
UNLOCKING VALUE RISE TO APEX



Plantation

SUPPLEMENTARY PROGRESS REPORT
ON SUSTAINABILITY 2018



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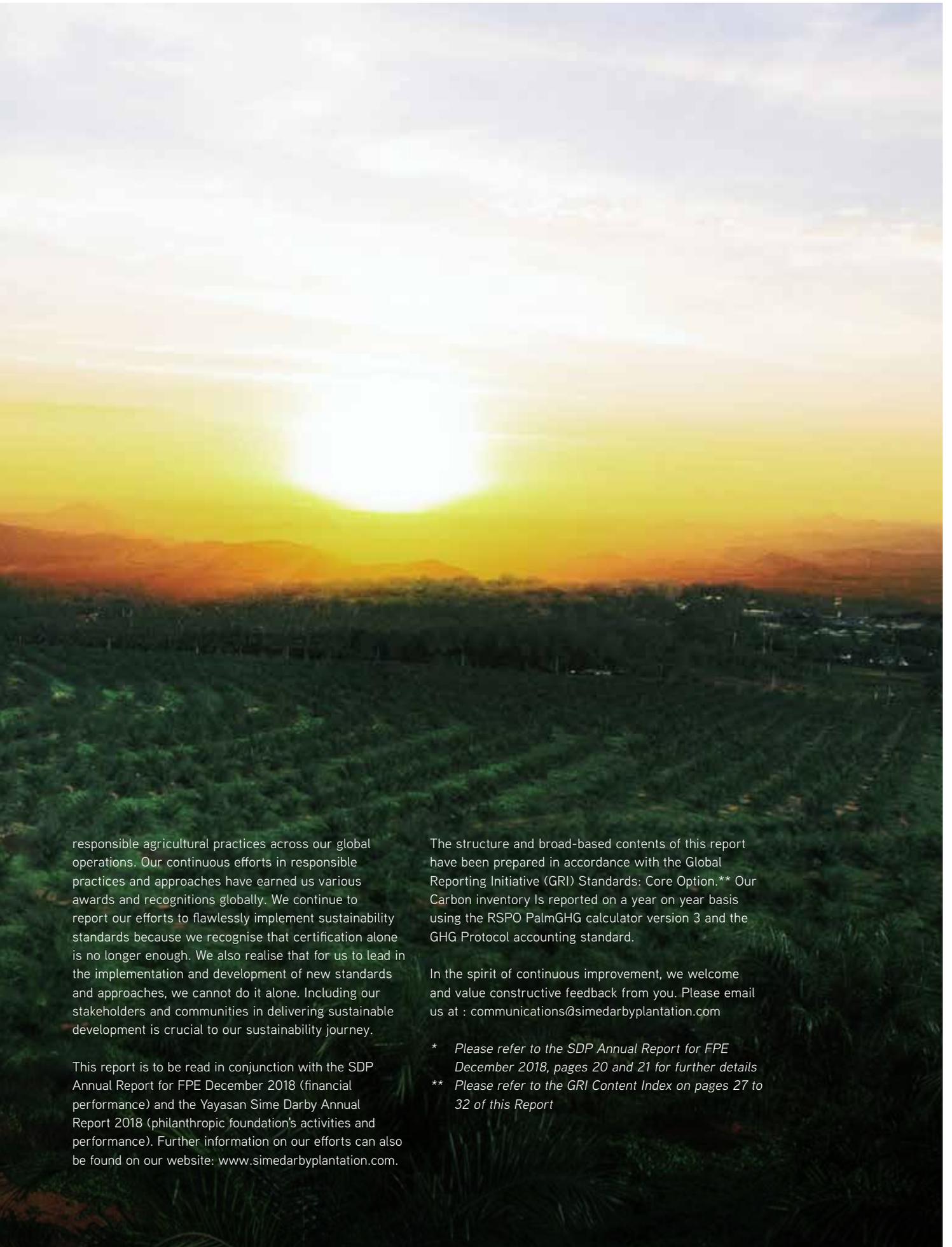
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FY2018 (July – December)

PREFACE

This Sustainability Report is supplementary to Sime Darby Plantation Berhad's (SDP or the Group) Annual Report for the financial period ended 31 December 2018 (FPE 31 December 2018). This Report provides further details on our sustainability performance, initiatives and achievements, and has been prepared based on key material sustainability issues* broadly agreed upon through our annually reviewed Sustainability Blueprint, management meetings and stakeholder engagements. Here, we present our approach to sustainability, provide updates on our total quality management, report on our occupational safety and health, and discuss our social as well as our environmental impact.

With heightened scrutiny faced by the palm oil sector in recent times, SDP strives to leverage on Sustainability to Create Value by not only identifying and managing supply chain sustainability risks but through strategic partnerships that meet geographical markets' expectations. We ensure operational excellence without compromising our commitments to contributing to a better society, minimising environmental harm and delivering sustainable development.

During the reporting period, we launched our Innovation and Productivity Charter (IPC), which we report extensively through our approach to total quality management. The IPC articulates our aspirations to achieve prosperity with high levels of productivity, for the purpose of sustainable development. This charter complements the pledges we have made in our Responsible Agriculture Charter (RAC) and Human Rights Charter (HRC) to holistically implement leading



responsible agricultural practices across our global operations. Our continuous efforts in responsible practices and approaches have earned us various awards and recognitions globally. We continue to report our efforts to flawlessly implement sustainability standards because we recognise that certification alone is no longer enough. We also realise that for us to lead in the implementation and development of new standards and approaches, we cannot do it alone. Including our stakeholders and communities in delivering sustainable development is crucial to our sustainability journey.

This report is to be read in conjunction with the SDP Annual Report for FPE December 2018 (financial performance) and the Yayasan Sime Darby Annual Report 2018 (philanthropic foundation's activities and performance). Further information on our efforts can also be found on our website: www.simedarbyplantation.com.

The structure and broad-based contents of this report have been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.** Our Carbon inventory is reported on a year on year basis using the RSPO PalmGHG calculator version 3 and the GHG Protocol accounting standard.

In the spirit of continuous improvement, we welcome and value constructive feedback from you. Please email us at : communications@simedarbyplantation.com

* Please refer to the SDP Annual Report for FPE December 2018, pages 20 and 21 for further details

** Please refer to the GRI Content Index on pages 27 to 32 of this Report

OUR APPROACH TO SUSTAINABILITY

As the world’s largest producer of Certified Sustainable Palm Oil (CSPO), we are committed to implementing responsible agricultural practices whilst balancing a wide range of stakeholder expectations. Our sustainability approach is in line with the United Nations Sustainable Development Goals (UN SDGs) and is guided by our sustainability purpose to contribute to a better society, minimise environmental harm and deliver sustainable development.



CONTRIBUTE TO A BETTER SOCIETY



MINIMISE ENVIRONMENTAL HARM



DELIVER SUSTAINABLE DEVELOPMENT

This report complements our Annual Report and summarises our progress around key sustainability issues that we face.

This year, we successfully launched our Innovation and Productivity Charter (IPC) which articulates our aspirations across the value chain in achieving prosperity, via enabling high levels of productivity in delivering sustainable development. The IPC is the third of our charters and complements our Responsible Agriculture Charter (RAC) and Human Rights Charter (HRC), covering the aspect of Prosperity in delivering sustainable development.

These charters are available on our website at www.simedarbyplantation.com

The RAC communicates our commitments to responsible environmental, social and governance practices whilst the HRC conveys how we aspire to implement respect for human rights in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). We monitor, verify and report on our performance against commitments made in these charters via internal systems, policies and procedures.

FLAWLESSLY IMPLEMENT SUSTAINABILITY STANDARDS

Our practices across our operations follow Good Agricultural and Best Management Practices. We are committed to flawlessly implementing sustainability standards. These include international standards such as the Roundtable on Sustainable Palm Oil (RSPO) and Rainforest Alliance, as well as national mandated standards including the Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) in the countries where we operate.

One of our key priorities is the safety and health of all our workers. We continuously enhance our approaches and procedures to ensure workers come to work safely, conduct their work safely and go home safely.

We also strive to embed a culture of innovation and continuous improvement through our Operational Excellence and Quality Management programmes. In February 2018, we launched our Operational Excellence and Innovation Business Management Strategy 2.0 (OEIBMS 2.0), which will see Sime Darby Plantation (SDP) continue to enhance productivity towards a target of RM550 million in Lean Six Sigma derived cumulative benefits by FY2022.

LEADERSHIP IN DEVELOPMENT OF NEW STANDARDS AND APPROACHES

We are proactively going beyond certification to meet the increased expectations of our stakeholders. This is done through participation in multiple thought-leadership and collaborative platforms. One such platform is the High Carbon Stock Approach (HCSA) that develops tools for corporates to implement their no-deforestation commitments.

OUR APPROACH TO SUSTAINABILITY

We continue to be an active member of the RSPO, most recently as part of the Working Group that further strengthens the RSPO Principles and Criteria for the production of sustainable palm oil.

Our leadership in responsible palm oil production and advancement of sustainable practices was recognised by The Rainforest Alliance (RA), which presented New Britain Palm Oil Ltd (NBPOL) with the 'Sustainable Pathfinder Award.' This is the first time that such an award was given to a company in the palm oil sector.

INCLUSION OF STAKEHOLDERS AND COMMUNITIES

We believe in engaging and collaborating with our stakeholders across our operations. Our key stakeholders include our peers, customers and civil societies with whom we collaborate to resolve complex issues via collective action. Such examples include: the Fire Free Alliance to combat regional fire and haze issues; the Palm Oil & NGO (PONGO) Alliance which aims to effectively manage human-wildlife conflict in plantations; and the Decent Rural Living Initiative, a pre-competitive collaborative platform with large influential growers, aimed at tackling complex human rights and social challenges facing the agricultural sector in rural settings.

MANAGE SUPPLY CHAIN SUSTAINABILITY RISKS

Our business is highly dependent on having a sustainable supply chain. For the year under review, our global supply chain is 98% traceable to the mill. Our Open Palm Traceability Dashboard available at <http://www.simedarbyplantation.com/sustainability/open-palm-traceability-dashboard> provides full transparency of our supply chain and records actions we are taking in ensuring it remains sustainable. It now includes a complete grievance register.

We are partnering with our stakeholders to manage sustainability risks within our supply chain by identifying potential environmental and social risks associated with third-party suppliers. Our Responsible Sourcing Guidelines (RSG) have programmes that assist our third-party suppliers including smallholders, to uplift their practices to be in line with our sustainability requirements and to eventually attain relevant certifications such as the RSPO, MSPO and ISPO. To further manage the sustainability of our supply chain, we are developing an initiative that will further enhance and strengthen our approach to implementing responsible agricultural practices throughout our supply chain and contribute towards meeting, if not exceeding, expectations of our stakeholders around sustainability. This will be launched by 2019.

LEVERAGE ON SUSTAINABILITY TO CREATE VALUE

We believe our commitment to sustainability across our value chain will enable us to create value within our organisation and our diverse stakeholders. Through our initiatives and efforts, we will be able to leverage on our unique position to further develop responsible agricultural practices within the industry.



The world's **largest producer of Certified Sustainable Palm Oil (CSPO)** with a production capacity of 2,464,175 million tonnes (MT) per annum.



Operational Excellence and Innovation Business Management Strategy 2.0 (OEIBMS 2.0) developed with a set target of RM550 million by 2022 to further embed a culture of continuous improvement.



Responsible Agriculture Charter (RAC) articulates our commitments to **responsible environmental, social and governance** practices.



Human Rights Charter (HRC) articulates our commitment to **respect human rights** in line with the United Nations Guiding Principles on Business and Human Rights.



Innovation and Productivity Charter (IPC) articulates our aspirations to enable higher productivity across the value chain to deliver sustainable prosperity.



Participation in **thought leadership platforms**, e.g. High Carbon Stock Approach, Fire Free Alliance, PONGO Alliance and Decent Rural Living Initiative.

OUR TOTAL QUALITY MANAGEMENT

In October 2018, we launched the Innovation and Productivity Charter (IPC) to represent our commitment to maximising stakeholders’ experience by delivering sustainable prosperity across the value chain.

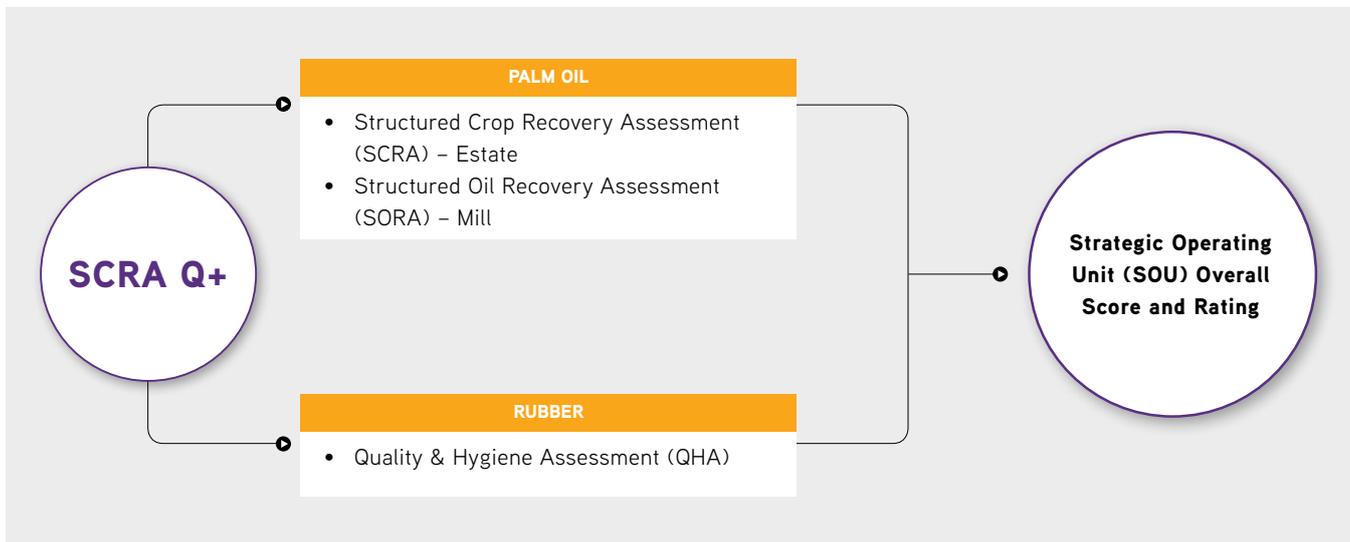
Our IPC marks the third of our charters which will be delivered predominantly through quality management and operational excellence. The focus for our Upstream Operations is to achieve a fresh fruit bunch (FFB) yield of 23MT/Ha and 23% oil extraction rate (OER) by 2023. Sime Darby Oils Operations strives to ensure continuous Best-in-Class processes and cost management practices which in turn, will ensure higher productivity and price competitiveness. This section focuses on key initiatives that we have delivered through total quality management.

QUALITY MANAGEMENT

In pursuing our goals, we recognise that certification alone is not enough. Hence, we continuously endeavour to develop new, innovative approaches whilst upholding the interest of our wide range of stakeholders.

We have successfully combined our field assessments together into one programme called SCRA Q+ (Structured Crop Recovery Assessment with Quality and other relevant

indicators). SCRA Q+ comprises three components; Structured Crop Recovery Assessment (SCRA) for palm oil estates, Structured Oil Recovery Assessments (SORA) for palm oil mills and Quality & Hygiene Assessment (QHA) for rubber. Completion of these assessments provides our Strategic Operating Units (SOU) an overall score and rating to aid in measuring quality as well as efficiency.



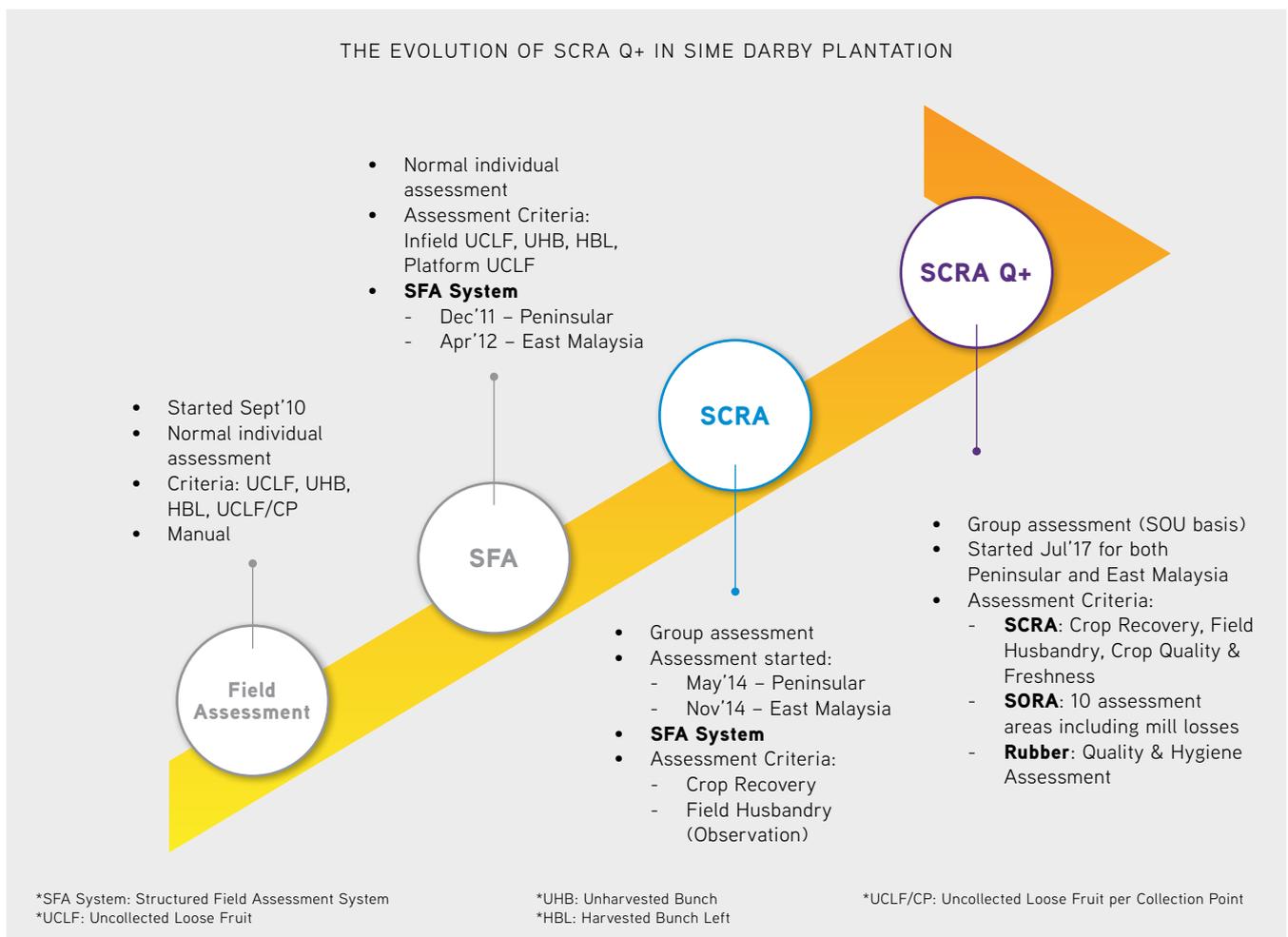
Structured Crop Recovery Assessment (SCRA) supports yield maximisation by addressing the yield loss factor (efficiency of crop harvesting and evacuation to the mill). The assessment also includes crop quality, which directly affects performance of the oil extraction rate (OER). Over the last four years, our SCRA scoring recorded a positive trend, reflective of good harvesting and recovery culture in our operating units.

OUR TOTAL QUALITY MANAGEMENT

Structured Oil Recovery Assessment (SORA) supports the realisation of increased OER by reducing oil loss and ensuring mill efficiency. This assessment covers 10 areas in addressing the effectiveness of mill processes including: leakages, housekeeping, palm product quality, laboratories, oil and kernel losses, as well as safety and security.

SCRA Q+ aims to further realise the commitment of achieving high FFB yields and OER by increasing the efficiency of harvesting and evacuation of crops, maximising crop quality, reducing oil losses and ensuring mill efficiency. The programme was initially developed in our organisation as a Field Assessment in 2010 which underwent 3 stages of adaptation before evolving into its final form, the SCRA Q+, in 2017.

We have also embarked on a new process called Near Infrared (NIR) analysis which allows rapid testing of oil content in samples of pressed fibre, raw effluent, decanter or centrifuge (sludge) and empty fruit bunches for oil losses. This allows us to implement immediate corrective actions to control oil losses thus improving our OER. To date, a total of ten mills in Malaysia have adopted the NIR analysis.



OUR TOTAL QUALITY MANAGAEMENT

Rubber Quality Hygiene Assessment (QHA) focuses on the cleanliness of tapping and collection of field latex, and reception and preservation and despatching of field latex at the latex stations. Cleanliness is the main factor that contributes to the Volatile Fatty Acid (VFA) content of field latex.

The competencies and skills of our people are the main contributors to the success of the SCRA Q+ programme. To date, the assessment team comprises six (6) lead assessors for SCRA and four (4) lead assessors for SORA, and is assisted by 53 FFB Graders (certified by the Malaysian Palm Oil Board).

In the period under review, we deployed the SCRA Q+ programme at Ramu Agri Industries Limited (RAIL) in NBPOL, Papua New Guinea (PNG) and and Sime Darby Plantation Liberia (SDPL). Moving forward, we will continue to expand the programme at all our operations in Indonesia and PNG.



OPERATIONAL EXCELLENCE

In February 2018, we embarked on the second instalment of our five-year Operational Excellence and Innovation Business Management Strategy (OEIBMS 2.0) which serves as a blueprint for achieving RM550 million in Lean Six Sigma benefits (both hard and soft) by FY2022. Hard benefits are derived from cost savings and improved revenue generation – soft benefits, from cost avoidance and other non-financial indicators through the implementation of Lean Six Sigma (LSS) projects across the Group.

Central to the implementation of our OEIBMS 2.0 is a holistic approach which incorporates both our vision and measurable targets to achieve higher operational excellence develop capacity and skills of our people as well as encourage cultural transformation within SDP. The operationalisation of OEIBMS 2.0 is further strengthened by our four key programmes:

1 Lean Palm & Value Chain Enterprise

- To expand the coverage of Lean Six Sigma (LSS) application across our value chain

2 Clone Protocol

- To replicate our successes and accelerate the deployment of growth

3 Universal Learning

- To enhance the accessibility of our Operational Excellence resources online

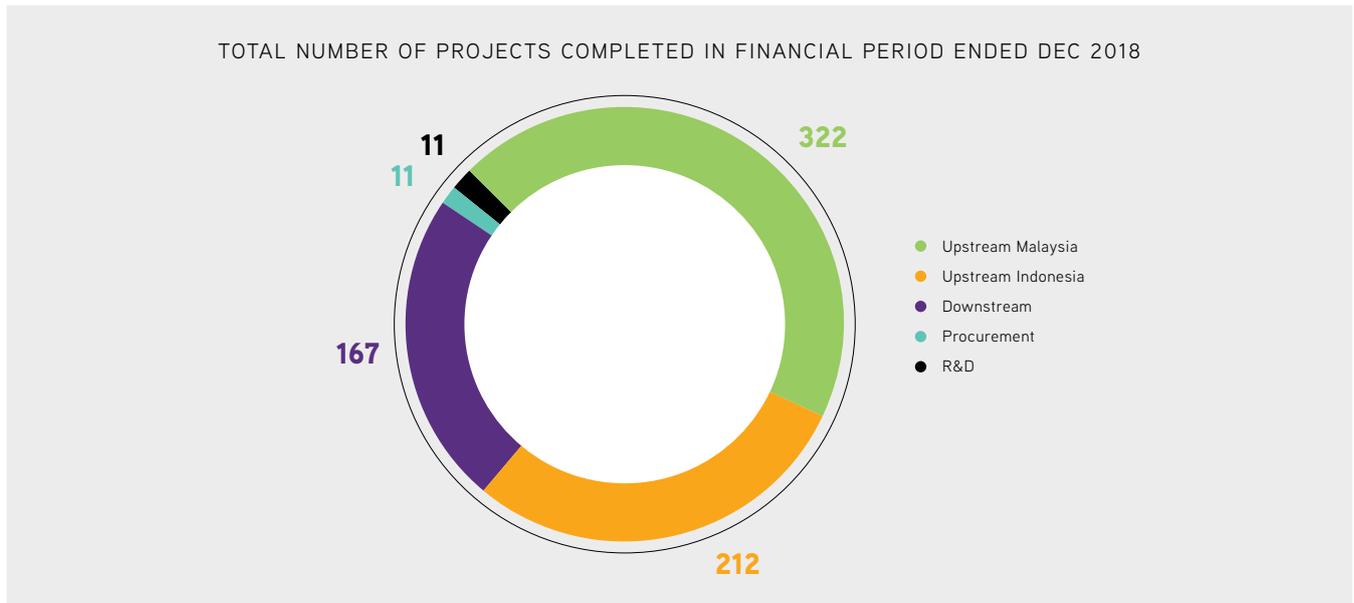
4 War on Waste

- To eliminate inefficiencies by encouraging a Continuous Improvement mindset amongst our employees

OUR TOTAL QUALITY MANAGEMENT

Strategic Stewardship

In the financial period ended 31 December 2018, we successfully completed 723 projects on revenue generation, cost savings, cost avoidance and other non-financial indicators such as safety, water, waste and carbon emissions.



Tactical Development

Our success to date is attributed to our pool of talented people. Our Champion workshops aim to equip our managers and members of senior leadership with the skills needed to prioritise high impact projects that are aligned to business objectives and enable effective management of resources for project completion.

Our Black Belt (BB) programme caters to the development of change agents and internal consultants with modules focused on advanced statistical tools, leadership skills, change management, effective communication, enterprise-wide strategic deployment, operational excellence and innovation. The programme aids BB internal consultants to strategically deploy and operationalise each unique Business Unit roadmap within their areas of responsibility.

Our Green Belt (GB) and White Belt (WB) workshops provide practitioners with the skills to lead, analyse and complete projects undertaken with structural and conceptual tools. Throughout 2018, we produced five (5) certified master black belts, 13 ASQ certified black belts, 56 black belt internal consultants and 1,068 practitioners across the Group.



OUR TOTAL QUALITY MANAGAEMENT

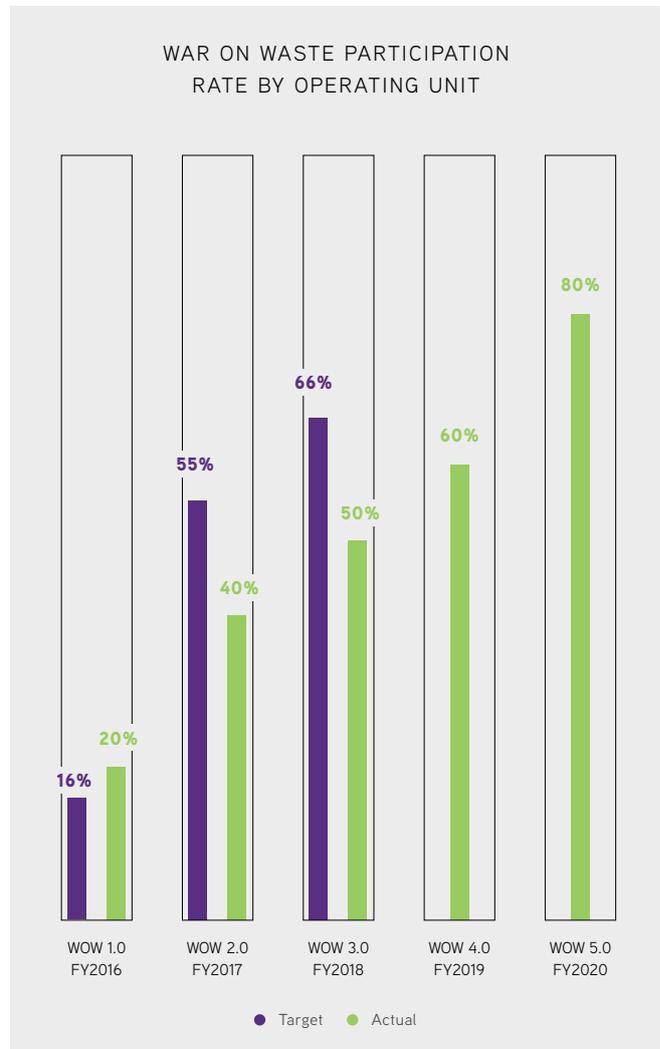
Cultural Transformation

In January 2019, our internal “War on Waste” programme was awarded the “Most Innovative Approach to Driving Culture Change” at the OPEX Business Transformation World Summit 2019 in Orlando, USA.

With the aim of driving cultural transformation, we first launched our organisation-wide “War on Waste” programme in December 2015. This culture change programme was established in late 2015 and is now in its third installment, successfully generating over 5,000 projects from 223 operating units (66%) across our operations and support services in FPE December 2018. The fourth edition of the War on Waste (WOW 4.0) programme will see the introduction of the “Clone Protocol” framework - a platform to capture successful projects and replicate them throughout the business.

In applying Lean Six Sigma methodology across our value chain, we deployed the 5S system, abbreviated from the Japanese words *seiri, seito, seiso, seiketsu, shitsuke*, which translates to sort, set in order, shine, standardise and sustain. This system aims to organise spaces so work can be performed efficiently, effectively and safely, in line with our continuous improvement culture.

For the financial period ended 31 December 2018, we internally certified a total of two (2) operating units from our Upstream Indonesia’s Kalimantan Selatan & Sebanban (KSS) and Riau Utara & Aceh (RUA) regions. We also re-certified a total of five (5) operating units from our Upstream Malaysia’s Northern and Sabah regions.



OUR TOTAL QUALITY MANAGEMENT

In October 2018, our Renewables team, the *Green Turbo*, won the PNB Group Innovation Challenge (PGIC) with their innovative idea, “Energy Self-Sufficiency”, which involves generating higher power output at the mill using a Multistage Turbine.



Team PT GHN refinery and Team Rhimau Selatan with their Gold medals at the Asia Pacific Quality Organisation (APQO)

In December 2018, our teams from PT Golden Hope Nusantara (PT GHN) refinery and Rhimau Selatan were awarded gold medals by the Asia Pacific Quality Organisation (APQO) in Abu Dhabi, UAE. The teams' winning project was aimed at increasing RBDOL IV 56 yield and reducing loose fruit handling cost.

OUR SOCIAL PERFORMANCE

At SDP, we believe that the safety, wellbeing and development of people is important to our sustainability purpose. We aim to contribute to a better society through the way in which we engage our people in the workforce, enrich people through communities and influence positive change through socio-economic growth.

OUR WORKFORCE STATISTICS AS AT 31 DECEMBER 2018

95,537

Dec 2017 ▼ 2.66%



UPSTREAM

92,057



SIME DARBY OILS

1,790



R&D

1,085



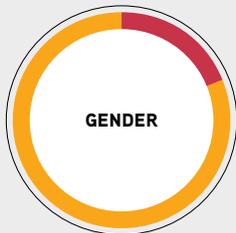
HEAD OFFICE

515



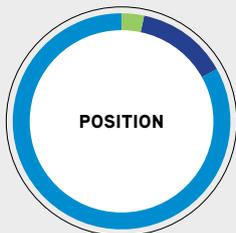
AGRI BIO & RENEWABLES

90



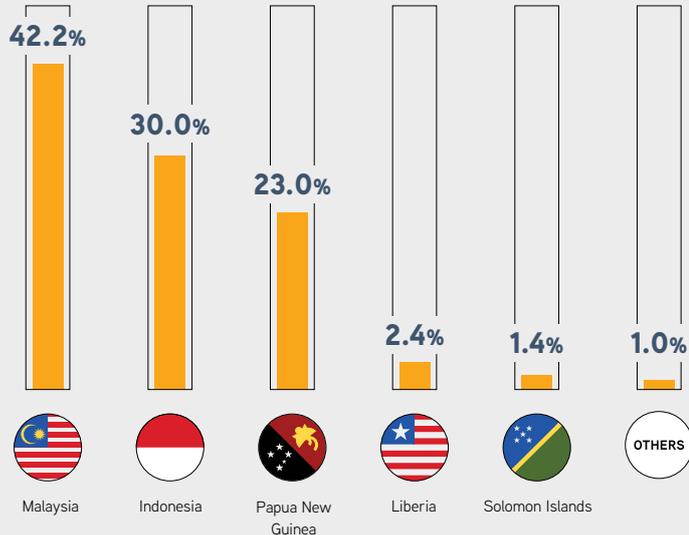
GENDER

19% Female
81% Male



POSITION

3,398 Executive
12,805 Non-Executive
79,334 Worker



RESPECTING HUMAN RIGHTS

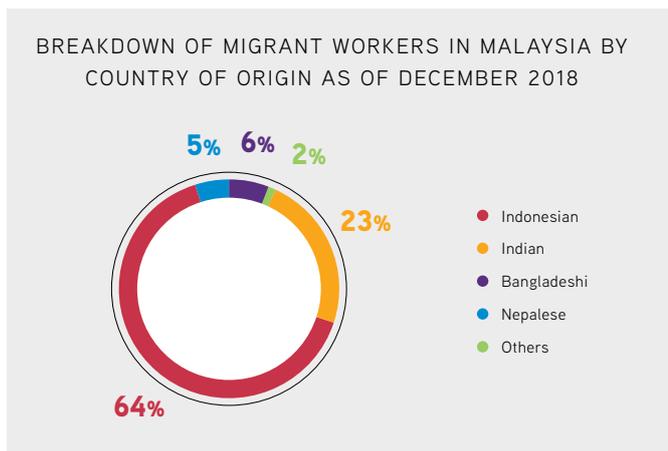
In 2017, we launched our Human Rights Charter (HRC) that enshrines our commitment to promoting human rights in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights. The Charter highlights 9 salient human rights issues which concerns us - equal opportunity, freedom of association, eradicating exploitation, working conditions, safety and health, community rights, rights of children, rights of vulnerable people, and violence and sexual harassment. It also outlines our approach, scope of persons within the sphere of influence, and responsibilities. For the full HRC, please visit our website at www.simedarbyplantation.com. Our progress report on human rights is also enclosed in our Modern Slavery and Human Trafficking Statement FY2018 (July – December), included in this Supplementary Progress Report.

For the period under review, we continued our efforts in operationalising the commitments of our HRC through mitigation measures and improvement plans to address some of the issues below:



Eradicating Exploitation

Currently, SDP has a total staff strength of 95,537, with over 80% of workers in fields, mills and refineries across the globe. Within the upstream sector in Malaysia, over 24,000 workers are migrant workers, mostly from Indonesia, India, Bangladesh and Nepal.



Challenges faced by migrant workers in Malaysia are not unique to the palm oil sector, and have varying levels of complexities depending on the workers' countries of origin. Some of these challenges are systemic such as workers incurring high debts from unreasonable recruitment costs, accepting work offers with incomplete information, and the unlawful withholding of personal documents. We continue to engage with a number of stakeholders in an effort to influence change.

We continue to monitor and evaluate our migrant worker recruitment procedures in Malaysia. As far as possible, recruitment is conducted directly by our own teams in the workers' countries of origin. In these countries, all briefing materials and contracts are translated into relevant local languages to ensure potential workers understand and

accept their positions voluntarily. We work closely with our partners in the workers' countries of origin to understand various administrative costs incurred in their respective countries. Throughout the recruitment process, we ensure all potential candidates understand that SDP does not impose a recruitment fee.

In our effort to eradicate exploitation, we continue to monitor the handover of passports to our migrant workers in 125 estates and 33 mills in Malaysia. This initiative is aligned to our commitment of not withholding passports, to ensure that all workers are given freedom of movement. Newly hired workers are also reminded to ensure they are in possession of their identification documents prior to leaving their country of origin during our recruitment sessions.

OUR SOCIAL PERFORMANCE

Ensuring Favourable Working Conditions

In September 2018, SDP rolled out an initiative three months ahead of the Malaysian government's minimum wage enforcement to ensure a fair wage rate for workers in our Malaysian operations. The national Malaysian minimum wage for the period under review was RM1,000 per month for workers in Peninsular Malaysia and RM920 per month in East Malaysia.

In addition, SDP ensures workers are provided with decent living and working conditions through productivity-based income incentives as well as various free and subsidised benefits. These include, among others, free accommodation, potable water, supply of rice, subsidised electricity, free medical treatment for employees and their immediate dependants, as well as various amenities such as school bus transport for employees' children and recreational facilities.

We continue our involvement in the Decent Rural Living Initiative, a pre-competitive collaboration with other major industry players namely. The initiative focused initially on our Indonesian operations, seeks to improve the protection of human and labour rights of workers in the agriculture sector with the goal to empower rural communities through cross-industry and stakeholder partnerships. Implementation of the action plans are targeted to commence in 2019.



SDP provides free housing to all its workers who are employed at its estates

- The national Malaysian minimum wage for the period under review was **RM1,000 per month** for workers in Peninsular Malaysia and **RM920 per month** in East Malaysia

Improving grievance mechanisms

In November 2018, we collaborated with Nestle and ELEVATE on a programme to provide an independent third party helpline for our workers in Malaysia. The goal of the helpline is to provide an effective avenue for workers to report on working conditions, recruitment, safety and other issues that might affect them directly or indirectly via a technology-enabled communication channel. More information can be found in SDP's Modern Slavery and Human Trafficking Statement FY2018 (July – December) annexed to this Report.

Freedom of Association

Country	Number of Collective Agreements	Number of employees covered under Collective Agreements
Malaysia	10	28,380
Indonesia	37	29,878
PNG	1	21,609
South Africa	1	68
Netherlands	1	194
Liberia	1	2,169
Vietnam	1	232

Graph: Breakdown of collective agreements and number of workers covered under the agreements as at December 2018

In line with our HRC, we will continue to support capacity-building initiatives and the development of our union members. This includes working with partners to empower our unions to better disseminate information, improve awareness of workers' rights and effectively represent the welfare and well-being of workers.

OUR SOCIAL PERFORMANCE

In localities where formal unions do not exist, comparable means of representation are created such as joint consultative councils and other similar platforms for workers to raise their concerns and safeguard their rights. Our goal is to ensure our workers, including those who are not union members (approximately 30% of the workforce) have proper channels to air their grievances.

Eliminating Violence and Sexual Harassment

For the year under review, SDP collaborated with Women's Aid Organisation (WAO) and Yayasan Sime Darby (YSD) on gender-based issues through empowerment programmes on the ground. The

programme aims to provide capacity-building for respondents to better understand, identify, respond, and manage social issues at the estate level, specifically sexual harassment and domestic violence.

Seven (7) sessions have been conducted across four (4) regions in Peninsular Malaysia. More than 200 participants made up of gender committee members, auxiliary police as well as hospital and medical assistants attended the two-day workshops. Key outcomes from the workshops include recommendations on action plans for greater awareness on these issues within our operations.

- **7 sessions** have been conducted

- **more than 200** participants



One of the seven (7) gender-empowerment programmes conducted in the FPE December 2018

“

The foundation has been laid for a management response and accountability framework at the plantation level, which is survivor-friendly and progressive in terms of women and children's human rights standards. This should be replicated with higher management as well as making this workshop a staple, alongside conducting a refresher session once every six (6) months. ”

Women's Aid Organisation (WAO) Malaysia

We aim to complete roll out of the programme in Sarawak and Sabah by 2019. The Gender Committees in the plantations have been empowered to monitor and evaluate the outcomes of the programme. Upon completion, a more focused and targeted set of trainings shall be developed to equip key functions to prevent and eliminate gender-based violence in our plantations.

OUR SOCIAL PERFORMANCE

OUR LARGER COMMUNITY

SDP believes delivering sustainable growth means leaving no one behind. As our business thrives, we continue to carry out our role as a responsible global citizen in ensuring that the people surrounding our operations grow with us. We acknowledge that sustainable development is not attainable by a single entity. This is reflected in our regular engagements with communities and their representatives from local authorities, civil organisations, suppliers, and community leaders. We collectively deliberate on challenges faced and to the best of our abilities, work with communities to develop practicable solutions.

Today, we are proud to have created positive impacts for the community at large, in our areas of operations. Three (3) of our initiatives that have been successfully executed and replicated across our operations are described below.

CASE STUDY

Local Solutions

1.

Our Responsible Sourcing

Guidelines (RSG) aims to bring all our suppliers onboard the sustainable palm oil supply chain. Here, we focus on small growers and small farmers who require facilitation from us to fully benefit from the implementation of environmentally and socially responsible practices.

2.

The Fire Hotspot Patrol Team

provides community members an opportunity to assist in fire prevention. Community members are trained to monitor local weather and patrol areas for potential fire risks. SDP assists the patrol team in notifying relevant parties and putting out actual fires. Please see page 26 of this Report for more details of our actions to combat fire and haze.

3.

One Hour Principle Partnership

is a programme that empowers local community representatives to raise fundamental human rights issues with their local governments. Priority areas include access to drinking water, health facilities and schools within one hour of their homes.

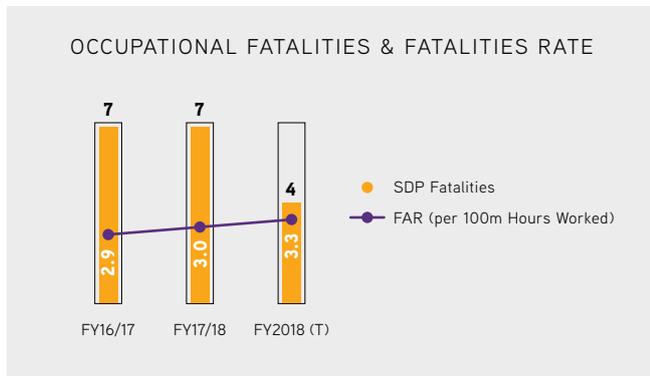
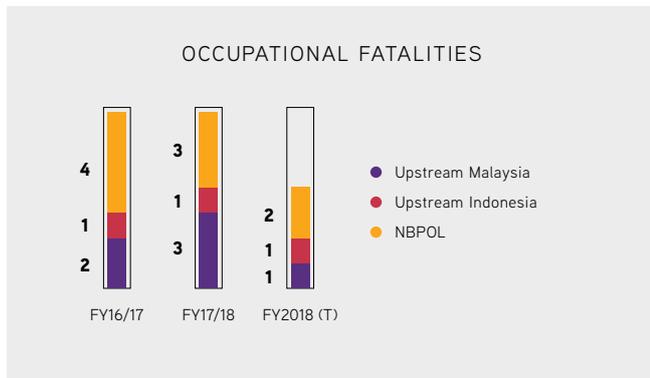


SDP engaging with smallholders in Indonesia

OUR OCCUPATIONAL SAFETY AND HEALTH

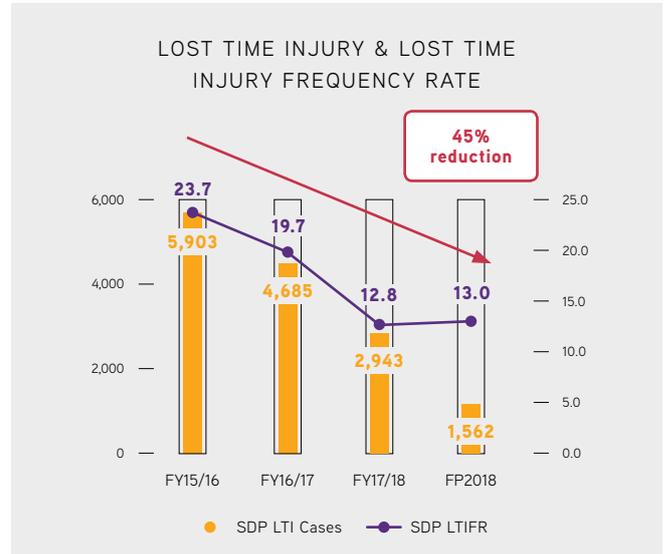
PERFORMANCE

The Group regrets to report four (4) fatalities or Class 1 accidents during the period under review and a Fatality Rate (FAR) of 3.3 (3.3 fatalities for every 100 million hours worked). This is a 10% increase from the previous year. The causes of these fatalities were work related transport (2), machinery (1) and contact with hot substance (1). The accidents occurred within Papua New Guinea (2), Indonesia (1) and Malaysia (1).



During this reporting period, four accidents resulted in permanent disability injuries. These Class 2 accidents were also recorded in Papua New Guinea (1) and Malaysia (3) and they were due to machinery (3) and electrocution while harvesting (1). With such an unfortunate number of cases, the Group is determined to continue with mitigation efforts such as safety programmes to keep our workers safe.

During the review period, the Group recorded a Loss Time Injury Frequency Rate (LTIFR) of 13.0, (13 injuries per million hours worked). This marks a 2% increase compared to the previous year.



The Group also recorded a total of 6,243 lost days within the financial period under review, with Total Recordable Severity Rate (TRSR) of 52.0 (52 lost days for every million hours worked). This marks a 36% reduction compared to the previous year.



Overall, there has been a 45% reduction in accident rates since FY2016. These statistics will serve as a reminder for us to continue ensuring the safety and health of our employees at work.

OUR OCCUPATIONAL SAFETY AND HEALTH

KEY INTERVENTION PROGRAMMES

In 2018, we launched our latest initiative dedicated to ensuring the safety and health of our employees, contractors and visitors under the banner of iCARE (Intervention, Communication, Accountability, Risk Mitigation and Excellence).

One such programme is the OSH Townhall aimed at increasing occupational safety and health (OSH) awareness at all levels of employment within the Company. The sessions are conducted by Heads of Operating Units (OU), designed to demonstrate the commitment and accountability of management while emphasising the importance of cooperation and participation of all employees. Recognition is given during these sessions to individuals or groups that have demonstrated notable contributions to improving OSH within the Company. In demonstrating a collective commitment to safety and health, a KPI is also included for relevant members of management and Heads of OUs.

Training programmes are organised to inculcate the culture of responsibility and accountability in our OUs. The trainings include longterm programmes such as the Building Estate Sustainability and Transformation (BEST) programmes, Cadet Planters and Cadet Engineers, as well as short-term programmes such as Ergonomics & Manual Handling and Safe Chemical Handling. Basic Occupational First Aiders (BOFA) training is also conducted to equip employees with life-saving first aid knowledge. During the period under review, a total of 260 employees from our OUs within Malaysia were certified as occupational first aiders. In addition to programmes designed to tackle unsafe acts, we also continue to improve our approach to eradicate unsafe conditions.

Various assessment programs have been introduced to ensure significant risks are mitigated. These include HIRAC (Hazard Identification, Risk Assessment and Risk Control), HAZOP (Hazard and Operability Study) and CHRA (Chemical Health Risk Assessment). We strive to prevent major accidents by identifying unsafe conditions and unsafe acts and ensuring monitoring through the SIME card (Spot, Intervene, Modify, Execute) initiative and PIIRO (Preventing Incidents by Identifying Hazards, Reporting Near Misses and Observing & Recognising Positive Safety Behaviour) initiative. For the review period, the Group recorded a total of 60,318 SIME cards, equivalent to the number of potential accidents which were successfully prevented. This was a 65% increase compared to the corresponding period in the previous year.

Following our success in eliminating the usage of Class 1A and 1B pesticides from our operations and enforcing strict procedures on chemical usage, we continue to address other occupational health issues under the DOSH’s Systematic Occupational Health Enhancement Level Program (SOHELP), particularly the Hearing Conservation Program and Ergonomics Program.

We continuously strive to deliver value-added services to our operations as part of our commitment to Excellence. We work with various stakeholders by providing input on safety and health - for example, with new machineries such as the development of our mechanised buffalo prototypes. Another significant achievement is the prototype production of the Harvesters Safety Helmet designed specifically for use in tropical countries using anthropometry data of our workers. The safety helmet project was a collaboration with Universiti Putra Malaysia (UPM) and Universiti Malaysia Perlis (UNIMAP).

During the period under review, 35 OUs received the OSH Award from the Malaysia Society of Occupational Safety & Health (MSOSH) in various categories such as Gold Merit (2), Gold (28) and Silver (5), as well as the Highest Participation Award for the third consecutive year. In Indonesia, 21 of our estates and mills received the National Zero Accident Award from the Indonesian authorities.



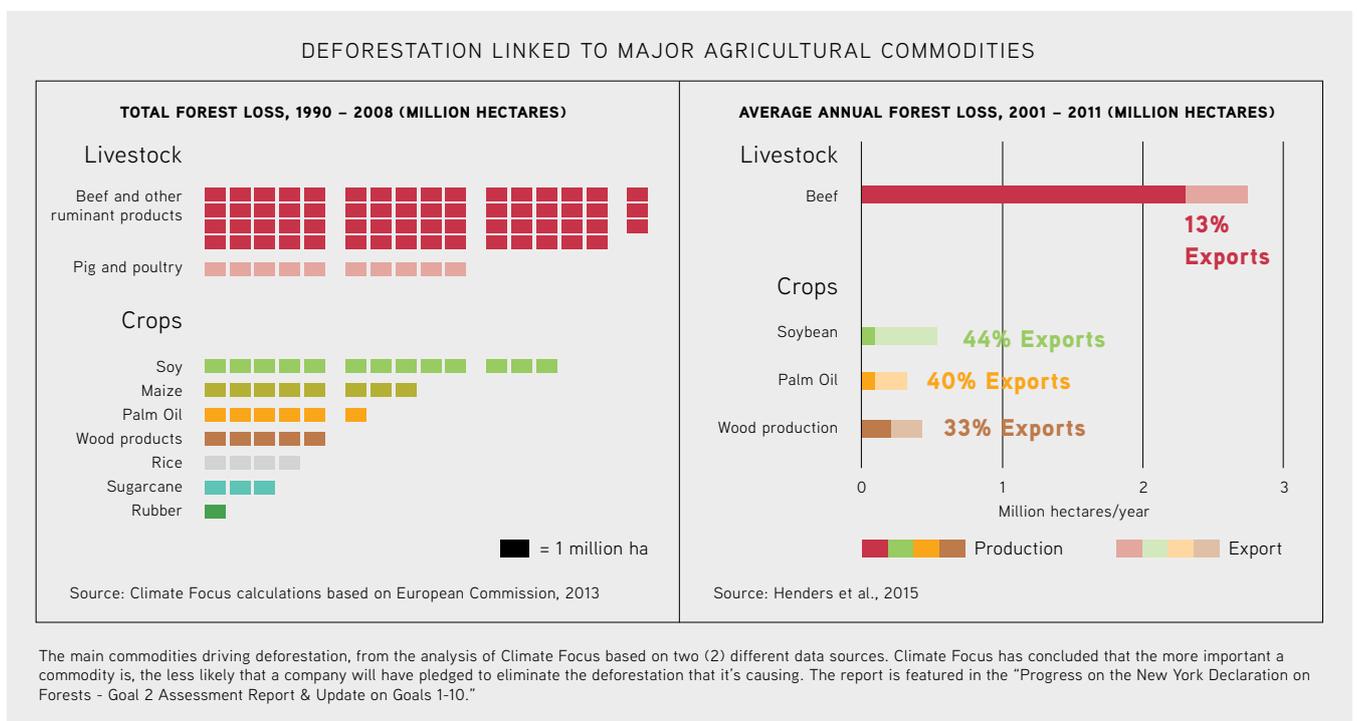
LEGAL COMPLIANCE

During the period under review, the Group maintained full compliance to OSH legal requirements when it recorded zero (0) cases of non-compliance to OSH legal requirements.

OUR ENVIRONMENTAL IMPACT

At SDP, we view sustainability as a way to differentiate ourselves from bad practices and strive to minimise negative impacts from our operations to the environment.

Our operational activities are governed by various certification schemes such as the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), Indonesian Sustainable Palm Oil (ISPO) and Rainforest Alliance (RA) in NBPOL. Nevertheless, we recognise that certification is no longer enough. In addition to ensuring compliance to these various schemes, we are guided in our efforts by our Responsible Agriculture Charter (RAC), which lays down our commitment in “No Deforestation and No Development on Peatland”. Beyond regulatory requirements, we also strive to minimise our carbon footprint, protect biodiversity in our landscapes, and ensure responsible waste and water management.



The main commodities driving deforestation, from the analysis of Climate Focus based on two (2) different data sources. Climate Focus has concluded that the more important a commodity is, the less likely that a company will have pledged to eliminate the deforestation that it's causing. The report is featured in the “Progress on the New York Declaration on Forests - Goal 2 Assessment Report & Update on Goals 1-10.”

CARBON AND ENERGY

Carbon emissions are a key environmental concern for oil palm plantations. We aim to provide greater transparency on our carbon footprint by stringently monitoring and measuring our emissions to provide accurate data on our performance.

2018 Performance

Carbon Emissions

This year, we continue to collect and calculate emissions for our palm oil and rubber operations throughout the calendar year 2018 using the RSPO PalmGHG calculator version 3 and the GHG Protocol accounting standard. We used the RSPO PalmGHG calculator to measure emissions from land use change¹ (LUC) due to the replanting and new planting activities. The operational emissions² data was collected and calculated in accordance with the GHG Protocol accounting standard.

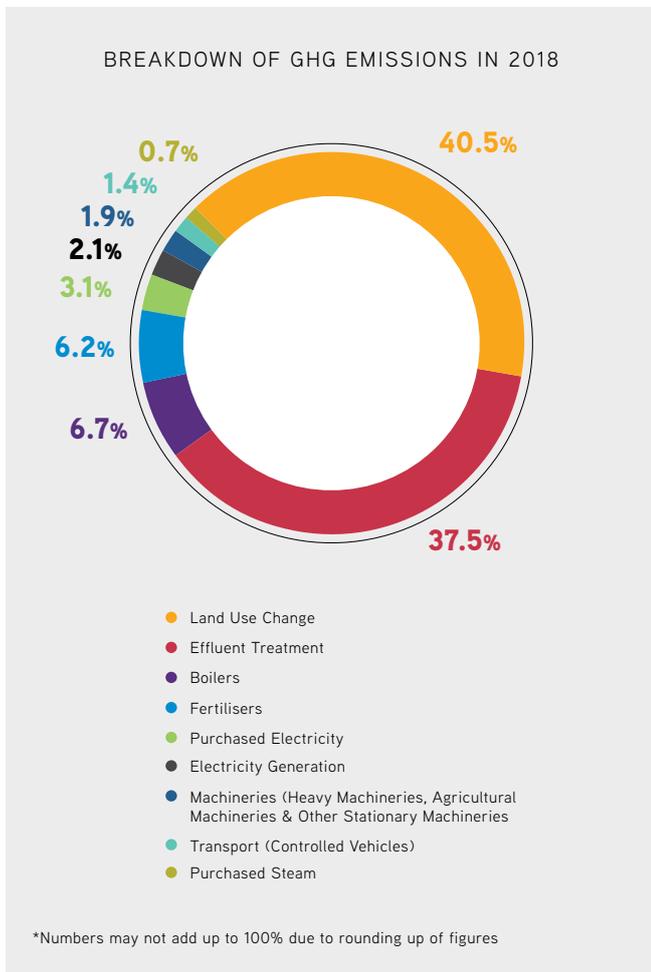
¹ LUC covers emissions and removal of GHGs resulting from direct human-induced land use, land-use change and forestry activities. Carbon is sequestered by forestry and grassland, while carbon losses occur on existing cropland and natural land (e.g. grassland) that is converted to cropland or settlements.

² GHG emissions arising from operations during palm oil growing, FFB processing and CPO processing, excluding emissions arising from changes in carbon stock during the development of new planting and replanting.

OUR ENVIRONMENTAL IMPACT

From 1 January to 31 December 2018, our absolute Greenhouse Gas (GHG) footprint was approximately 4.89 million tonnes of carbon dioxide equivalent (tCO₂-e).

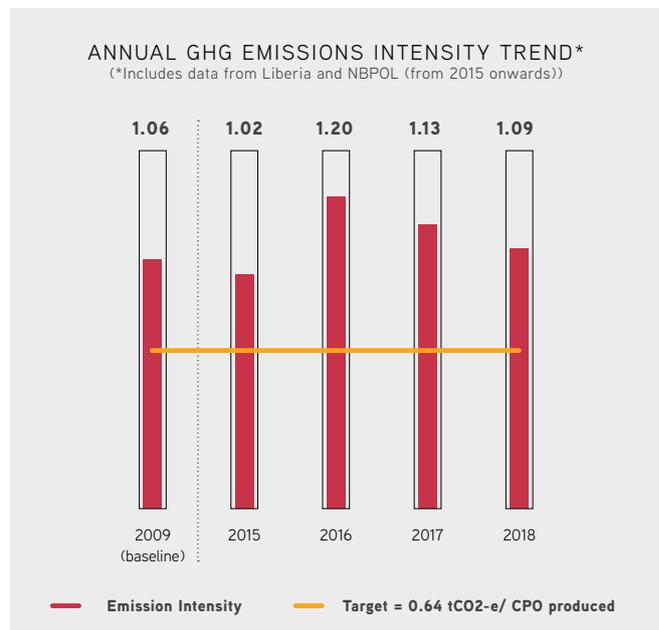
Our analysis shows that emissions from land use change (LUC) represent around 40.5% of our total GHG footprint, while emissions from palm oil effluent treatment (POME) accounts for 37.5%. However, it should be noted that emissions from previous LUC continues to be included in our emissions calculations today. A detailed breakdown of our GHG emissions is illustrated in the following graph:



We are continuously working towards improving the energy efficiency of our operations. We focus on emissions directly from SDP’s operations including land clearing and preparation, planting, fertilising, harvesting, extraction, transportation and processing of raw materials. We currently do not manage emissions that are generated by third parties who supply fresh fruit bunches.

In 2018, we achieved an emissions intensity of 1.09 tCO₂-e/t CPO*, which represented a 5% increase from the baseline figure. In consideration of the current challenging business environment, and with less than two (2) more years to meet our original target of 40% emissions reduction from the baseline level of 2009, we have concluded that a revision of the entire carbon reduction strategy for our upstream operations was necessary. As such, during the period under review, the Group has decided to extend the target date to achieve the desired emissions reduction level by another 10 years, setting a more realistic and achievable target year date of 2030, from the initial commitment of year 2020.

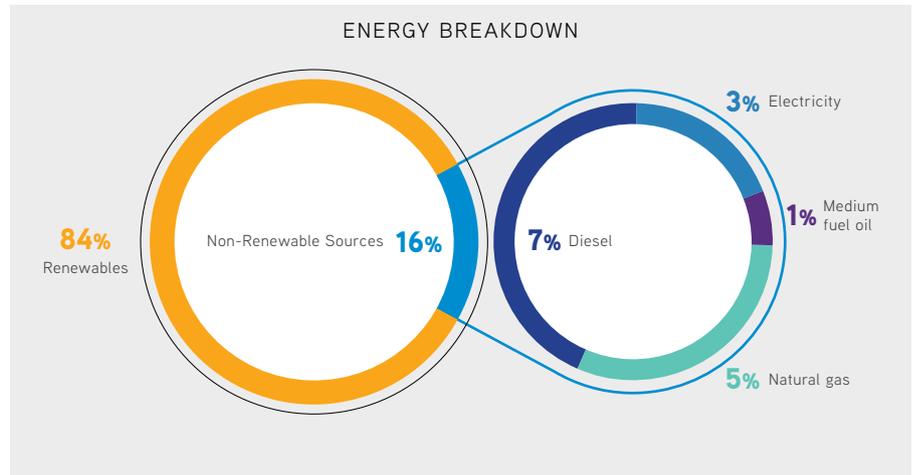
* tonnes of carbon dioxide equivalent per volume of production (tCO₂e/t CPO)



OUR ENVIRONMENTAL IMPACT

Energy

We consumed 30 million gigajoules (GJ) of energy in 2018, marking a decrease of 14% from the previous year. This was mainly due to lower energy demand from our NBPOL operations. Most of the energy used by boilers still comes from renewable sources such as biomass (palm kernel shell and fibre), which contributed to 84% of SDP's overall energy needs. This initiative has avoided approximately 1.8 million tCO₂-e of emissions had diesel been used instead.



Carbon Reduction & Renewable Energy Initiatives

As of 2018, we operate nine (9) biogas facilities within Malaysia, Indonesia and PNG. These include five (5) facilities at our palm oil mills in Malaysia, two (2) plants at the kernel crushing plants in Indonesia and two (2) in NBPOL in PNG. These biogas facilities contributed to a 8% reduction in GHG emissions.

Agricultural biogas plants do not only generate renewable energy but also prevent methane emissions. Methane is a high-impact GHG and is created when palm oil mill effluent (POME) is stored in retention ponds. At the biogas facilities, POME from CPO production undergo retention for a certain amount of time before being discharged into streams. The biogas produced during the degradation of POME is then used to generate power that is fed into the grid, or flared, ensuring that methane is not released into the atmosphere.

In Peninsular Malaysia, we have two (2) biogas facilities that feed 100% of the generated power into the main grid. These facilities are a joint venture project with Tenaga Nasional Berhad, the national electricity utility provider. In 2018, the

Flemington biogas facility in Kulai, Johor generated 7,986 MWh while the Hadapan biogas facility in Bagan Datuk, Perak generated 6,984 MWh, contributing to the renewable energy mix in the national grid. In addition, the Tennamaram, Merotai and West Oil Mills in Malaysia commenced methane flaring in 2017, while the two (2) kernel crushing plants in Indonesia - Pemantang and Rantau - commenced methane flaring in 2018. We also use a small amount of POME to enhance the production of organic fertiliser, which helps to further avoid the creation of GHG emissions if it were to sit in a retention pond.

In NBPOL, the Mosa biogas facility supplies 900 kW to the PNG power grid and has another 1.6 mW available for company operations and housing compounds. The Kumbango biogas facility is mostly dedicated to powering the refinery where 900 kW directly replaces diesel generated power. Power is also supplied to their boilers, which is equivalent to 1.6 mW in gas. This equates to a saving of approximately 15,000 litres of diesel per day.

MOVING FORWARD

Despite a number of challenges, we have made meaningful progress in the implementation of green technology to reduce carbon emissions throughout our operations. We are currently exploring other methane avoidance and renewable energy initiatives to further reduce our emissions in order to meet our carbon reduction target.

OUR ENVIRONMENTAL IMPACT

BIODIVERSITY

SDP’s palm oil production is concentrated in some of the most biologically-diverse areas in the world. We are committed to enhancing our environmental and wildlife management in every location where we are present.

In total, we have set aside 39,997 ha of High Conservation Value (HCV) areas for conservation across our global operations and continuously train our workforce on the monitoring of such HCV areas.

Tree planting has been one of our biggest conservation efforts, aimed at preserving endangered plant species and creating wildlife corridors that are critical to various animal species. We set aside 160 ha of unplanted area for this purpose at Jentar Estate, Pahang. A total of 136,036 trees made up of 126 species, 60 of which are threatened, have been successfully planted and maintained in Jentar Estate in the past five years, making it the largest collection of Endangered, Rare and Threatened (ERT) tree species in a single oil palm plantation area in Malaysia, and possibly South East Asia. We have successfully planted 1,367,901 trees over 10 years, which is part of a bigger program with Yayasan Sime Darby (YSD) and Forest Research Institute Malaysia (FRIM). This achievement comprises four (4) projects – the Sime Darby Plant-A-Tree (SDPAT) programme; the reforestation and rehabilitation of Orang Utan habitats in Northern Ulu Segama with the Sabah Forestry Department; the Kinabatangan RiLeaf Project with Nestlé Malaysia; and the peat swamp protection and rehabilitation project in the Raja Musa Forest Reserve with Global Environment Centre (GEC).

In PNG, we have several existing forest restoration projects which are focused on riparian and coastal areas within replanted areas of pre-RSPO plantations. In these areas, there is sufficient natural forest in the immediate vicinity enabling us to conduct assisted natural regeneration activities. This entails regularly removing any non-native vegetation, vines and other weeds to enable forest tree species to grow. In addition to this, we maintain our own tree nurseries such as the nursery in Ramu, which has 96 native tree species. Since 2014, 69,911 trees have been planted on 426.5 ha in PNG. In West New Britain, we are working with a local school and environmental NGO to restore 86 ha of mangrove forest and have planted 10,914 saplings of *Rhizophora sp.* and *Bruguiera sp.* sourced from a community-based nursery.

Fire, whether created naturally or by people, affects biodiversity within our plantations and the surrounding lands. In this respect, we continue to work with the Selangor Forestry Department and Global Environment Centre (GEC) on our fire patrolling initiative (Peat Swamp Forest Protection and Rehabilitation Project) at the Bukit Talang Estate along the Raja Musa Forest Reserve in Selangor. The initiative serves to protect biodiversity in our plantations and the forest reserve by actively monitoring water table in the area. SDP has also embarked on the second phase of this project, which aims to further promote community-based resource management, maintain and enhance technical support to smallholders and adjacent landowners. It also aims to enhance awareness among key stakeholders about undertaking an ecosystem approach towards conservation.

- In total, we have set aside **39,997 ha** of HCV areas for conservation across our global operations
- successfully planted **1,367,901** trees over 10 years
- Since 2014, **69,911** trees have been planted on **426.5 ha** in PNG



SDP’s Plant-A-Tree project

OUR ENVIRONMENTAL IMPACT

Northern Ulu Segama

On 8 December 2018, the 10-year orangutan conservation project at Bukit Piton Forest Reserve (renamed in 2012 and previously known as Northern Ulu Segama), came to a close with the project officially handed over to the Sabah Forestry Department (SFD). The closing ceremony was attended by SFD Chief Conservator of Forest, Datuk Mashor Mohd Jaini, YSD Governing Council member Datuk Jeffri Salim Davidson and SDP's Deputy to Managing Director & Chief Operating Officer, Upstream, Mohamad Helmy Othman Basha.

Over the last 10 years, over RM25 million has been invested by SDP to rehabilitate 5,400ha of the Bukit Piton Forest Reserve. Nearly 300,000 trees from 95 species have been planted, which serve as important food sources for orangutans and other wildlife species. The project has been deemed a success as there have been multiple sightings of a large number of orangutan nests in the rehabilitated area. The forest was also reclassified from a Class II (Commercial Forests) to a Class I (Protection Forests) in March 2012 and acquired the status of being a Totally Protected Area (TPA).

- over **RM25 million** has been invested by SDP to rehabilitate **5,400ha** of the Bukit Piton Forest Reserve

PONGO Alliance

Taking a further step towards enhancing biodiversity conservation, we have joined the Palm Oil NGO (PONGO) Alliance. The PONGO Alliance, founded in 2015 and officially launched in 2017, encourages collaborative efforts by the industry's various stakeholders to protect orangutans and their habitat in oil palm landscapes. The Alliance was co-founded by oil palm growers (SDP, Musim Mas, Wilmar and ANJ) and wildlife conservation bodies (BORA, HUTAN, AidEnvironment, Copenhagen Zoo and Orangutan Land Trust).

The PONGO Alliance represents a paradigm shift within the sector, not only in linking oil palm growers, businesses and conservation organisations under a united vision, but also in imagining that oil palm plantations can represent habitats for some rare wildlife species. Its current focus in Malaysia

is the Kinabatangan basin in Sabah where it is developing a programme to retain, plant and nurture orangutan food plants and nesting trees within oil palm plantations. A survey on the presence of orangutans in the area was conducted recently to explore the potential of introducing orangutan food plants on or between the oil palms at our estates in Sandakan Bay.

In Indonesia, the Alliance will focus on the Ketapang district. The Alliance has appointed Darmawan Liswanto, a conservationist with over 25 years of work experience. His role as a consultant will be to provide a holistic overview of the various threats and opportunities related to conservation of orangutans and other wildlife species in Ketapang and provide expertise on direction and action for the PONGO Alliance.

- encourages collaborative efforts to **protect orangutans and their habitat in oil palm landscapes**



OUR ENVIRONMENTAL IMPACT

ENVIRONMENTAL MANAGEMENT

Malaysia

SDP has continued to take the lead in implementing the Guided Self Regulations (GSR) in our Malaysian mills, rubber factories and refineries. GSR is a strategy by the Malaysian Government to empower the industry for effective environment management using the 7 Environmental Mainstreaming Tools - Policy, Budget, Monitoring Committee, Facility, Competency, Reporting & Communication, and Transparency.

To date, all relevant operations have adopted and implemented the 7 Environmental Mainstreaming Tools through the Environmental Regulatory Compliance Monitoring Committee (ERCMC) at all six (6) upstream and downstream regions. Individual operating units report their performance through the online Continuous Emission Monitoring System (CEMS), Online Environmental Reporting (OER) and Electronic Scheduled Waste Information Systems (eSWIS).

Our mills have maintained compliance to effluent discharge standards, as regulated by the Malaysian Department of Environment (DOE):

- Sabah Region complies with the Biochemical Oxygen Demand (BOD) limit of 20 ppm
- Sarawak Region complies with the BOD limit of *50 ppm
- Northern, Central East and Central West regions comply with relevant BOD levels, which vary from 5,000 ppm for land application to *50 ppm for water discharge
- Southern Region is moving towards compliance with a BOD limit of 20 ppm and 100% water recovery

* Parameters are being revised by local authorities.

We have allocated a budget and resources for the continuous development of our facilities such as mini labs for in-situ monitoring as well as the installation and maintenance of pollution control systems. About RM90 million will be invested to ensure compliance with more stringent air emission and effluent standards affecting our mills in Malaysia. We also ensure we have technically competent employees such as Certified Professionals in Palm Oil Mill Effluent (CePPOME), Certified Professionals in Scheduled Waste Management (CePSWaM), and Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems (CePIETSO – PCP/BP, etc). Moving forward, we will be adopting a similar GSR strategy for estate operations in Sabah, in collaboration with the Environment Protection Department (JPAS).

In recognition of recent efforts, SDP received the Langkawi Award 2017/2018 from the Malaysian Government for the first time since the award’s inception in 1998 for its commitment to environmental protection and sustainability for the nation.

Indonesia

In 2018, a total of eighteen (18) units in our Indonesian operations received the Programme for Pollution Control, Evaluation and Rating (PROPER) award. Sixteen (16) units were awarded the blue rating, which signifies compliance with national regulatory standards. The remaining two units were awarded the red rating, which indicates that the factory/mill displays some sort of pollution control efforts but does not fully comply with the regulatory standards.

The national-level programme has been in place since 1995 with three key goals:

<p>1 to promote industrial compliance with pollution control regulations</p>	<p>2 to facilitate and enforce the adoption of clean technology</p>	<p>3 to improve environmental management systems</p>
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By encouraging better public disclosure, accountability and transparency, the programme hopes to ensure better pollution control.

OUR ENVIRONMENTAL IMPACT

Papua New Guinea (PNG) & Solomon Islands (SI)

The Spatial Monitoring and Reporting Tool (SMART) is being trialled to monitor 193ha in two High Conservation Value (HCV) areas in West New Britain. SMART is designed to measure, evaluate and improve the effectiveness of our site-based conservation activities. This tool is scheduled for roll out to all estates in 2019. All other sites implementing SMART are targeting completion by the end of 2020. SMART is envisioned to be a beneficial platform to share our progress in managing HCV areas with external stakeholders.

At Ramu, the first Integrated Conservation Land Use Plan, using the High Carbon Stock (HCS) Approach, has been developed as part of the new planting procedure. Local communities whose land development plans were yet to be established were highly participative and engaged in the process. From a total of 10,652ha of land, the communities decided that 31% (3,293 ha) would remain available for their own use, 10% would be retained as conservation areas (1,017 ha), leaving up to 59% (6,280 ha) for potential planting of oil palm.

WATER AND WASTE

Water

Water is a critical resource for our operations and we continuously monitor our usage to ensure there is sufficient water for irrigation. This is especially important in estates that are prone to drought conditions due to lower rainfall. In these areas, we are undertaking several irrigation projects to create water bodies and enhance distribution of piped water.

Top priority is also given to ensuring the availability of safe drinking water for our employees. Periodic testing of water samples taken from river systems has shown no significant water quality deterioration in. Our Research and Development Centre in Carey Island which houses an accredited Water and Waste Water Lab, ensures waterways and waste water discharged are within safe limits as specified by legal and local authorities' requirements.

In PNG, an estimated 60% of the population do not have access to safe water supply. NBPOL, in partnership with Nestlé and Tropical Forest Trust has initiated a collaborative water project with thirty-one (31) communities in the vicinity of Higaturu oil palm plantation in the Oro Province. The project was officially launched in July 2018 to provide safe and accessible drinking water through the installation of water pumps. Thus far, the first nine (9) water well pumps have been installed and are operational. The remaining twenty-two (22) pumps are scheduled for installation in the second quarter of 2019.



OUR ENVIRONMENTAL IMPACT

Waste

Upstream Malaysia has achieved 43% reduction in the number of internal landfills through diversion of waste to municipal waste landfills, mainly in Peninsular Malaysia. We aim to further minimise the number of internal landfills (infield waste disposal) by 50% throughout our upstream operations in Malaysia. Additionally, various programs are being identified to enhance recycling initiatives, such as waste segregation at source and ensuring recyclable plastic materials are converted into useful products.

In PNG and the Solomon Islands, NBPOL continues to place emphasis on waste management. This includes not only ensuring adherence and improvements to internal waste management procedures/processes, but also engagement with all relevant stakeholders to educate the general public about the importance of proper waste disposal and the 4R's (Reduce, Reuse, Recycle, Recover) of waste management. In December 2018, NBPOL's Ramu Agri Industries (RAI) operations worked with local police, businesses and schools to ban the use of plastic bags. The initiative, called 'Ditch

the plastic and be fantastic!', has been extremely effective in reducing the amount of rubbish in the town area.

NBPOL's Guadalcanal (GPP) operations in Solomon Islands has also introduced a waste management program called 'Go Green'. On a designated day every month, all employees and their dependents undertake clean-up activities such as composting, and waste segregation on the Company's grounds. We hope that this initiative will lead to long-term behavioral change with respect to how waste is managed within local households.

The 3R initiative conducted at SDP's headquarters, between July and December 2018 contributed to an increase of 86% in volume of recyclable waste collected compared to the first half of 2018. SDP's partnership with Community Recycle for Charity (CRC) was able to raise the target value of RM10,000 from recycling other types of waste. This money was then donated to a charity of our choice.

Our partnership with Fabric Recycling Movement Kloth Cares in July 2018 resulted in the collection of 1,172kg of recycled fabric in just 6 months, surpassing the 575.15kg of fabric waste collected from previous years combined (FY 2016/2017 and FY2017/2018). As our employees continue to embrace recycling culture, SDP will look into expanding the initiative and identifying new partnerships to create beneficial financial and social outcomes from our waste thus providing our employees the opportunity to give back to the community.

● SDP donated **RM4,000** and other household items such as food supplies, toiletries and other necessities to CRC Charity



CASE STUDY

Unwanted towels, linens, cotton t-shirts, fleece and flannel blankets can be repurposed into industrial wiping cloths when recycled.

- **Grade A Fabric**

will be exported to Africa for charity

- **Grade B Fabric**

sold at the second-hand shop, Best Bundle, and given to charitable organisations including MAKNA and the Malaysian Association for the Blind

- **Grade C Fabric**

is recycled into industrial wiping cloths and Refuse-Derived Fuel (RFD)

MOVING FORWARD

We are committed to continuously improving the way we manage water and are undertaking efforts to reduce our water consumption. New approaches are being considered for reviewing our waste streams and identifying different types of waste generated. Diverting waste to municipal landfills can only be an interim measure. Once we have completed an extensive review of our waste management, we hope to set a waste reduction benchmark.

We have also embarked on a journey to transform our headquarters into a 'zero plastic' building with a full-fledged programme planned for FY2019. Future key initiatives include the creation of a sustainability dashboard to manage data for water and waste across our operations.

OUR ENVIRONMENTAL IMPACT

FIRE AND HAZE

Hotspot Management at Sime Darby Plantation

Since the launch of Sime Darby Hotspot Alert Dashboard in 2015, we have been proactively monitoring and managing fire and haze issues within SDP’s operational areas. The dashboard tracks and reports hotspots occurring not only within our concession areas but also within a 5km radius outside our concession boundaries¹. The dashboard is available on SDP’s website to provide stakeholders with information on the number of hotspots recorded and actions taken to address these hotspots.

Near real-time fire hotspot monitoring information is retrieved from the ASEAN Specialised Meteorological Centre (ASMC) and NASA’s Fire Information for Resource Management System (FIRMS) websites. This information is linked to SDP’s own geospatial program based on the Google Earth maps platform. If a hotspot is detected, all relevant parties are notified and our Emergency Response Team (ERT) is immediately dispatched to conduct ground verification and initial fire suppression if a fire is spotted. All ERT members receive training on basic firefighting and undertake simulation exercises regularly, which ensures that they are always ready to manage fires. The ERT is also responsible for conducting regular patrols and measuring water levels on peatlands as part of their mitigative role.

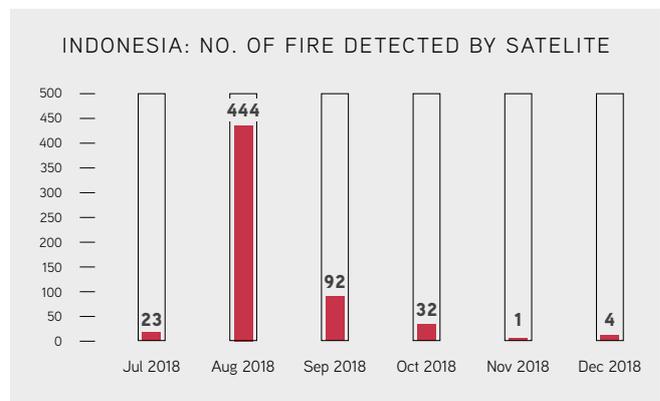
For the period under review, data from MODIS, VIIRS, and NOAA satellites detected a total of 604 fire hotspots.

Location	No. of fire detected by satellites
Malaysia	2
Indonesia	596
Liberia	1
Papua New Guinea	7
Overall	606

¹ The fire – risk areas are monitored in and up to 5km outside of concession boundaries for sites in **Indonesia** only due to rampant slash and burn activities by the community. For **Malaysia, Liberia, PNG and Solomon Islands** – monitoring of hotspots is confined to our concession areas (planted areas) only.

Based on the data, Indonesia recorded the largest number of potential fires. Out of the 606 fires, on-the-ground verification confirmed that only 94% were actual fires. From these, 559 fires occurred outside of our estate boundaries. Indonesia is located near the equator and has high humidity conditions, which means that naturally-occurring land fires are very rare. Upon investigations, it was deemed that the majority of these fires were caused by land clearing by the local community for farming practices, such as paddy-planting, especially in Kalimantan and Sumatra. Land fires in Indonesia are generally aggravated by prolonged drought associated with climate phenomena, such as El Nino, that results in the early retreat of the rainy season. By July, most of Sumatra and Kalimantan usually transitions into the dry season, which coincides with peak paddy planting. This, coupled with the incomplete combustion of fuel during peat fires, general results in haze that affects both Malaysia and Indonesia.

In Indonesia, we strive hard to develop prevention systems on the ground to control land fires. To date, we have 72 watchtowers that are 15 metres high to enhance our surveillance in strategic locations throughout our Indonesian estates. Simultaneously, we also implemented community-based fire prevention programmes in collaboration with local universities to ensure our precautionary efforts begin at the field/ village level. Since the programme’s inception in 2015, local communities in high risk areas are more aware about ways to conduct land preparation without slash and burn activities and implementing composting practices.



GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. Sime Darby Plantation Berhad Annual Report (AR) and the Supplementary Progress Report on Sustainability have been prepared in accordance with the GRI Standards: Core option. The following summary table details the location of specific disclosures throughout the report. It also includes additional supporting commentary and reasons for the omission of data, where relevant. Unless stated, the page numbers stated are from the Annual Report. For further details, please visit www.simedarbyplantation.com.

GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Disclosure		Page or reason for omission
Organisational Profile		
102-1	Name of organisation	About This Report - Annual Report (1)
102-2	Activities, brands, products, and services	Who We Are - Annual Report (6)
102-3	Location of headquarters	Our Corporate Information - Annual Report (11)
102-4	Location of operations	Who We Are - Annual Report (6) Our Global Presence - Annual Report (8-9)
102-5	Ownership and legal form	Our Corporate Information - Annual Report (11)
102-6	Markets served	Our Global Presence - Annual Report (8-9)
102-7	Scale of the organisation	Our Global Presence - Annual Report (8-9) Group Financial Performance - Annual Report (30)
102-8	Information on employees and other workers	Human Capital Development - Annual Report (48) Our Social Impact - Annual Report (56) Supplementary Progress Report (10)
102-9	Supply chain	Our Value Creation Model - Annual Report (18)
102-11	Precautionary Principle or approach	Letter from Our Chairman - Annual Report (24) Statement on Risk Management and Internal Control - Annual Report (104)
102-12	External initiatives	Our Approach to Sustainability - Annual Report (12) Supplementary Progress Report (2)
102-13	Membership of associations	Our Approach to Sustainability - Annual Report (12) Supplementary Progress Report (2) Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
Strategy		
102-14	Statement from senior decision-maker	Letter from Our Chairman - Annual Report (24)
102-15	Key impacts, risks, and opportunities	Our Market Landscape - Annual Report (14) Our Value Creation Model - Annual Report (18) Managing Our Material Matters - Annual Report (20) Our Strategic Plan - Annual Report (22) Statement on Risk Management and Internal Control - Annual Report (104)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Corporate Governance Overview Statement - Annual Report (75) Statement on Risk Management and Internal Control - Annual Report (104)
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance Overview Statement - Annual Report (75) Statement on Risk Management and Internal Control - Annual Report (104)

GLOBAL REPORTING INITIATIVE (GRI)

Governance		
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102-19	Delegating authority	Corporate Governance Overview Statement - Annual Report (75)
102-20	Executive-level responsibility for economic, environmental, and social topics	Our Leadership Team - Annual Report (70)
102-21	Consulting stakeholders on economic, environmental, and social topics	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2) Managing Our Material Matters - Annual Report (20) Our Strategic Plan - Annual Report (22)
102-22	Composition of the highest governance body and its committees	Our Board of Directors - Annual Report (64)
102-23	Chair of the highest governance body	Our Board of Directors - Annual Report (64)
102-26	Role of the highest governance body in setting purpose, values, and strategy	Our Board of Directors - Annual Report (64)
Stakeholder Engagement		
102-40	List of stakeholder groups	Managing Our Material Matters - Annual Report (20)
102-41	Collective bargaining agreements	Our Social Performance – Annual Report (56) Supplementary Progress Report (10)
102-42	Identifying and selecting stakeholders	Managing Our Material Matters - Annual Report (20)
102-43	Approach to stakeholder engagement	Our Approach to Sustainability – Annual Report (12) Supplementary Progress Report (2) Corporate Governance Overview Statement - Annual Report (75)
102-44	Key topics and concerns raised	Our Market Landscape - Annual Report (14) Managing Our Material Matters - Annual Report (20)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements - Annual Report (131)
102-46	Defining report content and topic Boundaries	About This Report - Annual Report (1)
102-47	List of material topics	About This Report - Annual Report (1)
102-48	Restatements of information	Who We Are - Annual Report (6)
102-49	Changes in reporting	About This Report - Annual Report (1)
102-50	Reporting period	About This Report - Annual Report (1)
102-51	Date of most recent report	About This Report - Annual Report (1)
102-52	Reporting cycle	About This Report - Annual Report (1)
102-53	Contact point for questions regarding the report	Our Corporate Information - Annual Report (11)
102-54	Claims of reporting in accordance with the GRI Standards	About This Report - Annual Report (1)
102-55	GRI Content Index	Global Reporting Index (GRI) Content Index - Annual Report (353)

GLOBAL REPORTING INITIATIVE (GRI)

Material Topics			
GRI Standard	Disclosure		Page or reason for omission
Economic			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Letter from Our Chairman - Annual Report (24) Group Financial Performance - Annual Report (30)
	103-2	The management approach and its components	Group Financial Performance - Annual Report (30)
	103-3	Evaluation of the management approach	Group Financial Performance - Annual Report (30)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Group Financial Performance - Annual Report (30) Notes to the Financial Statements - Annual Report (131)
Market Presence			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Global Presence - Annual Report (8-9)
	103-2	The management approach and its components	Our Market Landscape - Annual Report (14)
	103-3	Evaluation of the management approach	Our Market Landscape - Annual Report (14)
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	Our Leadership Team - Annual Report (70)
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Board Tender Committee Report - Annual Report (102)
	103-2	The management approach and its components	Board Tender Committee Report - Annual Report (102) Statement of Risk Management and Internal Control - Annual Report (104)
	103-3	Evaluation of the management approach	Statement of Risk Management and Internal Control - Annual Report (104)
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Governance and Audit Committee Report - Annual Report (84)
	103-2	The management approach and its components	Governance and Audit Committee Report - Annual Report (84)
	103-3	Evaluation of the management approach	Statement of Risk Management and Internal Control - Annual Report (104)

GLOBAL REPORTING INITIATIVE (GRI)

Environment			
Water and Effluents			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-2	The management approach and its components	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-3	Evaluation of the management approach	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-2	The management approach and its components	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-3	Evaluation of the management approach	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	304-2	Significant impacts of activities, products, and services on biodiversity	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	304-3	Habitats protected or restored	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-2	The management approach and its components	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-3	Evaluation of the management approach	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	305-2	Energy indirect (Scope 2) GHG emissions	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	305-4	GHG emissions intensity	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	305-5	Reduction of GHG emissions	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-2	The management approach and its components	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-3	Evaluation of the management approach	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-2	The management approach and its components	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)
	103-3	Evaluation of the management approach	Our Environmental Impact - Annual Report (61) Supplementary Progress Report (17)

GLOBAL REPORTING INITIATIVE (GRI)

Social			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development – Annual Report (48)
	103-2	The management approach and its components	Human Capital Development – Annual Report (48)
	103-3	Evaluation of the management approach	Human Capital Development – Annual Report (48)
Labour/Management Relations			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development – Annual Report (48)
	103-2	The management approach and its components	Human Capital Development – Annual Report (48)
	103-3	Evaluation of the management approach	Human Capital Development – Annual Report (48)
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	103-2	The management approach and its components	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	103-3	Evaluation of the management approach	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	403-2	Hazard identification, risk assessment, and incident investigation	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	403-4	Worker participation, consultation, and communication on occupational health and safety	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	403-5	Worker training on occupational health and safety	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	403-6	Promotion of worker health	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
	403-9	Work-related injuries	Our Social Performance – Annual Report (56) Supplementary Progress Report (15)
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development - Annual Report (48)
	103-2	The management approach and its components	Human Capital Development - Annual Report (48)
	103-3	Evaluation of the management approach	Human Capital Development - Annual Report (48)
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development - Annual Report (48)
	103-2	The management approach and its components	Human Capital Development - Annual Report (48)
	103-3	Evaluation of the management approach	Human Capital Development - Annual Report (48)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Our Social Performance – Annual Report (56) Supplementary Progress Report (10) Our Board of Directors - Annual Report (64)

GLOBAL REPORTING INITIATIVE (GRI)

Social (Continued)			
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Human Capital Development - Annual Report (48)
	103-2	The management approach and its components	Human Capital Development - Annual Report (48)
	103-3	Evaluation of the management approach	Human Capital Development - Annual Report (48)
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-2	The management approach and its components	Our Social Performance- Annual Report (56) Supplementary Progress Report (10)
	103-3	Evaluation of the management approach	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
Child Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-2	The management approach and its components	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-3	Evaluation of the management approach	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
Forced or Compulsory Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-2	The management approach and its components	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-3	Evaluation of the management approach	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
Human Rights Assessments			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-2	The management approach and its components	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-3	Evaluation of the management approach	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-2	The management approach and its components	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	103-3	Evaluation of the management approach	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)
	413-2	Operations with significant actual and potential negative impacts on local communities	Our Social Performance - Annual Report (56) Supplementary Progress Report (10)

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT FY2018 (JULY – DECEMBER)

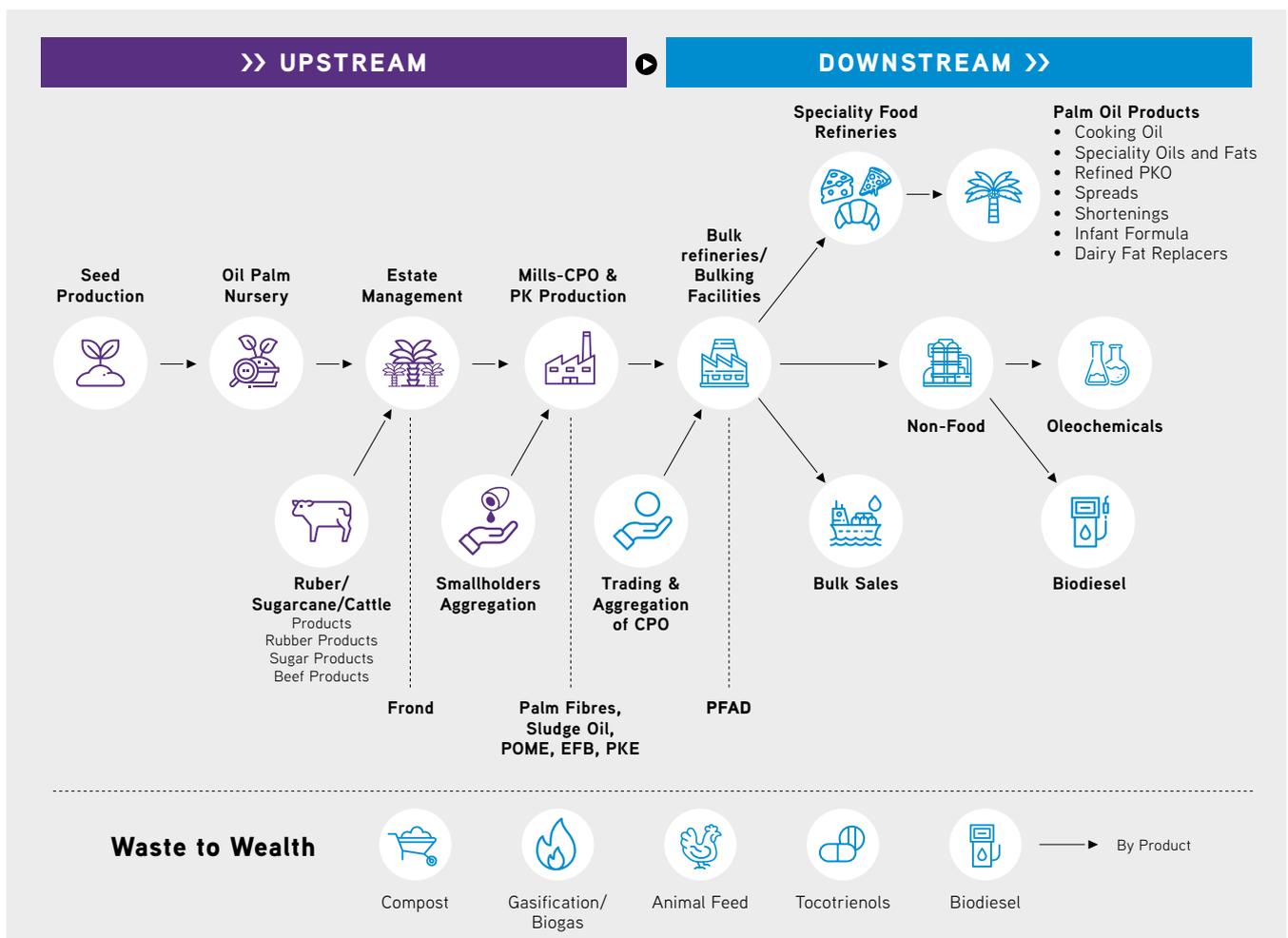
This statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). The period of reporting for this statement is for the six months ended 31 December 2018. This statement serves as a progress report following key actions taken subsequent to the Modern Slavery and Human Trafficking Statement FY2018.

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 the 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, 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

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT FY2018 (JULY – DECEMBER)

OUR COMMITMENT, POLICIES, PROCEDURE AND GOVERNANCE

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

At Sime Darby Plantation, 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 the standards and practices that are aligned with international principles², subject to the restrictions of the governing laws and regulations of the countries and territories in which we operate. When there is a conflict between local and international norms and/or standards, we aspire to uphold the higher standards, whenever possible.

The Charter articulates our commitments in:

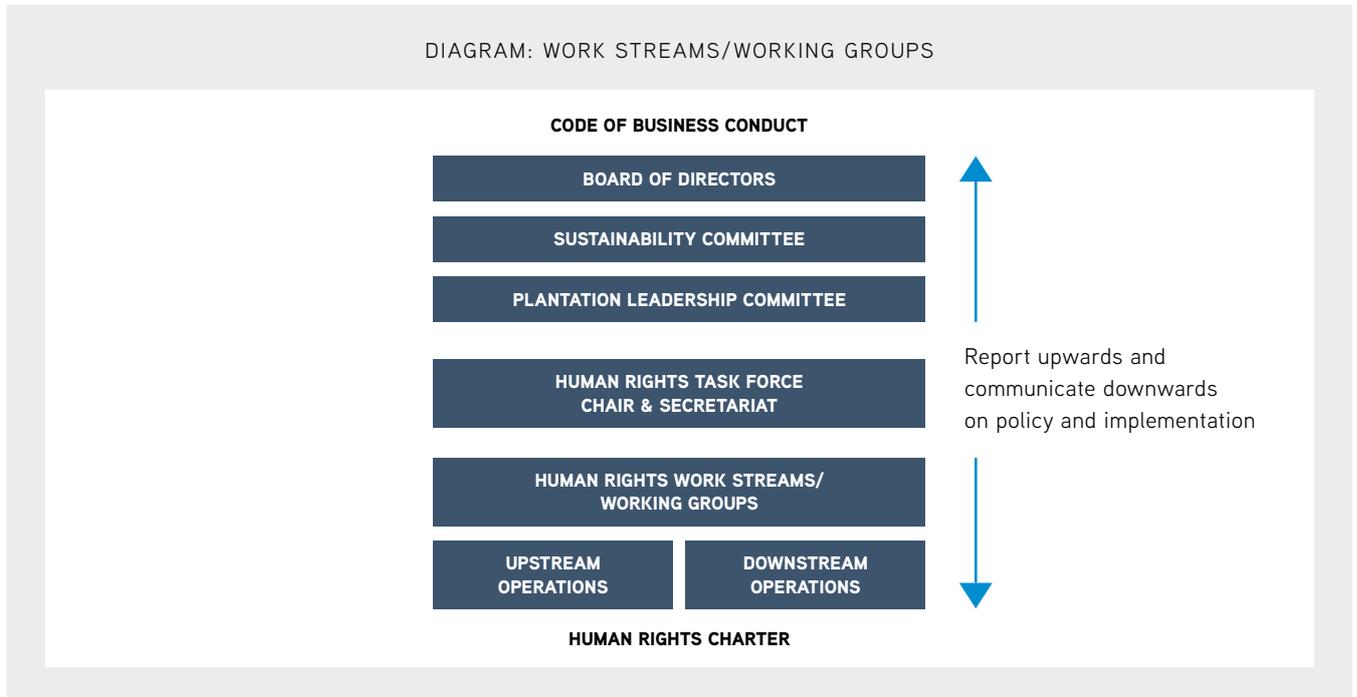
- Providing equal opportunities,
- Respecting freedom of association,
- Eradicating exploitation,
- Ensuring favourable working conditions,
- Enhancing safety and health,
- Respecting community rights,
- Protecting the rights of children and vulnerable people; and
- Eliminating violence and sexual harassment.

Sime Darby Plantation 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 of representatives from various key departments that are fundamental in upholding human rights and the task force reports its progress to the Plantation Leadership Committee, Sustainability Committee and the Board of Directors.

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

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT
FY2018 (JULY – DECEMBER)



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

The Code of Business Conduct (COBC) articulates our business core values and acts as guidance to outline the standards of behaviour required. The COBC applies to all directors and employees of the Group, including employees on secondment to joint ventures, affiliates or associates. Counterparties are also 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 Sime Darby Plantation, and applies to all vendors of Sime Darby Plantation when conducting work for the Company, and all vendors' subsidiaries, affiliates and other parties that they have appointed to conduct work for Sime Darby Plantation.

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

For the year under review, we continue to implement recommended improvement plans and continue to monitor progress. We evaluate the outcomes from the action plans to ensure we reduce human rights risks to people.

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

Since April 2018, we have successfully implemented our passport return programme to all 125 estates and 33 mills in Malaysia. The procedure for safe keeping provides workers with the opportunity to decide how and where they want their passports to be kept. Various engagement sessions have been conducted for workers to fully understand their options and exercise their freedom of choice.

We will continue to monitor and evaluate the effectiveness of the programme to identify areas for improvement.

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT FY2018 (JULY – DECEMBER)

On-going: Responsible Recruitment Practices in the Plantation Upstream Operations in Malaysia

During this period, we continue our work to improve recruitment practices of our migrant workers in upstream operations in Malaysia. This includes our support and involvement in various studies, research and advocacy for policy change with key national level and international stakeholders. We seek to address issues surrounding the recruitment process that affect our workers; particularly, unreasonable costs of recruitment leading to possible debt by workers in some countries of origin.

Direct hire

Sime Darby Plantation selects and recruits workers directly in the respective countries of origin. This includes participating in socialisation roadshows to attract potential candidates. To ensure candidates are fully aware of the terms and conditions of work, prior to acceptance, materials such as videos, presentation slides and briefings are conducted in local languages. Candidates are required to provide written consent to confirm their voluntary acceptance of the job offer.

Direct hiring of workers allows for better control and management of the process. We work closely with our agents to have better oversight of sub-agents in the supply chain. Where we may leverage, Sime Darby Plantation endeavours to influence the market to instill responsible recruitment practices.

We recognise that long-term solutions will require multi-stakeholders involvement and government interventions. We will continue to engage and work with our stakeholders to jointly seek solutions to resolve the underlying issues facing recruitment of migrant workers. In Indonesia, Sime Darby Plantation owns around 280,000 hectares of land with 70 estates and 23 mills. As of December 2018, we employ over 31,000 people and provide housing, healthcare and schools for their dependants.

This year, we continue to work on prevalent issues in our Indonesia operations and monitor implementation of improvement plans from our various assessments. On-going consultation with workers and other stakeholders are being conducted to address challenges pertaining to union capacity, casual workers vulnerability, working conditions, as well as health and safety in our estates.

MONITORING, DISCLOSURE AND REPORTING

Our business operations are subject to periodical internal audits, which include assessment of human rights risk areas to ensure the effectiveness of our policies and procedures. Human rights violations, if any, can be reported through our Whistle Blowing Channel and Grievance Procedures. The Whistle Blowing Channel can be accessed via e-form, email or telephone and guarantees a secured avenue for employees, counterparts, business partners and individuals to report.

Action Taken: Enhancing our grievance mechanism

As part of our continuous improvement initiative, we will be focussing on improving our grievance channels to be more effective by making it accessible to all, allowing greater reach and providing a rights-based approach.

In November 2018, an enhanced helpline for our plantation workers employed at our estates in Malaysia was launched. The goal of the helpline is to provide an effective avenue for workers to report on working conditions, recruitment, safety and other issues that might affect them directly or indirectly via a technology-enabled communication channel.

The helpline allows workers to choose the channel they feel most comfortable with, whether via SMS, Facebook Messenger or a toll-free number, staffed 7 days a week at peak call times, with messaging options for off-hours. The system's multi-language capability is expected to enhance communications, thus raising further understanding, accessibility and promoting trust in the use of the helpline among workers of different nationalities.

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT
FY2018 (JULY – DECEMBER)

The helpline not only provides an effective channel for our workers to raise any issues they may have, but more importantly ensures these issues are handled via clear protocols with consistent attention to follow-up and resolution to the fullest extent possible. Independent monitoring by a third party will accord a higher level of accountability for us to act on our workers' grievances. This collaborative approach together with Nestlé leverages on the worker voice system co-developed by Responsible Business Alliance's (RBA) Responsible Labour Initiative, and by ELEVATE which implements the world-class Amader Kotha helpline in Bangladesh. The enhanced helpline strengthens existing established grievance procedures and whistle blowing channels which are already available to all of our employees and external parties.

CAPACITY BUILDING

In Sime Darby Plantation, we invest in capacity building and education of our employees so that they are empowered to carry out their tasks and responsibilities well. For the year under review, we continued to build the capacity of personnel/duty bearers on the ground serving key support functions for vulnerable groups such as migrant workers, women and children.

STAKEHOLDER ENGAGEMENT

Sime Darby Plantation is committed to strengthen our engagement with NGOs, industry bodies and civil society to ensure continuous improvement in our own operations and extended supply and value chains.

This year, we proceeded to develop on-going solutions to overcome complex and common human rights challenges. We continue to maintain good relations and engage in constructive dialogues with multiple stakeholders. They include local and international non-governmental organisations, as well as international development agencies which focus on issues surrounding human rights.

BOARD APPROVAL

The Board of Directors of Sime Darby Plantation Berhad and New Britain Oils Limited have endorsed this statement of commitment at their respective board meetings.

**Tan Sri Dato' Mohd Bakke Salleh**

Executive Deputy Chairman & Managing Director
On behalf of Sime Darby Plantation Berhad

**Andrew Worrall**

Managing Director
On behalf of New Britain Oils Ltd



Plantation

www.simedarbyplantation.com

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