

LEADING
SUSTAINABLY
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SUSTAINABLY

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SUSTAINABILITY REPORT 2021

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ABOUT THIS REPORT

[GRI 2-3, 2-5, 2-14, 3-1, 3-2]

Report design and theme

As a key player in the palm oil industry, Sime Darby Plantation Berhad (SDP) is committed to operating responsibly and leading by example. Since 2015, we have strived to meet and exceed our No Deforestation, No Peat, and No Exploitation (NDPE) commitments. In the last two years, we have continued to make substantial investments addressing deforestation in our supply chain and supporting suppliers in meeting industry requirements. We also recognise our role in addressing the climate crisis and are taking further steps to minimise our carbon footprint and launch a roadmap to net zero.

Most importantly, the ‘S’ in our Environment, Social and Governance (ESG) strategies and the ‘No Exploitation’ in our NDPE commitments have taken on greater significance. Thus, we continue to invest in our people. SDP recognises the impact of our activities on our people and our people’s effect upon us. The events of 2020 and 2021 have magnified the importance of this interrelationship, and thus, as a result, we have bolstered our commitment to social standards.

On 28 January 2022, SDP was issued a Notice of Forced Labour Finding by the United States Customs and Border Protection Agency, following a Withhold Release Order (WRO) issued on 30 December 2020. We are working with internal stakeholders and independent experts to conduct assessments on the ground, to address any gaps and, where necessary, implement important new policies, structures and processes in order to continuously improve. We are grateful for the steadfast support of our people across all SDP operations, and our partners.

At the same time, thousands of our employees, community members and partners are impacted by the unprecedented COVID-19 pandemic. Recognising our responsibility to our people, SDP has strived to ensure the well-being of our employees. The crisis has heightened our awareness of the importance of keeping our workers and their families safe and well-informed whilst ensuring business continuity. Therefore, no employees have been laid off. We have redoubled our efforts to make their well-being our top priority, including supporting government initiatives to establish vaccination centres and promoting vaccination drives across our operations to ensure our workers and communities are protected.

We continue to support the many people and communities impacted by the December 2021 floods in Malaysia. This tragedy was another poignant reminder that SDP – like all responsible palm oil sector operators – must recognise that our relief efforts are not a temporary response to an immediate crisis but an ongoing commitment to building back what was lost and restoring communities to their full potential in the face of increasing threats of climate change.

This report, themed ‘Leading Sustainably, Living Sustainably’, demonstrates our commitment to raise our own standards and seek solutions that will help raise the bar across the industry. We drive responsible production beyond our own boundaries in response to climate change and to contribute to a better society. We adopt leading standards and assist our supply chain through the same journey. We uphold our social, cultural, and environmental obligations and go beyond compliance and operational necessities.

This is SDP’s third sustainability report, detailing our sustainability performance and progress for the calendar years 2020 and 2021. Given the timing of this report, we have also incorporated significant 2022 milestones. This report is prepared using the latest Global Reporting Initiative (GRI) Standards. We have also drawn from industry platforms to which we belong and requirements from leading benchmarks and assessment organisations, including the Task Force on Climate-Related Financial Disclosures (TCFD) and the Zoological Society of London’s Sustainability Policy Transparency Toolkit (ZSL SPOTT). This report is intended to be read in conjunction with our Annual Report and sustainability-related disclosure on the Sime Darby Plantation website (upstream and Group) and Sime Darby Oils Dashboard. Moving forward, we will look to further improve our disclosures annually to report on our sustainability progress.

Throughout this report, we have included GRI disclosures under headings or sub-headings formatted as GRI XXX-XX. A TCFD icon appears at the top of relevant sections to indicate topics that highlight our current measures inline with the TCFD framework.



Report scope and boundaries

This report covers SDP-owned palm oil businesses; our global upstream and downstream operations, our research and development arm, and renewable energy businesses. Specifically, our upstream operations cover our various subsidiaries in Malaysia, our Minamas operations in Indonesia, and New Britain Palm Oil Limited (NBPOL) operations in Papua New Guinea and Solomon Islands. Our downstream operations are spread worldwide under the Sime Darby Oils (SDO) banner. The report does not cover our partially-owned businesses. Unless otherwise stated, it also does not cover our non-palm oil commodities, which make up a small segment of our total business. However, should these businesses become material and of interest to our stakeholders, we shall consider reporting in our Sustainability Report moving forward.

» See GRI Content Index and TCFD Alignment

Unless otherwise stated, the data presented in this report dates from 1 January 2020 to 31 December 2021 and is augmented with historical data where relevant. Data in this report covers all our upstream operations during this reporting period. Downstream operations data is also covered within the scope of this report, except for production and operational data. The report also includes human resource data on people employed at our research centres and satellite offices worldwide.

This report covers the material issues that have the greatest impact on SDP and our stakeholders. We continuously review these topics through stakeholder discussions and the implementation of our sustainability-related strategies and plans.

» See Managing our material matters

Assurance

We have not engaged in third-party assurance for the information in this report as we believe that our multiple certification audits lend credibility on the performance data we present to our stakeholders. However, we will consider engaging external assurance in future reporting in line with our commitment to building trust through transparency.

Stakeholder review

PricewaterhouseCoopers (PwC) Malaysia was engaged to review the disclosures in this report within the context of seeking TCFD advisory support in 2021 and 2022. The scope of the PwC review included feedback on disclosure improvements and TCFD alignment. TCFD gaps identified have been addressed, where possible; where possible, and remaining gaps will be addressed as part of our upcoming climate action strategy.

STATEMENT FROM THE GROUP MANAGING DIRECTOR

[GRI 2-22]



**MOHAMAD HELMY
OTHMAN BASHA**
Group Managing Director

I am proud to share with you Sime Darby Plantation's (SDP) 2021 Sustainability Report. This document outlines our efforts to meet our environmental and social commitments worldwide to engage in responsible and sustainable agriculture; promote human rights across our operations; implement industry-leading science-based strategies to fight climate change; and transform the oil palm sector through innovation.

CELEBRATING 200 YEARS OF PEOPLE AND PROGRESS

As we mark our second centennial, a significant milestone by any measure, we are taking the opportunity to reflect on our history, our future, and that of our people. Over the past 200 years, we survived wars, pandemics, and financial crises by remaining resilient and adapting to ever-changing social, market, and industry conditions. We have come to embrace sustainability in our strategies. SDP was a founding member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. We started working towards 100% RSPO certification across our operations in 2008, making sustainable, ethically-sourced palm oil our rallying cry. We have since embraced other leading certification schemes and adopted industry best practices and increasingly stringent standards on No Deforestation, No Peat, and No Exploitation (NDPE).

Today, we are the world's largest producer of Certified Sustainable Palm Oil (CSPO) and continue to unlock value for our shareholders and stakeholders, building an equitable and sustainable palm oil industry. In pushing ourselves harder and adopting higher standards, we hope to lead by example and uplift the entire palm oil industry and everyone in our supply chain at the local, national, and international levels.

ACHIEVING NET ZERO

We pride ourselves on leading the fight against climate change. When other oil palm plantations were beginning their sustainability journeys, SDP had already announced that we were reducing our carbon footprint by 40% by 2030 at our upstream operations. Technology has caught up with our vision and thus in realising this commitment, we have built 12 biogas plants to date. However, more needs to be done. SDP is ramping up our capabilities with a blueprint to operationalise over 60 biogas plants by 2030. Our new target is an ambitious 50% reduction in CO₂e emissions by 2030 at our upstream operations.

Achieving this new target will be a monumental achievement, but our ambitions cannot stop there if we truly want to be an accelerator of change. We will develop a roadmap and find ways to meet our net zero aspirations. Echoing our membership charter in the RSPO, we have made safeguarding our future our rallying cry again.

OUR HUMANITARIAN EFFORTS IN UNPRECEDENTED TIMES

We firmly believe in sharing prosperity with the countries and communities where we operate, to ensure the livelihoods and welfare of our people around the world. Our charitable foundations support national and local humanitarian projects, and the need has never been greater than in the last two years.

The unprecedented COVID-19 pandemic severely impacted people linked to our operations in 2020 and 2021, and continues to do so at the time of writing. The devastating flash floods in eight Malaysian states in December 2021 further tested our mettle. We mobilised resources to ensure the health, safety, and well-being of the people and communities at our operations and in the surrounding areas. We continue to work with local, regional, and national authorities to offer assistance during these ongoing crises.

RESPONDING TO THE UNITED STATES CUSTOMS AND BORDER PROTECTION (USCBP) CONCERNS

SDP has always adopted a positive and proactive approach in all the situations we are working on, and this includes responding to the United States government's ban on the importation of palm oil and related products produced by SDP's Malaysia operations. To address the situation, we are working with an independent ethical trade specialist to support a thorough review of our operations. At the same time, we assessed our Malaysian upstream operations against the 11 International Labour Organization (ILO) Indicators of

Forced Labour to understand any gaps or areas for improvement that may be present. Following this, during the second half of 2021, with an aim to continuously improve in a landscape that is rapidly evolving, we launched a wide-ranging Continuous Improvement Plan with a focus on labour rights.

Protecting the rights of local and migrant workers is a top priority. We are cooperating with the USCBP to resolve this matter and taking proactive measures to keep our operations free of forced labour and other forms of exploitation. This is key to our 2022 strategies in Malaysia.

INNOVATION THROUGH AUTOMATION

In Malaysia, we are facing a labour crisis. Growing and harvesting oil palm remains labour intensive. We rely heavily on foreign labour as Malaysians have shown a preference to work in cities and see plantation work as dirty, dangerous, and difficult. Faced with the lack of local labour and COVID-19 restrictions preventing the recruitment of foreign workers, SDP is accelerating our recently launched Project Infinity - a plantation-level automation initiative.

Project Infinity is a company-wide collaborative effort to develop technology that automates labour-intensive processes, including harvesting. It aims to eliminate repetitive jobs and will ultimately allow us to manage increased hectareage with fewer workers. We have already made great strides by introducing drones for pest and disease control, nursery maintenance and mechanised fertiliser application. Our goal is to pave the way for a more skilled and educated workforce at estate level. We cannot eliminate entirely the need for manual labour, but we can reduce our dependence and pioneer initiatives to support upskilling. SDP will become an employer of the future and push the industry in exciting new directions.

SEEDING THE FUTURE WITH GENOMESELECT™

Hand-in-hand with our carbon minimising strategies, we must prepare for the impact of climate change and increase yields to feed a growing world population. SDP has always been at the forefront of research on high-yielding seeds, and our scientists continue to push the envelope. Our MYR 150 million investment and a 200-strong R&D team have developed our best planting material yet. Our GenomeSelect™ seeds will nearly double crop yields by 2050 and grow into oil palm trees that can better resist seasonal changes and extreme weather caused by climate change. We firmly believe our research will benefit the wider agricultural industry and have made our oil palm genome sequence public for all to use.

MOVING FORWARD TOGETHER

In conclusion, I would like to thank all our people worldwide and our partners and stakeholders across our supply chain. Together, we have weathered these uncertain times and will move forward to build a better future for the industry and the planet. Many challenges lie ahead, but we have the integrity, capacity and ingenuity to tackle climate change, fight deforestation, create sustainable work, and ensure the welfare and livelihood of communities where we operate.

I wish you a healthy and prosperous 2022 and look forward to innovations that will serve us for the next 200 years to come, and beyond.

MOHAMAD HELMY OTHMAN BASHA
Group Managing Director



▲ We mobilised resources to ensure the health, safety, and well-being of the people and communities at our operations and in the surrounding areas during the floods in December 2021.

2020 – 2021 HIGHLIGHTS

CERTIFICATION AND RECOGNITION

100% RSPO certified mills producing 14.7% of global CSPO	100% MSPO & ISPO certified	All 5 sites in PNG RA SAS certified
Scored 83.4% in 2021 ZSL SPOTT assessment		

POLICIES, GUIDANCE AND PLATFORMS

Responsible Agriculture Charter and Human Rights Charter updated
New Responsible Recruitment Procedure for migrant workers

BREAKTHROUGH INNOVATIONS

Rolled out latest GenomeSelect™ Seeds for Malaysia, capable of improving yield up to 15%
Launched Project Infinity to accelerate mechanisation at plantations

COVID-19 SUPPORT

Provided ongoing support to workers and communities with provisions, food baskets, jobs, and vaccination drives	Provided financial support and medical equipment to governments, health authorities, and hospitals
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RESPONSIBLE SOURCING

96% traceable to mill 73.5% traceable to plantation	Expanding traceability to non-palm oil commodities	New supplier assessment and support programme in Indonesia
75% of total supplying mills are 'Delivering' or 'Progressing' on No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF)		60% of grievances raised to date have been resolved, 20% are no longer in our supply chain, 13% are currently under monitoring and engagement and a further 6% are under investigation
100% of scheme smallholders covered by SDP programmes 66.7% of independent smallholders covered by SDP programmes on		SDP supported 50% of smallholders to become RSPO certified; of these, 100% of smallholders in PNG and Solomon Islands have been RSPO certified since 2012

RESPONSIBLE AGRICULTURE

GHG emission intensity at upstream operations reduced by 7.1% from 2019	12 Biogas facilities built, 2 completed in 2020 and 2021, contributing to almost 500,000 MT CO ₂ e reduction in carbon emissions	Commissioned 5 solar PV projects for SDP operations	Leased land for 20-MW solar project for national consumption under Malaysia's large-scale solar 1 (LSS1) scheme. Plans underway for 12 more sites under LSS4 scheme.
Piloting fire monitoring with drones in Indonesia	Ongoing Indonesia Community Fire Programme spanning 161,000 ha and reaching 67,000 beneficiaries	46,892 ha set aside for conservation, two thirds the size of Singapore	New Conservation Biodiversity Area programme in Malaysia to classify protect-restore-connect areas
1,892,182 trees planted since 2008 as a result of over 10 reforestation initiatives group-wide	Ongoing breeding programme for Endangered Queen Alexandra Birdwing Butterfly in Papua New Guinea	New Programme with BORA To rehabilitate SDP riparian area with orangutan food plants in Malaysia	
New SOP published on human-wildlife conflict mitigation in Malaysia		Ongoing support of conservation breeding centre for Santa Cruz Ground Doves in Solomon Islands	

COMMITMENT TO PEOPLE

MALAYSIA		GROUP
Conducted assessment against ILO indicators of forced labour at Malaysia operations; rolled out several initiatives from July to December 2021	Rolled-out our new Responsible Recruitment Procedure for Migrant Workers in 2022; reimbursing more than 34,000 current and former workers in employment on or after 1 November 2018 at Malaysia operations for recruitment costs incurred, amounting to over MYR82 million	56% of workers unionised
Improved availability and access to grievance mechanisms at Malaysia operations; including improved governance of grievances through an independent centralised function at HQ level	Improved management of worker housing repair & maintenance in Malaysia; launched new digital housing complaint application	Provided access to schools for all children at plantations 53 primary and secondary schools built and run by our operations in Indonesia, PNG and Solomon Islands; 42 kindergartens and 105 crèches available across all operations
Improved governance on fair working hours and rest days. Improved understanding of workers wage components through communication on wage slips and, wage code glossary in Several Languages, information packs and wage posters in native languages.	Implementation of process automation to minimise risk of manual data entry errors impacting wages and improved wage governance	Reduced accident rates by 54% since 2017
Improved medical access for workers, including the set up of Medical Advisory Council and appointment of a Chief Medical Officer	Launched new Social Dialogue Process, a platform available at every OU unit for site management and workers to engage in discussions on key issues. All issues are documented and tracked to completion via the social dialogue online tracker	Established new Culture of Care Safety Programme at Sime Darby Oils
Provided relief to December 2021 flood victims in Malaysia		Set up COVID-19 teams to safeguard health and safety of employees
Chartered flights to repatriate over 5,000 foreign workers from Malaysia to home countries		Established personal passport lockers
Improved health & safety procedures and governance systems that are more worker-centric. This includes employing 40 additional site safety and sustainability officers.		

GOVERNANCE

Joined and continued involvement in CEO Action Network	Revamped human rights governance Systems: Established steering committee & working group on human rights and dedicated workstreams on key topics
Implemented ESG scorecard at management level to drive behavioural change and ensure accountability at country and regional level	Established new social welfare & services department to ensure a dedicated focus on worker welfare

TARGETS AND PROGRESS

This section summarises our 2020 and 2021 progress against our commitments and targets. SDP continuously reviews these targets to ensure that we meet or exceed our goals and are aligned with industry best practices and emerging trends.

■ Achieved ■ On track ■ Not achieved

TARGETS	TARGET YEAR	PROGRESS AS OF DECEMBER 2021, UNLESS OTHERWISE STATED	STATUS
CERTIFICATION AND COMPLIANCE			
100% RSPO certified estates and mills	2023	100% RSPO certified mills.	On track
INNOVATION AND R&D			
Produce sufficient GenomeSelect™ seeds to meet 2023 replanting requirements for Malaysia operations	2022	1.47 million seed produced in 2021, half the amount required to fulfil all replanting needs.	On track
New: Increase man-to-land ratio to 1:17.5 through automation from 2021 baseline of 1:14.8	2025	Rolled out drones for pest and disease spraying, reducing labour for nursery spraying by 87% and point-to-point spraying by 69% in immature areas.	On track
RESPONSIBLE SOURCING			
Revised: 100% traceability to plantation across our supply chain ¹	2025	Achieved 73.5% traceability to plantation, up from 47.4% in 2019 (26.1% improvement). SDP is developing plans for data verification.	On track
100% verified No Deforestation, No Peat and No Exploitation (NDPE) supply chain, inclusive of smallholders	2025	As of Q2 2021, 75% of supplying mills are 'delivering' and 'progressing' on NDPE commitments, based on NDPE Implementation Reporting Framework. SDP is developing plans for data verification.	On track
Develop and roll out programmes to support suppliers in meeting NDPE commitments	2025	Piloted in-depth assessments and engagement with supplying mills in Indonesia. A total of 97 new and 41 existing suppliers were assessed against our due diligence framework. Developed customised action plans for four companies identified as high-risk. In addition, 237 participants attended SDP's NDPE workshops.	On track
SMALLHOLDER SUPPORT			
Support 100% scheme smallholders in Indonesia to obtain RSPO certification	2023	Continued smallholder certification programmes for managed smallholders (<i>Kredit Koperasi Primer Anggota</i> – KKPA) in Indonesia; 50% are RSPO certified	On track
Revised: Source from 100% MSPO certified independent smallholders in Malaysia ²	2025	104 out of 129 direct independent smallholders we source from in Malaysia are MSPO certified, representing about 9% of our overall third-party crop in Malaysia.	On track
Maintain RSPO certification for 100% of smallholders in PNG and Solomon Islands	Ongoing	100% RSPO certified	Achieved

¹ Our previously reported traceability to plantation target was 100% to SDP-owned mills by 2022. However, we have replaced and integrated this goal into our overall traceability target for all SDP and third-party mills.

² This target was previously set for 2023 but was revised to 2025 due to pandemic delays and the forthcoming MSPO requirements for FFB dealers.

RESPONSIBLE AGRICULTURE			
Revised: Reduce carbon emissions at upstream operations by 50% (against 2009 baseline) ³	2030	Reduction of 1.8% in carbon emission intensity compared to 2009 baseline. We are ramping up our biogas initiatives to meet this target. Our 12 operational biogas plants contribute almost 500,000 MT CO ₂ e emissions reduction.	On track
New: Mapping of Scope 3 GHG emissions	2023	SDP has begun quantifying most material Scope 3 emission sources.	On track
Zero use of fire for land preparation	ONGOING	In 2021, relevant teams attended training on conducting a water footprint assessment. In 2022, SDP will be conducting a full water footprint assessment in Malaysia using the Water Footprint Network methodology and a life cycle assessment.	Achieved
New: Develop water footprint framework for SDP Malaysia	2022		On track
Achieve effluent discharge intensity limits of: - Malaysia: 0.65 m ³ /MT FFB - Indonesia: 0.5 m ³ /MT FFB - PNG/Solomon Islands: 0.7 m ³ /MT FFB	ONGOING		Achieved for Malaysia, Indonesia, PNG and Solomon Islands
Finalise conservation and biodiversity plan for non-plantable areas in Malaysia Implement similar plans for Indonesia and Papua New Guinea	2021 2025	SDP Malaysia has developed the Conservation and Biodiversity Area initiative to classify areas and programmes for protection, connection, and restoration.	Achieved for Malaysia
COMMITMENT TO PEOPLE			
New: Resolution of WRO & Impactt recommendations	2021	Assessment delayed due to COVID-19 travel restrictions, hindering the necessary on-the-ground verification in 2021. The assessment resumed in December 2021, and the report was completed in March 2022.	Target revised to 2022
Enhanced ethical recruitment procedure for migrant workers Implement similar plans for Indonesia and Papua New Guinea	2021 2022	Published new Migrant Worker Responsible Recruitment Procedure in August 2021.	On track
Finalise roll out of <i>Suara Kami</i> grievance mechanism for all workers at Malaysia operations 100% of workers globally covered by effective grievance mechanisms	2021 2023	<i>Suara Kami</i> successfully rolled out to all operations in Malaysia. New Worker Helpline established in Q2 2021. 334 grievances were raised in 2021, compared to 53 in 2020 reflecting increased confidence in the channels. Whistleblowing channels are used as the main grievance mechanism for Indonesia and PNG operations.	Achieved for Malaysia
Review and upgrade housing conditions for all workers in Malaysia	2022	A total of 312 new worker quarters' units have been built and another 1,086 housing units have been refurbished, covering 58% of all upgrades planned.	On track
ZERO HARM			
No fatalities	Ongoing	We regret to report 7 work-related fatalities in 2020 and 2021. An additional 40 non-occupational related deaths resulted from COVID-19 infections. Details on page 56	Not achieved
15% annual reduction in frequency of safety and health incidents	Year-on-year	25.7% reduction from 2019-2020; 13.1% reduction from 2020-2021. Whilst we did not meet our year-on-year 15% reduction target for 2021, the decline in yearly accident rates indicates an overall improvement.	Achieved for 2020. Not achieved for 2021.

³ We previously set a 40% reduction target, which was revised to reflect our increased ambitions.



Plantation

WHO WE ARE

About Sime Darby Plantation Berhad

[GRI 2-1, 2-2, 2-6]

Sime Darby Plantation Berhad ('SDP' or 'the Group') is a vertically integrated palm oil company headquartered in Malaysia. The Group was publicly listed on Bursa Malaysia in 2017 after a strategic de-merger from the multinational conglomerate, Sime Darby Berhad. SDP is engaged in the full spectrum of the palm oil value chain, which includes upstream plantations, downstream operations, research and development, and renewables in the agribusiness sector. With a market capitalisation of MYR35.96 billion⁴ and a workforce of more than 80,000 employees, SDP is amongst the largest companies listed on Bursa Malaysia. As the world's largest producer of certified sustainable palm oil (CSPO), producing 14.7% of global CSPO in 2021⁵, our operations are 100% certified by leading international and national sustainability certification bodies.

Despite lower fresh fruit bunch (FFB) production due to labour shortages, revenue and net profits soared in 2021 as a result of high crude palm oil (CPO) and palm Kernel (PK) prices, and better oil extraction rates. The Group achieved an overall revenue of MYR18,695 million, a 43% increase compared to MYR13,081 million in FY2020. Net profit was 90% higher.

Since our last report, there have been several changes to our operations. In January 2020, the Group divested a 100% equity interest in Sime Darby Plantation (Liberia) Inc. (SDPL). The Group also divested land in Malaysia, several small joint ventures in Singapore and Indonesia, and our oleochemical business in Malaysia. Refer to page 60 of our 2021 Annual Report and corporate website for more information.

⁴ As of April 2022

⁵ Global RSPO CSPO production in 2021 is estimated at 14.6 million tonnes. Source: RSPO Impact. Available at: <https://rspo.org/impact>



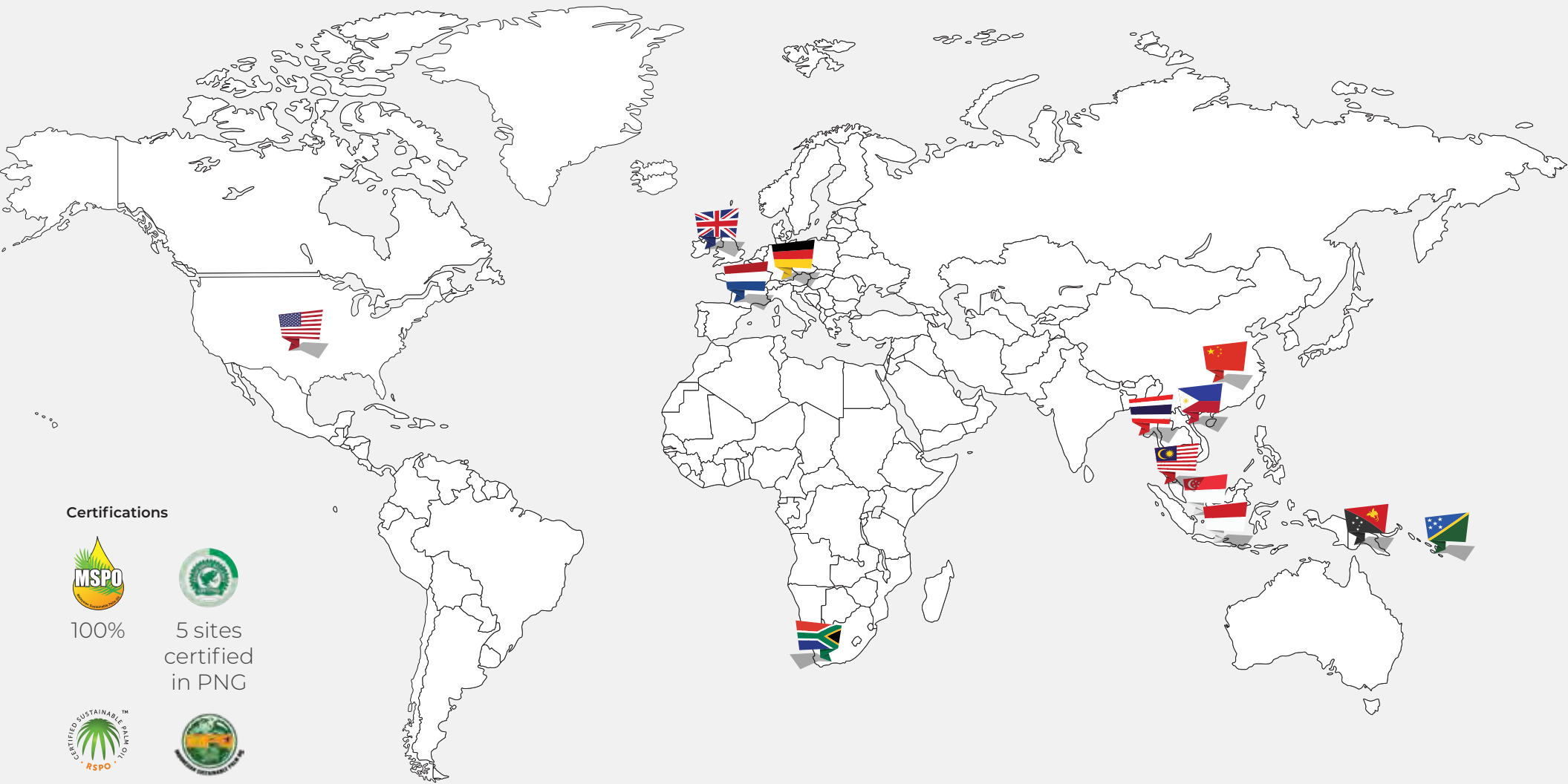
▲ SDP was publicly listed on Bursa Malaysia in 2017



▲ With a workforce of more than 80,000 employees, SDP is amongst the largest companies listed on Bursa Malaysia

OVERVIEW OF OUR OPERATIONS

Global presence



100%

100%

5 sites certified in PNG

100%

Read more about Our Global Presence on our website: <https://sime-darbyplantation.com/who-we-are/sime-darby-plantation-worldwide/>

ESTATES AND PALM OIL MILLS,
SPANNING >700,000 ha

Malaysia, Indonesia,
Papua New Guinea (PNG) and Solomon Islands (SI)

67
MILLS

Malaysia,
Indonesia,
PNG and SI

10

PALM KERNEL CRUSHERS

Malaysia,
Indonesia,
PNG and SI

11

REFINERIES

Malaysia, Indonesia,
Thailand, South Africa, Netherlands,
United Kingdom

5 R&D & 3 INNOVATION CENTRES

Malaysia, Indonesia,
PNG, Netherlands,
South Africa

1 GENETIC TESTING FACILITY

Malaysia

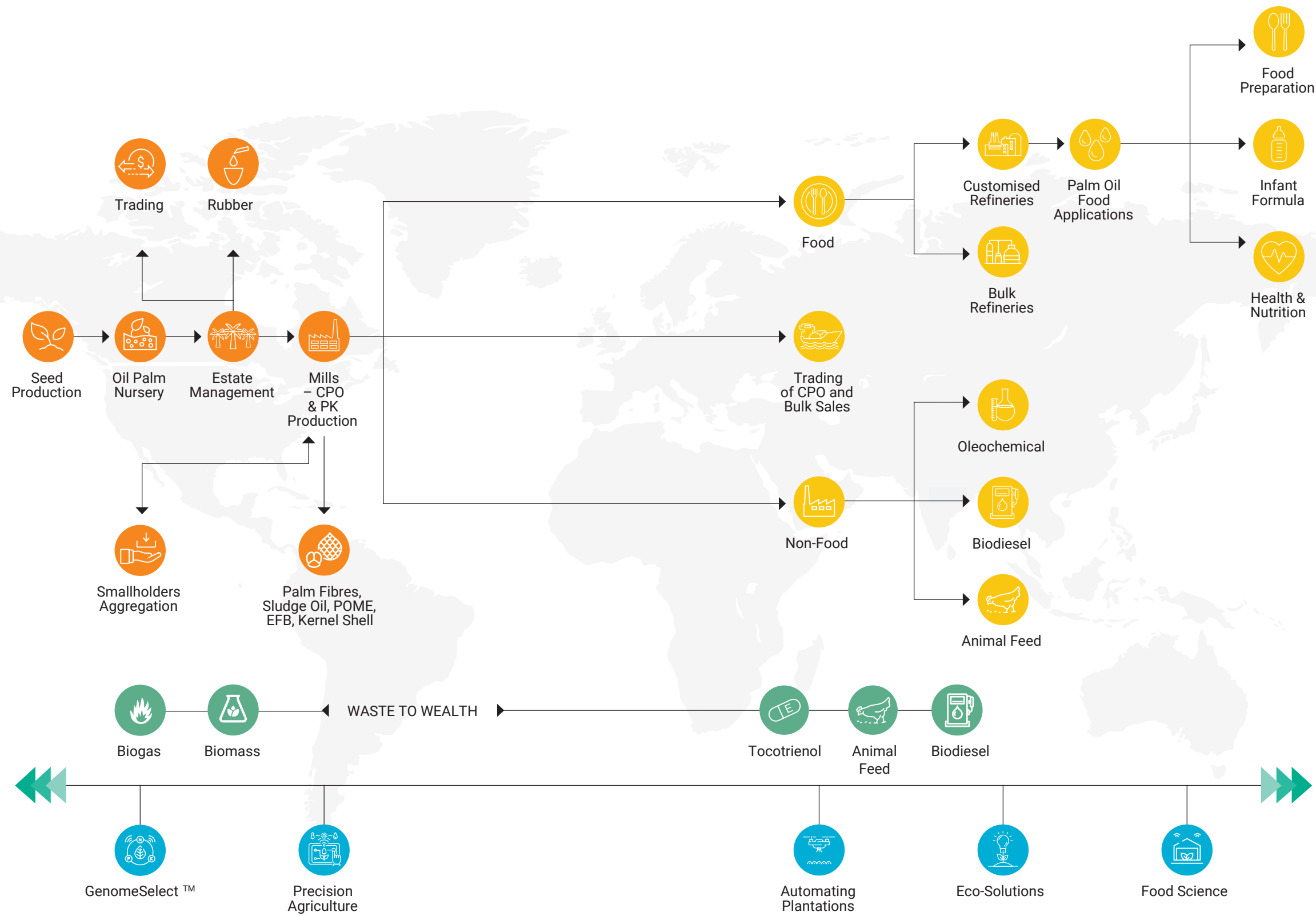
HQ

Malaysia

THE SDP VALUE CHAIN

Upstream

Downstream (Sime Darby Oils)



THE SDP VALUE CHAIN



UPSTREAM



The Group's land bank totals 744,630 hectares across Malaysia, Indonesia, and Papua New Guinea (PNG) and Solomon Islands. More than 50% of our plantations are situated in Malaysia. Another 33% and 16% are located in Indonesia and PNG and Solomon Islands, respectively.

In 2021, our mills consistently sourced 9.12 million tonnes of fresh fruit bunches (FFB) for processing into crude palm oil (CPO) despite labour shortages and government-mandated hiring freezes resulting from pandemic movement restrictions.

Aside from palm oil, the Group is also involved in rubber production in Malaysia. Our PNG and Solomon Islands operations, New Britain Palm Oil Limited (NBPOL), also manage sugar cane plantations and cattle pastures in PNG. We are PNG's largest commercial producer of high-quality beef and the country's only producer of commercial sugar.⁶



DOWNSTREAM



Sime Darby Oils (SDO) is a single, integrated solutions provider of oils and fats operating in 12 countries worldwide. SDO offers a variety of oils and fats products, including commodities, speciality products and other palm oil derivatives.

SDO is also involved in refining and trading coconut, sunflower, rapeseed, soybean, and corn oils.⁶



INNOVATION AND RESEARCH & DEVELOPMENT (R&D)



SDP is driven by operational excellence, innovation, and sustainability. We operate a network of Research & Development Research & Development (R&D) and Innovation Centres internationally, with over 190 technologists, scientists, and technicians helping us improve every aspect of our value chain. Through strategic and operational R&D, we are committed to developing, applying, and transferring relevant knowledge, research findings, and technologies to improve our plantation yields and milling processes, and customise our downstream product range. Our R&D team seeks new ways to ensure high quality, traceable refined palm oil and palm kernel products across our operations.



RENEWABLES

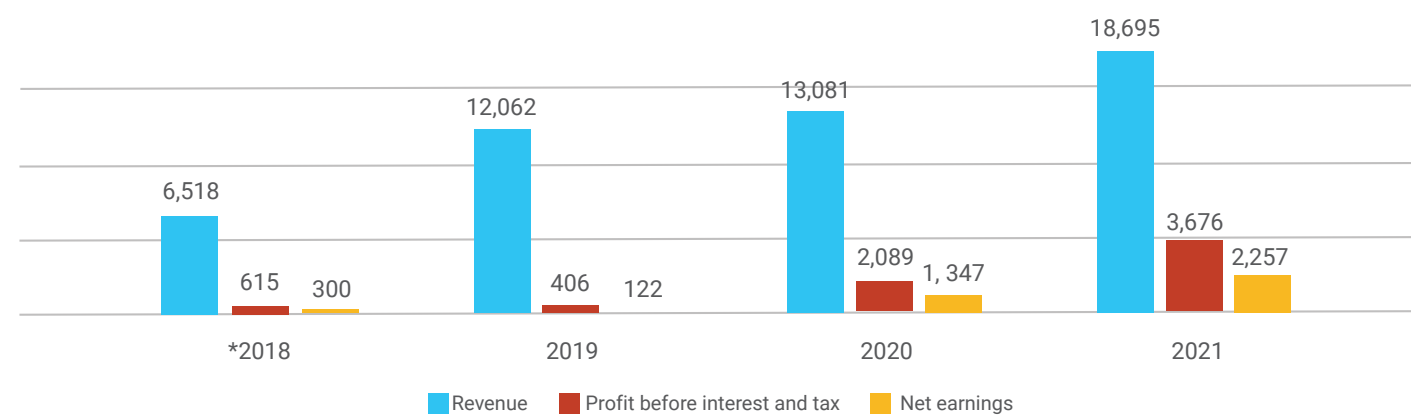


Our renewable energy subsidiary, Sime Darby Plantation Renewable Energy Sdn Bhd (SDPRE), focuses on value-accretive activities in the renewable energy sector. We leverage the assets and by-products of SDP's core business to strategically embark on solar, biogas, and biomass projects aligned with the Group's sustainability goal of lowering carbon emissions. Since its inception, we have built and currently operate 12 biogas plants across Malaysia, Indonesia, and Papua New Guinea, and solar projects in Malaysia.

⁶ The focus of this report is on the palm oil business of the Group.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

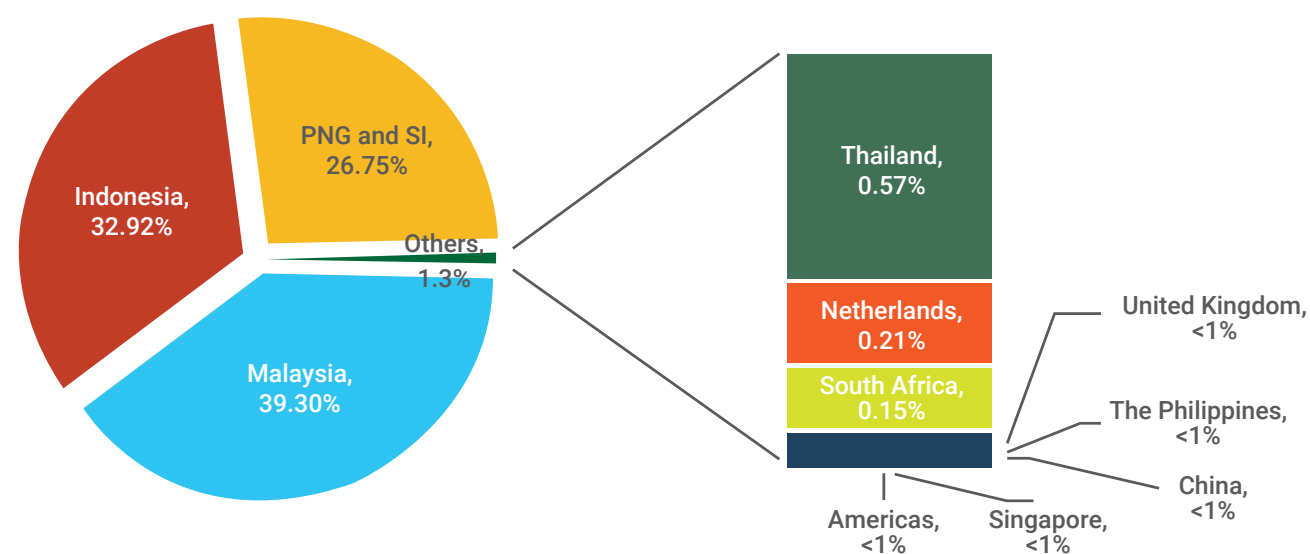
Financial Overview 2018 – 2021 (MYR million)



Note: *Six-month financial period ending 31 December 2018.

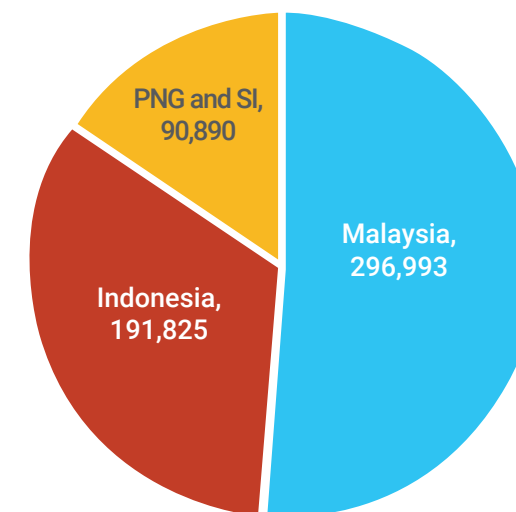
Group Employees by Geographic Region 2021 (%)

Total: 80,041

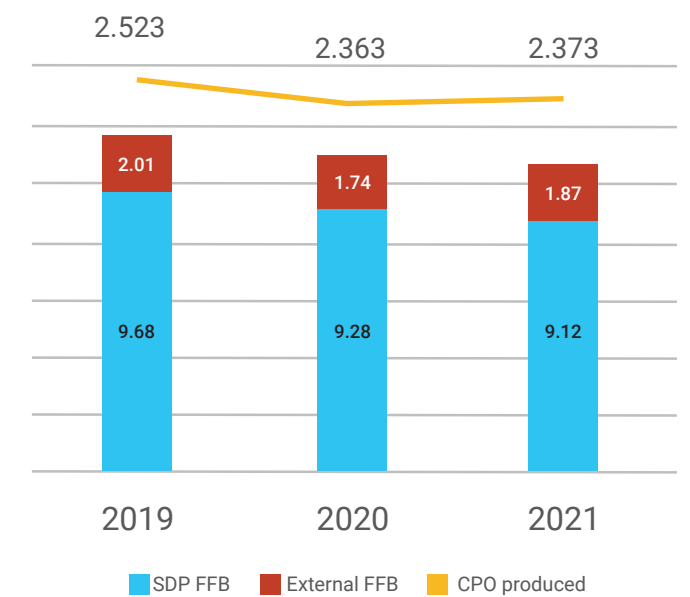


Planted Area by Region 2021 (ha)

Total : 579,708 ha

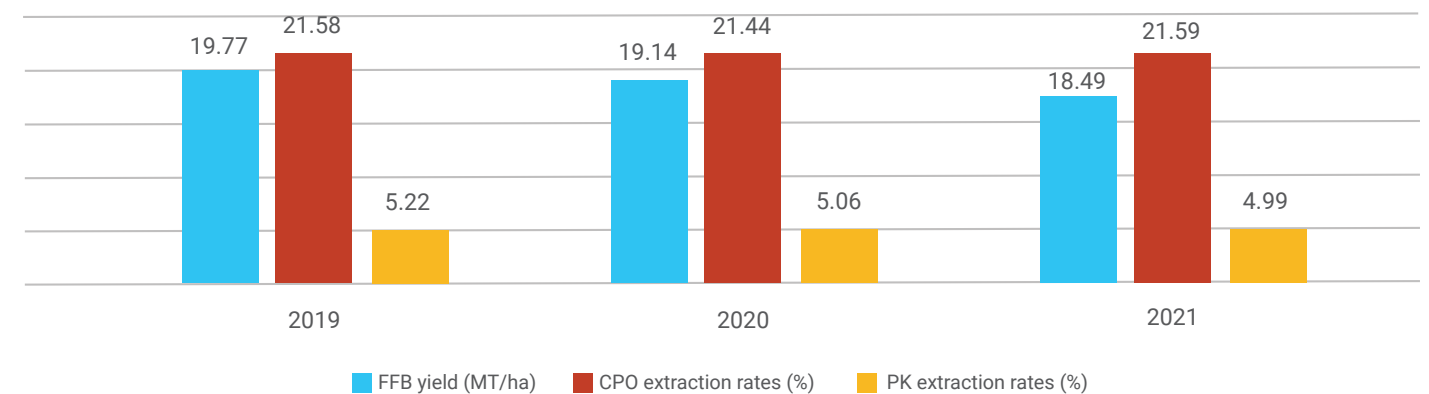


FFB Processed and CPO Produced 2019 – 2021 (million MT)



Productivity 2019 – 2021

Upstream



Note: 2019 production data includes volumes from former operations in Liberia.

MANAGING THE COVID-19 PANDEMIC

[GRI 3-3]

In early 2020, the COVID-19 pandemic struck the world, disrupting lives, livelihoods, communities, and businesses worldwide. We recognised the impending risk to our people and the businesses they depend upon. Acting swiftly, we implemented procedures and practices to protect lives and ensure the safety of our employees and their families whilst maintaining business continuity and support for surrounding communities.

Our prompt action has allowed us to pursue business with minimal disruption. More importantly, we ensured that our employees' health and welfare, jobs, wages, and related benefits were secure and not negatively impacted by the pandemic. We developed initial action plans to ensure an immediate response to contain the spread of the virus within our operations, safeguard our employees, and support surrounding communities. Two years into the pandemic, we are now focused on developing long-term strategies, business continuity plans, and sustainable support measures for the communities and lives of the people connected to SDP

Ongoing employee health and safety

The health and well-being of our employees and surrounding communities remain our top priorities during the pandemic. We have adopted and revised the standard operating procedures (SOPs) to strictly adhere to the national SOPs and reduce the risk of exposure to the virus. Some of these measures were implemented from the start of the pandemic and continued to be emphasised following unfortunate COVID-19 related fatalities:

Maintaining good hygiene	- Installing handwashing stations at appropriate locations in our operations - Providing hand sanitisers, soaps, and masks regularly to workers - Regularly spraying disinfectant at all mills, offices, and workers' housing
Detection and isolation procedures	- Tightening supervision at entrances of our plantations and mills, including temperature checks, compulsory face mask mandate, and confirming vaccination status before entry - Marking boundary lines on floors to remind workers to maintain a safe social distance - Avoiding physical meetings or limiting attendance to 50% capacity - Postponing all domestic and international business travel during lockdowns - Implementing work-from-home measures for corporate offices, minimising the number of workers on the ground and the number of workers in groups - Enforcing MKN (Malaysian National Security Council) SOPs on entries and exits at estate compounds - Suspending large gatherings
Communications and briefings	- Conducting regular training and briefings for all workers and people living in our compounds to convey information on COVID-19 - Distributing brochures and displaying posters on bulletin boards and in public spaces - Promoting the use of grievance mechanisms by workers to voice concerns and raise questions
Prevention programmes	- Conducting regular swab tests - Ensuring all employees have access to and receive vaccinations

A focus on foreign workers

SDP offered dedicated support during lockdowns to our foreign workers in Malaysia at remote plantations and regularly communicated on COVID-19 measures and practices. Through worker helplines, we fielded requests from those wishing to return home to their families. In July 2020, when borders briefly re-opened, SDP supported the repatriation of foreign workers to their home countries, primarily Indonesia, India, Bangladesh, Nepal, and Sri Lanka. **At the peak of the pandemic, when commercial flights were unavailable, SDP chartered six flights for over 5,000 workers.** We continue to support workers by helping them obtain the paperwork and access the tests required to return to their respective home countries.

In 2021, SDP helped set up vaccination centres near our operations and workers' residences. Foreign workers could walk-in for vaccines without an appointment. They also received communication support from consular and embassy staff from their respective countries.

Supporting communities

Maintaining access to food in remote locations

Given the remoteness of a few of our plantations, we ensured employees and neighbouring communities had access to stable food supply. In some regions, we provided additional food baskets to workers and community members to support local government initiatives. These food baskets included rice, cooking oil, flour, sugar, salt, canned sardines, biscuits, and tea bags, as well as hygiene kits comprising bar soap, detergent, sanitary pads, shampoo, toothpaste, and face masks.

We distributed 6,850 food baskets to all communities as part of a *Kami Prihatin* (We Care) campaign from July to December 2021. We also worked to support local governments and provide rice packages through the Musi Banyuasin Regency Government. Our efforts included distributing over 8,000 sembako, or subsidised basic goods packages, to impacted communities around our Indonesian operations.

Offering employment opportunities

Under the *Kami Prihatin* campaign, SDP also offered employment opportunities at our Upstream Malaysia operations for locals seeking work during these challenging times. These roles included working at our estates as harvesting specialists, fruit collectors, drivers, and mechanics. **SDP recruited a total of 130 workers through this initiative.**

Providing access to medical care

Recognising the strain the COVID-19 pandemic placed on the healthcare system to provide care, emergency response, vaccines, and personal protective equipment (PPE), SDP provided support to government healthcare facilities and medical care for workers and their communities. Some of our initiatives included:

Collaborating with government to launch a five-month vaccination drive for individuals with special needs

Providing 51 ventilators to 12 general hospitals in Peninsular Malaysia in partnership with Yayasan Sime Darby (YSD)

Providing financial support to clinics and health authorities

Spraying disinfectant and providing hand washing stations

Launching vaccination drives to support inoculation of employees and workers

Donating medical equipment to health workers in Lawang Wetan

Holding blood donation drives



The health and well-being of our employees remain our top priorities during the pandemic

Supporting education for children

Together with Yayasan Sime Darby (YSD), SDP Malaysia contributed to the CERDIK Education Fund (*Tabung CERDIK*), a corporate social responsibility (CSR) initiative spearheaded by government-linked companies and government-linked investment companies. This partnership provided school children from the bottom 40% income group (B40) with laptops, tablets, and internet connectivity to support digital access to education. A total of 1,986 students from B40 families living in and around SDP operations benefitted from this programme.

COVID-19 Contributions 2020-2021

	SDP Malaysia	Minamas	NBPOL
Food baskets	MYR 1,027,500	MYR 184,800	
Monetary contributions to hospitals/health authorities			MYR 860,170
In-kind contributions (PPE, medical equipment)	MYR 4,500,000	MYR 2,145,500	MYR 1,314,200
Contributions to government initiatives	MYR 2,000,000		

In Malaysia, SDP has donated approximately **MYR10 million** to YSD. This represents roughly 50% of the over MYR20 million used by YSD in their COVID-19 emergency relief work since 2020. YSD has been an instrumental programme partner in ensuring the success of these initiatives.

OUR APPROACH TO SUSTAINABILITY

[GRI 2-23, 2-24]

Given our size and reach, Sime Darby Plantation Berhad (SDP) must assume a leadership role in ensuring palm oil production meets demand but with minimal negative impact on the environment and the millions of people affected by the industry. SDP has operations across the entire palm oil value chain and is, therefore, in a strategic position to work with the industry to make it free of deforestation and exploitation. Ensuring our products are 100% certified sustainable is the first step. However, we must continue to raise the bar for ourselves, our customers, our suppliers, and all actors within the palm oil sector.

UPDATING SDP'S GUIDING POLICIES

Our No Deforestation, No Peat and No Exploitation (NDPE) commitments are formalised in dedicated charters and guidelines. **Our Responsible Agriculture Charter (RAC) and Human Rights Charter (HRC)** formed the backbone of our sustainability measures. The RAC was launched in 2016 and outlines our environmental commitments, which were in line with the industry at the time. The HRC was published in 2017 and is our guiding document on social-related commitments in line with fundamental human rights guidance, such as

the Universal Declaration for Human Rights and the United Nations Guiding Principles (UNGP) on Business and Human Rights. RAC and HRC commitments apply to both our internal operations and external stakeholders, including third-party suppliers, business partners, and vendors, who are subject to a dedicated set of **Responsible Sourcing Guidelines**. We have also implemented a dedicated policy on halting deforestation within the supply chain called **Working with Suppliers to Draw the Line on Deforestation**.

In 2020, we revised the RAC and HRC to reflect our strengthened NDPE commitments. We have since ensured our sustainability measures are updated regularly to align with our latest requirements for effective implementation of these Charters throughout the Group. All Charter commitments are communicated to internal and external stakeholders through relevant platforms and documents. These engagement sessions include, but are not limited to, email communications to key stakeholders (employees, key customers, investors and shareholders), direct one-to-one engagement sessions with stakeholders, speaking engagements in public forums, and updates on websites and social media platforms. The Charters are reviewed every three years.

OVERVIEW OF 2020 REVISIONS TO THE RAC AND HRC

CLOSER ALIGNMENT WITH THE 2018 RSPO PRINCIPLES AND CRITERIA (P&C), THE ACCOUNTABILITY FRAMEWORK INITIATIVE, AND UNGP ON BUSINESS AND HUMAN RIGHTS

STRONGER COMMITMENTS ON CONSERVATION AREA ASSESSMENTS, ADDRESSING CLIMATE CHANGE IMPACTS, MINIMISING PESTICIDE USE AND UPHOLDING NO DEFORESTATION COMMITMENTS WITHIN OUR SUPPLY CHAIN

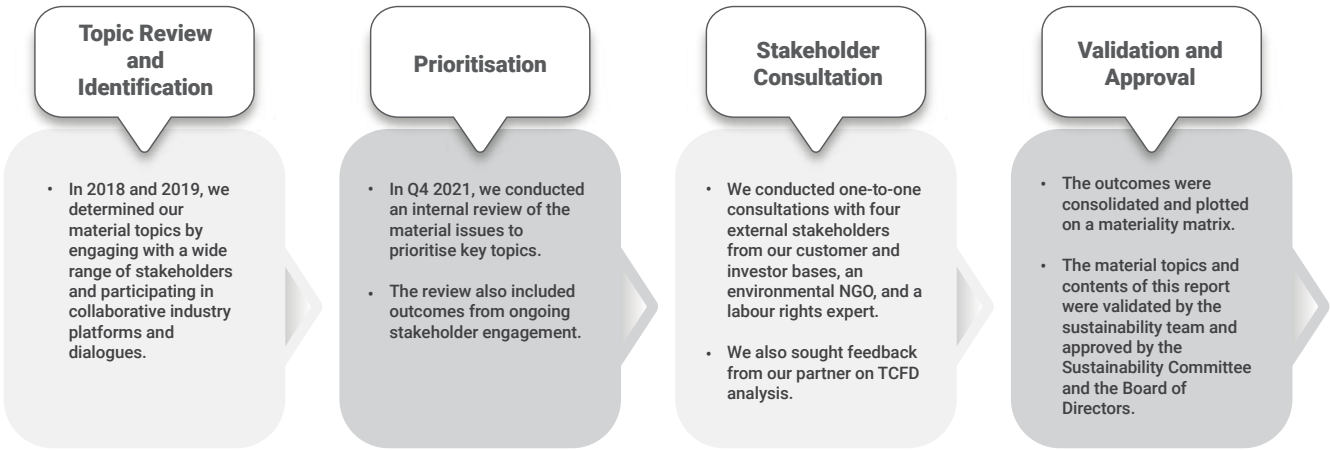
STRONGER COMMITMENTS TO COMMUNITY ENGAGEMENT, LABOUR AND CHILDREN'S RIGHTS; NEW COMMITMENT TO PROTECTING HUMAN RIGHTS DEFENDERS

MANAGING OUR MATERIAL ISSUES

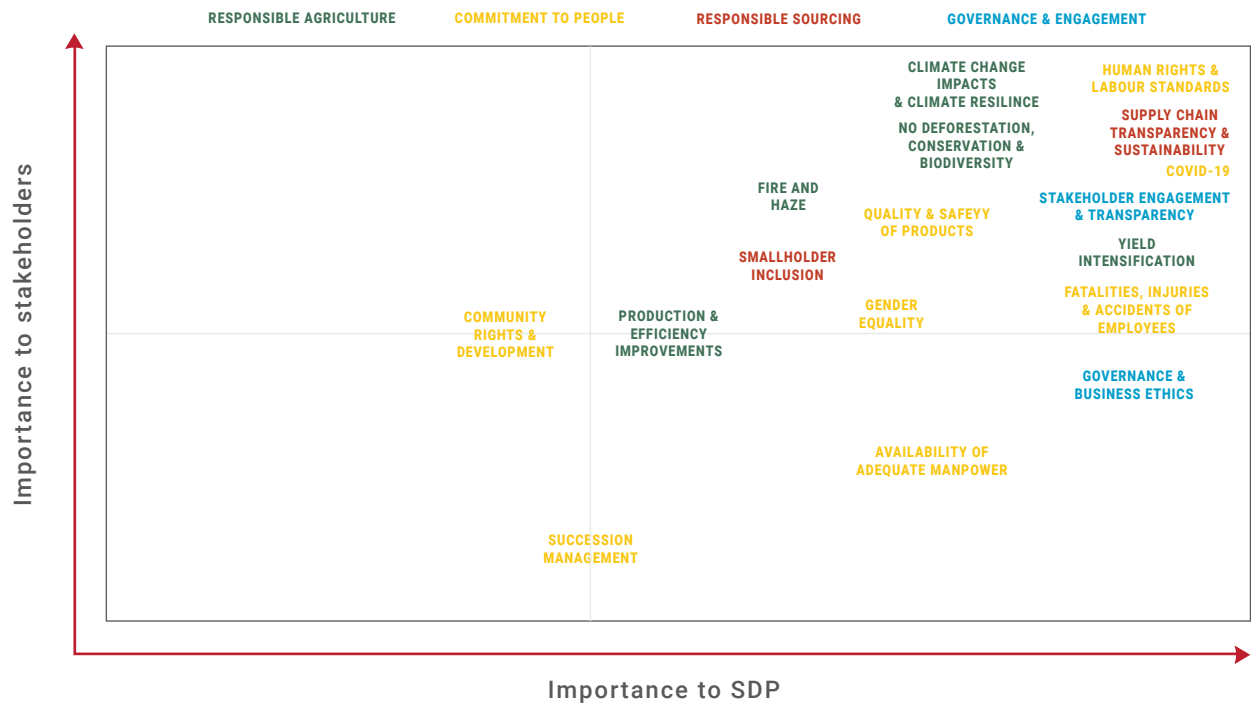
[GRI 2-14, 3-1, 3-2]



This report covers the material topics most relevant to SDP and our stakeholders. We continuously review these issues and relevant risks through stakeholder discussions and the implementation of our strategies and plans.



MATERIALITY MATRIX



Since our last report, we have clarified the topics representing priority focus areas for SDP and our stakeholders. We have split the previous **Human Rights and Exploitation** indicator into **Human Rights and Labour Standards**, **Community Rights and Development**, and **Gender Equality**. The previous standalone **Minimum Wage** indicator is now part of the **Human Rights and Labour Standards** topic. We have also merged the previous **Disruption and Production due to External Factors** indicator with the **Climate Change Impacts and Climate Resilience** topic. Lastly, two new topics have emerged for 2021: **Governance and Business Ethics** and **Stakeholder Engagement and Transparency**. The new standalone indicators are not new to SDP reporting but are emphasised as priority areas in this report.

SDP'S CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS

Our approach to sustainability embraces and contributes to the United Nations' (UN) global goals, or Sustainable Development Goals (SDGs). We have identified the SDGs that our policies, programmes, and practices contribute to and prioritised the goals relevant to our business and towards which we can make the most impactful contributions.

We treat **SDG 17: Partnerships for the Goals**, Partnerships for the Goals as our core belief, as partnerships are the best foundation for the Group to build upon. SDP is actively involved in multiple initiatives with stakeholders and other growers to tackle the complex challenges facing our industry. We also consider **SDG 12: Responsible Consumption and Production** to be another pillar of our activities because it is central to how we operate. It represents who we are as a company and defines our aspiration to be a leader in best agricultural practices.

We contribute to the remaining goals in varying degrees across the different components of our environmental, social, and governance (ESG) approaches.



STAKEHOLDER ENGAGEMENT AND PARTNERSHIPS

[GRI 2-28, 2-29, 3-3]



In line with **SDG 17: Partnerships for Goals**, we believe that effective stakeholder engagement is crucial to building long-term solutions to industry-wide challenges. We carry out one-on-one engagements with key stakeholders based on their influence and interest in SDP and collectively with other industry actors to build multistakeholder initiatives that drive transformational and systemic change. Throughout 2020 and 2021, we have continued playing a part in existing multistakeholder initiatives and partnerships and have also entered into new agreements, specifically on conservation programmes. **Further details on some of these partnerships are presented throughout the report.**

NOTABLE PARTNERS 2020–2021 BY FOCUS AREAS



Focus areas	Partners	Section/link
Forest restoration initiatives	Tree planting and nursery: Forest Research Institute of Malaysia (FRIM), Forestry Sarawak, International Agricultural Research (ACIAR), Malaysian Nature Society (MNS), Nestlé Malaysia, Pahang Forestry Department, Tropical Rainforest Conservation & Research Centre (TCRC), University of the Sunshine Coast, Australia, Universiti Putra Malaysia (UPM), Universiti Malaysia Sabah (UMS), Yayasan Sime Darby (YSD), 1StopBorneo Riparian and coastal reforestation: Borneo Rhino Alliance (BORA), Mahonia Na Dari, PNG Provincial Forestry Authority	► Forest restoration
Other conservation initiatives	Human elephant conflict mitigation: Management & Ecology of Malaysian Elephants (MEME), University of Nottingham Malaysia (UNM), YSD Conservation of endangered, rare, and threatened (ERT) species: Swallowtail and Birdwing Butterfly Trust (SBBT), YSD, PONGO Alliance, Toledo Zoo	► Enhancing conservation areas through dedicated programmes
Human rights due diligence and enhancing workers well- being	Migrant and labour practices: Andy Hall, Impactt, Ltd. PricewaterhouseCoopers (PwC), Ernst & Young (EY) Worker helpline: Nestlé, Elevate, Ulula, Impactt Ltd.	► Our Commitment to People ► New responsible recruitment procedure ► Improved access to grievance mechanisms
Deforestation monitoring	Earthqualizer, Radar Alerts for Detecting Deforestation (RADD)	► Monitoring risk within the supply chain
Fire management in Indonesia	Universitas Tanjungpura	► Managing fire and haze
Smallholder support	Agrobank, Malaysian Palm Oil Board (MPOB), PNG Oil Palm Research Association (PNGOPRA)	► Smallholder support programmes
R&D industrial support	Chair in Climate Change: Universiti Kebangsaan Malaysia (UKM), YSD	
Ongoing multistakeholder initiatives	HCV Network, MPOCC, Palm Oil Collaboration Group, PONGO Alliance, RSPO, CEO Action Network	► Enhancing conservation areas through dedicated programmes ► Strength in certification ► Challenges to monitoring social risks in supply chains

In June 2020, SDP withdrew from the High Carbon Stock Approach (HCSA) Steering Group due to resource re-allocation upon prioritising our sustainability commitments during the COVID-19 pandemic. However, we remain committed to the HCSA methodology and supportive of the tool. We will continue implementing it across our operations and require our suppliers to do likewise.

STAYING TRANSPARENT

We strive to be transparent by responding to any issues raised and keeping stakeholders informed through website updates, annual reports, sustainability reports, and regular engagements. SDP also participates in several benchmarking and public assessment programmes to evaluate our sustainability commitments and measure our progress. These include EcoVadis, CDP, and the Zoological Society of London’s Sustainable Palm Oil Transparency Toolkit (SPOTT). These engagements provide insights into new emerging ESG trends and expectations, enabling us to refine our policies and procedures, as well as prioritise our initiatives on sustainability to better meet stakeholder expectations. For example, the gaps identified in the annual SPOTT assessment has been used to identify and prioritise work that is required for the following year. In 2021, the Group scored 83.4% for SPOTT, and improvement of 0.9 percentage points from the previous year.

STRENGTH IN CERTIFICATION

SDP is the world’s largest producer of certified sustainable palm oil. We strongly believe in implementing sustainability standards and adhere to recognised certification standards schemes to assure our customers and consumers that our high-quality products are safe and sustainably produced. Despite pandemic movement restrictions, there were no significant hindrances to recertification processes in 2020 and 2021.

100% RSPO CERTIFIED MILLS >90% OF CPO PRODUCED RSPO CERTIFIED		100% RSPO CERTIFIED (DOWNSTREAM)		100% ISPO CERTIFIED (UPSTREAM)	
100% MSPO CERTIFIED (UPSTREAM)		100% MSPO CERTIFIED (DOWNSTREAM)		ALL 5 SITES IN PNG RA SAS CERTIFIED	
				7 SITES ISCC CERTIFIED	

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

SDP has been certified against RSPO requirements since 2008. As of 2021, 100% of SDP mills have been certified to the RSPO Principles and Criteria (P&C). In 2021, these mills provided 2.15 million tonnes of certified sustainable palm oil, over 90% of our total crude palm oil (CPO) production. Three remaining plantations in Indonesia are pending RSPO certification due to delays in obtaining land use permits (*Hak Guna Usaha*), and we expect them to be certified by 2023.

As a founding member of the RSPO since 2004, we remain active within the organisation and sit on several task forces and panels. This includes advocating for the adoption of the RSPO Shared Responsibility commitments by our suppliers and within our organisation and to collectively work with all actors to address systemic issues within the palm oil industry, and drive uptake of certified supply. We recognise that understanding RSPO P&C requirements at the downstream level can be challenging because certification processes are supply-chain focused. In 2020, SDO core business unit members underwent training to understand the purpose behind RSPO criteria, covering key themes such as fair dealings with smallholders, workers’ access to grievance mechanisms at plantations, and the health and safety of contractors and suppliers. These internal training sessions are a precursor to the adoption by the Group of the practical implementation guide being developed by the RSPO upon its publication.

NATIONAL STANDARDS FOR SUSTAINABLE PALM OIL

SDP adheres to national sustainable palm oil production certification standards in Malaysia and Indonesia. Our Malaysian upstream and downstream operations are 100% certified against the Malaysian Sustainable Palm Oil (MSPO) P&C and SCCS standards, whilst our upstream operations in Indonesia are 100% certified against the Indonesian Sustainable Palm Oil (ISPO) standard for upstream operations. In 2021, the MSPO standards underwent a review and consultation process to align them with the latest sustainability practices. We will roll out the revised standards across all our operations once they come into effect in 2022. SDP, a key member of several MSPO working groups including the Technical Committee, contributed to the review process.

There is no national sustainable palm oil production standard in Papua New Guinea (PNG) and Solomon Islands. Although the RSPO P&C are recognised internationally, they are interpreted differently at the national level based on laws in effect and cultural values of a given country. To better adapt the P&C to the specific agricultural thresholds and relevant legislation in the region, New Britain Palm Oil Limited (NBPOL) initiated the National Interpretation Working Group. In November 2019, the RSPO Board of Governors endorsed the newly approved PNG and Solomon Islands National Interpretation for the Production of Sustainable Palm Oil. Since then, all NBPOL sites have adopted the most recent RSPO P&C and are fully compliant based on this national interpretation.

RAINFOREST ALLIANCE SUSTAINABLE AGRICULTURE STANDARD (RA SAS)

Since 2017, NBPOL has been certified to the Rainforest Alliance Sustainable Agriculture Standard (RA SAS) that applies to crop and cattle production systems worldwide. With five of six sites certified as of November 2021, NBPOL is the only palm oil producer outside Latin America and the only one of significant size to hold the certification. However, following a policy change in 2021, Rainforest Alliance will be phasing out its palm oil programme by the end of 2022 due to its limited impact on the ground and slow market uptake. Consequently, NBPOL's operations will no longer be RA SAS certified as of next year. Nevertheless, we will maintain our commitment to the principles of the RA SAS and incorporate them into our sustainability programmes.

PRODUCT QUALITY AND SAFETY
[GRI 3-3, 416-1, 416-2]

Sime Darby Oils (SDO) products are sold directly to renowned fast moving consumer goods companies (FMCGs) and traders, processors, and other food and manufacturing businesses worldwide. Providing superior products and maintaining the highest quality and safety standards have made us a trusted partner to all our customers.

We adhere to our strict policies on product quality and safety. Our products undergo rigorous and robust checks in line with relevant national standards and recognised certifications such as FSSC 22000, the BRCGS Global Food Safety Standard, ISO 22000, Hazard Analysis & Critical Control Point (HACCP), Halal, Kosher, and Good Manufacturing Practices (GMP). Three of our mills are also certified against the HACCP system (MS1480).

We take consumers' health concerns about edible oils and fats seriously and continually stay abreast of emerging issues. We recognise that potentially harmful contaminants such as 3-monochloropropane-1,2-diol esters (3-MCPD), glycidyl esters (GE), and mineral oil hydrocarbons (MOH) can form due to various factors in the production chain. Therefore, we strive to meet the most stringent requirements to ensure our premium quality oil is low in free fatty acids, 3-MCPD, and GE contaminants. Our products meet contaminant thresholds for vegetable oils and fats established in the European Food Safety Association (EFSA) regulations released in 2021. Whilst there are no current regulations on MOH thresholds, we track MOH levels and strive to keep them low.

As an integrated business, we use various approaches from plantation to refinery, such as double refining and post-stripping technology, to mitigate all potential contaminants by identifying and stopping positive entry routes and implementing processes that remove contaminants and their precursors. We also work closely with suppliers to support them in meeting the requirements of our customers.



▲ Providing superior products and maintaining the highest quality and safety standards have made us a trusted partner

BREAKTHROUGH INNOVATIONS FOR SUSTAINABILITY

The world's growing population is expected to reach almost 10 billion people by 2050, which means global demand for commodities such as vegetable oils will continue to rise sharply⁷. A responsible approach to meeting these needs is ensuring increased palm oil production does not lead to further deforestation or environmental degradation.

That is why SDP's Research and Development (R&D) teams are working to find new ways to increase yields and produce higher volumes from the same amount of land. One of our innovations supporting increased yields is precision agriculture, which uses advanced geospatial technology to tag palms and keep track of their location. By taking regular images of the same palms, we can measure growth rates and forecast yields, monitor palm health, understand the effectiveness of our water distribution, and detect the presence of diseases. We are also scaling up automation at our plantations to further improve production and yields. Our aim is to strengthen our man-to-land ratio and estate productivity to increase yields and overall throughput whilst progressively reducing our dependence on manual labour.



LEADING THE WAY WITH
HIGH-YIELDING SEEDS
[GRI 3-3]

We currently yield an average of 4–5 tonnes of oil per hectare (MT oil/ha) across all our plantations. Since 2009, we have intensified our efforts to boost yields with better oil palm seeds and introduced our elite variety, Calix 600™. Since 2008, SDP has invested MYR150 million to support our world-class R&D teams in developing our latest and best planting material, Genome Select™ seeds. **GenomeSelect™ can deliver oil yield improvements of up to 15% above our Calix 600® seeds, with an average of 6.1 MT/ha across all environments, and yield potential above 10 MT/ha in the most fertile environments. This development will enable the Group to increase our yield by the equivalent of 50,000 hectares of new land without increasing our planted hectareage.** Through our replanting programme, we expect to lower the average age of palms at our plantations from approximately 13 years in 2017 to about 12 years.

Calix600® has been phased out, with the last round of planting carried out in 2022. GenomeSelect™ is now being planted commercially at our Malaysian operations and all replanting moving forward will use GenomeSelect™. As of December 2021, we have replanted over 3,800 hectares across Malaysia with GenomeSelect™. In terms of production, we are on track to meet 100% of our replanting needs in Malaysia by 2023. In 2021, a total of 1.47 million GenomeSelect™ seeds were produced, and we expect to double production by the end of 2022.

At the time of this report's publication, GenomeSelect™ is currently being rolled out at our other operations. In Indonesia, planting of mother palms has begun, and these are expected to produce local GenomeSelect™ seeds by 2024. At our operations in PNG and Solomon Islands, NBPOL manages their own high-yield material called SuperFamily® seeds. A product of the world-renowned Dami Research Centre, the SuperFamily® seeds programme takes the best 0.1% of planting material from mother palms and crosses it with the best pollen from pisifera palms to produce a super seed. GenomeSelect™ will build off the current best planting material to further boost current yields. We are currently producing new GenomeSelect™ mother palms for future seed production, which will start producing seeds locally in 2027.

Building resilience to climate change impacts

Unlike genetically-modified crops, GenomeSelect™ oil palm seeds are naturally pollinated seeds that have been genetically tested and selected. Thanks to new digital systems and geotagging technology, we can collect genetic data about planted GenomeSelect™ seeds. This information will help us understand how these palms respond to drought, salinity and seasonal changes to improve their resilience to climate change impacts. In addition, these palms will be more resistant to diseases such as Ganoderma. In the coming years, we hope to further increase the high-yield of GenomeSelect™ through research into other oil palm traits that can speed up harvesting and increase tolerance to climate change impacts.

To support other interested stakeholders looking to improve yields and minimise land expansion, SDP has made our research on the oil palm genome available through open-source online journals. Other industry players and sector stakeholders can access and import this genetic information to fast track their own yield improvements. We are also preparing to make GenomeSelect™ seeds commercially available to third parties by 2023.

GenomeSelect™ is a milestone achievement and the cornerstone of SDP's future. Our R&D teams will continue to improve it over the coming years. We aim to double our commercial yield average to 8 MT oil/ha by 2050 in applications across all environments and expect our yield to climb above 11 MT oil/ha in optimal conditions.



▲ Our best planting material, GenomeSelect™, can deliver up to 15% more oil yield than our previous superior seed - Calix 600®

⁷ Population Reference Bureau, 2021 World Population Datasheet. Available at: <https://interactives.prb.org/2021-wpds/>

AUTOMATION AND MECHANISATION AT PLANTATIONS

[GRI 3-3]

Palm oil production is a labour-intensive industry and is highly dependent on skilled harvesters. In Malaysia, the industry has relied on foreign workers for many years to fulfil demand. However, there is a local and regional shortage of workers due to several factors. As the country continues to develop better urban employment opportunities, workers are less willing to accept jobs considered 'dirty, dangerous and difficult' (3D). COVID-19 travel restrictions have further complicated the situation, and closed borders have created an acute labour shortage at plantations.

Whilst it has been our long-term vision, recent events have made it even more imperative to find innovative ways to reduce SDP's dependence on manual labour. **Since October 2020, we have invested heavily in Project Infinity, a cross-collaborative, inter-departmental R&D initiative exploring ways to automate our labour-intensive harvesting processes.** SDP has examined innovative options in automation, digitalisation, and robotics. Using a multi-pronged approach and automating repetitive tasks, our ultimate goal is to attract local workers with greater skill levels to operate these new processes.

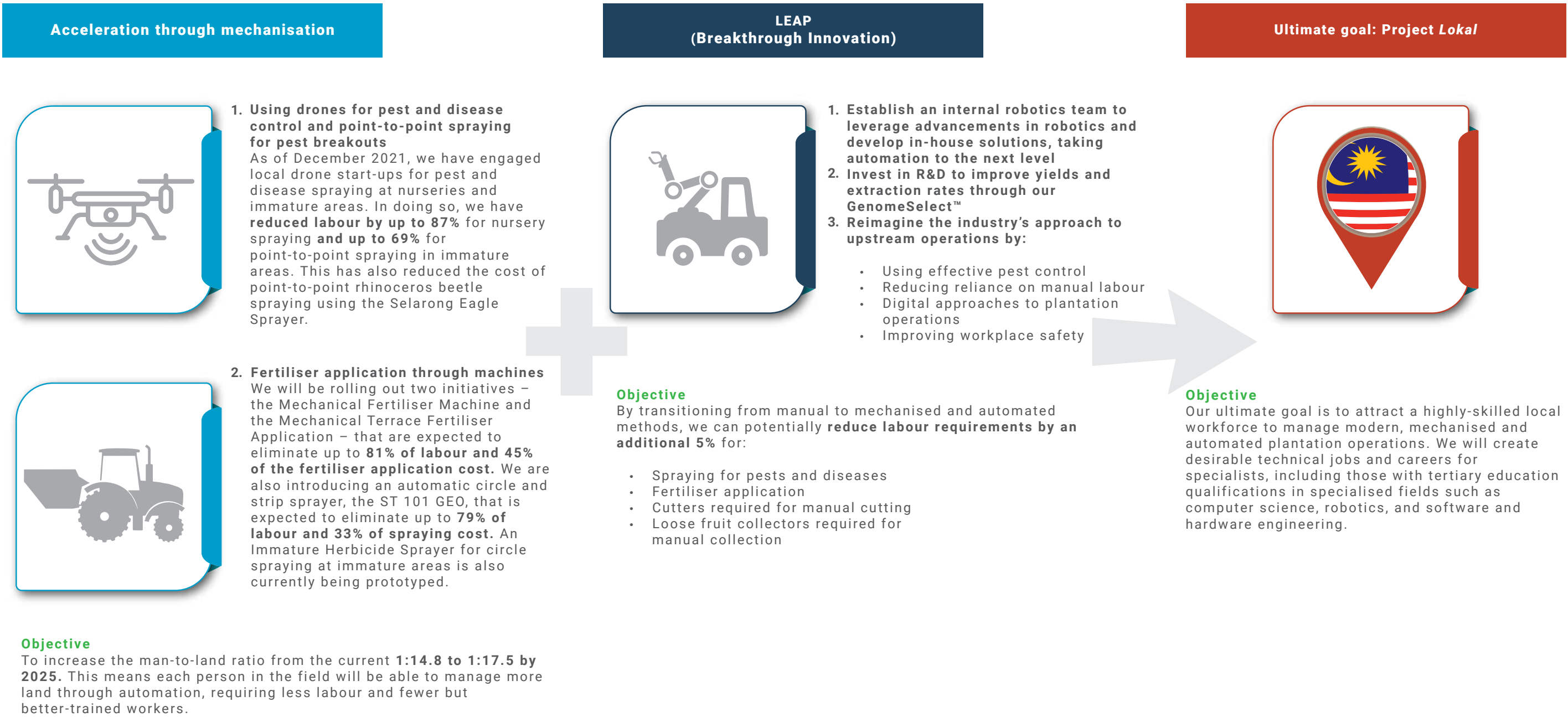
On the next page is our **strategy to increase our man-to-land ratio from the current 1:14.8 to 1:17.5 by 2025** and plans to transition to a highly-skilled local workforce. Through this strategy we envision increased opportunities for different skills, enhanced mitigation of safety and health risks, and the creation of various subsectors to support automation initiatives.



▲ Motorised cutter makes fresh fruit bunch harvesting easier



STRATEGY TO REALISE PROJECT INFINITY





OUR COMMITMENT TO PEOPLE



Palm oil is an important source of income to millions of employees, workers, smallholders, and communities, especially in Malaysia and Indonesia, where 85% of the world's production originates. As the demand for palm oil continues to rise, we must continue to improve the livelihoods of those who depend on the industry.

First published in 2017, our **Human Rights Charter (HRC)** outlines our strong commitments to fundamental human rights in line with international documents such as the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights (UNGPs). In 2020, we revised our HRC to bring it into closer alignment with UNGP principles and terminologies and Roundtable on Sustainable Palm Oil (RSPO) 2018 Principle & Criteria (P&C) requirements. The HRC applies to all our employees, workers at our operations and supply chain, and partners in communities surrounding our operations. We have also published a dedicated **Policy on the Protection of Human Rights Defenders**. The policy outlines SDP's commitment to protecting the identity of human rights defenders and other people who raise issues so that those who exercise their human rights whilst engaging with SDP are protected from threats, violence, and all other forms of intimidation and retaliation.

The events that unfolded in 2020 and 2021 have reinforced our belief that people are the backbone of our company. Unprecedented crises like the COVID-19 pandemic and the devastating flash floods in Malaysia have tested our measures in protecting employees and surrounding communities. SDP has also been subject to an extra layer of scrutiny due to concerns about forced labour at our Malaysia upstream operations. Faced with these challenging circumstances, we realise that whilst we have committed to stringent standards in principle, we must improve their implementation on the ground. Despite these setbacks, we will continue to strive to go above and beyond the minimum requirements and set an excellent example for the industry.

UPDATE ON THE FINDING BY THE US CUSTOMS AND BORDER PROTECTION

[GRI 3-3, 409-1]

On 30 December 2020, the United States Customs and Border Protection (USCBP) issued a Withhold Release Order (WRO) halting palm oil exports originating from SDP's Malaysian plantations from entering US ports. The WRO was initiated by a petition raised by the NGO Liberty Shared, in April 2020, alleging indications of forced labour at SDP's upstream operations in Malaysia. Following this, in January 2022, the USCBP determined that certain SDP palm oil products are produced using convict, forced or indentured labour, by issuing a Notice of Finding, effective 28 January 2022.

In early 2021, we contracted a London-based ethical trade consultancy, Impactt Ltd., to conduct an independent evaluation of labour practices at our upstream operations in Malaysia. Impactt was engaged to carry out an assessment against the 11 International Labour Organisation (ILO) forced labour indicators, based on a combination of evidence, including workers' testimonies, documentation review, site inspections, and management interviews. The assessment began in April 2021 and was initially slated for completion in May. However, due to COVID-19 travel restrictions, the requirement for other specialised third-party input, completion against all 11 indicators was delayed until the end of September 2021.

In December 2021, Impactt was contracted to undertake verification, including on-the-ground verification against the full scope of the intended work, and the report has recently been completed.

We will continue to engage our stakeholders on our progress.

OUR EMPLOYEES



▲ Field workers are the backbone of our Upstream operations

OVERVIEW OF WORKFORCE
[GRI 2-7, 2-8, 3-3]

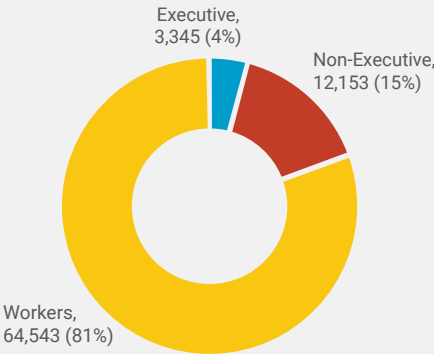
SDP employs a multinational workforce of 80,041 people across 12 countries in Asia-Pacific, Europe, Africa, and the Americas. Manual workers make up the bulk of our workforce, accounting for 64,543 or 81% of our total employees. The majority of these workers work at our estates in Malaysia, Indonesia, and Papua New Guinea (PNG) and Solomon Islands (SI). Only 307 workers are employed at our downstream operations, and all employees are hired on a permanent full-time basis.

As a result of our innovations in automation, mechanisation, and robotics, we require fewer workers at our estates than before. Overall employment is down 17.7%, primarily in Malaysia and Indonesia, where these projects have advanced further than at our operations in PNG and SI.

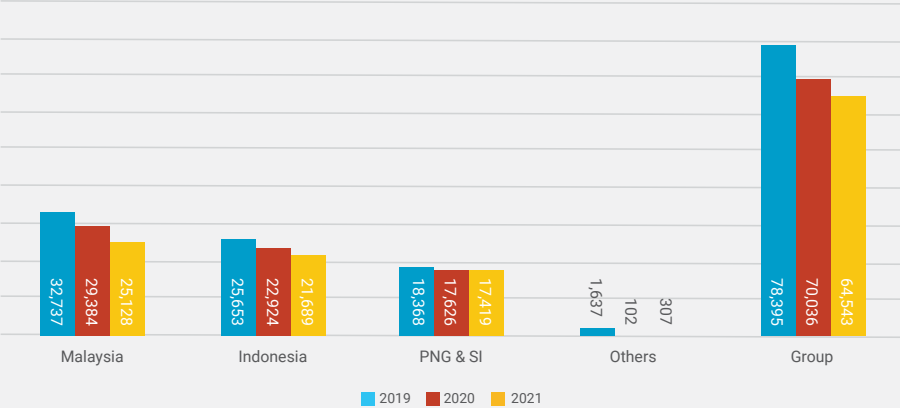
In addition, we have experienced severe labour shortfall in Malaysia due to COVID-19 movement restrictions, a government-mandated freeze on hiring foreign workers, and workers stranded at home during holiday breaks. These factors have contributed to a workforce reduction of more than 7,600 people in 2021, representing a 23% drop compared to pre-pandemic years.

Reducing our reliance on manual labour is part of our overall business strategy. In the coming years, we will require fewer manual workers and will shift our focus to training and recruiting highly-skilled workers as part of our Project Infinity initiative.

Employees by Category 2021 (no., %)
Total: 80,041



Workers by Region 2019-2021 (no.)



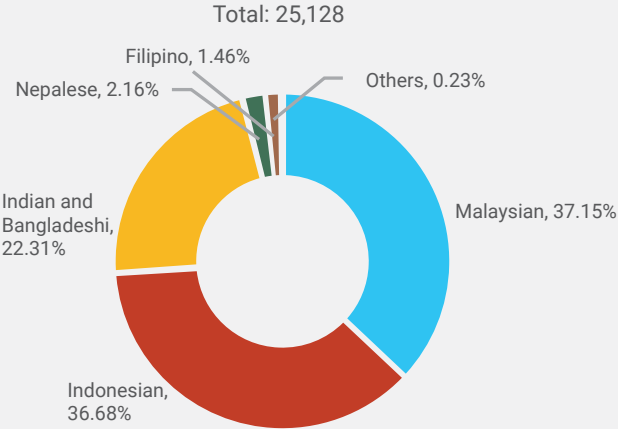
- Notes:
- 1. 'Others' covers downstream business unit workers across the Americas, the Netherlands, and Thailand.
 - 2. 2019 data for 'Others' includes workers from our former upstream operations in Liberia.

OUR MIGRANT LABOUR WORKFORCE
[GRI 3-3, 409-1]

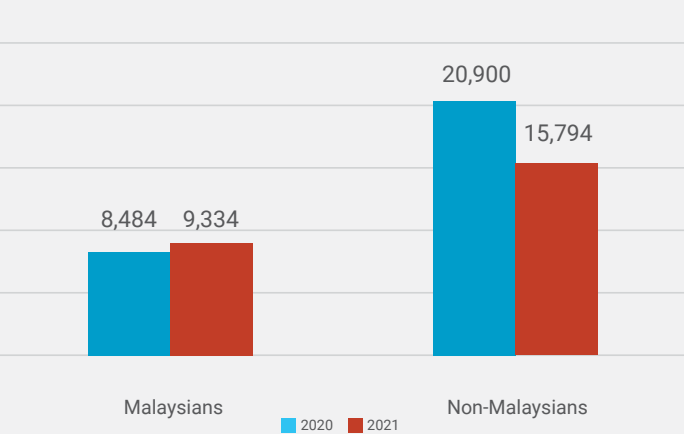
SDP hires a large workforce of migrant workers at our upstream operations in Malaysia. These workers typically sign a three-year common practice across the agricultural, manufacturing, construction, and services sectors, and Malaysia is a temporary home to approximately 3.85 million migrant workers⁷. At plantations, foreign workers are typically employed for harvesting, transportation, and maintenance work required to keep the estates productive.

In 2021, our migrant workforce in Malaysia comprised approximately 15,800 employees. These foreign workers make up the majority of our overall workforce in the country: 36.7% are from Indonesia, 22.3% are from India and Bangladesh, and a further 3.9% are from Nepal, the Philippines, and other countries. **The number of foreign workers employed fell by 5,100 in 2021 compared to 2020 due to pandemic-related hiring freeze. To mitigate the labour shortages, we embarked on an aggressive programme to hire more local workers.** One key programme was the nationwide campaign – *Kami Prihatin* to promote the industry, its benefits and job opportunities to locals. We do not employ foreign workers at our operations in Indonesia or PNG and Solomon Islands. Many of our workers in these countries are local citizens from neighbouring states and provinces, and they are not subject to cross-border issues like foreign workers in Malaysia.

Workers by Nationality as of December 2021 (%)
Upstream Malaysia



Local vs Foreign Workers 2020 - 2021 (no.)
Upstream Malaysia



⁷ Counting Migrant Workers in Malaysia: A Needlessly Persisting Conundrum [Internet]. ISEAS–Yusof Ishak Institute 2018. Available at: <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/item/7354-201825-counting-migrant-workers-in-malaysia-a-needlessly-persisting-conundrum>

IMPROVING LABOUR PRACTICES IN 2021
[GRI 2-24, 3-3, 409-1]

SDP conducts annual human rights due diligence assessments against the pillars of our HRC, as outlined in a programme set up in 2016 with the support of SHIFT, a leading centre of expertise on the UNGPs. These yearly exercises assess our operations on social-related concerns to identify critical issues and the likelihood and severity of their potential impact.

In 2021, whilst waiting for Impactt's report to be completed, we assessed our Malaysian upstream operations against the 11 ILO Indicators of Forced Labour to understand any gaps or any areas of improvement, with a very specific lens on continuous improvement.

We have made tremendous strides in addressing these gaps and implementing all the improvements needed between July and December 2021, and our efforts are ongoing. A crucial part of our continuous improvement plan is an evaluation of our governance structure and management systems. Further details on permanent structures and board of directors' involvement can be found in the Governance section of this report.

Workstream were established to address specific Forced Labour Indicators and had specific outcomes. A continuous improvement plan (CIP) was rolled out to enhance our human rights practices, comprising over 1,200 individuals across 10,000 meetings, totalling 500,000 work hours invested.

Workstreams	Outcomes
Workstream 1: Grievance Channels	- Trusted and organised channels for workers to raise queries, complaints, grievances with improved oversight of grievances and accountability for grievance handling - Worker's protection is guaranteed - Improved management capability to investigate grievances effectively
Workstream 2: OSH and Worker's Housing	- Worker-centric health and safety, focused on salient/significant field and mill hazards - Accommodations are well-maintained with the necessary repairs done in a timely manner based on clear Standard Operating Procedures (SOPs) - Clear, effective and speedy access to medical care (for occupational issues) at the Operating Unit (OU) level
Workstream 3: Social Dialogue	- Establish active and independent OU level management and workers' representation through social dialogue to: - Enable co-creation between workers and management to improve workplace and living conditions - starting from improvements related to the 11 ILO Forced Labour Indicators - Support monitoring of the overall implementation of the CIP
Workstream 4: Estate Issues	- SDP does not employ undocumented workers - Workers operate in a harassment/abuse/intimidation-free workplace - Workers can freely leave the estates/mills barring reasonable restrictions - Workers can access government hospitals when they are unwell and may be granted medical leave - Social visit pass workers afforded same rights and entitlements as regular workers - All migrant children have clear path to legal status or citizenship
Workstream 5: Operational Intervention	- Historic recruitment fees (unreported payments charged by agents, sub-agents or other third parties to SDP's foreign workers in countries of origin, in contravention of SDP's Zero Recruitment Fee policy) reimbursed to current and former workers including 100% level of understanding of repayments by current and former workers - Recruitment policies, processes and practices have effective due diligence systems in place to ensure ethical recruitment - All workers are in possession of their own personal documents and have individual, secure lockers within their own accommodation to keep them
Workstream 6: Wage Structure	- Simplified and consistently applied wage structure - Workers and management understand payslip and how wages are paid - Governance on wages, work hours / days and equitable pay for work done - Authorised and fair wage deductions
Workstream 7: Key Performance Indicators (KPIs) – Environmental, Social and Governance (ESG) Scorecard	- Ensuring the sustained implementation of improvement actions on labour practices - Outside of performance management/ corporate scorecard - Centrally-managed and metric driven - Collective performance approach for each OU

OVERVIEW OF MEASURES ADOPTED AGAINST THE 11 ILO INDICATORS:

ILO Forced Labour Indicators	New and Existing Measures Adopted
Abuse of Vulnerability	- Engaging with Indonesian, Sabah/Sarawak state authorities and families living on our estates to ensure that children without identity papers are registered and able to obtain passports. - Appointment of Child Welfare Officers in the states of Sabah and Sarawak at regional level to ensure all migrant children are equally protected and assisted. - Established new Social Welfare & Services department under upstream business support departments. - Children up to the age of 12 have access to free schooling, either with Indonesian government-run schools or with our Humana schools. - Free childcare is available at OUs for workers' children. - All workers and their families and dependents have access to free medical facilities and medical care. - All contractors are monitored to ensure compliance with SDP's policies and processes. - Enhanced grievance channels ensure that workers are able to raise any complaints or issue to management. - In cases where there are allegations of bribery and corruption, complaints are reported to the whistleblowing unit.
Retention of Documents	- Each worker is provided with a secure locker in his or her home for the safekeeping of personal documents. All passports are now in the possession of workers. - To ensure consistency of implementation of its policies, SDP implemented a Foreign Worker Management System (FWMS). - Implemented a centralised system whereby the initiation, execution and monitoring of passport renewals will be done at HQ level under the Workforce Management Unit.
Restriction of Movement	- New policies and SOPs ensure that all workers are free to leave the estates or other SDP facilities freely, without having to seek permission outside of work hours. - During working hours, workers are entitled to leave the estate or other SDP facilities but must inform their supervisor or other appropriate estate personnel. - Workers are entitled to medical attention without permission at any time of the day or night. - A designated person-in-charge has been appointed at each OU to ensure that workers have transport to seek external medical attention should they need it. - New policies ensure workers are entitled to resign from their jobs at no cost. - Workers are entitled to take leave when they want to, and the type of leave will be based on their entitlement.
Excessive Overtime	- A normal workday comprises 8 hours for up to 26 days in a month. - Each worker can only work a total of 104 hours (estates); 130 hours (mills in Peninsular Malaysia) and 120 hours (mills in East Malaysia) of overtime a month. - Each worker can work up to 12 hours a day (inclusive of 4 hours overtime). Exceptions are only allowed under the law for deserving circumstances. - No worker can be compelled to work on a rest day. - Workers are aware that overtime work is voluntary and are informed of the applicable overtime wage rates. - A newly introduced process automation system tracks the clock-in time of workers through QR code and monitors overtime work.

OVERVIEW OF MEASURES ADOPTED AGAINST THE 11 ILO INDICATORS:

Abusive Working Conditions	- OSH management systems have been revised to be more worker-centric and its implementation is being monitored. - Discussions were held with workers at social dialogues on personal protective equipment and new/revisions to OSH policies to obtain feedback. - ESG Scorecard specicated to measuring performance related to these indicators. - A revised OHS organisational structure established with oversight at OU, regional and HQ levels. - Site Safety & Sustainability Officers (SSSOs) have been appointed at Strategic Operating Unit (SOU) level to support implementation of OHS and other initiatives. - Hazard Identification, Risk Assessment and Risk Controls (HIRARC) training conducted for all relevant OU management teams and workers to gather information and co-develop the mitigation plans. - Socialisation and communication on provision of adequate PPE for all workers, which are periodically replaced at no cost to the worker. - Regular communication to workers on safety and health policies. - Requirement for contractors to adhere to SDP's safety & health standards. - Enhance medical provisions such as healthcare facilities, appointment of panel clinics, establishment of medical council and appointment of Chief Medical Officer.
Abusive Living Conditions	- Established Social Dialogues as a platform to raise issues and discuss solutions. - Provision of housing and facilities to workers that exceeds the Minimum Housing Act. - Dedicated budgets for repairs and maintenance amounting to MYR700 per house per annum is ring-fenced and cannot be reduced. 217 handymen as well as electrician/wiremen have been hired, ensuring minimum delays in repairs. - A revised Workers Housing and Management introduced that incorporates all the new changes includes guidelines on preventive maintenance, emergency maintenance and worker and tenant reporting monitoring. - A new digital housing complaints app, 'Oil Palm Pal', was introduced. - Each worker is entitled to 35 gallons/132.4litres of free water per day. - Where water supply is disrupted or sporadic, SDP ensures that potable water is made available for workers.
Deception	- The Migrant Worker Responsible Recruitment Procedure was updated in August 2021. - All recruits are given an offer letter in their own language. - Briefings are conducted on salient matters pertaining to employment and benefits at the point of recruitment to ensure that workers understand the terms of the offer and contracts are available in native languages.
Isolation	- A consultative process to determine the needs of workers in remote locations was established. - Ready access to free transportation to nearby towns or other amenities for remote sites. - Improvements in road infrastructure including budget allocation to build new roads. - Provision of recreational facilities. - Easy access to food and other essential items. - Availability of potable water, electricity and phone connectivity. - Housing with adequate personal space, inclusive of lockers for identity documents and other valuables.

OVERVIEW OF MEASURES ADOPTED AGAINST THE 11 ILO INDICATORS:

Debt Bondage	- Updated Migrant Worker Responsible Recruitment Procedure in August 2021. - Reimbursement of recruitment fees (unreported payments charged by agents, sub-agents or other third parties to our foreign workers in countries of origin, in contravention of SDP's zero-recruitment fee policy). - Bank accounts opened for 3,206 current workers in Malaysia. - Sinking fund established for former migrant workers who were working for SDP on or after 1 November 2018. - Established a Sinking Fund Governance Committee comprising of members of the board, senior management, and legal expert; to oversee the disbursement of reimbursements sums to former foreign workers. - Law firms appointed in six countries to ensure former workers receive their funds safely. - Advertisements taken out in six countries in over 20 national and regional publications to ensure former workers are aware of the reimbursement exercise. - Appointed PricewaterhouseCoopers (PwC) to undertake a 100% financial and document audit to ensure that workers had indeed received the reimbursement sum.
Withholding of Wages	- Instituted a new process automation system. - Overtime pay for piece rated workers, including harvesters. - Payslips in Bahasa Indonesia for Indonesians and Bahasa Malaysia for Malaysians. - Wage Codes Glossary for workers of nationalities other than Indonesian and Malaysian due to payslip system limitations. - Information packs for workers on the payslip components and wage posters in workers' native languages. - Incentivise harvesters who harvest ripe fruit bunches only. - Control and monitoring of legal compliance on wage deductions. - Implementation of Guideline on Statutory Payments and Deductions. - No more hiring of workers under contract for services. - Briefing to workers on annual leave payments.
Physical and Sexual Violence Intimidation	- The Gender Policy was updated/revised in 2020 and incorporated in our Human Rights Charter (HRC). - Gender committees have been established and strengthened in March 2021 at all estates and mills to advance workplace discussions affecting women. - Toolbox exercises with workers and site management to discuss acceptable and non-acceptable behaviours. - Gender Representatives of the Gender Committee's responsibility includes reporting sexual harassment on behalf of workers. - New grievance channel governance in place to ensure that workers/complainants interests are safeguarded.

NEW RESPONSIBLE RECRUITMENT PROCEDURE

As a matter of current practice, SDP is involved in every step of the process of hiring foreign workers. We oversee quota applications, recruitment drives in countries of origin (including interviews and the selection process), immigration clearances, and employee pick-ups at the Malaysian airport. However, we continue to face challenges with cross-border policy gaps and the deep-rooted socio-economic drivers of migration.

In August 2021, we published our new Migrant Worker Responsible Recruitment Procedure outlining our approach to respecting workers’ rights and our measures preventing all forms of forced or bonded labour, slavery, human trafficking, and sexual exploitation. We drafted this new procedure with the support and expertise of migrant labour specialist, Andy Hall.

This document provides operational guidance and includes the following improvements:

An open tender process on the selection of recruitment agents that is fair and transparent

Heavy emphasis on due diligence to ensure recruitment agents adhere to ethical recruitment practices

Training and mentoring recruitment agents to support ethical recruitment processes

A strict definition of recruitment fees aligned with the ILO definition

Provision of individual lockers for safe-keeping of passports

Improving transparency in job descriptions by signing contracts pre-departure

Making grievance channels available at source countries to monitor recruitment mechanisms

The procedure applies to our employees, recruitment agents, and their affiliates at our upstream operations in Malaysia. We require vendors to adopt similar commitments within their own business practices and have started to conduct awareness briefings sessions to support their implementation of responsible recruitment practices. As an immediate control, all vendors sign a Vendor Integrity Pledge in agreement to the Vendor Code of Business Conduct that explicitly mentions adherence to the protection of human rights.

In 2021, all SDP teams involved in the recruitment of workers were trained on this new procedure and webinars were conducted for all shortlisted agencies. This temporary pandemic-related hiring freeze on foreign workers has given us the time and opportunity to carry out an open tender process, perform due diligence, and launch mentorship programmes. Our new procedure will apply to all new foreign hires in 2022, once the recruitment of migrant workers can recommence.

New reimbursement policy for current and former workers

SDP is committed to zero-recruitment fees through our Human Rights Charter established in 2015. Following this, we enhanced this policy to better align our practices to the ILO General principles and operational guidelines for fair recruitment and ILO definition of recruitment fees and related costs. In August 2021, we launched our Migrant Worker Responsible Recruitment Procedure to further support our commitment to ensuring workers incur no fees during the hiring process. The procedure includes a list of allowable and prohibited costs to workers. SDP is committed to holding recruitment agencies contractually responsible for reimbursing recruitment fees and other illegitimate expenses incurred by workers.

In February 2022, we announced our intention to reimburse more than 34,000 current and former workers an aggregate sum of over MYR82 million, to remediate recruitment fees that may have been incurred. Individual reimbursements were calculated as a sum of the average worker-reported recruitment fees and related costs by nationality. Correct exchange rates, inflation since the date of payment and interest (at 2%) was applied to represent at least part of the lost economic opportunity cost. All reimbursements will be paid as a single lump-sum payment to foreign workers. We have also established a Sinking Fund Governance Committee to oversee the process of reimbursing former foreign workers.

In future, recruitment agents who do not comply with our ethical policies and standards will be required to reimburse workers with the costs charged to them during the recruitment process, and have their contracts terminated and placed on a list of banned suppliers.

STAKEHOLDER COMMENTARY | INDEPENDENT MIGRANT WORKER RIGHTS SPECIALIST

Sime Darby Plantation Berhad (SDP) engaged me to advise the company on a dedicated ethical migrant worker recruitment procedure. They reached out almost immediately after I raised concerns about poor governance relating to SDP’s recruitment activities in Nepal. Throughout 2020 and 2021, we developed policies, procedures, and practices, launching a final procedure in August 2021.

Our outreach began before the US government sanctions imposed on SDP in early 2020, which arose from NGO complaints regarding similar issues on debt bondage. The company has since tried to address the Withhold Release Order issues. In early 2021, SDP approached a few parties, including me, to join the stakeholder panel of their Human Rights Assessment Commission to offer independent and expert assessments of the company’s entire Malaysia operations. However, Justine Nolan and I resigned from the panel due to a lack of transparency and limited sharing of information. It was clear that SDP needed to be transparent about their problems and make public their plans to address these issues.

These issues are not unique to SDP and apply to companies in certain Malaysian industries employing foreign workers. Clear and present systemic forced labour risks exist and are being documented. Companies like SDP must acknowledge and transparently work to fix issues pertaining to workers’ rights and labour conditions. Their efforts must include remediating disputes by determining how much workers paid in recruitment fees and reimbursing their costs. The company must then implement measures to prevent these abuses from recurring.

SDP has now adopted an extremely progressive ethical recruitment policy, and I consider them to be leading the industry on responsible recruitment. They have been responsive and have shown that they are willing to engage with civil society stakeholders and other relevant actors on the ground to make improvements. These are all positive signs. We must now see how they roll out the new recruitment procedure and work with the Malaysian government to address any limitations and make it a model for other companies to adopt.

About: Andy Hall is an internationally recognised human rights defender and migrant worker specialist. He acts in an advisory capacity to businesses and civil society entities across Asia and Europe on issues of migrant worker rights in global supply chains, with a particular focus on ethical recruitment and forced labour issues impacting migrant workers in Malaysia, Thailand, and the Gulf/Middle East. Andy Hall was engaged by SDP in 2020 to advise us on potential improvements to our recruitment processes. Amongst other things, Andy Hall played an advisory role in supporting SDP’s zero-cost recruitment commitments and ensuring processes are ethical.





IMPROVED ACCESS TO GRIEVANCE MECHANISMS
 [GRI 2-16, 2-25, 2-26, 2-28]

All workers across our operations are given access to enquiry channels and grievance mechanisms to raise their concerns.

Several grievance channels have been in place for many years. In 2019, we collaborated with Nestlé and ELEVATE to launch the “*Suara Kami*” (“Our Voice”) Helpline, to provide independent third-party help to our workers in Malaysia. (ELEVATE is a leading business risk and sustainability solutions provider). The “*Suara Kami*” Helpline provides an avenue for workers to report on working conditions, recruitment, safety and other issues. In line with our Human Rights Charter, we also work with our partners to empower unions to better disseminate information, improve awareness of workers’ rights and represent the welfare and well-being of workers.

However, on re-evaluating how these work in practice, we identified some gaps, particularly in the way that grievances were being monitored and escalated. It was observed that too few workers were using the channels available to air their grievances.

To remedy this, SDP carried out extensive work to identify the limitations of its grievance mechanism, then agreed on a workstream outcome and rolled out refreshed grievance mechanisms. With the aim of reinforcing trust, key areas of focus were to:

- (i) increase awareness of the grievance channels;
- (ii) improve oversight of grievances and accountability for grievance handling;
- (iii) ensure safeguarding of workers is guaranteed (no retaliation); and
- (iv) improve management capability to investigate and resolve grievances effectively.

At the end of August 2021, we introduced the Workers’ Helpline, an independent third-party worker grievance channel with multi-languages and multi-channel capacity, supported by the Ulula Case Management system, a platform that collects grievances and allows workers to anonymously raise concerns safely and securely at any time and to digitally connect with support for real-time case management. The Workers’ Helpline is similar to the “*Suara Kami*” Helpline and gives workers the flexibility to raise concerns, without fear of retaliation, and to call handlers in their native language. In conjunction with the roll-out of the Workers Helpline, we increased awareness of our Whistleblowing (WB) channels and “*Suara Kami*” Helpline by engaging our social dialogue worker representatives (see section below). We also created WhatsApp videos in the relevant languages to describe how workers can raise concerns. Reminders about these channels are also delivered at morning muster briefings, awareness sessions, and through posters and printed flyers that are distributed with payslips and displayed at prominent locations and common areas such as sports clubs and halls.

Recognising that they have different preferences, all workers now have access to three mechanisms to make enquiries, log requests, and lodge complaints:

<i>SUARA KAMI</i>	WORKER HELPLINE	WHISTLEBLOWING CHANNEL
- Platforms: voice call, SMS, Facebook Messenger, WhatsApp - Managed by live operator - Available in 8 languages - Available in Malaysia	- Platform: Call back interactive voice-response system - Available in multiple languages - Available in Malaysia	- Platforms: eForm, email, letter, call hotline - Specifically to raise concerns about wrongdoing - Available across all regions

The improved confidence in our grievance channels is reflected by an increase in the monthly average number of calls. Prior to September 2021, the average was around 15 calls a month; whilst between September 2021 and January 2022, we handled a monthly average of 69 calls. All our grievance channels respect the rights of workers to remain anonymous and protect the confidentiality of workers.

We have also strengthened our support system for handling grievances and complaints of wrongdoing, clearly defining roles and responsibilities for case management, investigation and reporting. All grievances received are channelled to the newly established Grievance Unit which is a centralised unit at Headquarters (HQ), to capture informal and formal complaints and concerns systematically. This allows us to address issues that can be readily resolved or refer issues to the investigating team when substantive expertise is necessary, and then follow up with the complainant via the call handler to ensure that the issue is resolved in a fair and timely manner.



▲ All workers in our operations are given access to grievance mechanisms

On a weekly basis, the Grievance Committee (GC) and Steering Committee monitor the status of new complaints, on-going complaints, complaints resolved to ensure that they are all appropriately addressed up to the point of resolution within the established timelines. Cases are handled based on the nature of the investigation required, severity of event (as it relates to an ILO indicator) and potential threat to workers, and thereafter reported and deliberated on by the Board Sustainability Committee (BSC) at their meetings. Any cases of wrongdoing are additionally tracked and monitored by the WB Unit, WB Committee and the Board GAC, to ensure that appropriate consequence management actions are taken when wrongdoing has been found.

This enhanced system of central grievances monitoring ensures that our standard operating procedures, terms of reference and our group policies can be updated and developed to reflect issues identified in the field. The system has also helped to improve independence over grievance monitoring and established clarity in the reporting lines.

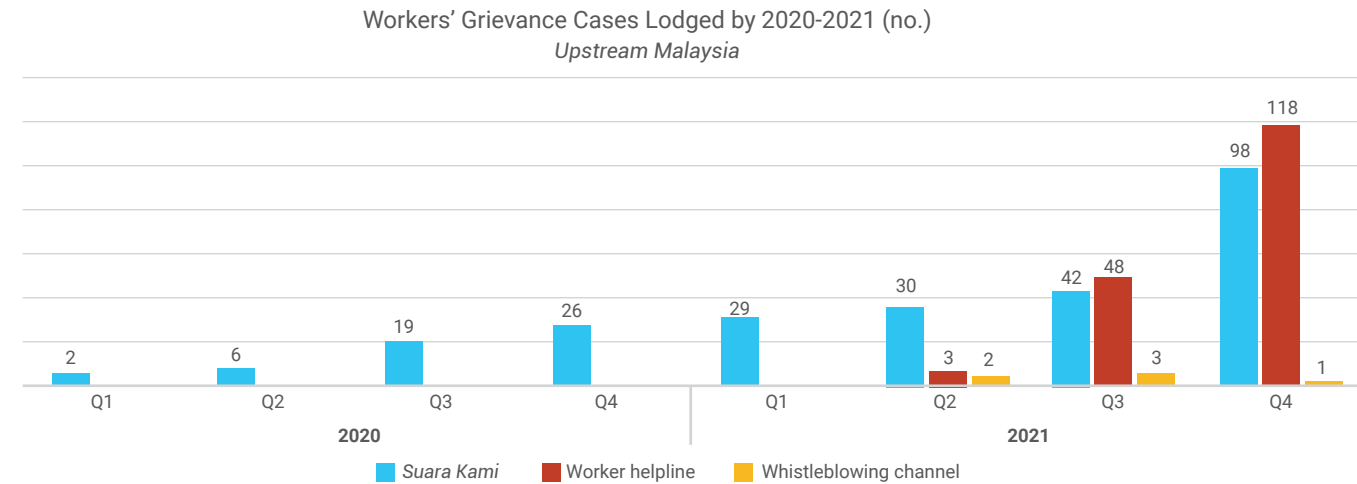
Whilst we acknowledge that the spike in cases has impacted the ability of our investigation teams to complete some investigations speedily, we continue to improve our investigation capability by investing in additional resources. We have increased communications with our workers significantly via briefings during daily morning musters and the fortnightly social dialogues to reiterate that there should be no fear of retaliation and to encourage workers to come forward and share relevant information to aid investigations. The adequacy of investigation teams is also continuously monitored to ensure that anticipated case investigation delays are to be mitigated via acquiring additional support, internally and externally. SDP has developed a set of Frequently Asked Questions (FAQs) to assist call handlers and local operating units. The FAQs will be regularly reviewed to ensure it remains current.

As well as helping us to resolve issues swiftly, this work supports the organisation in identifying human rights risks across our operations, addressing issues expeditiously, to ensure situations do not deteriorate. The periodic meetings of the relevant units and committees which monitor case progress and resolutions ensure a programme of ongoing improvement. Crucially, clear grievance KPI measures have been set to ensure that operating units can show that their workers are aware of the grievance channels and that grievance claims are addressed in line with Group policies, whilst any reports of retaliation against workers are swiftly addressed. Worker satisfaction surveys on the grievance process have also been carried out with over 10,000 responses received from workers. Based on the findings of the survey, 91% of workers were satisfied with the resolution of their grievances and only 1% stated that they do not trust the available channels. In addition, the feedback we obtained will be leveraged upon to further improve our grievance programme. More information on our grievance system and governance is available in our website.

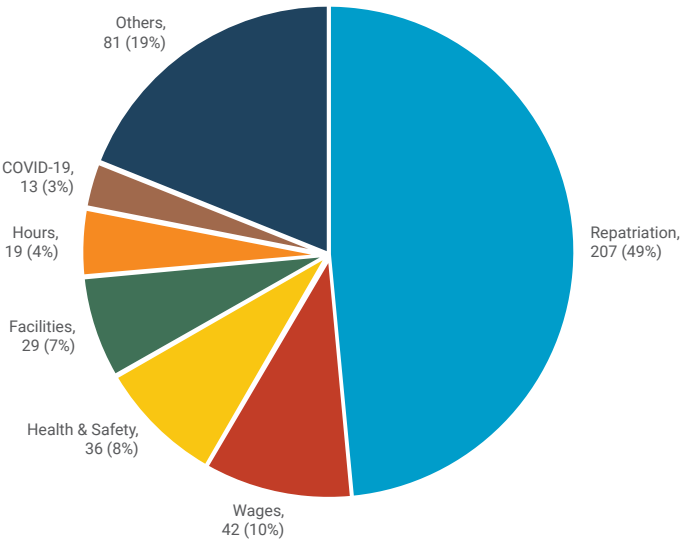
Based on the grievances lodged across all platforms in 2021, the top four types of cases raised were:



SDP has created dedicated programmes and reviewed current measures to address these complaints. We have highlighted actions taken in the relevant sections of this report.



Workers' Grievance Cases Lodged by Nature 2020-2021 (no.,%)
Upstream Malaysia
Total: 427



Note: Examples of grievances raised under 'others' include but are not limited to physical, verbal, and sexual harassment, discrimination, extortion, retention of documents, restriction of movement, resignation, reimbursement payment, recruitment, contracts and bonded labour.

STAKEHOLDER COMMENTARY | NESTLÉ S.A.



Joint Stakeholder commentary | Emily Kunen, Global Sustainable Sourcing Leader, Palm Oil and **William Tan**, Global Category Lead, Vegetables Oils & Fats and Sugar Procurement, **Nestlé S.A.**

SDP is a leader in palm-oil industry innovation and an ideal partner for Nestlé. A worker helpline is a crucial mechanism for safeguarding workers' rights because it allows them to raise grievances about issues they encounter during their employment. SDP and Nestlé are aligned in our desire to protect workers' rights. When we realised that palm oil industry workers in Malaysia lacked such a mechanism, we decided to take action.

That is why SDP and Nestlé partnered with ELEVATE to establish *Suara Kami*, a helpline initially developed for the manufacturing sector, which we adapted and rolled out across SDP's Malaysia operations. *Suara Kami* provides workers with several ways to file grievances, including social media, telephone calls, email, and messaging. Despite taking longer than we anticipated to roll out, the data we collected and the reports we have compiled show that workers have embraced the system and that uptake is driven by its availability in workers' native tongues. Workers are regularly engaged across all sites on using this essential tool.

Nestlé's ultimate goal is to give all workers across our value chain access to *Suara Kami* and to expand the programme to companies other than SDP.

The *Suara Kami* helpline is another step forward in our effort to address social issues in our supply chain through our Human Rights Road Map and our Palm Oil Labour Rights Action Plan. Through these initiatives, we have adopted a holistic approach to social issues instead of addressing them in silos. For example, we are looking at how forced labour and child labour are connected instead of treating them as separate issues. Nestlé's new Human Rights Roadmap allows us to systematically look at suppliers, Human Rights Due Diligence (HRDD) and how it cascades across their supply chains, including their upstream operations. Nestlé has reviewed SDP's Human Rights Charter and concluded that it is robust and transparent, implements effective measures, and is based on solid partnerships.

About the stakeholder: Emily leads Nestlé's sustainability sourcing activities for palm oil and oversees climate-related matters pertaining to forests. She works closely with SDP's team on specific sustainability initiatives. William is the head of procurement for vegetable oils and fats, and sugar at Nestlé. He engages with SDP on procurement and the commercial aspects of sustainability.

WAGES AND DECENT LIVING
[GRI 3-3, 202-1, 401-2]

All workers receive minimum statutory wages based on national labour laws in the countries where we operate. Our plantation workers are paid a daily rate or a per-piece rate which is productivity-based with set volume targets. Harvesters are further incentivised and are paid premiums on additional fresh fruit bunches they collect and harvest. Wage penalty for harvesting of unripe fruit bunches has ceased. Instead, an incentive scheme has been introduced in 12 pilot estates in November 2021 to incentivise harvesters who do not harvest unripe fruit bunches. The impact of this incentive scheme is being analysed for implementation in all operating units.

Improving communication
on wages

SDP is committed to being transparent with employees regarding remuneration. Employment contracts clearly state when and how employees are paid, and salary slips provide easily understandable details on workers' wages. Due to language barriers, migrant workers in Malaysia may face challenges in understanding payslips. In 2021, we updated all payslips at affected operations to Bahasa Malaysia and Bahasa Indonesia. We started supplying Wage Codes Glossary for workers of nationalities other than Indonesian and Malaysian to assist workers in understanding their wage components. Payslips in these workers native languages cannot be implemented due to a system limitation which only recognises alphabets and no other language characters.

We also developed dedicated communication packs in these languages, covering payslip components, minimum wages, working and overtime hours as well as calculation of incentives such as Productivity/Outturn Incentive, Special Gratuitous Payment and Price Bonus. Wage posters in workers' native language explaining wages for daily rated workers, piece rated workers and harvesters as well as wage top-up mechanism to meet the minimum wages was further initiated to ensure clarity on wage components.

Overtime pay for piece rated workers including harvesters were also implemented in 2021. Wages for these workers were previously paid based on productivity regardless of working hours. To maintain a decent standard of living, we guarantee workers a minimum wage even during low-fruit seasons and may assign them other tasks that are not based on volume. We also use 'top-up' systems to ensure they reach minimum wage levels. In high-fruit seasons, workers receive productivity bonuses when they exceed their volume targets.

SDP has reviewed the minimum wage paid to employees in Malaysia to align it

Improving wage payments

To mitigate the possibility of human error arising from manual recording of attendance and productivity databy supervisors, whilst is subsequently keyed into the system manually by checkroll clerks at the operating units an automated system was implemented. This new process automation system through handheld devices by supervisors, records the workers clock in time through QR code, assignment of work and productivity information for calculation of wages.

In addition, control and monitoring of legal compliance on wage deductions are now conducted by HQ to ensure deductions do not exceed 50% of wages earned by workers per month. As a result of our review, a total of 31 wage deductions have been inactivated. Voluntary deductions made by the company on behalf of workers to third parties, such as personal savings schemes, housing/personal loans and voluntary contributions will cease, after operating units assist workers in making alternative payment arrangements with third parties. These loans and contributions are initiated by workers without prior consultation with the company on affordability and impact to their wages. Guideline on Statutory Payments and Deductions to ensure legal compliance on classification of wage components that attract statutory payments were implemented to streamline control measures at the operating units.

with the recent government directive increasing the base salary from MYR1,200 to MYR1,500 and are committed to implement it by May 2022.

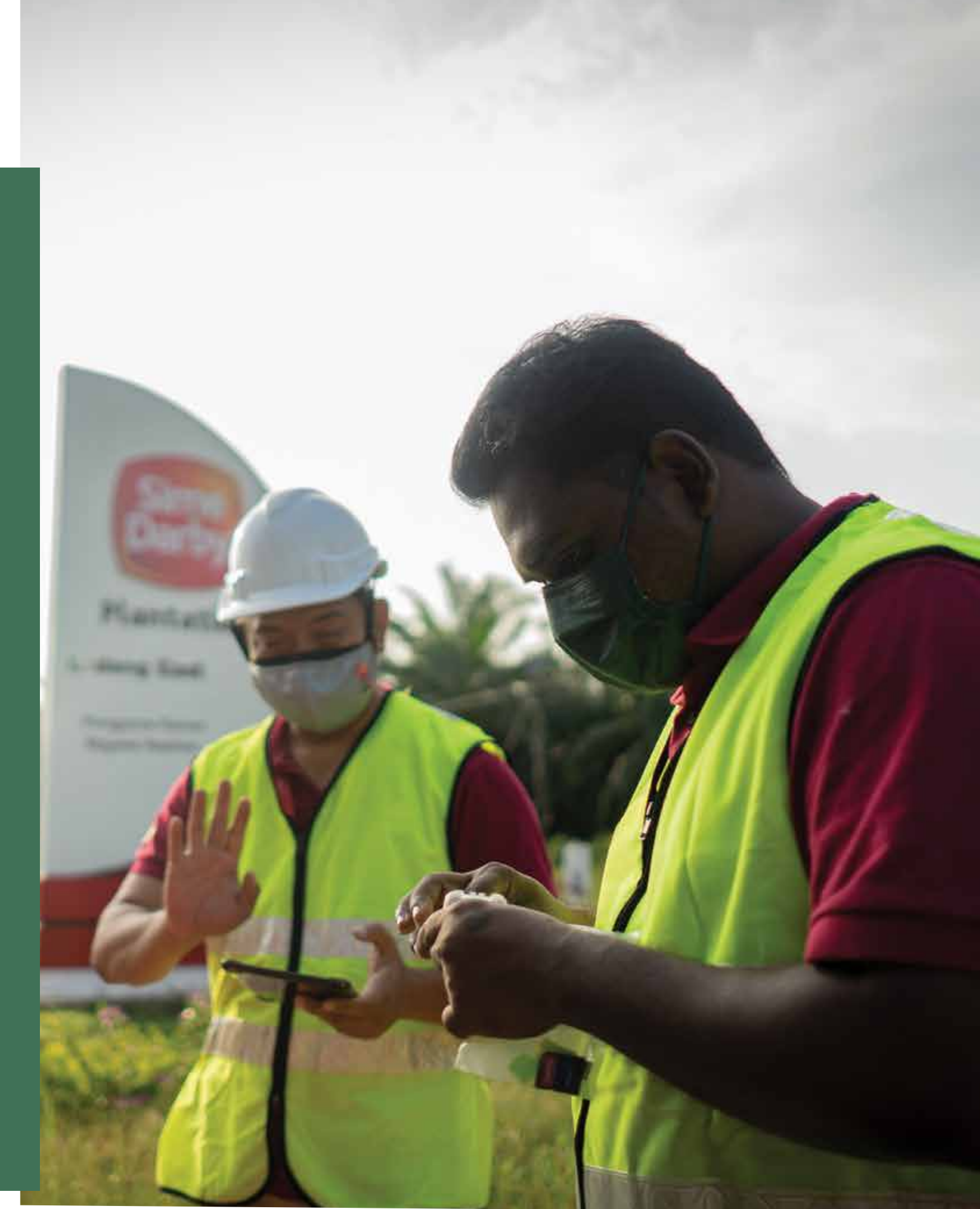
In addition to wages, workers are provided with other in-kind benefits such as housing, access to healthcare, transport to work, childcare facilities, bimonthly supply of rice and subsidised water. Electricity is charged according to usage based on applicable domestic rate. With the added value of benefits provided, workers' take-home pay is higher than legally required. It is also aligned with RSPO guidance on decent living wage provisions and local collective bargaining agreements, where applicable.

Improving workers' housing

All our migrant workers live within our OU compounds in furnished houses with basics as required in the Employees' Minimum Standards of Housing, Accommodations & Amenities Act 1990 (Act 446). In total, SDP owns about 19,000 houses for workers, which are all maintained to specifications and guidelines provided under Malaysian law, including Act 446. Whilst houses vary in terms of size, a typical house for SDP workers would be a three-bedroom unit with a bathroom and a toilet as well as a kitchen, living area and dining area.

In FY2020, new budgets for repairs and maintenance were approved. These budgets amounting to MYR700 per house per annum is ring-fenced and cannot be reduced. As of December 2021, we have built 312 units of new workers quarters and refurbished an additional 1,086 housing units, completing 58% of the planned construction and refurbishment activities scheduled to be completed by the end of 2022.

As at 28th March 2022, 217 handymen as well as electrician/wiremen have been hired across all OUs to assist in the speedy resolution of repair and maintenance requirements. To complement this, a revised Workers Housing and Management Procedure was approved in November 2021. It includes guidelines on preventive maintenance, emergency maintenance and worker and tenant reporting monitoring. A new app, "Oil Palm Pal" was introduced which is a digital housing complaints system. Workers can use the app to log their complaints in their native languages. These complaints are documented and resolutions are monitored.





▲ SDP provides equal opportunities for women to lead and manage estates and mills

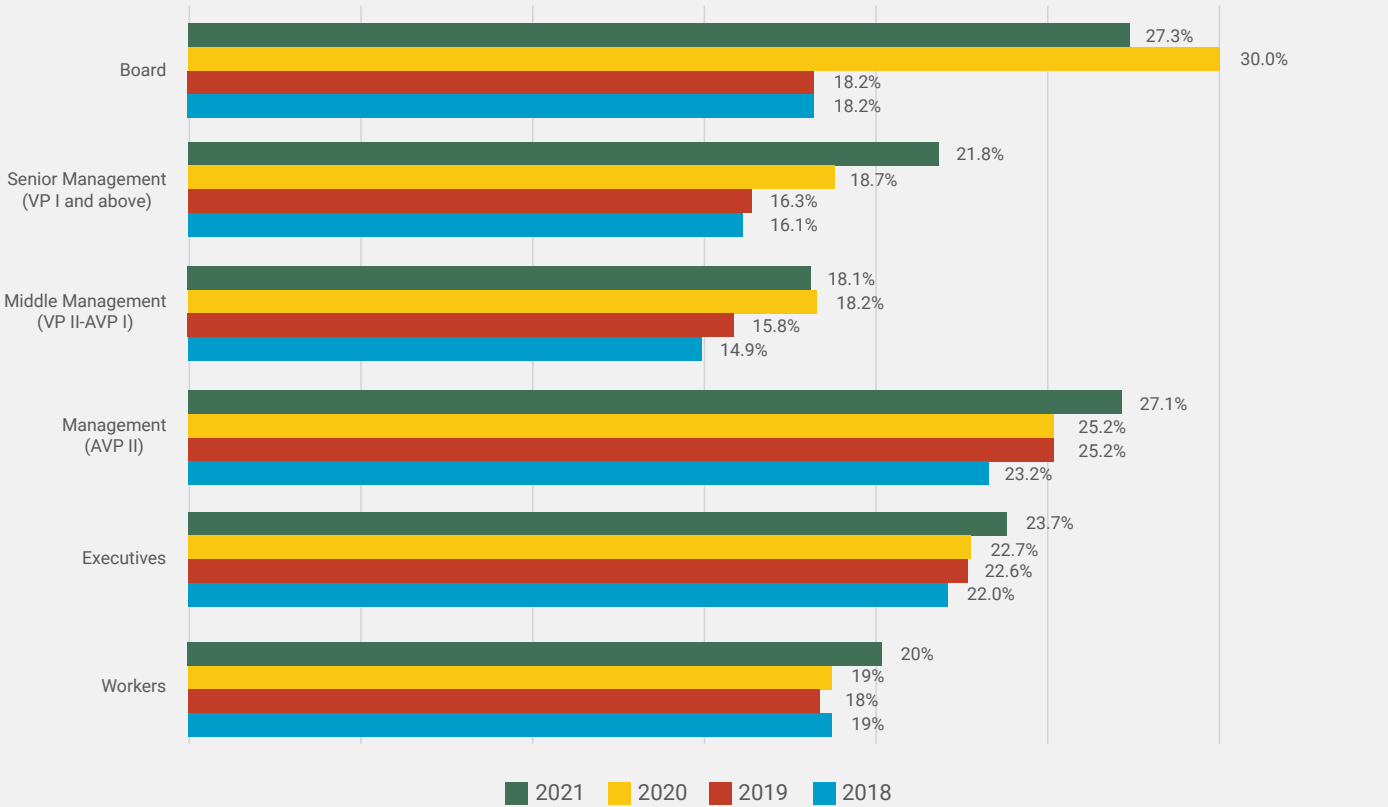
GENDER EQUALITY
[GRI 3-3, 405-1, 406-1]

We strive to promote gender equality at every level of employment at SDP by implementing clear no-gender discrimination policies and running programmes to provide women with fair and equal access to work.

Excluding PNG and Solomon Islands and the UK, SDP employs 12,210 women⁹. This comprises 20.8% of our total workforce. **Our gender-equality programmes have increased female representation across all categories of employment. The most notable improvements were amongst senior managers and managers from 2018 to 2021, whereby the percentage of women employees rose by 5.7% and 3.9%, respectively. A total of 30 women occupy high-level positions at SDP, including three Board members and 27 senior managers (first-tier vice presidents and above).**

⁹ Excluding PNG, Solomon Islands and UK employees, as gender breakdown is not available due to data privacy regulations. This follows the EU General Data Protection Regulation.

Female Representation in Workforce 2018-2021 (%)



- Notes:**
- 1. Data does not include PNG and Solomon Islands and the UK due to privacy laws.
 - 2. VP stands for 'Vice President' and AVP stands for 'Assistant Vice President'.
 - 3. Women's representation on the Board decreased in 2021 due to the appointment of an additional male member.

Women workers at our operations traditionally face challenges balancing work and family responsibilities. SDP does not discriminate and offers equal work for equal pay regardless of gender. We respect maternal and paternal leave regulations according to national laws. Pregnant women and mothers with newborns are assigned jobs which do not expose them to any occupational hazards, at equal pay. They are also provided with dedicated spaces and breaks for breastfeeding and given access to childcare centres during work hours. We also collaborate with local health authorities to support mother and child health programmes such as immunisation, infant health, maternal check-ups, reproductive health awareness, and birth registration at our operations. Visiting medical officers also regularly make rounds at our plantations. Gender committees have been established at all estates and mills to advance workplace discussions affecting women on violence and sexual harassment, women's health, and financial and retirement planning.

Female Manager Development Programme in Malaysia

SDP runs a Female Manager Development Programme (FMDP) at our upstream operations in Malaysia to close the gap between men and women in managerial roles and provide equal opportunities for women to lead and manage estates and mills. The programme offers a combination of formal classroom learning and informal learning through technical on-the-job training and mentoring and coaching by women senior managers. **As of December 2021, three women are working as managers at our operations, one of whom is SDP's first female mill manager.**



▲ Women scientists play essential roles in the success of the Group's research and development initiatives

SIME DARBY PLANTATION'S FIRST FEMALE MILL MANAGER

Nor Azian Anuar is SDP's first female mill manager. Based at our Sandakan Bay mill in Sabah, Malaysia, Azian oversees 121 staff and workers. Leading her team, Azian is focused on making Sandakan Bay mill a model mill that is efficient, fully certified, and stands out in every way. Encouraged by former managers, Azian believes that putting women in positions of authority catalyses change that uplifts the company and the industry.

"Like many women in a male-dominated sector, I had to work twice as hard to prove my capabilities. By rising to the challenge and setting a good example, I can change perceptions and create new opportunities for women in the industry."
– Nor Azian Anuar

WOMEN IN RESEARCH AND DEVELOPMENT

Our Sime Darby Research Centre at Carey Island, Malaysia, is proud to employ a team of women scientists. Led by Head Chemist Norliza Saparin, this team ensures that our products are safe for consumers through research and development in quality control processes.

Product manager Kawsalyavathi Kuppan and Dr Sylvia Kong Pei San of the product development team of the Asian Innovation Centre at Sime Darby Research Sdn. Bhd also play essential roles in optimising products through their R&D initiatives.

"I believe that women can take on great challenges if given the opportunity and space to develop their talent and potential."
– Norliza Saparin

"I am happy to work at Sime Darby Plantation because the company provides continuous training and a mentoring programme to improve my skills and learn from more experienced colleagues."
– Dr Sylvia Kong Pei San

WOMEN IN LEADERSHIP

Recognising the benefits of diversity and gender parity in leadership, SDP appointed Nik Maziah Nik Mustapha as Head of Transformation for our NBPOL business unit in March 2021. The transformation programme that started in 2019 identified 60 initiatives, of which 38 were completed as of December 2020. The cost-optimisation initiatives alone achieved MYR43.24 million in savings, which represents 75% of the overall targeted savings. Nik Maziah, who was previously Chief Integrity & Assurance Officer, contributes her knowledge of governance and operations in maintaining the momentum set from the earlier phase of the transformation. Her leadership is envisioned to inspire and create opportunities for greater diversity within SDP.

A strong focus on gender equality in Papua New Guinea and Solomon Islands

Achieving gender equality in PNG and Solomon Islands is challenging because violence against women, particularly domestic violence, is an endemic and a serious concern. This is mainly due to the prevailing cultural attitude that women have lower status than men. Acknowledging the complexity of the issue, our New Britain Palm Oil Limited (NBPOL) operations strive to provide gender-based programmes that empower women at all their sites.

Launched in 1997, the **Mama Loose Fruit** scheme ensures that women benefit from their families' oil palm blocks. The project introduced the Mama Card, which directly pays women (including smallholders and dependants) for their work. The scheme has over 6,000 Mama Cardholders who benefit from an extra income and directly contribute to the welfare of their families.

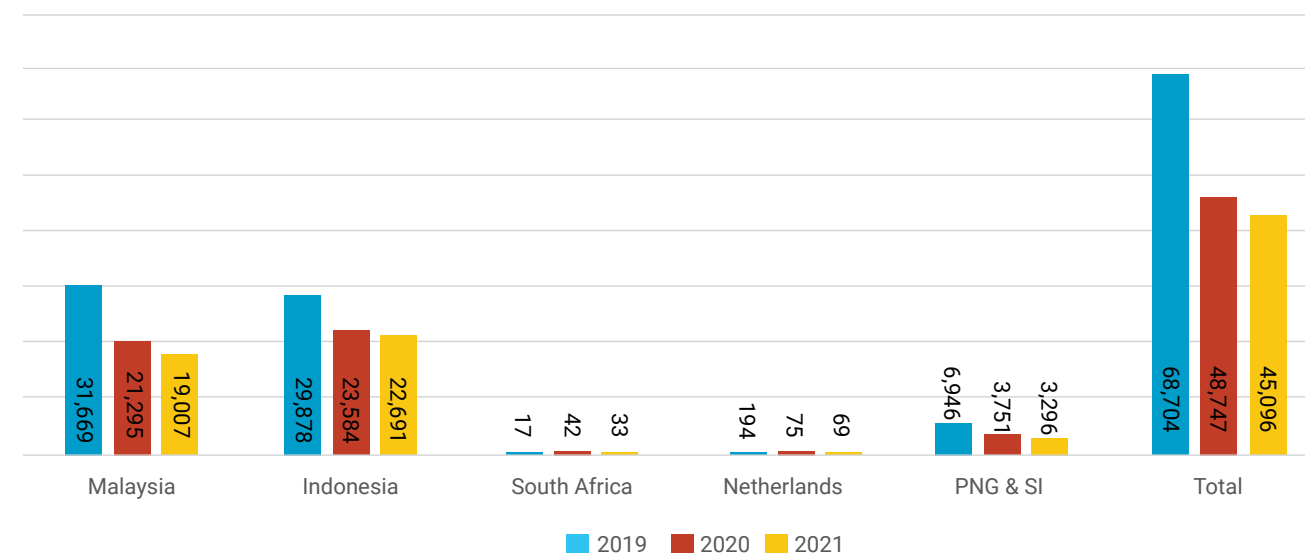
NBPOL has been working with the **Women Empowering Women (WEW)** association in West New Britain to encourage women in PNG and Solomon Islands to use natural resources to generate income. We are also providing a platform to enhance the skills and capabilities of local women whilst raising awareness about gender-based violence.

NBPOL is also engaged in a four-year research programme with Curtin University, James Cook University, the Cocoa Board, the Coffee Industry Corporation, and the University of Technology (Unitech) to identify opportunities and constraints in engaging rural women in small-scale enterprises in Papua New Guinea. The project was launched in 2017 and is funded by the Australian Centre for International Agriculture Research (ACIAR) – latest progress.

FREEDOM OF ASSOCIATION [GRI 2-30, 3-3, 407-1]

We respect our employees' right to enter into collective bargaining agreements and form or join a trade union. Trade unions and collective bargaining agreements vary from country to country, depending on national laws, but generally cover all workers and staff – including executives and non-executives. In the absence of a formal workers' union at certain localities, we encourage employees to form joint consultative councils and other similar platforms empowering workers to raise their concerns and safeguard their rights. In 2021, a total of 45,096 employees, or 56% of our global workforce, were covered by collective bargaining agreements.

Unionised Employees by Country 2019-2021 (no.)



Improving worker-management discussions through 'Social Dialogue'

In October 2021, we took our commitment to workers' rights a step further at our Malaysian operations and piloted a formal 'Social Dialogue' process. It is a platform to encourage discussions between workers and management on matters beyond the scope of collective agreements. Unlike local union discussions where representation may be limited to Malaysian citizens, the Social Dialogue process is inclusive of all workers, including foreign nationals, members from Indigenous communities, and women.

Elected workers' representatives from all nationalities and OU management can discuss issues related to workers' welfare and concerns. Workers' Representatives (WR) are not only appointed through nominations by the workers themselves but are also empowered to suggest improvements. We believe this is the first programme of its kind amongst palm oil plantation companies in Malaysia, and it is hoped that it will become a key platform to discuss many other initiatives.

The following measures support the Social Dialogue initiative:

Implementing a Short Message Service (SMS) voting system to support worker representative election processes

Conducting workshops on listening and speaking skills to support effective discussions

Hosting Social Dialogue sessions by operating units fortnightly or monthly on issues such as PPE, working conditions and housing

Developing an online digital platform to track and monitor the progress on issues raised at social dialogue sessions

The process is supported by a Social Dialogue Toolkit (which includes an escalation protocol for issues that cannot be resolved at OU level, along with guidelines for issues resolution). A clear set of KPIs and a Social Dialogue Online Tracker, developed in-house, ensures the effective and efficient reporting and monitoring of social dialogues, and that issues are resolved in a timely way.

A weekly dashboard showing the progress of the Social Dialogue platform is submitted to the CEO of Upstream Malaysia, the Regional Chief Executive Officers (RCEOs) and Regional General Managers (RGMs) on a weekly basis. They also have full access to the Social Dialogue Online Tracker for their respective locations so they can monitor the issues being raised. For workers in remote locations, we have also developed an offline form for those with limited internet access, and this has already been rolled out. As of December 2021, we have logged more than 200 Social Dialogue sessions across almost 50 operating units.

To validate the effectiveness of the entire Social Dialogue process and ensure consistency across all operating units as per the guidelines included in the Toolkit, we have created Social Dialogue Check Points conducted at different levels and recorded for improvement. These check points focus on reviewing the progress of specific steps, such as the post-training/workshops, issues resolution, Social Dialogue functions and process satisfaction. A Workers Satisfaction Survey is also being rolled out and will be held quarterly which captures the performance of the Social Dialogue initiative and identify areas for improvement.

Feedback from Worker Representatives

"Many changes have happened since Social Dialogue sessions have begun. Issues are often resolved as quickly as two to three days after one of these sessions."

Workers' Representative, Sungai Samak Estate

"Social dialogue sessions solve issues through communication and build trust between workers and managers. Representatives of both sides agree on an issue and discuss solutions, which is better than the previous hierarchical approach that required workers to report an issue to a supervisor, manager, or assistant manager, who would then delegate an assistant to take action."

Workers' Representative, Bukit Selarong Estate

UPHOLDING CHILDREN'S RIGHTS
[GRI 3-3, 203-1, 408-1]

We recognise that child labour is an important concern at palm oil estates. Many workers across our operations live with their families, which increases the chance of children being present at plantations. We take the matter seriously and strive to ensure there are no instances of child labour or any form of child exploitation or abuse at our facilities. We have adopted strict procedures to ensure no persons under the age of 18 are employed in any way at our plantations, even if local laws allow employment at a younger age. For example, in Papua New Guinea, the minimum age for employment is 16.

Nevertheless, keeping children out of our fields is continuously communicated to all workers. SDP will work with relevant NGOs and civil society organisations to implement appropriate remedies if any children are found working at our plantations. To date, no such instances have arisen.

A crucial component of eradicating child labour is ensuring children have access to education. Providing access to free primary and secondary education to all school-age children at our plantations results in regular school attendance. It minimises

the risk of children being physically on-site at plantations and creates opportunities for a better future.

Across all operations, we have built and operate 53 schools for children at our plantations and those from surrounding communities. We also provide transportation and ensure access to government-run and third-party schools, including institutions run by the Humana Child Aid Society and the Indonesian embassy in Malaysia, catering to stateless and non-Malaysian children. In Indonesia and Malaysia, we operate 42 kindergartens and 105 crèches – or daycare centres – where pre-schoolers are cared for whilst their parents are at work.

 Region	 Schools built	 Schools supported	 Kindergartens	 Crèches
Malaysia 		13	21	81
Indonesia 	25		21	24
PNG and Solomon Islands 	28			

Note: Schools supported in Malaysia are run by the Humana Child Aid Society and the Indonesian Embassy in Malaysia, catering to stateless and non-Malaysian children.

Family and children's well-being in East Malaysia

From 29th November to 3rd December 2021, SDP conducted a family and children's well-being assessment at our Sabah and Sarawak plantations. Our goal was to ascertain whether workers may have been compelled to bring children into the fields or children had work to support family households. We also assessed whether children had access to educational services and facilities that ensure their well-being, such as safe play areas.

The assessment showed that parents have strong childcare support and understand the importance of education for their children. Our study concluded that local and foreign workers and their families recognise that their children have better access to schools in Malaysia compared to other countries.

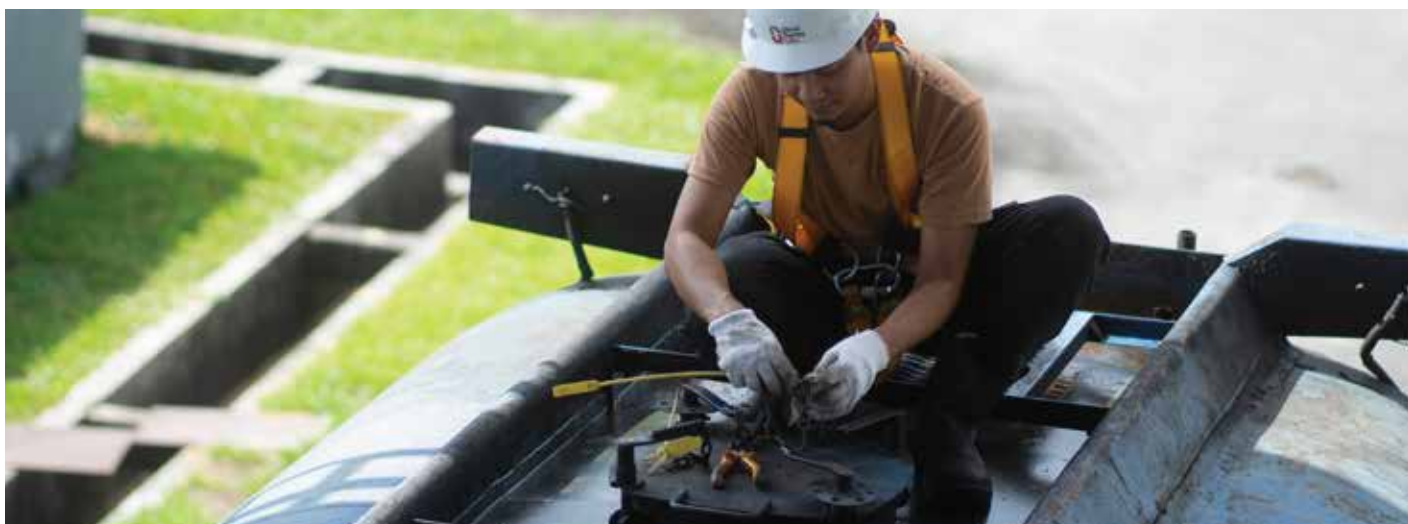
This assessment demonstrated SDP's strong commitment to providing parents with sufficient income to support their families without requiring their children to work. The study also found that the children of estate workers prefer to work in cities and urban environments when they are of legal working age.



▲ Ensuring children's access to education is a crucial component in eradicating child labour in the plantation



▲ SDP offers scholarships, internships and management trainee programmes for young graduates across all our operations



▲ SDP offers current employees continuous opportunities for training and development

HEALTH AND SAFETY: CREATING A ZERO HARM CULTURE [GRI 3-3, 403-1, 403-2, 403-4, 403-5, 403-9]

Protecting the health and safety of our workforce is of utmost importance to SDP, and the COVID-19 pandemic has made this more important than ever. Whilst we continue to address issues related to the pandemic, our overarching goal is to ensure all workers and employees are operating in a zero harm environment.

Our measures are governed by relevant health and safety policies and management systems in line with international standards, such as ISO 45001 and 14001, covering all employees and contractors.

We are compliant to local safety and health laws including the Occupational Safety and Health Act (OSHA). Our downstream operations, Sime Darby Oils (SDO), obtained our first centralised multi-site ISO 14001:2015 and ISO 45001:2018 certifications in July 2021. We also have relevant systems in place to identify hazards, assess risks, and investigate incidents across all operations, in line with the applicable national standards of the countries where we operate.

EMPLOYEE DEVELOPMENT AND SUCCESSION MANAGEMENT [GRI 3-3, 404-2]

Our Human Resources team is dedicated to growing the SDP labour pool by hiring and nurturing new employees and providing them with opportunities to build careers with us. We also offer current employees continuous opportunities for training and development and invest in succession planning to recognise and reward long-serving individuals as they grow with the company. SDP runs dedicated programmes for all employees across divisions and around the world, including offering scholarships, internships, and management trainee programmes for young graduates.

All operations have health and safety committees in place with worker and manager representatives who are consulted on critical issues. We continue to provide employees with free PPE and training on its use, conduct regular health and safety training based on their job responsibilities, and implement corrective action plans in response to any incidents.

Fatalities and accidents

We regret to report seven workplace-related fatalities during the reporting period, six in 2020 and one in 2021. Four of these occurred at our upstream NBPOL operations in PNG and Solomon Islands, whilst two occurred at our upstream Malaysian operations. The seventh was our first downstream operations fatality in 2020 at our Morakot refinery in Thailand. The four fatalities at NBPOL were vehicle-related accidents, and two involved workers hit by company trucks or loaders. In one instance, a worker fell off a moving trailer during transportation. The remaining NBPOL fatality was a road traffic-related incident. One fatality in Malaysia and the fatality in Thailand resulted from falls from heights. The remaining fatality in Malaysia resulted from an injury when a worker came into contact with a sharp sickle.

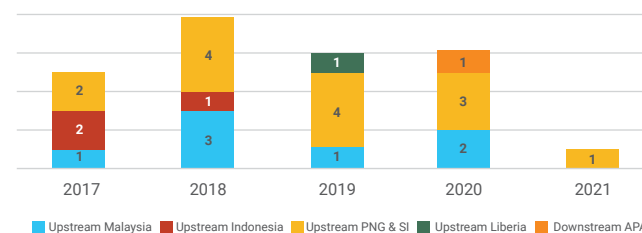
We also recorded six permanent disabilities across our upstream, downstream, and R&D businesses. In three instances, employees were caught in machinery at our site. One harvester in Malaysia was struck by a falling object in the field, and an upstream worker was attacked by a wild crocodile in Indonesia. The fatality at our R&D facility was from a diabetic employee suffering a gangrenous blister.

We have also recorded that the overall severity of accidents at Group level has increased by 36% since 2019, from 3.70 lost days per accident to 5.03 lost days per accident.

The SDP health and safety teams take these concerning numbers seriously. We have taken corrective actions and are implementing stricter safety measures for high-risk tasks. We have also assessed and improved the condition of equipment and work areas related to these incidents, updated workplace SOPs to address maintenance safety, and developed and improved traffic management plans. We have conducted training on these safety measures addressing all types of incidents, including driver training programmes at NBPOL. We are also rolling out a Culture of Care programme, starting at Sime Darby Oils, a zero harm approach initiative to minimise risks that lead to fatalities.

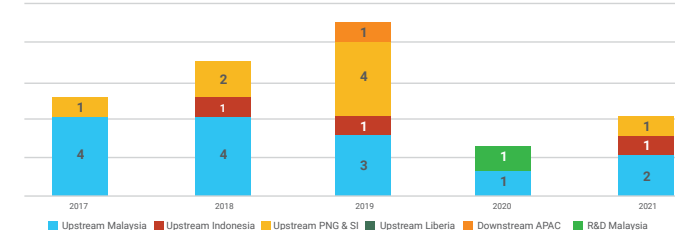
On a positive note, we have made great strides on improving the Group-wide accident rate. **Since 2017, we have seen a 54% reduction in lost-time injury frequency rates (LTIFR), from 16 injuries per one million hours worked in 2017, to 7.3 in 2021.** Our target is to improve accident rates year-on-year by 15%. We met this goal in 2020 but were just shy of meeting it in 2021. Nevertheless, the decline in accident rates year-on-year indicates a positive overall improvement.

Occupational Fatalities by Business Segment and Region 2017 – 2021 (no.)



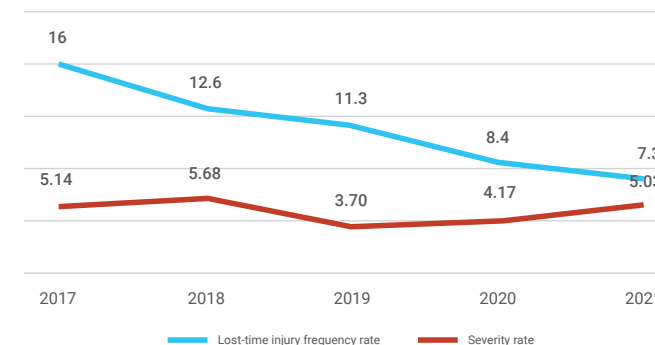
Note: Data up to 2019 includes our former operations in Liberia.

Permanent Disabilities by Business Segment and Region 2017 – 2021 (no.)



Note: Data up to 2019 includes our former operations in Liberia.

Group Employee LTIFR and Severity Rate 2017 – 2021



Notes:

1. Data up to 2019 includes our former operations in Liberia.
2. LTIFR measures productivity lost due to accidents and is calculated as follows: number of accidents divided by total hours worked, multiplied by 1,000,000.
3. Severity rate measures the seriousness of accidents and is calculated as follows: total number of days lost divided by the total number of accidents.

New Culture of Care at Sime Darby Oils

In 2021, Sime Darby Oils assessed our health, safety and environment (HSE) measures using the Hearts and Minds safety culture toolkit. This behavioural health and safety framework, made available by Energy Institute, is designed to identify key areas to implement proactive interventions and develop a strong safety culture. **Following this assessment, SDO created the Culture of Care banner that will guide our HSE initiatives** as part of SDO’s broader transformation programme to boost the value of our business from 2022 to 2025.

Recognising that transformational change starts with leadership, SDO’s senior and middle management teams in Malaysia took part in a series of refresher workshops to improve leaders’ approaches to health and safety by creating a culture-of-care mindset. These workshops combined in-person and online training due to pandemic restrictions.

By 2023, we aim to roll out the Culture of Care programme across all Group operations in two phases: the first will establish programmes and the second will implement initiatives. We have begun integrating some of these components into existing initiatives at our upstream operations.

#SDOCares
What is SDO’s Culture of Care?

SDO’s Culture of Care is a pledge to the well-being of its employees and partners, the success of its customers and the development of communities.

SDO is firmly focused on the future and how it can work hand-in-hand to be a winning team:

SDO provides a safe workplace and a safe environment for everyone

SDO is committed to health, safety and environment in all its business activities

We are individually accountable and jointly responsible for the success of our enterprise

We shall continuously seek to improve our ways of working, our practice and processes

CULTURE OF CARE

New training programme to protect hearing

In 2021, our Malaysian operations embarked on a collaboration with Universiti Kebangsaan Malaysia (UKM) to train and certify 19 OSH officers globally under the structured, evidence-based Dangerous Decibels® programme. This programme trains personnel to reduce the incidence of noise-induced hearing loss (NIHL) and tinnitus (ringing in the ear), which can be a risk in some jobs at operations where there is prolonged exposure to loud noises. In 2022, our trained educators will roll out the programme across all our operations, providing training to all employees exposed to noise as part of their job.

Improving health and safety for workers in Malaysia

SDP pays particular attention to working conditions at plantations and mills. Following the ILO Forced Labour assessment in 2021, we refined worker-centric health and safety measures in Malaysia. We focused on improving health and safety-related living and working conditions to be more worker centric in four key areas:

1. Reviewing safety and health committee structures at operating units and hiring 40 new site safety and sustainability officers across the region,
2. Reviewing Hazard Identification, Risk Assessment and Risk Controls (HIRARC) through engagement with workers, improving hierarchy of controls, and improving PPE and ergonomics management,
3. Improving controls with contractors and vendors by introducing monthly KPIs, and including OSH as a performance indicator when assessing vendors,
4. Improving and streamlining SOPs and documentation to support these improvements.

All SDP workers have access to healthcare and medical facilities across all operations. Employees receive an annual medical check-up from an appointed occupational health doctor. Monthly check-ups by medical assistants, clinic doctors, and visiting medical officers are also available. In Malaysia, we rolled out improved measures based on the ILO indicator assessment in 2021. These include:

1. Improving SOPs on medical access in multiple languages, including making emergency cash available to workers at their first point of entry,
2. Recruiting additional medical assistants and upgrading clinics and facilities; and
3. Revamping the organisational structure, which now includes a Medical Advisory Council, regional-level medical personnel, and medical officers. A Chief Medical Officer is also slated to be appointed in 2022.

In 2021, we also rolled out SDP NEW which stands for Nurturing Employee Wellness - a comprehensive physical and mental health support programme for our employees in Malaysia. More information on the programme is available on page 73 of the Annual Report 2021.



▲ All SDP workers have access to healthcare and medical facilities across all operations

Moving to e-Reporting for unsafe conditions at the workplace

As part of our initiative to embed safety into our work culture, we introduced the SIME programme in 2014. Our Spot, Intervene, Modify, Execute programme was explicitly designed as a behavioural-based safety awareness assessment for employees to identify, mark, and intervene when they encounter unsafe actions and conditions using a physical SIME card. In May 2021, we implemented an eSIME card for online reporting. We offer awards to recognise the efforts of those who implement safe working conditions.

For an overview of our health and safety approaches, see Safety and Health.

COVID-19 cases

Despite all our measures to limit exposure to the coronavirus, 3,945 employees across our operations were confirmed to have contracted COVID-19 in 2020 and 2021. We are deeply saddened to report that 40 of these cases resulted in deaths, with the majority occurring at our Indonesian and Malaysian plantations.

In 2020, we formed COVID-19 taskforces at the head offices of each of our operations to enforce strict measures and procedures that maintain good hygiene, minimise physical interaction between employees, and detect potential cases. We continue to conduct regular briefings, communicate COVID-19 safety measures, and provide hand sanitiser, masks, and other personal PPE to all employees.

See *Managing the COVID-19 pandemic*.

ENGAGING AND EMPOWERING COMMUNITIES



[GRI 3-3, 203-1, 203-2, 413-1, 413-2]

SDP operates over 240 plantations in remote rural areas across Malaysia, Indonesia, and Papua New Guinea and Solomon Islands. It is imperative that we work in partnership with local communities surrounding our operations. As part of our efforts to promote a just transition, we treat our proximity to these communities as an opportunity to promote sustainable development within our plantations and in adjacent areas. Our efforts include building and re-building infrastructure and facilities such as roads, community halls, and health centres to improve or provide access to basic needs like clean water, sanitation, and education. We also aim to support local communities through our operations by providing job opportunities, economic growth initiatives, and alternative livelihood training. We allocate significant resources to local community engagement and partnerships. This approach supports the success of our business but, more importantly, has a lasting impact on improving people's welfare and livelihoods.



UPHOLDING RIGHTS OF COMMUNITIES
[GRI 3-3, 411-1]



▲ SDP sold a 100% stake of our equity interest in Sime Darby Plantation Liberia Inc. in the first quarter of 2020

Due to our strict No Deforestation commitments, we have not developed any land in Indonesia and Malaysia for many years. Our only areas of expansion have been in Papua New Guinea and Solomon Islands, which have low carbon developments in line with the requirements from the RSPO New Planting Procedures and the HCSA. We actively engage with local community leaders and members before any land development to obtain Prior and Informed Consent (FPIC) from communities. This approach ensures that communities impacted by our projects are well informed and that we have obtained permission from landowners who hold legal and customary rights. Our actions are informed by effective conflict resolution frameworks based upon social impact assessments and periodic stakeholder consultations carried out by independent third parties. All our operations conduct regular formal and informal engagements with all local stakeholders, especially at those locations where communities are most affected by our projects.

The reality in PNG and Solomon Islands is somewhat different. We are heavily dependent on communities that control over 97% of the land in PNG and 87% on Solomon Islands. Because most of our landbank is leased by customary landowners, we have adapted our approach to better fit this reality by establishing a due diligence process that truly represents the rightful and customary landowners. Aside from respecting FPIC, we work closely with community members, specifically Incorporated Landowner Groups (ILGs), to determine how to use the land so communities can benefit from our activities. In addition to maintaining a participatory approach to land-use planning, we support landowners with training programmes on practical issues such as intercropping, sound agricultural practices and financial literacy.



More information on both divestments is available in our 2019 sustainability report, pages 66–67: https://sime-darbyplantation.com/wp-content/uploads/2021/12/SDPlan19_SR-Website.pdf

The latest updates to the RSPO PT Mas case can be found here: <https://askrspo.force.com/Complaint/s/case/50090000028ErzsAAC/detail>

Sime Darby Plantation Liberia Inc.

In the first quarter of 2020, SDP sold a 100% stake of our equity interest in Sime Darby Plantation Liberia Inc. (SDPL) to Mano Palm Oil (MPOI). During the course of our ownership, 17 communities filed land-ownership complaints to the RSPO. This was despite carrying FPIC protocols in accordance with RSPO requirements prior to commencing operations in 2009. Whilst the complaints were withdrawn in 2012 following our engagement with The Forest Trust, the organisation helped us develop clearer consent guidelines that serve the best interests of these communities. We continued to work closely with NGOs, the Government of Liberia, the United Mission in Liberia, and the World Bank to collectively address the issues raised to ensure effective engagement and active participation with the affected communities. In 2013 and 2015, agreements were signed with two communities to improve community inclusion and provide compensation. Despite our best efforts, we continued to face challenges, including theft, illegal mills, illegal squatters and land encumbrances. These challenges hampered our ability to plant crops, leading to just 10,300 hectares of development of the total 220,000 hectares, which led us to the sale.

We are acutely aware that indiscriminately handing over our operations to any seller would risk undoing years of groundwork with local communities. As part of our divestment exercise and exit plan, we performed due diligence to ensure the sale to a responsible buyer that will continue SDP's foundational work with local communities. The new owner has committed to an outgrower programme and to developing the upstream and downstream segments of the business with the best interests of local communities in mind. SDP completed a 12-month post-handover transition, including providing technical expertise to the new owner.

Update on RSPO case: PT Mitra Austral Sejahtera

Similarly, in 2019 we divested our interest in PT Mitra Austral Sejahtera (PT MAS) in West Kalimantan after years of working with communities to address land rights issues regarding land status, partnership agreements, and breaches to customary rights raised in 2007. During these years of close engagement and dedication to resolving the RSPO complaint, we made significant progress towards resolving these complex issues. We believe the new owner of PT MAS, PT Inti Nusa Sejahtera, has the capacity to continue assisting local communities in furthering their interests. The sale included a list of conditions that provides additional benefits to the local economy and surrounding local communities.

As of December 2021, the RSPO case raised against our subsidiary by the communities of Sanggau (Kerunang and Entapang), *Transparansi untuk Keadilan* (TuK) remains open. Since 2019, there have been multiple delays in the legal review process and receiving inputs from the complainant. In July 2021, the Complaints Panel issued a final directive that it will deliberate pending the completion of an independent legal review and the delivery of follow-up documentation. We continue to support the resolution of outstanding issues expeditiously through the RSPO system.

COMMUNITY DEVELOPMENT
[GRI 3-3, 203-1, 203-2]

SDP has founded philanthropic arms or developed programmes in each country where we have upstream operations that offer a wide range of programmes in local communities in and around our operations. The Sime Darby Foundation, for example, is governed by a Governing Council with members including our Group Managing Director and managed by a dedicated team. In 2020 and 2021, many of our efforts focused on providing community support based on challenges brought about by the COVID-19 pandemic.





Malaysia

In Malaysia, Yayasan Sime Darby (YSD) or the Sime Darby Foundation – is the joint philanthropic arm of Sime Darby Plantation Berhad (SDP), Sime Darby Berhad, and Sime Darby Property Berhad (our former parent and sister companies). The foundation's social support initiatives include promoting education and offering scholarships to deserving students, promoting the rights and well-being of marginalised communities, improving communities' access to healthcare, and assisting communities with disaster relief and prevention. The foundation also funds impactful conservation programmes and world-class scientific research by developing highly competent local scientists, researchers, and custodians.



▲ Our employees were present in full force to assist flood victims in the post-flood clean-up last December

Relief for extreme floods in Malaysia

In December 2021, Peninsular Malaysia experienced heavy downpours for several days, resulting in unprecedented floods affecting eight states, SDP's operations, and communities surrounding us. Together with YSD, SDP provided aid and assistance, including food supplies and essential items, medical attention, and other on-the-ground aid to meet the immediate needs of local communities in the aftermath of the tragedy. SDP also worked closely with other NGOs in helping the affected areas to ensure that all aid reaches these communities.

We continued to supply aid to flood-impacted workers within our operations and surrounding community members, ensuring their well-being and provided for their immediate needs. As of December 2021, SDP has identified over 1,160 families in the affected areas and delivered assistance to over 950 of them, including 74 families in Kampung Sg. Kurau - an *Orang Asli* village in Carey Island. In addition, SDP also identified four schools in Carey Island for post-flood relief efforts.



Indonesia

Supporting children's education in Indonesia

In 2019 and 2020, Minamas awarded six students a year with full scholarships amounting to IDR250 million through our Minamas Cares programme. The scholarships will allow these students to pursue palm oil industry-related tertiary studies. In 2021, we allocated an equal amount of funding to pay the tuition fees of 25 deserving students.



▲ Students of Universitas Jenderal Achmad Yani Cimahi receiving their scholarship in 2019



Papua New Guinea and Solomon Islands

The NBPOL Foundation in Papua New Guinea and Solomon Islands supports surrounding communities at our operations through donations and contributions to community-based projects and enhancements to education and health establishments. In 2013, NBPOL launched the One-Hour Principle, an initiative to ensure that communities have access to schooling, potable water and health services within a one-hour walk. The Foundation's efforts are focused on meeting community needs whilst also addressing the priorities set out in the UN Sustainable Development Goals and the Papua New Guinea Vision 2050.

» More information of our philanthropic support can be read in the Yayasan Sime Darby Annual Report 2021.

OUR ENVIRONMENTAL RESPONSIBILITY



SDP recognises the inherent value of forests and their biodiversity. We also recognise the scarcity of natural resources and threats from climate change. As a leading agri-business, we have a tremendous responsibility to protect the environment. All our activities are guided by a precautionary approach and our firm No Deforestation policy. We continuously work with all oil palm industry stakeholders, including competitors and suppliers, to deliver long-term positive conservation results. Our commitments are outlined in our **Responsible Agriculture Charter (RAC)**, which was updated in 2020 with clearer language and stronger commitments aligned with the latest industry requirements.

We remain steadfast in complying with all applicable national laws and leading certification standards requirements.

ADDRESSING THE CLIMATE CRISIS



Over the years, we have developed advanced approaches to respond to the climate crisis. SDP has implemented clear operational guidelines for our operations and our supply chains to minimise and avoid greenhouse (GHG) emissions. These have been identified through developments within the industry and SDP's own research.

This year, we have better aligned our annual disclosures to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The table below outlines the key recommendations, and how disclosures are positioned to meet those recommendations. Key areas which are currently under development include quantitative scenario planning and Scope 3 disclosures, which we target to be able to start disclosing by 2023. Throughout this report, a TCFD icon is displayed at the beginning of the relevant sections that highlight our current measures in line with the framework.



		TCFD Recommendation Areas										
		Governance		Strategy			Risk Management			Metrics and Targets		
		Board Oversight	Management's Role	Risk and Opportunities	Impact on Business	Scenario Analysis	Risk Identification	Risk Management	Risk Integration	Metrics	Details of Scope 1 & 2	Targets
		Section in the reports where the disclosures in alignment with the TCFD recommendations are covered										
Annual Report	Chairman's Statement (page 12)	✓										
	GMD's Questions and Answers (page 18)		✓									
	Sustainable Value Creation (page 76)			✓	✓		✓	✓	✓	✓		
	Group Risk Management Framework (page 107)			✓			✓	✓	✓			
	Sustainability Committee Report (page 101)	✓	✓									
Sustainability Report	GMD's Statement (page 3)		✓		✓							✓
	Addressing the Climate Crisis (page 65)			✓	✓	✓	✓	✓	✓	✓	✓	✓
	Sustainability Governance (page 113)	✓	✓									
	Greenhouse Gas Emissions (page 75)									✓	✓	✓

KEY CLIMATE RISKS

The Group's Enterprise Risk Management Framework includes the assessment of internal and external climate-related risks, and are reported to the Board Risk Management Committee. However, key climate-related risks are also deliberated at the Board Sustainability Committee, which are summarised in the table below. The horizons used are short-term (2025 or earlier), medium-term (2030) and long-term (2050 or above).

Risk	Details	Horizon	Mitigation Actions
Physical Risk: Rising Sea Levels	- Based on the latest climate change data released in IPCC Sixth Assessment Report, the Group's Research and Development department conducted a review of a previous study to understand the potential impact of rising sea levels on concession areas. The review looked at various climate change scenarios articulated in the report, namely the different Shared Socio- Economic Pathways (SSPs). Potential Impact: Lower Materiality - Based on the review that was done for a period of up to the year 2100, the R&D team has identified areas which are considered as "Very High Risk" to flooding due to potential rising sea levels. - The review has also identified infrastructure which are at risk to flooding. - There would potentially be a decrease in plantable areas as these high-risk areas may not be suitable for plantation operations in the long-term.	Long-Term	- In the immediate term, mitigation actions are currently underway at the Group's operations which are located at coastal areas, which are prone to flooding. This includes the development of bunds surrounding these areas to ensure that sea water does not intrude into plantation areas. - In the long-term, further studies are to be carried out to assess the suitability of these high-risk areas for future replanting cycles, and renewal of long-term leases.



▲ Projects under our renewables business are aligned with the Group's sustainability goal of lowering carbon emissions



Risk	Details	Horizon	Mitigation Actions
Physical Risk: Changing Weather Patterns	- With the potential changes in weather patterns, there will be a risk of different weathers experienced by the Group in its various operating locations. This includes potential changing rainfall patterns and prolonged droughts, which are not normally experienced by the operations. - One example is include the extreme rainfall experienced in Malaysia at the end of 2021, which resulted in flooding in flood-prone areas throughout Peninsular Malaysia. Potential Impact: Higher Materiality - Extreme weather conditions would potentially have a direct impact on productivity of the upstream operations, where the flooding resulted in the affected estates and mills being unable to operate. If these extreme weather conditions are to be experienced on a more frequent manner in the future, it would have a more significant impact on the productivity of the Group's operations if not mitigated.	Short to Medium-term	- In the immediate term, the operations have already begun to implement mitigation actions at high-risk areas. Examples include the building of bunds in flood-prone areas, and water bodies for water catchment in areas experiencing droughts. - The operations team, together with the R&D team are exploring long-term solutions to ensure that operations are less impacted by the changing weather patterns. R&D is also exploring and leveraging on its genomics programme to build crop resilience to climate change impacts. For more information on SDP's GenomeSelect™, go to page 28.

Risk	Details	Horizon	Mitigation Actions
Physical Risk: Increase in Temperature	- The Group's R&D team conducted a literature review of the impact of temperature rise on oil palm yields. Based on the latest literature available, a temperature increase by 1 to 4°C would have a decrease on the yield between 10% to 41% (Sarkar et al (2020)). - The Sarkar report conflicts with previous literature which stated that an increase in temperature of 5°C would eliminate any yield increase from the rise of CO₂ levels (Corley (2016)). Potential Impact: Higher Materiality - Any climate scenario or SSP which predicts an increase in temperature of more than 1°C would potentially have an impact to the yield of existing oil palm trees if the Sarkar report is accurate.	Medium to Long-term	- Due to the conflicting nature of the various studies reviewed, the Group's R&D team is currently undertaking its own internal study to simulate and validate the effect of temperature rise on yields and generate additional scientific data. - In the medium to long-term, the R&D team is also exploring and leveraging on its genomics programme to build crop resilience to climate change impacts. For more information on SDP's GenomeSelect™, go to page 28.



Risk	Details	Horizon	Mitigation Actions
Transition Risks: Increased Regulatory Requirements	- As an outcome of COP26, and the increased attention to climate change globally, governments are introducing policy and regulatory frameworks at a faster pace in their efforts for climate action. - Markets such as the EU are introducing due diligence requirements of supply chains into the EU on deforestation and sustainability, and the Carbon Border Adjustment Mechanism, amongst others. - Malaysia has made a commitment to become a net zero nation by 2050 and plans to introduce regulatory measures to support that commitment. This includes the introduction of a local carbon market in the future. The Indonesian Government will also be gradually introducing a carbon tax. Potential Impact: Higher Materiality - If SDP does not decarbonise its operations in line with future regulatory expectations, there will be potential additional compliance costs which may be incurred by the Group to access these markets. Failure to meet these future compliance requirements may also lead to potential limitations to SDP's access to these markets.	Short-term	- The Group has already embarked on its decarbonisation journey since 2012. Key efforts taken by the Group to decarbonise its operations include: - Reduction of SDP's operational emissions through its renewables initiatives (methane capture, solar) - Sequestration of emissions through nature-based solutions, conservation and reforestation efforts across the Group - Efforts to eliminate deforestation within the Group's global supply chain via increased traceability and No Deforestation, No Peat and No Exploitation (NDPE) compliance - The Group is also currently exploring options on how to achieve Net Zero emissions. For more information on SDP's response to climate change, go to page 23.

Risk	Details	Horizon	Mitigation Actions
Transition Risks: Increased Customer Requirements	- As global expectations have increased for corporations to accelerate climate action, there is already an increase in scrutiny from customers with strong sustainability commitments to extend their climate commitments to their supply chains. - Currently the Group complies to customers' NDPE requirements, especially on deforestation. As a result, SDP's strategy as a Group has shifted to focus on increased productivity and the downstream business expansion rather than upstream landbank expansion. - Customers with more progressive sustainability commitments are being more actively involved in reducing their Scope 3 emissions by working with their suppliers to implement programmes to reduce supply chain emissions. - The trajectory of this may potentially lead to stronger climate change requirements as part of customers' responsible sourcing policies in which the Group would need to comply with. Potential Impact: Highest Materiality - If SDP does not decarbonise its operations in line with future customers' requirements and expectations, there may be a potential for an increase in compliance costs to further reduce SDP's carbon intensity, or potentially the risk losing to these customers.	Short-term	- The Group has already embarked on its decarbonisation journey since 2012. Key efforts taken by the Group taking to decarbonise its operations include: - Reduction of SDP's operational emissions through its renewables initiatives (methane capture, solar) - Sequestration of emissions through nature-based solutions, conservation and reforestation efforts across the Group - Efforts to eliminate deforestation within the Group's global supply chain via increased traceability and No Deforestation, No Peat and No Exploitation (NDPE) compliance - SDP is actively partnering with customers to collaborate in various climate action initiatives. - SDP is also actively working with customers to jointly implement initiatives to combat climate change. For more information on SDP's response to climate change, go to page 72. - The Group's GenomeSelect™ programme by R&D mitigates the issue of landbank expansion by potentially increasing yields on existing landbank to improve productivity.

A DEEP DIVE INTO PHYSICAL RISK: RISING SEA LEVELS

The latest Intergovernmental Panel on Climate Change (IPCC) Report released in 2021, named Shared Socio-Economic Pathways (SSPs), defined various climate change scenarios. Each SSP covers a broad range of GHG and Air Pollutant futures with scenarios of with and without climate change mitigation pathways.

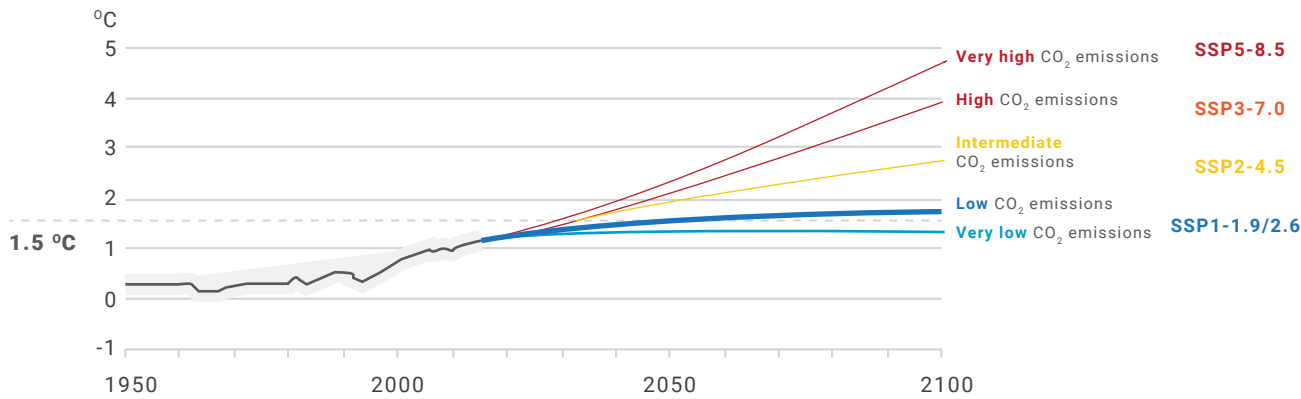
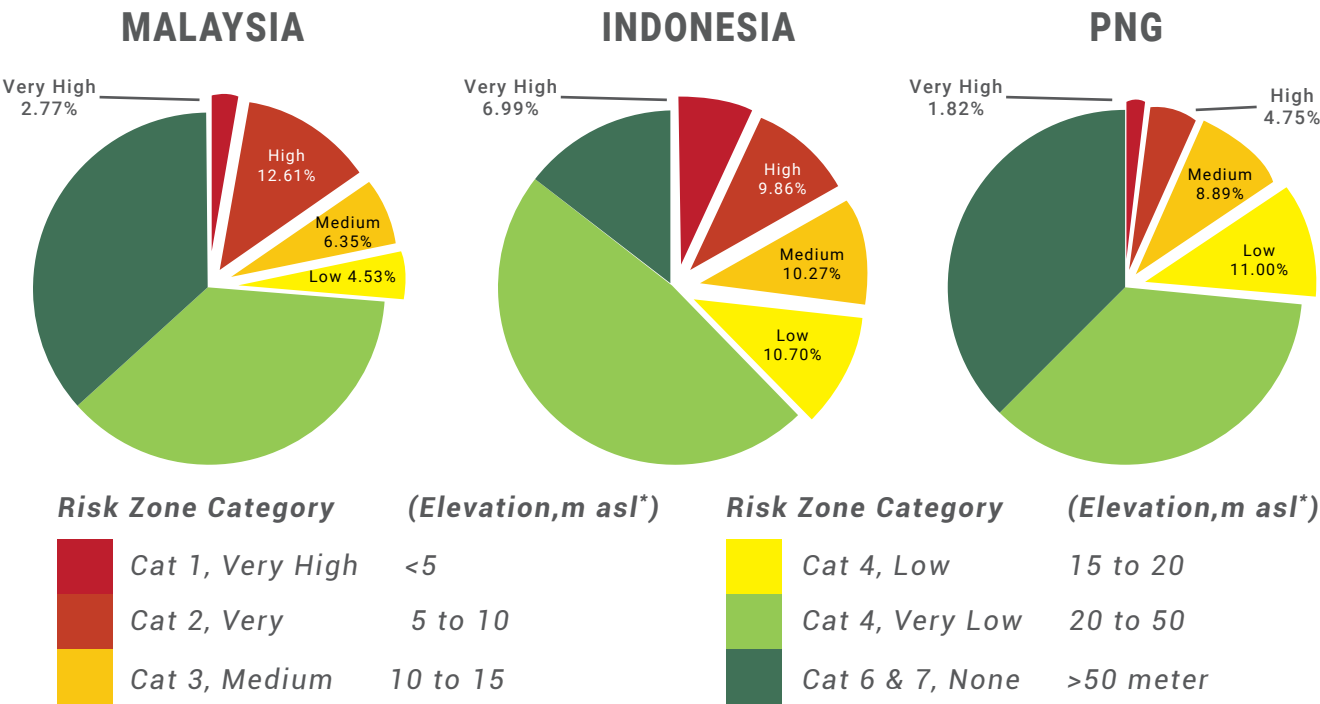


Chart: Projected temperature increase of various SSP scenarios by 2100. (Source: IPCC 6th Assessment Report)

For example, SSP5 narrates a scenario where there is “fossil-fuelled development with high challenges to mitigation, and low challenges to adaption”. The Group’s R&D team conducted a study to understand the implication of the projected rising sea levels against the Group’s concession areas and infrastructure. Based on the data released in the IPCC 6th Assessment Report in 2021, the Group’s R&D team looked at the various SSP scenarios and the global mean sea level rise by 2100 for each SSP. Utilising data from IPCC’s sea level rise projection tool and overlaying it against the digitised maps of the Group’s concession areas and data on elevation above sea level for these areas, the R&D team has identified areas which are considered as “Very High Risk” to flooding due to potential rising sea levels by 2100:

- Malaysia: 2.8% of total landbank (~9,5k ha)
- Indonesia: 7.0% of total landbank (~18,6k ha)
- Papua New Guinea/Solomon Islands: 1.8% of total landbank (~2,6k ha)



Risk Zone Category	(Elevation,m asl*)	Risk Zone Category	(Elevation,m asl*)
Cat 1, Very High	<5	Cat 4, Low	15 to 20
Cat 2, Very	5 to 10	Cat 4, Very Low	20 to 50
Cat 3, Medium	10 to 15	Cat 6 & 7, None	>50 meter

*Meter above sea level

The impact of rising sea levels would mean that these areas are at a high-risk of being underwater by 2100, leading to potential loss of plantable areas and loss of infrastructure situated within these areas (e.g. roads, housing). Understanding the long-term risks of these areas enables management to proactively feed this information into the long-term plans for replanting and during the process of renewal of leases, if applicable for those leases. These very high-risk areas identified will also be prioritised for short-term mitigation actions for flooding.

OUR CURRENT CLIMATE-RELATED STRATEGIES

INVESTMENTS TO MINIMISE UPSTREAM OPERATIONAL GHG EMISSIONS

- **Biogas plants:** Investing in biogas plants at mills to tackle SDP’s largest emission source within our upstream operations. With these investments, we target to reduce emissions by 50% for upstream operations by 2030 against the 2009 baselines. **Scope: Malaysia, Indonesia, PNG**
- **Solar energy:** Implementing solar PV systems for SDP operations and supporting Malaysia’s national schemes by leasing land for solar power generation systems. **Scope: Malaysia**
- **Operational efficiency:** Continuously finding ways to improve operational efficiency with regards to energy, water, waste and chemical use. **Scope: SDP globally**

*See SR2021 sections: Reducing GHG emissions, Energy management, Investing in renewables, Operational efficiency

IMPLEMENTING NATURE-BASED SOLUTIONS

- **Conservation areas:** Identifying and setting aside areas for conservation with plans to protect and restore these areas.
- **Tree planting initiatives:** Conducting large-scale tree planting initiatives to boost sequestration and insetting / offsetting carbon footprint .
- **Scope: Malaysia, Indonesia, PNG, Solomon Islands.**

*See SR2021 section: Conservation and biodiversity enhancement

ELIMINATING DEFORESTATION WITHIN SUPPLY CHAINS

- **Monitoring, engaging and supporting suppliers and smallholders** to tackle deforestation in supply chains, in line with our Draw the Line Policy. We target to ensure our supply chains are 100% deforestation-free by 2025.
- **Maintaining transparency** of progress with supply chains through our traceability and Crosscheck platforms. We target to achieve 100% traceability by 2025.
- **Engaging in partnerships** and multi-stakeholder initiatives on latest technologies and addressing challenges faced in supply chains
- **Scope: Malaysia, Indonesia, PNG, Solomon Islands, Thailand**

*See SR2021 section: Responsible Sourcing

FOCUS ON YIELD

- **Significantly investing in R&D** to boost yield and develop crop that is resilient to climate impacts
- **Scope: Malaysia, Indonesia, PNG, Solomon Islands.**

*See SR2021 section: Breakthrough innovations for sustainability

OUR NET ZERO ASPIRATIONS

Our next step is to develop and deliver a net zero target in line with global and national pledges and align our reporting with leading frameworks.

In 2021, we preliminarily mapped our existing upstream measures against the Taskforce on Climate-Related Financial Disclosure (TCFD) recommendations and subsequently engaged PricewaterhouseCoopers Malaysia to conduct a qualitative assessment. This exercise included reviewing the alignment of our current climate practices to the 11 TCFD recommendations and assessing future commitments and potential gaps in a comprehensive TCFD roadmap.

Internally, our R&D teams have also begun climate-related scenario analyses to determine plausible future scenarios that will allow us to understand and quantify risks and uncertainties that may arise. We are assessing the financial implications and capital expenditure requirements of investments in facilities to support carbon reduction plans. We are also enhancing our understanding of our carbon footprint to include our downstream operations. In 2021, we began quantifying our most material Scope 3 emissions, which we plan to disclose in 2023.

These recommendations and our internal analyses will help inform our strategy and develop our roadmap to meet our aspirations of becoming a net zero company.

This sustainability report introduces our current alignment with the TCFD framework. We aim to improve our disclosures in line with the recommendations in future reports. Throughout this report, we have included a TCFD icon at the beginning of sections that highlight our current measures in line with the framework. Key areas we are working on for future reporting cycles include Scope 3 emissions and more detailed and quantitative scenario analysis disclosures.



GHG EMISSIONS
[GRI 3-3, 305-1, 305-2, 305-4, 305-5]



SDP uses the GHG Protocol accounting standards to calculate our Scope 1 (direct emissions from our owned and controlled sources) and Scope 2 emissions (indirect emissions generated from purchased electricity, steam, heating, and cooling) at our upstream and downstream operations. We have begun mapping our most material Scope 3 emissions across the SDP supply chain and target to start disclosing in 2023.

In 2021, our Group operational GHG emissions amounted to 2,814,766 tonnes of carbon dioxide equivalent (MT CO₂e): 2,653,795 MT CO₂e for Scope 1 and 160,970 MT CO₂e for Scope 2. These figures cover our upstream and downstream business units and now include three additional downstream facilities: our soya refinery in Thailand and our two copra crushing facilities in Papua New Guinea¹⁰. Due to the inclusion of these units, our operational GHG emissions were 2.1% higher than 2020. As we generate our own electricity at our upstream operations in Indonesia, PNG and Solomon Islands, we do not have Scope 2 emissions in those countries.

Our primary emission source derives from methane emissions from treating effluent mainly from mill processes, accounting for 66% of our total generated emissions in 2021. Emissions from boilers at mills (12%), fertiliser use at plantations (8%) and purchased electricity (6%) are the next biggest emitters.

We also use the latest version of the RSPO PalmGHG calculator to understand our emissions from land-use change, which is key for agricultural companies assessing the impact of converting natural land. In 2021, emissions from our planting and replanting activities amounted to 6,073,182 MT CO₂e. However, our operations also sequestered 5,374,301 MT CO₂e from all oil palm trees. **Including our operational GHG emissions and crop sequestration, our net GHG emissions were 3,513,648 MT CO₂e.**

In future reports, we will include sequestration data from our conservation initiatives. To date, we have planted over 1.89 million trees that have the potential to sequester an estimated 90kg CO₂e per tree planted after five years of planting, resulting in more than 84,000 MT CO₂e annually.

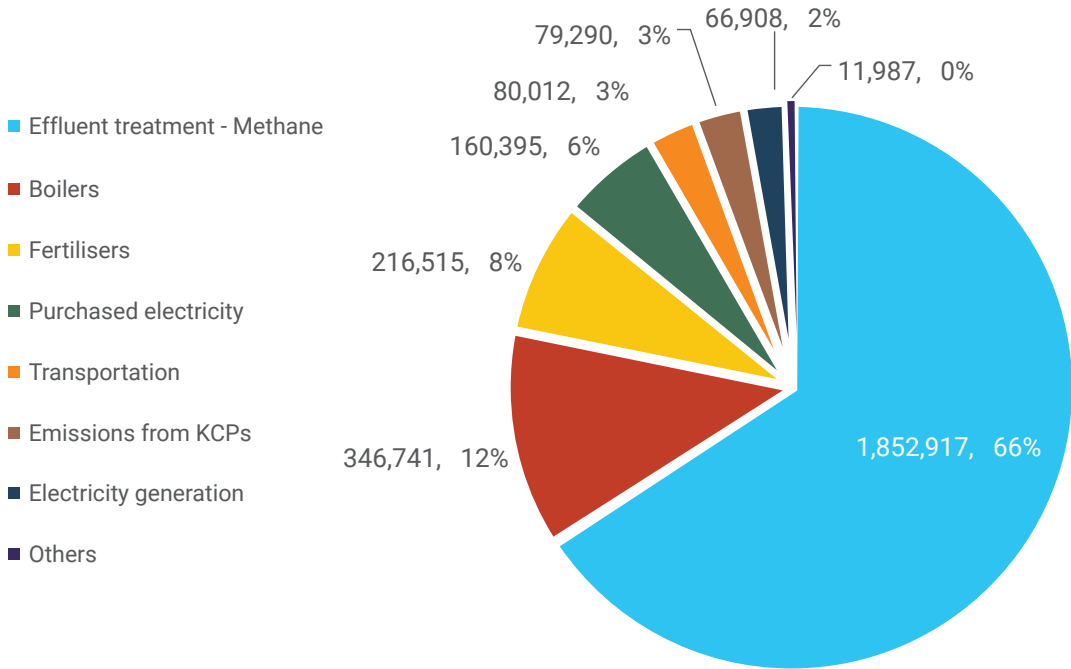
Scope 1 and Scope 2 emissions by business segment 2020–2021 (MT CO₂e)

	2020	2021
Scope 1		
Upstream Malaysia	1,243,584.82	1,197,130.48
Upstream Indonesia	709,749.09	772,051.21
Upstream PNG and SI	395,368.35	447,744.83
Downstream	242,137.52	236,868.92
Sub-total	2,590,839.78	2,653,795.44
Scope 2		
Upstream Malaysia	50,914.63	49,889.30
Upstream Indonesia	-	-
Upstream PNG and SI	-	-
Downstream	115,434.53	111,080.96
Sub-total	166,349.16	160,970.26
Total	2,757,188.94	2,814,765.70

Note: Emissions calculated according to GHG Protocol methodology for upstream Malaysia, upstream Indonesia, and downstream business units. Emissions for upstream PNG and Solomon Islands are based on the output of RSPO PalmGHG calculator and mapped into Scope 1 and Scope 2 categories. Scope 2 emissions are not applicable for upstream Indonesia and NBPOL as their operational activities are already covered in Scope 1 using generated electricity (majority derived from biomass utilisation).

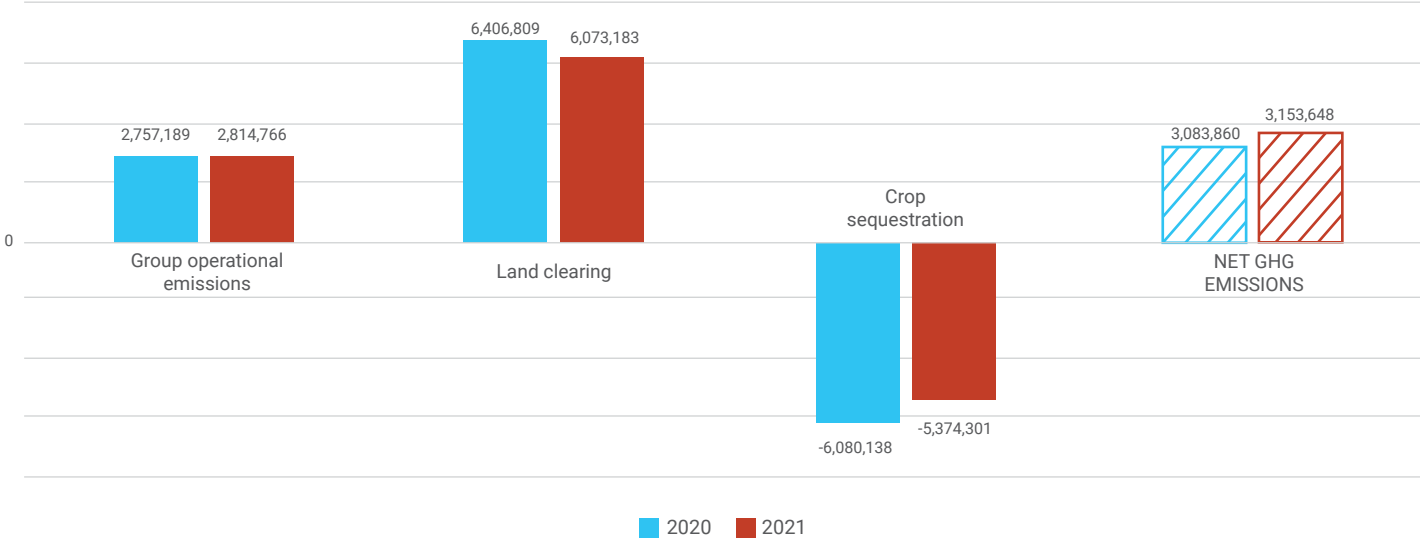
¹⁰ Whilst non-palm commodities are out of scope of this report, we are including crop such as coconut and soya in our Group-level GHG emission calculations.

Group Operational GHG Emissions by Source 2021 (MT CO₂e, %)



Note: 'Others' include agricultural, stationary, and heavy machinery, and purchased steam.

Group Net GHG Emissions 2020-2021 (MT CO₂e)



Notes:
1. Due to auditing cycles, GHG data in this section reflects the data from the previous year.
2. Historical land use change (land clearing and crop sequestration) data for 2020 is restated.
3. We will revise future data collection methods to include sequestration from conservation areas and peatland oxidation.



▲ Our Merotai Biogas Power Plant in Sabah, Malaysia uses a covered anaerobic lagoon system for biogas production, and is one of SDP's 12 biogas facilities in operation

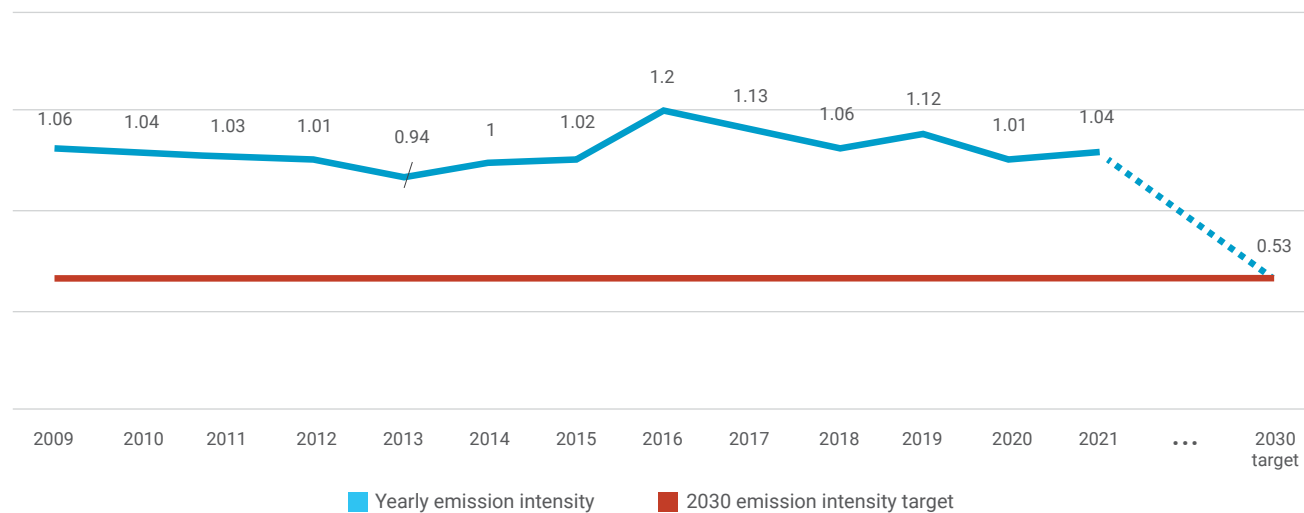
UPSTREAM GHG EMISSION INTENSITY

We track GHG emission intensity at our upstream operations in Malaysia, Indonesia, PNG and Solomon Islands. In 2020, our GHG emission intensity was 1.01 tonnes of carbon dioxide equivalent per tonne of crude palm oil/palm kernel(MT CO₂e / MT CPO/PK), almost a 10% reduction compared to 2019. This is mainly due to a reduction in fertiliser usage and agricultural machinery in 2020. However, in 2021, there was a slight increase in emissions contributed by a new palm kernel crushing plant in NBPOL. In addition, some of our biogas plants were under repair in 2021, thus slightly increasing our emission by 2.9%.

In 2019, we published a target of reducing our GHG emission intensity for our upstream operations by 40% against our 2009 baseline by 2030, which would be achieved by operationalising biogas plants. **In 2022, we have revised GHG emission intensity target in line with our strengthened commitments to address climate change and support our planned net zero strategy. Our new target is to achieve a 50% reduction by 2030 through our biogas programme.**

In 2021, our reduction was 1.9% compared to our baseline. We recognise the decisive action we need to take to meet this target is to ramp up our biogas initiatives.

GHG Emission Intensity 2009 – 2021 (MT CO₂e/MT CPO/PK)
Upstream Operations



Note: GHG emission intensity data for 2016–2018 has been restated from our previous report.



Downstream carbon reduction initiatives

Understanding our emission intensity at our downstream operations can be challenging due to the range of products and various processes at each operation. In 2021, Sime Darby Oils (SDO) identified 54 carbon reduction projects across several of our operations. These initiatives include:

- Reusing effluent water in cooling towers
- Improving the efficiency of heat recovery systems to use zero steam
- Improving pipe and vessel insulation to reduce energy costs
- Using alternative fuel for steam generation
- Reducing steam consumption by utilising recovered water condensate
- Installing ice condensing system in refineries.

In 2022, we will explore establishing a reduction target in line with our overall strategy at our downstream operations.

RENEWABLE ENERGY

Our renewables business, under Sime Darby Plantation Renewable Energy Sdn Bhd (SDPRE), is primarily focused on three main strategies to reduce carbon emissions.

Overview of renewable energy projects

Country	Installed and operational	Under construction in 2022	Future plans
Malaysia	8 biogas plants	7 biogas plants	Additional 7 biogas plants by 2023
	5 SDP solar systems	5 SDP solar systems	62 SDP solar systems by 2025
	1 large-scale solar project	12 large-scale solar projects	-
Indonesia	2 biogas plants	1 biogas plant	Additional 7 biogas plants by 2030
PNG and Solomon Islands	2 biogas plants	1 biogas plant	Additional 5 biogas plants by 2027



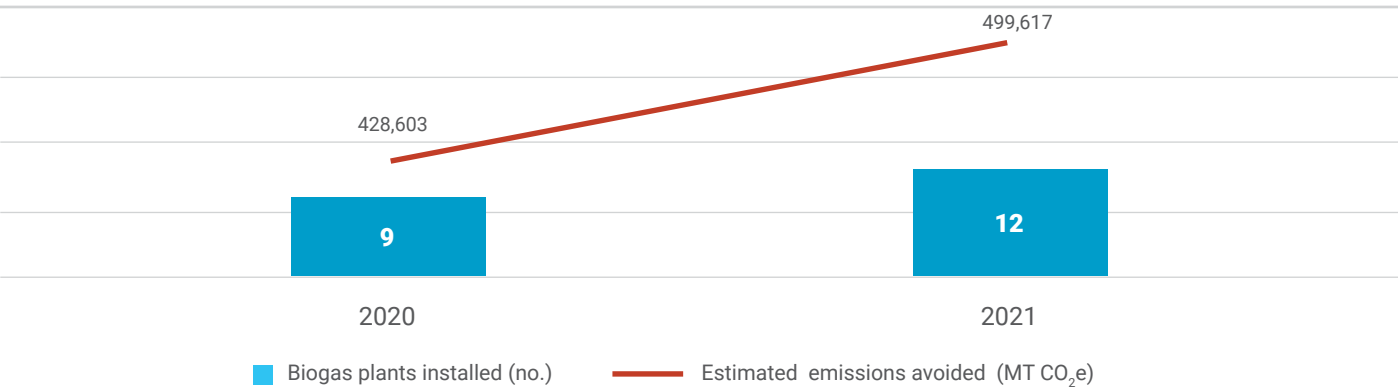
BIOGAS

Installing methane capture facilities and biogas plants at our mills is vital to our carbon reduction strategy. Methane captures target fugitive methane emissions released as by-products of the anaerobic digestion of palm oil mill effluent (POME). The methane is either flared and converted to carbon dioxide with a much lower warming potential or further processed as biogas to generate energy – either as electricity that feeds into the national grid, bio-compressed natural gas, or captive power.

As of December 2021, we have 12 operational biogas plants across Malaysia, Indonesia and Papua New Guinea. Of these, four were newly commissioned in Malaysia: one in 2020 and three in 2021. In total, our biogas plants have contributed to an estimated 499,617 MT CO₂e reduction in total emissions, representing 71,603 MT CO₂e or 16% more than 2019, when only nine biogas plants were in operation.

Moving forward, we will significantly expand our biogas programme, which is critical to our carbon reduction and net zero strategy. Five biogas plants are under construction and will be operational by 2022, and we have plans to commission an additional 16 by 2025, half of which should be completed by 2023. We aim to have 68 plants in operation by 2030 – or at least one at every mill we operate.

Emissions Avoided due to Biogas Plants 2020-2021



Notes:
 1. Total emission reduction calculations exclude two facilities in Malaysia because they were under repair.
 2. It can take up to one year for a facility to reach full capacity and achieve optimum efficiency. Therefore, emission figures are not directly correlated to the number of facilities year-on-year but reflect those operating at their respective efficiencies in previous years.

SOLAR

To support our carbon reduction plans, SDP Malaysia began installing photovoltaic (PV) systems in 2021. These are situated on the rooftops of our buildings and our land assets. As of December 2021, five solar systems have been completed at each of our regional upstream offices and our biodiesel plant in Carey Island. **The five completed PV systems generate 1,154,218 kilowatt-hours (kWh)/year, which can power up to 279 houses a year, and the electricity generated in 2021 resulted in 658 MT CO₂e of emissions avoided.**

A further five systems are under construction. We plan to install 62 systems across all our Malaysian operations by the end of 2025 and expect to generate 22,991,590 kWh/year, contributing to a reduction of 13,105 MT CO₂e.

Supporting Malaysia's carbon reduction plans
 SDP has also long-supported Malaysia's national carbon emission reduction agenda, the Malaysia Renewable Energy Roadmap (MyRER). In 2018, SDP leased land to PLB Green Solar Sdn Bhd for the development of a 20-megawatt (MW) solar project for national consumption under the country's Large Scale Solar 1 (LSS1) scheme.

This project covers 28 hectares in our Byram Estate in Penang, Malaysia and generates 29,200,000 kWh/year – enough electricity to power 7,053 houses a year. This facility has contributed to a 16,644 MT CO₂e against Malaysia's emission reduction targets.

The Malaysian Government recently approved plans for the construction of 12 additional plants on SDP land under the LSS4 scheme in 2022 and 2023. Once operational, these systems will generate almost 490,000 megawatt-hours (MWh) of electricity, contributing to a reduction of 279,611 MT CO₂e against Malaysia's emission reduction targets.



▲ The Large LSS1 project at our Byram Estate in Penang, Malaysia generates 29,200,000 kWh electricity/year



BIOMASS

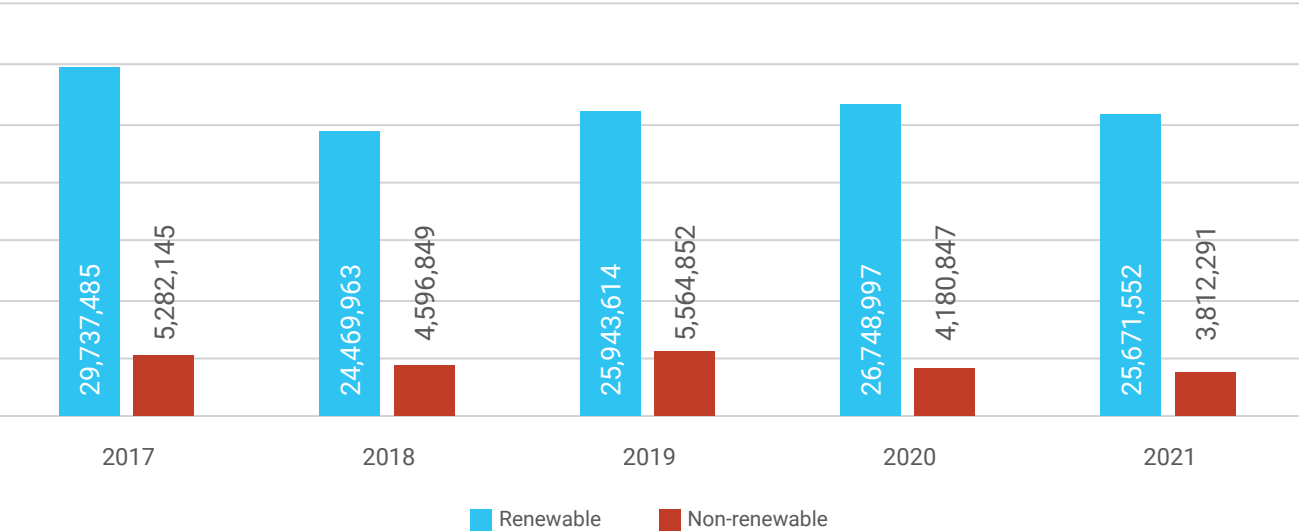
We recycle the by-products of our upstream processes back into our operations as biomass. Our empty fruit bunches (EFB) are reused at our plantations as compost, POME is treated and used to irrigate fields, and palm kernel shells (PKS) are used as fuel for boilers at our mills. We are also exploring opportunities to sell EFB, PKS and oil palm trunks (available after trees are felled) to interested companies in Japan for fuel. Doing so will significantly support our plans to reuse waste and offset emissions.

ENERGY USE

[GRI 3-3, 302-1, 302-4]

In 2021, our Group-wide upstream operations used 28,405,157 gigajoules (GJ) of energy. **Over 80% of the energy consumed comes from renewable sources, namely biomass, biodiesel and other liquid biofuels.** The remaining 20% of our energy comes from non-renewable sources such as diesel, electricity, petrol, and liquefied petroleum gas. Embracing renewable energy has led to approximately 1.8 million MT CO₂e of emissions avoided to date/annually.

Group Energy Usage by Source 2017 – 2021 (GJ)



CONTROLLING AIR EMISSIONS AT MILLS

Unlike our refineries, which operate on natural gas, we recognise that our mill operations generate significant emissions, including dust and smoke emitted through chimneys and dust from mill operations, such as crushing plants. Individual operating units report their air emission performance through our online Continuous Emission Monitoring System (CEMS). We have also implemented pollution control systems across our mills to ensure we are compliant with regulatory air emissions standards.

MANAGING FIRE AND HAZE

[GRI 3-3]

Monitoring and managing fires

Forest fires continue to be a concern, especially in Indonesia, due to their detrimental effect on forest ecosystems and biodiversity and the health and socio-economic welfare of local communities. Forest fires also significantly contribute to annual occurrences of haze in the ASEAN region and GHG emissions in the atmosphere.

SDP has a strict zero-burn policy. Since 2015, SDP has proactively monitored and managed fire and haze issues using our satellite-based Hotspot Alert Dashboard to track, report on, and respond to hotspots within our concession areas and a five kilometre (km) radius outside our concession boundaries. We have also started using drones to monitor hotspots at our Indonesian operations. These drones use thermal cameras to produce more accurate data recordings, specifically photos, videos, and heat maps. **In December 2020, we conducted a drone-pilot training session at PT Bhumireksa Nusasejati in Riau. We currently operate over 30 drones to monitor the majority of our Indonesian sites for hotspots, comprising over 180,785 hectares of land.**

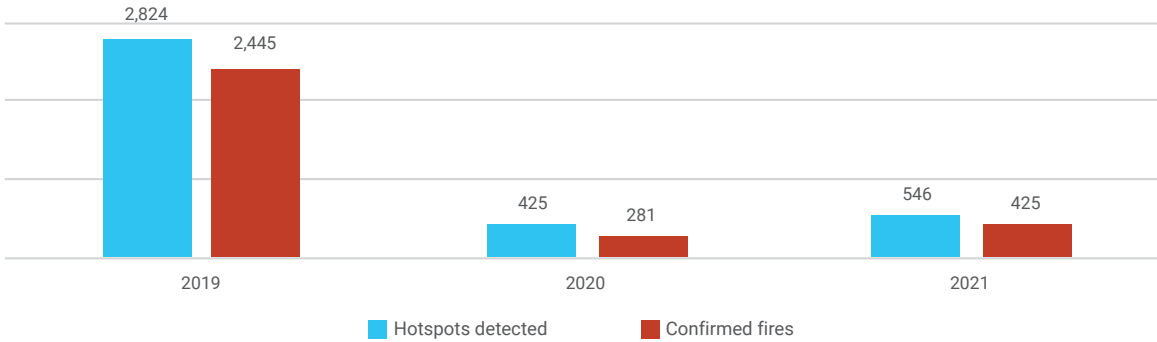
Fires are more likely to occur at our operations in Indonesia, and PNG and Solomon Islands operations, whilst the risk of fire use remains low in Malaysia. We detected 971 hotspots within and surrounding our estates in 2020 and 2021. Of these, 706 were confirmed as fires. About 66% of these fires occurred outside our estate boundaries, whilst 242 – or 34% occurred within.

Most of the fires within our estates occurred in PNG and Solomon Islands. These accounted for 236 of the 242 fires in 2020 and 2021, or 98% of all fires within our boundaries. Fires are mainly started by communities in adjacent fields and spread to our estates due to winds and dry weather. The same is true of the few fires at our Malaysian and Indonesian estates. Vandalism is also the cause of many fires in PNG. Whilst the fires may be intentional, it is not targeting our operations. Various awareness programmes have been conducted including trainings, signages and warnings to educate community members on the dangers of fire. Of the fires in areas surrounding our estates, 351 occurred in Indonesia and 108 occurred in PNG and Solomon Islands, representing 76% and 23% of the 464 fires in 2020 and 2021. The remaining five cases occurred in Malaysia. The leading causes of fire are traditional and customary practices.

Communities in areas surrounding our operations customarily use fire to clear their lands for cultivation. Communities in PNG also use fire when hunting and clearing food gardens. It is a constant challenge to address fires that originate from human activities which are part of traditions we have little or no control over. Nevertheless, we continue to engage in corrective action awareness activities and education programmes with surrounding villages. We have erected signages warning people of the dangers of fires in areas of PNG where blazes frequently recur. We have also erected monitoring towers and posted security personnel in sugar fields.

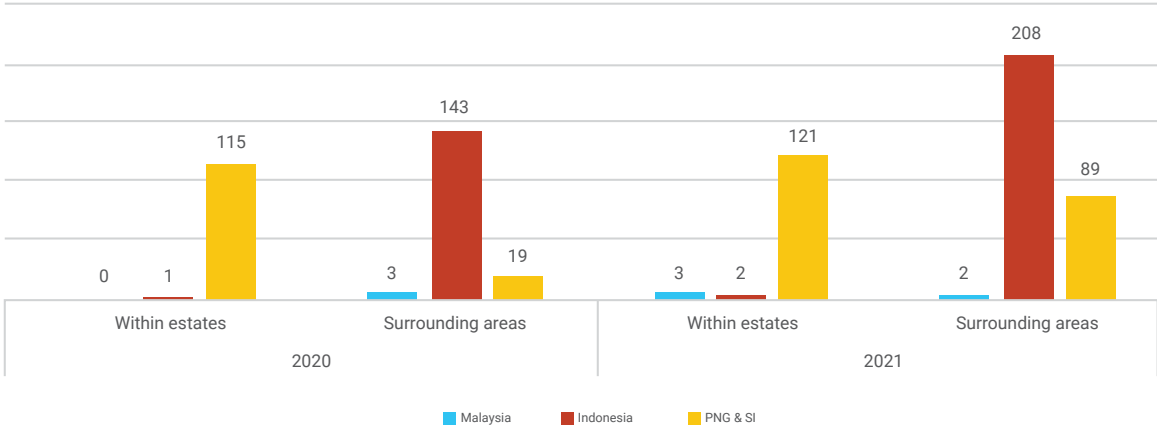
SDP has trained and equipped fire-fighting teams stationed at each of our operations to extinguish any confirmed blazes. We have also launched education and incentive programmes in neighbouring communities to support fire-prevention and suppression activities. In 2021, we focused on strengthening the internal capacity of our fire monitoring programmes.

Total Hotspots and Confirmed Fires 2019 – 2021 (no.)
Upstream - within and surrounding estates



Note: 2019 data includes our former operations in Liberia and West Kalimantan. The unusually high number of fires in 2019 was due to the unprecedented forest fires that occurred in Sumatra and Kalimantan that year.

Confirmed Fires within Estates and Surrounding Areas by Region 2020 – 2021 (no.)





SOURCES OF CONFIRMED FIRES 2020–2021

Type	No. of fires within estates	No. of fires in surrounding estates
Vandalism / Sabotage	60	10
Spread from neighbouring areas	25	8
Burning by local communities	127	242
Dry weather-related fire	8	7
Illegal hunting activities	12	15
Land preparation for new planting (community)	0	48
Others	5	23
Shifting cultivation	0	2
Unknown	5	109
Total	242	464

Partnering with local communities to support fire prevention in Indonesia

Recognising communities’ traditional land burning methods as the most prevalent cause of fires, our Indonesia operations, Minamas, established the *Desa Mandiri Cegah Api* (DMCA) in 2014 – a dedicated community-based fire prevention programme in Indonesia as part of our efforts to manage fires in and around our estates. In partnership with seven universities across Indonesia, we are developing integrated programmes with stakeholders at all levels, educating communities on the impacts of burning, encouraging alternatives to slash-and-burn methods, and equipping communities with tools and skills to monitor and extinguish fires. With local universities, we are also exploring the socio-economic factors behind land clearing and practical alternatives to clearing land using fire.

We began with four *desas*, or villages, in Riau in 2014/2015. As of December 2021, 34 villages are enrolled in DMCA programmes across Sumatra and Kalimantan. The latest five of these were rolled out in West Kalimantan in 2020. These programmes span across 161,000 hectares and have reached 67,000 beneficiaries.

The implementation of fire prevention initiatives at our Indonesian operations was hampered by travel restrictions and social distancing protocols due to COVID-19. Despite these constraints, we made some progress in 2020 and 2021. In 2020, we partnered with Universitas Tanjungpura to develop guidelines we could implement during the pandemic. In 2021, we also managed to carry out a number of training activities with coconut farmers and fishermen in coastal communities in Riau under our new Coastal Communities Cares about Fires (MPPA) programme.

Rewarding communities for remaining fire-free

In March 2021, Minamas introduced the DMCA reward programme in Indonesia. Through this annual incentive-based programme, SDP provides non-monetary support, including fire equipment and infrastructure and economic development initiatives to community members in villages that remain fire-free. Through these yearly incentives, we hope to reduce the use of fire to clear land and bolster fire prevention efforts in participating communities.

In 2021, we also introduced the *Guru Peduli Api* fire educator programme. Recognising that investing in the younger generation is crucial to our long-term fire prevention efforts, *Guru Peduli Api* trains educators from around our operational areas to share their fire prevention knowledge with youth at schools. In July 2021, we held a training seminar for more than 750 educators from 70 kindergartens and primary and secondary schools around our operations. The seminar provided better guidance to teachers and school principals on the importance of preserving the surrounding environment and the dangers of forest and land fires. As of December 2021, 662 teachers have shared lessons with students at 60 schools around our areas of operation.

OPERATIONAL EFFICIENCY



Operating plantations, mills and refineries in the agricultural sector is resource-intensive. SDP recognises our dependence on natural resources and continuously strives to do more with less. Efficiently managing waste and our shared natural resources is crucial to ensuring efficient and sustainable operations.

WATER MANAGEMENT
[GRI 3-3, 303-1, 303-5]

Water is essential for our operations, but we are cognisant that it is a shared and finite global resource. We continuously monitor and strive to reduce our water usage by improving the efficiency of our operations and by maintaining the quality and availability of surface water and groundwater for our business and surrounding communities, amongst other measures.

We draw surface water and groundwater at our plantations and mills for industrial uses, like steam generation, pesticide-mixing, seedling irrigation, and domestic uses, such as cleaning and cooking. Our downstream operations purchase water from municipal water utility companies for its processes.

All our upstream operations monitor the amount of water used and its intensity. In 2021, we consumed a combined 16.9 million cubic metres (m³) of water across all operations.

Each region primarily determines its water management and monitoring approaches according to regulatory requirements. Water data is collected at the site level and may vary from operation to operation. We are currently reviewing our internal processes to collect this data at the Group level, as doing so will ensure consistency and comparability. Whilst we previously reported a Group-level water-usage-intensity reduction target, we will revisit this approach once our collection processes are streamlined.

We will explore conducting a full water footprint assessment at our operations in line with the Water Footprint Network methodology, and a life cycle assessment in line with the ISO 14046 standard. We will then use these simultaneous assessments to develop SDP’s water footprint framework in 2022. In November 2021, we trained the responsible SDP teams in Malaysia in partnership with the Centre for Environmental Sustainability and Water Security (IPASA), Universiti Teknologi Malaysia (UTM).

Water consumed 2019–2021 (m³)

Region	2019	2020	2021
Malaysia	5,882,033	5,019,912	5,041,094
Indonesia	5,815,325	5,178,317	5,111,737
PNG and Solomon Islands	13,453,031	11,450,386	6,767,853
Total	25,150,389	21,648,615	16,920,684

Notes:

- 1. Water consumption is calculated by subtracting total water discharged from total water withdrawn.
- 2. There is a significant reduction in PNG and Solomon Islands number in 2021 as a result of minimal irrigation used in Ramu Agri Industries (RAI) in 2021, compared to 2019 and 2020. In 2020 there was a large reliance on irrigation during the drier months.
- 3. Malaysian data excludes figures from KKS Tanah Merah and Sua Betong mills due to unavailability.

Average water usage intensity by region 2019–2021 (m³/MT FFB)

Region	2019	2020	2021
Malaysia	1.32	1.41	1.53
Indonesia	1.74	1.75	1.60
PNG and Solomon Islands	0.97	1.16	1.16

Note: Malaysian data excludes figures from KKS Tanah Merah and Sua Betong mills due to unavailability.



▲ Providing access to safe drinking water and sanitation to our employees is a top priority for SDP

MINIMISING AND TREATING EFFLUENT
[GRI 3-3, 303-2]

Operating near waterways, SDP has a responsibility to protect water sources within and around the boundaries of our operations.

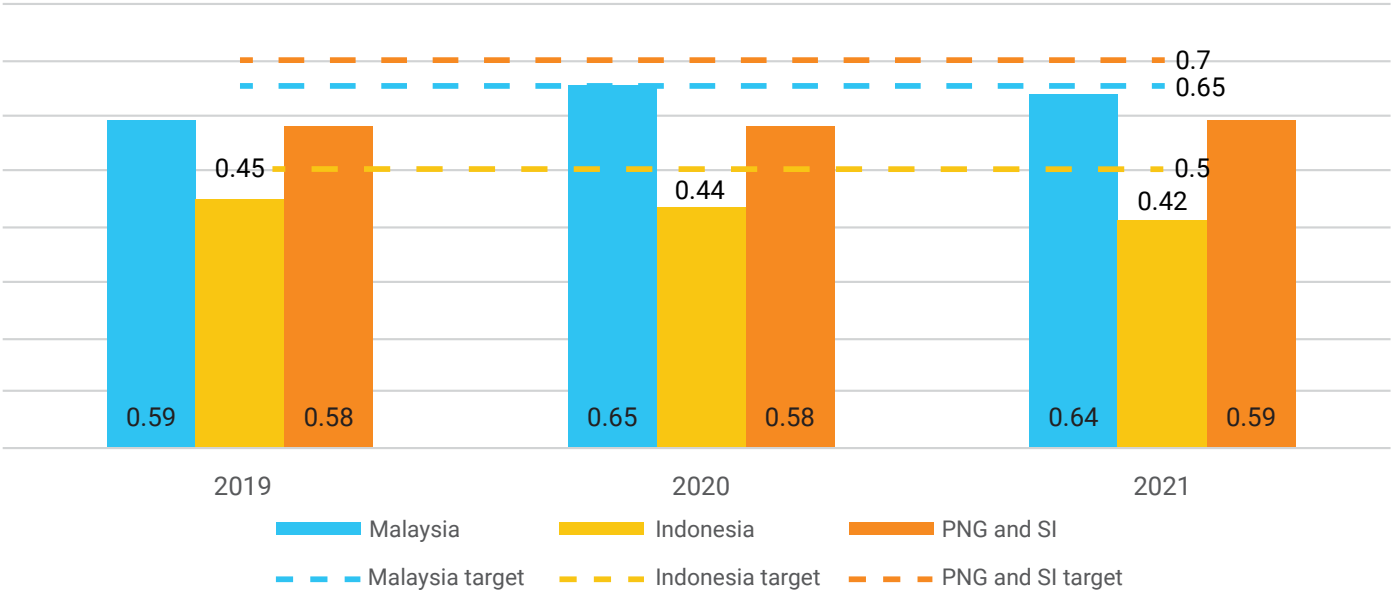
Palm oil mill effluent (POME) is wastewater produced from FFB processing. It is mainly organic and biologically treated through anaerobic digestion, and what is not used as fertiliser for plantations is treated prior to being discharged to waterways to the prescribed legal requirements.

Palm oil refinery effluent (PORE) is wastewater from the refining of crude palm oil (CPO). PORE treatment usually involves a chemical process to remove oil, grease and inorganic substances before further biological treatment prior to its discharge. Our robust management systems ensure all our mills and refinery operations are fitted with Palm Oil Mill Effluent Treatment System (POMETS) and Industrial Effluent Treatment Systems (IETS) that support the management of waste and comply with national environmental standards.

We continuously monitor the quality of discharged wastewater and wastewater treatment performance at our upstream operations. We also ensure that biological oxygen demand (BOD) remains below regulatory thresholds. We have set targets for effluent intensity for each of the regions where we operate. These are 0.65 cubic metres POME per tonne of FFB processed (m³/MT FFB) for Malaysia, 0.5 m³/MT FFB in Indonesia, and 0.7 m³/MT FFB for PNG and Solomon Islands. Our effluent intensity levels remained below these thresholds in 2020 and 2021.

Providing access to safe drinking water and sanitation to our employees is a top priority. We test water samples at regular intervals, and samples taken from river systems have shown no significant water quality deterioration.

Average effluent intensity by region 2019 – 2021 (m³ POME/MT FFB)
Upstream



Note: Malaysian data excludes figures from KKS Tanah Merah and Sua Betong, Negeri Sembilan due to unavailability.

WASTE MANAGEMENT
[GRI 3-3, 306-1, 306-2, 306-3, 306-5]

We strive to minimise the amount of waste and by-products produced by our operations and are committed to reusing and recycling as much as possible. SDP follows best practices for by-product management at our upstream palm oil facilities and seeks to recover and reuse all the by-products we generate. Solid organic by-products from our production processes include empty fruit bunches (EFB), mesocarp fibre and palm kernel shells, which are recycled as fuel and composted or mulched as organic fertiliser. Liquid organic by-products, or POME, contain residual nutrients that can be treated and applied as land fertiliser.

We dispose of our downstream inorganic waste at municipal landfills or using incinerators. Hazardous waste is collected for proper disposal by authorised third parties. All scheduled waste is monitored and tracked according to each region’s regulatory requirements.

Our Indonesian operations, Minamas, are enrolled in PROPER (Program for Pollution Control, Evaluation, and Rating), a mandatory environmental information disclosure initiative overseen by the Indonesian Ministry of Environment and Forestry. The programme uses a rating system to assess water and air pollution control, hazardous waste management and environmental impact. In 2020, 16 of our mills in Indonesia received blue rating, and 17 of our mills in Indonesia received Blue Rating of PROPER Awards. A PROPER rating serves to promote compliance within existing regulations and rewards companies whose performance exceeds regulatory standards.

AGRO-CHEMICAL MANAGEMENT
[GRI 3-3]

We use agrochemicals to protect our crops against diseases and pests and maintain high yields at our agricultural operations. However, we aim to minimise the use of chemicals, including pesticides and chemical fertilisers. Our use of chemicals is guided by a management plan that implements appropriate SOPs to eliminate exposure to hazardous chemicals for workers, communities, and the environment. We do not use WHO Class 1A and 1B chemicals or those listed in the Stockholm or Rotterdam Conventions and the FSC Highly Hazardous list. We also avoid bio-accumulative or persistent pesticides. *(Please refer to our website for the full list of our fertiliser usage.)*

Instead, we have implemented an integrated pest management (IPM) approach that combines cultural, mechanical, biological, and chemical strategies to control pests across all our plantations. Our approach includes housing barn owls at estates to naturally hunt and manage the rat population in oil palm plantations, using fungi to formulate a bio-pesticide that controls the Rhinoceros Beetle pest population and cultivating beneficial plants at the fringes of palm rows around our estates to attract parasitoid insects - the natural predators that feed on bagworms.

CONSERVATION AND BIODIVERSITY ENHANCEMENT



[GRI 3-3, 304-1, 304-2,304-3]

Our plantations are spread across some of the world’s most biodiverse ecosystems. The forests, seas, and freshwater ecosystems in the countries where we operate support a rich and diverse array of flora and fauna ranging from the Bornean orangutan, pygmy elephant, Sumatran rhino, and the Queen Alexandra’s Birdwing butterfly. However, years of development on oil palm plantations have led to forest and biodiversity loss and the degradation of peatlands. As a responsible operator in these regions, our environmental management practices aim to minimise impacts on the environment and focus on conserving our world’s natural habitats.

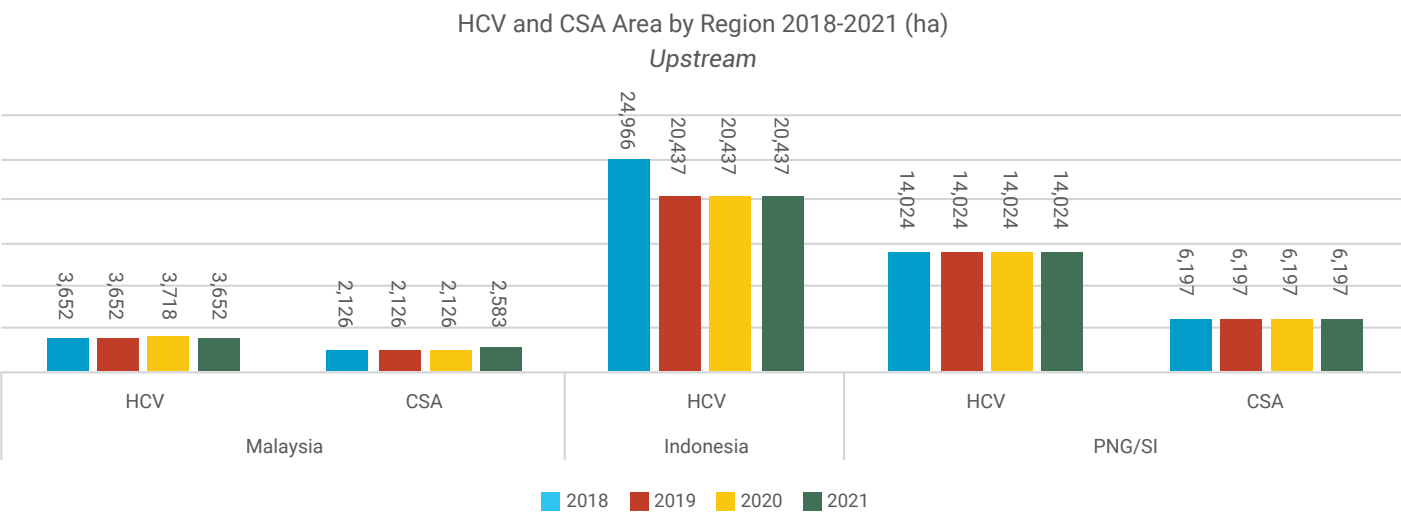
Our RAC outlines our approach to safeguarding the environment, and we continuously strive to meet and exceed our commitments therein. We have expanded our efforts beyond legal and certification requirements to focus on positive contributions to forests in key landscapes through our many conservation and restoration programmes. These nature-based solutions enhance the environment and ecosystems and offset SDP’s carbon footprint.

Managing conservation areas

Our strict no-deforestation policy has been in place since 2014. We adhere to the latest Roundtable on Sustainable Palm Oil (RSPO) criteria to assess land for high conservation value and high carbon stock using the High Conservation Value-High Carbon Stock Approach (HCV-HCSA) Toolkit for any new development and only engage licensed assessors.

We have not developed any land in Indonesia and Malaysia for many years, and our only areas of expansion have been in Papua New Guinea (PNG) which are low carbon developments in line with the RSPO New Planting Procedures and HCSA requirements. The most recent of these expansions was in an area of 373.51 hectares in Poliamba, PNG. In 2020, we submitted our plans for development to the RSPO New Planting Procedure (NPP). Based on our assessments, we plan to develop 206 hectares and have set aside 168 hectares – or 45% of the total area – for conservation.

As of December 2021, a total of 46,892 hectares – two thirds the size of Singapore – have been identified as HCV and conservation set-aside (CSA) areas. About 87% of our total conservation area is at our Indonesia, and PNG and Solomon Islands operations. Our conservation areas have remained largely unchanged over the years. However, some areas in Malaysia were reclassified in 2020 and 2021 due to HCV and CSA verification assessments carried out at two estates after the revised Toolkit was published in 2018.



All HCV and CSA areas identified to date have been set aside for conservation and are subject to dedicated management and monitoring plans. Measures include regular surveillance and patrolling for encroachment to prevent illegal development, poaching, and hunting. We also work collaboratively with the Forest Research Institute Malaysia (FRIM) to conduct biodiversity surveys to monitor wildlife within these areas, including endangered, rare and threatened (ERT) species. In PNG and Solomon Islands, New Britain Palm Oil (NBPOL) has implemented a Spatial Monitoring and Reporting Tool (SMART) across all HCV sites. We also perform spot checks using Landsat and Sentinel imagery to identify disturbances and land-use changes within HCV areas and follow up with on-site inspections to implement the necessary remediation plans.



The Malaysia Protect-Restore-Connect Programme

SDP has identified a total of 17,913 hectares of land classified as ‘unplantable reserves’ in Malaysia. These unplantable reserves are made up of HCV and CSA areas, as well as other areas rendering them non-productive or unsuitable for oil palm planting, such as terrain with slopes greater than 25 degrees, abandoned stretches, bunds, cemeteries, buffer zones, ponds, ravines, swamps, rocky areas, water catchment areas, football fields, and forest tree planting areas. The total unplantable reserve area makes up about 5.03% of our total upstream landbank in Malaysia.

Whilst we manage these areas in line with sustainability certification criteria, we are exploring a new initiative in a concerted effort to increase and enhance them. **Under the SDP Conservation and Biodiversity Area (CBA) initiative, we can determine whether a particular site needs to be protected, restored or connected with other important landscapes**, and draw up appropriate action plans. All conservation and reforested areas are monitored and maintained by the operating units where they are located.

In 2021, we identified a total of 7,764 hectares of land within our operations in Malaysia that can be converted into CBAs. Based on the CBA approach, 33% of these areas fall under the protected category and are subject to a dedicated site-specific monitoring and management plan that includes biodiversity assessments, boundary marking, maintenance and surveillance to prevent illegal activity. The remaining 5,172 hectares will be classified as restored, connected, or both.

In 2022, we will begin setting up new satellite nurseries to supply tree saplings to the identified areas. We will then plant endemic forest species and fruit trees at each of these sites. Where possible, we will also introduce ERT species with a planting density of 600-1,000 saplings per hectare.

The CBA programme will be supported by existing SDP tree-planting initiatives, such as our Plant-A-Tree and Sapong Forest Rehabilitation projects. We have also identified new external partnerships, such as Project RELeaf with Nestlé Malaysia, Plan4Tawau with 1StopBorneo and the SDP-BORA Stream project.

We will also develop similar programmes for non-plantable areas in Indonesia, and PNG and Solomon Islands.

SDP's Conservation and Biodiversity Area approach

Protect	Restore	Connect
Unplantable areas that have conservation potential and are in good condition (i.e. intact vegetation). These types of areas, depending on the present condition/quality of the areas, may be left untouched as they require less maintenance.	Unplantable areas that have conservation potential BUT require intervention to increase the conservation & biodiversity values. Focus will be placed on ecological services such as erosion control & waterways condition and quality.	Unplantable areas that have conservation potential to be connected with important habitat landscapes and ecosystems. Focus will be on creating “steppingstone” corridors and extension to such habitats and eco-system.
Examples of field types - Isolated forest patches - River buffer with vegetation - Ponds with vegetation - Swamps - Tree planting sites	Examples of field types - Areas with more than 25-degree slope - River buffer zone with old palm stands - Water catchment and ponds	Examples of field types - Jungle - Forest buffer zone - River buffer zone
Activities Required - Biodiversity assessment and inventory - Signboards, boundary marking - Maintenance of the area e.g., grass cutting/invasive plant removal - Patrol/surveillance to prevent encroachment and other illegal activities	Activities Required - Biodiversity assessment and inventory - Demarcation of appropriate buffers surrounding sensitive areas - Restoring and maintaining vegetation to control erosion and prevent sediments in the waterways - Planting of mixed species of forest and fruit trees for habitat enrichment (i.e. increase food source for wildlife) - Monitoring water quality - Patrol/surveillance programme	Proposed activities - Biodiversity assessment and inventory - Habitat enhancement - expansion of buffers/corridors for wildlife movement, erosion prevention and control, enrichment planting - Collaboration with related stakeholders and agencies - Patrol/surveillance programme



MANAGING PEAT

Since 2014, we have implemented a strict policy on no new planting on peat. Peatlands store twice as much carbon as the rest of the world's forests and are more susceptible to fire. For this reason, we conduct drainability assessments at existing operations on peat and use the results to plan the future replanting and phasing out of oil palm cultivation. When oil palm is phased out on a given plot of land, it is replaced with suitable crops for a higher water table or rehabilitated with natural vegetation. For peatland, it is crucial to maintain an optimal water level to prevent CO₂ emissions and peat burn which could subsequently minimise peat subsidence.

We currently operate plantations on 32,798 hectares of peat across all operations. Our operating units continuously implement best management practices in compliance with the RSPO Principles and Criteria (P&C) and our internal agriculture reference manual (ARM). In addition, we maintain existing vegetation in and around our oil palm plantations and engage with local communities to educate their members on sustainable management of peat areas to prevent slash and burn activities.

ENHANCING CONSERVATION AREAS THROUGH DEDICATED PROGRAMMES [GRI 2-28]

We are engaged in various conservation initiatives across all our sites, including protecting biodiverse ecosystems, restoring forests, reforesting landscapes, and rehabilitating orangutan habitats. To date, SDP has supported over 20 conservation programmes in Malaysia, Indonesia, and Papua New Guinea.

Forest restoration

We are committed to restoring and reforesting areas where there has been historical degradation on HCV or any non-compliant land clearing within our estate boundaries. Where possible, we have planted rare, threatened, and endangered (ERT) trees to create wildlife corridors linking patches of degraded land. Through dedicated programmes across these sites, we plant and monitor new trees to increase the biodiversity value within and around our plantations. **Together with government and non-governmental organisations (NGOs), research institutes, universities, local communities and customers, we have collectively and cumulatively planted 1,892,182 trees as of December 2021 across all operations.**

More than 136,000 of these trees were part of our Jentar Plant-A-Tree Programme, which concluded in 2018. Over the course of five years, we planted over 126 species of trees, including 60 that are classified as ERT, across 136 ha at our Jentar estate in Pahang, Malaysia, in partnership with Yayasan Sime Darby (YSD), the Pahang forestry department (PFD), and the Forest Research Institute of Malaysia (FRIM). The Jentar programme hosted the largest collection of ERT tree species in a single oil palm plantation area in Malaysia. The project concluded with the publication of a guidebook for researchers, students, NGOs, and government agencies that includes references on the tree species planted. Since 2019, we have provided conservation expertise to the (PFD), including knowledge transfer and resource sharing on reforestation efforts.

We completed two more restoration initiatives in Malaysia in 2020 and 2021, Project RELeaf with Nestlé Malaysia in Kinabatangan, Sabah, and a research programme in Sarawak to restore a riparian reserve in Rajawali and Semarak. A total of 10 forest restoration initiatives are currently ongoing.



Plant-A-Tree Programme, 2013–2021

Locations and identified area in Malaysia: Jentar Estate (160 ha), Kamuning Estate (95 ha), Anak Kulim Estate, West Estate, Mentakab, and Sarawak region (200 ha), other estates (ha unknown)
Trees planted: 907,152
Partners: YSD, FRIM, UPM and Forestry Sarawak

An extension of the first Plant-A-Tree Programme at our Jentar estate, these projects span across multiple SDP estates in Peninsular Malaysia and Borneo. Aside from enhancing natural habitats and biodiversity, we hope that by utilising unplanted areas, the project can become a model for sustainable plantations supporting the Malaysian National Policy on Biological Diversity.

Plant4Tawau, 2021–2022

Location: Tawau, Malaysia
Trees planted: 50
Identified area: estimated 25 ha
Partners: 1StopBorneo

In March 2021, we collaborated with a local NGO to rehabilitate selected areas within SDP's Tawau estates. The project aims to connect the forest reserves of Tawau Hills, Bukit Gemok, and other smaller parks by planting various Ficus tree species. The project is also an educational tourism programme that educates locals and visitors on best practices for restoring damaged forest to the original biodiversity of Borneo's native forests.

SDP-BORA Stream restoration project, 2021–2023

Location: Segaliud Estate, Sandakan, Malaysia
Trees planted: 519 saplings
Identified area: 9.4 ha
Partners: Borneo Rhino Alliance (BORA)

In 2021, SDP and BORA agreed to collaborate in rehabilitating a designated area within SDP's estates in Sandakan. The project's primary goal is to initiate a simple, cost-effective method that plays a long-term role in supporting wild orangutans to co-exist in a mixed oil palm forest landscape. This project also meets the MSPO and RSPO requirements on riparian management.

Sapong Forest Rehabilitation project, 2020–2025

Location: Sapong Estate, Sabah
Trees planted: 900
Identified area: estimated 280 ha
Partners: Universiti Malaysia Sabah (UMS)

This project is a collaboration to enhance eco-system services and restore the biodiversity and carbon sequestration capacity of the secondary forest area at Sapong estate. The project will conduct baseline assessments on the flora, fauna, and existing ecosystems within the estate and use the results to help SDP better understand and develop these potential conservation areas into educational sites for research work.

ONGOING FOREST RESTORATION PROGRAMMES

TOTAL TREES PLANTED AS OF DECEMBER 2021: 1,892,182

Project RELeaf, 2021–2023

Location: Sabah and Sarawak, Malaysia
Trees planted: 588,981 planted in 2020 (1 million expected)
Identified area: estimated 1,200 ha
Partners: Nestlé Malaysia, Malaysian Nature Society (MNS) and Tropical Rainforest Conservation & Research Centre (TRCRC)

In December 2021, we signed an agreement with Nestlé Malaysia to plant over 1 million trees across 1,200 hectares in riparian zones and steep slope areas within SDP's oil palm operation areas. Project RELeaf aims to restore riparian and forest ecosystems across the Kinabatangan Wetlands and Merisuli Forest Restoration Areas in Sabah and forest reserves along the Central Forest Spine in Peninsular Malaysia.

Riparian and coastal reforestation

Location: New Ireland Province, Papua New Guinea
Trees planted: 69,911 trees
Identified area: 80 ha
Partners: PNG Provincial Forestry Authority

Our Poliamba operations signed a memorandum with the PNG Provincial Forestry Authority to collaborate in a reforestation programme in the New Ireland Province's Kaut nursery. In May 2018, we began a tree-planting programme at the Sicacui Plantation. NBPOL worked with community members to educate locals on the importance of buffer zones. With their assistance, we were able to plant 212 trees. Our long-term objective is to create a tool to strengthen the buffer area.

Ramu Tree Nursery

Location: Ramu, Papua New Guinea
Trees planted: 96 trees
Partners: International Agricultural Research (ACIAR), University of the Sunshine Coast, Australia

A key implementing partner of the ACIAR programme, Ramu Agri Ltd.'s sustainability department commissioned a four-year forestry research project to support PNG's Forest Policy Medium Term Development Plan to increase the area of planted forests in PNG from 62,000 hectares to 150,000 hectares by 2025. Over 10 technical and tree nursery training sessions involving more than 100 local participants were conducted in 2018 and 2019, and participating families established upwards of 10 family-owned nurseries. The programme also empowered farmers to become champions who could train other interested local participants.

Mangrove restoration at Numundo Coastline

Location: West New Britain, Papua New Guinea
Trees planted: 10,914 mangrove seedlings
Identified area: 7.2 ha
Partners: Mahonia Na Dari

We are working with Mahonia Na Dari, a local NGO, to encourage mangrove rehabilitation along the Numundo shoreline at our West New Britain operations in PNG. The programme aims to restore the Kimbe Bay shoreline, slow down erosion, correct the buffer areas near our plantations, and encourage a supportive marine habitat. Between the launch of the programme in 2017 and November 2019, NBPOL staff, marine science researchers, Numundo's surrounding community, and student volunteers from 23 local schools worked with Mahonia Na Dari to plant over 5,000 seedlings along the Numundo shoreline. Local community awareness sessions contributed to the success of this programme, and we have also erected signs to communicate the project's benefits and discourage vandalism of the plants.



▲ The Queen Alexandra's Birdwing butterfly is endemic to northern PNG and has extremely limited home range

Conserving the Queen Alexandra's Birdwing Butterfly

Papua New Guinea (PNG) is home to the Queen Alexandra's Birdwing butterfly (QABB), the world's largest butterfly, with a wingspan of 19cm to 30cm. It is endemic to northern PNG and has an extremely limited home range. Certain forest areas in the company's lease area have been designated to preserve its habitat so that the butterfly can thrive in a legally protected environment. Furthering our commitment to conservation, and with support from the Yayasan Sime Darby (YSD), we have built and equipped a dedicated laboratory, flight cages and foodplant nurseries within our secure residential and operations compound in an attempt to breed the QABB in captivity. Our objective is to eventually release these insects into previously inhabited areas enriched with additional food plants with the long-term aim of removing the QABB from the endangered species list. As of December 2021, attempts to breed have commenced. We will also be constructing a new flight cage which will improve the success rates of the breeding programme.

A key project partner is the Swallowtail and Birdwing Butterfly Trust (SBBT), a UK not-for-profit organisation focused on protecting the swallowtail group of butterflies. SBBT supports NBPOL with technical and scientific advice on the project.

Rehabilitating riparian area at SDP Segaliud estate with orangutan food plants

In 2021, SDP and the Borneo Rhino Alliance (BORA) entered into an agreement to rehabilitate a riparian area within a conservation area at SDP's Segaliud estate with orangutan food plants. The project's primary goal is to create a simple, cost-effective long-term strategy that supports wild orangutans co-existing in the mixed oil palm forest landscape in Kinabatangan. This strategy also supports MSPO and RSPO requirements on riparian management. Under this collaboration, BORA is responsible for supplying and planting seedlings, and SDP staff and workers participate in planting, weeding, and monitoring activities over two maintenance sessions every month.

The first stage of the project focused on experimenting and testing the survival rate of different species of plants in different types of soil at the BORA nursery. It concluded that species of Ficus, commonly known as fig, is a suitable genus. The team also discovered that, based upon on-site conditions, saplings, seedlings, and poles need to be at least one metre in height before being planted to prevent weeds from outgrowing them. Based on lessons learnt, the figs must be supported with poles to grow. Alternatively, the planting material can consist of one metre or taller Ficus poles cut from mature Ficus branches. To minimise the risk of severe dehydration and ensure ample roots are sprouting, poles cut from old Ficus plants must mature in the BORA nursery before they are planted at the project sites.

As of December 2021, about 200 points have been planted, and the surviving plants have almost doubled their height within eight months.

STAKEHOLDER COMMENTARY | BORNEO RHINO ALLIANCE (BORA)

Compared to other growers, SDP is an established company committed to implementing high-level sustainability and conservation processes. The company is systematic and well-organised, and the BORA team and SDP's managers work well together because our goals are aligned. I must commend the sustainability team's comprehensive road maps for delivering on conservation commitments. However, SDP's willingness does not always translate into action at ground-level operations, resulting in implementation gaps. For example, we see substandard maintenance work by SDP workers at the project site, and this is problematic because the elimination of fast-growing weeds is critical to the project's success.

In my experience, these issues arise due to various factors. As is the case at other companies, not all employees are enthusiastic about conservation projects as it is not part of their job description. Consequently, restoration work can become a low priority once BORA staff leave the site. Another contributing factor is the relatively high turnover of estate and assistant managers due to rotation programmes. Lastly, long-serving estate managers may not be receptive to newer programmes or to focusing on desired long-term impacts. To address this issue, SDP should make room for younger managers at estates to work with the SDP sustainability team.

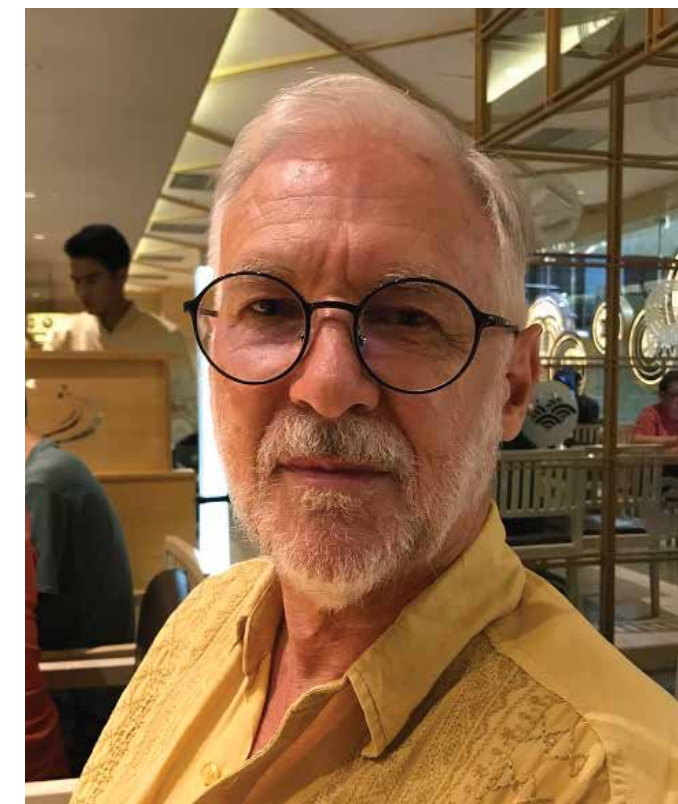
We have discussed these issues with SDP, and the company has agreed to support one of two options. (1) Assign workers to the project in 2022, where SDP will also offer overtime pay and other incentives to workers who perform regular weeding once the budget becomes available. BORA can help to supervise the work. Or (2) Have BORA source workers outside the estate, on a contract basis, with BORA supervising the work.

We hope that SDP will address these issues to improve its performance and better contribute to our collective efforts and the overall project objective of supporting orangutan subsistence in the Kinabatangan region.

About: Dr John Payne is the executive director of Borneo Rhino Alliance (now known informally as Bringing Back Our Rare Animals or BORA), a Sabah-based NGO. Supported by a team of 15, BORA aims to effect a paradigm shift in endangered species management in Malaysia through measures such as habitat improvement and conservation breeding projects.

In response to BORA's feedback, the Group is looking into enhancements its Standard Operating Procedures (SOP) to help resolve the concerns being raised. Efforts to increase awareness and compliance to SOPs are also currently underway to better improve practices on the ground.

SDP is also a founding and Steering Committee member of the Palm Oil NGO (PONGO) Alliance. We have contributed to multiple projects with other oil palm growers, businesses, and conservation practitioners to create viable habitats for orangutans within oil palm plantations in Malaysia. With support from companies and plantations, PONGO Alliance is developing guidelines for best management practices (BMP). PONGO Alliance initiative aligns with SDP's ambition to achieve a deforestation-free palm oil industry, and we look forward to implementing the BMP at our estates.





Managing human-elephant conflict

Asian elephants have become endangered due to competition with people for space and resources. In Malaysia, elephant numbers have dwindled in recent decades due to a combination of habitat loss, poaching, and human-elephant conflict. Wild elephants have large home ranges outside protected forest areas, so their long-term survival is interlinked with conserving remaining forest landscapes. Elephant conservation in Malaysia in the 21st century will require ensuring coexistence outside protected areas, especially alongside commercial oil palm plantations.

Since 2011, SDP, Yayasan Sime Darby (YSD), Management and Ecology of Malaysian Elephants (MEME), and the University of Nottingham Malaysia (UNM) have jointly conducted human-elephant conflict research and built scholarly capacity and public awareness to mitigate the social, economic and conservation impacts of human-elephant conflicts in Malaysia.

In July 2020, we published our SOP for Human-Wildlife Conflict Mitigation to guide the management of human-wildlife conflicts at SDP-owned and adjacent oil palm plantations, and other third parties, including researchers, academics and NGOs. It also supports the national wildlife conservation initiative for local and international sustainable certification requirements. YSD has committed MYR2.85 million to support MEME from 2020 to 2022 in its efforts to develop conflict management approaches that cater to smallholders and other growers. This grant will aid the development of science-backed mechanisms that support the co-existence of human beings and endangered species. The project’s long-term goals are to increase capacity-building and understanding amongst communities, smallholders, and plantations, promote human-elephant co-existence on a national scale, and enhance the protection of wild elephants and their habitats.

The publicly available SOP has been used by elephant researchers WWF-Sabah in the Kunak Landscape, Seratu Aatai in the Kinabatangan Landscape and MEME in the Johor Landscape as a reference during their engagement with other palm oil plantations. Internally, the SOP has been adopted by all our operating units.

Sanctuary for the Santa Cruz Ground Dove in Solomon Islands

In 2020, NBPOL partnered with the Toledo Zoo to build and run a conservation breeding centre for Santa Cruz ground doves, a bird species native to a small island in the Solomon Islands at serious risk of extinction. In 2017, 110 of these birds were saved from being sold illegally by poachers. Whilst these birds were successfully rehabilitated, they could not be returned to Tinakula because a volcanic eruption had destroyed much of that island’s forest habitat.

In 2020, NBPOL donated an area of land in Tetere to construct the facility and agreed to provide basic amenities and other in-kind support to the project. The zoo is financing the construction and upkeep of the facility and will recruit and train a team of animal keepers. In March 2020, construction began on the new breeding centre, and it was further upgraded by NBPOL in 2021. Unfortunately, since March 2020, strict international travel restrictions and local movement controls have stalled progress on moving the birds to the new facility. Restrictions are expected to ease in the first quarter of 2022. The long-term plan is to reintroduce birds bred in captivity into the wild, establishing additional populations when islands within the birds’ historic range have been cleared of invasive predators, primarily rats.

BEST PRACTICE SHARING ON HCV MANAGEMENT AND MONITORING

The Malaysian National Interpretation for the Management and Monitoring of HCVs was published in January 2022. As a member of the Technical Working Group (TWG) of the HCV Malaysia Toolkit steering committee, SDP contributed to the publication. In addition to sharing our practitioner expertise and experiences, we also submitted a case study on HCV 4¹¹ management at our Bukit Kiab, Jentar Estate which is featured in the publication.

The document is available here:
https://www.proforest.net/fileadmin/uploads/proforest/Documents/Publications/MYNI_Management_Monitoring_HCVs_Jan_2022.pdf

In November 2021, our conservation and biodiversity teams organised our first public HCV webinar. This online event was attended by growers and forestry departments across Malaysia, Indonesia, and PNG and Solomon Islands. The webinars shared a practitioner’s perspective on implementing management plans in HCV areas and included a case study of HCV forest management at the state level, presented by the Sabah Forestry Department.

*Updates on remediation and compensation plans in Indonesia and PNG
Indonesia*

Our Batang Ara Estate (Division III) at our Indonesia operations, Minamas, comprises 442.50 hectares of oil palm planted from 1994 to 1996. In 2016, 227.53 hectares of our total planted land was identified to previously be in HCV areas with a high potential value for rehabilitation with tree species endemic to the area. As part of our commitment to the RSPO and the Remediation and Compensation Procedure (RaCP), SDP will restore these areas with newly planted forests. This effort will support diverse and interconnected habitats for wildlife, thus increasing the biodiversity value of the land. SDP has submitted our Land Use Change Analysis (LUCA) for the 19 units in our remediation plans to the RSPO. As of December 2021, only 12 of the 19 LUCA reports have been approved, and seven are awaiting reviews and clarifications. To prevent any hindrances to RSPO surveillance and re-certification audits, the RSPO issued an Advisory Note in April 2021 approving critical non-conformities regarding the areas under review. We continue to support the RSPO in the process to determine any further need for compensation.

Papua New Guinea

One site in Papua New Guinea was also subject to an RaCP from 2018 to 2019, which the RSPO approved in February 2020: the recently acquired estates was previously owned by the Markham Farming Company Limited (MFCL) at our Ramu operations. Before the acquisition, MFCL used the site for 60 years of cattle, peanut, coconut, and cocoa farming before converting it to oil palm cultivation. This development occurred without any prior RSPO-compliant HCV assessments. The LUCA identified 53.37 hectares of degraded lowland forests and the calculated liability area was 74.71 hectares. **However, NBPOL's restoration plan exceeded this number and covered 79.03 hectares – an additional 4.32 hectares – to account for smallholder blocks.** NBPOL is afforesting this land with native species, mirroring the natural forests in the area to increase indigenous tree cover. We also plan to establish a satellite nursery at MFCL to provide seedlings for the ongoing restoration of the site. The LUCA further identified a 304.53 hectares degraded buffer zone area requiring remediation. NBPOL will remediate the site according to best management practices, restoring it as closely as possible to a natural habitat.

¹¹ HCV 4 are areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).

Response to claims in 2021 Greenpeace report

In October 2021, Greenpeace Indonesia released a report on oil palm companies whose plantations are located within designated national forest estates in Indonesia. Prior to the report, Greenpeace reached out to several growers, including our Minamas Plantation. The growers grouped our responses and formally responded to the claims through the Indonesian Palm Oil Plantation Companies Association (GAPKI), making it clear that we have complied with prevailing laws and regulations, including obtaining land-use permits for our respective operations. We have also followed the latest government regulations addressing oil palm plantations located within forest zones. However, we were unable to confirm the data presented in Greenpeace's analysis as the Government is still in the process of verifying the area in question. We will continue to strive for sustainable and responsible operations that respect the prevailing laws and regulations of the countries in which we operate.

RESPONSIBLE SOURCING



[GRI 2-6, 3-3, 203-2, 204-1, 308-1, 308-2, 414-1, 414-2]

Our Responsible Agriculture and Human Rights Charters outline our firm commitments to No Deforestation, No Peat and No Exploitation (NDPE). We strive to ensure our operations adhere to standards that meet or exceed these commitments and focus on supporting other industry actors to do the same.

To meet these commitments, we must ensure that every actor 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 enables us to engage with suppliers and obtain their commitment that all supplied products come from legally compliant, environmentally sustainable, and socially responsible sources.

Whilst this is clear on paper, elevating accountability across an extensive and dispersed network of suppliers is a highly complex task. We are dealing with multi-faceted issues, and solutions are never straightforward. We therefore take a constructive approach when engaging with suppliers in the event of breaches of NDPE requirements, as outlined in our Working with Suppliers to Draw the Line on Deforestation policy ('Draw the Line' policy). We also support suppliers through continuous engagement, monitoring supply chains, and conducting risk assessments. Like other industry players, SDP has made tremendous progress on tracking and eliminating deforestation within our supply chain.

OVERVIEW OF OUR SUPPLY CHAIN



[GRI 3-3, 204-1]

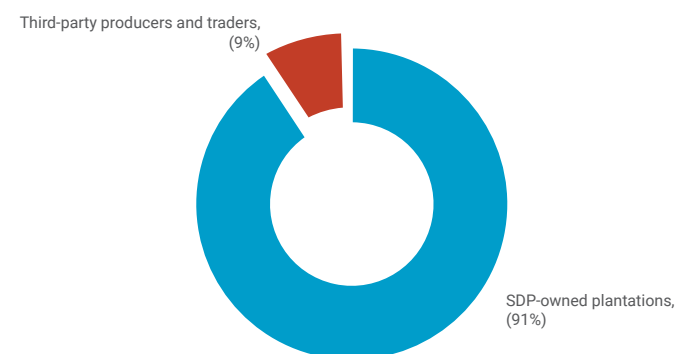
SDP is a vertically integrated palm oil business which means we are able to source the bulk of our supply from within our company.

At the upstream level, a total of 41 SDP mills source FFB only from our own plantations, representing 91% of our 2021 FFB supply. Our remaining 26 mills additionally buy from third-party estate owners and smallholders that either supply to us directly or indirectly through traders and collection centres. In 2021, they contributed to 9% of our total supply.

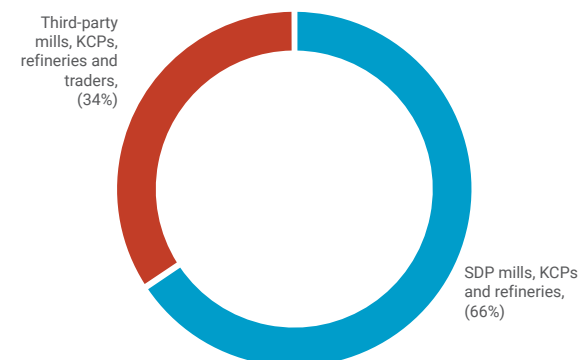
In 2021, at the downstream level, about 65.8% of the palm-based raw materials – CPO, palm kernel (PK), crude palm kernel oil (CPKO), and refined palm product – processed at our downstream operations, Sime Darby Oils, originated from SDP's own mills. The remaining 34.2% was sourced from third parties, of which 25.7% was sourced directly. Including SDP mills, we sourced directly from 1,105 mills under 494 parent companies. The remaining 8.5% of our palm-based raw materials was sourced indirectly from intermediaries and traders.

Our primary sourcing region is Malaysia, accounting for 52% of our total raw material volumes sourced in 2021, followed by Indonesia (27%), and (PNG) and Solomon Islands (12%). Less than 10% comes from Thailand and countries in South America and East Asia. Fortunately, there were no major supply chain disruptions at our downstream operations during the COVID-19 pandemic due to our vertical integration. SDP continues to work with our suppliers to meet ongoing demand.

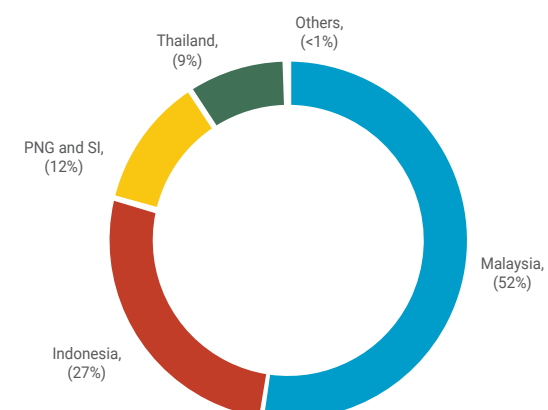
Internal vs External FFB Sourced 2021 (%)
Upstream



Internal vs External Raw Material Sourced
2021 (%)
Downstream



Raw Material Sourced by Region 2021
Downstream





TRACEABILITY



SDP is committed to traceability, which is crucial to meeting our No Deforestation commitments. Monitoring the origins of our supply allows us to identify and mitigate any environmental and social risks within our supply chain. We engage with our suppliers at the refinery and crushing plant levels to record their mills’ parent company name, mill name, certification status, address, and GPS coordinates. At the mill level, we require suppliers to register their plantation name, certification status and GPS coordinates.

We currently monitor the traceability of our CPO, PK, CPKO, and refined palm supply. In 2021, 95.4% of all raw material processed by our refineries and kernel crushers globally was traceable to the mill, a figure that has barely changed in recent years. We face challenges tracing the remaining 4.6% to mill because we source from some indirect suppliers who do not have ready information about their supplying mills, typically through spot market purchases. Nevertheless, we continue to look for ways to achieve full traceability.

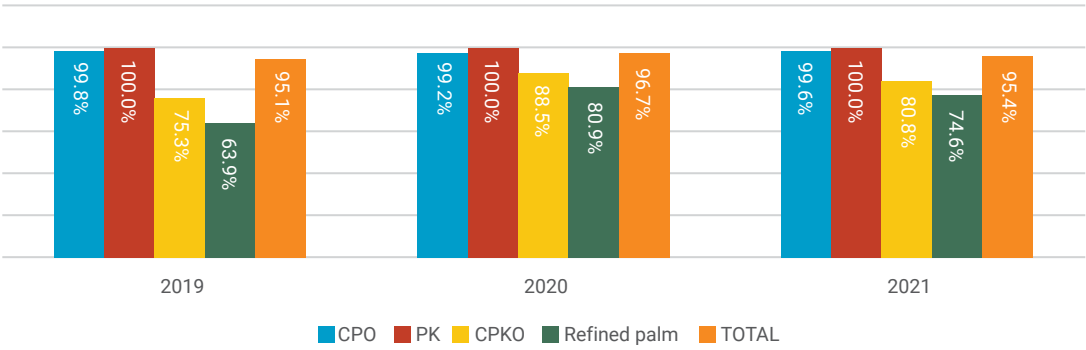
In 2020 and 2021, we continued to pursue our goal of full traceability to plantation of our own and third-party suppliers’ FFB. Our focus is on Malaysia and Indonesia because FFB from PNG and Solomon Islands has been fully traceable to plantation. This is because we source 100% from our own estates and smallholders in that region, all of whom have been subject to the company’s RSPO certification processes since 2012.

In 2021, we achieved 100% traceability to plantation for SDP mills and 34.5% for third-party mills, resulting in overall traceability of 73.5% to plantation. Compared to 2019, this is an improvement of 25.7%, owing to our continuous focus on retrieving and mapping plantation data from our third-party suppliers.

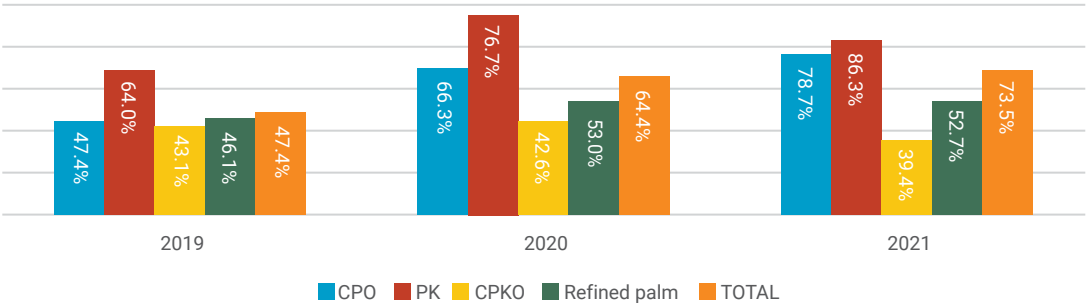
We have set a target of achieving 100% overall traceability to mill and plantation by 2025. By 2023, we will engage a third-party expert to verify all traceability data, lending greater credibility to our reporting.

We previously reported a target of full traceability to SDP-owned mills by 2022. However, we continue to face challenges with indirect smallholders we source from Malaysia. Whilst we have made some progress by mapping over 3,495 smallholders in recent years, there is still a long way to go. Nevertheless, we continue to work on traceability on all fronts and will report our progress against our overall 2025 traceability target.

Traceability to Mill 2019 - 2021 (%)



Traceability to Plantation 2019 - 2021 (%)



CROSSCHECK



In 2019, we developed and launched the Crosscheck platform – an open-access digital tool that tracks the origin of FFB and CPO in our supply chain across all the landscapes in which we operate. As of December 2021, it covers all our business units and the 1,105 mills that supply to them. Crosscheck also makes available shapefiles of our estates and the smallholders that supply to our PNG and Solomon Islands operations. The platform does not include our Indonesian operations due to current regulatory restrictions. Crosscheck also includes external suppliers’ shapefiles, which are only for SDP’s internal use and not shared publicly.

In 2020, we upgraded the platform to **Crosscheck 2.0**. This update included some technical improvements, and the platform now provides extra layers of information, including details about grievances against actors in our supply chain. It also provides the location of conservation projects in our sourcing landscapes.

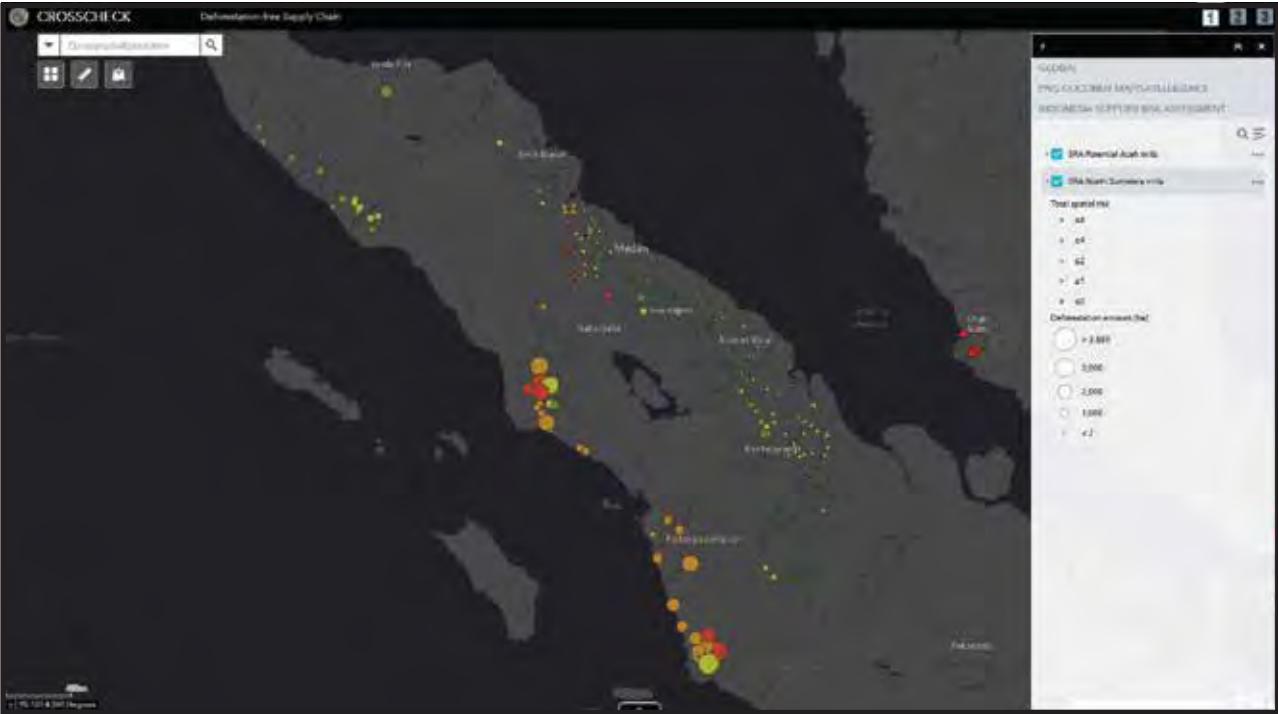
Crosscheck users can now explore:

- Our supply chain, including refineries and crushing plants, mills, plantations, and smallholders
- Detailed profiles of SDP and third-party supplier mills, including Global Forest Watch risk ratings and summaries of grievances (where applicable)
- Forest and peat areas, and our conservation projects in high-value landscapes.

Crosscheck’s enhanced transparency is an industry first and a significant step towards a deforestation-free supply chain. The improvements and extra layers of information have given us a powerful analytics tool to better understand the scope and complexity of our supply chain and the interconnections between the actors within it.

Crosscheck: A snapshot of its use

Using a combination of information points, such as a supplier’s location, land cover, and forest loss analysis, we can better understand the landscapes of existing and potential sourcing areas. Below is an example showing the regions of Aceh and North Sumatra. Mills in large red and orange circles operate in sensitive landscapes. Examples seen here include Subulussalam and Mandailing Natal. Small green circles indicate mills surrounded by established plantations with low deforestation rates, such as Labuhan Batu on the adjacent image. Using this information, we can distinguish deforestation-risk prone areas from safe sourcing zones. Internally, SDP uses these spatial analysis findings to guide sourcing decisions and identify suppliers that require further engagement. External stakeholders can use the information for similar purposes. Whilst the platform is open to all, Crosscheck is typically used by customers and their technical service providers.



SUPPORTING SUPPLIERS' NDPE COMMITMENTS



Monitoring risk within the supply chain

We use a combination of internal and external evaluation methods to assess third-party and SDP-owned suppliers for the risk of deforestation and peat clearance. These methods include desktop analyses, due diligence on potential and existing suppliers' information, and external monitoring initiatives to visually map risk areas in our supply chain.

SDP is alerted on any potential deforestation through satellite monitoring detection systems, such as Earthqualizer's platform (carried out in partnership with Aidenvironment) and Radar Alerts for Detecting Deforestation (RADD). Earthqualizer uses their proprietary database of oil palm mills and plantations on maps of natural forests, spanning 20 million hectares in Malaysia, Indonesia and Papua New Guinea, where we source most of our supply. It provides SDP with bi-monthly internal reports on potential occurrences of deforestation and peat clearance. Our alert assessments are augmented by RADD, a radar-based monitoring system that makes deforestation alerts publicly available on the Global Forest Watch and Global Forest Watch Pro platforms. RADD was developed in 2018 by Wageningen University and Satelligence. It is facilitated by the World Resources Institute (WRI) and funded by 10 major palm oil players, including SDP. RADD became fully functional in 2021 and is an integral component of our deforestation alert process.

When an alert is triggered, SDP further investigates the incident to confirm potential non-compliance. If the alert involves a direct supplier, we engage with them and require them to submit evidence and documentation proving they did not cause the incident. If they did cause the incident, we require them to submit proof they completed the required assessments before clearing began. If the alert involves an indirect supplier, we engage with the respective third-party trader who connected us with that supplier to enquire on the status and progress of investigation and outcomes. Any confirmed breaches will trigger the remedial measures in our Draw the Line policy.

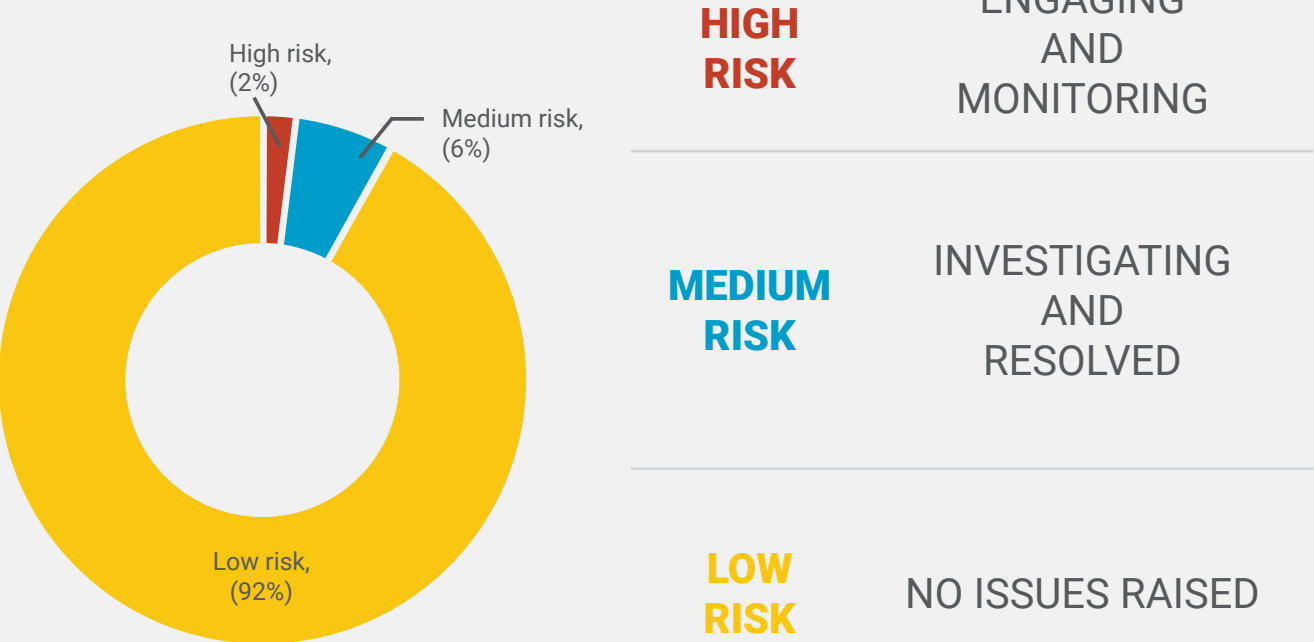
Assessing risk and supplier engagement



[GRI 3-3, 308-1, 308-2]

We assess the risk levels of our suppliers to guide our engagement approaches every quarter. Suppliers confirmed to have engaged in non-compliant land-clearing activities are flagged as high risk and prioritised for engagement. Medium-risk mills are those where breaches have been detected and are either under investigation or resolved. They remain on our radar as medium-risk mills until they are verified to be free of high-risk activities. Low-risk suppliers represent mills where there has been no detected activity.

Risk levels of Suppliers Assessed 2021 (%)



We engage all high-risk suppliers on a priority basis every month to ensure compliance and investigate further non-conformances. **In 2021, we identified 2% of our suppliers as high-risk and have commenced engagement with them.** As per our Draw the Line policy, suppliers must take remedial measures in the event of a confirmed breach. They must immediately stop working on the affected land, develop a remediation plan (including conducting the necessary High Conservation Value-High Carbon Stock Approach (HCV-HCSA) assessments), and create an action plan to meet our commitments. If they are unwilling to implement these measures, our policy is to remove them from our supply chain.

However, we firmly believe that suspension is not the end of the road. To truly help end deforestation risks and ensure non-compliant supply does not enter markets and leak into the system, we must continue to engage with all actors and collectively work towards shared goals. Our ultimate aim is to expand the number of palm oil companies adhering to NDPE standards. Therefore, if a non-compliant supplier commits to meeting our conditions, we will re-engage with them and support their progress.

In-depth assessments and engagement with supplying mills in Indonesia

In 2021, Sime Darby Oils developed and rolled out a dedicated due-diligence assessment against our Responsible Sourcing Guidelines (RSG) for direct third-party mills supplying our Pulau Laut refinery in Indonesia. Combining spatial and non-spatial data, we screen and evaluate suppliers to inform our sourcing decisions. Non-spatial data includes a desktop review of news and reports on legal, community, environmental, and liability matters. A spatial data review uses the Global Forest Watch Pro (GFW Pro) platform to look at forest cover, peat, and protected areas in a supplier's sourcing zone. We applied this approach to existing and potential suppliers. In 2021, a total of 97 new and 41 existing suppliers were assessed in accordance with this due diligence framework.

In September 2021, we launched another programme with four suppliers undergoing due diligence assessments. The RSG Derivation Standard identified gaps in complying with our RSG requirements, resulting in customised action plans that provided each supplier with guidance and support to meet each requirement. SDP will track progress against these actions plans and support suppliers in fully complying with our NDPE commitments.

From August to September 2021, we also conducted a series of seven knowledge-sharing webinars on our NDPE requirements and related topics and made them available to all suppliers. A total of 237 participants attended, all of whom are suppliers belonging to 22 parent groups. Due to positive uptake, SDO will continue to host sessions throughout 2022.

Webinar topics include:



This more rigorous assessment and engagement approach for direct suppliers in Indonesia is a first for the Group. We aim to develop similar programmes at our other refineries tailored to the specific trader-buyer relationships existing at each of these locations.



SUPPLIERS' PROGRESS ON NO DEFORESTATION COMMITMENTS

[GRI 3-3, 308-1]



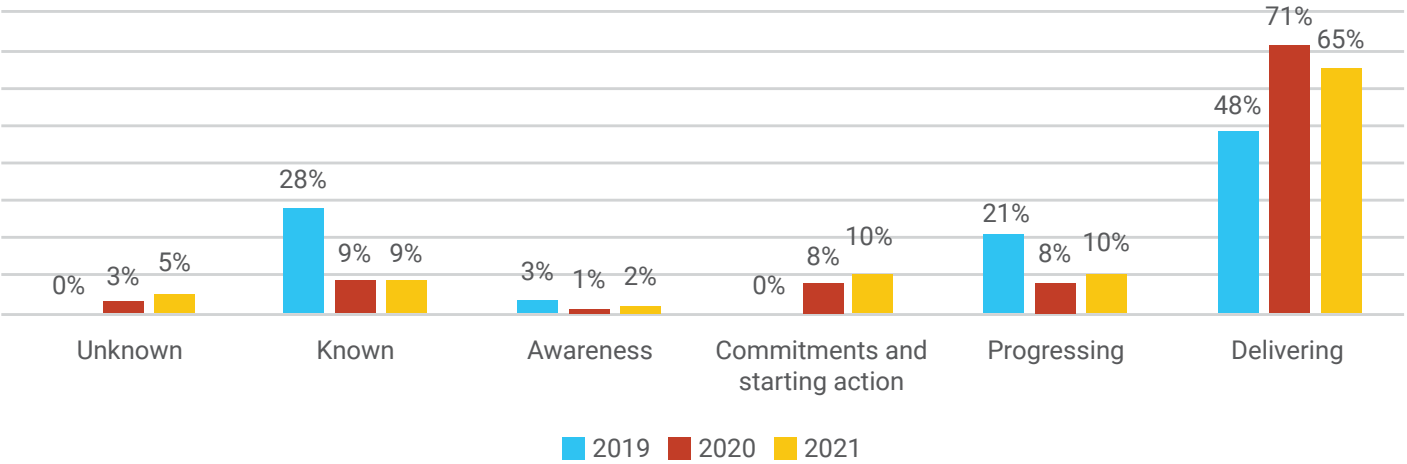
Achieving a no-deforestation supply chain is important to our climate goals and carbon reduction strategies.

We have identified that 30.8% of all supplying mills and 75.8% of traceable volumes sourced are Roundtable on Sustainable Palm Oil (RSPO) certified, including SDP mills. Because they adhere to this standard, we know the supply from these mills is mostly in line with our NDPE commitments, and supports our understanding of which suppliers are making progress against these commitments.

Every six months, we assess all supplying mills for compliance with NDPE requirements using the NDPE Implementation Reporting Framework (NDPE IRF). Developed by Proforest with the support of various conveners, companies, practitioners, and stakeholders in the palm oil sector, this reporting tool is designed to help companies systematically understand and track progress in delivering on our NDPE commitments in our palm oil supply chain. At both the mill and production levels, the NDPE IRF tool allows us to collectively understand what is required to deliver on NDPE commitments, monitor progress, identify gaps in implementation, and drive improvements. The framework currently covers No Deforestation and No Peat criteria, whilst its No Exploitation component is under development.

Our global profiles show that 75% of suppliers are either delivering on or making progress against their NDPE commitments in 2021. This high percentage is because most of our supply comes from SDP mills, which are RSPO certified. We continue to engage supplying mills that need support to understand and meet their NDPE commitments through programmes like our supplier workshops in Indonesia. We have targeted 100% of our suppliers complying with NDPE requirements by 2025. The NDPE IRF will be instrumental in tracking their progress, and we will begin third-party verification of NDPE IRF reporting by 2023.

Supplier Progress on
No Deforestation Commitments at Mill Level
2019 – 2021 (%)



Note: Data is as of Q2 2021

CHALLENGES TO MONITORING SOCIAL RISKS IN SUPPLY CHAINS

[GRI 3-3, 414-1]

We have made significant progress in addressing No Deforestation and No Peat commitments within our operations and supply chain, aligned with the latest industry developments and best practices. However, we recognise that we must equally emphasise No Exploitation. We further acknowledge that technology and monitoring can detect deforestation and peat clearance issues, but social breaches within supply chains are not as easily discerned.

Our current approach to assessing suppliers against No Exploitation commitments is through our grievance mechanism. Breaches of social requirements are usually raised through grievance channels and public media reports. We report any risks identified through this process in our Supplier Grievance Register, which is publicly available on our website and details the affected supplier, the issues identified, the actions taken, and the status of each case.

We are developing proactive ways to monitor our supply chains in 2022 and beyond by applying best practices and learnings from our current efforts within SDP's own operations.

At the same time, we have engaged in industry-wide conversations and collaborations on the best ways to address social issues. One such avenue is our participation in the Palm Oil Collaboration Group's (POCG) working group to address social issues. Launched in 2020, this working group focusses on integrating Human Rights Due Diligence into management systems. It employs a collaborative approach to ensure responsible recruitment in Malaysia and identify tools to effectively address the rights of Indigenous peoples and local communities. SDP is also part of the RSPO Human Rights Working Group, helping to ensure human rights are upheld as outlined in the RSPO Principles and Criteria.



MANAGING GRIEVANCES



[GRI 2-16, 2-25, 2-26, 3-3, 308-2, 414-2]



Any confirmed non-compliance with our NDPE commitments triggers our grievance mechanism, ensuring that we are responsive in monitoring compliance and held accountable through increased transparency. The grievance procedure is available to individuals, government organisations, and NGOs, all of whom can file grievances against SDP and our suppliers. Grievances can also be raised through external platforms, like the RSPO complaints system.

We verify every claim we receive and publish quarterly updates on our investigations on our Supplier Grievance Register. We also make available grievance data on our Crosscheck platform to help stakeholders understand issues based on their location and links to other actors in the supply chain. We maintain regular communication with impacted stakeholders and grievance filers to address their concerns whilst investigations are in progress. We recognise that resolving complex grievances may require lengthy verification and mediation measures but are committed to addressing all grievances in a fully transparent and accountable manner.

We have publicly shared grievance updates since 2015. As of December 2021, there is one outstanding case against SDP in the RSPO complaints system regarding our previous investment in PT Mistra Austral Sejahtera (PT MAS).

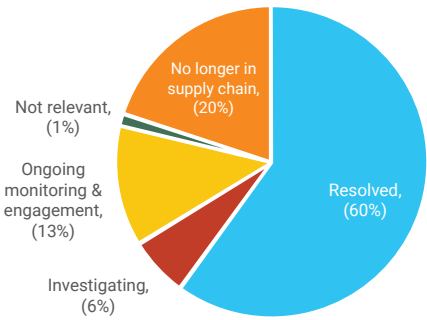
From 2015 to 2021, a total of 80 cases against third-party suppliers were filed in our Supplier Grievance Register. Most of these cases are related to indirect suppliers who supply SDP via traders. As of December 2021, we have resolved 60% of these cases. We are monitoring and engaging with suppliers involved in 13% of these cases, and a further 6% are still under investigation.

The remaining 20% of all cases involve suppliers that are no longer in our supply chain for one of three reasons. A supplier may have been suspended or excluded due to non-conformance, no longer supplies a third-party trader for commercial reasons, or is still within a third-party sellers' supply base but banned from selling indirectly to SDP.

As of December 2021, SDP ceased purchasing from three direct suppliers due to non-conformance. Two of these three are no longer in our supply chain for violating our Draw the Line Policy. SDP is currently engaging with these suppliers to assess their progress against their NDPE commitments. If they meet our strict conditions, we may resume commercial relationships with them. Whilst direct relations with the remaining non-conforming supplier have ceased, there is a chance of the mill re-appearing in our supply base indirectly through spot market transactions. It is difficult to ensure these mills will not appear in future spot market supplies, but SDP welcomes new solutions preventing their re-appearance when they are made available.

The majority of grievances filed concern deforestation and peat clearance detected by our satellite alert systems or raised by stakeholders. As of December 2021, we have detected potential forest and peatland clearing related to our suppliers on approximately 32,456 hectares. We are actively monitoring these cases and are actively engaging affected suppliers to work towards a resolution. To date, there has been no illegal or non-compliant land clearing detected at our own operations.

Status of Grievances as of December 2021 (%)



SMALLHOLDERS



[GRI 3-3, 203-1, 203-2, 204-1]



Smallholders are vital to the oil palm production landscape, accounting for almost 40% of the entire industry's production. Typically, smallholders grow subsistence, or food, crops for their personal and family consumption alongside oil palm. They also rely on the plantations, mills, and traders they supply to ensure their economic growth and improve their livelihoods. For these reasons, companies like SDP must actively support the inclusion of smallholders in our supply chain.

Smallholder volumes make up 20% of SDP's supply base. In 2021, we sourced over 1.6 million tonnes of FFB from over 64,000 scheme and independent smallholders across Indonesia, Malaysia, and Papua New Guinea (PNG) and Solomon Islands. This volume includes direct supply from smallholders and indirect supply from traders, particularly in Malaysia.

Smallholder support programmes



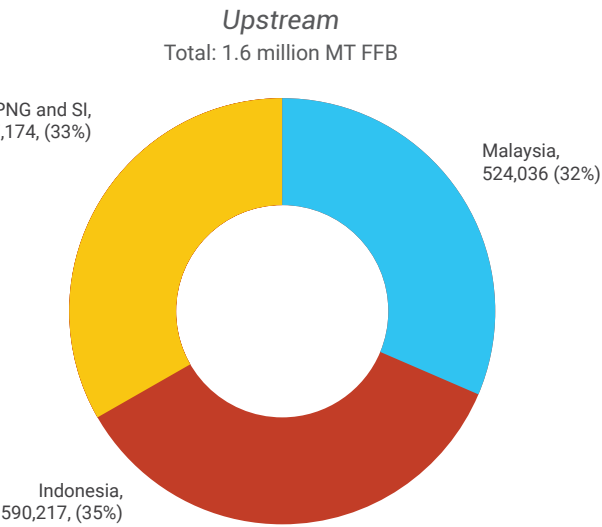
All smallholders must adhere to the same Responsible Sourcing Guidelines criteria we impose on all FFB suppliers. However, we recognise that many smallholders may have difficulty meeting these criteria despite making commitments because they lack capacity, know-how, and access to financial resources. Given the significant volumes produced by smallholders, supporting their transition to sustainable practices is crucial to transforming the industry and ensuring that SDP achieves our NDPE ambitions. Our goal is to ensure 100% of all supply sourced is NDPE-compliant by 2025, including smallholder supply.

Therefore, we have developed programmes across our upstream operations to support scheme and independent smallholder certification as a gateway to sustainable production. These programmes build capacity and train smallholders to improve production efficiency and secure higher yields. They also reduce barriers to market access and provide support to meet certification requirements.

In 2020 and 2021, there was little progress on smallholder programmes. We faced difficulties travelling into the field, carrying out in-person training, meeting with smallholders currently engaged in our programme, and connecting with new ones, due to COVID-19 restrictions. Nevertheless, we have continued to pursue our programmes where possible and engage smallholders in every way we can.

As of December 2021, a total of 28,305 Indonesian scheme smallholders are covered by one of two programmes, making up 100% of all scheme smallholders that supply to our mills. A total of 23,951 independent smallholders in Malaysia and PNG and Solomon Islands are also covered by a certification programme, making up 72% of the independent smallholders that supply to us.

Smallholder FFB Supply by Region 2021 (MT, %)





▲ 50% of the smallholders that supply to us are RSPO certified through our certification support programmes

Climate change is a key component of smallholder programmes

A major component of our programmes is helping farmers understand how climate change can impact their livelihoods and adopting climate-smart agriculture approaches. Our programme modules include responsible land use and conservation planning, adopting good agricultural practices on fertiliser application and moisture retention, and maintaining riparian buffer zones as part of flood mitigation. Smallholders in our supply chain can also potentially access planting material that is more climate-resilient. Transitioning smallholders to climate-smart agricultural practices is critical to SDP’s climate strategies and intricately linked to meeting our No Deforestation and No Peat requirements.

Certification status of smallholders

As of December 2021, 50% of the smallholders that supply to us are RSPO certified through their participation in our certification support programmes. In 2021, they collectively sold over 961,000 tonnes of certified FFB to SDP mills.

Whilst smallholders in Indonesia and Papua New Guinea (PNG) and Solomon Islands focus exclusively on obtaining RSPO certification, smallholders in Malaysia aim to comply with their country's mandatory national certification standard first by achieving Malaysian Sustainable Palm Oil (MSPO) certification. In Malaysia, 9% of smallholders are MSPO certified, independently or through programmes supported by SDP. We also know that less than 1% of the independent smallholders we source from in Malaysia are RSPO-certified.

OVERVIEW OF SMALLHOLDER PROGRAMMES AND CERTIFICATION BY REGION 2021

Country	Type of smallholder	Smallholders supplying to SDP (no.)	Smallholders covered by programmes (no.)	Smallholders covered by programmes (%)	Smallholders RSPO certified
Malaysia	Independent	16,137	6,784	42%	0.67%
Indonesia	Scheme	28,305	28,305	100%	52%
	Independent	2,602	n/a	n/a	n/a
PNG and Solomon Islands	Independent	17,167	17,167	100%	100%
Total		64,211	52,256	81%	50%

Note: Smallholders in PNG and Solomon Islands are categorised scheme smallholders for the purposes of SDP’s RSPO Annual Communication of Progress (ACOP) submissions.



Malaysia



▲ Our mills in Malaysia source fresh fruit bunch from smallholders who are not contractually bound to any mill

SOURCING FROM 16,137 SMALLHOLDERS	524,036 MT FFB SUPPLIED IN 2021, 10% OF SUPPLY IN MALAYSIA	100% INDEPENDENT SMALLHOLDERS	97% INDIRECTLY SOUCRED THROUGH FFB TRADERS	9% MSPO CERTIFIED	<1% RSPO CERTIFIED
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In Malaysia, our mills source from independent smallholders, i.e. suppliers who are not contractually bound to any mill. Certification uptake amongst smallholders in Malaysia is slow, including against the mandatory national MSPO certification scheme. Most smallholders need support on providing land deeds to prove ownership, which is a basic requirement of the certification process. Many lack a license to trade FFB, and many do not have the financial capacity to pay for the improvements needed for the certification process.

Because 97% of the FFB supply we source comes indirectly from traders, traceability to plantation and assisting these smallholders can be more challenging than when dealing with them directly. Smallholder numbers also tend to fluctuate year-to-year due to this indirect relationship and yearly FFB purchase requirements. Nevertheless, we started mapping the locations of our smallholder suppliers in Malaysia, where possible, in 2019. In 2021, we engaged with 121 FFB traders supplying to 18 of our mills and accounting for 10% of our total volumes in 2021. As of December 2021, a total of 3,495 smallholders have been mapped.

By knowing the locations of these smallholders, we can roll out certification support programmes. In 2019, we piloted a small-scale support programme for smallholders that indirectly supply to our Sungai Dingin mill in Kedah, specifically from Kulim, Sungai Petani, and Kuala Ketil districts. It was conducted in partnership with the Malaysian Palm Oil Board and the traders involved, and a Malaysian agricultural financial institution (Agrobank). SDP teams provided on-the-ground support such as verifying land titles and licensing documents and confirming location coordinates, estate boundaries, and shapefiles to establish a formal record of smallholders’ operations. As a result of this programme, a total of 1,439 smallholders were successfully MSPO certified by the end of 2021.

As of 2021, some 1,439 smallholders, representing 9% of the smallholders that supply to our Malaysian mills, are MSPO certified, independently or through programmes supported by SDP. We are developing strategies and pilot projects to expand MSPO certification to all independent smallholders who supply to us. Whilst we initially targeted 100% certification by 2023, we have revised this date to 2025 due to programme delays caused by COVID-19 restrictions. The new date also accounts for the time required by FFB dealers to seek MSPO certification per new regulations announced in 2022.



Indonesia



▲ SDP supports smallholders in Indonesia to become RSPO certified through the KKPA programme and Plasma schemes

SOURCING FROM 30,907 SMALLHOLDERS	590,217 MT FFB SUPPLIED IN 2021, 19% OF SUPPLY IN INDONESIA	92% SCHEME SMALLHOLDERS; 8% INDEPENDENT SMALLHOLDERS	100% DIRECTLY SOURCED	52% SCHEME SMALLHOLDERS RSPO CERTIFIED
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Our Indonesian operations, Minamas, support scheme smallholders through two programmes: the Kredit Koperasi Primer Anggota (KKPA) and plasma schemes. Whilst SDP manages KKPA landholdings, smallholders participating in the KKPA programme are allocated share certificates for oil palm cultivation on their concessions. In exchange, they are given employment opportunities and earn income from the profits generated on their land. On the other hand, SDP develops the land under plasma schemes, which is then handed over to smallholders to manage after it reaches maturity. In exchange, these smallholders sell FFB to our mills at a mutually agreed upon price. Plasma schemes originated in the Indonesian Government's 1987 Plasma Transmigration Program.

SDP is supporting smallholders' efforts to become RSPO certified through these programmes. In 2014, the first group of KKPA smallholders in Indonesia achieved certification. As of December 2021, some 14,768 scheme smallholders, representing 52% of our scheme smallholders, are RSPO certified. This number has increased slightly in recent years, and our efforts were hampered by challenges in obtaining land titles and meeting the associated regulatory requirements. However, SDP is committed to supporting scheme landholders, aiming at 100% certification by June 2023.



Papua New Guinea and Solomon Islands



▲ Since 2012, NBPOL has rolled out support programmes and structured certification processes to support each of our smallholder suppliers

SOURCING FROM 17,167 SMALLHOLDER BLOCKS	557,174 MT FFB SUPPLIED IN 2021, 23% OF SUPPLY IN PNG/SOLOMON ISLANDS	100% INDEPENDENT SMALLHOLDERS	100% DIRECTLY SOURCED	100% RSPO CERTIFIED	196 RA SAS CERTIFIED
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New Britain Palm Oil Limited (NBPOL) operates in unique landscapes in Papua New Guinea and Solomon Islands that are nothing like those in Indonesia and Malaysia. In principle, we source from independent smallholders that belong to collective production schemes known as blocks. These smallholders retain legal authority over their land and farming system choices without any mandatory or contractual obligations to a mill. However, based on their geographical location, these smallholders are functionally tied to our mills. Recognising their dependence on our mills for their livelihoods, we place tremendous importance on supporting smallholders in PNG.

100% independent smallholders are RSPO certified in PNG and Solomon Islands
NBPOL either sources from our own estates or smallholders, and we consider RSPO compliance as the minimum purchasing requirement in this region. Since 2012, NBPOL has rolled out support programmes and structured certification processes to support and certify each of our smallholder suppliers. This approach means we have operated a fully segregated and fully traceable palm oil supply chain since establishing ourselves here. It also means all existing and newly established smallholder suppliers are compliant with NBPOL and RSPO requirements.

A key NBPOL initiative is ensuring all our smallholders receive a substantial premium for supplying RSPO-certified fruit because of the increased value of selling fully segregated oil to our markets. We strive to ensure the premiums received are significant and used for the benefits of the smallholder community. Premiums given are based on published RSPO premiums and premiums we receive on the sale of Certified Sustainable Palm Oil (CSPO) converted to FFB equivalents. In 2021, smallholders earned collective premiums of 7,214,973 PGK (or USD 2.06 million). The premium paid to each smallholder is based on their production with no administrative charges or other deductions.

Rainforest Alliance Sustainable Agriculture Standard (RA SAS) certification
SDP has also supported the certification of smallholders at our West New Britain (WNB) operations against the Rainforest Alliance Sustainable Agriculture Standard (SAS). In 2018, we expanded this initiative to cover smallholders supplying to WNB. To date, 196 smallholders have been certified to the SAS. Initial plans to roll out certification support programmes for smallholders at other sites have temporarily been put on hold due to COVID-19 restrictions.

Supporting smallholders through financial literacy
Aside from certification, our NBPOL sites carry out programmes with local communities on land use planning, gender empowerment, and sharing best practices to help farmers obtain the skills and knowledge they need to manage their oil palm blocks and improve their livelihoods. One such programme provides financial literacy support to smallholders and landowner groups through a train-the-trainer model that covers topics such as budgeting, financial planning, sound financial practices, and banking. We also facilitate the opening of personal bank accounts for interested members.

Improving the socioeconomic status of smallholders
Low productivity caused by social and economic factors is the main challenge facing oil palm smallholders. NBPOL is collaborating with the PNG Oil Palm Research Association's (PNGOPRA) Smallholder and Socioeconomic Research Division to conduct extensive research and provide technical advisory services to smallholders. This includes conducting research on fertiliser programmes that best maximise yields for smallholders, understanding the effectiveness of smallholder training on best management practices provided by SDP, and understanding smallholders' income and expenditure patterns. Through this research, we aim to better understand these social and economic factors and improve our programmes to address smallholder productivity and strengthen the country's economic, environmental, and social well-being.

GOVERNANCE

SUSTAINABILITY MANAGEMENT

[GRI 2-9, 2-12, 2-13, 2-16, 2-23, 2-24, 3-3, 405-1]



SDP’s Board of Directors is accountable for the Group’s sustainability commitments and performance. Our Board comprises 11 members, six of whom are independent directors, including one independent non-executive director appointed in May 2021. Nine members are Malaysian, one is Singaporean, and another is a British national. Three Board members are women. Our Board’s composition reflects the diverse professional and educational backgrounds. For more information on our Board composition, see the SDP Annual Report 2021, page 86.

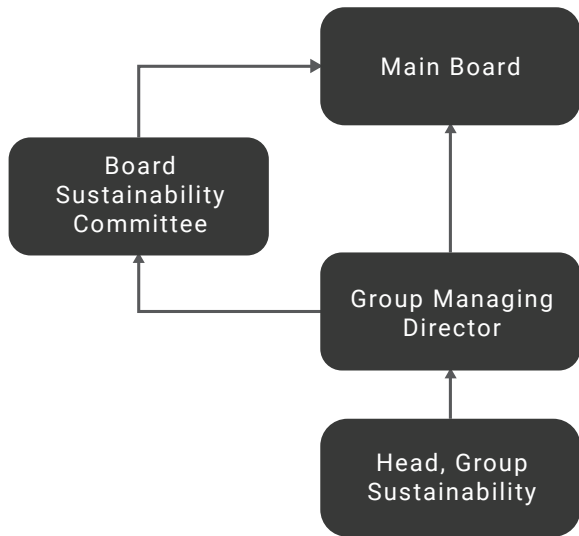


Diagram of overall Sustainability Governance in SDP

The Board’s Role

The Board takes an active role in looking into climate change, conservation and biodiversity, human rights, supply chain amongst other sustainability related matters of the Group through the Board Sustainability Committee (BSC). The BSC supports the Board’s oversight of the Group’s sustainability objectives, policies, and practices. The BSC is Chaired by Dato’ Henry Sackville Barlow, Independent Non-Executive Director and has four other members. This includes strategies on environmental, social and governance fronts, as well as climate-related strategies and grievances raised against SDP.

At every quarterly BSC meeting, the progress of the Group’s efforts to decarbonise its operations are monitored and deliberated as a standing agenda item. This includes monitoring and reviewing the progress of renewables projects (biogas & solar initiatives), efforts in implementing nature-based solutions and reforestation projects, and also efforts to eliminate deforestation with the Group’s supply chain against SDP’s overall climate strategy. On top of that, other climate change-related matters are also deliberated at the various BSC meetings throughout the year. These include reviews on the study by the R&D team on the impacts of physical climate risks to the organisation, and enhancements of climate related disclosures (e.g., improvements in line with TCFD recommendations).

Social and Governance aspects of the Group are also deliberated and discussed during the BSC meetings. Recently, the meetings have focused heavily on workers welfare and well-being as outcomes of the human rights workstreams including the implementation of improved policies and procedures, matters discussed at the social dialogues and issues raised through the grievance channels. The BSC 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. The BSC further monitors the assessment against the ILO Forced Labour indicators through the interim governance structure further outlined below.

Our independent sustainability advisor, Dr Simon Lord, provides timely advice on specific sustainability initiatives and topics. During his tenure and attendance at all BSC meetings, he has developed reports to the BSC around Transitioning to a Net Zero Commitment, Regenerative Agriculture and Nature Based Solutions, and Future Trends in Sustainability. Dr Simon Lord is also involved in the respective human rights workstreams. External subject matter experts around climate change have also been invited to present the latest transition trends around climate change post COP 26 in November 2021. For more information on the roles and responsibilities, and key areas covered by the BSC in the last financial year, go to page 101 of the Annual Report.

Key outcomes of the BSC meetings are escalated to the quarterly Main Board meetings. This includes the progress made by the Group around the various decarbonisation efforts underway. It also highlights any key challenges or issues. Major climate change related decisions, such as major investments for renewables, and SDP’s options for more ambitious climate change targets are also deliberated at the Main Board.



The Board periodically attends training on sustainability and key environmental, social and governance developments. In 2020, the Board attended 14 ESG related training events and 44 training events in 2021. This includes amongst others, training events related to Climate Action and Climate Governance as well as Forced Labour impacts and the Circular Economy. More details on the BSC activities are available in the Sustainability Committee Report of the SDP Annual Report 2021.

Aside from the BSC, sustainability risks are monitored in our Enterprise Risk Management (ERM) framework that is governed by the Risk Committee. The ERM includes amongst other issues, environment, social and governance risks that are material to the Group. More details of the Group’s ERM and activities of the Risk Committee are available in the Risk Committee Report of the SDP Annual Report 2021.

Management’s Role

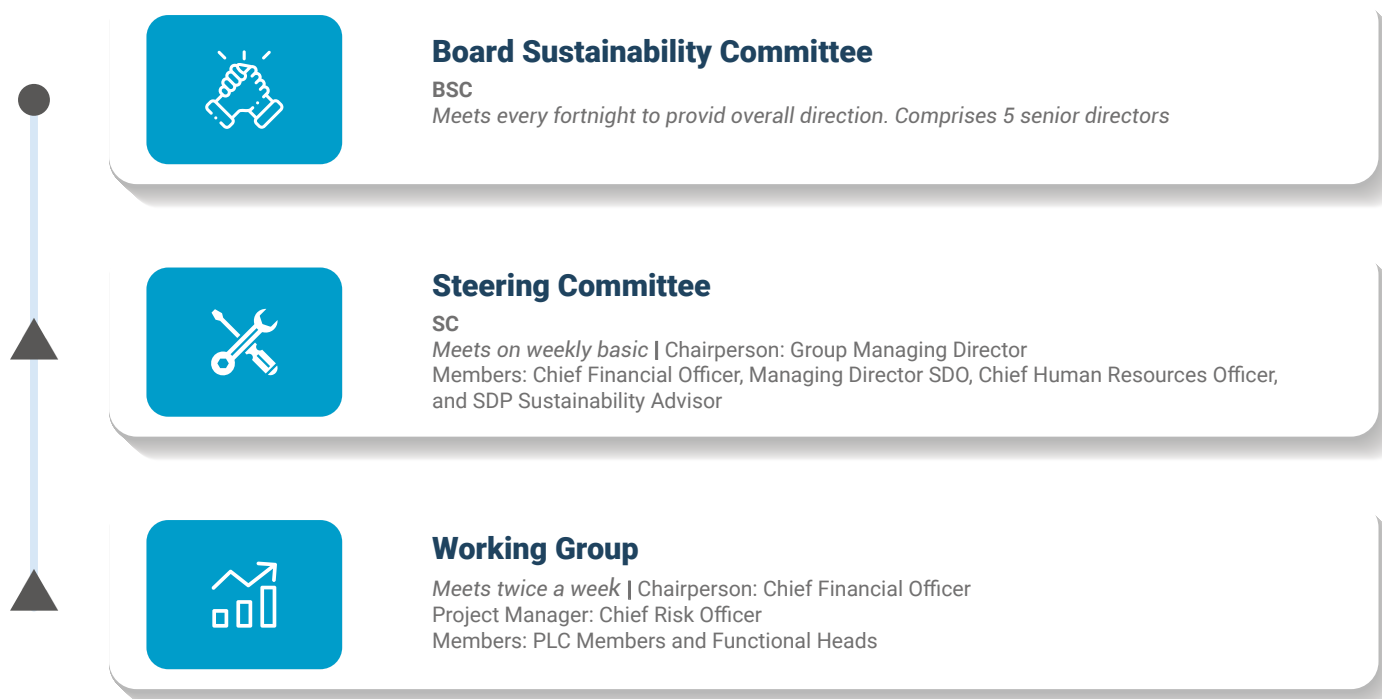
The Group Managing Director (GMD) is accountable for sustainability related matters for the entire Group, including climate change. This is then cascaded down to the respective members of the Plantation Leadership Committee (PLC). The PLC is chaired by the GMD. Environmental, Social, and Governance (ESG) related metrics are included as part of the GMD’s corporate scorecard where one of the Key Performance Indicators measure the performance of the Group against an external sustainability benchmark. This benchmark assessment includes climate change related metrics around the Group’s climate change commitments and progress in decarbonisation within the operations and throughout the supply chain. The assessment also addresses key Social and Governance metrics such as human rights and labour rights.

Sustainability related matters are also a standing agenda of the monthly PLC meetings. Progress of the Group’s climate action, including decarbonisation efforts are reported during these PLC meetings. Key climate change related developments and risk are also highlighted and deliberated during the monthly PLC meetings where required. The topics deliberated include future regulatory requirements such as the EU Due Diligence on Deforestation, customer NDPE requirements and expectations and other material climate change related risks and opportunities. The progress of other ESG matters is also deliberated during the PLC meetings. These include the monitoring and reviewing the progress of the Group’s Human Rights programme, Occupational Safety and Health Performance, Responsible Sourcing programme developments, and the status of the Group’s certification programme and compliance to its various Charters, Policies and Procedures.

SDP’s sustainability team is led by the Head of Group Sustainability, who reviews SDP’s sustainability strategies, commitments, and plans, and oversees their implementation. He is responsible for reporting on updates, progress, and critical concerns to the BSC every quarter and reports directly to the GMD. The sustainability team at our head office is staffed by over 30 employees and oversees more than 50 operational teams across all business units. Possessing local, international, and technical expertise, the team also manages the day-to-day implementation of our No Deforestation, No Peat and No Exploitation (NDPE) commitments and related policies. Its activities include continuously engaging with relevant stakeholders on their respective roles.

In 2021, SDP was accepted as one of the 56 Members of the CEO Action Network or CAN which is a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance. Through a dedicated Working Group, Workstreams and active members driving bespoke initiatives, CAN aspires to catalyse its members towards shaping future-ready and ESG-integrated business models and ecosystems. As a member of this coalition, SDP will have a voice in a partnership aiming to achieve the Group’s collective ESG commitments.

Re-evaluated governance structure on Human Rights



In July 2021, the BSC adopted a special Terms of Reference to monitor the ongoing assessment and continuous improvement plan to address the resolution of labour issues. The BSC is supported by a two-tier management team in undertaking the assessment and continuous improvement plan. The first of these is the Steering Committee (SC) chaired by the GMD, which meets weekly and the second is a Working Group (WG) chaired by the Chief Financial Officer, which meets at least twice a week and comprises seven separate work-streams that are led by members of the PLC or functional heads. By demonstrating the commitment of SDP's senior management and its direct involvement in the initiatives being deployed, thus putting heavier emphasis on sustainability within formal performance management targets, we have already effected transformative behavioural change.

In addition, key structural changes have been made to ensure a dedicated focus on worker welfare as well as to ensure continued compliance with ILO and sustainability standards. As of January 2022, we have appointed 40 fulltime dedicated Site Safety and Sustainability Officers (SSSO), to assist and support our Strategic Operating Units (SOUs) with managing safety and sustainability activities and initiatives on the ground, with a particular focus on human rights matters. The new officers are tasked with managing overall documentation, providing on-site support for operations compliance monitoring, and setting out actionable immediate next steps in managing any safety and sustainability concerns or issues should it arise.

The new Head of Social Welfare & Services will report to the Chief of Upstream Business Support, an experienced individual who has been appointed to this role, effective 1st April 2022 to sustain the transformational changes that have been instituted in Upstream Malaysia.

This team will be responsible for overseeing the implementation of policies and procedures related to the well-being and safety of workers, ensuring that day-to-day upstream operations comply with internationally recognised best practices.

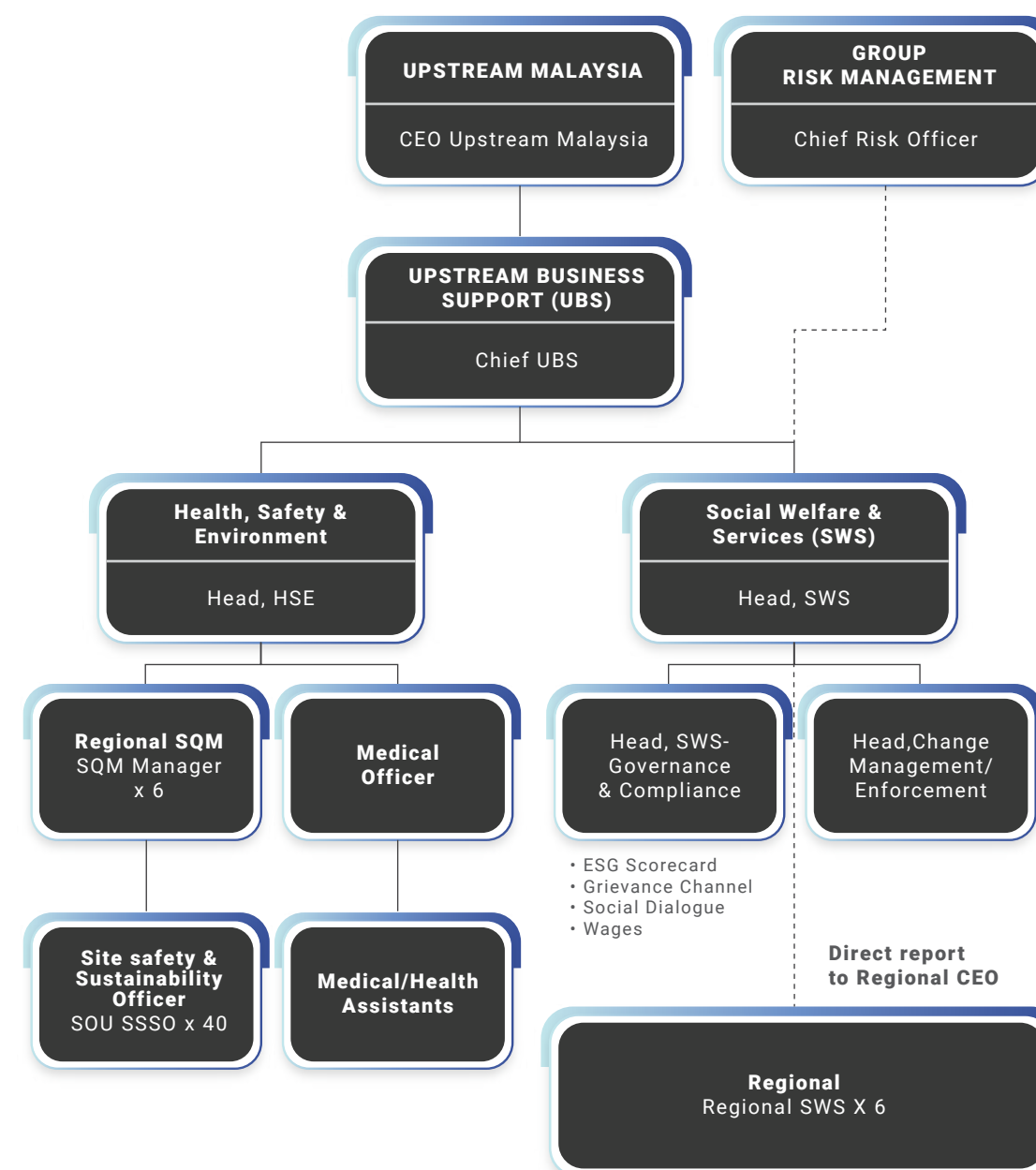


Diagram: New structure of Upstream Malaysia focussing on workers' welfare

Additionally, to emphasise a zero-tolerance approach, we have taken stern and swift action against those who did not adhere to the company's policies. This is particularly important as consequence management and accountability will ensure a shift in culture.

NEW ESG SCORECARD

A new ESG Scorecard outlining KPIs that reflect the initiatives we have undertaken to meet the requirements of the ILO and to fully address the Forced Labour Indicators (FLI), was developed as key outcomes from the workstream. Communicated to all estates and mills in January 2022, this scorecard supplements the Main Financial & Operational Scorecard (Main Scorecard) and supersedes a previous system which incorporated a Sustainability Health Index (SHI). This standalone ESG scorecard is effective for the 2022 financial year and progress will be measured on a quarterly basis.

Previously, the SHI was a KPI in the Main Scorecard with a 5% weightage and success was mutually decided by both employee and manager. We have now not only increased weightage significantly and eliminated any potential risks of discretionary evaluations, the new ESG Scorecard also puts greater emphasis on ESG performance, particularly on specific labour-related practices. Crucially, the new system is independently monitored for objectivity.

The ESG Scorecard aims to drive behavioural change. It has been constructed with three behaviour-based indicators and two outcome-based indicators. These are demonstrated in the table below:

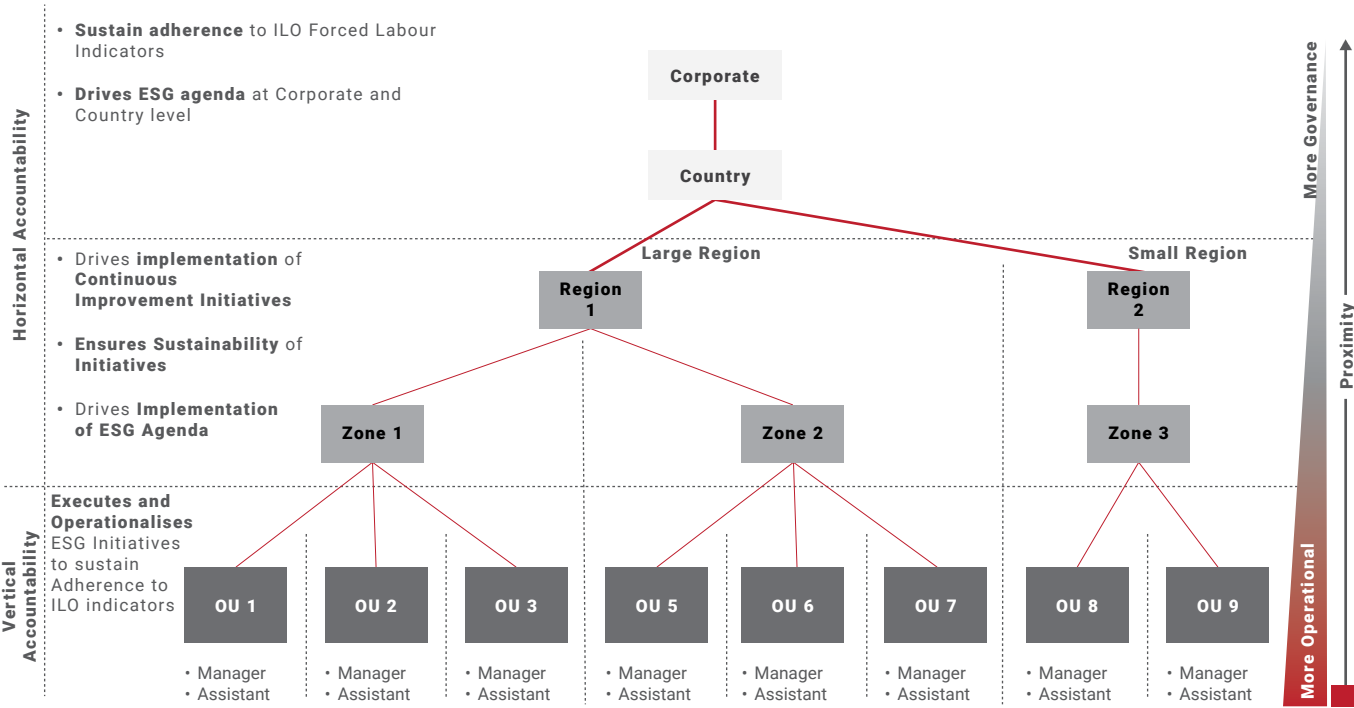
KPI	Measurement criteria	Type
Closure of Grievances	Closure of 95% grievances raised that are within purview of the operating unit	Behaviour-based
Operational Health & Safety	Quality of intervention and approach towards improving processes and governance	Behaviour-based
Social Dialogue	Conduct of social dialogues based on success factors	Behaviour-based
Workers Satisfaction Survey	Score of quarterly surveys sent to workers to measure effectiveness of initiatives	Outcome-based
Environmental & Governance Compliance	Compliance to legal and statutory requirements and conformance to sustainability certifications	Outcome-based

The scorecards are assigned to the respective individual management teams at estates and mills and accountability to drive collective performance is escalated upwards to the regional level. At country level, the CEO of Upstream Malaysia is responsible for the overall performance of all regions in Malaysia. Details are as outlined in the diagram on the next page. Consequence management will be undertaken for individuals who do not comply with the indicators. The performance of the new scorecard will be evaluated in the financial year 2022.



The daily morning muster in the estates is a crucial point for the management to channel messages on safety

DRIVING ESG AGENDA AT DIFFERENT LEVELS



ETHICS AND INTEGRITY
[GRI 3-3, 205-2]

SDP is committed to conducting business professionally, with integrity and in compliance with the national laws of the countries in which we operate. SDP has a zero-tolerance policy on all forms of corruption. Our business activities are guided by SDP's Code of Business Conduct (COBC), a handbook that spells out the standards of behaviour expected of SDP Group directors and employees, and where applicable, vendors and business partners. It also outlines our anti-corruption and no-gift policies.

In 2020, the internal COBC and vendor COBC were revised and updated as part of our Anti-Corruption Compliance Programme. In 2020 and 2021, over 13,600 executive and non-executive employees received relevant training on the COBC across our upstream and downstream operations globally. Refresher trainings will be conducted every two years. Vendors are also included in the trainings under the Vendor COBC outreach.

SDP's Whistleblowing Policy provides guidance to stakeholders reporting violations against procedures and raising concerns on any wrongdoings they may observe in the Group without fear of retaliation. Grievance channels are also available on the ground for workers to raise concerns.

ALIGNMENT WITH THE MCCG

In 2021, we revised the Board Sustainability Committee's Terms of Reference to reflect the updated Malaysian Code on Corporate Governance (MCCG). The MCCG was updated to better align with globally-recognised best practices and standards and included requirements for strengthened board oversight and the integration of ESG considerations.



GRI CONTENT INDEX

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting. It provides guidance on determining report content and indicators and is the most widely adopted global standard for sustainability reporting. This report has been prepared following the latest GRI Universal Standards 2021, and our GRI Content Index references our 2021 Sustainability Report, our Annual Report, and the SDP website.

Statement of use	Sime Darby Plantation Berhad (SDP) has reported the information cited in this GRI content index for the period of 1 January 2020 to 31 December 2021 in accordance to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	About SDP, page 9
	2-2 Entities included in the organisation's sustainability reporting	About SDP, page 9 AR2021, page 101
	2-3 Reporting period, frequency and contact point	About this report, page 12 Contact, page 129 AR2021, About this report, page 11
	2-4 Restatements of information	Stated throughout where relevant
	2-5 External assurance	No external assurance was conducted on this report About this report, page 1
	2-6 Activities, value chain and other business relationships	About SDP, page 9 Responsible Sourcing, page 97
	2-7 Employees	Our employees, page 35 Base data, page 125
	2-8 Workers who are not employees	Our employees, page 35 Base data, page 125
	2-9 Governance structure and composition	Sustainability management, page 113 AR2021, page 86 Our Leaders
	2-10 Nomination and selection of the highest governance body	AR2021, page 98
	2-11 Chair of the highest governance body	AR2021, page 81 Our Leaders
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability management, page 113
	2-13 Delegation of responsibility for managing impacts	Sustainability management, page 113
	2-14 Role of the highest governance body in sustainability reporting	Managing our material issues, page 23
	2-15 Conflicts of interest	AR2021, page 83 & page 97
	2-16 Communication of critical concerns	Improved access to grievance mechanisms,page 43 Managing grievances, page 107 Sustainability management, page 113
	2-17 Collective knowledge of the highest governance body	AR2021, page 80
	2-18 Evaluation of the performance of the highest governance body	AR2021, page 86
	2-19 Remuneration policies	AR2021, page 90, page 98
	2-20 Process to determine remuneration	AR2021, page 90, page 98
	2-21 Annual total compensation ratio	AR2021, page 90
	2-22 Statement on sustainable development strategy	Statement from the Group Managing Director, page 3

GRI 2: General Disclosures 2021	2-23 Policy commitments	Our approach to sustainability, page 22 Governance, page 113 Responsible Agricultural Charter Human Rights Charter Code of Business Conduct
	2-24 Embedding policy commitments	Our approach to sustainability, page 21 Governance, page 113 Improving labour practices in 2021, page 37 Responsible Agricultural Charter Human Rights Charter Code of Business Conduct
	2-25 Processes to remediate negative impacts	Improved access to grievance mechanisms, page 43 Managing grievances, page 107 Working With Suppliers to Draw the Line on Deforestation
	2-26 Mechanisms for seeking advice and raising concerns	Improved access to grievance mechanisms, page 43 Managing grievances, page 107 Working With Suppliers to Draw the Line on Deforestation Code of Business Conduct
	2-28 Membership associations	Strength in certification, page 26 Improved access to grievance mechanisms, page 43 Enhancing conservation areas through dedicated programmes, page 90 Stakeholder engagement and partnerships, page 24 Stakeholder table, page 129
	2-29 Approach to stakeholder engagement	Stakeholder engagement and partnerships, page 24 Stakeholder table, page 129
	2-30 Collective bargaining agreements	Freedom of association, page 52
	3-1 Process to determine material topics	Managing our material issues, page 23
GRI 3: Material Topics 2021	3-2 List of material topics	Managing our material issues, page 23
	3-3 Management of material topics	Referenced throughout report where relevant
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Wages and decent living, page 47 Note: Breakdown of wages by gender not included.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Upholding children's rights, page 54 Community development, page 62 Smallholders, page 108 Base data, page 125
	203-2 Significant indirect economic impacts	Community development, page 62 Smallholders, page 108 Base data, page 125
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Overview of our supply chain, page 97 Smallholders, page 108
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Ethics and integrity, page 118
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy use, page 81 Base data, page 125
	302-4 Reduction of energy consumption	Energy use, page 81 Base data, page 125
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water management, page 84
	303-2 Management of water discharge-related impacts	Minimising and treating effluent, page 85 Base data, page 125
	303-3 Water withdrawal	Base data, page 125
	303-4 Water discharge	Base data, page 125
	303-5 Water consumption	Water management, page 84



GRI STANDARD	DISCLOSURE	LOCATION
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	Conservation and biodiversity enhancement, page 87
	304-2 Significant impacts of activities, products and services on biodiversity	Conservation and biodiversity enhancement, page 87
	304-3 Habitats protected or restored	Conservation and biodiversity enhancement, page 87
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG emissions, page 75
	305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions, page 75
	305-4 GHG emissions intensity	GHG emissions, page 75
	305-5 Reduction of GHG emissions	GHG emissions, page 75 Base data, page 125
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management, page 86
	306-2 Management of significant waste-related impacts	Waste management, page 86
	306-3 Waste generated	Waste management, page 86 Base data, page 125
	306-5 Waste directed to disposal	Waste management, page 86 Base data, page 125
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Assessing risk and supplier engagement, page 103
	308-2 Negative environmental impacts in the supply chain and actions taken	Assessing risk and supplier engagement, page 103 Managing grievances, page 107 Base data, page 125
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Base data, page 125
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Wages and decent living, page 47
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and safety: Creating a zero harm culture, page 55
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety: Creating a zero harm culture, page 55
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety: Creating a zero harm culture, page 55
	403-5 Worker training on occupational health and safety	Health and safety: Creating a zero harm culture, page 55
	403-9 Work-related injuries	Health and safety: Creating a zero harm culture, page 55 Base data, page 125
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Employee development and succession management, page 55 Website
405-1 Diversity of governance bodies and employees	405-1 Diversity of governance bodies and employees	Gender equality, page 49 Sustainability management, page 113 Base data, page 125–129 AR2021, page 86-92
GRI 406:Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were 12 incidents of discrimination raised in 2020 and 2021. Corrective actions have been taken for all.

GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association, page 52
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Upholding children's rights, page 52
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our migrant labour workforce, page 36 Improving labour practices in 2021, page 37–40
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Upholding rights of communities, page 61–62
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Engaging and empowering local communities, page 60–64
	413-2 Operations with significant actual and potential negative impacts on local communities	Engaging and empowering local communities, page 60–64
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Challenges to monitoring social risks in supply chain, page 105
	414-2 Negative social impacts in the supply chain and actions taken	Managing grievances, page 107 Base data, page 125–129
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product quality and safety, page 27 100% of our products were assessed and certified to the FSSC 22000 and BRCS Global Food Safety Standard during this reporting period.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product quality and safety, page 27 We keep track of all customer complaints raised with regards to our products. There were no product safety non-conformances reported during this reporting period.
Other material topics not covered by the GRI Standards		
Stakeholder engagement and transparency		Stakeholder engagement and partnerships, page 24
Fire and Haze		Managing fire and haze, page 81–83
Availability of adequate manpower		Automation and mechanisation at plantations, page 29–32 Overview of workforce, page 35–36
Yield intensification		Leading the way with high yielding seeds, page 28 Base data, page 125–129
COVID-19		Managing the COVID-19 pandemic, page 19–20 Health and safety: Creating a zero harm culture, page 55–58
Production and efficiency improvements		See GRI 303: Water and effluents See GRI 306: Waste Agro-chemical management, page 55–58

GLOSSARY

3-monochloropropane diol (3-MCPD) – Organic chemical contaminant found in some processed foods and vegetable oils.

Biodiversity – The number and variety of species of plant and animal life within a region.

Conservation and Biodiversity Areas (CBA) – Designated areas that receive protection because of their recognized natural, ecological or cultural values.

Crude palm oil (CPO) – The edible oil extracted from the pulp of fruit of oil palms.

Conservation set aside (CSA) – A conservation area of ecological/environmental importance. Designated as such to fulfil legal requirements or based on a management decision.

Ecology - The study of the relationships between living organisms, including humans, and their physical environment. Ecology considers organisms at the individual, population, community, eco-system, and biosphere level.

Effluent – Water, such as mill process water, discharged from one source into a separate body of water.

Fresh fruit bunch (FFB) – The raw material for palm oil harvested from an oil palm tree and processed into crude palm oil and palm kernel, where a slightly different oil is extracted.

Free, Prior and Informed Consent (FPIC) – The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy, or use.

GenomeSelect™– SDP-developed oil palm seeds engineered to increase yield and be resilient to climate change impacts.

Global Reporting Initiative (GRI) – A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

Glycidyl fatty acid esters (GEs) – Contaminants formed from edible oil during high-temperature refining processes.

Greenhouse gas (GHG) – Gases in the atmosphere that absorb and emit radiation within the thermal infrared range. The primary greenhouse gases in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone. Scope 1 GHG emissions are emissions released into the atmosphere as a direct result of an activity, or series of activities, at the facility level. Scope 2 GHG emissions are those released into the atmosphere from the indirect consumption of an energy commodity. Scope 3 emissions are emissions as a result of activities from assets not owned or controlled by the reporting organisation. The assets are owned by suppliers in its value chain, which indirectly impacts in its value chain.

High Carbon Stock Approach (HCSA) – A global methodology used in agricultural land development planning and currently applied in fragmented tropical landscapes on mineral soils in the humid tropics. The methodology distinguishes between HCS forest areas that require protection and degraded lands with low carbon and biodiversity values that may be considered for development.

High Conservation Value (HCV) – Natural forest ecosystems of outstanding significance and critical importance due to their high biological, ecological, social, or cultural value. There are six types of HCVs, and these areas must be carefully managed and protected to maintain their identified value.

Identity Preserved – An RSPO supply-chain model wherein sustainable palm oil from a single identifiable certified source is kept separate from ordinary palm oil across every link in the supply chain.

ILO Indicators of Forced Labour – A set of 11 indicators based upon the definition of forced labour specified in the International Labour Organization (ILO) Forced Labour Convention, 1930 (No. 29).

Independent smallholders – Small growers who cultivate up to 50 hectares, are self-financed, managed, and equipped, but are not bound to any one mill.

Indonesian Sustainable Palm Oil (ISPO) – The mandatory national sustainable palm oil standard in Indonesia.

Integrated pest management (IPM) – The careful consideration of all available pest-control techniques and subsequent integration of appropriate measures that discourage the development of pest populations. It also promotes the growth of healthy crops with the least possible disruption to agroecosystems and natural pest control mechanisms.

IUCN Red List of Threatened Species – Based in Switzerland, the International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation dedicated to the preservation of natural resources. IUCN publishes the Red Data Book, the world's most comprehensive inventory of the global conservation status of plant and animal species.

Malaysian Sustainable Palm Oil (MSPO) – Malaysia's nationally mandated certification system for oil palm plantations, independent and organised smallholders, and palm oil processing.

Man-to-land ratio – In the context of this report, the amount of land in hectares that can be managed by a single worker.

NDPE – Commitment on No Deforestation, No Peat and No Exploitation

NDPE Implementation Reporting Framework (IRF) – A reporting tool that helps companies understand and systematically track progress in delivering on their NDPE commitments in their palm oil supply chains.

Non-governmental organisation (NGO) – In the context of this report, a grassroots or campaigning organisation focused on environmental or social issues.

Palm oil mill effluent (POME) – A by-product of processed FFB which in the course of treatment can produce significant quantities of methane

Palm oil refinery effluent (PORE) – A by-product of refined CPO.

Peat – An accumulation of partially decayed vegetable matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests. When undisturbed, it stores a large amount of CO₂.

Roundtable on Sustainable Palm Oil (RSPO) – An international multistakeholder organisation that has developed a certification scheme for sustainable palm oil. All RSPO members must comply with the RSPO Principles and Criteria (P&C), a set of stringent standards that governs the production of sustainable palm oil.

Segregated – A supply-chain model assuring that RSPO-certified palm oil and its derivatives delivered to the end-user originate only from RSPO-certified sources. It permits the mixing of RSPO-certified palm oil from a variety of sources.

Scheme smallholders – Smallholders operating under a program initiated by the Indonesian Government to encourage the development of smallholder plantations, where plantation companies (nucleus estates) assist and support surrounding community plantations.

Stakeholders – Any group or individual who is affected by – or can affect – a company's operations.

Sustainability – A term expressing a long-term balance between social, economic, and environmental objectives. Often linked to sustainable development, which is defined as “development that meets the needs of current generations without compromising the needs of future generations”.

Sustainable Development Goals (SDGs) – Also known as the Global Goals, the United Nations' global goals to end poverty, protect the planet and ensure that all people enjoy peace and prosperity through specific targets to be achieved by 2030.

Traceability – the ability to chronologically interrelate uniquely identifiable entities in a way that is verifiable. Traceability in palm oil helps define a link between producers of sustainable products and end users of these products.



BASE DATA

Operations and production
[GRI 2-27]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
General Disclosures				
Landbank (ha)	Total	744,630	745,301	996,812
	Malaysia	341,815	342,408	343,254
	Indonesia	256,169	256,247	287,460
	PNG and SI	146,646	146,646	146,098
	Liberia			220,000
Oil palm planted area (ha)	Total	579,708	583,339	594,046
	Malaysia	296,993	298,965	299,350
	Indonesia	191,825	193,331	193,805
	PNG and SI	90,890	91,043	90,611
	Liberia			10,280
FFB processed (MT)	Total	8,394,519	11,018,804	11,689,897
	SDP plantations	7,627,119	9,275,385	9,679,191
	Third-party producers	765,533	1,743,418	2,010,706
Mills (no.)	Total	67	66	67
	Malaysia	33	33	33
	Indonesia	22	22	22
	PNG and SI	12	11	12
	Liberia			1
Kernel crushing plants (no.)	Total	9	9	9
	Malaysia	2	2	2
	Indonesia	2	2	2
	PNG and SI	5	5	5
Refineries (no.)	Total	11	11	11
	APAC	7	7	7
	EMEA	3	3	3
	Oceania	1	1	1
Production of CPO (million MT)	Total	2.373	2.363	2.523
	Malaysia	1.120	1.174	1.252
	Indonesia	0.693	0.659	0.731
	PNG and SI	0.560	0.529	0.022
Production of certified sustainable palm oil (CSPO) (million MT)	Total	2.150	2.097	2.396
Compliance with laws	Fines incurred (no.)	29	25	8
	Value of fines (MYR)	139,250	288,000	120,781

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
RSPO certification				
Certified mills (no.)	Identity Preserved/ Segregated	39	41	41
	Mass Balance	27	25	25
Certified estates	no.	259	268	265
Certified area	ha	625,792	625,792	626,185
Certified smallholders	Direct	31,936	30,981	31,315
	Indirect	107	0	0
Certified volumes sold upstream (MT)	Total	1,416,198	868,297	1,619,666
	% of total volume	66%	37%	56%
	Identity Preserved/ Segregated	910,626	443,671	1,190,898
	Mass Balance	77,672	26,209	19,928
	Book & Claim	427,900	398,417	408,840
Supply chain Certification Standards (SCCS) certified operations (no.)	no.	14	14	14
Certified raw material sourced downstream	Total (MT)	1,917,044	1,838,494	2,104,365
	% of total volume	65%	64%	62%
	CPO and derivates	1,591,241	1,545,024	1,792,663
	CPKO	50,749	75,625	85,073
	PK	275,055	217,845	226,629
Productivity				
FFB yield (MT/ha)	Total FFB yield	18.49	19.14	19.77
	Malaysia	18.54	20.14	20.96
	Indonesia	16.47	16.29	17.14
	PNG and SI	22.06	21.48	22.44
	Liberia			9.9
Mill production (MT)	Total CPO processed	2,372,501	2,362,710	2,533,210
	Malaysia	1,119,997	1,174,059	1,252,236
	Indonesia	692,818	659,450	703,908
	PNG and SI	559,686	529,201	517,468
	Liberia			22,468
	Total PK processed	548,724	557,111	609,820
	Malaysia	265,305	284,593	307,666
	Indonesia	144,253	138,648	160,996
	PNG and SI	139,166	133,870	135,409
	Liberia			5,749

Employees
[GRI 2-7, 2-8, 401-1, 405-1]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Employees by gender (no.)				
Total employees (global workforce)	Total	80,041	85,658	94,757
	Male (excl. PNG, SI, UK)	46,288	51,965	57,437
	Female (excl. PNG, SI, UK)	12,120	12,492	13,577
Note: Gender breakdown is not available for employees in PNG, Solomon Islands (SI) and UK due to prevailing data protection laws.				
Employee by business segment, region, and gender (no.)				
Upstream	Malaysia	29,023	33,552	36,923
	Male	23,709	28,298	31,566
	Female	5,314	5,254	5,357
	Indonesia	25,983	27,502	30,573
	Male	20,377	21,469	23,593
	Female	5,606	6,033	6,980
	PNG and SI	21,105	20,700	21,531
	Male			
	Female			1,610
	Liberia			1,343
	Male			267
	Female			
Downstream	APAC	1,695	1,688	1,658
	Male	1,257	1,241	1,220
	Female	438	447	438
	EMEA	356	382	402
	Male	85	89	94
	Female	41	43	35
	Oceania	76	71	73
	Male	3	1	1
	Female	0	0	0
	North America	2	1	0
	Male	1	1	0
	Female	1	0	0
	Corporate	312	295	468
	Male	135	129	233
	Female	177	166	235
Headoffice	Operation services	51	54	24
	Male	17	20	9
	Female	34	34	15
	Other	118	113	96
	Male	84	82	73
	Female	34	31	23
	Malaysia	932	950	961
	Male	505	512	517
	Female	427	438	444
	Indonesia	157	163	171
	Male	110	117	122
	Female	47	46	49
	PNG and SI	231	186	266
	Male			
	Female			
Note: Gender breakdown is not available for employees in PNG, Solomon Islands (SI) and UK due to prevailing data protection laws.				

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Employees by country and category (no.)				
Malaysia	Executive	1,673	1,598	1,634
	Non-Executive	4,656	4,970	5,049
	Workers	25,128	29,384	32,737
Indonesia	Executive	985	1,002	1,066
	Non-Executive	3,677	3,914	4,199
	Workers	21,689	22,924	25,653
PNG and SI	Executive	531	515	549
	Non-Executive	3,462	2,816	2,924
	Workers	17,419	17,626	18,368
Others	Executive	156	161	227
	Non-Executive	358	646	714
	Workers	307	102	1,637
Note: 'Others' covers downstream business unit workers across the Americas, the Netherlands, and Thailand, as well as our former upstream operations in Liberia until FY2019.				
New hires and turnover by business segment				
Upstream	New hires (no.)	5,863	6,040	10,591
	Turnover (%)	25.74%	20.04%	21.53%
Downstream	New hires (no.)	175	127	137
	Turnover (%)	11.73%	9.65%	9.85%
Head Office	New hires (no.)	73	32	60
	Turnover (%)	12.02%	16.27%	11.00%
R&D	New hires (no.)	67	57	64
	Turnover (%)	13.62%	14.73%	8.36%
New hires and turnover by gender				
Male	New hires (no.)	4,878	3,475	8,027
	Turnover (%)	26.03%	14.44%	15.93%
Female	New hires (no.)	1,299	918	695
	Turnover (%)	15.39%	9.23%	9.09%
No gender breakdown	New hires (no.)	1	1,863	2,130
Note: Turnover by gender excludes countries where gender breakdown is not available.				
New hires and turnover by age group				
≤ 23 years	New hires (no.)	2,510	1,548	2,430
	Turnover (%)	48.39%	20.28%	21.12%
24–38 years	New hires (no.)	2,858	2,512	4,968
	Turnover (%)	25.00%	13.51%	14.42%
39–55 years	New hires (no.)	681	796	1,238
	Turnover (%)	12.88%	7.95%	8.99%
≥ 56 years	New hires (no.)	128	60	77
	Turnover (%)	90.00%	63.46%	37.68%
No age data	New hires (no.)	1	1,340	2,139



Health and safety
[GRI 403-9]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Occupational health and safety (no.)				
Lost time injuries (LTI) and severity rates	No. of LTI cases	1,376	1,756	2,461
	Total days lost	6,915	7,326	9,108
	Total hours Worked	190,040,370	208,441,025	218,067,999

Emissions and energy
[GRI 302-1, 302-4, 305-5]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Climate change impacts and climate resilience				
Lost time injuries (LTI) and severity rates	Total	12	9	9
	Total	499,617.10	428,602.83	445,298.92
	Flemington	31,951.06	35,219.83	43,848.78
	Hadapan	35,084.06	44,824.60	42,436.52
	Merotai	60,821.17	40,091.51	64,219.82
	West	21,206.16	23,602.89	36,643.62
	Tennamaram	41,957.86	41,957.86	
	Sandakan Bay	26,256.62		
	Chersonese	42,378.08		
	Sua Betong	7,666.92		
	Pemantang	30,339.55	58,377.79	42,818.25
	Rantau	28,776.33	30,710.35	41,869.63
	Mosa	84,321.24	78,390.53	91,225.39
	Kumbango	88,858.05	75,427.47	82,236.91
	Net emissions	3,513,648	3,083,860	3,421,048
	Agricultural machinery	232	194	644
	Boilers	346,741	351,445	429,515
	Effluent treatment	1,852,917	1,869,962	1,998,153
	Electricity generation	66,908	74,725	90,230
GHG emissions by source (MT CO ₂ e)	Fertilisers	216,515	192,341	356,931
	Heavy machinery	9,319	8,943	24,764
	Other stationary machinery	1,861	1,864	2,579
	Purchased electricity	160,395	153,559	157,339
	Purchased steam	575	12,790	12,496
	Transportation (controlled vehicles)	80,012	83,513	40,186
	Emissions from KCPs	79,290	7,851*	
	Historical land use change (net)*	698,882	326,671	308,211
	Land clearing	6,073,183	6,406,809	5,522,712
	Crop sequestration	-5,374,301	-6,080,138	-5,214,502

Notes:
1. Data for emissions from kernel crushing plants (KCP) was limited in 2020.
2. Historical land use change data has been restated for 2018–2020.

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Energy consumption within organisation (GJ)	Renewable sources	25,671,552	26,748,997	25,943,614
	B20 biodiesel	663	3,523	
	B30 biodiesel	5,234		
	Biodiesel	41,782	14,084	
	Biomass	25,623,835	26,731,390	
	Other liquid biofuels	40		
	Non-renewable sources	3,812,291	4,180,847	5,564,852
	Diesel	677,919	1,017,401	1,539,285
	Electricity	664,661	624,404	2,320,004
	Petrol	1,811	24,489	2,784
	Liquefied petroleum gas	71,378		
	Medium fuel oil	516,880	408,595	334,593
	Natural gas	1,830,151	0	1,366,852
	Anthracite coal	49,491	2,105,957	1,334

Operational efficiency
[GRI 303-2, 303-3, 303-4, 306-4, 306-5]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Climate change impacts and climate resilience				
Water withdrawal (m ³)	Total	21,738,501	26,819,221	29,739,610
	Malaysia	8,396,697	8,813,536	9,043,285
	Indonesia	5,111,737	5,178,317	5,815,325
	PNG and SI	8,230,067	12,827,368	14,881,000
Water discharge (m ³)	Total	5,227,441	5,501,250	4,819,643
	Malaysia	3,355,603	3,793,624	3,161,252
	Indonesia	409,625	330,644	230,423
	PNG and SI	1,462,213	1,376,982	1,427,969
Waste generated (kg)	Total	1,358,300	2,387,010	722,338
	Malaysia	47,407	41,160	42,191
	Indonesia	318,266	376,915	280,747
	PNG and SI	992,627	1,968,935	399,401

Notes:
1. Includes scheduled waste only (hydrocarbon, chemical, medical)
2. Water data for Malaysia excludes figures from KKS Tanah Merah and Sua Betong mills due to unavailability.

Supply chain grievances
[GRI 308-2, 414-2]

Indicator (unit)	Breakdown (unit)	FY2021	FY2020	FY2019
Grievances				
Nature of grievances against third-party suppliers (% of cases raised during the year)	Environmental	80%	88%	87%
	Social	5%	0%	4%
	Environmental and social	15%	12%	9%

Note: Grievances are tracked and reported per parent company, which means some companies have multiple cases of a different nature under a single case profile. Cases with overlapping environmental and social grievances have been categorised separately for clarity.

Status of third-party supplier grievances (%)	Resolved	60%	50%	76%
	Investigating	15%	6%	7%
	Ongoing monitoring and engagement	25%	44%	18%

Note: Percentage of cumulative grievances as of December 2021.

STAKEHOLDER TABLE

[GRI 2-28, 2-29]

Stakeholder group	Method of engagement	Frequency of engagement	Key concerns/focus areas	How stakeholders' concerns and expectations are addressed
 Customers	- Virtual events (webinars, forums, etc) - Meetings - Surveys and feedback - E-mails	Annually, quarterly, monthly, weekly, daily	- Product quality, delivery, and services - Short-term and long-term product pricing - Traceability - Environmental harm, social injustice, and exploitation	- RSPO, MSPO, ISPO certified products - Quality and safety certified products - NDPE policy - Crosscheck - Product development specialists, supported by R&D scientists, interact with customers directly to optimise solutions and provide technical support
 Employees	- Employee engagement surveys - Volunteer programmes - Skills development workshops - Organisational Health Index (OHI) - Muster briefings - Union meetings - Gender Committee meetings	Annually, quarterly, monthly, weekly	- Succession pipeline and bench strength - Performance and consequence management - Employee well-being initiatives - Learning and development - Workers' welfare - Wages and overtime work - Collective agreement	- Developing strategies for mission critical position successors and high potential talent - Aligning and strengthening KPIs and entering into robust performance conversations to achieve a high-performance culture - Identifying learning needs and implementing structured development programmes to build capacities and capabilities - Human Rights Charter - <i>Suara Kami</i> helpline, whistleblowing channels - OSH systems and standards - SDP's COVID-19 approach - Adopting practices to ensure safety at all our upstream and downstream operations - Migrant Worker Responsible Recruitment Procedure
 NGOs/civil society organisations	- Meetings and forums - Engagement surveys - Collaborative projects	Annually, quarterly, monthly	- FPIC - Environmental impacts - Human rights and labour rights - Expansion plans - Deforestation - Traceability - Food security	- Responsible Agriculture Charter - Traceability and transparency data through Crosscheck - Human Rights Charter - Partnerships - Innovation and Productivity Charter - SDP Sustainability Scorecard
 Industry groups	- Working groups - Task forces - Technical committees	Annually, quarterly	- Certification-related issues - Regulatory pressure - Market forces (trade and business) - Sustainability issues	- Partnership opportunities - Task forces, working groups and other platforms (e.g., RSPO Smallholder Support Fund Panel, Shared Responsibility Working Group, Biodiversity and HCV Working Grouping, Human Rights Working Group) - Contributing to the revision of sustainability certification standards, e.g. RSPO P&C, MSPO - Sharing SDP's oil palm genome sequencing knowledge - PNG Oil Palm Research Association membership
 Government agencies	- Meetings - On-site inspections - eCorrespondence	Annually, quarterly	- Regulatory compliance - Emerging regulatory changes	- Beyond Compliance Approach - Robust governance
 Local communities	- Land usage agreements - Community meetings - Engagement events - RSPO complaints panels - Grievance panels - Gender committee	Annually, quarterly, monthly	- Community lands and ownership - Fire and haze prevention - Exploitation - Local ecosystems/employment - Smallholders - Gender issues	- NDPE commitments - Responsible Agriculture Charter - Human Rights Charter - Commitment to community development - FPIC - Philanthropic support - Smallholder schemes - Women's empowerment and financial literacy programmes
 Academic Institutions	- Collaborative Projects - Advisory Roles - Funding Applications	Annually	- Awareness on sustainable palm oil production - Community engagement	- Partnership opportunities - Research collaborations - Collective action and commitments
 Investors	- Meetings - Reports	Quarterly, annually	- ESG considerations	- NDPE commitments and progress' - Annual/sustainability reports

CONTACT

[GRI 2-3]

In the spirit of continuous improvement, we welcome and value your constructive feedback.

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