no support for the native claims of these individuals to the area as it is not a verified genuine claim (ie no genuine historical use of that particular area). For instance, the Ipa Lian family are themselves residents of the Uma Pawa longhouse and their claims are not agreed to by the head of the Uma Pawa longhouse (who is also the head of the JKKK). Other senior community leaders have also not supported their claims. The majority of Long Urun residents – including fourteen out of the fifteen longhouses – also do not support these individuals' claims.

For further context – Mr Ipa Lian himself was a signatory to the 2007 Agreement with UPSB as he was a committee member of the JKKK then. He is currently no longer a member of the JKKK. Another claimant, Mr Labang Uvat was also a signatory to the 2016 Declaration with UPSB.

Steps Taken by UPSB and Future Plans

UPSB remains committed to resolving this grievance with the involvement of affected stakeholders and is hopeful that a fair resolution may be reached by all parties. In response to the dispute, UPSB has thus far:

- 1) Hired additional staff to improve the group sustainability function
- 2) On 11 August 2025, UPSB has issued a **group-wide moratorium** on any land clearing for all greenfield development on mineral soil and peatland. Both the group wide moratorium and the revised NDPE policy are publicly available via the group's website (www.shcm.com.my).
- 3) We have issued instructions to contractors and field staff to strictly comply with the SWO. In early September 2025, since the stop work order (SWO) was issued, there was inadvertent clearing of approximately 6 ha by external contractors attempting to connect adjoining terraces in violation of the SWO. This area will not be planted and will be remediated and replanted with forest species. Among the steps taken to strengthen the enforcement of the SWO have been the removal of external contractors from site and training to staff and contractors.
- 4) We have entered into constructive dialogue with a facilitator who is experienced in assisting growers to address matters related to land development and downstream market requirements. We commit to regularly (at least quarterly in the coming year) publish progress made in this regard.
- 5) We are committed to assess and identify any Recovery Liability after the 31 December 2015 in our plantations (which will accrue from any forest that has been cleared). Once finalized, a Recovery Plan will be formulated and agreed to, which may include reforestation in other areas of the project area to recover this liability.
- 6) We intend to restudy the High Conservation Value (HCV) areas in our plantations and to develop a more comprehensive plan to manage these remaining resources.
- 7) We will review and improve our FPIC process to better handle disputes with the local community.

Legal Suit Filed Against UPSB

On 30 June 2025, five of these individuals filed a native customary rights claim for a land area of 54,478 hectares in the Belaga area (of which includes approximately 10,872 ha of UPSB's project area).

The suit was filed by Messrs Abun Sui Anyit & Co, against the Superintendent of Land and Survey Kapit Division (1st Defendant), the Sarawak government (2nd Defendant), UPSB (3rd Defendant), Lesley Tingang (4th Defendant), Tuai Rumah Eric William (5th Defendant) and Tuai Rumah Uda Tedong (6th Defendant). TR Eric William is the head of the Uma Pawa longhouse (wherein the Ipa Lian family resides) and head of the JKKK, while TR Uda is the respected head of another longhouse in Long Urun.

Along with the majority members of the community represented by 14 out of 15 longhouses of the Long Urun residents, UPSB is in the process of defending itself, another local resident Mr Lesley Tingang, and the two longhouse leaders against these claims.

The case is currently ongoing before the Bintulu High Court.

Separate to the steps taken above, UPSB will adhere to the legal process to handle this dispute.