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Sustainable
Futures*

Plantation

Modern Slavery and Human Trafficking Statement FY2023



Plantation

Sime Darby Plantation

Modern Slavery and Human Trafficking Statement FY2023

CONTENTS

- 01 Our Organisation, Structure and Supply Chain
- 02 Decision of The United States Customs and Border Protection (USCBP)
- 03 Our Commitments, Policies, Procedures and Governance
- 04 Due Diligence, Risk Assessment and Continuous Improvement
- 05 Training
- 06 Board Approval

UKMSA Statement

This Statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). The period of reporting for this Statement is for the year ended 31 December 2023. This Statement serves as a progress report following key actions taken subsequent to SD Plantation's Modern Slavery and Human Trafficking Statement FY2022.

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

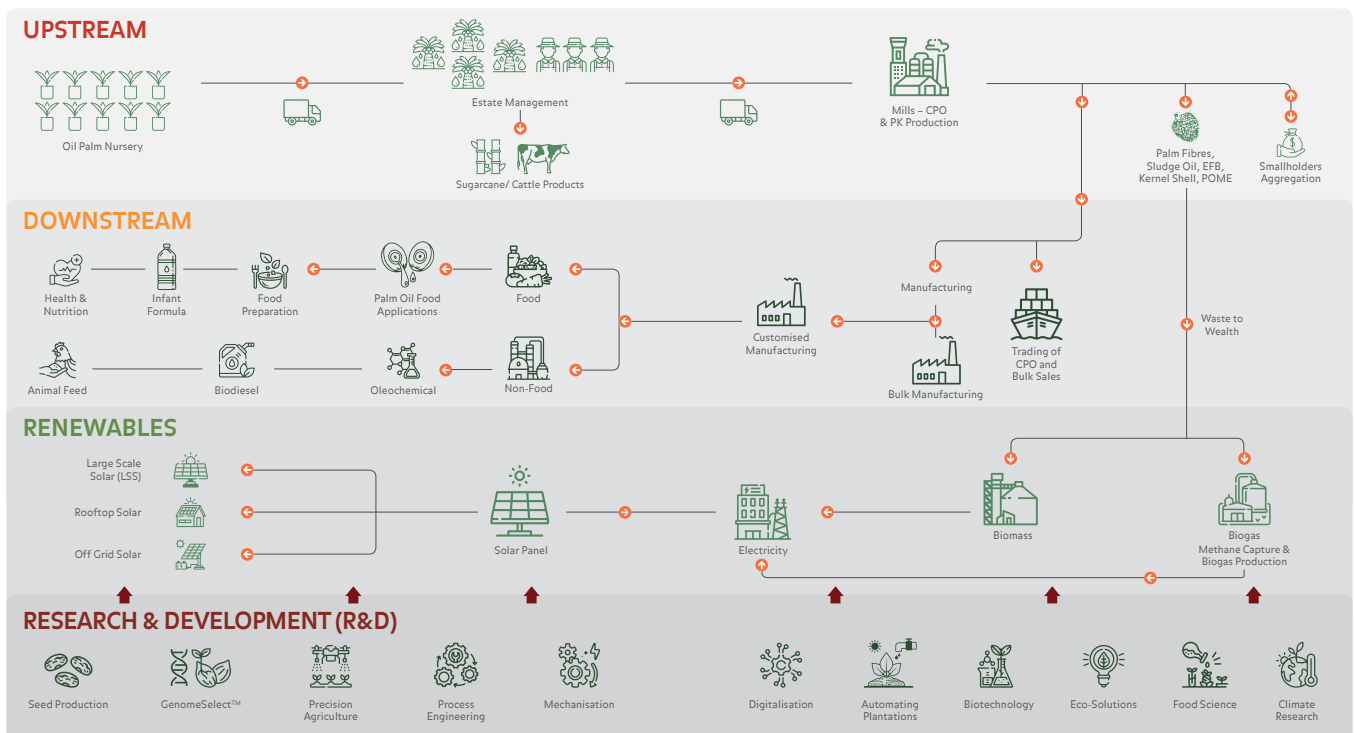
A. About Sime Darby Plantation Berhad

Sime Darby Plantation Berhad ("SD Plantation" or "the Group") is one of the world's largest producers of Certified Sustainable Palm Oil (CSPO) with our operations 100% certified (mills) by leading international and national sustainability certification bodies. As a global integrated plantation company, SD Plantation is involved in the full spectrum of the palm oil value chain, from upstream to downstream activities, research & development (R&D), renewables and agribusiness. Our upstream operations, consisting predominantly of oil palm cultivation, harvesting and milling, are located across Malaysia, Indonesia, Papua New Guinea and the Solomon Islands.

Our downstream business (Sime Darby Oils or SDO), which has a presence in 11 countries, namely the United Kingdom, Malaysia, Indonesia, South Africa, Netherlands, Papua New Guinea, Thailand, Singapore, China, Germany and North America, is involved in the manufacturing, sales and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other derivatives.

SD Plantation is also involved in sugarcane plantations, as well as cattle rearing in Papua New Guinea.

Our Integrated Value Chain



Further details of our company can be found in our website.

B. Our Supply Chain

As at end of December 2023, SD Plantation sources fresh fruit bunches (FFB), crude palm oil (CPO), palm kernel (PK), crude palm kernel oil (CPKO), and refined palm products from over 1,177 mills, traders and refineries, mainly from Malaysia, Indonesia Papua New Guinea and Thailand. We assess traceability of source materials to mills based on volumes supplied to each of our refineries and palm kernel crushers. The details of the supplying mills for each refinery and palm kernel crusher are presented in the respective supplier list on SDO's website.

SD Plantation monitors the compliance of our No Deforestation, No Peat and No Exploitation (NDPE) commitments along our entire supply chain. With the growing demand for palm oil, we believe that the traceability of our palm oil supply is crucial to allow for any NDPE issues along the supply chain to be identified and reported, so that effective action can then be taken to address non-compliance and improve overall sustainability practices. For more information on our supply chain, refer to SDO's website and SD Plantation's Integrated Report 2023.

DECISION OF THE UNITED STATES CUSTOMS AND BORDER PROTECTION (USCBP)

On 3 February 2023, the United States Customs and Border Protection (USCBP) modified its forced labour finding against SD Plantation. With immediate effect, the decision ended the sanction on the import of palm oil from SD Plantation into the United States, which started with the imposition of the Withhold Release Order (WRO) on 20 December 2020, following information received by the USCBP on allegations of forced labour in SD Plantation's Malaysian operations.

SD Plantation undertook a full-scale, independent assessment of our Malaysian operations against the 11 International Labour Organisation (ILO) Forced Labour Indicators (FLIs). SD Plantation also undertook a comprehensive internal exercise to address any issues raised in the assessment. In total, more than 500,000 man-hours were spent to review, revise and - where necessary - refine our protocols in recruiting to managing workers in our business operations. When the exercise was completed, a detailed impact report was submitted to the USCBP in April 2022.

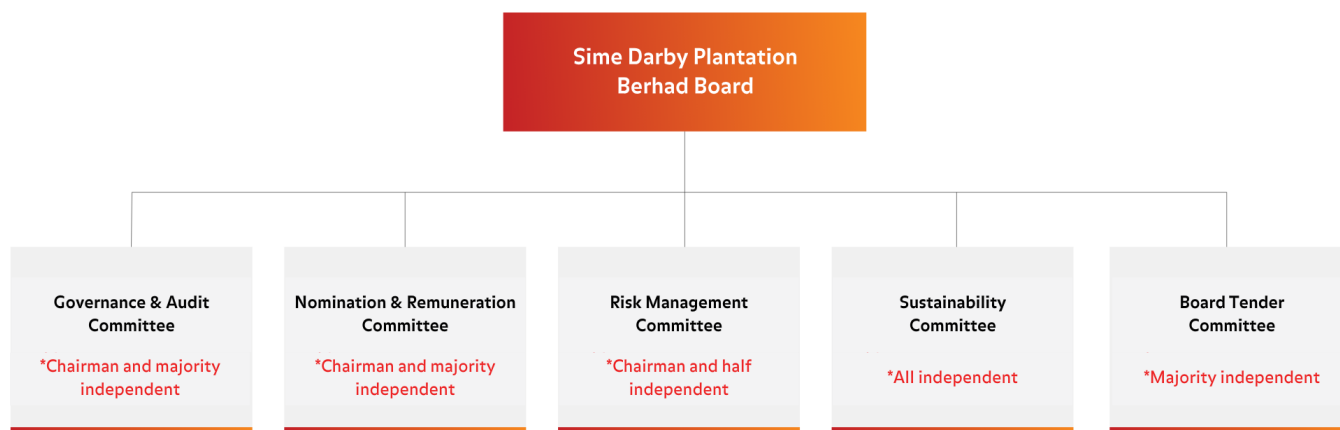
OUR COMMITMENTS, POLICIES, PROCEDURES AND GOVERNANCE

A. Commitments and Governance

At SD Plantation, we believe that it is our responsibility to respect and uphold the rights of people within our sphere of influence, who mainly comprise our employees, contract workers and communities surrounding our operations. We integrate the responsibility to respect human rights into our culture, to foster and support appropriate behaviours in all spheres of our business engagements.

SD Plantation's Main Board's strategic intent, roles, and powers, including those which it delegates to the Management, are outlined in the Board Charter. The Board Charter also sets the tone for the five Board Committees, namely, the Governance & Audit Committee (GAC), Nomination & Remuneration Committee (NRC), Risk Management Committee (RMC), Sustainability Committee (SC) and Board Tender Committee (TC) (Please refer to the chart below).

The Board Committees assist the Main Board in the discharge of its statutory and fiduciary responsibilities. The SC deliberates on the environmental, social and governance (ESG) aspects of the Group. In 2023, the main focus area during meetings was on fair labour practices and workers' welfare in Malaysia, Indonesia, Papua New Guinea and Solomon Islands. This includes monitoring the implementation of improved labour related policies and procedures, and major issues raised through SD Plantation's various grievance channels.



B. Policies and Procedures

SD Plantation has several policies and procedures in place that underscore our commitment to respecting and upholding human rights across our operations. These policies and procedures clearly set out how we identify and address any human rights issues within our own operations and supply chains.

These policies and procedures are reviewed periodically and revised where necessary, to ensure that they remain relevant and effective. The SD Plantation Human Rights Charter (HRC) outlines our commitment to respect, support and uphold human rights. This commitment is also part of our Core Values and is governed by our Code of Business Conduct and our Group Policies & Authorities.

Through our Protection of Human Rights Defenders (HRDs) Policy, SD Plantation also articulates our approach to ensuring that internal mechanisms are in place to protect human rights complainants and, that we respond to any complaints that are raised. To support this, grievance channels are in place to help all stakeholders raise concerns without fear of retaliation, if they have reported any wrongdoing observed in SD Plantation. The Whistle Blowing Policy and Grievance Channel Standard Operating Procedure, emphasise that all complaints of possible wrongdoings and violations of human rights are taken seriously and shall be investigated, regardless of the length of service, position/title, relationship or connection of the alleged perpetrators of the wrongdoing.

SD Plantation expects all suppliers of FFB, CPO and its derivatives, as well as other agriculture commodity crops, to abide by our Responsible Sourcing Guidelines (RSG). The RSG also complements SD Plantation's Policy Statement on Working with Suppliers to Draw the Line on Deforestation (the Policy Statement). The RSG outlines our requirements for suppliers while the Policy Statement outlines the triggers that may cause a supplier's suspension and the actions required for us to re-engage with them. The RSG lays out the terms of engagement between SD Plantation and our suppliers in obtaining their commitment that all products supplied come from legally compliant, environmentally sustainable, and socially responsible sources. It clearly outlines SD Plantation's expectations of our suppliers, as expressed in the Group's Responsible Agriculture Charter, Human Rights Charter, Vendor Code of Business Conduct and Vendor Integrity Pledge.

DUE DILIGENCE, RISK ASSESSMENT AND CONTINUOUS IMPROVEMENT

In Malaysia, SD Plantation's Social Welfare Services Department, which was established in April 2022, diligently assists our Upstream Malaysia Operating Units (OU) to better understand and comply with our enhanced labour standards. It has completed its annual audits covering all the 151 OUs in SD Plantation's Malaysian upstream operations for 2023. The annual audits were conducted to evaluate the adherence to policies, procedures, and systems that we have put in place since 2021. For the year under review, a total of 3,237 workers were interviewed (12.06% sample size) during the audits.

The effectiveness of continuous improvement initiatives is evaluated through an annual ESG scorecard enforced in our Upstream Malaysia OUs. The ESG scorecard measures the success of human rights initiatives, with Key Performance Indicators (KPI) to measure the effectiveness of Grievance Channels, Social Dialogue Practices, and Workplace Safety. These KPIs were further validated by the Workers Satisfaction Survey (WSS). For the year under review, the outcome of the WSS showed that the overall satisfaction rate improved from 94.9% in January FY2022 to 96.2% in December FY2023. The survey covers workers' awareness and comfort in raising issues over grievance channels, social dialogue effectiveness, supply of Personal Protective Equipment, freedom of movement and understanding on wages calculation. Appropriate consequence management measures are taken on OUs that fail the ESG scorecard.

In Indonesia, following the completion of an independent third-party human rights baseline assessment of our upstream operations in 2022, salient issues and priority areas were identified with action plans. Based on the experience of our Malaysian operations, which had completed a similar exercise in 2023, workstreams guided by the ILO indicators were established to oversee the implementation of action items. The validation of action items implemented is ongoing and expected to be completed in 2024.

Enhancing workers' voices in our operations is a key enabler in supporting the effectiveness of our continuous improvement efforts. By streamlining our existing Grievance Channels and implementing initiatives such as the Social Dialogue and Oil Palm Pal mobile application since 2021, we continue to ensure that our workers have adequate avenues to raise issues relating to their work and living conditions. More importantly their concerns or feedback are not only being heard, but also properly acted upon.

More information about our continuous improvement initiatives is available in our Integrated Report 2023, Sustainability Report 2023 and on SD Plantation's website.

Grievance Mechanism

In SD Plantation, several grievance channels are available to workers to voice their concerns and issues. Whilst workers can raise concerns with their managers and supervisors, formal channels that are independently managed have been established to promote trust and ensure anonymity.

In Malaysia and Indonesia, Grievance Units have been established and centralised at the Head Offices of both countries, capture all complaints and concerns systematically. On a weekly basis, the Grievance Committee (GC) monitors the status of new, ongoing and resolved complaints to ensure that all are appropriately addressed within established timelines. Cases are handled based on the nature of the investigation required, the severity of the cases in relation to International Labour Organization (ILO) indicators, and the potential threat to workers. All cases are reported to the Sustainability Committee. Any cases of wrongdoing are additionally tracked and monitored by the Whistleblowing (WB) Unit, WB Committee, and the Board Governance & Audit Committee (GAC), to ensure that appropriate consequence management actions are taken when any wrongdoing has been found. In the year under review, a total of 566 cases were received from all formal grievance channels. All cases are monitored for closure within the stipulated timelines.

In Malaysia, to cater to the diversified migrant workforce, the Suara Kami (Our Voice) channel is made available in multiple languages, making them easily accessible to all workers. Operators speak to callers in seven languages namely, English, Bahasa Malaysia, Bahasa Indonesia, Tamil, Hindi, Bengali, and Nepali.

Based on the 26,358 responses received from the WSS, 96.7% of workers were aware of the grievance channels. Following this success, the Suara Kami helpline was fully rolled out across our Indonesian operations in 2023. The effectiveness of the helpline will be monitored in 2024 and supported with more awareness raising initiatives.

Social Dialogues

The Social Dialogue (SD) initiative is a formal two-way communication platform between Worker Representatives (WR) and the Management at every OU. Social dialogues are held regularly to discuss issues related to workers' welfare and concerns. In Malaysia, all 1,548 WR are democratically elected by their peers of the same nationality and WRs are empowered to communicate and convey challenges faced by workers, and also to suggest improvements during the sessions. Each OU holds SD sessions at least once a month.

The matters raised during social dialogue sessions are closely monitored to ensure that timely action is taken to resolve any issues. Additionally, the information and data gathered from social dialogues are used to identify any potential systemic issues, which are and then rectified organisation-wide, if necessary. For the year under review, a total of 8,637 issues have been raised through our social dialogues, of which 98% have been resolved and the remaining issues relating to building or infrastructure are in various stages of being addressed.

The Social Dialogue Platform has also been fully rolled out and replicated in our Indonesian operations throughout 2023. The effectiveness of the Social Dialogue Platform there are currently being assessed and monitored, and the outcomes will be disclosed in future reporting periods.

Responsible Recruitment of Migrant Workers

SD Plantation's responsible recruitment practices through our Migrant Worker Responsible Recruitment Procedure (RRP) is a key enabler in adopting labour practices that respect workers' rights by providing fair and favourable recruitment. SD Plantation ensures that workers' recruitment experience is fair and transparent. This is in large part facilitated by our RRP for the hiring of migrant workers in Malaysia, which has entered its second year of implementation.

SD Plantation's direct hiring ensures workers are employed through an informed consent process, whereby no worker should pay recruitment fees, and all wages and benefits, including housing and other amenities, are accurately described. At the point of recruitment, we inform workers on how their wages are paid and all of their entitlements are clearly explained, including the right to return to their home countries at the company's expense. Workers' employment contracts are issued to them in their countries of origin and are prepared in their national languages. The terms and conditions of the contracts are further explained verbally in their native languages prior to signing the document. This ensures workers are informed about the job we are offering, before giving their consent to accept the job offer.

We conduct due diligence on our recruitment agents, prior to the open tender process that we implement to select qualified agents. Following their appointments, some of the support provided includes training and capacity building on ILO standards, responsible recruitment, SD Plantation's policies, grievance management and human resource management. Staff of the recruitment agencies are also trained on our RRP procedure. Through the enhanced direct hire practices, we are able to transfer our knowledge to the agents, so that they will be able to extend their continuous support to our recruitment exercises. Potential workers can comfortably gain further information

on the zero-fee recruitment process at the agency office, and explanations are provided at every step of the recruitment process. Potential workers are also provided access to the Suara Kami pre-departure helpline to raise queries and concerns throughout the recruitment process. We monitor the entire recruitment process to ensure no recruitment fees are charged to workers and that all personal documents are not withheld.

For the period under review, we have also appointed third party organisations to undertake pre-departure and post arrival assessments of our workers as an added monitoring measure.

TRAINING

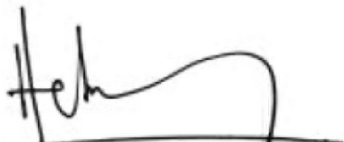
Training programmes on Labour and Human Rights have been incorporated as an important element in SD Plantation's operations, where dedicated sessions are allocated in the yearly calendar of activities at OUs. These include targeted trainings for workers, mandors/supervisors, administration staff, Management members, regional level executives, as well as external stakeholders such as contractors and vendors. These sessions are conducted both online and in-person. The training topics range from general awareness of human rights, women's and children's rights, and labour laws to the rights and responsibilities of workers. Our new employees also undergo onboarding programmes to ensure that they are aware of their rights and responsibilities.

In Malaysia, to support migrant workers' assimilation into the workplace in a new country, a dedicated programme is run to cover topics such as an introduction to the country and its cultural norms, rights and responsibilities of workers, introduction to key policies, safety, medical access, terms and conditions of the job, working hours, wages, benefits, and entitlements, as well as grievance mechanisms. For the year under review, more than 5,000 new migrant workers who had arrived in Malaysia, participated in the programme.

In 2024, we will continue to carry out similar training exercises across all our operations through both physical and virtual platforms.

BOARD APPROVAL

The Board of Directors of Sime Darby Plantation Berhad and Sime Darby Oils Liverpool Refinery Ltd have endorsed this statement of commitment at their respective board meetings.



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Group Managing Director
On behalf of Sime Darby Plantation Berhad



MOHD HARIS MOHD ARSHAD
Group Chief Operating Officer,
Sime Darby Plantation

Managing Director, Sime Darby Oils
On behalf of Sime Darby Oils Liverpool
Refinery Ltd