



SIN HENG CHAN (MALAYA) BERHAD
(Registration No.: 196201000185 (4690-V))

**Recovery Plan for Urun Plantations
Belaga, Sarawak**

**21 August 2026
Version 1.0**

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A. Preface

Sin Heng Chan (Malaya) Berhad (“SHC” or “the Company”) is committed to achieving zero deforestation across all Group operations, in accordance with our Group NDPE-based Sustainability Policy which recognises 31 December 2015 as the cut-off date for compliance. This commitment applies to all our plantations and suppliers. Since the cut-off date, no forest has been cleared or converted for the establishment of new plantations. For any new plantation development, we adhere to the High Conservation Value (HCV) and High Carbon Stock Approach (HCSA) methodologies.

I am pleased to report that the Company has completed the assessment and verification processes in relation to our Recovery Obligations. Through our Recovery Plan, we reaffirm our responsibility and commitment to rectifying past shortcomings and addressing identified gaps.

SHC remains firmly committed to responsible practices. Our Recovery Plan will allocate conservation areas exceeding the total extent of our liabilities. We are dedicated to preserving and restoring forest ecosystems while enhancing community well-being. At the same time, we conduct comprehensive risk assessments to mitigate potential long-term risks. We are also committed to monitoring the effective implementation of our Recovery Plan, with regular progress updates to be made available to our stakeholders.

The successful implementation of our Recovery Plan will depend on the continued support and collaboration of all relevant stakeholders, including local government agencies, local communities, community leaders and other NGOs in the areas where the plan is being carried out. We are also deeply appreciative of the support extended by Inovasi Digital as our partner.

At this juncture, I would like to express my sincere appreciation to our employees, particularly the estate teams at Urun Plantations Sdn Bhd, and our technical partners, for their dedication in meeting the project timelines and deliverables.

In conclusion, this Recovery Plan has been prepared for our stakeholders and the public. We welcome feedback and contributions to further strengthen our plans and on-the-ground practices. Finally, we hope that our journey will inspire greater confidence and support among our buyers and partners. We are pleased to report that we are currently working with our buyers to reinstating our Company as a supplier. While we remain fully committed to the diligent implementation of this Recovery Plan, we deeply appreciate your continued support moving forward.

Henry Choo Kin Choong
Executive Director
August 2026

B. Introduction

Sin Heng Chan (Malaya) Berhad (“SHC” or “the Company”) has completed and validated its assessment of forest loss across all previously non-compliant concessions. This demonstrates the Company’s commitment to implementing its NDPE policy and provides assurance to trading partners, while forming the basis for the development and implementation of an appropriate Recovery Plan.

This report sets out the basis for fulfilling the Company’s Recovery Liability under the joint agreement, covering the period from 1 May 2026 to April 2051. Recovery is a fundamental responsibility of the Company, to be undertaken through collaborative efforts to protect and restore ecological and social functions while supporting sustainable economic development, including alternative livelihoods and community-based enterprises.

As a strategic partner, Inovasi Digital has identified potential Recovery Plan areas within SHC’s operational area in Sarawak. These areas within the plantation will be used as part of the long term recovery effort in this Recovery Plan.

The Company expects the programme to deliver environmental, social, and economic benefits for local communities. The Belaga District in Kapit Division, Sarawak has been selected as the primary location for implementation of the Recovery Plan for the following reasons:

- 1. Operational Presence and Strategic Location**

SHC operates all its plantation unit in Sarawak. Belaga District is considered a strategic location due to its relatively good accessibility and proximity to the Indonesia border, which facilitates programme implementation. The Company will allocate the necessary resources to achieve the targeted outcomes at the recovery site. In addition, the presence of NGOs and development partners in the area presents opportunities for collaboration.

- 2. High Conservation Value with Existing Threats**

The Belaga District possesses significant forest resources but is increasingly threatened by degradation and deforestation, including encroachment and illegal wildlife activities. Immediate and structured interventions are required to reduce pressure on these ecosystems.

- 3. Landscape-Level Impact**

SHC hopes that the Recovery Plan will have a broader multiplier effect, not only at the recovery location but also to provide other landscape-level benefits beyond the immediate project area. The selected location supports important endemic, rare, and endangered flora and fauna, making its protection and rehabilitation critical for biodiversity conservation. At the same time, the programme seeks to support sustainable community livelihoods.

- 4. Integrated Environmental and Social Outcomes**

The Recovery Programme is not limited to environmental rehabilitation. Its success depends on delivering tangible and sustainable benefits to communities living within and surrounding the landscape.

5. Community Context and Dependency on Natural Resources

The recovery area is inhabited by indigenous Penan and Kenyah communities who rely heavily on forest resources for their daily needs, including traditional medicine, cultural practices, and access to clean water. The programme will take into account these dependencies to ensure inclusive and sustainable development.

6. Critical Landscape Context

The Recovery Plan area consists of forested land surrounded by oil palm plantations and large-scale forestry operations. This makes the area critically important for conservation, as maintaining its ecological integrity will contribute to the sustainability of the broader landscape.

Recovery programmes are a key component for companies committed to implementing NDPE principles and require adequate capacity building for effective execution. As Recovery Plans are relatively new, practical references for their development and implementation remain limited. Establishing robust baseline data, appropriate implementation models, and strong engagement with relevant stakeholders and partners is therefore critical to accelerating implementation.

The scope of our Recovery Plan includes the following components:

I. Protection within Company Concessions In-situ

This component involves allocating areas for implementation of a sustainable forest management system within either state forest lands or customary forests managed by local communities. Its objective is to enhance community livelihoods, environmental balance, and preserve socio-cultural values.

Under the Recovery Plan framework, the co-management programme may include management of forest areas, ecosystem and species protection, development of commodities particularly non-timber forest products (NTFPs) product diversification, improvement of land productivity, and reforestation initiatives.

The Recovery Plan adopts a landscape approach, encompassing ecologically and socially interconnected areas within Belaga District in the Kapit Division.

II. Improving the livelihoods of communities around the plantation

This component aligns with the Company's Corporate Social Responsibility (CSR) initiatives and is designed to complement a Medium-Term Development Plan for villages in Long Urun.

The Company's contributions will be planned and measurable, with a focus on developing sustainable, community-based enterprises. Support may include facilitating access to capital, strengthening technical knowledge and cultivation practices, and supporting the other community income-generating activities, with the aim of improving overall community well-being.

III. Protection of forested areas and clean water sources

The planned recovery area, currently designated within an agriculture zoned provisional lease, is situated within a landscape predominantly surrounded by large-scale oil palm plantations.

This forested area provides ecosystem services to local communities, including clean water sources, NTFPs, traditional medicinal resources, and other environmental benefits. Its protection is therefore critical to sustaining both ecological functions and community livelihoods.

IV. Biodiversity protection

The forest landscape consists primarily of inland secondary forest and has been utilised by local communities over generations for forest products, medicinal plants, and ecosystem services.

The Recovery Plan aims to deliver landscape-level environmental and social benefits by protecting biodiversity and supporting sustainable community livelihoods. Based on HCV assessment conducted in 2023, the surrounding areas support a range of wildlife, including tree shrews, python, monitor lizard, wild boar, and deer, indicating the presence of ecologically important habitats. Through targeted conservation and community engagement, the programme seeks to reduce forest encroachment and promote active local participation in long-term ecosystem protection.

C. Sin Heng Chan (Malaya) Berhad Recovery Liability

SHC has completed and confirmed a detailed assessment of its NDPE Recovery Liability, which identifies the location, extent, and nature of non-compliant land development occurring after the generally accepted cut-off date of 31 December 2015.

Inovasi Digital (ID) communicated the results of its Recovery Liability Assessment to SHC Berhad in April 2026. Following a series of consultations and verifications, the Company formally confirmed in April 2026 that its total Recovery Liability amounts to 1,270 hectares. This figure is derived from historical plantation development activities undertaken by SHC throughout its concession areas since the cut-off date.

The table below presents the calculation of the Company's related restoration obligations:

Table 1. Sin Heng Chan (Malaya) Berhad Plantation's Recovery Liability confirmation date: 7 April 2026¹

NDPE Liability Assesment	Subsidiary
	Urun Plantations Sdn Bhd
Type	Forest
Grand Total (Ha)	1,270.24

¹ NDPE cut Off Date Dec 2015

D. Our Recovery Plan Basics Guide

SHC's Recovery Plan is developed using approaches from various documents and frameworks such as the Environmental Restoration and Compensation guidelines of the Accountability Framework Initiative (AFI)², the Roundtable on Sustainable Palm Oil (RSPO) Remediation and Compensation Procedure (RaCP)³, and the Decision Tree for Recovery for Non-Compliant Land Development on Peat and Mineral Soils.

The planning and implementation of a Recovery Project can be complex, as it must include long-term, measurable and material outcomes for the identified Recovery Target Area. The Recovery Plan integrates spatial mapping of conservation and recovery areas with social and livelihood interventions, and is recognised as an evolving process requiring continuous stakeholder engagement, learning, and adaptive management over a period of three to five years.

Recovery is based on the principle that companies are accountable for past land development activities, including forest clearance, peatland development, and burning. It forms part of a broader mechanism to ensure compliance with responsible supply chains and may also address compensation obligations arising from historical deforestation. Responsibility for implementation lies with the Company and is carried out through collaborative efforts to restore ecological functions while supporting alternative livelihoods and community-based enterprises.

The scale and scope of restoration are determined by the Company's assessed liabilities, with programme design guided by four key principles: locality, additionality, long-term sustainability, and a knowledge-based approach.

² https://accountability-framework.org/fileadmin/uploads/afi/Documents/Operational_Guidance/OG_Environmental_Restoration_Compensation-2020-52.pdf

³ <https://rspo.org/as-an-organisation/tools/remediation-and-compensation/>



Figure 1. Key criteria in building a Recovery Program

- i. **Long-term Commitment & Acknowledgement of Ownership:** Our recovery efforts aim to compensate for the environmental impacts of past inappropriate land development, including biodiversity loss and carbon emissions resulting from deforestation. Accordingly, the recovery plan should adopt a long-term perspective, extending at least to the duration of our plantation permits up to 25 years into the future.
Furthermore, the successful implementation of a long-term recovery plan requires formal agreements, such as a Memorandum of Understanding (MoU) or a Joint Management Agreement (CMA), with local governments and communities. These agreements are essential to secure sustained commitment from all key stakeholders.
- ii. **Inclusive, Equitable & Knowledge-Based:** The success of our Recovery Plans depends on meaningful engagement with local stakeholders, particularly where interventions occur on traditional or privately held lands.
Experience shows that conservation is most effective when combined with community participation and livelihood opportunities, such as agroforestry and forest-based enterprises, especially where NDPE policies may affect smallholder incomes.
Active involvement of local governments and community is essential to ensure joint planning and implementation, including ex situ initiatives in areas adjacent to our concessions. Implementation will continue to integrate both scientific and traditional knowledge systems.
- iii. **Additional & 'Like-for-like':** This principle requires our Recovery Plan to ensure that the total area compensated is commensurate with our Recovery Obligation, both quantitatively and qualitatively. The ecosystems targeted for protection or restoration must be at least equivalent to the Obligation in terms of biodiversity value and carbon stock.

Existing conservation areas identified through HCV and HCS assessments will not be counted, as they do not meet *additionality* requirements. Therefore, our Recovery Plan focuses on rehabilitating degraded or critical land, conserving forests on mineral soil, and supporting community empowerment initiatives. The indicative recovery area for Urun Plantations spans 1,351 hectares, exceeding the company's restoration obligation of 1,270 hectares. As part of the implementation process, Urun Plantations will engage local communities the primary beneficiaries of this recovery plan through the development of existing and high-potential landscape commodities, as well as protection efforts and other collaborative initiatives aimed at providing socio-economic support.

- iv. **Landscape & Proximity:** Recovery interventions will be implemented in landscapes affected by past inappropriate land development. To guide this process, we map the remaining forests surrounding our plantations and define our effective "sphere of influence" within the broader landscape. This may involve including or excluding specific areas based on ecological, social, or operational considerations.

The process outlined above serves as a key consideration in determining the scope, area, and targets of the Recovery Plan to be adopted by the SHC in the Belaga District of Sarawak.

E. Recovery Map as a Key Reference Point

The Recovery Interventions we undertake will be integrated into the Sustainability Programme Workplan, supported by detailed Standard Operating Procedures, internal planning processes, and dedicated budgets. Successful on-the-ground implementation will depend largely on a well-defined theory of change, developed collaboratively with stakeholders and guided by considerations of intervention effectiveness and efficiency.

The Recovery Roadmap will be monitored, evaluated, and refined through a participatory approach involving relevant stakeholders. Progress and outcomes will be communicated periodically to ensure transparency and to demonstrate the extent to which targeted changes have been achieved.

It is important to note that each Recovery Map presented in this document remains under development and may be adapted to reflect site-specific conditions and the needs of participating communities. This flexibility is necessary as we continue to review options and negotiate Co-Management Agreements with stakeholders.

F. Final Result Monitoring

The Company is committed to allocating sufficient human and financial resources to effectively implement the Recovery Plan, supported by close monitoring of intervention impacts. The success of the plan depends on regular monitoring.

Ultimately, our goal is to demonstrate that forest areas equivalent to our Recovery Obligation have been protected, restored, or secured, while enhancing conservation value across remaining forest.

The Recovery Map will serve as a key tool for tracking progress, providing a visual benchmark for both internal and external stakeholders. Monitoring will make use of satellite imagery and remote sensing data, enabling comparative analysis to support annual monitoring and assessment.



Figure 2. Forest area in the Sin Heng Chan (Malaya) Berhad Landscape, Belaga District, Sarawak

Monitoring of our Recovery Plan interventions will also encompass activities that are not readily observable through satellite imagery. These include institutional strengthening, area-based conservation, forest and fruit tree enrichment, and the rehabilitation of land for other cash crop cultivation. Such efforts are designed to support local communities in managing forests sustainably and to help prevent illegal logging and fires.



Figure 3. An example of a time series in a Recovery area showing natural regeneration.

G. Recovery Programme Development

The following provides an overview of the Recovery Plan:



Figure 4. Sin Heng Chan (Malaya) Berhad Recovery Programme Framework for 25 Years

The landscape recovery location can be seen on the map below:

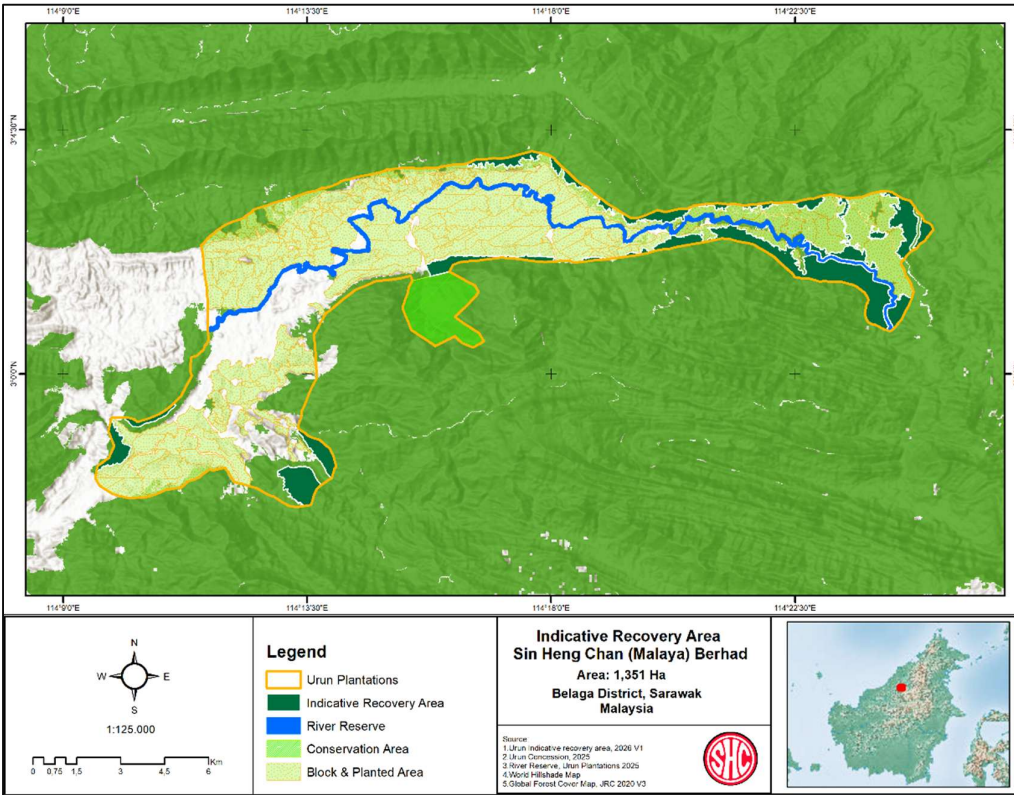


Figure 5. Recovery Landscape Map in Urun Plantations, Belaga

Based on the analysis using various spatial datasets within the Urun Plantations area, there are 1,351.10 ha potential area for recovery. The identified areas are dispersed across the entirety of the Urun Plantation concession area. The Recovery areas consist of remaining forest based on PTID analysis, non-planted liability, areas with slopes greater than 40%, and patch connectivity. The area doesn't include conservation areas/HCV area, resettlement areas, river reserves, dispute/encroachment areas, a 50 m buffer from Small River.

Development of Recovery Program with targets and objects as below:

Support in Belaga Landscape - Sarawak

ID and SHC have conducted consultations and assessments to identify suitable locations for the Recovery Programme, prioritising undeveloped forested areas within the company's plantation landscape. Where such areas are unavailable, alternative sites within the same district or state may be considered.

Based on stakeholder input and feasibility considerations, the first phase will prioritise in situ recovery in Belaga District, Sarawak. The Recovery Plan Support Strategy will be implemented in stages, beginning with in situ recovery within the company's concession area, covering an area equivalent to or greater than the NDPE-based liability.

The following support components will be implemented within the scope of the Recovery Plan:

- i. Forest Conservation, Protection, and Security
- ii. Sustainable Use and Collection of Non-Timber Forest Products
- iii. Forest Area Utilisation, Protection, and Restoration
- iv. Environmental Services Management
- v. Institutional Strengthening
- vi. Business Development
- vii. Preservation of Local Knowledge and Practices

1. In-site Recovery Plan

SHC operates in the Belaga District, Kapit Division, Sarawak. The Long Urun village is located within the plantation landscape and in the upstream area of the Sungai Belaga River Basin. The population, estimated at around 2,395 people based on a field survey carried out in February 2025, is predominantly from the Penan and Kenyah community, with livelihoods largely dependent on crop cultivation and smallholder farming.

Most of the village area falls within the Settlement Area (approx. 1,600 acres) allocated by the Company for local community settlement pursuant to a Settlement Agreement signed between the Village Committee of Long Urun and the Company in July 2007. Access to the village is possible by motorcycle and car; however, infrastructure remains limited, with access through logging roads which are currently being maintained by the Company.

The proposed recovery site covers approximately 1,270.24 hectares of forested land affected by past land-use activities. This location represents the Company's initial commitment to fulfilling its recovery obligations.

The Recovery Plan will not be implemented in isolation but will be coordinated and delivered in close collaboration with the Village Committee of Long Urun (JKKK Long Urun) and other stakeholders. Our commitment to this in-situ plan includes the following components:

- i. **Institutional Management:** Supporting capacity building of local communities and fostering closer relationships with officials
- ii. **Area Management:** Supporting boundary demarcation, conservation activities, and land rehabilitation using productive forestry species; as well as forest protection and security, enrichment planting with native species, and the sustainable use and collection of non-timber forest products (NTFPs)
- iii. **Business Development:** Supporting production facilities and infrastructure, building capacity in agroforestry practices, and improving post-harvest processing.
- iv. **Cross-sector collaboration:** Promoting coordination among stakeholders through communication, publication, and discussions to ensure that recovery activities are inclusive and deliver collective, synergistic benefits.

2. Description of Biodiversity

Based on data from the Sarawak Forestry Corporation, the Belaga District is not a gazetted Totally Protected Area (TPA) designated for environmental and biodiversity conservation. However, based on the HCV Report 2023, key ecological features in this landscape include scenic viewpoints, waterfalls, water sources and rivers while protected fauna species observed and recorded include the bear cats, flying lemurs, pangolins, tree shrews and the bushy crested hornbill. Some of these features may be present within the Recovery Plan areas.

It is hoped that the planned in situ restoration programme will contribute to reducing pressure on surrounding forest areas within the landscape. In addition, the company will continue to support monitoring initiatives, if any, undertaken by government authorities and the Sarawak Forestry Corporation to safeguard High Conservation Value areas and critical biodiversity.

3. Description of Community surrounding Belaga Landscape

Belaga is primarily inhabited by Kenyah and Penan communities. The Kenyah form the main settled longhouse community while the Penan community, historically semi-nomadic, is now largely settled in the vicinity and shares access to forest resources.

The Kenyah and Penan in Belaga maintain a mixed livelihood strategy. Many households rely on subsistence and smallholder farming combined with forest-based activities such as gathering forest products including fish, wildlife, firewood, and timber. Farming and fishing remain the major activities carried out by the community, although a growing proportion of traditional farming land has been converted to small-scale oil palm cultivation. In addition, particularly among younger adults, households increasingly supplement their income through wage labour, mainly working for nearby infrastructure projects, providing contracting services to the plantation, or operating small village shops.

In Long Urun, both the Kenyah and Penan communities began settling there in the late 1970s to 1980s from the highland region of Ulu Belaga. The Kenyah move was

driven primarily by economic reasons, while the Penan were settled through the Sarawak state government's initiatives. The Kenyah traditionally organise through the set-up of longhouses (*Rumah Panjang*) where a longhouse effectively represents a village with a single longhouse head (*Tuai Rumah*) serving as the village head. The Penan in the Long Urun area, who, prior to settlement were culturally nomadic, also adopted a similar structure of community organisation with longhouses.

There are 15 longhouses in Long Urun, 13 longhouses are Kenyah and 2 longhouses are Penan. Each *Rumah Panjang* is led by its own *Tuai Rumah*. The Kenyah and Penan communities each have their own Penghulu – one Kenyah Penghulu overseeing the 13 Kenyah longhouses, and one Penan Penghulu overseeing the 2 Penan longhouses providing a layer of customary leadership above the individual longhouse level. All 15 longhouses are jointly represented under a single "Village" (i.e. the combined longhouses), and the Village Committee of Long Urun (JKKK Long Urun), which oversees customary laws, village meetings and local development projects across all 15 longhouses. The JKKK also serves as the main interface between the community, government, plantation operators such as SHC, and any other third parties.

In the context of ongoing operations in Long Urun, the JKKK and village leaders are central to organising community meetings, discussing compensation or benefit-sharing arrangements, and ensuring that customary practices and local priorities are considered in planning and implementation.

H. Collaborative Management Approach

The successful development of a Recovery Plan depends on a collaborative management approach that engages a wide range of stakeholders, including government agencies, local communities, civil society organisations (NGOs), and companies operating in the surrounding landscape. Such collaboration should be established from the outset beginning with the identification of potential recovery areas, followed by the facilitation of village-level institutions and the preparation of relevant information and documentation, and continuing through to programme implementation.

To ensure effective programme development, the Company should engage with local authorities to seek support. Given its long-term nature requiring a commitment of up to 25 years the Recovery Plan depends on sustained, multi-stakeholder involvement. Collaboration among these parties is both essential and achievable to deliver lasting outcomes.

In Belaga District, particularly within the identified recovery areas, the following key stakeholders have been identified:

- i. State government,
- ii. Local government agencies,
- iii. District office,
- iv. Several organisations / NGOs with relevant experience have operated in this area, such as Sarawak Dayak Iban Association (SADIA), which has a strong track record of supporting local communities through technical assistance and capacity-building initiatives.

I. Recovery Monitoring

The recovery efforts of SHC will be monitored through various means. The monitoring framework will define the methods, parameters to be assessed, responsible parties, and the frequency of monitoring.

This recovery programme is implemented under a Co-Management Agreement (CMA), supported by jointly developed guidelines to track progress and outcomes. The process will follow a continuous cycle of monitoring, evaluation, learning, adaptive planning, and transparent reporting to stakeholders and the public.

One of the key indicators of recovery is improvement in forest cover over time, alongside strengthened community management and sustainable utilisation of forest resources. Monitoring of land cover change will be conducted by an independent institution to ensure objectivity, with verification and validation carried out collaboratively by the company, forest management communities, and affected stakeholders.

Assessments will be based on recovery maps, incorporating both time-series satellite imagery and field-based observations to provide a comprehensive evaluation of progress.

J. Looking Ahead

SHC's Recovery Plan is a **living document** that seeks to meet the evolving expectations of palm oil buyers and the international community, while remaining grounded in domestic and local realities. As a plantation group, aligning these priorities is central to our business, and we are enthusiastic and fully committed to this responsibility.

We take full ownership of our sustainability policy and Recovery Plan. Over the next two to three years, we will transition from development to full implementation. This will require sustained funding through our core budget, stronger integration of our CSR and sustainability functions, and the institutionalisation of our approach through adequate operational and human resources. Collaboration with external partners and relevant government agencies particularly for capacity building and monitoring will be essential, and we welcome support from buyers, financial institutions, and other stakeholders.

Our approach places strong emphasis on engagement with local communities, whose participation and consent are critical to restoring environmental functions affected by past land development. We also rely on government agencies to ensure legal compliance and alignment with both national requirements and global market expectations.

Meanwhile, SHC will continue to refine its Recovery Plan through assessment, planning, and budgeting. We will continue to invite local stakeholders to collaborate with us while remaining mindful of the expectations and guidance of international stakeholders. The Company Berhad and its partners will develop a monitoring mechanism for our Recovery efforts, and we will periodically report back on progress achieved, challenges encountered, and lessons learned.

Disclaimer

This document serves as an initial Recovery Plan and provides a preliminary framework outlining the commitments, strategic direction, and proposed actions of Sin Heng Chan (Malaya) Berhad in response to NDPE-related findings and to strengthen compliance across its operations and supply chain. The contents reflect the current understanding,

available information, and initial assessments at the time of drafting. As part of the ongoing recovery and remediation process, this document remains subject to further review, validation, and refinement based on the latest findings, stakeholder consultations, and field verification. Subsequent implementation stages will be supported and reinforced through the development of additional technical and operational documents, including but not limited to:

- Co-Management Agreements;
- Actual field mapping and spatial verification;
- Free, Prior and Informed Consent (FPIC) processes and related documentation; and
- A more comprehensive Recovery Plan guidebook and implementation support materials.

Consequently, the strategies, timelines, action plans, and commitments outlined herein may be revised, adjusted, or expanded to reflect evolving conditions, updated assessments, stakeholder input, and implementation realities on the ground. Sin Heng Chan (Malaya) Berhad reserves the right to amend or update this document as necessary to ensure that all recovery measures remain relevant, practical, and aligned with applicable NDPE requirements, stakeholder expectations, and sustainability commitments.

APPENDIX

1. Moratorium on Land Development
2. NDPE Policy
3. Standard Operating Procedures (SOP) for NDPE Policy
4. Grievance Policy And Procedure
5. Confirmation of Liability by Sin Heng Chan (Malaya) Berhad
6. AFI Operational Guidance on Environmental Restoration and Compensation
7. RSPO, Remediation and Compensation Procedure
8. MoU of SHC with the Parties for the support of the Recovery Plan

Thank you

