



Delivering
Sustainable
Futures

Plantation

Modern Slavery and Human Trafficking Statement FY2018



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Sime Darby Plantation

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This statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54).

In February 2017, Sime Darby Berhad announced a restructuring plan that resulted in the creation of three independent pure play companies¹; namely Sime Darby Plantation Berhad, Sime Darby Property Berhad and Sime Darby Berhad.

The restructuring of the companies was envisioned to unlock value for shareholders, provide direct access to capital markets, and funding flexibility for better focused capital management and customised growth strategies. Sime Darby Plantation Berhad (Sime Darby Plantation) was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 30 November 2017.

This statement reports the progress made by Sime Darby Plantation before and after the restructuring exercise during the financial year ended 30 June 2018 to mitigate the risk of modern-day slavery and human trafficking within our business operations and supply chain.

¹ <http://www.simedarby.com/press-releases/sime-darby-announces-restructuring-plan>

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 UK, 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.

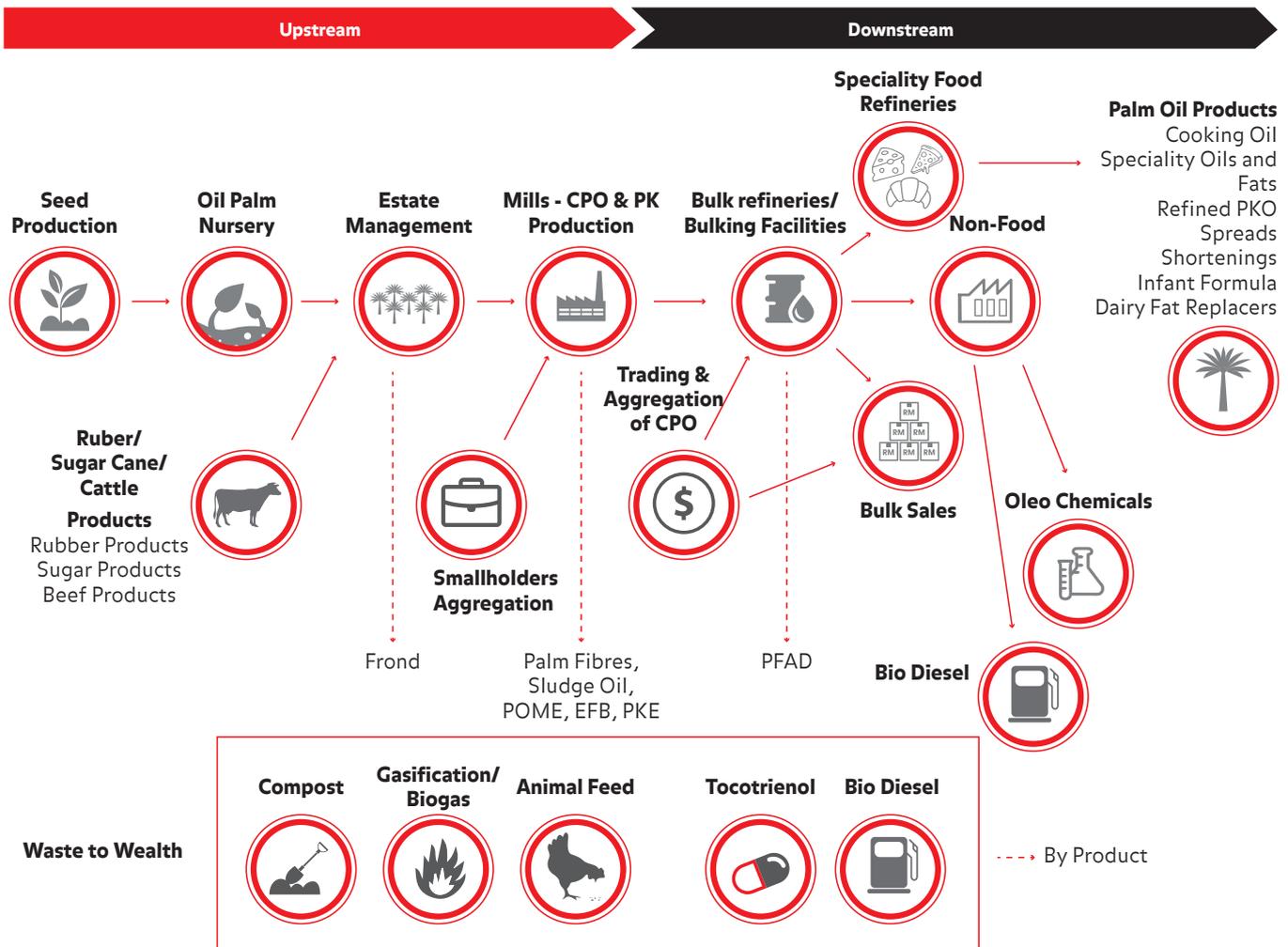


Figure 1 - Structure of Sime Darby Plantation

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

OUR COMMITMENT, POLICIES, PROCEDURE AND GOVERNANCE

Commitment and Governance: Human Rights Charter and Human Rights Task Force
At Sime Darby Plantation, 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)², 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 principles³, 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.

Post the restructuring exercise, Sime Darby Plantation has continued our Human Rights Task Force; responsible for monitoring and verifying the progress of human rights initiatives within our operations. 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.

² 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>

³ Which includes, among others, the International Labour Organisation (ILO) core labour standards and relevant industry standards

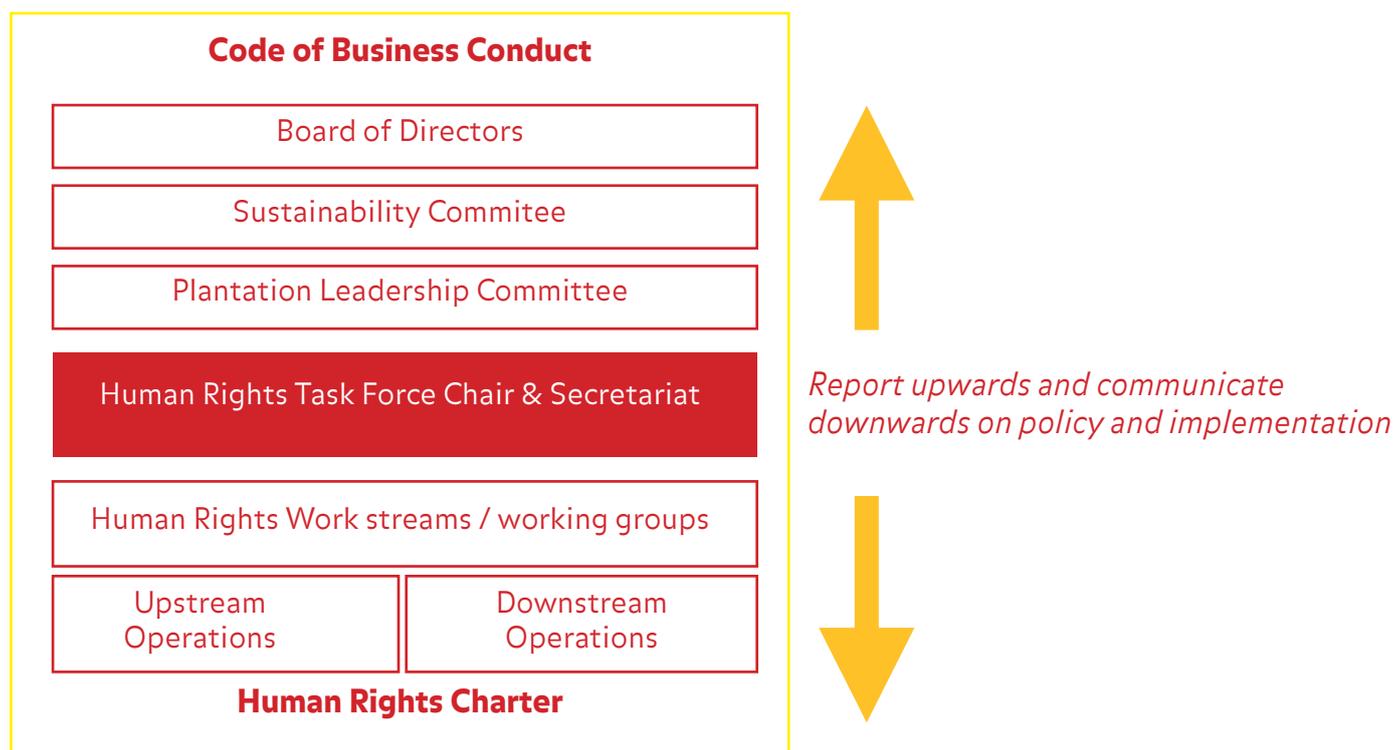


Diagram: Work Streams / Working Groups

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

The Code of Business Conduct (COBC) and Vendor COBC are policies that articulate our business core values and act as guidance to outline the standards of behaviour required by Sime Darby Plantation.

COBC applies to all Directors, employees, counterparts and business partners of Sime Darby Plantation. This year, we launched the revised COBC which now incorporates elements to our conduct in respecting human rights.

A Vendor COBC has also been developed to specifically outline the standard of conduct and expectation of all our suppliers, consultants, agents, contractors as well as goods and service providers who have direct dealings with Sime Darby Plantation. All vendors are required to declare their compliance to the policy via the Sime Darby Plantation Vendor Integrity Pledge which includes a declaration to eradicate all forms of exploitation, including but not limited to modern day slavery and human trafficking.

The Group Procurement Policies and Authorities requires 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

As a palm oil company with a large global footprint, we are faced with a myriad of challenges that are at times systemic but unique to the countries we operate in. Our complex supply chains however, provide us with opportunities to work on identifying areas where collective action can create a positive change to the industry.

In 2016, Sime Darby Plantation worked with experts in the United Nations Guiding Principles on Business and Human Rights – Shift⁴, to conduct a business learning programme that included an assessment of human rights impacts in our operations. The outcomes from this programme, allowed us to prioritise our efforts in areas where salient human rights risks exist and have the most severe impact.

For the year under review, our focus has been on implementing improvement plans recommended from the assessment report to mitigate risks surrounding our migrant workforce in Malaysia. Following this, we have also begun our impact assessments on our operations in Indonesia using some of the learnings from our business learning programme with Shift.

Action Taken: Enhancing Workers Experience by Upholding Freedom of Movement

In 2017, a pilot programme was initiated for migrant workers in our estates in Malaysia to have better access to their own passport. Conducted in seven (7) locations with over 1500 workers, the aim was to implement a practical procedure and analyse its effectiveness for our workers in safe keeping their own passports.

Upon successful implementation of the pilot programme, a complete roll out to 125 estates and 33 mills began in April 2018. The procedure for safe keeping provides workers with the opportunity to decide how and where they want their passports to be kept. Briefings were conducted for workers to fully understand their options and exercise their freedom of choice.

Some key lessons learnt from the pilot:

- i. There was no evidence of a direct correlation between passport possession and abscondment. There was also no observed impact on workers attendance or characteristics throughout the pilot.
- ii. 90% of workers prefer for Management to safe keep their passports, due to fear of losing or damaging the important document.
- iii. Passports are surrendered for work permit renewal every year. This process can take between 1 week and 6 months. At any other time, workers have access to their passports, upon request from Management.

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

⁴ Shift Project, Ltd (“Shift”) is an independent, non-profit centre for business and human rights, headquartered in New York City. Shift’s vision is a world in which companies have the awareness, motivation and skills to know and show that they are respecting human rights. Shift contributes to this goal by working with governments, businesses and their stakeholders to help put the United Nations Guiding Principles into practice

Action Taken: Improving Recruitment Practices in the Plantation Upstream Operations in Malaysia

Last year, we engaged our main recruitment service providers to identify 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.

Since then, we have continued our work to improve recruitment practices of our migrant workers in upstream operations in Malaysia.

Working with local business partners

Although we conduct interviews and selection processes directly in origin countries, we are also bound by local requirements to work with local business partners, also known as recruitment agents, in the various country of origin. For the year under review, we have conducted numerous dialogues and engagement sessions with our business partners in India and Indonesia. Key outcomes from these discussions include human rights considerations in recruitment agent's contractual agreements to conduct ethical recruitment and greater accountability of their assigned sub-agents. We will continue to monitor the performance of our business partners including their obligation to remove unreasonable costs imposed by sub-agents.

The engagement sessions with our business partners also included trainings on human rights requirements and ethical hiring procedures. Our business partners have also participated in national level trainings on responsible recruitment for labour providers. We are cognisant that there is a cultural and societal dependency on sub-agents which is an important part of the supply chain. Our partnership with local agents allows us to approach the recruitment supply chain collectively to allow for better opportunities for a positive impact.

Key outcomes from the improvement plan:

- i. Our Zero recruitment fees policy is communicated to all potential workers;
- ii. Our direct hiring process in countries of origin ensures workers are provided prior informed consent to work;
- iii. Contracts that outline terms and conditions of work have been translated into 10 languages;
- iv. Pre-departure briefings support together with the Indonesian government; and
- v. Local briefings to include sections outlining awareness on workers' rights

Although we face challenges with the complexity of local procedures and national policies surrounding the recruitment of migrant labour, we recognise that longterm solutions will require multi-stakeholder 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.

Action Taken: UNICEF Children's Rights in Palm Oil Sector programme

In July 2017, UNICEF, with support from RSPO and the Indonesian Ministry of Women Empowerment and Children Protection, signed a Memorandum of Understanding with major palm oil growers in Indonesia (including Sime Darby Plantation) to look at children's rights in the Palm Oil sector.

The Programme was initiated to study the impacts of the Palm Oil sector on children and identify company best practices in relation to children's rights. Upon completion of the study, UNICEF together with RSPO began a series of workshops in estates to create greater awareness and understanding of children's rights as well as identifying gaps.

The Programme will also support the inclusion and strengthening of children's rights in the revised RSPO Principles and Criteria 2018, where some of the findings and baseline requirements will be included as part of our standard operating procedure.

Action Taken: Indonesia Assessment

For the year under review, we undertook a broad assessment of our operations in Indonesia to understand some of the high impact areas. Based on two reports on labour compliance in RSPO Certified Management Units in Indonesia as well as a "Palming Off Responsibility" report, key areas highlighted have been used as a base for us to focus our assessment.

In Indonesia, Sime Darby Plantation owns around 280,000 hectares of land with 70 estates and 23 mills. As of June 2018, we employ over 31,000 people and provide housing, healthcare and schools for their dependants. Due to our wide geographical spread in the country, a one-size fit all methodology was not applicable to our operations in Indonesia. Therefore, our assessment were conducted by taking into consideration local cultures, norms and community expectation.

Whilst certain issues may be unique to a particular province or locality, common challenges identified include lack of union capacity, women's position and vulnerability, working conditions, children workers, as well as health and safety. We shall work with our stakeholders to assess some of the risks and prioritise our improvement plans accordingly.

MONITORING, DISCLOSURE AND REPORTING

As part of our standard practice, 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.

Sime Darby Plantation also monitors human rights violations through our Whistle Blowing Channel and Grievance Procedures. The Whistle Blowing Channel can be accessed via email, fax or telephone and guarantees a secure avenue for employees, counterparts, business partners and individuals to report.

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.

CAPACITY BUILDING

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

In April 2018, and in collaboration with Women's Aid Organisation (WAO) and the Sime Darby Foundation, we conducted a pilot workshop on responding to genderbased issues in one of our regions in Peninsular Malaysia. The main objective was to build capacity to improve understanding, identification, response and management of social issues at the estate level, specifically sexual harassment and domestic violence. A total of 58 participants comprising representatives of Gender Committees, medical assistant teams and auxiliary police attended the 2-day training.

Additionally, a total of 56 personnel comprising estate management, assistant managers, educators and gender committee members in Sime Darby Plantation estates in Riau, Indonesia were also trained by implementation partner Lingkar Komunitas Sawit (LINKS) and UNICEF on children's rights in plantation. The training focused on early child care and education, maternal rights and welfare, health and nutrition, child labour and young workers, living conditions as well as water, sanitation and hygiene (WASH). The main objective was to train estate management to better identify child focused risk areas and implement improvement plans. Moving forward, we endeavour to implement similar workshops at our operations in many other regions in stages.

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, in developing 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 nongovernmental organisations (NGOs), as well as international development agencies which focus on issues surrounding human rights.

Decent Rural Living Initiative (DRLI)

One of our major milestones this year was the launch of a pre-competitive collaboration with other major industry players namely: Cargill, Golden Agri, Musim Mas and Wilmar. The parties set up the Decent Rural Living Initiative (DRLI) to create joint solutions in improving 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. Indonesia was chosen as the initiative's initial focused implementation. The DRLI's first consultative workshop amongst its stakeholders was held in May 2018. The action plan to emerge from this process is currently being finalised and targeted to be made available by the end of 2018.

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