



Supply Base Report:

Rainbow Pellet Sdn Bhd Second Surveillance Audit

Sustainable Biomass Program
sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 2.2 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

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1 Overview

Producer name:	Rainbow Pellet Sdn Bhd
Producer address:	Lot 22, Kawasan Perindustrian Kechau Tui, 27100, Daerah Lipis, Pahang, Malaysia
SBP Certificate Code:	SBP-06-40
Geographic position:	4.275806, 101.977667
Primary contact:	David Wong, +603 7800 9076, shipping@rainbowpellet.com
Company website:	https://www.rainbowpellet.com
Date report finalised:	15 Jun 2026
SBR reporting period from:	01 Jul 2025
SBR reporting period to:	30 Jun 2026
Name of the Certification Body:	Control Union Certifications BV
Certification Body Approval date:	11 Aug 2026
SBP Standard(s) used:	SBP Standard 1: Feedstock Compliance v2.0, SBP Standard 2: Feedstock Verification v2.0, SBP Standard 4: Chain of Custody v2.0, SBP Standard 5: Collection and Communication of Data v2.0, Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1, Instruction Document Japan: Bridging Requirements for meeting Japanese sustainability, legality and GHG saving requirements v1.1 -, Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0, Instruction Document Japan: Bridging Requirements for meeting Japanese sustainability, legality and GHG saving requirements v1.2
Feedstock origin (countries)	Malaysia (Pahang, Kelantan and Terengganu)
Weblink to Standard(s) used:	https://sbp-cert.org/documents/standards-documents/standards

2 Description of the Biomass Producer and the Supply Base

2.1 Description of the company

Rainbow Pellet Sdn Bhd, established in 2016, is a Malaysian manufacturer and exporter of biomass wood pellets and related products. The Company sources feedstock from sustainably managed and legally verified supply bases in Peninsular Malaysia, including procurement of PEFC certified materials from PEFC certified sawmills and non-certified rubberwood from end-of-life rubber plantations. Rainbow Pellet is certified to the Sustainable Biomass Program (SBP), Programme for the Endorsement of Forest Certification (PEFC), and Green Gold Label (GGL). The Company sources rubberwood from end-of-life rubber plantations located in **Pahang, Kelantan and Terengganu**, and processing residues from PEFC-certified sawmills. All feedstock, both primary feedstock and processing residues, is traceable through the Company's documented chain-of-custody and supplier verification system.

The Company's supply base comprises two main categories of biomass input: **primary feedstock**, consisting of rubberwood from end-of-life rubber plantations, and **processing residues** from PEFC-certified sawmills. The primary feedstock consists of end-of-life rubberwood (*Hevea brasiliensis*) sourced from agro-industrial plantations in **Pahang, Kelantan and Terengganu**, while the processing residues are timber industry by-products such as sawdust, bark, off-cuts, and chips obtained from PEFC-certified sawmills in Peninsular Malaysia. Each feedstock type follows a distinct chain of custody and traceability mechanism aligned with SBP, PEFC, and RED III requirements. The old SBR already described this model for Pahang and Kelantan, including rubberwood from end-of-life plantations and processing residues from PEFC-certified sawmills.

Products included in the scope of SBP Certification: *WB 1.1 Wood pellets*

Number of employees: 105

Annual maximum production capacity (metric tonnes): 400000

Number of direct feedstock suppliers: 43

Approximate number of feedstock sub-suppliers: 207

Description of the chain-of-custody and upstream supply chain:

The Company's supply base comprises two main categories of biomass input: **primary feedstock** comprising only rubberwood from end-of-life (EOL) rubber plantations and **processing residues** from PEFC certified saw mills. The primary feedstock consists of end-of-life rubberwood (*Hevea brasiliensis*) sourced from agro-industrial plantations in Pahang and Kelantan, while the processing residues are timber industry by-products such as sawdust, bark, off-cuts, and chips obtained from PEFC-certified sawmills in Peninsular Malaysia. Each feedstock type follows a distinct chain of custody and traceability mechanism aligned with SBP, PEFC, and RED III requirements.

Primary Feedstock

The Company procures this rubberwood either through harvesting subcontractors or direct agreements with landowners. Harvesting subcontractors are responsible for sourcing, harvesting, collecting and transporting logs from smallholder plantations directly to the Company's facility. The Company maintains a dynamic register of harvesting subcontractors, which is updated as supplier arrangements change. Upon arrival at the facility, rubberwood is chipped, dried and pelletized within the Company's integrated processing system. Only rubberwood that meets the Company's Supply Base Evaluation and risk mitigation requirements is accepted as SBP-compliant feedstock.

The primary feedstock used by the Company is rubberwood (*Hevea brasiliensis*), sourced exclusively from agro-industrial rubber plantations located in the states of **Pahang, Kelantan and Terengganu, Malaysia**. This biomass originates from end-of-life rubber trees that are primarily cultivated for latex extraction. Trees are typically felled at the end of their productive latex cycle due to declining latex yield, after which the biomass is repurposed for energy use. The harvesting of end-of-life rubberwood supports rural livelihoods by allowing smallholders to generate income during replanting or land-use transition.



Figure 1.0 Exemplary supply chain

The procurement of rubberwood is facilitated through designated harvesting subcontractors appointed by the Company to provide harvesting, collection, and transportation services. These subcontractors are responsible for sourcing end-of-life rubberwood trees from smallholder plantations located in **Pahang, Kelantan and Terengganu** on behalf of the Company.

To formalize and secure access to the rubberwood feedstock, a tripartite agreement is established between:

1. The Company as biomass producer,
2. The harvesting subcontractor, and
3. The landowner or smallholder as owner of the rubber plantation.

This agreement outlines the rights and responsibilities of each party, including land access, harvesting rights, legal compliance, sustainability requirements, feedstock ownership transfer, payment arrangements, and traceability obligations. The harvested rubberwood is sourced from smallholder estates and transported directly to the Company's integrated processing facility. The Company's traceability system is designed to track feedstock from source plantation to final product, reducing risks of controversial sourcing and supporting SBP compliance. The previous report already used this tripartite agreement model for Pahang, Kelantan and Terengganu.

STATE	NUMBER OF LOTS	AREA (HA)	AREA/LOT (HA)
JOHOR	18,894	21,587.84	1.14
KEDAH	76,246	84,669.66	1.11
KELANTAN	80,684	93,036.41	1.15
MELAKA	10,273	11,110.94	1.08
NEGERI SEMBILAN	46,719	69,033.54	1.48
PAHANG	50,151	71,374.11	1.42
PERAK	38,251	43,349.23	1.13
PERLIS	5,114	8,745.44	1.71
PULAU PINANG	457	418.95	0.92
SABAH	75,726	204,834.54	2.70
SARAWAK	100,599	161,251.66	1.60
SELANGOR	3,259	3,857.99	1.18
TERENGGANU	23,961	26,247.01	1.10
TOTAL	530,334	799,517.32	1.51

Figure 2.0: Numbers and percentages of smallholders, lot, and land area of rubber by state (Source: RISDA, Malaysia)

Supply Base Overview

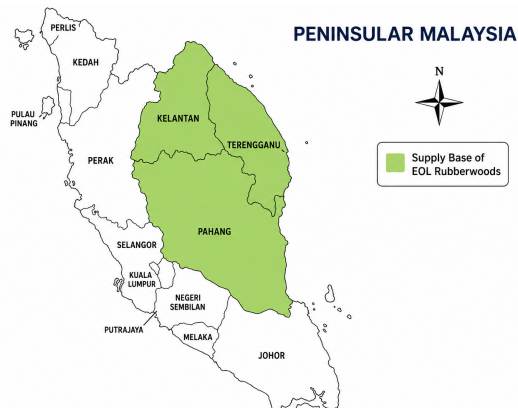


Figure 3.0: Rubberwood (EOL) Supply Base Map

The Company's End-of-Life (EOL) rubberwood supply base is primarily concentrated in the states of **Pahang, Kelantan and Terengganu**, where rubber plantations remain an important source of sustainable biomass feedstock. These plantations are established agricultural lands and are **not converted from natural forests**, in line with the principles of the **EU RED III cascading approach**, which prioritises the efficient use of biomass residues and end-of-life woody materials before sourcing virgin forest biomass. This approach has been harmonized with Japan FIT. FIP requirements as well.

In recent years, many rubber plantation owners have become elderly and have relocated to nearby towns or urban areas. As a result, routine plantation management is commonly undertaken by local residents or caretakers on behalf of the landowners. Consequently, rubber plantations often exhibit natural undergrowth, including the regeneration of tropical vegetation between rubber trees. Such vegetation is a natural outcome of reduced maintenance activities and **does not alter the land use classification**, as these areas remain legally designated and managed as rubber plantations rather than natural forests.

When mature rubber plantations are cleared for replanting, the harvested stems are first prioritised for **higher-value material use**. Straight logs with suitable dimensions and quality are supplied to the **rubberwood sawn timber industry** for the manufacture of furniture and other wood products. Only **lower-grade logs**, including those that are **small in diameter, crooked, twisted, heavily branched, defective, decayed, or otherwise unsuitable for sawmilling due to poor recovery and low commercial value**, are diverted to biomass pellet production. This cascading utilisation maximises resource efficiency by ensuring that material unsuitable for higher-value applications is recovered as renewable biomass, thereby reducing waste while supporting the principles of sustainable biomass utilisation and the circular economy.

Processing Residues

In addition to primary rubberwood, the Company sources processing residues from PEFC-certified sawmills located in Peninsular Malaysia. These residues are by-products of timber processing. Formerly treated as residues, such materials are now recognized as a valuable biomass resource, particularly for energy generation via pellet production. Processing residues contribute to a circular economy by diverting timber industry waste from landfills and incineration. These residues are used as feedstock in the pelletizing process at the Company's facility. The chain-of-custody for processing residues is maintained in accordance with PEFC requirements, using physical separation as per our material segregation method instruction (FRC-037 and FRC-038). To comply with RED III, Japan FIT/ FIP and the EDUR, the Company requires suppliers to undergo supplier verification audits (this supply base evaluation, SBE) and submit signed self-declarations confirming alignment with SBP requirements. Species commonly present in processing residues include *Dialium* spp. (KerANJI), *Pometia pinnata*

(Kasai daun besar), *Artocarpus* spp. (Keledang), *Koompassia excelsa* (Kempas), *Dillenia* spp. (Simpoh), *Koompassia malaccensis* (Kempas), *Endospermum diadenum* (Sesendok), and *Camposperma* spp. (Terentang). None of these species are listed under CITES or IUCN Red List.

No	State	Name	Expiry Date	Area (ha)
1	Johor	Johor FMU	2-Jul-2030	285,558.37
2	Negeri Sembilan	Negeri Sembilan FMU	28-Dec-2028	155,086.50
3	Pahang	Pahang FMU	31-May-2029	1,589,145.82
4	Perak	Perak FMU	31-May-2029	988,700.88
5	Selangor	Selangor FMU	31-May-2029	239,358.33
6	Terengganu	Terengganu FMU	31-Mar-2029	540,308.80
7	Kedah	Kedah FMU	30-Sep-2026	341,976.00
Total				4,140,134.70

Figure 4.0: List of Certified Natural Forest Management Units (FMUs) in Malaysia (Source: MTCC). This figure illustrates the PEFC-certified supply bases from which the processing residues, as generated by PEFC-certified sawmills originate

In alignment with the cascading use principle under RED III and Japan, the Company prioritizes the use of end-of-life rubberwood for bioenergy applications only after it has exhausted its higher-value economic potential (e.g., latex extraction, furniture). This approach supports efficient resource use while contributing to renewable energy goals. It is also noted that, although the plantations are primarily established for *Hevea brasiliensis* (rubberwood), a small proportion of mixed tropical hardwood species may be present due to involuntary germination within the plantation area. These naturally occurring species are occasionally harvested together with rubberwood and are processed as part of the same biomass stream.

2.2 Detailed description of the Supply Base

Guidance: Tables below have been generated automatically for each sourcing country based on the selection of 'Feedstock origin (countries)' in section 1 above.

Annex 1 is generated by the system if the SBP SBE is used without Regional Risk Assessment(s) (RRAs). In case RRA(s) is used, further details shall be given only in section 3 below.

Annex 2 is generated if EU RED SBE is in the scope for each country separately.

Country	Malaysia
Area/Region	Pahang, Kelantan and Terengganu
Exclusions	N/A
Feedstock types	Primary feedstock, Processing residues
Feedstock Product Groups	Forest feedstock (1A), Processing residues feedstock (4A)
Feedstock inputs	SBP Compliant feedstock
Is the forest managed to supply energy and non-energy markets?	Yes - Majority

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling?	Yes - Majority
Risk assessment(s)	Yes – Biomass Producer's own risk assessment used (SBE)
Provide a concise summary of why a SBE was determined to be required or not required here:	
The Company applies a Supply Base Evaluation (SBE) for its primary feedstock—rubberwood (<i>Hevea brasiliensis</i>)—due to the nature of its sourcing and current certification context within Malaysia. Unlike conventional timber species, rubberwood is harvested from monoculture agro-industrial plantations primarily established for latex production, not timber. As such, there is no industry-wide requirement for rubberwood to be certified under schemes such as FSC or PEFC, especially during its end-of-life replanting phase when the wood is converted into biomass. Rubberwood used by the Company is classified as primary feedstock under the SBP framework due to the following factors: • Latex-oriented cultivation: Rubber plantations are designed for latex extraction. The timber obtained is a secondary output, harvested only at the end of the tree's productive life. • Absence of dedicated timber plantations: Rubberwood does not originate from plantations intended solely for wood production, unlike traditional timber crops. • Residual biomass utilization: The biomass is collected during scheduled replanting, making it an end-of-life product rather than a purpose-grown timber. The feedstock is sourced exclusively from independent smallholder plantations (either directly or harvesting subcontractor) (under 40.46 hectares) located in Pahang, Kelantan and Terengganu in Malaysia. These plantations follow rotation cycles of 20–25 years, after which trees are felled and replanted. The rubberwood is procured via harvesting subcontractors or through direct agreements with landowners. A tripartite agreement is signed between the Company, subcontractor, and plantation owner to establish harvesting rights, traceability, and compliance obligations. Given that these supply bases are non-certified and that 100% chain of custody (CoC) claims cannot be obtained, the SBE is the most appropriate approach to evaluate legal and sustainability compliance. The SBE allows the Company to identify and mitigate any specified risks through its own risk assessment, verification, and control systems. The Company ensures all feedstock complies with SBP Standard 1 by implementing: A dedicated traceability system; • Manuals such as the SBP-CoC, PEFC-CoC, and GGL-CoC; • Biomass Sustainability Policy and Procurement Guidelines • Self-declaration mechanisms from suppliers and subcontractors. Although a small proportion of mixed tropical species may germinate within rubber plantations, these are harvested together with rubberwood due to their minimal volume. Segregation is not performed, as it would impose unnecessary administrative burdens without adding material traceability value. As a result, the SBE ensures that the Company's rubberwood feedstock—despite being non-certified—is thoroughly risk-assessed and verified, thereby enabling the production of SBP-compliant biomass in accordance with sustainability, legality, and RED III cascading use principles and also the requirements has been harmonized with Japan FIT/	

FIP too.	
Feedstock types included in SBE:	Primary feedstock
Includes EU RED SBE:	Yes
Includes EU RED II SBE grandfathering	No
Includes EU RED TOF:	No
Includes EU RED II TOF grandfathering	No
Size of Supply Base area (million ha):	4.3308

Map(s) of the Supply Base area:

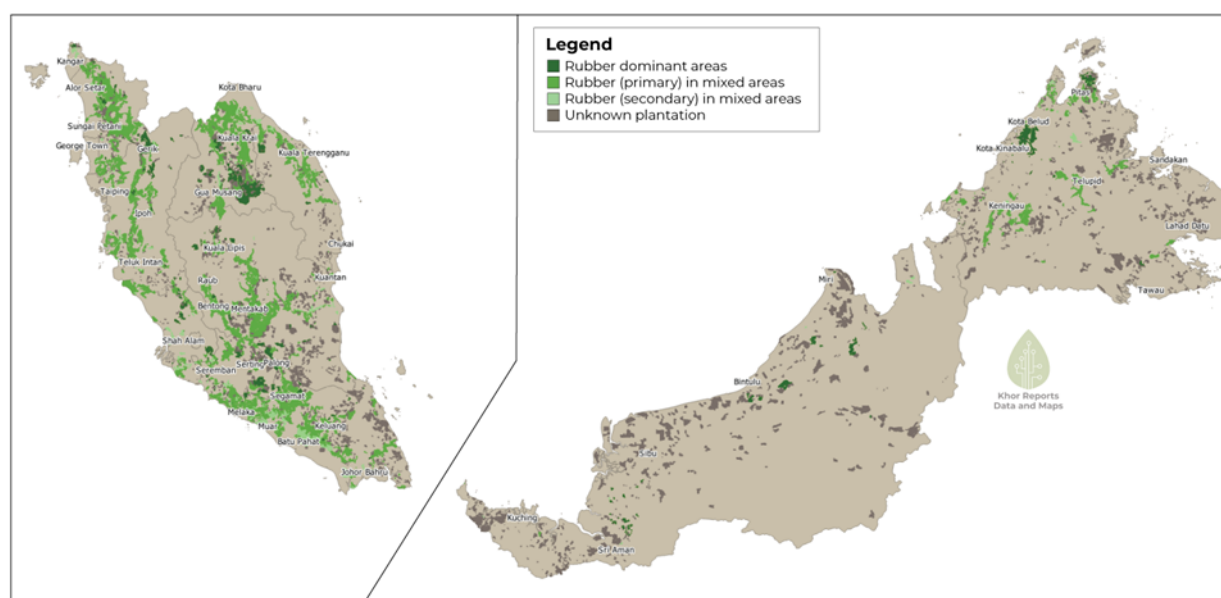


Figure 5.0: Indicative map of rubber plantations in Malaysia based on the 2013-2014 dataset and maps (Source: Global Forest Watch, [GFW])

2.3 Feedstock information

- a. **Total volume of Feedstock:** 600,000-800,000 tonnes
- b. **Volume of primary feedstock:** 600,000-800,000 tonnes
- c. **List of all the species in primary feedstock, including scientific name:**

Hevea brasiliensis

Rubberwood

- d. **Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?** No

Explanation: Rubberwood is sourced from non-forest agro-industrial plantations, where trees are harvested at the end of their productive lifecycle after latex yields decline below economically viable levels. Upon reaching maturity, these end-of-life (EOL) rubber trees are felled and harvested, enabling landowners to re-establish their plantations based on prevailing market conditions and long-term agricultural strategies. Following harvesting, landowners may choose to replant rubber, convert the land to other agricultural crops such as oil palm or durian, or diversify their plantations through the cultivation of high-value species such as agarwood as an intercrop to enhance economic returns. The harvested rubberwood stems are then cut, collected, and transported to the company's primary processing facilities, where they undergo initial processing before being converted into biomass pellets. This utilisation pathway ensures that rubberwood, which would otherwise have limited economic value at the end of its latex-producing life, is fully recovered as a renewable biomass feedstock for sustainable energy production. The company's procurement strategy focuses exclusively on mature end-of-life rubberwood, thereby supporting responsible plantation renewal while avoiding the harvesting of productive rubber trees solely for biomass purposes. This approach promotes sustainable plantation management by encouraging replanting and crop diversification, enhancing long-term land productivity, minimising environmental impacts, and maximising socio-economic benefits for plantation owners and local communities, while supporting the production of renewable biomass energy (Smith et al., 2020; Jones & Green, 2019).

- e. **Hardwood (i.e. broadleaf trees): specify proportion of feedstock from (%):** 100.00
- f. **Softwood (i.e. coniferous trees): specify proportion of feedstock from (%):** 0.00
- g. **Proportion of feedstock composed of or derived from saw logs by weight (%):** 0.00
- h. **Indicate how you determine the proportion of saw log:** Specification issued by a body exercising functions of a public nature and issued for use by sawmills in the area in which the wood was grown.
- i. **Roundwood from fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 0.00
- j. **Select forest type(s) where the primary feedstock was sourced from:** Other
- k. **Select the main harvesting system(s) used for the sourced primary feedstock:** Clearcutting
- l. **Volume of primary feedstock from primary forest:** 0
- m. **Volume of processing residues feedstock:** 200,000-400,000 tonnes
Physical form of the feedstock: Sawdust, Offcuts, Clean chips or dust
- n. **Share of SBP-recognised system claim for processing residues:**

15.00 % PEFC

- o. **Volume of post-consumer feedstock:** 0
Physical form of the feedstock: Sawdust, Offcuts, Clean chips or dust
- p. **Estimated amount of EU RED-compliant sustainable feedstock that could be collected annually by the BP:** 700000 tonnes
- q. **What is the estimated amount of EU RED-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated):** 700000.00 tonnes

Explanation: The Supply Base comprises two distinct feedstock streams. The first consists of forestry processing residues sourced from PEFC-certified Forest Management Units (FMUs) across Peninsular Malaysia, representing approximately 4,140,134.70 hectares of certified forest area (Figure 4.0). These materials comprise industrial processing residues generated during primary wood processing activities, such as slabs, off-cuts, edgings, trimmings and sawdust. As these feedstocks are by-products of established forest harvesting and wood processing operations, they are not derived from additional harvesting for biomass production and therefore are not assessed based on standing timber volume or plantation area. The second feedstock stream comprises end-of-life (EOL) rubberwood sourced from independent smallholder rubber plantations located in Pahang (71,374.11 ha), Kelantan (93,036.41 ha) and Terengganu (26,247.21 ha), representing a combined plantation area of 190,657.73 hectares (Figure 2.0). These plantations are established primarily for latex production, with rubber trees harvested only after reaching the end of their productive economic lifecycle, typically after 20–25 years when latex yields are no longer commercially viable. Mature rubber plantations generally produce approximately 60–80 metric tonnes of recoverable wood per hectare during replanting, with a conservative average yield of 65 metric tonnes per hectare adopted for this assessment. Based on this assumption, the three-state rubber plantation supply base contains an estimated standing rubberwood resource of approximately 12.39 million metric tonnes, with an overall potential ranging from 11.44 to 15.25 million metric tonnes. It is recognised that a significant proportion of the larger, straighter and higher-quality rubber logs are diverted to the sawn timber industry, while lower-grade logs, small-diameter stems, off-cuts, slabs and other processing residues are utilised for biomass pellet production. Considering the 20–25-year replanting cycle, staggered harvesting practices across the supply base and competing demand from the timber sector, the sustainable annual feedstock available from the rubberwood stream is conservatively estimated at approximately 700,000 metric tonnes. This estimate applies only to the EOL rubberwood feedstock stream and does not include the PEFC-certified forestry processing residues, the availability of which is dependent on ongoing forest harvesting and wood processing activities within the certified FMUs.

3 Supply Base Risk Assessments and Risk Management Measures

Guidance: Biomass Producers shall demonstrate that any specified risks of sourcing feedstock not in compliance with SBP Standard 1 have been adequately reduced to low risk, following Standard 2 requirements. Following section applies to Biomass Producer's implementing SBP Supply Base Evaluation (SBP RRA or company own risk assessment). EU RED Supply Base Evaluation details are reported in Annex 2.

☐ **Not Applicable – Supply Base Evaluation not implemented**

3.1 Summary of the Supply Base Evaluation

In Malaysia, **rubberwood (*Hevea brasiliensis*) plantations are cultivated primarily for latex production**, not timber. As such, there is currently **no mandatory requirement** for these plantations to obtain certification under the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

The biomass derived from these plantations is classified as **end-of-life feedstock**, obtained during the **replanting phase** when latex yields have declined. Although these plantations are expected to follow **Good Agricultural Practices (GAPs)** under the Malaysian Rubber Board (MRB) and comply with all national legal and industry requirements, **100% chain of custody (CoC) claims cannot be assured** for rubberwood. Consequently, the Company implements a **Supply Base Evaluation (SBE)** as the most robust and effective method for ensuring that rubberwood feedstock meets **SBP-compliant** status through risk assessment and mitigation.

Under the SBP framework, rubberwood is considered **primary feedstock** based on the following:

- **Latex-focused cultivation:** Rubber plantations are not managed for timber production. The timber is only harvested when trees are no longer economically viable for latex.
- **Residual harvesting model:** Rubberwood is extracted as a secondary output during scheduled replanting cycles (typically 20–25 years).
- **No dedicated timber plantations:** Rubberwood supply is linked to latex industry rotation cycles, not standalone forest management systems.

The Company's primary supply base consists of **independent smallholder rubber plantations in Pahang, Kelantan and Terengganu**, where the pellet mill is located. All feedstock is traceable back to its specific plantation of origin and includes aged rubber trees that are felled as part of plantation turnover (30–40-year rotation). The scope is limited to agro-industrial plantations of **≤40.46 hectares** per holding.

Rubberwood is procured through two routes:

1. **Harvesting Subcontractors:** Subcontractors handle harvesting and logistics operations, including tree felling, debranching, chipping, and transportation. A **tripartite agreement** is signed between the Company, the subcontractor, and the landowner to define legal and commercial obligations. Legal ownership is partially shared, as payments are made to the subcontractor and then disbursed to landowners.
2. **Direct Plantation Owner Agreements:** In some cases, the Company contracts directly with landowners, assuming full legal and commercial responsibility without intermediaries.

Although **root stumps** are sometimes collected, they are generally discouraged due to quality and sustainability concerns. Where unavoidable, stumps are debarked and cleaned, but they are **excluded from pellet**

production. As a best practice, stumps are left in the field to **promote soil regeneration and reduce erosion**, aligning with the Company's environmental stewardship principles. Additionally, **mixed tropical species** may occur sporadically due to natural germination within rubber plantations. These are not segregated due to their negligible volume and to avoid administrative burden or reduced compensation to landowners and subcontractors. This inclusive approach maintains supply chain efficiency and safeguards rural livelihoods. The Company has completed its **RED II SBE** and is transitioning toward full **RED III alignment**. To support this, a comprehensive documentation system is in place, including:

- SBP, PEFC, and GGL Chain of Custody Manuals
- Biomass Sustainability Policy and Procurement Guidelines
- Supplier Self-Declaration (FRC-010) for compliance with Waste Framework Directive and RED III
- Internal audit records, complaints mechanisms, training logs, and emergency response procedures

All procurement activities are traceable and verified against **SBP Standard 1: Feedstock Compliance**, ensuring feedstock from non-certified supply bases is **low risk and verified compliant** through the SBE process.

3.2 Conflicts with applicable national and sub-national legislation

There are **no known conflicts** between the Company's operations and the applicable national and sub-national legislation. All activities related to rubberwood procurement, harvesting, and biomass processing are conducted in **full compliance** with the following legal frameworks:

- **National Land Code 1965** (Act 56) – governs land ownership, land title, and land transfer for plantations.
- **Environmental Quality Act 1974** – regulates emissions, effluents, and environmental protection during processing.
- **Occupational Safety and Health Act 1994** – ensures safe working conditions at harvesting and production sites.
- **Employment Act 1955** – governs worker rights and contracts.
- **Forest Enactments (State level)** – although rubber plantations are agricultural lands, adjacent forest areas are respected and not encroached.
- **Malaysian Timber Industry Board (Incorporation) Act 1973** – applicable for timber movement, including rubberwood.
- **Malaysian Rubber Board (MRB) Guidelines** – sets Good Agricultural Practices (GAP) and latex production standards.

The Company also complies with **state-specific land laws in Pahang and Kelantan**, and maintains valid land titles, transportation permits, and documentation from the smallholders and transporter respectively. No legal disputes, violations, or regulatory actions have been identified at the time of reporting.

3.3 Risk Management Measures

Guidance: Please provide more details about specified risk indicators in each supply country and describe mitigation measures taken to address all specified risks associated with indicators.

Country: Malaysia
Area/sub-scope: Pahang, Kelantan and Terengganu
Risk Assessment used:

	☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
	Indicator with specified risk:
	2.1.1 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified.
	Description of the specific risk:
	The Supply Base consists of independently managed smallholder rubber plantations in Pahang, Kelantan and Terengganu, established decades ago on land legally alienated for agricultural use. Although these plantations are not classified as natural forest, there is a credible risk that certain lots may adjoin areas of high conservation value (HCV) such as forest reserves, riparian ecosystems, or remnant wildlife habitats. Many smallholders lack formal awareness or capacity to identify such ecological features, and no regulatory mechanism exists in Malaysia requiring HCV screening on small-scale private land. Additionally, fragmented landscapes in the region may create scenarios where remnant biodiversity patches persist within or near harvesting areas. The Company's documented use of FRC-012, FRC-013, and FRC-015 as mitigation instruments in the SBR and supporting Indicator Assessment confirms that this risk has been recognized and addressed procedurally. Nonetheless, the underlying risk of overlooking HCV elements—especially where adjacent natural ecosystems exist—justifies a Specified Risk designation.
	Mitigation measure:
	The Company conducts field-level biodiversity screening using the HCV-HBV Checklist (FRC-012) before any harvesting. This checklist supports identification of HCV 1–6 attributes, including presence of key species, riparian areas, and ecological buffers. Site-specific inspections are performed under the Harvesting Site Inspection (FRC-013), and outcomes are recorded through the Supplier Verification Audit Checklist (FRC-015). Land titles (Pelan Tanah) are reviewed for each supply lot to ensure they do not overlap with gazetted forest reserves or ecologically sensitive areas. Verification is based on official lot boundaries and physical survey markers (batu ukur), without reliance on GIS tools. These actions ensure that any potential HCVs are detected and feedstock from such areas is excluded unless safeguards are in place. This process aligns with the National Forestry Act 1984 and international best practices for biomass sustainability.
	Monitoring and outcomes:
	Monitoring is performed through periodic internal audits of HCV screening results documented in the Supplier Verification Audit Checklist (FRC-015) and Harvesting Inspection records (FRC-013). Field supervisors assess the accuracy and completeness of HCV identification before harvest commences. GIS-based supply base maps are reviewed annually to ensure spatial buffers and exclusions remain

consistent with biodiversity-sensitive zones. To date, **no HCVs have been identified within the approved supply lots**, and no non-compliances have been reported. Continued monitoring ensures effectiveness of the procedure, and any updates to national HCV mapping tools or biodiversity alerts are incorporated into checklist revisions (e.g., FRC-012 updates).

Country: Malaysia	
Area/sub-scope: Pahang, Kelantan and Terengganu	
Risk Assessment used:	
	☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.1.2 Threats to and impacts on the identified key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified and evaluated.	
Description of the specific risk:	
Even if HCVs are not located directly within the supply lots, there remains a specified risk that harvesting operations may inadvertently cause degradation or disturbance to adjacent HCV areas—for example, through machinery encroachment, felling too close to forest edges, or damaging streambanks. Smallholders and contractors may lack ecological awareness or formal training on biodiversity safeguards, especially in mixed rural landscapes where conservation features (e.g., wildlife habitat patches, riparian zones) are not always obvious or marked. The risk is heightened in lots that border forest reserves or other sensitive zones, where the edge effect from tree removal could lead to erosion, habitat fragmentation, or species displacement. The presence of documented practices (e.g., FRC-011, FRC-012) in the Company's Indicator Assessments confirms that this risk is being mitigated, but its underlying potential persists due to landscape context and variability of field conditions.	
Mitigation measure:	
The Company implements protective measures against potential biodiversity impacts during harvesting, as detailed in the Harvesting Rubberwood & Mixed Species – Best Management Practices (FRC-011). This includes the establishment of no-go zones near riparian areas, forest edges, and other ecologically sensitive zones. Threats to identified HCVs are flagged through the HCV-HBV Checklist (FRC-012) and	

reviewed during **Harvesting Site Inspections (FRC-013)**. Field staff are instructed to avoid damaging adjacent ecosystems and to preserve buffer zones around any HCVs identified during screening. These practices are also reinforced through contractor briefings and documented in the **Supplier Verification Audit Checklist (FRC-015)**.

Monitoring and outcomes:

Effectiveness of the mitigation measures is monitored through routine site inspections (FRC-013), where buffer zone compliance and machinery boundaries are physically verified. Photos and location-tagged inspection records are reviewed by the compliance team, and corrective actions are issued if boundaries are breached. Any observed disturbance to riparian zones or adjacent habitats is recorded and followed up. To date, there have been **no reported encroachments or incidents involving harm to nearby HCVs**, and audit records reflect full contractor adherence to BMPs in all active supply lots. Internal reviews of **FRC-015** data suggest that training and visual boundary demarcation have contributed to successful mitigation outcomes.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
- ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
- ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
- ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
- ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
- ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
- ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
- ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim
- ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim
- ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim
- ☒ Biomass Producer's own risk assessment

Indicator with specified risk:

2.1.3 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.

Description of the specific risk:

While the majority of the Supply Base is located on monoculture rubber plantations that have been cleared and replanted for over 20 years, the **ecological value of adjacent or interspersed areas must still be considered**. There is a **specified risk that harvesting operations may lead to indirect degradation of ecological functions**, particularly where plantation boundaries intersect with **wildlife corridors, wetlands, or small remnant forests**. Degradation could occur through **excessive clearing, loss of shading cover, or siltation of nearby watercourses**. Smallholder practices may lack formal ecological guidance, and

maintenance of biodiversity is not explicitly regulated on private agricultural land. The Company's documentation of preventive actions in the **SBR**, including use of FRC-011 and FRC-012, confirms the presence of mitigation—but due to the **fragmented, semi-rural landscape**, there remains a realistic risk of biodiversity loss, justifying the Specified Risk classification.

Mitigation measure:

To ensure biodiversity is maintained or enhanced, the Company applies the **Harvesting Rubberwood & Mixed Species – Best Management Practices (FRC-011)**, which includes preservation of shade trees, avoidance of over-harvesting near ecological boundaries, and measures to prevent erosion and runoff. The **HCV-HBV Checklist (FRC-012)** is used to confirm that operations will not degrade or encroach upon nearby conservation zones. Site-level evaluations under the **Harvesting Site Inspection (FRC-013)** are conducted to detect any habitat risks, while post-harvest reviews confirm that the ecological condition of surrounding areas remains intact. Where risks are identified, exclusion zones are enforced or additional mitigation steps are taken to uphold SBP's biodiversity safeguard requirements.

Monitoring and outcomes:

The Company conducts supplier verification audits to assess whether ecological conditions are sustained during the harvesting operations. **Monitoring includes photo documentation, visual inspection of tree cover, and checks for siltation or vegetation loss**, especially near sensitive boundaries. These findings are stored in the site dossier and reviewed by compliance staff. In 2023–2024, internal monitoring reports indicate that **no biodiversity degradation events have occurred**, and all lots showed maintained conditions post-extraction. Audit records confirm that **contractors are consistently briefed on biodiversity protection**, and no buffer zone breaches have been reported.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
- ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
- ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
- ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
- ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
- ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
- ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
- ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim
- ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim
- ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim
- ☒ Biomass Producer's own risk assessment

Indicator with specified risk:

2.2.6 Air emissions shall comply with national legislation or in the absence of national legislation with industry best practice.

Description of the specific risk:
Within the rubberwood supply base in Pahang, Kelantan and Terengganu, there is a known risk that some smallholders may practice open burning of residual biomass such as underbrush, branches, or unmerchantable wood after harvesting. This practice, while not widespread, is occasionally preferred by landowners as a means of land clearing prior to replanting. Although Malaysia's Environmental Quality (Clean Air) Regulations 2014 prohibit open burning without approval, enforcement among decentralized smallholder plots is inconsistent. Since the Company engages external harvesting contractors and sources from diverse smallholders, there exists a credible possibility of non-compliant air emissions during post-harvest activities, particularly in the absence of direct Company control. Hence, the indicator is rated as Specified Risk.
Mitigation measure:
To mitigate this risk, the Company has implemented proactive controls at the harvesting stage. All appointed harvesting contractors are required to complete the Harvesting Inspection Checklist (FRC-013), which includes a dedicated section to confirm that no open burning occurred at the site during or after harvesting. Field inspections are conducted by Company personnel before and after operations to visually verify that there are no signs of fire use, such as ash, burnt residues, or scorch marks. Additionally, landowners are briefed verbally regarding the Company's zero-burning policy, which is aligned with national environmental regulations. This policy is also clearly reflected in the Company's Procurement Guidelines (FRC-016). Contractors and field staff are further trained to recognize and report any potential fire use, and procurement is strictly prohibited from areas where burning is detected or suspected.
Monitoring and outcomes:
Monitoring of this indicator is conducted through the review of completed FRC-013 checklists, along with photographic documentation and direct field observation. Where inspections confirm full compliance, the site is cleared for procurement. In cases of non-compliance, the site is immediately flagged, and the supply is rejected until corrective actions are taken. To date, no verified instances of open burning have been recorded during the current reporting cycle. These findings are compiled as part of the annual Supplier Verification Program (SBV) to ensure that control measures remain effective and that all suppliers maintain adherence to applicable national air quality legislation.

Country: Malaysia
Area/sub-scope: Pahang, Kelantan and Terengganu
Risk Assessment used:
☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim

	☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.2.7 Pesticides shall only be used as part of an Integrated Pest Management (IPM) plan in compliance with national legislation, chemical safety data sheets and industry best practice. Banned pesticides shall not be used.	
Description of the specific risk:	
Rubber plantations in Malaysia, including those forming the current supply base, have a long history of herbicide use constituting over 70% of total pesticide application, particularly for weed control. Commonly used active ingredients include glyphosate salt, 2,4-D amine, and cypermethrin, most of which fall under Class III or lower toxicity categories. However, substances such as paraquat dichloride (Class I) — banned from rubber plantations for over two years — were historically used, and residual risks remain where verification is not strict. The 1997 national pesticide registry listed over 1,700 chemical formulations, many of which were Persistent Organic Pollutants (POPs). Though most have since been deregistered and banned, field-level enforcement and awareness among smallholders may be inconsistent, especially in areas where sourcing is done by subcontracted harvesters. While legislation such as the Pesticides Act 1974, Environmental Quality Act 1974, and Plant Quarantine Act 1976 provide a strong legal basis, direct sourcing from landowners by contractors introduces risk, particularly where IPM implementation cannot be directly verified by the Company. As such, the practical application of IPM may not be consistently assured, resulting in a Specified Risk designation.	
Mitigation measure:	
To manage this risk, the Company enforces field-level controls through the use of HARVESTING CHECKLIST, which is completed during site inspection. This checklist requires confirmation that no recent chemical use is observed and that IPM has not been compromised. In tandem, a site briefing on IPM scope and chemical restrictions is conducted for each new subcontractor using the HARVESTING RUBBERWOOD – BEST MANAGEMENT PRACTICES document. These controls are aligned with guidance under the Good Agricultural Practice (GAP) – Part 3: Rubber (Hevea Brasiliensis Muell. Arg.) published by RISDA. Specific reference is made to: • Use of registered and legally permitted pesticides only, • Avoidance of banned substances such as POPs, • Adoption of anti-resistance strategies, • Maintenance of pesticide application records (crop name, dosage, location, operator, etc.), • Proper choice of chemicals to minimize risks to humans, aquatic life, and the ozone layer. The Procurement Policy strictly prohibits sourcing from plantations with evidence of non-compliance. If IPM violations are discovered, suppliers are disqualified from future sourcing.	
Monitoring and outcomes:	
Monitoring is conducted via field inspections , site interviews with landowners and workers , and a	

document review of pesticide practices. Evidence is compiled from multiple verification sources including:

- **Best Management Practices (GAP)** documents,
- **Harvesting checklists**
- **Harvesting Briefing Records**
- Interviews with suppliers and subcontractors,
- **Visual observation** of fields for containers, labels, or signs of application.

As of the latest audit, there is **no evidence of banned pesticide use**, and all reviewed plantations have complied with declared standards. Risk of IPM violation remains but is **effectively mitigated by Company procedures and active monitoring**.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
- ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
- ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
- ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
- ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
- ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
- ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
- ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim
- ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim
- ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim
- ☒ Biomass Producer's own risk assessment

Indicator with specified risk:

2.2.8 Waste shall be disposed of in an environmentally appropriate manner.

Description of the specific risk:

In rubberwood plantations managed by smallholders or sourcing contractors, waste management practices are **not always standardized or enforced**. Field residues such as plastic chemical containers, fertilizer bags, and fuel/oil packaging used during harvesting may be left uncollected, particularly when sourcing is conducted by **contractors working independently from the landowners**.

Site inspections have revealed that while some sites **do maintain adequate waste control**, others **lack designated disposal areas** or rely on informal open burning or burial of waste, which poses **environmental risks**, especially near water sources or drainage lines. The **absence of consistent procedures** across all suppliers in the supply base presents a **Specified Risk** under this indicator.

Furthermore, most smallholders do not maintain formal documentation on **scheduled waste collection**, and awareness regarding **environmentally appropriate waste segregation and disposal** is uneven across the region. These factors, compounded by the **limited visibility over subcontracted harvesting operations**, reinforce the need to treat this indicator as **Specified Risk**.

Mitigation measure:

To address this risk, the Company has implemented **site-level controls and mandatory procedures** under the **Procurement Policy**. Prior to sourcing, each harvesting site undergoes inspection guided by the **HARVESTING CHECKLIST**, which includes an item on **waste collection and disposal** compliance.

The Company requires that:

- **All plastic packaging**, chemical containers, and related harvesting waste are **collected and removed** from site.
- **Waste shall not be buried or openly burned** under any circumstance.
- Contractors are **briefed using the HARVESTING RUBBERWOOD – BEST MANAGEMENT PRACTICES**, where clauses clearly prohibit improper disposal.

Contractors failing to comply with these requirements will have sourcing **suspended** and will be removed from the approved supplier list.

Monitoring and outcomes:

Monitoring is performed through **pre- and post-harvest site inspections**, which include **visual assessment of waste presence** and interviews with on-site workers. Photographic records are maintained where required.

Monitoring confirms that:

- Sites with **Company-managed sourcing** show full compliance.
- Some initial **non-conformities were detected in contractor-led sites**, particularly in earlier harvests, but were **corrected after mitigation briefings and enforcement**.
- **No open burning** of harvesting waste has been recorded since the **latest audit cycle**.

Continued monitoring will ensure **ongoing compliance**, and feedback is incorporated into the Company's **annual risk reassessment and SBV planning**.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim

	☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.2.10 Harvested areas shall be regenerated	
Description of the specific risk:	
In the context of rubberwood plantation management in Malaysia, particularly among smallholders and fragmented landowners, the expectation for regeneration post-harvest is not always fulfilled. While rubber plantations are typically replanted with new clones, regeneration may vary depending on landowner preferences, which are not under the control of the biomass producer. Field investigations and interviews confirm that some landowners choose not to replant with rubber trees, instead opting for alternative crops (e.g., durian, oil palm), or even abandoning the site temporarily due to financial or logistical reasons. In addition, certain contractors involved in felling do not participate in or track post-harvest regeneration activities, limiting visibility into land-use outcomes. Since the biomass feedstock is procured only up to the end-of-life stage, and there is no formal contract linking the Company to post-harvest land use, the regeneration outcome is not guaranteed. This lack of control and visibility presents a Specified Risk under this indicator.	
Mitigation measure:	
To manage this risk, the Company implements a pre-sourcing engagement process with landowners, where the intended post-harvest use of land is verified verbally and recorded. Although this process does not enforce replanting, it helps the Company assess and avoid sourcing from areas where land-use change may conflict with sustainability principles. In addition: • The HARVESTING RUBBERWOOD – BEST MANAGEMENT PRACTICES requires harvesters to report on site regeneration intent if known. • Contractors are briefed on the importance of capturing replanting plans when engaging with landowners. • When feasible, photographic evidence or a brief field declaration is collected post-harvest. While these actions do not guarantee regeneration, they represent a risk control effort by ensuring due diligence and transparency in the sourcing process.	
Monitoring and outcomes:	
The Company conducts follow-up sampling of harvested areas (where access is available) to observe early signs of replanting or land-use change. Observations include:	

- **Evidence of replanting** (nursery bags, new seedlings).
- **Land clearing for new crops** or other uses.
- **Abandoned or fallow plots**, flagged for documentation.

This monitoring is captured in **annual Supply Base Reassessments** and used to **update the risk profile** of contractors and landowners.

Where **repeated lack of regeneration** is found, the Company may **discontinue sourcing** from that landowner in future cycles. This contributes to a more sustainable and responsible procurement approach, despite the inherent limits of control.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
- ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
- ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
- ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
- ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
- ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
- ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
- ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim
- ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim
- ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim
- ☒ Biomass Producer's own risk assessment

Indicator with specified risk:

3.3.1 Feedstock sourcing shall be in compliance with the principles of cascading use, high quality stem wood shall not be used as feedstock if it is in substantial demand for long-lived products in the Supply Base.

Description of the specific risk:

The Company sources **rubberwood** as **primary feedstock** for biomass pellet production. Although this rubberwood is harvested at the **end-of-life stage**, it may still carry **residual value** for long-lived wood product markets such as furniture or sawn timber. In Malaysia, **rubberwood is a versatile species** widely used in the furniture industry. However, the decision to divert this material for biomass energy use raises a **specified risk** under the principle of **cascading use**—especially where **high-quality stem wood** is available.

Smallholders typically initiate felling to clear land for **replanting** (e.g., oil palm or durian), and they are under

economic and logistical pressure to remove the biomass quickly. This urgency, compounded by **remote geography**, **lack of treatment/kiln-drying facilities**, and the **absence of competitive buyers**, results in biomass being sold to pellet producers rather than into longer-life applications. While RED III (Recital 17) recognizes such realities and allows flexibility, a **specified risk** is triggered due to the **possibility that wood suitable for longer-lived products** may enter the energy chain.

Mitigation measure:

The Company uses **FRC-032: Technical Justification of Biomass Feedstock Sources** as a core control document. Key practices include:

- **Field inspection** to verify that logs are unfit for material-grade use;
- **Supplier self-declarations** stating the purpose of felling and reasons for biomass sale;
- **Verification of urgency** linked to replanting and pest control timelines;

Briefing during contractor onboarding to outline RED III cascading principles and support documentation requirements.

Monitoring and outcomes:

Monitoring is conducted via **harvesting checklists**, **interviews with landowners**, and **site inspections**. Outcomes must show:

- **No market suppression or forced diversion** from higher-value applications;
- Logs are consistently **processed promptly** due to time-sensitive field clearance needs;
- A record of **voluntary supplier decisions** based on logistics, cost, and market accessibility;
- Evidence that the feedstock is **rubberwood from end-of-life plantation clearance**, not from commercial timber operations.

This approach supports RED III requirements while **ensuring smallholders' livelihoods** are protected and **cascading use risks are actively mitigated**.

Country: Malaysia

Area/sub-scope: Pahang, Kelantan and Terengganu

Risk Assessment used:

- ☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim
- ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim
- ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim
- ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed
- ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim
- ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed
- ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed
- ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed
- ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
- ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim
- ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim
- ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim

	☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
4.1.7 Workers shall have access to health care provisions, sickness benefits, retirement benefits, invalidity benefits, death benefits, and workers' compensation	
Description of the specific risk:	
The Occupational Safety and Health Act 1994 (Section 15) clearly mandates every employer and self-employed person to ensure, so far as is practicable, the safety, health, and welfare of all employees at work. While the Company maintains a comprehensive Procurement Policy outlining occupational safety and health expectations, a gap has been identified in the extent of practical application among harvesting subcontractors. This includes limited health and safety training and awareness at field level, especially among workers who are not direct employees but subcontracted for harvesting. Due to these deficiencies in training and awareness, this indicator has been assessed as Specified Risk.	
Mitigation measure:	
To address the risk, the Company shall: • Enforce mandatory use of first aid kits and PPE at all harvesting sites. • Ensure all machineries used by subcontractors are regularly maintained and inspected. • Conduct pre-engagement briefings for all subcontractors focusing on OHS awareness, accident reporting, and emergency response. • Include OHS provisions in Procurement Policy agreements signed by each supplier and contractor. • Require at least one trained first aider to be present at harvesting operations.	
Monitoring and outcomes:	
The Company's personnel shall review: • Training records and toolbox briefing checklists. • Site inspection reports for PPE usage and OHS infrastructure. • Incident logs, if any, and follow-up actions taken. Supplier performance reviews against OHS clauses in the Procurement Policy. Regular internal audits shall be conducted to confirm continued compliance, and non-conformances shall trigger corrective action protocols before further procurement is allowed.	

Country: Malaysia	
Area/sub-scope: Pahang, Kelantan and Terengganu	
Risk Assessment used:	
	☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim

	☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
4.1.8 Training shall be provided for all workers to allow them to implement the conditions set out in all elements of the SBP Standards relevant to their responsibilities.	
Description of the specific risk:	
There is a specified risk that harvesting subcontractors and smallholders may not receive structured or consistent training to implement conditions set out in the SBP Standards. Although the Company has a documented Procurement Policy and adheres to the Occupational Safety and Health Act 1994, gaps remain, particularly in extending formal training to subcontracted personnel engaged in field operations. Given the informal and small-scale nature of operations—where most landowners do not directly hire labor and instead manage the sites themselves or via subcontractors—systematic knowledge transfer cannot be guaranteed without formal interventions.	
Mitigation measure:	
• Annual SBP-related training sessions conducted for all subcontractors and relevant field workers. • Mandatory training modules to include health & safety, grievance procedures (per FRC-007), and compliance with labor rights. • Visual training materials to ensure understanding across varying literacy levels.	
Monitoring and outcomes:	
• Training records maintained by the Company. • Verification via random interviews and site-level checks during harvesting operations. • Periodic audits by the PIC: Social & Legal Obligations to ensure training effectiveness and stakeholder awareness.	

Country: Malaysia
Area/sub-scope: Pahang, Kelantan and Terengganu
Risk Assessment used:
☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim

	☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
4.1.9 Mechanisms shall be in place for resolving grievances and disputes in the workplace.	
Description of the specific risk:	
The Company has established a formal Complaints and Grievance Mechanism (as outlined in FRC-007) to ensure that all stakeholders, including subcontracted harvesters and smallholders, have access to a fair resolution channel. However, given that many workers in the field are either self-employed or subcontracted informally, there remains a risk that these procedures are not fully understood, accessed, or trusted—especially by temporary or informal laborers who may be unaware of their rights or fear retaliation. In such cases, despite the existence of a documented process, the actual implementation and awareness level of the grievance mechanism may be insufficient to protect workers' rights. Hence, this is classified as a Specified Risk.	
Mitigation measure:	
• Briefing of the Complaints Procedure (FRC-007) • Anonymous grievance submission options (phone/SMS box) to encourage uptake from field-level actors.	
Monitoring and outcomes:	
• FRC-008 Complaints and Grievances Record reviewed to ensure timely resolution and root cause analysis. • Random stakeholder interviews during site verification to test accessibility and awareness of the system. • Trends in complaints evaluated quarterly for systemic issues, with findings integrated into management reviews. • Incomplete or unresolved grievances are flagged in supplier performance evaluations and may lead to procurement suspension if non-compliance persists.	

Country: Malaysia	
Area/sub-scope: Pahang, Kelantan and Terengganu	
Risk Assessment used:	
	☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
4.1.10 Safeguards shall be put in place to protect the health and safety of workers by developing, communicating and implementing policies and procedures.	
Description of the specific risk:	
There is a specified risk that, while the Company has developed documented health and safety policies aligned with national legal requirements (notably the Occupational Safety & Health Act 1994), the practical implementation and communication of these safeguards to harvesting subcontractors and smallholders remain inconsistent. Most feedstock suppliers are either independent smallholders or harvesting contractors, and both operate without formal employment ties or centralized management. Therefore, even with Procurement Policy requirements in place, ensuring consistent adoption of safety protocols, hazard communication, and emergency preparedness is a challenge at ground level.	
Mitigation measure:	
• Mandatory annual health and safety training conducted for all contractors and sub-contractors annually. • Routine checks to verify (during harvesting): • Use of PPE • Field hygiene and sanitation • Basic emergency response setup (first aid, contact list, etc.) • Contractual clauses requiring safety compliance as a condition for supply continuity.	
Monitoring and outcomes:	
• Site inspections include a field safety audit, with findings documented and used to trigger retraining or supplier warning. • Attendance and feedback forms collected from training sessions.	

Country: Malaysia	
Area/sub-scope: Pahang, Kelantan and Terengganu	
Risk Assessment used:	
	☐ SBP-RRA-AS-VN-FOR_v1.0 RRA for Vietnam FOR_Interim ☐ SBP-RRA-US-NF-FOR_v1.0 RRA for US National FOR_Interim ☐ SBP-RRA-US-PF-FOR_v1.0 RRA for US Private FOR_Interim ☐ SBP-RRA-EU-DK-FOR_v2.0 RRA for Denmark FOR_Endorsed ☐ SBP-RRA-EU-DK-TOF_v1.0 RRA for Denmark TOF_Interim ☐ SBP-RRA-EU-EE-FOR_v2.0 RRA for Estonia FOR_Endorsed ☐ SBP-RRA-EU-LV-FOR_v2.0 RRA for Latvia FOR_Endorsed ☐ SBP-RRA-EU-LT-FOR_v2.0 RRA for Lithuania FOR_Endorsed ☐ SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim ☐ SBP-RRA-CA-AB-FOR_v1.0 RRA for Alberta FOR_Interim ☐ SBP-RRA-CA-BC-FOR_v2.0 RRA for British Columbia FOR_Interim ☐ SBP-RRA-CA-NB-FOR_v1.0 RRA for New Brunswick FOR_Interim ☐ SBP-RRA-CA-NS-FOR_v1.0 RRA for Nova Scotia FOR_Interim ☐ SBP-RRA-EU-NO-FOR_v1.0 RRA for Norway FOR_Interim ☒ Biomass Producer's own risk assessment
Indicator with specified risk:	
2.2.4 Where the removal of harvest forest residues and/or stumps occurs, this shall not lead to irreversible negative impacts to the ecosystem.	
Description of the specific risk:	
Harvesting operations within the Supply Base involve clear-cutting of end-of-life (EOL) rubber plantations, with stumps and root systems commonly removed following harvesting. Based on field observations, this represents the prevailing practice among independent smallholders, as harvested land is generally prepared for replanting with rubber or conversion to other agricultural crops, particularly oil palm, where complete land preparation is required prior to replanting. The removal of stumps and harvest residues may result in temporary soil disturbance, soil erosion, sedimentation, nutrient loss, and reduced ecosystem function if not appropriately managed. While these impacts are generally site-specific and temporary, inappropriate harvesting practices could adversely affect soil stability and long-term land productivity. This harvesting practice is also influenced by economic considerations. For independent smallholders, stump removal is generally the most practical and economically viable approach, whereas alternatives such as in-situ chipping, mulching or mechanical residue incorporation require specialised equipment, higher operational costs and additional technical expertise, making them generally impractical under prevailing smallholder operating conditions. Accordingly, this indicator has been assessed as a Specified Risk.	
Mitigation measure:	
To manage this risk, the Company implements a pre-procurement field verification process to assess harvesting practices before feedstock is accepted. Site inspections are conducted using the Harvesting Site Inspection Checklist (FRC-013) to verify that feedstock originates from legally established end-of-	

life (EOL) rubber plantations and to identify any significant environmental impacts associated with harvesting and site preparation.

The **Harvesting Site Inspection Checklist (FRC-013)** includes, where applicable, verification of:

- Signs of **excessive soil erosion**, sedimentation or unstable slopes.
- Evidence of **significant soil disturbance** resulting from stump removal or land preparation.
- Drainage conditions and any potential impacts on surrounding areas.
- Compliance with the Company's environmental and legal sourcing requirements prior to procurement approval.

Where significant environmental impacts or unacceptable harvesting practices are identified, procurement is suspended until appropriate corrective actions have been implemented and verified.

These mitigation measures recognise that **land preparation methods remain under the responsibility of the landowner**; however, they provide a structured verification process to ensure that the Company does not procure feedstock from sites exhibiting significant or irreversible environmental impacts.

Monitoring and outcomes:

The Company conducts **field verification** using the **Harvesting Site Inspection Checklist (FRC-013)** to assess harvesting practices and identify any significant environmental impacts. Findings are reviewed to evaluate the effectiveness of the mitigation measures. **To date, no significant or irreversible environmental impacts have been identified that would warrant suspension of procurement.**

4 Stakeholder engagement

4.1 General description

Biomass Producer's stakeholder engagement start date: 14 Apr 2026

Biomass Producer's stakeholder engagement end date: 14 May 2026

Total number of stakeholders contacted: 151

Give a general description of the process of Stakeholders Engagement, including stakeholders contacted, method of communication and a summary of the comments received:

The Company adopted a **targeted stakeholder engagement approach**, focusing on stakeholders directly associated with its biomass pellet operations rather than conducting a general public consultation exercise. A total of **151 stakeholders** were contacted or engaged during the reporting period, comprising:

- **105 employees** through structured stakeholder consultation forms;
- **15 landowners and land title representatives** through land title verification, field engagement and direct consultation;
- **13 government agencies** through formal email consultation and subsequent Supply Base Evaluation (SBE) feedback requests;
- **2 neighbouring community representatives** through direct consultation; and
- **16 buyers, business partners and industry stakeholders** through business meetings and international biomass conferences.

The stakeholder engagement process was implemented in accordance with the Company's **Stakeholder Engagement Plan (SEP)**, supported by documented procedures for consultation, input recording and stakeholder feedback management.

Rather than relying on broad public announcements, the Company prioritised engagement with stakeholders who have direct operational, legal, environmental or commercial relevance to its biomass supply chain. This approach enables more meaningful and practical feedback to be obtained while supporting transparency, traceability and continual improvement. All stakeholder inputs have been documented and are available for review as part of the Company's sustainability management system.

4.2 Response to stakeholder comments

Stakeholder description: Employee Representatives (105 respondents)

Stakeholder comment: Dust generated during operations and transport activities should be further controlled to improve the working environment.

Response to the stakeholder: Continue road watering, housekeeping, dust suppression and regular environmental monitoring.

Stakeholder description: Zahrah binti Hamat (Rubberwood Landowner)

Stakeholder comment: Supported responsible harvesting from end-of-life rubber plantations and emphasised proper land management.

Response to the stakeholder: Continue land title verification, traceability, responsible harvesting and zero-burning requirements.

Stakeholder description: Mohd Zin bin Hj Ahmad (Rubberwood Landowner)

Stakeholder comment: Requested transparent harvesting arrangements and proper documentation of rubberwood sourcing.

Response to the stakeholder: Maintain clear communication, delivery documentation and supplier due diligence procedures.

Stakeholder description: Luqman bin Ahmad (Rubberwood Landowner)

Stakeholder comment: Supported sustainable utilisation of end-of-life rubberwood while avoiding unnecessary waste.

Response to the stakeholder: Rubberwood from mature plantations will continue to be utilised in accordance with the Company's responsible sourcing and traceability procedures.

Stakeholder description: Normala binti Jali (Rubberwood Landowner)

Stakeholder comment: Emphasised that harvesting activities should be carried out safely with minimal disturbance to surrounding land.

Response to the stakeholder: Harvesting contractors will continue to follow safe working practices and site-specific operational controls.

Stakeholder description: Riduan bin Razali (Rubberwood Landowner)

Stakeholder comment: Supported proper management of harvesting residues and discouraged open burning following harvesting activities.

Response to the stakeholder: The Company will continue reinforcing its zero-burning policy and promote responsible residue management among suppliers and contractors.

Stakeholder description: Ahmad Thirmizir bin M. Hashim (Administrator)

Stakeholder comment: Requested that land ownership records and harvesting authorisations remain properly documented.

Response to the stakeholder: The Company will maintain land title verification and supporting authorisation documents as part of its due diligence process.

Stakeholder description: Noriah binti Nayan (Rubberwood Landowner)

Stakeholder comment: Highlighted the importance of maintaining traceability from plantation to delivery.

Response to the stakeholder: The Company will continue recording land title references, supplier information and delivery records to ensure full traceability.

Stakeholder description: Thaim Tiong & Tian Kok (Rubberwood Landowners)

Stakeholder comment: Supported responsible harvesting from mature rubber plantations prior to replanting activities.

Response to the stakeholder: The Company will continue sourcing only end-of-life rubberwood from identifiable plantation areas supported by appropriate documentation.

Stakeholder description: Tam Lang Sang (Rubberwood Landowner)

Stakeholder comment: Emphasised responsible land management and compliance with applicable legal requirements.

Response to the stakeholder: Land legality verification will remain an integral part of the Company's supplier due diligence process.

Stakeholder description: Ramlah binti Malek & Wan Karim bin Malek (Rubberwood Landowners)

Stakeholder comment: Encouraged good communication between landowners and harvesting contractors during harvesting operations.

Response to the stakeholder: The Company will continue promoting transparent communication and proper coordination throughout the harvesting process.

Stakeholder description: Rohanizam binti Sulong (Rubberwood Landowner)

Stakeholder comment: Supported sustainable utilisation of rubberwood biomass while maintaining responsible harvesting practices.

Response to the stakeholder: The Company will continue implementing sustainable sourcing procedures and monitoring supplier compliance.

Stakeholder description: Wong Hok Chong @ Wong Kong Hee (Rubberwood Landowner)

Stakeholder comment: Highlighted the importance of maintaining accurate land information and supplier records for traceability purposes.

Response to the stakeholder: The Company will maintain updated land title information and supplier records to support SBP due diligence and traceability requirements.

Stakeholder description: Harvesting Subcontractor Representative

Stakeholder comment: Requested clear harvesting schedules, safety requirements and documentation prior to commencing harvesting activities.

Response to the stakeholder: The Company will continue communicating operational requirements, safety expectations and documentation requirements before harvesting activities commence.

Stakeholder description: Harvesting Subcontractor Representative

Stakeholder comment: Confirmed commitment to responsible harvesting practices and proper handling of harvesting residues.

Response to the stakeholder: The Company will continue monitoring contractor performance and reinforce compliance with zero-burning, safe harvesting and traceability requirements.

5 Report updates and approval

This document is: Updated SBR (surveillance audits/scope-change audits)

The scope of the Supply Base Report has been updated to include **Terengganu** as an additional sourcing region. In the previous assessment, the Company's primary rubberwood supply base covered the states of **Pahang and Kelantan**. In this audit cycle, sourcing activities have been expanded to include independent smallholder rubber plantations and harvesting subcontractors operating in **Terengganu**.

The Company has extended its traceability system, risk assessment, stakeholder consultation, supplier verification, field inspection and mitigation procedures to the Terengganu supply base in line with the Supply Base Evaluation methodology. The same legality, sustainability, land ownership verification, HCV screening, environmental safeguards, social safeguards and supplier control requirements applied in Pahang and Kelantan are now also applied to Terengganu.

Name	Devandran
Title	Report author
Date of report approval	15 Jun 2026

Name	David Wong
Title	Management representative
Date of report approval	15 Jun 2026

Annex 1: Detailed findings for Supply Base Evaluation indicators

Malaysia Pahang, Kelantan and Terengganu	Indicator
1.1.1	Operations related to feedstock sourcing and biomass production shall comply with all existing applicable laws and regulations.
Supply Base Verifiers	- Land title and ownership documents - Harvesting tripartite agreements - Site inspection reports and BMP checklists - Stakeholder interview logs - Subcontractor records and payment vouchers - Compliance with RISDA replanting conditions - Internal SOPs and legal compliance logs (e.g., FRC-022, FRC-024) The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	Malaysia has a well-established legal framework governing harvesting, including the National Forestry Act 1984, Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and Children and Young Persons (Employment) Act 1966. However, for this Supply Base, primary feedstock (rubberwood) is not sourced from forest reserves, but from smallholder-owned agricultural land during legally sanctioned replanting cycles. Harvesting is executed not by the Company, but by subcontractors appointed through tripartite agreements involving the landowner, subcontractor, and the Company. Field verification confirmed harvesting practices were aligned with legal obligations — land titles and ICs were validated, there was no evidence of forced or child labour, and harvesting followed proper felling, transport, and safety protocols. The Company's documented procedures (e.g., FRC-011, FRC-013, FRC-015, FRC-016) and on-ground stakeholder consultations (June 2025) showed strong awareness of applicable regulations and proactive compliance. Minor operational complaints (e.g., delays in unloading) were recorded but did not amount to legal breaches.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
1.1.2	Legal ownership of land and resource use rights shall be respected.
Supply Base Verifiers	Prior to procurement, they conduct checks to confirm that feedstock originates from legally owned land by reviewing valid land titles issued

	by the State Land Offices, copies of the landowner's national identification, and signed tripartite harvesting agreements between the landowner, subcontractor, and the Company. This ensures that all harvesting is initiated with full landowner consent and legitimate ownership. Verification is supported by stakeholder interview logs and internal compliance SOPs, including FRC-022 and FRC-024, which mandate due diligence procedures. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	In the Malaysian context, land tenure for smallholder agricultural plots (including rubber plantations) is clearly regulated under the National Land Code 1965 (Act 56), with land titles issued by the respective State Land Offices. In the Supply Base areas of Pahang, Kelantan and Terengganu, rubberwood feedstock originates solely from private land owned by independent smallholders. These landowners initiate the harvesting process voluntarily during replanting, in accordance with RISDA's smallholder guidelines. The Company does not engage in any direct land acquisition, conversion of forest, or community displacement. Field verification during 2026, stakeholder engagement confirmed that all landowners possess valid land titles and national identification, and harvesting activities are undertaken with their full knowledge and consent. No evidence of land conflict, tenure dispute, encroachment, or Indigenous/customary rights violations was recorded. Several landowners even retain a few unharvested rubber trees for sentimental reasons, indicating complete land control. The Company's internal SOPs (FRC-022 and FRC-024) require documentation checks prior to procurement, and a tripartite agreement between landowner, harvesting subcontractor, and the Company further supports land-use transparency. Given these safeguards, the risk of non-compliance with land tenure and legal ownership in the Supply Base is considered low.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
1.1.3	Feedstock shall be legally harvested, supplied and produced, including in compliance with CITES, EUTR and other applicable legal trade requirements.
Supply Base Verifiers	Verification includes reviewing removal passes, land titles, national ID copies, and subcontractor registration with MTIB. Shipping documents

	and payment records are also reviewed to confirm lawful trade. All incoming feedstock is checked against FRC-022 legal verification SOP. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The feedstock sourced by the Company is derived from smallholder agricultural land (rubber plantations) undergoing replanting, not from natural forests or protected areas. Harvesting is conducted by subcontractors appointed by landowners through formal tripartite agreements. The Company does not engage in harvesting or log transportation directly. Verification procedures confirm that all logs are sourced from areas with valid land titles, and every load is accompanied by legally issued removal passes and, where applicable, export permits issued by the Malaysian Timber Industry Board (MTIB). Rubberwood is not listed under CITES, and the Company does not handle any protected species. Stakeholder interviews (2026) in Pahang, Kelantan and Terengganu revealed that landowners are aware of legal requirements for selling logs and willingly provide their land title and national ID for documentation. No indication of illegal harvesting, unauthorized felling, or undocumented timber was found. Given the documented controls, legal trade documentation, and absence of CITES or EUTR risk, the risk is considered low.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
1.1.4	Payments for harvest rights and feedstock, including duties, relevant royalties and taxes related to timber harvesting shall be complete and up-to-date.
Supply Base Verifiers	Verification of all commercial arrangements involving feedstock purchases are honoured and supported by proper documentation. These include tripartite harvesting agreements, payment vouchers, contractor invoices, and bank transaction records, ensuring transparency and legal compliance. SBV evidence includes FRC-001 (Biomass Sustainability Policy), FRC-015a (Supplier Verification Audit Checklist - SBP), FRC-024 (Stakeholder Engagement Plan), and FRC-026 (Supply Base Report). The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally

	sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company verifies that the required Removal Pass has been duly issued prior to accepting feedstock. However, the official receipts for the deposit and statutory payments are issued directly to the landowner or harvesting contractor and are therefore not retained by the Company. Verification is instead supported through the Removal Pass, land title, landowner identification documents, tripartite harvesting agreement, and the associated commercial documents, which collectively demonstrate the legality of harvesting and transport. In Kelantan, the removal of harvested rubberwood logs is subject to the requirements of the State Land Administrator (Pejabat Tanah dan Galian Daerah) under the applicable state land administration framework. Removal of logs is not permitted until the prescribed deposit and statutory charges have been paid and the relevant Removal Pass/permit has been issued by the competent authority. Similar regulatory requirements are expected to be progressively adopted by other states. The Company procures end-of-life (EOL) rubberwood exclusively from privately owned agricultural land owned by independent smallholders. Prior to procurement, the Company verifies land ownership through land title documents, landowner identification records, and the tripartite harvesting agreement. state land offices RISDA National Forestry Act 1984 tripartite harvesting agreements The Company ensures that payments to subcontractors and smallholders are made within 2–3 working days upon delivery of feedstock, as verified through payment vouchers, delivery records, and bank transfer slips. Stakeholder interviews conducted in 2026 further validated that payment practices are prompt and transparent, and there are no outstanding disputes on fee settlements. Therefore, the risk that harvest rights or feedstock-related payments are incomplete or overdue is considered low.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
1.1.5	There shall be adequate protection of the Supply Base from unauthorised and illegal activities, such as illegal logging, mining, and encroachment.
Supply Base Verifiers	Verification of that feedstock originates from legally established smallholder land and is protected from illegal access. This includes verification of land titles, replanting records , and site inspection reports . Field teams use FRC-012 (HCV-HBV Checklist) and FRC-013 (Harvesting Site Inspection)

	to detect any signs of encroachment or unauthorised activities. Other supporting documents include FRC-001 (Biomass Sustainability Policy), FRC-011 (Best Management Practices), and FRC-026 (Supply Base Report). The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The feedstock is sourced exclusively from legally owned agricultural land where rubber plantations are being cleared for replanting, typically with oil palm or orchard crops. These lands are not part of gazetted forest reserves or protected areas. Verification of land titles, RISDA replanting approval, and stakeholder interviews confirmed that all sourcing areas are under legal control of independent smallholders. There is no evidence of illegal encroachment, trespassing, or mining activity within the supply base areas of Pahang, Kelantan and Terengganu. The felling of rubberwood is conducted openly, and site inspections confirm the presence of boundary markers and responsible land management. The Company maintains strict procurement protocols to avoid sourcing from unknown or contested lands. In addition, the use of HCV-HBV Checklists and Harvesting Site Inspection Reports ensures that the sourcing area is free from unauthorised activities. Based on these safeguards, the risk of illegal or unauthorised activity affecting the supply base is considered low.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.1.1	Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified.
Supply Base Verifiers	The Company applies field-based screening to assess the presence of HCVs prior to harvesting. All supply base lots are checked using the HCV-HBV Checklist (FRC-012), and mapped against available spatial data and land-use plans. Screening results are documented under the Harvesting Site Inspection (FRC-013) and Supplier Verification Audit Checklist (FRC-015). Where any potential HCV is detected, sourcing is withheld or mitigation actions are triggered to ensure alignment with the National Forestry Act 1984 and SBP Indicator requirements. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis

	(on knowledge sharing basis).
Risk Rating justification	The Supply Base consists of long-established smallholder rubberwood plantations in Pahang, Kelantan and Terengganu, typically under monoculture for over two decades. While these plantations themselves are not natural forests and were originally alienated for economic use, there remains a credible risk that some feedstock sites may be located in proximity to HCV areas. Specifically, some land lots may border forest reserves, riparian buffers, or contain remnant vegetation patches that were not formally mapped by the landowners. Smallholders are generally not equipped to identify such conservation features independently, and there is no formal national requirement for HCV mapping prior to harvest on small-scale agricultural land. Furthermore, there is a possibility that biodiversity attributes such as wildlife corridors or habitat fragments exist undetected within or near the harvesting zones, especially given the patchy and mixed-use landscape structure in rural Peninsular Malaysia. This creates a specified risk that key habitats or HCVs may be overlooked during feedstock sourcing if proactive identification is not undertaken. The presence of an internal HCV-HBV checklist procedure (FRC-012) and spatial screening steps referenced in the SBR and Indicator Assessments suggests that the risk is known and actively mitigated—but its inherent presence across the landscape justifies a specified risk designation.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.1.2	Threats to and impacts on the identified key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be identified and evaluated.
Supply Base Verifiers	The Company applies a multi-tiered verification approach. The HCV-HBV Checklist (FRC-012) identifies any surrounding sensitive zones prior to harvesting. During site verification, the Harvesting Site Inspection (FRC-013) confirms that all contractors have clear no-go zones and observe machine-free buffers. Supervisors ensure physical boundaries are marked and respected. These findings are logged under the Supplier Verification Audit Checklist (FRC-015). Where any encroachment risk exists, harvesting is halted or modified to prevent biodiversity impact. Procedures are aligned with Malaysian EIA principles and the EU RED sustainability safeguards on biodiversity protection. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).

Risk Rating justification	Even if HCVs are not located directly within the supply lots, there remains a specified risk that harvesting operations may inadvertently cause degradation or disturbance to adjacent HCV areas —for example, through machinery encroachment, felling too close to forest edges, or damaging streambanks. Smallholders and contractors may lack ecological awareness or formal training on biodiversity safeguards, especially in mixed rural landscapes where conservation features (e.g., wildlife habitat patches, riparian zones) are not always obvious or marked. The risk is heightened in lots that border forest reserves or other sensitive zones , where the edge effect from tree removal could lead to erosion, habitat fragmentation, or species displacement. The presence of documented practices (e.g., FRC-011 , FRC-012) in the Company's Indicator Assessments confirms that this risk is being mitigated, but its underlying potential persists due to landscape context and variability of field conditions.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.1.3	Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.
Supply Base Verifiers	Biodiversity safeguards are enforced through a combination of field screening, mapped HCV data, and post-harvest assessments. The HCV-HBV Checklist (FRC-012) confirms whether ecological elements such as riparian buffers, species habitats, or wetlands are present. Site inspectors record observations in the Harvesting Site Inspection (FRC-013) and flag any activities that may degrade local biodiversity. Follow-up inspections and contractor briefings ensure corrective action where needed. The verification system is integrated into the Supplier Verification Audit Checklist (FRC-015), which tracks site-specific compliance and mitigation outcomes. These procedures meet the intent of the SBP Standard 1 and RED III biodiversity criteria. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	While the majority of the Supply Base is located on monoculture rubber plantations that have been cleared and replanted for over 20 years, the ecological value of adjacent or interspersed areas must still be considered . There is a specified risk that harvesting operations may lead to indirect degradation of ecological functions , particularly where plantation boundaries intersect with wildlife corridors, wetlands, or small remnant forests . Degradation could occur through excessive clearing, loss of shading cover, or siltation of nearby watercourses . Smallholder

	practices may lack formal ecological guidance, and maintenance of biodiversity is not explicitly regulated on private agricultural land. The Company's documentation of preventive actions in the SBR , including use of FRC-011 and FRC-012, confirms the presence of mitigation—but due to the fragmented, semi-rural landscape , there remains a realistic risk of biodiversity loss, justifying the Specified Risk classification.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.1	Feedstock shall not be sourced from land that had one of the following statuses in January 2008 and no longer has that status due to land conversion: a. Forests b. Wetlands c. Peatlands d. Highly biodiverse grasslands.
Supply Base Verifiers	Land status is verified through a combination of physical site inspections, review of official land ownership documents, and interviews with adjacent landowners. Supply areas are screened using site maps, and harvesting is approved only after verifying the land's eligibility based on its historical land use and zoning. GPS coordinates are recorded as part of the Company's EUDR due diligence process, while satellite imagery is reviewed during supplier verification, where applicable, to support the assessment of land use history and confirm that no conversion from HCV areas has occurred post-2008. These verification activities are documented through the Company's supplier due diligence and site verification records. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The feedstock originates from long-established rubber plantations located on alienated agricultural land. These plantations have undergone multiple replanting cycles and are not situated within, adjacent to, or overlapping any areas classified as forest, wetland, peatland, or grassland of high biodiversity value. Verification through visual inspection confirms that the land has been cultivated continuously and has not undergone any conversion after January 2008. Historical land status is confirmed via pre-harvest inspection of land titles, which indicate zoning and tenure details. Field checks is used to cross-check the physical boundaries against historical land use. No evidence of encroachment into protected or sensitive ecosystems has been observed during supply base verification. Feedstock is only accepted from sites with verified agricultural status prior to 2008.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator																																								
2.2.2	Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced.																																								
Supply Base Verifiers	Visual field inspections are conducted to confirm the condition of the plantation environment. Any signs of erosion, habitat degradation, or soil decline are documented prior to procurement. Landowners and surrounding stakeholders are interviewed when needed to ensure no ecological disruption. Only areas demonstrating stable plantation conditions are approved for feedstock harvesting. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).																																								
Risk Rating justification	The feedstock originates from long-established rubber plantations where no natural ecosystems are present. Harvesting is conducted only at the end-of-life stage of the rubber trees, with no land clearing, soil disturbance, or forest conversion involved. Field verification confirms that the plantations are on alienated land managed solely for rubber cultivation. The health, vitality, and productivity of the plantation ecosystem are indirectly assessed through long-term yield data. National yield figures from 2010 to 2018 show that rubber yields for smallholders remain consistent and within close range of estate and national averages. This consistency in yield reflects stable soil conditions, adequate nutrient management, and maintained ecological functions. <table><tr><th>Year</th><th>Estate</th><th>Smallholding</th><th>Average</th></tr><tr><td>2010</td><td>1,546</td><td>1,470</td><td>1,480</td></tr><tr><td>2011</td><td>1,560</td><td>1,476</td><td>1,500</td></tr><tr><td>2012</td><td>1,550</td><td>1,457</td><td>1,462</td></tr><tr><td>2013</td><td>1,531</td><td>1,360</td><td>1,400</td></tr><tr><td>2014</td><td>1,593</td><td>1,350</td><td>1,370</td></tr><tr><td>2015</td><td>1,586</td><td>1,400</td><td>1,410</td></tr><tr><td>2016</td><td>1,550</td><td>1,380</td><td>1,400</td></tr><tr><td>2017</td><td>1,460</td><td>1,440</td><td>1,450</td></tr><tr><td>2018 *</td><td>1,560</td><td>1,420</td><td>1,430</td></tr></table> Note: Although yield data demonstrates the maintenance of ecosystem health, it does not represent the harvested biomass itself, as feedstock is procured only at the end-of-life stage. There is no indication of degradation to ecosystem services such as water flow, biodiversity support, or soil protection in the harvesting areas.	Year	Estate	Smallholding	Average	2010	1,546	1,470	1,480	2011	1,560	1,476	1,500	2012	1,550	1,457	1,462	2013	1,531	1,360	1,400	2014	1,593	1,350	1,370	2015	1,586	1,400	1,410	2016	1,550	1,380	1,400	2017	1,460	1,440	1,450	2018 *	1,560	1,420	1,430
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Risk Rating	Low Risk																																								

Malaysia Pahang, Kelantan and	Indicator
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Terengganu	
2.2.3	Soil quality in the Supply Base shall be maintained or enhanced
Supply Base Verifiers	Harvesting site inspection checklists include assessment of surface soil conditions, evidence of erosion, and machinery impact. Landowners are also queried on replanting history and past land practices. Where terrain risk is higher, contractors are required to harvest in dry conditions and follow skid-trail minimization practices. No feedstock is procured from areas with visible soil degradation or active erosion. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The rubberwood feedstock is sourced only from mature, end-of-life rubber plantations where no soil stripping or deep mechanical ground disturbance occurs. Harvesting involves felling of rubber trees without uprooting, and minimal machinery passes are used during log extraction, which limits topsoil disruption. The same land is replanted with rubber or other permitted crops, indicating that the soil remains fertile and structurally intact. Field verification and visual inspection during pre-harvest assessments show no signs of significant erosion, compaction, or nutrient depletion. Given that plantations are continuously replanted and maintained over multiple cycles, soil quality is sustained over time. In addition, the long-term rubber yield performance indirectly reflects stable soil health across supply bases.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.4	Where the removal of harvest forest residues and/or stumps occurs, this shall not lead to irreversible negative impacts to the ecosystem.
Supply Base Verifiers	Harvest sites are inspected before and after operations to observe whether root disturbance or excessive residue removal has occurred. The inspection checklist includes signs of soil erosion, rutting, or forest floor degradation. Contractors are instructed to leave stumps intact and avoid ground leveling. If high-risk terrain is encountered, additional measures such as controlled skid trails or buffer strip retention are applied to protect ecological function. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).

Risk Rating justification	Harvesting operations within the Supply Base involve clear-cutting of end-of-life (EOL) rubber plantations, with stumps and root systems commonly removed following harvesting. Based on field observations, this is the prevailing practice among independent smallholders, as the land is typically prepared for replanting with rubber or conversion to other agricultural crops, particularly oil palm, where complete land preparation is required prior to replanting. Consequently, the removal of harvest residues and stumps may present a risk of temporary soil disturbance, erosion and reduced ecosystem function if not appropriately managed. This practice is also influenced by economic considerations. For independent smallholders, the removal of stumps is generally the most practical and economically viable option, whereas alternative approaches such as in-situ chipping, mulching or mechanical residue incorporation require specialised equipment and substantially higher operational costs, making them impractical under the prevailing smallholder operating conditions. Accordingly, this indicator has been assessed as Specified Risk. The Company does not undertake harvesting activities but implements continuous field monitoring through pre-procurement site inspections and periodic supplier verification to assess harvesting practices and identify any significant environmental impacts, including excessive soil erosion, sedimentation, landslides or other forms of ecosystem degradation.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.5	Quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced.
Supply Base Verifiers	Field inspections, BMP enforcement (<i>FRC-011</i>), harvesting site records (<i>FRC-013</i>), and regulatory compliance confirm that riparian protection zones are upheld, waste is managed away from water bodies, and surface runoff is controlled. The pellet processing site operates under licensed environmental conditions without contributing pollutants to water systems. Given the plantation context, operational controls, and legal safeguards, there is no evidence of adverse impact on water quantity or quality, and the risk of non-conformance is therefore assessed as Low. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company has implemented robust environmental safeguards to ensure

	that both surface and groundwater quality within the supply base remain protected throughout harvesting and processing activities. The feedstock originates from established smallholder rubberwood plantations in Pahang, which are not located near major river systems or catchment zones vulnerable to degradation. The Best Management Practices (BMP) outlined in <i>Document FRC-011</i> require the establishment and protection of riparian buffer zones along any visible watercourses during felling operations. These buffers serve to trap sediment, reduce nutrient runoff, and minimize erosion that could impact aquatic habitats. In-field machinery is strictly prohibited from operating within these buffer zones, and refueling, maintenance, or chemical handling activities are banned in the proximity of water bodies. Documented field inspections (FRC-013: <i>Harvesting Inspection Record</i>) confirm that these protective measures are consistently applied. The company also trains its contractors and suppliers on water protection protocols and prohibits the discharge of oil, fuel, or agrochemical waste into the environment. On the processing side, the pellet facility in Kuala Lipis is equipped with air filtration systems and water discharge controls, adhering to Malaysia's Environmental Quality (Industrial Effluent) Regulations under the Environmental Quality Act 1974. There are no direct water discharges from the pelletizing operations into any watercourses, and all wastewater is managed through containment or treatment systems. No stakeholder complaints or audit findings have ever reported degradation of water bodies or supply interruption downstream. Furthermore, rainwater harvesting and groundcover retention practices post-harvest help reduce overland runoff and improve infiltration. By maintaining vegetative cover and practicing responsible biomass extraction, the company preserves watershed function and hydrological balance within the supply area.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.6	Air emissions shall comply with national legislation or in the absence of national legislation with industry best practice.
Supply Base Verifiers	Field-level inspections are supported by the Company's internal verification system, using FRC-013, FRC-016, visual observations, and stakeholder engagement. This ensures that no feedstock is sourced from supply bases where air emission risks are unmanaged. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an

	independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	Within the rubberwood supply base in Pahang, there is a known risk that some smallholders may practice open burning of residual biomass such as underbrush, branches, or unmerchantable wood after harvesting. This practice, while not widespread, is occasionally preferred by landowners as a means of land clearing prior to replanting. Although Malaysia's Environmental Quality (Clean Air) Regulations 2014 prohibit open burning without approval, enforcement among decentralized smallholder plots is inconsistent. Since the Company engages external harvesting contractors and sources from diverse smallholders, there exists a credible possibility of non-compliant air emissions during post-harvest activities, particularly in the absence of direct Company control. Hence, the indicator is rated as Specified Risk.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.7	Pesticides shall only be used as part of an Integrated Pest Management (IPM) plan in compliance with national legislation, chemical safety data sheets and industry best practice. Banned pesticides shall not be used.
Supply Base Verifiers	Verification is conducted using a multi-layered control system: • FRC-011 document. • Pesticide Act 1974 and Environmental Quality Act 1974 compliance is checked. • Internal checklists are enforced on-site. • Interviews with landowners, subcontractors, and workers provide ground truth. • Contractors are trained and briefed on chemical usage restrictions before engagement. The SBV confirms that chemical-related risks are adequately addressed and documented under a specified risk framework, with full mitigation in place and working effectively. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	Rubber plantations in Malaysia, including those forming the current supply base, have a long history of herbicide use constituting over 70% of total pesticide application , particularly for weed control. Commonly used active ingredients include glyphosate salt, 2,4-D amine , and cypermethrin , most

	of which fall under Class III or lower toxicity categories. However, substances such as paraquat dichloride (Class I) — banned from rubber plantations for over two years — were historically used, and residual risks remain where verification is not strict. The 1997 national pesticide registry listed over 1,700 chemical formulations, many of which were Persistent Organic Pollutants (POPs). Though most have since been deregistered and banned, field-level enforcement and awareness among smallholders may be inconsistent, especially in areas where sourcing is done by subcontracted harvesters. While legislation such as the Pesticides Act 1974, Environmental Quality Act 1974, and Plant Quarantine Act 1976 provide a strong legal basis, direct sourcing from landowners by contractors introduces risk, particularly where IPM implementation cannot be directly verified by the Company. As such, the practical application of IPM may not be consistently assured, resulting in a Specified Risk designation.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.8	Waste shall be disposed of in an environmentally appropriate manner.
Supply Base Verifiers	The SBV integrates waste management into all site inspection protocols. Verification activities include: • Physical inspection of waste collection during harvesting. • Review of harvesting checklist records. • Interviews with landowners and contractors regarding disposal practices. • Ensuring that contractor awareness of waste policies is up to date. This structured approach ensures that specified risk is controlled, and that waste generated in the harvesting of rubberwood feedstock is managed in an environmentally appropriate manner. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	In rubberwood plantations managed by smallholders or sourcing contractors, waste management practices are not always standardized or enforced. Field residues such as plastic chemical containers, fertilizer bags, and fuel/oil packaging used during harvesting may be left uncollected, particularly when

	sourcing is conducted by contractors working independently from the landowners. Site inspections have revealed that while some sites do maintain adequate waste control, others lack designated disposal areas or rely on informal open burning or burial of waste, which poses environmental risks, especially near water sources or drainage lines. The absence of consistent procedures across all suppliers in the supply base presents a Specified Risk under this indicator. Furthermore, most smallholders do not maintain formal documentation on scheduled waste collection, and awareness regarding environmentally appropriate waste segregation and disposal is uneven across the region. These factors, compounded by the limited visibility over subcontracted harvesting operations, reinforce the need to treat this indicator as Specified Risk.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.9	Harvesting levels shall be justified as to how they can be sustained with reference to inventory and growth data for the Supply Base.
Supply Base Verifiers	SBV includes: • Cross-checking land titles and harvesting age of rubberwood trees. • Field verification of stump diameter and bark condition to confirm physiological maturity. • Confirmation of replanting intent or schedule with landowners and/or contractors. The traceability system ensures the harvest cycle is biologically and economically justified, with no unsustainable extraction pressure placed on the supply base. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The feedstock sourced by the Company is strictly limited to end-of-life rubberwood , typically felled at the 25–30-year maturity mark , consistent with standard agronomic practice in Malaysian rubber plantations . These trees are no longer economically viable for latex production and are removed to allow replanting with new rubber clones or alternative crops . Hence, harvesting is not done based on yield-maximizing extraction but rather as part

	of the crop rotation cycle. Review of land titles, site maps (Pelan Tanah), and interviews with landowners confirms that the rubber trees are being cleared after economic maturity, with no signs of early felling or overharvesting. The Company's Procurement Policy further requires verification of the supply base's status before approval, ensuring harvesting aligns with smallholder lifecycle norms. The national average yield data (Malaysian Rubber Board) shows steady trends in production, and landowners involved in the supply chain are not pressured to increase harvesting beyond sustainable levels, as the feedstock is post-productive.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.10	Harvested areas shall be regenerated
Supply Base Verifiers	SBV actions for this indicator include: • Field verification of land-use intent post-harvest. • Interviews with landowners regarding future planting plans. • Recording and mapping of any observed land-use conversion. While regeneration is not fully enforceable, the Company exercises reasonable diligence to avoid contributing to unsustainable land-use change. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	In the context of rubberwood plantation management in Malaysia, particularly among smallholders and fragmented landowners, the expectation for regeneration post-harvest is not always fulfilled. While rubber plantations are typically replanted with new clones, regeneration may vary depending on landowner preferences, which are not under the control of the biomass producer. Field investigations and interviews confirm that some landowners choose not to replant with rubber trees, instead opting for alternative crops (e.g., durian, oil palm), or even abandoning the site temporarily due to financial or logistical reasons. In addition, certain contractors involved in felling do not participate in or track post-harvest regeneration activities, limiting visibility into

	land-use outcomes. Since the biomass feedstock is procured only up to the end-of-life stage, and there is no formal contract linking the Company to post-harvest land use, the regeneration outcome is not guaranteed. This lack of control and visibility presents a Specified Risk under this indicator.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.11	The impacts of natural processes such as fires, pests and diseases shall be managed.
Supply Base Verifiers	The Company deploys trained SBVs to inspect each harvesting site prior to sourcing. They use forms such as HARVESTING CHECKLIST and conduct: • Visual assessment for pest damage and fire scars; • Interviews with landowners on pest/disease history; • Confirmation that harvesting complies with HARVESTING RUBBERWOOD – BEST MANAGEMENT PRACTICES. If any natural threats are detected, sourcing is delayed or rejected until proper mitigation (e.g., pest control, firebreaks) is in place. This ensures proactive management and compliance with sustainability requirements. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	Natural processes such as fire, pest, and disease outbreaks are considered unlikely to cause significant disruption to the biomass supply in the evaluated supply base. This is because the feedstock is sourced from rubberwood plantations, where harvesting takes place at the end-of-life stage. These plantations are generally managed by smallholders, and many are part of cluster planting areas promoted by RISDA or local agriculture offices. The risk of fire is minimal due to Malaysia's high rainfall climate, particularly in Pahang where the supply base is located. Furthermore, open burning is not permitted, and this is regularly controlled via enforcement under the Environmental Quality Act 1974 and Clean Air Regulation 2014. Visual inspections during field verification confirm no evidence of open burning at any source area. Regarding pests and diseases, the use of Integrated Pest Management (IPM) is promoted under the <i>Best Agricultural Practice – GAP for Rubber</i>

	(<i>Hevea brasiliensis</i>). Rubber producers are guided to use only approved pesticides registered under the Pesticides Act 1974, and to implement chemical rotation strategies and resistance management plans. RISDA and Department of Agriculture provide periodic training and advisories. The Company ensures all sourcing is preceded by a field assessment, where Supply Base Verifiers (SBVs) carry out visual inspections of the site for symptoms of pest infestation, disease spread (e.g., leaf blight, fungal damage), or evidence of recent fire. These findings are documented and form part of the harvesting approval process.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
2.2.12	Genetically modified trees shall not be used.
Supply Base Verifiers	During the site-level inspection phase, SBVs assess the clone type and seedling origin, confirming: • No evidence of unauthorized or experimental planting; • Rubber clone IDs traceable to official lists published by MRB; • Verifiable nursery purchase documents (where available). There is no known market or commercial initiative in Malaysia promoting the use of genetically modified trees for timber or latex production. Therefore, the risk of GM tree usage is negligible. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The cultivation and propagation of genetically modified (GM) trees in Malaysia — particularly for rubberwood plantations — is not permitted under current national regulations. The Malaysian Biosafety Act 2007 governs the release, import, and use of living modified organisms (LMOs) and currently does not approve any GM rubber clones for commercial use. Site verifications carried out by the Company's Supply Base Verifiers (SBVs) confirmed that no genetically modified planting material is used in the supply base. All trees observed were from standard <i>Hevea brasiliensis</i> clones commonly promoted by RISDA and Malaysian Rubber Board (MRB), none of which fall under genetically engineered classifications. Interviews with landowners and contractors confirmed that all seedlings are obtained from approved local nurseries registered under the Department

	of Agriculture or RISDA nurseries, which follow the national seedling certification system.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
3.1.1	LULUCF emissions shall be accounted for through one of the following routes: Route A Feedstock may be sourced from a country of origin which is party to the Paris Agreement, and which has submitted a Nationally Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC) covering carbon emissions and removals from agriculture, forestry and land use which ensure the changes in carbon stock associated with biomass harvest are counted towards the country's commitment to reduce or limit greenhouse gas emissions, or Route B Feedstock may be sourced from a country of origin which is party to the Paris Agreement and has national or sub-national laws in place (developed in accordance with Article 5 of the Paris Agreement and applicable in the area of harvest), to conserve and enhance carbon stocks and sinks, and provided there is evidence that reported LULUCF-sector emissions do not exceed removals, or Route C Feedstock may be sourced from a Supply Base where an assessment demonstrates that both the carbon stock is stable, and the forests' capacity to act as a carbon sink is stable or increasing over the long term.
Supply Base Verifiers	- Feedstock was sourced from replanting areas and not virgin forests. - Land change is documented and accounted under the Company's spatial LULUCF plan. - The long-term strategy shows a progressive shift toward sustainable crop models while maintaining or increasing carbon stocks. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	To address this, a 30-year post-harvest carbon stock management plan has been developed to demonstrate the carbon sink performance of the supply base. This approach complies with Route C under RED II, which allows LULUCF compliance by demonstrating that carbon stock and sink capacity are stable or increasing over time at the supply base level. The Company sources feedstock from rubberwood plantations in Pahang, Malaysia, primarily during replanting activities where trees are felled to allow land preparation for new crops. While this activity is not directly linked to deforestation, the change in land use post-harvest—often toward oil palm or durian cultivation—may lead to long-term LULUCF (Land Use, Land Use Change and Forestry) emissions if not monitored.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
3.2.1	All feedstock sourcing shall be consistent with either of these two options: Option A. Feedstock may be sourced from Supply Bases where an assessment of the Supply Base shows that the forest carbon stocks are stable or increasing, or Option B. Feedstock may be sourced, if the assessment shows that the forest carbon stocks are declining in the Supply Base, provided that the decline is due to natural processes (fire, pests etc.), and sourcing of feedstock has the aim to recover feedstock that would otherwise be lost or to assist regeneration.
Supply Base Verifiers	SBVs have verified: • The feedstock does not originate from degraded forests or high carbon stock areas. • The carbon stock calculation method is valid and includes conservative assumptions. • The land-use trajectory from rubberwood to permanent crops is consistent with RED III objectives. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The primary feedstock originates from rubberwood plantations in the state of Pahang, and sourcing is conducted during replanting cycles, not from undisturbed or natural forest areas. As such, the source area is considered non-forest under national land use classification. However, because land use change occurs (e.g., transitioning to oil palm or durian), a robust evaluation of forest carbon stock stability is necessary. A long-term forest carbon stock assessment has been completed for the supply base using spatial, historical, and predictive modeling tools. Based on this assessment, the supply base qualifies under Option A, as the carbon stock trend is stable or increasing across the 30-year post-harvest period. Although the risk is low, the Company applies proactive measures to ensure continued compliance: • Spatial boundaries and GPS mapping define the sourcing region with carbon pools assessed from aboveground biomass, litter, deadwood, and soil organic carbon. • Historical carbon stock data from 2000–2009 serves as the benchmark for evaluating stability. • The projected carbon stock for 2023–2053 was modelled with anticipated crop shifts. After adjusting for soil carbon loss and crop

	type, the final 30-year carbon stock for: • Oil palm plantations: ~304.67 tC/ha • Durian plantations: ~244.67 tC/ha These exceed the reference baseline of 17,153 t.C, confirming upward trends.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
3.2.2	Primary feedstock shall not be sourced from forest areas where site productivity is low and, according to local definitions or norms, the areas are classified as low-productive or difficult to regenerate.
Supply Base Verifiers	SBVs confirmed: • All sourcing plots are under productive rubber plantation areas, backed by harvest records and yield maps. • None of the feedstock originates from forest areas, nor from zones known to be difficult to regenerate The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company's primary feedstock originates from rubberwood plantations, harvested during scheduled replanting cycles after trees reach the end of their productive life (typically 25–30 years). These plantations are classified as agricultural land under national law and do not fall within designated natural forests or protected low-productivity zones. The sourcing does not involve land deemed low-productive by national standards, such as steep, degraded, or over-logged areas. Instead, harvesting is part of a planned land use transition toward more economically viable crops like oil palm or durian. These changes are supported by RISDA and are consistent with legal frameworks and plantation development guidelines. To proactively avoid low-productivity zones: • The Company reviews land titles and historical plantation records prior to procurement. • RISDA classification and soil suitability data are used to verify land productivity levels. • The procurement process is limited to planned replanting blocks as per the Company's Procurement Guidelines and Harvesting

	Checklist (FRC-011). The procurement is not open-ended. Contractors must submit proof that harvesting occurs on plots ready for replanting—not abandoned or low-yield lands.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
3.2.3	feedstock shall not be sourced from forest areas in the Supply Base which, according to local definitions or norms, are classified as having combined attributes of high carbon stocks and high conservation value (HCV).
Supply Base Verifiers	• Land status confirmed as non-forest and non-HCV by official title deeds. • RISDA land use categorization supports classification as rubber plantation. • No overlaps with forest reserves or mapped HCV zones (verified through spatial analysis and site-level evidence). The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company does not source primary feedstock from forest areas—whether protected, natural, or otherwise. All primary feedstock is strictly derived from rubberwood plantations situated on titled land classified for agricultural use. These plantations are managed for commercial latex and timber production and are not designated as high conservation value (HCV) areas, nor do they qualify as high carbon stock forests. The Supply Base has been subjected to verification against HCV criteria and national forest zoning maps, with no overlap found between the harvesting plots and any forest area classified as having high carbon stock or HCV characteristics. These checks align with requirements under RED III, Forest Act 1984, and Malaysia’s National Forestry Policy. Although this indicator is rated low risk, the Company applies built-in mitigation measures through due diligence mechanisms: • Land sourcing is restricted to titled plantation zones; no conversion of HCV or forest lands is permitted. The FRC-015 Supplier Verification Procedure requires landowners to

	submit documentation confirming land classification and historical use.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
3.3.1	Feedstock sourcing shall be in compliance with the principles of cascading use, high quality stem wood shall not be used as feedstock if it is in substantial demand for long-lived products in the Supply Base.
Supply Base Verifiers	The SBV shall confirm: • The age of plantation (typically ≥ 20 years), confirming it is truly end-of-life; • That the wood was not diverted from a higher-value material route; • That smallholders or contractors voluntarily chose biomass markets due to practical limitations; • That rubber logs were not graded or marketed for use in long-lived products (e.g., furniture-grade). The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company sources rubberwood as primary feedstock for biomass pellet production. Although this rubberwood is harvested at the end-of-life stage, it may still carry residual value for long-lived wood product markets such as furniture or sawn timber. In Malaysia, rubberwood is a versatile species widely used in the furniture industry. However, the decision to divert this material for biomass energy use raises a specified risk under the principle of cascading use—especially where high-quality stem wood is available. Smallholders typically initiate felling to clear land for replanting (e.g., oil palm or durian), and they are under economic and logistical pressure to remove the biomass quickly. This urgency, compounded by remote geography, lack of treatment/kiln-drying facilities, and the absence of competitive buyers, results in biomass being sold to pellet producers rather than into longer-life applications. While RED III (Recital 17) recognizes such realities and allows flexibility, a specified risk is triggered due to the possibility that wood suitable for longer-lived products may enter the energy chain.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
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4.1.1	Freedom of association and the right to collective bargaining shall be respected in the workplace.
Supply Base Verifiers	The SBV process included field-level interviews and document screening, which confirmed that all harvesting activities were conducted by self-employed individuals who are not restricted in their freedom to associate. No evidence was found of coercion, dissuasion, or systemic barriers to collective participation. The current setup within the supply base does not include structured labor employment, hence risk of violation under this indicator is minimal. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company's supply base consists exclusively of individual smallholders and harvesting sub-contractors, who operate as independent entities and do not engage in direct employment of workers. In cases where field labor is used, it is typically on a casual or self-managed basis, without formal contracts or structured labor hierarchies. Malaysia's legal framework—namely the Industrial Relations Act 1967 and the Trade Unions Act 1959—recognizes and protects the freedom of association and collective bargaining for all individuals, including self-employed persons and contractors. The Company's Procurement Policy includes a clause requiring all suppliers to adhere to national legal requirements and to uphold basic labor rights, including the right to participate in associations. Although the nature of the work is decentralized and informal, no restrictions were identified that would prevent any person involved in harvesting from joining associations or participating in collective action. Self-declarations have been submitted by smallholders and sub-contractors confirming adherence to applicable legal and social requirements.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.2	Forced or compulsory labour shall not be used.
Supply Base Verifiers	Verification activities conducted by the Company included review of procurement records, interviews with harvesting sub-contractors, and site-level observations. The SBV confirmed that operations are managed by independent actors without discriminatory practices, and that access to supply contracts is based solely on compliance and traceability requirements. No bias in allocation of work or opportunity was found within the sourcing regions.

	The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	Within the Company's supply base, no formal employment relationship exists between suppliers and laborers, as all harvesting activities are conducted by smallholders and self-employed sub-contractors. This structure minimizes risks of institutional discrimination. Nevertheless, the Company upholds a clear commitment to non-discriminatory practices, and all procurement relationships require alignment with national legal frameworks including the Employment Act 1955, Federal Constitution Article 8 (Equality before the Law), and applicable anti-discrimination provisions under Malaysian labor laws. While no formal workplace exists, field verifications conducted during supplier engagement confirm that no evidence of discrimination based on gender, ethnicity, religion, nationality, or social background was observed during harvesting or delivery activities. The Company's Procurement Policy promotes inclusive business practices and requires all suppliers to self-declare their adherence to ethical principles, including equality and fairness in their conduct.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.3	Child labour shall not be used.
Supply Base Verifiers	The Company enforces a strict prohibition on child labour through its FRC-015 Supplier Verification Form and FRC-016 Procurement Guidelines, which require every feedstock supplier and harvesting contractor to comply with national legal requirements and uphold fundamental labour rights. The procurement policy outlines clear obligations to prevent the involvement of minors. Field verification confirms that harvesting is managed by adults or subcontractors with proper awareness of legal restrictions. To ensure ongoing compliance, the Company engages in briefings and communication with suppliers to reinforce their legal obligations. Furthermore, the Company maintains a public social policy aligned with the ILO Declaration on Fundamental Principles and Rights at Work, and verifies compliance during supplier reviews. Notably, all smallholders are registered with RISDA and supervised by the Ministry of Rural Development, ensuring formal oversight. This regulatory layer further affirms that no child labour is present within the supply base.

	The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The procurement of rubberwood is exclusively from independent smallholders operating plots of approximately 10 acres (4–5 ha). These plots are usually managed by family members, with no direct employment of outside labor. In many cases, harvesting operations are conducted by sub-contractors , not the smallholders themselves. Due to the small landholding and family-based nature of the operations, child labour is not present . Furthermore, the Children and Young Persons (Employment) Act 1966 under Section 2(1) prohibits the employment of any child or young person in hazardous or unauthorized work.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.4	Workers shall not be discriminated in hiring, remuneration, access to training, promotion, termination or retirement.
Supply Base Verifiers	To ensure alignment with responsible sourcing principles, the Company has implemented a Procurement Policy and Supplier Verification Protocol (FRC-015 & FRC-016), requiring all suppliers and harvesting contractors to comply with national anti-discrimination laws, including the Employment Act 1955 and Industrial Relations Act 1967. Even though no formal workers are engaged, the Company's policy emphasizes equal treatment and non-discriminatory practices in all dealings within the supply base. Field verification confirms that no workers are formally employed by smallholders or sub-contractors, and the procurement process is inclusive, non-restrictive, and based on technical capability, not on personal characteristics. The Company also maintains an internal social policy that promotes equal opportunity principles and clearly states zero tolerance for any discriminatory behavior, even in informal operational contexts. As a proactive measure, the Company periodically briefs suppliers and contractors on legal expectations to avoid implicit bias or indirect discrimination, even in informal working relationships or casual engagements. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).

Risk Rating justification	The procurement of feedstock is carried out solely through independent smallholders and harvesting sub-contractors , who do not hire any permanent workers . These entities operate independently without employing workers under formal contracts. As such, there is no structured employment relationship that may result in workplace discrimination across employment stages. The absence of formal employment contracts eliminates risks related to discriminatory practices in hiring, pay, promotion, training, or dismissal .
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.5	Wages paid to workers shall meet or exceed the legal minimum wage or where there is no statutory minimum wage industry norms shall be met or exceeded
Supply Base Verifiers	The Company verifies wage compliance through a combination of payment slip review, contractual agreements, site inspections, and interviews with harvesting contractors and landowners. Evidence from the Procurement Policy, Employment Act 1955, and site records support the conclusion that statutory wages are respected throughout the Supply Base. Interviews conducted revealed no indication of wage violations. Therefore, this indicator is assessed as low risk and no mitigation measures are required. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	In Malaysia, the Minimum Wages Order 2022 came into effect on 1 May 2022, setting the national minimum wage at RM1,500 per month. All harvesting activities in the Supply Base are conducted by independent smallholders or their appointed harvesting subcontractors, most of whom manage small plots (typically 2–40 ha) and do not employ full-time workers. Where casual workers or subcontracted harvesters are involved, the Company enforces wage compliance via procurement contracts and site inspections. According to a study by Association of Bumiputera Rubber Entrepreneurs Malaysia (PUGBM), smallholders with 2-ha plots earning ~1,400 kg/year typically generate RM900–1,000/month income—below the legal threshold, but this applies only when rubber prices drop or productivity is poor. However, in commercial harvesting engagements under the Company's sourcing scheme, payment slips, interviews, and contracts confirm that wages meet statutory requirements or local norms for productivity-based payments. Additionally, the Employment Act 1955 and Occupational Safety and Health Act 1994 prescribe labor protections, including fair wage, safe

	working conditions, and non-discrimination. The Company's Procurement Policy mandates that all harvesting contractors sign agreements explicitly stating compliance with wage laws.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.6	Working hours shall comply with legal requirements.
Supply Base Verifiers	The Employment Act 1955 (Act 265), as amended, defines legal limits on working hours in Malaysia: a maximum of 8 hours per day and 48 hours per week, with rest periods and overtime limitations. During site inspections and interviews with landowners and harvesting sub-contractors, there was no evidence of excessive or abusive work hours. Most harvesting work is conducted in the early mornings and concludes by midday due to weather and physical endurance factors. In addition, the Company's Procurement Policy includes a clause on legal compliance, which indirectly covers labour conditions, including working hours. Furthermore, the absence of any formal employment under these suppliers reduces the relevance of structured work hours. However, the Company ensures that harvesting activities are not linked to any coercive scheduling or prolonged working hours. Any grievances related to working conditions can also be raised through interviews or field assessments, as part of the Company's due diligence. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company does not directly employ any workers within its supply base. All rubberwood procurement is conducted through independent smallholders and harvesting sub-contractors , both of whom operate independently and are not formal employers under the Employment Act 1955. As such, there is no centralized control over working hours , and the typical operations — especially for harvesting — are conducted on a task or volume basis , not time-based contracts. Despite this, working hours do not typically exceed legal thresholds , as harvesting tasks are physically limited and generally completed within daylight hours.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
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4.1.7	Workers shall have access to health care provisions, sickness benefits, retirement benefits, invalidity benefits, death benefits, and workers' compensation
Supply Base Verifiers	The Company shall implement basic occupational health and safety measures to mitigate the identified risk. These include ensuring all subcontracted harvesting teams are equipped with first aid kits, personal protective equipment (PPE), and operate well-maintained machinery. Additionally, before harvesting begins, the competency of workers must be verified and briefings conducted to ensure understanding of health and safety expectations. The Procurement Policy shall also be updated to include a requirement for OHS compliance, and training records shall be maintained for all subcontractors. These control measures are critical to ensure that healthcare access, safety provisions, and compensation obligations are met as per legal requirements. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Occupational Safety and Health Act 1994 (Section 15) clearly mandates every employer and self-employed person to ensure, so far as is practicable, the safety, health, and welfare of all employees at work. While the Company maintains a comprehensive Procurement Policy outlining occupational safety and health expectations, a gap has been identified in the extent of practical application among harvesting subcontractors . This includes limited health and safety training and awareness at field level, especially among workers who are not direct employees but subcontracted for harvesting. Due to these deficiencies in training and awareness , this indicator has been assessed as Specified Risk .
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.8	Training shall be provided for all workers to allow them to implement the conditions set out in all elements of the SBP Standards relevant to their responsibilities.
Supply Base Verifiers	The Company conducts annual training programs targeting all workers involved in biomass feedstock harvesting and handling. These trainings cover topics such as SBP Standard requirements, worker safety, grievance procedures, and ethical conduct. Training records, attendance logs, and feedback forms are maintained as evidence. The Procurement Policy also mandates that all subcontracted workers must undergo Company-facilitated training before engaging in field operations. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally

	sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	There is a specified risk that harvesting subcontractors and smallholders may not receive structured or consistent training to implement conditions set out in the SBP Standards. Although the Company has a documented Procurement Policy and adheres to the Occupational Safety and Health Act 1994 , gaps remain, particularly in extending formal training to subcontracted personnel engaged in field operations. Given the informal and small-scale nature of operations—where most landowners do not directly hire labor and instead manage the sites themselves or via subcontractors—systematic knowledge transfer cannot be guaranteed without formal interventions.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.9	Mechanisms shall be in place for resolving grievances and disputes in the workplace.
Supply Base Verifiers	To verify compliance, the Company maintains a Complaints Register (FRC-008), where all received grievances are logged, referenced by date, complainant (where known), and resolution status. The grievance procedure includes a clear step-by-step process: submission (written or verbal), internal investigation, corrective action, and formal closure with feedback to the complainant. Awareness of this mechanism is confirmed through interviews during field visits, where subcontractors and landowners are queried about their knowledge of the grievance pathway. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The Company has established a formal Complaints and Grievance Mechanism (as outlined in FRC-007) to ensure that all stakeholders, including subcontracted harvesters and smallholders, have access to a fair resolution channel. However, given that many workers in the field are either self-employed or subcontracted informally , there remains a risk that these procedures are not fully understood , accessed, or trusted—especially by temporary or informal laborers who may be unaware of their rights or fear retaliation. In such cases, despite the existence of a documented process, the actual implementation and awareness level of the grievance mechanism may be insufficient to protect workers' rights. Hence, this is classified as a Specified Risk .
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.1.10	Safeguards shall be put in place to protect the health and safety of workers by developing, communicating and implementing policies and procedures.
Supply Base Verifiers	The Company's Procurement Policy outlines clear health and safety requirements that must be communicated to all suppliers. It mandates that harvesting operations comply with legal standards and best practices including the provision of personal protective equipment (PPE), proper machinery maintenance, and first aid measures. Subcontractors are provided with annual refresher training and briefings which include visual safety posters, toolkits, and field-level engagement. The Company has designated Health & Safety PICs who verify readiness prior to harvesting operations and document compliance in field reports. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	There is a specified risk that, while the Company has developed documented health and safety policies aligned with national legal requirements (notably the Occupational Safety & Health Act 1994), the practical implementation and communication of these safeguards to harvesting subcontractors and smallholders remain inconsistent. Most feedstock suppliers are either independent smallholders or harvesting contractors , and both operate without formal employment ties or centralized management. Therefore, even with Procurement Policy requirements in place, ensuring consistent adoption of safety protocols, hazard communication, and emergency preparedness is a challenge at ground level.
Risk Rating	Specified Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.1	Negative social and community impacts shall be identified and avoided.
Supply Base Verifiers	The Company has established a Procurement Policy that integrates a clause requiring suppliers to avoid any adverse social impact , particularly involving land disputes, indigenous rights, and worker safety. Field assessments are conducted before sourcing to ensure no encroachment, conflict, or social disturbance exists. Where necessary, local community leaders and RISDA officers are consulted during replanting. Suppliers are required to self-declare compliance, and random stakeholder interviews are

	used to verify ground conditions. The Company maintains a transparent grievance mechanism (FRC-007 and FRC-008) for addressing any complaints from affected communities. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The risk of negative social or community impacts resulting from the Company's feedstock sourcing operations is considered low. The primary feedstock originates from independent smallholders managing their own plots, and harvesting is conducted by registered subcontractors, ensuring no direct employment or land conflict arises. Land ownership is well-established through land grants issued under the National Land Code 1965 and regulated by the Land Acquisition Act 1960, preventing disputes or forced evictions. Furthermore, Environmental Quality Act 1974 ensures that environmental and social disturbances (e.g. air/noise pollution) are regulated during harvesting. The occupational safety provisions under OSHA 1994 also support community well-being through enforcement of safe operating practices.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.2	Feedstock sourcing shall positively contribute to the local economy, including employment.
Supply Base Verifiers	Feedstock procurement from local rubberwood smallholders and the use of local harvesting subcontractors provide clear and traceable socio-economic benefits to the rural communities in Pahang. The sourcing model directly supports independent landowners, helping them monetize rubberwood during replanting, thereby improving income streams in a declining commodity market. Employment in harvesting, logistics, and machinery maintenance also generates ancillary jobs. Furthermore, all harvesting practices are compliant with Employment Act 1955, Minimum Wage Order 2022, and Occupational Safety & Health Act 1994, offering legal assurance that decent working conditions and fair pay are sustained.
Risk Rating justification	The Company's Supplier Verification (FRC-015) and Procurement Policy (FRC-016) ensure that feedstock is sourced only from legitimate smallholders and certified mills. Economic benefits are documented through payment slips, site interviews, and employment records. Additionally, site inspections confirm that workers receive wages in accordance with national standards and that contractors are locally based, enhancing the economic multiplier effect. The Company also encourages long-term engagement with

	smallholders through fair pricing and consistent contract renewal. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.3	Food, water supply or high conservation values (HCV) that are essential for the fulfilment of basic needs of communities shall be maintained or enhanced
Supply Base Verifiers	Field inspections, land grant reviews, and interviews with smallholders confirm that sourcing areas do not overlap with any critical ecosystem services or public water supplies. The Company uses a harvesting inspection checklist (FRC-013) and verification by trained personnel to ensure compliance. HCV considerations are further screened using the HCV-HBV checklist (FRC-012) before sourcing approval. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The feedstock sourcing activities take place on privately owned smallholder rubber plantations, which are already undergoing replanting. These lands are not designated for food crops, community water catchment areas, or classified as HCVs under any legal or voluntary conservation registry. Additionally, the Water Services Industry Act 2006, National Forestry Policy, and Environmental Quality Act 1974 collectively ensure that essential environmental and community services are not disrupted by plantation-level operations.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.4	Legal, customary, and traditional tenure and use rights of Indigenous Peoples and local communities related to the Supply Base shall be identified, documented, and respected.
Supply Base Verifiers	Verification includes land title checks, RISDA registration documents, and stakeholder interviews to confirm no encroachment. The Company maintains a self-declaration process through its suppliers and incorporates

	tenure screening into its Procurement Policy (FRC-016). No grievances or disputes involving Indigenous or customary claims were recorded during recent reassessments. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	The sourcing region in supply base regions involves only private smallholder lands with no overlap or proximity to Orang Asli or other Indigenous customary territories. All procurement is conducted through contractual agreements with documented landowners. The National Land Code 1965 governs private land ownership and land titles are issued under state jurisdiction. Customary rights are recognized under the Aboriginal Peoples Act 1954, and no sourcing occurs in such designated areas.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.5	Mechanisms shall be in place for resolving grievances and disputes relating to tenure and use rights of the forest and other land management practices.
Supply Base Verifiers	The Company has implemented a formal Complaints & Grievances Mechanism (FRC-007) and maintains Grievances Records (FRC-008). Suppliers are required to communicate this mechanism to stakeholders and sub-contractors. Stakeholders are encouraged to report issues via designated focal persons, with response timelines and escalation procedures clearly defined. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	All feedstock is sourced from titled lands under clear legal ownership. However, to uphold due diligence, the Company ensures mechanisms exist to address any future land use or tenure-related disputes, even though no such cases have occurred to date. This aligns with good governance principles under the Forest Act 1984 and Land Acquisition Act 1960.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and	Indicator
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Terengganu	
4.2.6	Where Indigenous Peoples' rights are identified in the Supply Base, and Free Prior and Informed Consent (FPIC) has not been achieved for the proposed and planned activities, a consultation and, if required, accommodation process shall be put in place.
Supply Base Verifiers	During stakeholder mapping, the Company screens the sourcing region for proximity to any Orang Asli settlements using local authority and RISDA records. This process is documented and supported by self-declarations, land grants, and interviews. There is no evidence of any historical or ongoing FPIC concerns within the sourcing areas. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	This risk is not applicable in the current supply base. No sourcing occurs on or near land claimed or occupied by Indigenous Peoples, and there is no indication of any FPIC-related conflict . The Aboriginal Peoples Act 1954 outlines rights and land designation processes, which are respected under national law.
Risk Rating	Low Risk

Malaysia Pahang, Kelantan and Terengganu	Indicator
4.2.7	Designated cultural heritage sites shall be preserved.
Supply Base Verifiers	Cultural heritage screening is included in the Company's HCV-HBV checklist (FRC-012) prior to approval of any supplier site. Additionally, site inspections and local community engagement have confirmed the absence of religious, burial, or cultural landmarks in or near the harvesting zones. The Company designates its Chief Sustainability Officer as SBVs responsible for verifying that all harvested rubberwood is legally sourced. Peterson Projects and Solutions (Malaysia) Sdn Bhd acts as an independent verifier for documentation and site inspections on informal basis (on knowledge sharing basis).
Risk Rating justification	No part of the current feedstock supply area overlaps with any gazetted or locally recognized cultural heritage sites . The National Heritage Act 2005 provides the legal framework for designating and protecting such areas, and a review of official gazette records confirms no overlap or risk .
Risk Rating	Low Risk

Annex 2: EU RED Supply Base Evaluation

Countries where EU RED Supply Base Evaluation is used	
Country	Malaysia
Area	Pahang, Kelantan and Terengganu
Sustainable harvesting criteria 29(6)	
(i) The legality of harvesting operations	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not procure primary feedstock directly from forests. Instead, it sources two distinct types of biomass feedstock: Primary feedstock refers to rubberwood harvested during replanting cycles. These trees, no longer productive for latex, are felled to facilitate land preparation and cultivation of new rubber crops. All harvesting activities are conducted in compliance with Malaysian legislation, including the <i>Environmental Quality Act 1974</i> and the <i>Occupational Safety and Health Act 1994</i>. The Company also adheres to established Best Management Practices (BMPs) to ensure responsible handling of soil quality, environmental protection, occupational health and safety, and social safeguards. Processing residues, previously referred to as secondary feedstock, include sawdust and off-cuts generated as by-products from PEFC-certified sawmills. These materials are verified through a self-declaration process and subject to supplier-level verification to ensure compliance with sustainability and traceability requirements.
(ii) Forest regeneration of harvested areas	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The felled rubberwood logs are cleared primarily to enable land preparation for replanting. In most cases, replanting occurs within one year from the date of felling. In the local context, these lands are often converted to other economically viable crops, such as durian, other fruit-bearing trees, or oil palm, depending on the smallholders' preference and market demand.

	Since the Company does not procure any primary feedstock directly from natural forests, the concept of forest regeneration is not directly applicable. Nonetheless, in alignment with national legal requirements and support provided by RISDA (Rubber Industry Smallholders Development Authority), landowners are obligated to replant within a year, ensuring continuity of land use and sustainable land management practices.
(iii) That areas designated by international or national law or by the relevant competent authority for nature protection purposes, including in wetlands, grasslands, heathland and peatlands, are protected with the aim of preserving biodiversity and preventing habitat destruction, unless evidence is provided that the harvesting of that raw material does not interfere with those nature protection purposes	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The cultivation of rubber trees in Malaysia began in the late 19th century and expanded rapidly in the early 20th century. By the 1920s, Malaysia emerged as one of the world's leading rubber producers, with substantial areas officially designated for rubber cultivation. These lands were specifically gazetted for agricultural development and were not located within conservation or nature preservation zones. Rubber plantations, especially those managed by independent smallholders, are overseen by the Rubber Industry Smallholders Development Authority (RISDA), established in 1973. RISDA's mandate focuses on enhancing the socio-economic conditions of smallholders through improved productivity, sustainable cultivation, and income diversification. However, RISDA's scope is centered on agricultural advancement and rural development, rather than biodiversity conservation. In contrast, ecologically sensitive areas such as primary rainforests, national parks, and forest reserves are protected under dedicated environmental laws and managed by agencies such as the Department of Wildlife and National Parks (PERHILITAN) and respective State Forestry Departments. These areas are preserved due to their biodiversity value and ecological significance. Given their agricultural classification and economic function, rubber plantations do not fall under the same conservation framework. Instead, they are recognized as productive agro-industrial landscapes, where the primary objective is the cultivation of latex and harvesting of rubberwood, not the protection of natural ecosystems.
(iv) that harvesting is carried out considering the maintenance of soil quality and biodiversity in accordance with sustainable forest management principles, with the aim of preventing any adverse impact, in a way that avoids harvesting of stumps and roots, degradation of primary forests, and of old growth forests as defined in the	

country where the forest is located, or their conversion into plantation forests, and harvesting on vulnerable soils, that harvesting is carried out in compliance with maximum thresholds for large clear-cuts as defined in the country where the forest is located, and with locally and ecologically appropriate retention thresholds for deadwood extraction and that harvesting is carried out in compliance with requirements to use logging systems that minimise any adverse impact on soil quality, including soil compaction, and on biodiversity features and habitats	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company has developed and implemented several key tools and protocols—namely the HCV-HBV Checklist, Harvesting Site Inspection, Best Management Practices in Harvesting Rubberwood, and the Supplier Verification Audit Checklist—which serve as integral components of its commitment to sustainability and environmental stewardship. These instruments are not mere procedural requirements but reflect the Company’s core principles of minimizing ecological harm and promoting responsible resource management. The HCV-HBV (High Conservation Value–High Biodiversity Value) Checklist is used to systematically identify any sensitive or ecologically important areas within or adjacent to harvesting sites. These may include habitats for endangered species, ecologically critical zones, or landscapes that support essential ecosystem services such as water filtration and soil stabilization. This tool helps prevent any negative impact on biodiversity-rich or conservation-priority areas, ensuring harvesting operations remain aligned with global environmental safeguards. In parallel, the Harvesting Site Inspection form is employed by field teams to conduct on-site assessments prior to biomass extraction. This includes evaluating soil conditions, identifying buffer zones near protected areas, and determining the overall ecological vulnerability of the site. The findings guide necessary protective actions to prevent soil erosion, water contamination, or habitat disruption—serving as a frontline control mechanism to uphold environmental integrity during operations. To standardize environmentally sound harvesting methods, the Company has also developed its Best Management Practices in Harvesting Rubberwood. This document outlines practical guidelines for low-impact harvesting, including recommended felling techniques, directional cutting to avoid collateral damage, proper scheduling to reduce land disturbance, and road layout planning to minimize soil compaction and runoff. These practices collectively promote efficient yet ecologically responsible harvesting. Together, these documents form a robust sustainability framework that

	ensures the Company's biomass sourcing aligns with both regulatory expectations and international best practices.
(v) That harvesting maintains or improves the long-term production capacity of the forest.	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	Replanting after the felling of rubber trees is generally mandated in Malaysia, forming part of the national commitment to sustainable agricultural and forestry practices. This requirement is driven and supported by agencies such as the Rubber Industry Smallholders Development Authority (RISDA) and the Malaysian Rubber Board (MRB), which encourage or mandate replanting to secure the long-term viability of the rubber sector—particularly for smallholders who depend heavily on rubber cultivation for their livelihoods. Replanting fulfills several critical functions. Primarily, it ensures the continuity of latex and biomass production, helping maintain Malaysia's position as a key rubber-producing nation. Additionally, while rubber plantations do not offer the same ecological value as natural forests, replanting still contributes to soil stabilization, carbon sequestration, and erosion control. To encourage replanting, the Malaysian government offers incentives such as financial aid, agronomic advisory, planting material support, and technical training. These initiatives aim to reduce the burden on smallholders and promote sustainable land use. An increasingly popular trend among smallholders is the adoption of dual-cropping systems, particularly during the early stages of rubber replanting. Under this approach, short-term or seasonal crops such as pineapple, banana, or tapioca are cultivated alongside young rubber saplings. This allows smallholders to generate interim income while waiting for the rubber trees to mature—typically over a period of 5 to 7 years. Such diversification not only enhances income resilience but also improves land productivity and supports local food security. It is important to note that replanting timelines, methods, and assistance schemes may vary slightly across different regions and are subject to local land governance policies. Nevertheless, the general expectation is that replanting shall occur within one year of felling, thereby maintaining the plantation's productive cycle and minimizing the risk of land abandonment or degradation.
(vi)¹ That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. <i>Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land</i>	

with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:

(a) **primary forest** and other wooded land and **old growth forest**, namely forest and other wooded land of native species, where there is no clearly visible indication of human activity and the ecological processes are not significantly disturbed; and old growth forests as defined in the country where the forest is located. If there is no definition of **old growth forest** at the national level, then the following definition shall apply: A forest stand or area consisting of native tree species that have developed, predominantly through natural processes, structures and dynamics normally associated with late-seral developmental phases in primary or undisturbed forests of the same type. Signs of former human activities may be visible, but they are gradually disappearing or too limited to significantly disturb natural processes.

Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company applies a **Level B risk assessment approach** through a structured **management system implemented at the sourcing-area level**. The biomass used (rubberwood) is **not harvested from forest land** but from long-established **agro-industrial rubber plantations** that are legally designated as agricultural areas. These plantations are **not classified as protected areas**, **high conservation value (HCV) forests**, or **primary forests** as described under **Article 29(3), 29(4), and 29(5)** of the RED III Directive. To verify land status and compliance, the Company conducts **site-specific risk assessments** that include: - **Harvesting site inspections** to confirm land-use classification. - Use of the **HCV–HBV checklist** to screen for biodiversity or conservation attributes. - Verification of **land titles and ownership documents** from smallholders. - Confirmation that harvesting involves only **mature end-of-life rubber trees** removed for **replanting**, not for land conversion. These plantations operate under **Malaysian land-use regulations** and are supported by government replanting schemes such as **RISDA**. In addition, the Company's due-diligence process—including **stakeholder interviews**, **land inspections**, and **document reviews**—ensures that no feedstock originates from land that would breach RED III sustainability or land-use criteria. Through this field-verified and documented system, the Company ensures that all primary feedstock complies with the legal and sustainability requirements of **RED III**.
(vi)² That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status: (b) highly biodiverse forest and other wooded land which is species-rich and not degraded, and has been identified as being highly biodiverse by the relevant competent authority, unless evidence is provided that the production of that raw material did not interfere with those nature protection purposes.	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level

Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not source any primary feedstock from forest areas. All raw materials originate exclusively from long-established **rubber plantations** located on privately owned **agricultural land**. These plantations have undergone multiple replanting cycles and are not classified as forests, highly biodiverse forests, or protected ecosystems. At the sourcing-area level, the Company verifies land status through **land title checks**, **field inspections**, and **supplier self-declaration (FRC-010)**, confirming that the feedstock is derived solely from agricultural plantations. During onsite verification, no forest characteristics, **HCV/HCS features**, or nature-protection designations were observed. The Company's management system ensures that only **plantation-derived rubberwood** is accepted, and any material originating from forest land is automatically excluded. Therefore, the requirements of **Article 29(3)(b)** are fulfilled through consistent and documented verification under **Level B**.
(vi)³ That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. <i>Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:</i> <i>(d) highly biodiverse grassland spanning more than one hectare that is: (i) natural, namely grassland that would remain grassland in the absence of human intervention and that maintains the natural species composition and ecological characteristics and processes; or (ii) non-natural, namely grassland that would cease to be grassland in the absence of human intervention and that is species-rich and not degraded and has been identified as being highly biodiverse by the relevant competent authority, unless evidence is provided that the harvesting of the raw material is necessary to preserve its status as highly biodiverse grassland.</i>	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not source any feedstock from natural grasslands or highly biodiverse grassland areas. All primary feedstock is obtained exclusively from smallholder **rubber plantations** located on privately owned **agricultural land**. These areas have been in continuous plantation use for multiple cycles and have never been classified as natural or non-natural grassland. Verification at the sourcing-area level is conducted through **land title checks**, **supplier self-declaration (FRC-010)**, and **field inspections**, confirming that no sourcing areas exhibit grassland characteristics or ecological features associated with highly biodiverse grasslands. During onsite inspections, no grassland ecosystems, species-rich open habitats, or conservation-designated grassland areas were observed.

	As part of the Company's management system, only **plantation land** is accepted as eligible sourcing. Any raw material originating from grassland areas would be excluded. Based on these controls, the requirements under **Article 29(3)(d)** are met through verification at the sourcing-area level under **Level B** .
(vi)⁴ That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. <i>Article 29 (3): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with a high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:</i> <i>(e) heathland - Biomass Producer shall use the official definition for Heathland used in the applicable feedstock origin country. In the absence of such a definition, then the following definition shall be applied: Vegetation with low and closed cover, dominated by bushes, shrubs, dwarf shrubs (heather, briars, broom, gorse, laburnum etc.) and herbaceous plants, forming a climax stage of development (Source: EU Copernicus).</i>	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not source any feedstock from heathland areas. All primary feedstock is derived exclusively from long-established **rubber plantations** located on privately owned **agricultural land**. These areas have undergone multiple replanting cycles and do not exhibit vegetation or ecological characteristics associated with heathland, such as dwarf shrubs, gorse, broom, heather, briars, or low closed-canopy shrub formations. Verification at the sourcing-area level is conducted through **land title checks**, **supplier self-declaration (FRC-010)**, and **field inspections**, confirming that no sourcing areas resemble heathland ecosystems or fall under any national or regional heathland designation. During site visits, no heathland-type vegetation or habitat features were observed. Under the Company's management system, only **plantation land** is accepted as eligible feedstock. Any raw material originating from heathland areas would be excluded. This ensures compliance with **Article 29(3)(e)** through sourcing-area verification under **Level B**.
(vi)⁵ That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. <i>Article 29 (4): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land with high-carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status:</i> <i>(a) wetlands, namely land that is covered with or saturated by water permanently or for a significant part of the year (NOTE: Evidence of verification of wetlands should reflect seasonal changes within a year).</i>	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level

	☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not source any primary feedstock from wetlands. All rubberwood originates from privately owned **plantation land** that is not waterlogged, seasonally flooded, or saturated for any significant period of the year. These areas have long been established as agricultural plantations and do not exhibit characteristics of wetland ecosystems. Verification at the sourcing-area level is conducted through **land title checks**, **supplier self-declaration (FRC-010)**, and **field inspections**, which consistently confirm that no sourcing areas overlap with natural wetlands or with land that previously held wetland status. During onsite verification, no water-saturated soils, hydrophytic vegetation, or seasonal inundation patterns were observed. Under the Company's management system, only **plantation land** is accepted as eligible feedstock. Any raw material originating from wetlands would be automatically excluded. Compliance with **Article 29(4)(a)** is therefore ensured through sourcing-area verification under **Level B**.
(vi)⁶ That forests in which the forest biomass is harvested do not stem from the lands that have the statuses referred to in Article 29(3) points (a), (b), (d) and (e); Article 29(4), point (a), and Article 29(5), respectively under the same conditions of determination of the status of land specified in those paragraphs. <i>Article 29 (5): biomass fuel produced from agricultural biomass shall not be made from raw material obtained from land that was peatland in January 2008, unless evidence is provided that the cultivation and harvesting of that raw material does not involve drainage of previously undrained soil. For a peatland that was partially drained in January 2008, a subsequent deeper drainage, affecting soil that was not fully drained, would constitute a breach of the criterion.</i>	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company does not source any feedstock from peatland areas. All rubberwood originates from privately owned **plantation land** located on **mineral soils** that have never been classified as peatland. These plantations have been established for many years and are not situated on drained, partially drained, or converted peat soils. Verification at the sourcing-area level is conducted through **land title checks**, **supplier self-declaration (FRC-010)**, and **field inspections**, confirming that no sourcing areas are located on peatland or on land that held peatland status as of January 2008. During onsite verification, no peat soil characteristics, subsidence indicators, or drainage infrastructure associated with peatland were observed. Under the Company's management system, only **plantation land on mineral soils** is accepted as eligible feedstock. Any raw material originating from peatland areas would be excluded. Compliance with **Article 29(5)** is therefore ensured through sourcing-area verification

	under **Level B** .
(vii) that installations producing biomass fuels from forest biomass, issue a statement of assurance, underpinned by company-level internal processes, for the purpose of the audits conducted pursuant to Article 30(3), that the forest biomass is not sourced from the lands referred to in point (vi).	
Type of Risk Assessment used	☒ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	<i>Not applicable, requirement only applies to Level A</i>

LULUCF criteria 29(7)	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☒ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	The Company's sourcing area consists solely of rubberwood plantations, not natural forests. These are agro-industrial lands cultivated for latex and later cleared for replanting purposes, in accordance with national legal requirements (e.g., <i>Environmental Quality Act 1974, Occupational Safety and Health Act 1994</i>). In line with Article 29(1) of RED III, the Company has conducted a 30-year carbon stock projection covering land-use transitions post-harvest. Key highlights include: a) Spatial Boundaries & Carbon Pools Carbon quantification was conducted lot-by-lot using data for aboveground biomass, belowground biomass, litter, deadwood, and soil organic carbon. Geographic coordinates were used to delineate each lot. Data collected and verified from December 2023–January 2024 confirms baseline carbon levels. b) Historical Carbon Stock Reference Baseline values were benchmarked using the 2000–2009 reference period. This allows comparisons between past and future carbon dynamics within the sourcing area. c) 30-Year Post-Harvest Land Use & Management The long-term land-use model considers three phases: • 0–5 years: Immediate replanting, often with oil palm or durian, based on farmer decisions driven by economics and latex viability. • 5–15 years: Monitoring and transition to sustainable crop management, including soil management and biodiversity

protection.

- **15–30 years:** Continued sustainable land use, with optional RSPO compliance for oil palm. Technical and financial support are encouraged for smallholders. Government bodies like **RISDA** and **MRB** play advisory roles in this transition.

d) Carbon Stock Estimations

Based on modeled projections:

- Oil palm (after soil loss adjustment): **Average 154.67 tC/ha**, Final 30-year stock: **304.67 tC/ha**
- Durian: **Average 124.67 tC/ha**, Final 30-year stock: **244.67 tC/ha**

e) Comparison with Historical Baseline

The 30-year projected stock (**21,506 tC**) exceeds the current 2023 baseline (**17,153 tC**), demonstrating **net positive carbon retention**, satisfying RED III's **LULUCF** sustainability criteria.

f) Additional Measures

- **Dual-cropping strategies** (e.g., rubber + banana/pineapple) being explored.
- **Self-declaration and verification** used for all secondary feedstock (e.g., sawdust, offcuts).
- **Stakeholder input integrated**, particularly from smallholders planning replanting cycles of 1–3 years.

Annex 2a: EU RED II Supply Base Evaluation

Annex 3: SBP Processing residues and/or Post-consumer feedstock requirements

☐ Not Applicable (Processing Residues and/or post-consumer feedstock not used)

Verification and monitoring of suppliers

The Company conducts a structured verification process to ensure that all processing residues and post-consumer feedstocks are compliant with RED III Article 29(1) and qualify as **processing residues** as defined in SBP Standard 2 Section 3.2. The Company only sources these materials from **PEFC-certified sawmills**, and the verification process includes the following:

- **Supplier identification:** The name, address, and business registration details of each supplier are recorded. All current suppliers are licensed PEFC-certified sawmills based in Peninsular Malaysia.
- **Type of supplier:** Suppliers are classified as **sawmill operators**, and the Company does not engage with traders or reclamation collectors for processing residues.
- **Feedstock supplied:** The materials received include **sawdust**, **wood shavings**, and **off-cuts** generated during the sawmilling process. These residues are not intentionally produced but are by-products of timber processing.
- **Self-declaration & record-keeping:** Every supplier is required to submit a **signed Self-Declaration (FRC-010)** confirming that the materials are genuine processing residues. The declaration is supported by relevant documentation, including **material flow charts**, production logs, and invoices.
- **Level of control:** Upon delivery, incoming feedstocks undergo **visual inspection** and are **cross-verified** against supplier declarations. Any discrepancies trigger a secondary verification or potential rejection. Supplier performance is tracked via the **Supplier Verification Audit Checklist**.
- **Monitoring & contingency:** The Company continuously monitors supplier compliance with SBP's definitions and maintains a contingency plan. If a supplier fails to provide sufficient evidence or is found to supply non-compliant material, they are either requested to correct documentation, reclassify feedstock as non-eligible, or are **temporarily suspended** from supplying feedstock.

This verification system ensures that all processing residues used by the Company are traceable, compliant, and eligible for SBP and RED III purposes.

Feedstock inspection and classification upon receipt

Upon delivery, all processing residues are visually inspected to confirm they match the declared category (e.g., sawdust, off-cuts). Only materials sourced as by-products from PEFC-certified sawmills are accepted. Each load is verified against delivery documents and declared as **secondary feedstock** based on its physical form and supplier's self-declaration. Non-conformities in material type, quality, or quantity are documented, and corrective action is taken immediately, including potential rejection. All findings are logged and made available for Certification Body audits.

Supplier audit for processing residues and post-consumer feedstock

The Company conducts annual audits for all suppliers of secondary feedstock (e.g., sawdust, off-cuts) to verify compliance with RED II and SBP definitions. The audit includes on-site inspections (sampling rate: 100% of active suppliers), verification of supplier licenses, purchase records, production flow, and storage practices. Key documents reviewed include the **Self-Declaration Form (FRC-010)**, delivery notes, and raw material input logs. No major non-conformities were identified in the last audit cycle, and suppliers remain approved under the SBP-controlled framework.

Annex 4: EU RED detailed findings for Trees Outside Forest (TOF) feedstock

NOTE: For “Trees outside forests (TOF) – Urban and landscape feedstock” no EU RED sustainability requirements apply, only the GHG savings criteria apply (SBP EU RED Bridging ID v2.0 Section 1.1). The land use category in this case is neither forest land nor agricultural land. For “Trees outside forests (TOF) – Agricultural land feedstock” the applicable criteria are Article 29 paragraphs (2)-(5).

Not Applicable (RED II TOF not included)

Annex 4a: RED II detailed findings for Trees Outside Forest (TOF) feedstock

NOTE: For “Trees outside forests (TOF) – Urban and landscape feedstock” no REDII sustainability requirements apply, only the GHG savings criteria apply (SBP REDII Bridging ID Section 4.2). The land use category in this case is neither forest land nor agricultural land. For “Trees outside forests (TOF) – Agricultural land feedstock” the applicable criteria are Article 29 paragraphs (2)-(5).