Modern Slavery and Human Trafficking Statement FY2022
Sime Darby Plantation
Modern Slavery and Human Trafficking Statement FY2022

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UKMSA Statement

This Statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). The period of reporting for this Statement is for the year ended 31 December 2022. This Statement serves as a progress report following key actions taken subsequent to the Modern Slavery and Human Trafficking Statement FY2021.

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

A. About Sime Darby Plantation

Sime Darby Plantation (SDP) is the world’s largest oil palm plantation company by planted area, producing approximately 2.13 million metric ton (MT) of Crude Palm Oil. We are also the world’s largest producer of Certified Sustainable Palm Oil (CSPO) with our operations 100% certified by leading international and national sustainability certification bodies. As a globally integrated plantation company, SDP is involved in the full spectrum of the palm oil value chain, from upstream to downstream activities, research & development (R&D), renewables and agribusiness. Our upstream operations, consisting predominantly of oil palm cultivation, harvesting and milling, are located across Malaysia, Indonesia, Papua New Guinea and the Solomon Islands.

Our downstream business (Sime Darby Oils), spans 12 countries, namely the United Kingdom, Malaysia, Indonesia, South Africa, Netherlands, Papua New Guinea, Solomon Island, Thailand, Singapore, China, North America and Philippines, involves the manufacturing, sales and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals and other derivatives. SDP is also involved in rubber and sugarcane plantations, as well as cattle rearing.
B. Our Supply Chain

SDP currently sources from over 1,200 mills, traders and refineries from 12 countries mainly Malaysia, Indonesia and Papua New Guinea. We assess traceability to mills based on volumes supplied to each of our refineries and palm kernel crushers for Crude Palm Oil (CPO), Palm Kernel (PK), Crude Palm Kernel Oil (CPKO) and Refined Palm Product. The details of the supplying mills for each refinery and palm kernel crusher are presented in the respective supplier list on the website https://www.simedarbyoils.com/sustainability/supply-chain-management.

SDP monitors the compliance of our No Deforestation, Peat and Exploitation (NDPE) commitments throughout our entire supply chain. With the growing demand for palm oil, we believe that the traceability of our palm oil supply is crucial because it allows for any NDPE issues along the supply chain to be identified and reported so that effective action can then be taken to address non-compliance and improve overall sustainability practices. For more information on our supply chain, refer to https://www.simedarbyoils.com and our Annual Report 2022.

OUR COMMITMENT, POLICIES, PROCEDURE AND GOVERNANCE

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

At SDP, we believe that it is our responsibility to respect and uphold the rights of people within our sphere of influence, comprising of our employees, contract workers and communities surrounding our operations. We integrate the responsibility to respect human rights into our culture to foster and support appropriate behaviours.

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

The Board Committees assist the Main Board in the discharge of its statutory and fiduciary responsibilities. The Sustainability Committee deliberates on the environmental, social and governance (ESG) aspects of the Group. Throughout 2022, the meetings focused on workers’ welfare and well-being as outcomes of SDP’s human rights due diligence exercises. This includes the implementation of improved policies and procedures, matters discussed at the social dialogues and issues raised through SDP’s various grievance channels. The Sustainability Committee analyses the issues raised through the grievance channels and deliberates the outcomes of high-risk cases to ensure remediation is transparent, swift, and fairly implemented.
B. Policies and Procedures

SDP has several policies and procedures in place which underline our commitment to respecting human rights and which clearly set out how we identify and address any human rights issues within our own operations and supply chains.

These policies and procedures are revised periodically to ensure that they remain effective. The Sime Darby Plantation Human Rights Charter (HRC) 2020 outlines our commitment to respect, support and uphold human rights. This commitment is also part of our business’ core values and is governed by our Code of Business Conduct and our Group Policies & Authorities.

SDP also articulates our approach through the Protection of Human Rights Defenders (HRDs) Policy, which ensures that internal mechanisms are in place to protect human rights complainants and that we respond to the complaints that may be raised. To support this, various grievance channels as outlined in the section below, are established to help all stakeholders raise concerns without fear of retaliation, about any wrongdoing that they may observe in SDP. The Whistle Blowing Policy and Grievance Channel SOP, emphasise that all complaints of possible wrongdoings and violations of human rights are taken seriously and shall be investigated regardless of the length of services, position/title, relationship or connection of the alleged perpetrators of the wrongdoing.

To meet our human rights commitment, we must ensure that every party in our supply chain is committed to the same standards. SDP expects all suppliers of fresh fruit bunches (FFB), crude palm oil (CPO), and its derivatives to abide by our Responsible Sourcing Guidelines (RSG). The RSG translates our NDPE commitments into business relationships. It lays out the terms of engagement between SDP and its suppliers in obtaining their commitment that all products supplied come from legally compliant, environmentally sustainable, and socially responsible sources. It clearly outlines SDP’s expectations of our suppliers, as expressed in the Group’s Responsible Agriculture Charter, Human Rights Charter and Code of Business Conduct. In addition, the RSG is used to screen for social issues within the community as social grievances may be an underlying cause of deforestation and peat clearing.

SDP believes that responsible recruitment through our Migrant Worker Responsible Recruitment Procedure (RRP) is a key enabler in adopting labour practices that respect workers’ rights by providing fair and favourable recruitment and working conditions. Further details on the implementation of the RRP is outlined in the section below.

DUE DILIGENCE, RISK ASSESSMENT AND CONTINUOUS IMPROVEMENT

A. Continuous Improvement of key action plans

Following the assessments conducted in 2021, recommendations for improvements have been implemented and monitored for their effectiveness. Details of this are outlined in the UK Modern Slavery and Human Trafficking Statement FY2021. An ESG scorecard was enforced in our Upstream Malaysia Operating Units to evaluate the progress of the improvement plans. A Worker Satisfaction Survey was conducted to gather feedback on the impact of the improvements we implemented. We have found that 97% of the Operating Units have exceeded the baseline score covering workers’ satisfaction, governance, grievance management, safety & health as well as the facilitation of social dialogues. The remaining non-compliant Operating Units were faced with appropriate consequence management depending on the severity of the issue.
More information about our continuous improvement plans is available in our Annual Report 2022 and on our website, www.simedarbyplantation.com.

Enhancing workers’ voices in our operations is a key enabler in supporting the effectiveness of our improvement efforts. By enhancing our existing Grievance Channels and implementing new initiatives such as the Social Dialogue and Oil Palm Pal mobile application in 2022, we continue to ensure that our workers have adequate platforms to raise issues and that their concerns or feedback are not only being heard but also acted upon.

Grievance Mechanism

In SDP, several grievance channels are available to workers to voice their concerns and issues. Whilst workers are encouraged to raise concerns with their managers and supervisors, formal channels, that are independently managed, have been established to promote trust and ensure anonymity. The channels are available in multiple languages making them easily accessible to SDP’s migrant workforce. Operators and the Integrated Voice Response systems speak to callers in seven languages namely, English, Bahasa Malaysia, Bahasa Indonesia, Tamil, Hindi, Bengali, and Nepali.

In 2021, we carried out a review of the way grievances were monitored and escalated, as well as the usage of grievance channels in our operations. We found that there was a lack of awareness amongst workers on the available channels for reporting grievances. As a result of this, extensive improvements were made during the year under review with the aim of increasing awareness of the grievance channels; enhancing oversight of grievances and accountability for grievance handling; ensuring that workers and complainants are safeguarded without fear of retaliation and; increasing management capability to investigate and resolve grievances effectively.

In the year under review, a total of 898 calls were received from all formal grievance channels. 93% of the calls were resolved within the stipulated timelines for closure. Cases that were not resolved within the timeline were more complex situations which required more information. The chart below shows the types of calls received.
The improved confidence in the grievance channels is evidenced by an increase in the average number of monthly calls. **Throughout 2021, the average was around 32 calls a month, while for the reporting period in 2022, SDP handled a monthly average of 75 calls.**

In 2021, SDP strengthened its support system for handling grievances and complaints of wrongdoing through the establishment of a Grievance Unit, centralised at Headquarters (HQ), to capture informal and formal complaints and concerns systematically. On a weekly basis, the Grievance Committee (GC) monitors the status of new, ongoing and resolved complaints to ensure that all are appropriately addressed within established timelines. Cases are handled based on the nature of the investigation required, the severity of the cases in relation to International Labour Organization (ILO) indicators, and the potential threat to workers. All cases are reported to the Board Sustainability Committee at their meetings. Any cases of wrongdoing are additionally tracked and monitored by the Whistleblowing (WB) Unit, WB Committee, and the Board Governance & Audit Committee (GAC), to ensure that appropriate consequence management actions are taken when any wrongdoing has been found.

This enhanced system of central grievance monitoring ensures that standard operating procedures, terms of reference, and group policies can be updated and enhanced to reflect issues identified in the field.

**A survey on workers’ satisfaction with the grievance process was undertaken in the reporting period with over 10,000 responses received. Over 95% of workers were aware of the grievance channels and were satisfied with the resolution of their grievances.**
Social Dialogues

In October 2021, SDP launched the Social Dialogue initiative which is a formal two-way communication platform between Worker Representatives (WR) and the Management, at every SDP Operating Unit (OU). Social dialogues are held regularly to discuss issues related to workers’ welfare and concerns. This new structured communication approach enables workers to elect WR from each nationality who will represent their colleagues in every Social Dialogue session with OU Management. All WR are appointed through an election process held among the workers and they are also empowered to suggest improvements.

Since its inception, over 1,500 WR have been elected. They have participated in 3,604 social dialogue sessions across 153 OUs.

The following chart shows the types of issues discussed during our social dialogue sessions. The issues raised during social dialogue sessions are closely monitored to ensure that timely action would be taken to resolve matters. In addition, the data gathered from social dialogues is used to identify any systemic issues and the appropriate control measures to be proposed. As at December 2022, a total of 13,846 issues have been raised through our social dialogues, of which 96% have been resolved and the remaining 4% are ongoing.

![Chart: Graph showing categories of issues discussed. “Working conditions” include wages, working hours and repatriation. “Living conditions” refer to issues such as surrounding housing, amenities, facilities and recreation.](image)
Oil Palm Pal Mobile Application

Our Oil Palm Pal mobile application was introduced in 2021 to provide workers with a digital option to raise housing maintenance matters. The application allows users to scan a QR Code and fill in a digital form with their mobile phone to submit a report on any housing repair or maintenance issue, and request for the issue to be resolved. The complaints are documented whilst repairs and maintenance jobs are monitored through a dashboard at the regional level. Complaints are categorised according to the level of complexity and assigned timelines for closure. As of December 2022, 39,879 complaints have been received whereby 99.87% of the issues have been closed and the remaining are being addressed.

Responsible Recruitment of Migrant Workers

SDP’s recruitment process is fair and transparent. Workers agree to work with SDP freely and with their informed consent. All wages and benefits, including housing and other amenities, are accurately and honestly described to ensure consent is informed. Workers understand how they are paid and what all their entitlements are, including the right to return to their home countries at the company’s expense, regardless of the duration of their employment. To ensure this, workers’ employment contracts have the same terms as the letters of offer given to them in their countries of origin, and both documents are drafted in the workers’ respective native languages. The terms and conditions of the contracts are further explained prior to signing the document to make sure workers are informed and consent to the job being offered.

Following the 2021 review of SDP’s Migrant Worker Responsible Recruitment Procedure, 10,588 migrant workers from Indonesia have been interviewed and selected as of December 2022. The implementation of the RRP was monitored and evaluated by an independent Migrant Worker Specialist Advisor following the recommendations of the continuous improvement plan.

The key outcomes of the implementation of the RRP included the following:

- An open tender process is advertised in the country of origin to appoint Recruitment Agents in line with the updated recruitment procedure. An on-ground due diligence exercise is conducted in the country of origin as a key part of the evaluation process of potential Recruitment Agents.
- All Recruitment Agents are required to complete mandatory training on ILO standards, responsible recruitment, SDP policies, grievance management and human resource management.
- Recruitment Agents are prohibited from working with unauthorised sub-agents and are required to conduct direct recruitment through advertisements and socialisation by agency staff or authorised recruiters.
- Worker pre-departure and post-arrival assessments are conducted to monitor Recruitment Agents’ compliance with the RRP as well as identify risk mitigation measures.
- All recruits are briefed and provided with an offer letter in their own native language to ensure that they are well-informed of their rights and responsibilities when they consent to undertake the employment.
- Increased understanding of SDP’s policy of Zero Recruitment Fees to ensure that recruits do not and are not made to pay any recruitment costs in the process of getting employment with SDP.
- All personal documents, including passports, are to be returned to recruits prior to departure and consent is to be sought for processing of documents for official purposes.
During the period under review, 2,841 workers have been assessed pre-departure and post-arrival, by both internal and third-party monitoring teams, to ensure compliance with the RRP. SDP will learn from implementing the RRP and will look to further enhance it in 2023 as part of our commitment to continuously improve.

**Reimbursement of recruitment fees**

In February 2022, we announced our intention to reimburse recruitment fees that may have been incurred by more than 34,000 current and former workers who have been employed on or after 1 November 2018. The recruitment fees were in contravention of SDP’s zero recruitment fee policy and included unreported payments charged by agents, sub-agents or other third parties in countries of origin. An aggregate one-off sum of over MYR 82 million was allocated for this worker remediation process. Individual reimbursements were calculated by an Independent third-party, as a sum of the average worker-reported recruitment fees and related costs by nationality. Appropriate exchange rates, inflation rates since the date of payment and interest (at 2%) were applied to represent at least part of the economic loss and opportunity cost. All reimbursements were paid as a single lump-sum payment to foreign workers.

A Sinking Fund Governance Committee (SFGC) was established to oversee the reimbursement process to former foreign workers. In 2022, the SFGC was chaired by SDP’s Senior Independent Director and comprised Directors, Senior Management, and external legal expert Mr Wilson Ang, Partner of Norton Rose Fulbright (Asia) LLP. We also engaged law firms in each country of origin to manage the disbursement of funds. The full costs of these legal firms are borne by SDP. Our foreign workers are not required to pay any fees to receive their monies.

As of 31st December 2022, 14,566 active workers and 5,273 former workers have been reimbursed. 178 new workers who were previously recruited in 2019/2020 but were unable to travel to Malaysia due to the Covid-19 pandemic, were also reimbursed accordingly.

**B. Ongoing due diligence**

For the period under review, SDP’s Social Welfare Services department completed a total of 80 assessments with 1,409 workers covering 80 OUs in SDP’s upstream operations in Malaysia. These assessments are conducted to monitor the effective implementation of the action plans identified after the previous assessment conducted in 2021. In addition to this review, all our operations were also assessed for adherence to the RSPO Principles and Criteria for 2018, specifically in reference to Principles 4 and 6, which include compliance with human rights. In FY2022, all SDP’s upstream operations in Malaysia, Indonesia, Papua New Guinea, and the Solomon Islands underwent a total of 62 audits against the RSPO’s Principles and Criteria 2018.

SDP completed an independent third-party human rights impact assessment of our upstream operations in Indonesia in 2022. The assessments support our efforts to identify salient issues and priority areas that are likely to occur and impact people the most.

There were a total of 31 sites assessed in Indonesia of which 24 are SDP-owned sites and 7 are smallholder areas under the Independent Plasma scheme or Koperasi Kredit Primer Anggota (KKPA), which are managed smallholder schemes. More than 2,000 workers were interviewed using the SMETA (Sedex Members Ethical Trade Audit) methodology to assess evidence against the 11 ILO Forced Labour Indicators.
TRAINING

SDP continuously invests in the training and development of employees across all our operations. During the year under review, various training on Labour and Human Rights were conducted for workers, mandors, supervisors, staff, management members, regional level executives as well as external stakeholders such as contractors and vendors. These training are conducted both online and in-person. The training topics range from general awareness of human rights, women’s and children’s rights, labour laws as well as the rights and responsibilities of workers.

Upon their arrival in Malaysia, new workers are required to participate in a 2-day induction programme held at a centralised location. The training covers topics required to support their assimilation into a new workplace and include: an introduction to Malaysia and its cultural norms, rights and responsibilities of workers, introduction to policies, safety, medical access, terms and conditions of the job, working hours, wages, benefits, and entitlements, as well as grievance mechanisms.

As of December 2022, 16 induction sessions have been conducted and feedback gathered from our workers indicate a full understanding of the topics presented and a 100% satisfaction rate of the induction sessions conducted.

Moving forward in 2023, we will continue similar training efforts across all our operations through physical as well as virtual platforms.

BOARD APPROVAL

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

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

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