



**SIN HENG CHAN (MALAYA) BERHAD (“SHC”) COMMITMENT STATEMENT
TO CARRY OUT RECOVERY OBLIGATIONS UNDER RECOVERY PLAN
(GRIEVANCE UPDATE NO: UPSB/01/02)**

Date: 7 April 2026

The SHC Group, including its wholly owned subsidiary Urun Plantations Sdn Bhd, recognises the No Deforestation, No Peat, and No Exploitation (NDPE) commitments of our buyers, which has been reflected in the Group’s revised Sustainability Policy published on 22 October 2025.

This includes a commitment to identify potential loss of forest areas in all of the Group’s plantations since **31 December 2015**. Since then, we have worked with technical partners including PT Inovasi Digital (“Inovasi”) to assess the total liability area of non-compliance with our revised NDPE policy. Inovasi is an implementation partner of the Earthqualizer Foundation, a non-profit organization that works across Southeast Asia to monitor deforestation and support more sustainable commodity supply chains.

Based on the results of this analysis, we have identified and acknowledge a total land use change liability area of **1,270.24 ha** since the cutoff date of 31 December 2015. In this regard, we are committed to a full and complete recovery obligation of a minimum of 1,270.24 ha within the Group’s concession areas. We are committed to continuing our work with Inovasi to develop a robust and detailed Recovery Plan to address these land use change matters. The Recovery Plan will contribute to the conservation or rehabilitation of the affected natural areas, and will include co-benefits for the local communities living in our concession.

We also recognise that concerns have been raised regarding community-related issues in Long Urun. We take these concerns seriously and have maintained open dialogue with the complainant and the NGOs involved. To address the social and community-related matters, the Sarawak Dayak Iban Association (“SADIA”), a well-respected indigenous rights organisation in Sarawak, has been engaged to independently support the identification and verification of grievances in consultation with affected communities. We are working with SADIA to facilitate dialogue and are committed to identifying fair and appropriate pathways for resolution.

Thus far, one of these identified pathways is to develop a Community Access Area in the upper Ulu Belaga area within the Group’s concession which will be set aside specifically for community co-management and sustainable forest conservation. Key elements would include inclusive and transparent governance with the existing Long Urun Village Committee (JKKK) and other community stakeholders. This will enable communities in the 15 longhouses in our concession to continue sustainable traditional and cultural

activities that are aligned with NDPE policies. The benefits of this area will be shared equitably and fairly among all community groups, preserving cultural practices and livelihood security. At present, SADIA is in the process of conducting engagement sessions with the Long Urun community on this concept. As the proposed Recovery Plan and co-management areas are intended to span for a period of twenty-five (25) years, it is important to conduct adequate consultation sessions to ensure that these areas will be restored and cared for over the long term.

In the meantime, to strengthen safeguards for the Group's revised NDPE policy, the Group has finalised and implemented new internal Standard Operating Procedures (SOPs) for its NDPE Policy dated 19 March 2026. These SOPs establish clear internal guidance and accountability across operations in managing NDPE-related risks and requirements. We have also strengthened our approach to managing community-related concerns through our NDPE Social Compliance Requirements Framework, which includes the Grievance Policy and Procedure finalised and effective from 28 March 2026 (https://shcm.com.my/wp-content/uploads/2026/04/GRIEVANCE-POLICY-AND-PROCEDURE_FINAL.pdf). We are also developing the FPIC Process and Procedure and enhancing our Stakeholder Engagement Framework, both expected to be completed by the end of April 2026.

Together, these components are designed to ensure that we are better placed to handle future grievances in an accessible, consistent, and timely manner. We will continue to enhance these processes while maintaining constructive dialogue with civil society organisations through appropriate channels, anchored in verified information and clearly defined procedures.

Our next steps will focus on finalising and implementing the Recovery Plan with Inovasi while continuing dialogue with local communities and stakeholders. On this note, we wish to also express our appreciation for the dedication and effort made by our technical partners, stakeholders, staff, and the valuable feedback received from supply chain stakeholders throughout this process.

As implementation progresses, we will continue to publish periodic updates on our progress against NDPE commitments. These updates will be shared at a minimum of every six months, or earlier where significant milestones or developments arise. The Group welcomes feedback and enquiries and can be reached at sr@shcm.com.my.