



Delivering
Sustainable
Futures

Plantation

Modern Slavery and Human Trafficking Statement

FY2019



Plantation

Sime Darby Plantation

Modern Slavery and Human Trafficking Statement FY2019

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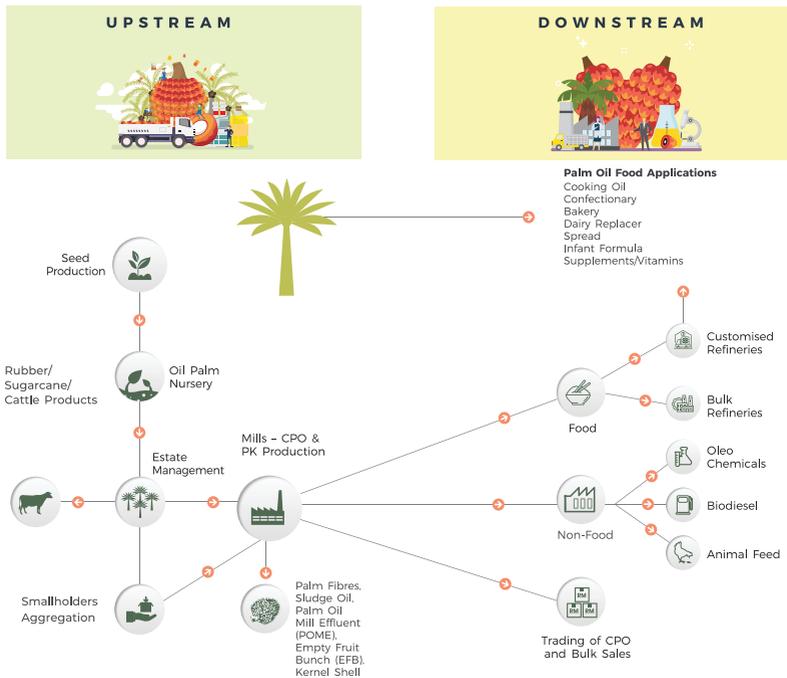
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This Statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). The period of reporting for this Statement is for the year ended 31 December 2019. This Statement serves as a progress report following key actions taken subsequent to the Modern Slavery and Human Trafficking Statement FY2018 (July-December).

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

About Sime Darby Plantation

Sime Darby Plantation is the world’s largest oil palm plantation company by planted area, producing about 4% of global Crude Palm Oil output. We are also the world’s largest producer of Certified Sustainable Palm Oil (CSPO), accounting for around 20% of market share of world production by volume.



As a globally integrated plantation company, Sime Darby Plantation is involved in the full spectrum of the palm oil value chain, from upstream to downstream activities, 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, the Solomon Islands and Liberia. Our Downstream business (Sime Darby Oils), spanning across 16 countries worldwide including the United Kingdom, involves the manufacturing as well as the sales and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other derivatives. Sime Darby Plantation is also involved in rubber and sugarcane plantations, as well as cattle rearing.

Further details of our company can be found in our website - www.simedarbyplantation.com

OUR COMMITMENT, POLICIES, PROCEDURE AND GOVERNANCE

Commitment and Governance: Human Rights Charter and Human Rights Task Force

At Sime Darby Plantation (SDP), we believe that it is our responsibility as a corporation to respect and protect the rights of people within our sphere of influence, which includes our employees, contract workers, third party operators, business partners, and communities surrounding our estates.

We integrate the responsibility to respect human rights into our culture to foster and support appropriate behaviours, beliefs and values. These values are encapsulated in our Human Rights Charter (the Charter)¹, which outlines our commitment towards the prevention of modern day slavery and human trafficking.

In the Charter, we endeavour to adhere to standards and practices that are aligned with international principles², subject to restrictions of governing laws and regulations of the countries and territories in which we operate. If there is a conflict between local and international norms and/or standards, we aspire to uphold the higher standards, wherever possible.

SDP continues to monitor and verify the progress of human rights initiatives within our operations through our Human Rights Task Force. Members of this Task Force comprise representatives from various key departments that are fundamental in upholding human rights. The Task Force reports its progress to SDP's Plantation Leadership Committee, Sustainability Committee and the Board of Directors.

Policies: Code of Business Conduct (COBC) & Vendor COBC

SDP Code of Business Conduct (COBC) articulates our business core values and acts as guidance to outline required standards of behaviour. The COBC applies to all directors and employees of the Group, including employees on secondment to SDP's joint venture companies, affiliates or associates. Counterparties are expected to comply with the COBC while our business partners are encouraged to adopt similar principles and standards of behaviour.

The Vendor COBC on the other hand provides guidance on the standards of behaviour required from all vendors of SDP, and applies to all vendors of SDP when conducting work for the Company. It is also applicable to all vendors' subsidiaries, affiliates and other parties that they have appointed to conduct work for SDP.

¹ The Sime Darby Plantation Human Rights Charter can be found at the Sime Darby Plantation Website at <http://www.simedarbyplantation.com/sites/default/files/sustainability/sime-darby-human-rights-charter.pdf>

² Which includes, among others, the International Labour Organisation (ILO) core labour standards and relevant industry standards

The Group Procurement Policies and Authorities require our vendors to undergo a due diligence process and periodical performance evaluation to ensure compliance to their contractual obligations that are related to human rights.

IMPACT ASSESSMENT AND MITIGATION PLANS

In the year under review, we continued to conduct assessments and further enhanced our approach in implementing improvement plans and progress tracking as we mature along the process. In addition to risk areas prioritised through our human rights heat mapping exercise, we have identified common salient issues to be addressed across our operations.

We have conducted human rights impact assessments since 2016 and as at the end of the year under review, we have completed human rights assessments for our Upstream operations in Malaysia (6 out of 6 regions) and Indonesia (4 out of 5 regions). We have also begun assessing our Downstream operations in Malaysia. The assessments support our effort to identify salient issues and priority areas that are likely to occur and impact people the most.

On-going: Enhancing Workers Experience by Upholding Freedom of Movement

In 2016, we committed to ensure all our operations do not retain personal identification documents such as passports. We only request for passports for processing of work permits and passport renewals. We have implemented a new online Foreign Worker Management System that provides status updates of individual documents, eliminating the need to manually track and store passports.

In some of our operations, workers request for management to safe keep their passports. This is implemented according to our Passport Safekeeping Procedure that require workers to acknowledge and provide written consent for safekeeping with unrestricted access to their documents. We continue to monitor the implementation of these procedures through the newly established grievance channel.

On-going: Responsible Recruitment Programme in our Operations

Our responsible recruitment practice is demonstrated through direct hiring in our Upstream operations. Our team conducts interviews and employs workers directly in their respective countries of origin. In 2019, over 24,000 of our workers in Malaysia came from Indonesia, India, Nepal, Bangladesh and others. We also participate in socialisation roadshows to promote our recruitment exercise. Our controls include ensuring briefing materials are in local languages, written contracts are in native languages and potential candidates understand the terms and conditions of work.

Our responsible recruitment commitment also means that we do not charge recruitment fee to any persons who wish to be employed by us. Costs of work permits, visa, medical and transportation amongst others are borne by us. However, through our assessments, we acknowledge that the industry continues to grapple with unrelated, illegitimate costs that are often associated with the use of sub-agents in the countries of origin as well as inconsistencies in processing fees and documentation.

Since 2016, we have continuously engaged and worked closely with our business partners and other international agencies to control some of these costs to ensure that it does not lead to exorbitant debt. We keep our business partners aware of human rights and ethical hiring procedures through consistent dialogues and training. To date, we have conducted numerous engagements with 12 in source country agents for the purpose of recruitment in India and Indonesia. Our business partners have also participated in national level trainings on responsible recruitment for labour providers.

Third-party contractors

Through our due diligence work in our Downstream operations, we learnt that migrant workers were hired through third-party contractors for specific job functions such as plant cleaning and logistics. As a result, we have had little oversight over the hiring and management of these workers. Our assessment primarily focused on indicators surrounding recruitment and sourcing of workers, contracts, retention of identity documents and payment of wages, amongst others.

Following this, we have engaged with the respective third-party contractors and workers to identify improvement plans. We have reviewed our vendor management process and will develop a labour management toolkit to improve labour rights considerations in contractor selection, tender requirements, contractual agreements and workers monitoring procedures. We will implement the improvement plans the by first half of 2020 in all our Malaysian operations.

On-going: Improving Quality of Life through Decent Living Wage

Following the adoption of the Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria 2018 and our commitment to ensure our workers receive fair wages sufficient for a decent standard of living for themselves and their families, we continue to be actively involved in various dialogue platforms to study the components that make up the 'living wage' of the oil palm industry. Guided by the Global Living Wage Coalition and Anker Methodology, we worked with Monash University and the RSPO to determine the calculation of prevailing and benchmark wages for the industry. Since November, we have tabulated prevailing wages of our workers in our operating units and have determined components of housing, food and non-food, as well as non-housing costs such as medical, transportation, education and other welfare benefits as considerations for determining a living wage.

On-going: Improving working conditions in Indonesia

For the year under review, we conducted a comprehensive Human Rights Due Diligence exercise together with human rights expert – Shift - on our operations in South Kalimantan, Indonesia. For our operations in this region, we learnt that there were human rights issues specific to the operating unit or site level and issues of a larger industry level practice.

Specific issues to the operations such as greater participation of women and discussions surrounding reproductive rights have resulted in the activation of our gender committees to find practical solutions fit for workers at that specific location.

At the industry level, we understand that a range of human rights risks can be solved by improving the capacity of unions. Workers often are unaware of their rights and have not been engaged by unions in the workplace. Workers are uninformed of their benefits and terms of work that are already stipulated in their collective bargaining agreements. Our Human Resource teams on-the-ground have since embarked on social dialogues to improve the understanding of collective agreements at operations. We will continue to explore industry level collaboration to address union capacity in various jurisdictions.

MONITORING, DISCLOSURE AND REPORTING

In addition to the scope of our human rights due diligence work, risks areas are also assessed through internal and external periodical audits. Various mechanisms are implemented to monitor operations are in compliance to policies and procedures. The outcomes of our assessments and improvement plans are disclosed in our Annual Report, Sustainability Report and website.

In the event of any human rights violations, our Whistle Blowing Channel and Grievance Procedures can be accessed via e-form, email or telephone and guarantee a secured avenue for employees, counterparts, business partners and individuals to report.

Action Taken: Enhancing our grievance mechanism for migrant workers

In addition to our existing grievance procedures, we have also established the Workers' Voice ("Suara Kami") Helpline, specifically addressing the needs of our migrant workforce. The helpline was first piloted in February 2019 in collaboration with Nestle and Elevate. The channel is accessible in multiple languages, as well as several interface options such as SMS, Facebook Messenger and a toll-free number. Managed by a third-party, the helpline provides callers with an anonymous, independent and trustworthy channel.

The pilot programme of Suara Kami has since reached out to more than 5,000 workers in over 24 estates and mills. To promote the use of the system, we conducted 16 awareness trainings on-ground for both management and workers. The sessions aim at raising awareness of the helpline and provides workers with the opportunity to understand more about how to use it and interact directly with the trainers on questions. Throughout this pilot programme, we have received 25 grievances through this channel. The helpline will be rolled out to all our operations, including our Downstream operations in Malaysia, in 2020.

CAPACITY BUILDING

At SDP, we continuously invest in capacity building and education of our employees. For the year under review, we continued to train our gender committees, medical assistants, auxiliary police and assistant managers to respond to gender-based issues for all our Upstream operations in Malaysia. The main objective was to build capacity to improve understanding, identification, response and management of social issues at the estate level, specifically sexual harassment and domestic violence. Together with Women's Aid Organisation (WAO) supported by the Sime Darby Foundation, 13 workshops were conducted in six regions training more than 500 participants.

For the year under review, our capacity building efforts focused on human rights training for Human Resource functions and management in our operations, as well as third-party contractors and recruitment agents.

STAKEHOLDER ENGAGEMENT

We believe that eradicating exploitation and modern-day slavery is an ongoing journey. We understand that there are deeply rooted issues that we cannot solve alone. We are committed to continue learning from industry experts and international organisations in our pursuit to advocate for improvements in national action plans, policies and industry standards.

This year, we continue to strengthen our engagements and participate in dialogues that are able to steer conversations on the sustainable palm oil practice of respecting human rights. We welcome stakeholders to pre-collaborative platforms that can address systemic human rights issues faced by the palm oil community.

Decent Rural Living Initiative (DRLI)

Following the pre-competitive collaboration with other major industry players namely: Cargill Incorporated, Golden Agri-Resources Ltd., Musim Mas Holdings Pte. Ltd. and Wilmar International Limited, the Decent Rural Living Initiative has advanced to the third phase of its implementation to further design and deliver pilots, using the initiative as a means to identify and secure support to scale solutions to improve the protection of labour rights of oil palm workers in rural Indonesia.

Three project areas have been identified to address gender equality in the sector and to look into a jurisdictional approach for collective bargaining agreements and contract innovation to respect the rights of casual labour. The projects have been designed to be initially piloted by selected members with the long term aim of scaling effective solutions across the industry. The respective pilot initiatives will also be supported by field experts and other organisations where relevant, to ensure a systematic and inclusive approach. The progress outcomes of the respective pilots will be reported in 2020.

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.



MOHAMAD HELMY OTHMAN BASHA
Group Managing Director
On behalf of Sime Darby Plantation Berhad



Andrew Worrall
Chief Operating Officer
On behalf of Sime Darby Oils Liverpool Refinery Ltd