

# SIME DARBY SLAVERY AND HUMAN TRAFFICKING STATEMENT

## PREAMBLE

At Sime Darby, we believe that businesses have the responsibility to respect, support and uphold fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. This includes the right to not be held in slavery or servitude. We recognise that slavery can take various forms and affects anyone regardless of nationality, gender, religion, disability or age. Therefore, we are committed to ensuring that slavery and human trafficking have no place in our business and supply chains.

The overarching building blocks of our approach to embed human rights are as follows:

- Respect - Ensuring that our operations do not impede on the rights of people and their cultural values.
- Protect - Adopting a precautionary approach and safeguarding vulnerable populations and ecosystems.
- Enhance - Going beyond risk minimisation and impact mitigation to create a net positive footprint.
- Empower - Supporting stakeholders in making their voices heard and build their own sustainable future.
- Engage - Listening to our stakeholders and maintain dialogue and consultation on our performance.
- Disclose - Sharing our journey and be transparent about our performance and objectives.

Our implementation process which is being undertaken consists of identification, prevention and mitigation of human rights impacts, including modern slavery.

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and provides disclosure regarding our efforts to address slavery and human trafficking issues in our supply chains for the current financial year.

## ABOUT US

Sime Darby is a Malaysia-based diversified multinational with five core businesses namely, Plantation, Industrial Equipment, Motors, Property and Logistics under the holding company, Sime Darby Berhad, which is listed on Bursa Malaysia. We have a total workforce of more than 120,000 employees across 26 countries and 4 territories.

## COUNTRIES / TERRITORIES WITH SIME DARBY OPERATIONS

- United States of America
- The Netherlands
- Liberia
- South Africa
- South Korea
- Taiwan
- India
- Macau
- Maldives
- Vietnam
- Malaysia
- Singapore
- Papua New Guinea
- Solomon Islands
- New Caledonia
- United Kingdom
- Germany
- Brazil
- China
- Japan
- Hong Kong
- Myanmar
- Thailand
- Sri Lanka
- Philippines
- Brunei
- Indonesia
- Christmas Island
- Australia
- New Zealand

## PLANTATION

Fully integrated player in the oil palm value chain. The world's largest producer of Certified Sustainable Palm Oil.

## INDUSTRIAL

Offers a comprehensive range of heavy equipment and services, from the sales of new machines, engines and used equipment for rental through its chain of Cat Rental.

## MOTORS

Involved in the assembly, import, distribution and retail businesses. A major player in the Asia Pacific automotive industry with presence in ten countries and territories.

## PROPERTY

Leading property developer, its core businesses are property development and property investment. Currently Malaysia's largest property developer in terms of landbank and active developments.

## LOGISTICS

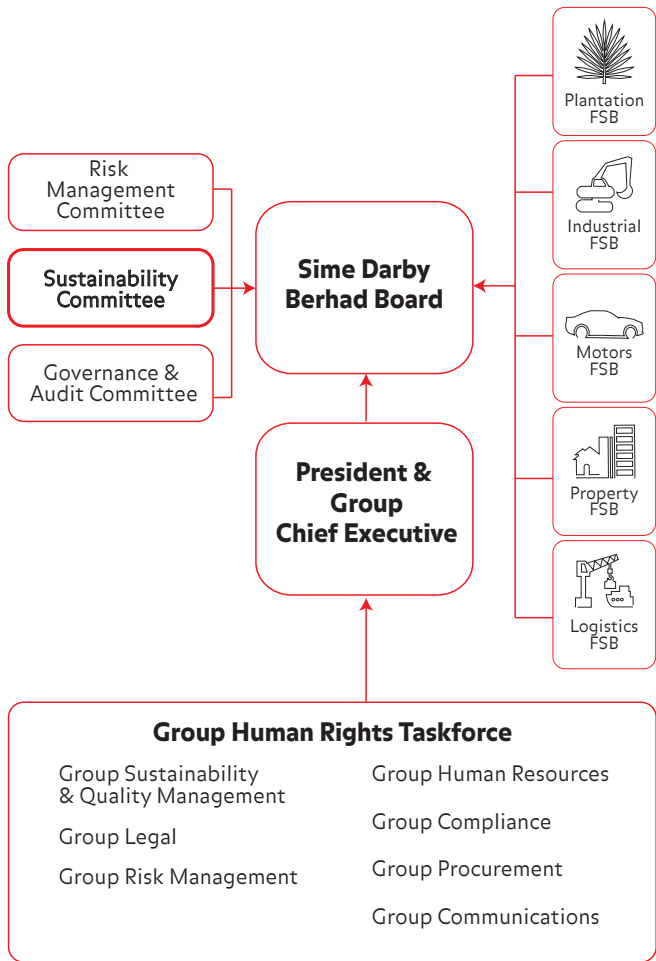
Involved in Ports & Logistics and Water Management in Shandong, Eastern China, with operations in Weifang and Jining.

As a diversified multinational, we acknowledge that each of our Divisions is unique and its supply chains consist of multiple levels of suppliers. These sourcing activities range from sourcing of fresh fruit bunches (FFB) of the oil palm fruit from local smallholders in Indonesia to sourcing of products and machineries from established principals and business counterparts in other parts of Asia, Europe and the United States of America.

We have started conducting preliminary assessments on all of our Divisions and have identified some areas requiring further analysis in the Plantation and Property Divisions due to risks posed by the use of migrant labour. We are investigating these areas and will implement appropriate action plans depending on the results of our investigations.

**OUR APPROACH**

The oversight of human rights, including the prevention of modern slavery in all its forms at Sime Darby is led by the Main Board of Sime Darby Berhad through board committees such as the Sustainability Committee, supported by the Risk Management Committee, the Governance and Audit Committee, and Flagship Boards (FSB) of each Division.



Note: Representatives from Sime Darby Foundation and other relevant functions also attend Group and Divisional human rights task force meetings.

Our commitment to respect fundamental human rights is articulated in our business core values, Code of Business Conduct (COBC), and the Group Policies and Authorities (GPA). These policies are applicable to all persons within our sphere of influence, such as our employees and business counterparts and extends to communities surrounding our operations. We are cognisant of all laws and regulations in the countries and territories in which we operate. We are also committed to working with our suppliers and business counterparts to encourage compliance. When faced with conflicts between local legislations and international standards or any other conflicting requirements, we seek ways to uphold internationally recognised human rights principles.

The Group’s overall risk management framework assists with identifying human rights related risks. It does this whenever a new investment is evaluated, particularly when it involves entering a new country or industry, a holistic business risk assessment is undertaken which includes understanding and identifying the socio-political, regulatory, industry, partnership and other related business risks. The assessments assist in determining whether there are any potential human rights aspects to be considered. Aligned with the Group’s overall risk management framework and cognisant of the UN Guiding Principles on Business and Human Rights, we intend to develop a more specific risk management framework focused on human rights. This will further assist with the identification, assessment, reporting and monitoring of human rights risks.

Human rights are also considered when the Group formally updates its business risks on a quarterly basis, with existing or emerging key risk areas reported to respective Divisional Flagship Boards and the Group’s Risk Management Committee.

Within the Sime Darby Group, there are firmly established grievance procedures and whistle blowing channels which all of our employees and external parties are encouraged to use to report potential ethics, human rights, legal or regulatory violations, including improper or unethical business practices. We commit to investigate all reported incidents and take appropriate actions where violations have been proven. Reports received via the whistleblowing channels and results of the investigation are shared with the Chairman of Governance and Audit Committee, who is also the Senior Independent Director of the Board via an online system. The Governance and Audit Committee reviews the results of completed investigations on a quarterly basis.

**HUMAN RIGHTS TASK FORCE**

In 2015, we further strengthened our resolve with the creation of a cross-functional Group Human Rights Taskforce. The objectives of the Group Human Rights Task Force are to review and consolidate human rights related policies, identify material human rights issues within our operations, and facilitate co-operation between relevant parties and stakeholders in encouraging compliance through an inclusive approach.

# SIME DARBY SLAVERY AND HUMAN TRAFFICKING STATEMENT

The Group Human Rights Task Force has identified 8 key areas of focus for the Group. These are: equal opportunity and non-discrimination; freedom of association; exploitation through modern slavery and forced labour; working and living conditions; safety and health; child protection; land and community rights; and sexual harassment and violence.

A review of these areas is currently being undertaken in the Plantation Division. This has resulted in the issue of the Responsible Agriculture Charter, which provides a robust guideline on how Sime Darby Plantation conducts business and includes a section on human rights.

## OUR BUSINESS AND SUPPLIER DUE DILIGENCE

Our current business due diligence strategy comprises of commercial risk and impact assessments across our business, development and implementation of action plans, and monitoring of effectiveness. We will endeavour to include human rights as part of our due diligence strategy.

Our procurement processes, which are governed by our internal Group Procurement Policies and Authorities and Code of Business Conduct require all potential business counterparts and suppliers to undergo a pre-qualification process. As part of the registration process, our potential suppliers sign a Vendor Letter of Declaration which affirms that they will abide by all applicable laws and regulations relating to anti-bribery and corruption matters and shall not engage in any form of bribery, corruption or fraud during the course of their engagement and business relationship with the Group.

We also conduct formal monitoring and assessment of our key suppliers and contractors against performance indicators, which includes reviewing non-conformance report raised, tracking of suppliers' delivery records, obtaining feedback from internal users and clients, and verifying that the certifications received by key suppliers are valid and current. We reserve the right to terminate our relationships with suppliers if issues of non-compliance with our policies are discovered and/or non-compliance is not addressed in a timely or appropriate manner.

We recognise that the declaration and assessment procedures will need to be reviewed from time to time to reflect key human rights focus areas in our supply chains.

In addition, we are currently reviewing our Code of Business Conduct to further strengthen our commitment to respecting human rights and guard against modern slavery in our business, and our wider supply chains. This will also include our procurement processes which will implement specific measures to include our obligations to respecting human rights through our supply chains.

## REVIEW AND ENGAGEMENT

We support our commitment by periodic review and assessment of both positive and negative impacts and integrate outcomes into our internal control systems.

Where we may find any human rights abuses or misconduct within our supply chains, we will work with our stakeholders to address adverse human rights impacts.

Ongoing awareness and capacity programmes are being rolled-out to engage and educate various levels of the workforce. Training programmes have been tailored to specifically meet requirements of different target audiences. At the management level, engagement sessions have been rolled out to enable decision-makers to understand the risks and impacts of human rights on our business. For relevant functions and departments who are responsible for the implementation of policies, mitigation plans and reporting structures, a more focused training approach is being developed. This focused training will emphasise on the implementation and operationalisation of human rights within the company.

As part of our capacity building programme, learning tools are being developed to equip a wider audience within Sime Darby with knowledge and awareness of human rights, including those relating to modern slavery.

Proactive engagements with relevant external stakeholders are also carried out through strategic partnerships, co-creation of multi-stakeholder projects and knowledge sharing platforms. This includes our partnership and alliance with the United Nation Global Compact (UNGC), participation in the Global Business Initiative on Human Rights (GBIHR), World Business Council for Sustainable Development (WBCSD) and the Roundtable on Sustainable Palm Oil (RSPO). We have also engaged with the United Nations Children's Fund to address the rights of children as a specific stakeholder.

We conduct internal audits of our business operations and investigations on allegations made through our grievance procedures and whistle blowing channels against human rights infringements and abuses. We will continue to monitor these procedures with a view to continuous improvement.

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



Tan Sri Dato' Seri Mohd Bakke Salleh,  
President & Group Chief Executive, Sime Darby Berhad  
Non-Executive Director, New Britain Palm Oils Limited



David Mather,  
Chief Executive Officer, New Britain Palm Oils Limited  
Director, New Britain Oils Limited