

Date: February 2023

Ref: Tabung Haji Plantations (“THP”) Grievance

Following notification of suspected breaches of No Deforestation, No Peat, No Exploitation (“NDPE”) commitments by Tabung Haji Plantations (“THP”), Innospec conducted an investigation in December 2020 in accordance with our [Palm Grievance Procedure](#).

The notification was based on a [report](#) released in April 2018 by Chain Reaction Research and involved 32 palm oil plantations in Malaysia and Indonesia, and alleged that THP:

- is suspected of being involved in serious violations of NDPE policies via its subsidiaries Persada Kencana Prima in North Kalimantan and Hydroflow Sdn Bhd in Sarawak as they are actively clearing peatland and forests;
- has no NDPE policy in place; and
- ceased being a member of the Roundtable for Sustainable Palm Oil (“RSPO”) in 2012.

Chain Reaction Research issued further allegations against THP in [April 2020](#), which extend the area impacted.

Outcome of Innospec’s supply chain links investigation

Our investigation in December 2020 identified that neither Innospec nor its direct suppliers purchased palm derivatives directly from THP. A small number of Innospec’s direct suppliers confirmed that although they did not purchase directly from THP, they were unable to guarantee that there are no links to THP due to the complex nature of the market and supply chain. These suppliers responded that they were engaging with THP, which had also responded to the allegations and clarified its position. The responses received from these suppliers can be summarised as follows:

- In 2015, THP entered into a Management Agreement with Deru Semangat Sdn. Bhd. (“DSSB”) to manage DSSB’s oil palm plantation of approximately 30,000 acres in the Mukim of Tembeling, Jerantut, Pahang. DSSB is a joint venture company between Lembaga Tabung Haji (“LTH”), THP’s holding company, and the Pahang Royal Family. THP merely acts as a management agent and is not the owner of the land. Further, THP has reaffirmed its commitment to the NDPE Policy and has conveyed its intention to terminate the Management Agreement with DSSB.
- Based on a supplier’s internal Land Use Change Analysis assessment of the DSSB concession area, there had been no land clearing in 2020. Our suppliers were monitoring and guiding THP in meeting the NDPE criteria.
- The fact that THP ceased being a member of the RSPO in 2012 was not considered by our direct suppliers as non-compliance to NDPE policy. THP’s departure from the RSPO was not triggered by an RSPO suspension due to violation of the P&C related to deforestation or exploitation of workers/local communities. There are many factors that may contribute to a company’s resignation from the RSPO, including lack of commercial incentive on the low premium of certified palm oil, lack of internal funding in getting their operation certification, etc. Further, regardless of RSPO membership status, all our suppliers are required to



- implement and comply with, an NDPE policy.
- THP rolled out a group-wide [Sustainability Policy](#) in February 2019. The policy is published on its company website.
 - THP adopted a moratorium on further land development in PT Persada Kencana Prima in July 2017. The company also committed to complete High Conservation Value and High Carbon Stock forest assessments before any further development takes place.
 - Mighty Earth has put up THP as a [success story](#) based on its positive progress and response to the allegation and considered the case closed.

Based on the reported actions taken by THP, including their commitment to the development of a recovery Plan for Non-Compliance Land Clearing to NDPE policy at group level for activity that has taken place from Jan 2016 onwards, we consider the case as closed. Should you have any questions, please do not hesitate to contact sustainability@innospecinc.com.