



Plantation

# CHAMPIONING INNOVATION

ADVANCING SUSTAINABILITY

SUSTAINABILITY REPORT **2023**

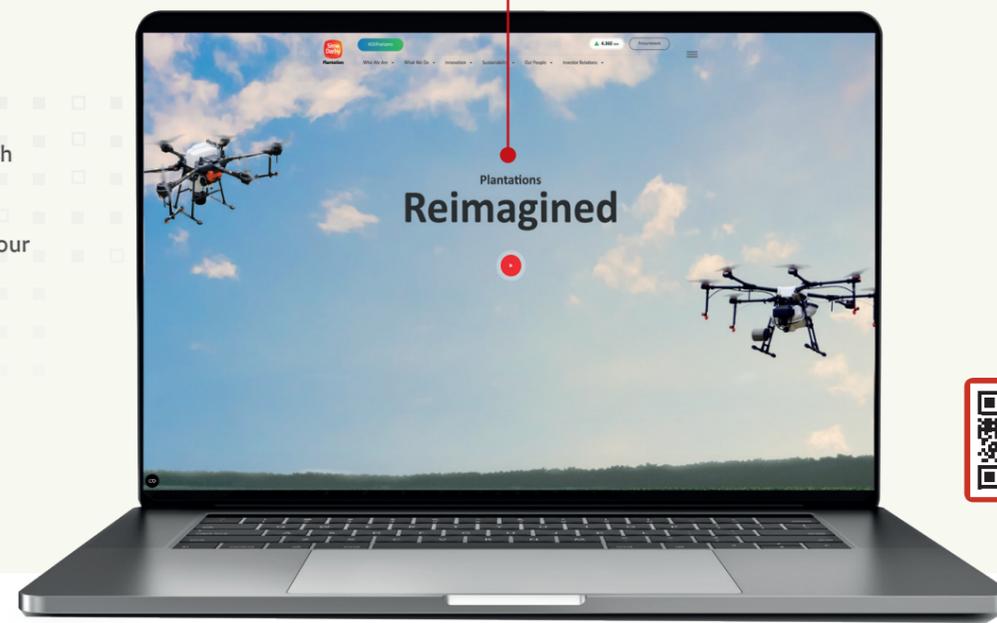
# What's Inside

SUSTAINABILITY REPORT 2023



## COVER RATIONALE

Sustainability anchors our every decision, ensures long-term success, and allows us to care for our people, communities, and environment. Our comprehensive Net-Zero Roadmap includes investments in renewable energy, reforestation, and working with suppliers on sustainable practices. With strong foundations and continued progress, we're confident in our ability to lead the industry towards a sustainable future. While delivering value to our shareholders, we're committed to driving positive change for a brighter tomorrow.



### THE OUTLINE OF OUR SUSTAINABILITY REPORT

The Sustainability Insights We Offer	4
Reporting Scope and Boundary	4
Frameworks Guiding This Report	5
Sustainable Palm Oil Certification Schemes	5
Contributing Feedback	5
The Group Managing Director's Statement	6
Message from the Chief Sustainability Officer	7
SD Plantation at a Glance	8

### SUSTAINABILITY HIGHLIGHTS, TARGETS AND PROGRESS

Sustainability Highlights	9
Achieving Targets and Progress	10

### THE JOURNEY TO A SUSTAINABLE FUTURE

Sustainability Policy	12
Stakeholders and Us	12
Governance and Leadership	13

### NAVIGATING SD PLANTATION'S MATERIAL MATTERS

Materiality Assessment	14
------------------------	----

### LEADERSHIP IN CLIMATE ACTION

Climate Change and Energy Management	15
TCFD Report	15
Biodiversity and Conservation	23
Fire and Haze	26

### LEADERSHIP IN SOCIAL PERFORMANCE

Health and Safety	28
Human Rights and Fair Labour Practices	31
Community Rights and Development	35
Diversity and Inclusion	37

### BUILDING RESILIENT SUPPLY CHAINS

Supply Chain Management	39
No Deforestation, No Peat and No Exploitation	46

### BUILDING TRUST THROUGH ENGAGEMENT AND TRANSPARENCY

Product Quality and Safety	48
Customer Privacy and Data Protection	50
Corporate Governance and Anti-Corruption	51

### OPERATIONAL EFFICIENCY

Yield Intensification	54
Responsible Consumption and Production	55
Waste and Effluent Management	57
Water Management	59

### CHARTING A SUSTAINABLE FUTURE

	60
--	----

### GRI CONTENT INDEX

	61
--	----

### INDEPENDENT ASSURANCE STATEMENT

	64
--	----



Read here...or go online  
Visit [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

# The Outline of Our Sustainability Report

## OUR REPORTING SUITE



### INTEGRATED REPORT 2023

Our Integrated Report is our primary report for stakeholders and has been prepared to provide a balanced assessment of the Group's ability to create sustainable value based on our short, medium and long-term strategy whilst supported by our six capitals. It comprises a business review; our annual financial statements, which provide a comprehensive account of the Group's financial performance for the year; a sustainability statement which provides an overview of our environmental, social and governance (ESG) performance; and a governance section, which presents detailed reporting of our corporate governance statements including reports from each Board Committee.



### SUSTAINABILITY REPORT 2023

Our Sustainability Report provides a detailed account of SD Plantation's approach to sustainability, our sustainability governance as well as the material matters that we have identified and which guide us in creating sustainable value for our stakeholders. Referencing the Global Reporting Initiative (GRI) standards, it also provides a detailed account of management's approach to each material matter, our initiatives to manage them, and our performance.

## THE SUSTAINABILITY INSIGHTS WE OFFER

As one of the world's largest producers of certified sustainable palm oil (CSPO), Sime Darby Plantation Berhad ("SD Plantation" or "the Group") is determined to contribute positively to the world around us. To achieve this goal, we elevated sustainability to become one of the three pillars of our five-year business strategy, a natural progression, considering the trajectory of our development over the last decade.

Since 2014, we have strived to meet our No Deforestation, No Peat, and No Exploitation (NDPE) commitments. Having ensured our own production is NDPE compliant, our focus is now on addressing deforestation in our supply chain. Hence, SD Plantation is now actively supporting our suppliers to ensure they can meet industry requirements, or even exceed them.

A global milestone for us was achieved in 2023, when we became the first palm oil company with net-zero targets validated by the Science Based Targets initiative (SBTi)\*, in line with the standards from the latest climate science to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

Another achievement was the modification of the forced labour finding by the United States Customs and Border Protection (USCBP) on SD Plantation, on 3<sup>rd</sup> February 2023. With this modification, SD Plantation's exports of palm oil into the United States resumed with immediate effect. The USCBP's decision was an acknowledgment of the extensive programme undertaken by SD Plantation since 2021, to review, revise, and, where necessary, enhance our protocols for recruiting and managing our workers.

With these achievements behind us, we are looking ahead to taking the next bold steps – to go beyond meeting regulatory requirements, and to move purposefully towards a future where we shall achieve the ultimate goal of zero harm, while we strive to preserve and restore nature and transform lives.

## REPORTING SCOPE AND BOUNDARY

This report covers the businesses owned by SD Plantation along the entire palm oil value chain and other crops, spanning our global upstream and downstream operations, research and development arm, as well as renewables. Our upstream operations, encompass the production of CSPO and stretch across Malaysia, Indonesia (represented by our subsidiary, Minamas Plantation), Papua New Guinea and the Solomon Islands (represented in both countries by our subsidiary, New Britain Palm Oil Limited). Our downstream operations under Sime Darby Oils (SDO) are present in 11 countries and involved in the trading, manufacturing, and the sales and marketing of refined oils and fats products, oleochemicals, biodiesel, nutraceuticals and other palm oil derivatives. Unless otherwise specified, this report excludes our partially owned businesses and sugarcane operations, which represent a minute part of our overall business. However, should these segments gain material significance and interest from stakeholders, we commit to considering their inclusion in future Sustainability Reports. Unless explicitly stated otherwise, the data presented in this report covers the period from 1 January 2023 to 31 December 2023, supplemented with 2-year historical data.

## FRAMEWORKS GUIDING THIS REPORT

In preparing this Report, we referenced the Bursa Malaysia Securities Main Market Listing Requirements, the Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> edition) and the recent Illustrative Reporting Guidelines. Our reporting framework is also with reference to the Global Reporting Initiative (GRI) Standards. We have also incorporated key elements of the recommendations outlined by the Task Force on Climate-Related Financial Disclosures (TCFD).

We are considering the use of International Sustainability Standards Board's (ISSB) International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures in future reporting.



## STATEMENT OF ASSURANCE

Recognising the vital role of independent verification in ensuring the accuracy of our sustainability disclosures, we have undertaken external assurance on our FY2023 greenhouse gases (GHG) emissions data as part of our efforts to be transparent and accountable. Our Scope 1, 2 and 3 emissions as well as our total carbon removals and refinery emissions intensity had been subjected to an independent limited assurance by PricewaterhouseCoopers PLT, Malaysia (PwC). PwC's independent limited assurance report can be found on pages 64 to 67.

Our FY2022 supply chain data was externally verified by Control Union Certifications (Malaysia) Sdn. Bhd. The verification statements covered these areas of traceability: Traceability to Mill, Traceability to Plantation and No Deforestation, No Peat, No Exploitation Implementation Reporting Framework (NDPE IRF). The FY2023 verification is in progress.

## SUSTAINABLE PALM OIL CERTIFICATION SCHEMES

Our sustainability initiatives are aligned with global sustainable palm oil certification schemes in environmental, social, and governance practices. The list of the various major sustainability certification schemes that we abide by are listed as follows.

- Roundtable on Sustainable Palm Oil (RSPO)
- Malaysian Sustainable Palm Oil (MSPO)
- Indonesia Sustainable Palm Oil (ISPO)
- International Standards and Carbon Certification (ISCC)

## MEMBERSHIPS AND ASSOCIATIONS

As members of various associations, we advocate for sustainable best practices and raise awareness on sustainability issues across our value chain. We do this by engaging our stakeholders through participation in several industry and business associations. The professional certifications, bodies and industry associations that SD Plantation is a member of are listed below.

- ASEAN Business Advisory Council Malaysia
- CEO Action Network (CAN) – Malaysian Palm Oil Association (MPOA)
- Malaysian Palm Oil Certification Council (MPOCC)
- Malaysian Palm Oil Board (MPOB)
- Palm Oil Collaboration Group (POCG)
- Palm Oil Refiners Association of Malaysia (PORAM)
- Roundtable on Sustainable Palm Oil (RSPO)

## CONTRIBUTING FEEDBACK

We are committed to reporting our sustainability journey and milestones, and we encourage all readers and stakeholders to share their feedback with us through the details below.

 [communications@simeidarbyplantation.com](mailto:communications@simeidarbyplantation.com)

\*The SBTi is a global body that enables businesses and financial institutions to set emissions reductions targets in alignment with climate science and this approval reaffirms that our Scope 1, 2 and 3 GHG emissions targets are in line with the global benchmark for climate action.



**DATUK MOHAMAD HELMY OTHMAN BASHA**  
Group Managing Director

**Dear Stakeholders,**  
**After a trying few years, we started FY2024 on a positive note, our priorities clearly laid out and our focus on delivering sustainable value. We are committed to meeting upcoming regulations such as the EU Deforestation Regulation (EUDR) in 2025, underscoring our dedication to working with suppliers, to address deforestation specifically and climate change concerns in general.**

Other than climate, our other key focus areas are: nature, biodiversity, water conservation, health and safety, environment, social wellbeing, supply chains and communities.

In the context of the global effort to shift towards a net-zero economy, SD Plantation is at the forefront of our industry. We are the first palm oil company to have our net-zero targets validated by the SBTi. The validation by SBTi proves that we have credible targets set, in line with climate science, and we know what we need to do to tackle the most material sources of emissions, and how to meet our immediate and long-term targets. Our holistic net-zero strategy involves accelerating our renewables projects, expanding land use transformation initiatives, and engaging suppliers to replicate our climate action initiatives across SD Plantation's entire value chain. As of 2023, we now have 16 methane capture plants operational across the Group, which is implemented in a way that is commercially viable to the business. We believe this will provide a significant contribution of the profitability of the Company in the future, whilst at

the same time, future proof the Company against future expectations around climate action. Continuing research and development, as well as future technological advancements will further support our transition towards net-zero and enhanced energy efficiency.

Our competitive advantage stems from the trust we have built with existing customers and the credibility of being one of the world's largest producers of certified sustainable palm oil. SD Plantation's leadership in sustainable practices and agility in adapting to increasingly stringent standards, has allowed us to navigate challenges and maintain market access.

To support our sustainability ambitions, our people are, and always will be our most valuable asset. In building a high-performance organisation, SD Plantation attracts top talent through initiatives like the SD Plantation Executive Excellence Development (SEED) Management Trainee Programme. Additionally, the SD Plantation Learning on Demand (LoD) platform, launched in June 2023, supports our employees with over 10,000 courses/videos for individual and team development, fostering a self-directed learning mindset. These initiatives are enabling us to build a high performance organisation that operates with purpose and ambition.

In collaboration with local communities, SD Plantation recognises the importance of smallholders who constitute over 40% of the global palm oil supply chain. We are committed to supporting the smallholders in our supply chain to adopt responsible agriculture practices, whilst helping them address other challenges such as access to materials and technological advancements. Furthermore, through partnerships with governments and non-governmental organisations (NGO) we aim to uplift smallholders to higher sustainability standards that will also empower them.

As we progress, our sincere gratitude goes to every stakeholder who has played a role in our sustainability journey. Our strength is in numbers because, together, we can do much more than anyone of us can achieve alone. Let us strive to protect and nourish the world, to allow the hope for a future where our children and theirs after them, can prosper and flourish.

Thank you for your support and contributions.



**RASHYID REDZA ANWARUDIN**  
Chief Sustainability Officer

**As an integral player in the global food system, SD Plantation recognises the profound responsibility we bear and the opportunity it presents as we navigate the changing operating landscape. The Group's 5-year strategy is built around three foundational pillars, namely, sustainability, operational excellence and innovation. Each of these pillars is underpinned by a clear vision. In the case of the sustainability pillar, it is to fortify resilient supply chains, generate shared value for our customers, and instigate positive transformations in the communities where we operate.**

SD Plantation's immediate priorities are to focus on climate action and social performance, build resilient supply chains, and to build trust through engagement and transparency. In the long term, we seek to continue collaborating with suppliers across our value chain as we strive to fulfil our net-zero goals.

As one of the world's largest producers of certified sustainable palm oil, we acknowledge our responsibility to promote responsible practices within the global palm oil industry and to lead by example. Being the first palm oil company to have validated science-based net-zero targets has positioned us at the forefront of climate action within the sector. Additionally, the modification by the USCBP of its findings further showcases that SD

Plantation ensures our workforce is treated with dignity and fairness. This achievement was the result of several industry firsts that we have implemented, clear evidence of commitment to fair and ethical practices.

With our wealth of experience and knowledge, we add value by sharing our lessons and learnings on open and public platforms. These engagements allow us to share our experiences with fellow stakeholders and advocate for industry enhancements. We have taken on important roles in many key organisations, to ensure that the best practices we have adopted can be understood by all. We also actively engage with suppliers within our supply chain, collaborating to replicate our measures across their operations and value chains.

With over 200 years of history, SD Plantation has played an important part in raising the standards of sustainable practices in the palm oil industry, including by contributing to the evolution of the Principles & Criteria of the Roundtable on Sustainable Palm Oil (RSPO), since 2004. We continue to play that role today as we focus on addressing Environmental, Social and Governance (ESG) concerns. Our achievements in FY2023, include acceptance of net-zero targets, large-scale reforestation, and successful methane capture and solar power projects. All of these reinforce our leadership in the industry and our clear commitment to sustainable development.

# SD Plantation at a Glance

SD Plantation is a leading, vertically integrated global palm oil company. With a rich history of over two centuries, and as a founding member of the Roundtable on Sustainable Palm Oil (RSPO), the Group was publicly listed on Bursa Malaysia in 2017. Headquartered in Malaysia, SD Plantation operates across the entire palm oil value chain, encompassing upstream plantations, downstream activities, research and development, as well as renewables within the agribusiness sector. With a robust market capitalisation of RM30.84 billion and a workforce exceeding 84,000 employees and workers, SD Plantation holds a prominent position among the largest companies listed on Bursa Malaysia. We contributed 12% of global certified sustainable palm oil (CSPO) supply in 2022.

## UPSTREAM

**> 700,000**  
ha  
landbank

**68**  
Palm Oil Mills

## DOWNSTREAM

**11**  
Refineries

**234**  
Oil Palm Estates

**11**  
Kernel Crushing Plants

Operating in  
**12**  
countries  
worldwide

## INNOVATION AND R&D

**5**  
R&D Centres

**3**  
Innovation Centres

**> 190**  
Technologists,  
Scientists & Technicians

## RENEWABLES

**8**  
Solar Rooftop Installations in Malaysia

**16**  
Biogas Plants

# Sustainability Highlights

Our achievements in FY2023 reflect the current state of SD Plantation's sustainability performance and our continuous efforts towards long-term sustainable growth.

## LEADERSHIP IN CLIMATE ACTION

SCIENCE BASED TARGETS

**Net-zero** targets approved by SBTi

**88%** of energy consumed from renewable sources

**Achieved 11%** reduction in total energy consumption compared to 2020

Planted **2.28 million trees** as of FY2023

## LEADERSHIP IN SOCIAL PERFORMANCE

**8.7%** reduction in work-related injuries

**RM47 million** allocated budget for training

Overall satisfaction rate of **96.2%** from Workers Satisfaction Survey

**RM56,748,562** in community investments

## BUILDING RESILIENT SUPPLY CHAINS

SD Plantation mills are **99%** traceable to

**own plantation** and **third party**

Achieved **93.2%** supply chain traceability **to mills**

Achieved **70.9%** supply chain traceability **to plantations**

**75%** of supply chain delivering on **NDPE requirements**

## BUILDING TRUST THROUGH ENGAGEMENT AND TRANSPARENCY

Assessed **100%** of operations for **corruption-related risks**

Resolved **134** reported **whistleblowing cases**

**3,237 employees** received **anti-corruption training**

**Zero** reported cases of customer **privacy breach** and **data losses**

## OPERATIONAL EFFICIENCY

Achieved **17.92 metric ton yield/ha**

Initiated the **Water Footprint** and **Water Business Risk** assessments

Circularity @ SDO introduced to **"Reuse, Reduce and Recycle"** waste and water from refineries and crushing plants

# Achieving Targets and Progress

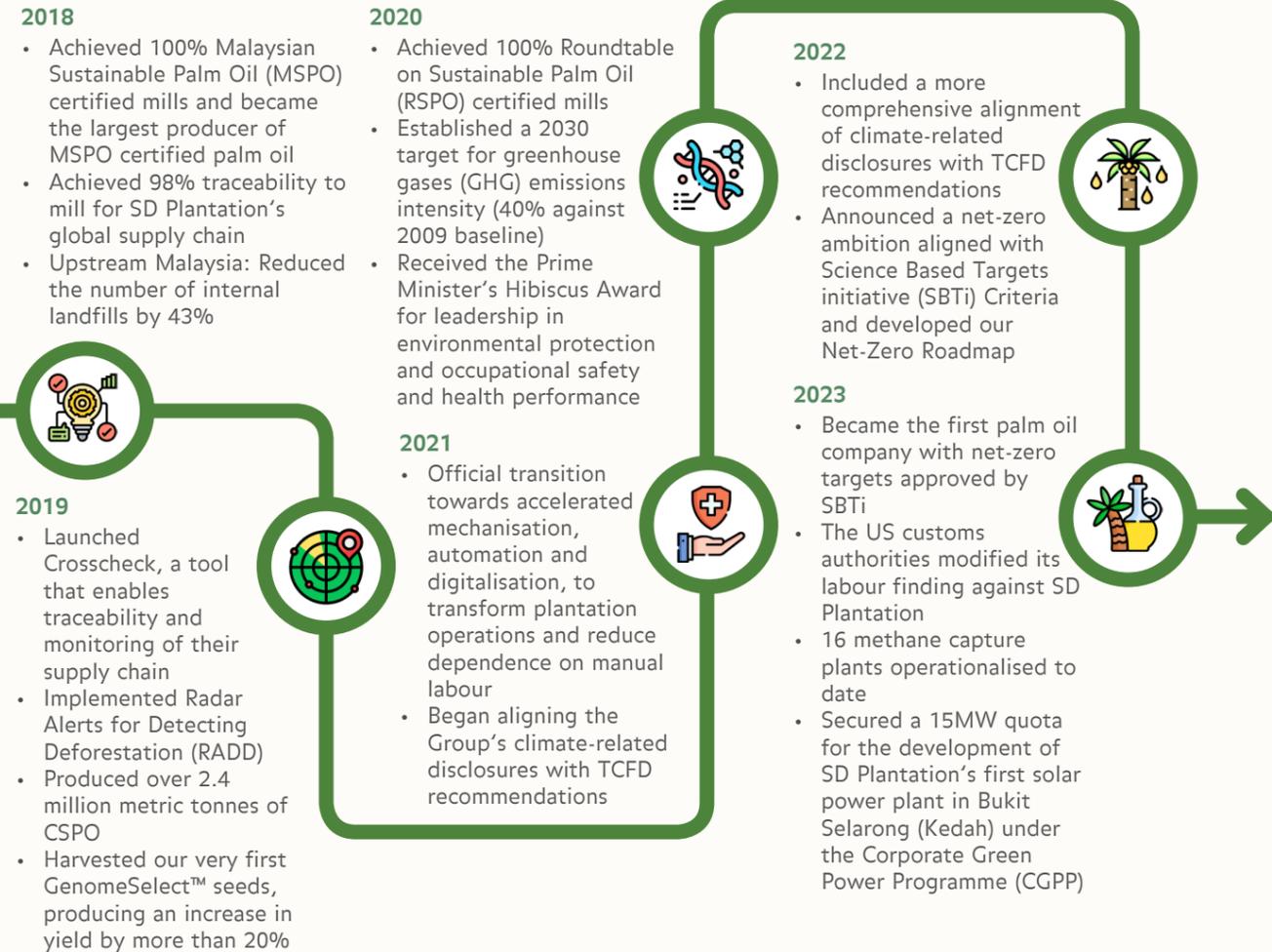
The table below provides an overview of our progress in 2023 in alignment with our objectives and targets. We consistently evaluate these objectives, whilst striving to meet and surpass our goals. Our effort extends to staying abreast of industry best practices and emerging trends, ensuring our targets remain in sync with the evolving landscape.

MATERIAL MATTERS	COMMITMENTS	PERFORMANCE
<b>Leadership in Climate Action</b>		
<b>Climate Change and Energy</b>	<ul style="list-style-type: none"> <li>SD Plantation commits to reduce absolute:                             <ul style="list-style-type: none"> <li>Scope 1 and Scope 2 GHG emissions 42% by 2030 from a 2020 base year (Energy &amp; Industrial Processes)</li> <li>Scope 1, Scope 2 and Scope 3 GHG emissions 90% by 2050 from a 2020 base year (Energy &amp; Industrial Processes)</li> <li>Scope 1 and Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions 30.3% by 2030 from a 2020 base year*</li> <li>Scope 1 and Scope 3 FLAG GHG emissions 72% by 2050 from a 2020 base year*</li> </ul> </li> <li>*The target boundary includes removals</li> <li>SD Plantation commits that 79% of emissions of our customers and suppliers covering purchased goods and services, capital goods, fuel and energy-related, upstream and downstream transportation and distribution and processing of sold products will have science-based targets by 2027</li> <li>SD Plantation commits to no deforestation across our primary deforestation-linked commodities</li> </ul>	<ul style="list-style-type: none"> <li>In progress – These targets have been validated by the Science Based Targets initiative (SBTi) in November 2023 to be in line with the latest climate science to contribute to limiting global temperature rise to 1.5°C</li> <li>In progress – Achieved 75% compliance in our supply chain for our earlier ambition to be deforestation-free</li> </ul>
<b>Biodiversity and Conservation</b>	<ul style="list-style-type: none"> <li>Implement biodiversity and conservation plans for unplanted areas in Indonesia and Papua New Guinea (PNG) by 2025</li> <li>Rehabilitation of 400 ha of peat areas in Sarawak</li> </ul>	<ul style="list-style-type: none"> <li>Inventory for Conservation &amp; Biodiversity area for Minamas Plantation completed. A total of 4,671 ha identified to be protected and 4,476 ha to be restored</li> <li>In progress – 50 ha area rehabilitated at Lavang Estate, Sarawak</li> </ul>
<b>Fire and Haze</b>	<ul style="list-style-type: none"> <li>Zero use of fire for land preparation</li> </ul>	<ul style="list-style-type: none"> <li>Completed and monitored through active fire hotspot monitoring</li> </ul>
<b>Leadership in Social Performance</b>		
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>15% annual reduction in frequency of safety and health incidents against previous year</li> </ul>	<ul style="list-style-type: none"> <li>In progress – Achieved 8.7% annual reduction in frequency of safety and health incidents</li> </ul>
<b>Human Rights and Fair Labour Practices</b>	<ul style="list-style-type: none"> <li>Resolution of Withhold Release Order (WRO)</li> <li>Implement enhanced fair labour practices programme in Indonesia, PNG and Solomon Islands (SI)</li> <li>100% of workers globally covered by grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>In progress</li> <li>Completed – 100% covered by Suara Kami helpline and/or Whistleblowing channel</li> </ul>

MATERIAL MATTERS	COMMITMENTS	PERFORMANCE
<b>Leadership in Social Performance</b>		
<b>Community Rights and Development</b>	<ul style="list-style-type: none"> <li>Engage and empower communities for inclusive development</li> </ul>	<ul style="list-style-type: none"> <li>In progress</li> </ul>
<b>Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>More than 30% of women on the board and/or in top management</li> </ul>	<ul style="list-style-type: none"> <li>Women on board: 33%</li> <li>Women on top management: 43%</li> </ul>
<b>Build Resilient Supply Chains</b>		
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>100% traceability to mills and plantation across our supply chain</li> <li>100% verified No Deforestation, No Peat and No Exploitation (NDPE) supply chain, inclusive of smallholders by 2025</li> <li>Ensure more than 50,000 smallholders within the Group's supply chain adopt responsible agriculture practices by 2025 in line with SD Plantation's Responsible Sourcing Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>93.2% Traceability to Mill</li> <li>70.9% Traceability to Plantation</li> <li>75% of supply chain delivering on NDPE requirements</li> <li>In progress:                             <ul style="list-style-type: none"> <li>33,746 smallholders in support programmes</li> <li>18,212 smallholders are Roundtable on Sustainable Palm Oil (RSPO) certified</li> </ul> </li> </ul>
<b>Building Trust Through Engagement and Transparency</b>		
<b>Product Quality and Safety</b>	<ul style="list-style-type: none"> <li>Achieved HACCP certification in mills and operating plants</li> <li>Low Mineral Oil Saturated Hydrocarbons (MOSH) and Mineral Oil Aromatic Hydrocarbons (MOAH) commitment of &lt;10ppm &amp; &lt;1ppm</li> </ul>	<ul style="list-style-type: none"> <li>49 mills, 7 kernel crushing plants and 5 bulking plants</li> <li>In progress (Malaysia, Indonesia)</li> <li>Completed (PNG/SI)</li> </ul>
<b>Customer Privacy and Data Protection</b>	<ul style="list-style-type: none"> <li>Maintain zero non-compliances with data privacy and cybersecurity laws</li> </ul>	<ul style="list-style-type: none"> <li>Achieved zero non-compliances with data privacy and cybersecurity laws</li> </ul>
<b>Corporate Governance and Anti-Corruption</b>	<ul style="list-style-type: none"> <li>Assessed 100% of operations for fraud and corruption-related risks</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 100%</li> </ul>
<b>Operational Efficiency</b>		
<b>Yield Intensification</b>	<ul style="list-style-type: none"> <li>Produce sufficient GenomeSelect™ seeds to meet 2026 replanting requirements for Malaysia operations.</li> </ul>	<ul style="list-style-type: none"> <li>In progress</li> </ul>
<b>Responsible Consumption and Production</b>	<ul style="list-style-type: none"> <li>Adoption of integrated pest management in plantations</li> <li>Eradicating the use of World Health Organisation Class 1A or 1B pesticides</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> </ul>
<b>Waste and Effluent Management</b>	<ul style="list-style-type: none"> <li>Achieve effluent discharge intensity targets                             <ul style="list-style-type: none"> <li>Malaysia: 0.65 m<sup>3</sup>/metric ton FFB</li> <li>Indonesia: 0.5 m<sup>3</sup>/metric ton FFB</li> <li>PNG/SI: 0.7 m<sup>3</sup>/metric ton FFB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>In progress, achievement in 2023                             <ul style="list-style-type: none"> <li>Malaysia: 0.74 m<sup>3</sup>/metric ton FFB</li> <li>Indonesia: 0.55 m<sup>3</sup>/metric ton FFB</li> <li>PNG/SI: 0.51 m<sup>3</sup>/metric ton FFB</li> </ul> </li> </ul>
<b>Water Management</b>	<ul style="list-style-type: none"> <li>Achieve water consumption intensity of 1.0m<sup>3</sup> per tonne FFB processed in Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>In progress – Achieved 1.52 m<sup>3</sup> per tonne FFB processed</li> </ul>

# The Journey to A Sustainable Future

The Group integrates robust business practices with our ESG aspirations, as a result of which, we are moving steadily towards our sustainability goals. Our initiatives focus on climate resilience, fair labour practices, and responsible agricultural methods where our collective efforts will ensure we achieve our sustainability objectives.



## SUSTAINABILITY POLICY

The Group Sustainability and Quality Policy Statement 'Policy Statement' was formulated in line with our Responsible Agriculture Charter and Human Rights Charter. The Policy Statement forms the foundation for our responsible practices. Our culture of integrity ensures that we are transparent and comply with all laws and regulations. Furthermore, we consider sustainability risks when making decisions. We have outlined the details of our Policy Statement where it conveys our focus on ethical conduct and the proactive management of our environmental and social impact, guiding our sustainability journey.

For more information, refer to Reports, Policies and Statements, on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

## STAKEHOLDERS AND US

Effective stakeholder engagement is critical in constructing sustainable solutions to industry-wide challenges. We actively foster one-on-one engagements with key stakeholders, tailoring our approach based on their influence and interest in SD Plantation. Additionally, we collaborate collectively with other industry players, spearheading the formation of multi-stakeholder initiatives that drive transformative and systemic change.

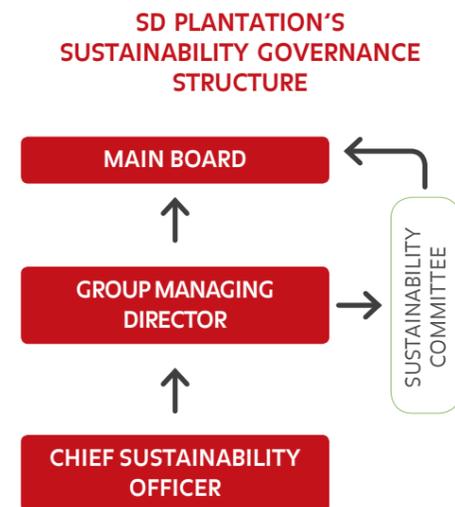
For more information, refer to page 25 of our Integrated Report 2023.

# Governance and Leadership

SD Plantation's three-tiered Sustainability Governance Structure provides a framework with distinct roles and responsibilities for the implementation of strategic sustainability initiatives.

The Main Board leads the overall direction of the sustainability governance structure, while the Sustainability Committee is tasked with steering the sustainability strategy and ensuring initiatives align with the set objectives and timelines. Furthermore, the Board proactively seeks external guidance from an independent sustainability advisor to stay abreast of emerging trends, global best practices, and climate-related issues.

The Group Managing Director guides the Group's management team in terms of SD Plantation's sustainability efforts, while the Chief Sustainability Officer provides strategic oversight on sustainability matters with support from the sustainability team, ensuring regular reporting and progress updates to the Board.



## MAIN BOARD

- Sets overall direction, vision, and values and ensures business activities align with sustainability objectives and stakeholder expectations
- Review progress in renewables projects, nature-based solutions, and deforestation elimination efforts
- Assess climate change-related issues such as climate risks and opportunities, and climate disclosures

## SUSTAINABILITY COMMITTEE

- Full responsibility for reviewing the sustainability strategy and performance at the Board level around sustainability issues critical to the Group, which include health and safety, human rights, climate change, biodiversity, conservation, and supply chain sustainability
- Oversee the monitoring, reporting and verification of the Sustainability Key Performance Indicators and their implementation through the Group policies
- Oversee the disclosure and reporting of material economic, environmental and social risks and opportunities in the annual report and sustainability report

## GROUP MANAGING DIRECTOR

- Accountable for sustainability matters for the Group, including climate change
- Chair the Plantation Leadership Committee (PLC) and discussing ESG metrics and climate change commitments
- Include ESG-related metrics in the corporate scorecard
- Lead discussions on sustainability, including climate action, decarbonisation efforts, and climate-related developments at monthly PLC meetings

## CHIEF SUSTAINABILITY OFFICER

- Review sustainability strategies, targets, and plans, and overseeing their implementation
- Report on updates, progress, and critical concerns to the Sustainability Committee every quarter
- Directly report to the Group Managing Director on sustainability matters
- Managing the sustainability team at the head office and overseeing operational teams across all business units
- Responsible for sustainability disclosures and reporting

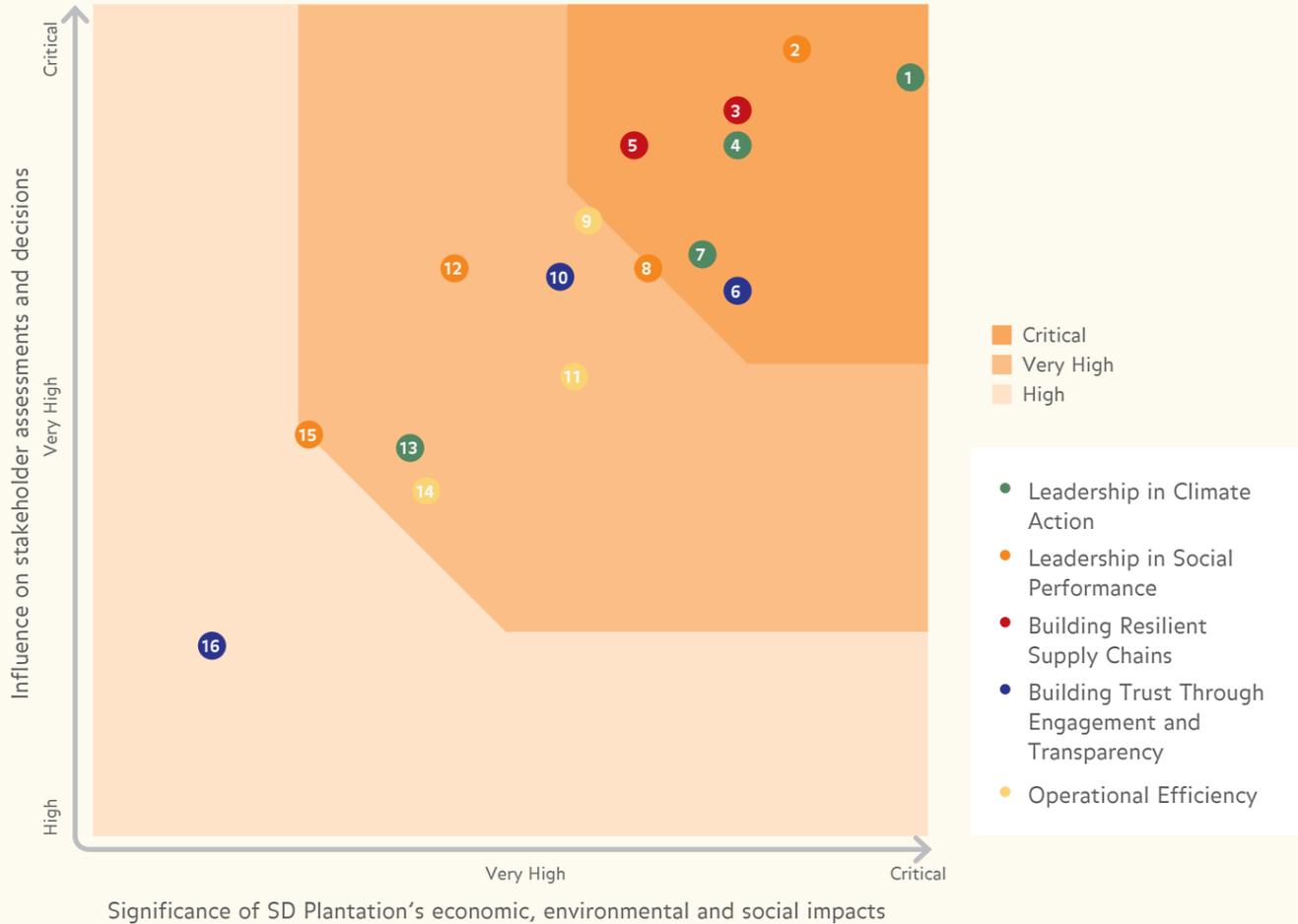
To measure the effectiveness of sustainability initiatives, an ESG scorecard has been cascaded to all executive-level employees in our Upstream Malaysia operations since 2022. The ESG scorecard measures the success of human rights initiatives, namely the effectiveness of Grievance Channels and the Social Dialogues, Workplace Safety, Workers Satisfaction Surveys, Climate Change initiatives and compliance with applicable regulations and governance standards.

# Navigating SD Plantation's Material Matters

## MATERIALITY ASSESSMENT

In FY2023, we conducted a materiality reassessment to assess our material matters against current sustainability trends. We adhered to Bursa Malaysia's Main Market Listing Requirements and the Sustainability Reporting Guide (3<sup>rd</sup> Edition) and took into consideration the evolving palm oil and consumer goods industry in the selection of our material sustainability matters.

The materiality matrix reflects the importance of our ESG priorities to stakeholders and their impact on our business. It plays a crucial role in understanding and responding to stakeholder feedback, shaping both our current sustainability agenda and future ESG goals and actions.



- 1 Climate Change and Energy Management
- 2 Human Rights and Fair Labour Practices
- 3 No Deforestation, No Peat and No Exploitation
- 4 Fire and Haze
- 5 Supply Chain Management
- 6 Product Quality and Safety
- 7 Biodiversity and Conservation
- 8 Health and Safety
- 9 Responsible Consumption & Production
- 10 Corporate Governance & Anti-Corruption
- 11 Yield Intensification
- 12 Community Rights and Development
- 13 Waste and Effluent Management
- 14 Water Management
- 15 Diversity and Inclusion
- 16 Customer Privacy & Data Protection

# Leadership in Climate Action

We recognise the impacts of climate change, and we acknowledge its effects on our business operations. In line with our target to achieve net-zero emissions by 2050, SD Plantation is proactively addressing greenhouse gases (GHG) emissions in our operations. As we steer through the challenges that lie ahead, we aim to build our climate resilience by implementing adaptive technologies in our operations and promoting sustainable practices throughout our supply chain.

**Material Sustainability Matters**

- 1 Climate Change and Energy Management
- 2 Biodiversity and Conservation
- 3 Fire and Haze

## CLIMATE CHANGE AND ENERGY MANAGEMENT

**Why It Matters**

Changes in temperature, precipitation patterns, and extreme weather conditions can significantly impact the growth and yield of oil palms. By striving towards net-zero emissions across our value chain by 2050, we demonstrate our commitment to both environmental stewardship and sustainable palm oil production.

### SD Plantation's Approach

## TCFD REPORT GOVERNANCE

Acknowledging the substantial influence of climate change on our activities, SD Plantation has incorporated climate considerations into our decision-making procedures. These initiatives are guided by strategies overseen by the Board of Directors, assisted by the Sustainability Committee.

**Climate-related roles and responsibilities**

**The Board**

- The Board is responsible for the oversight of climate-related risks and is aware of the potential impacts, risks and opportunities from climate change on SD Plantation's operations. The Board includes climate-related considerations in the Company's governance and risk management
- The Board provides strategic oversight of the company's sustainability initiatives, including climate-related initiatives

**Management**

- The Management monitors climate-related risks and opportunities and manages the Company's risk management strategy including climate-related strategies
- The Group Managing Director is accountable for monitoring sustainability-related matters for the entire Group, including climate-related risks and opportunities
- The Chief Sustainability Officer, is responsible for quarterly reporting on updates, progress, and critical concerns to the Board Sustainability Committee, including climate-related matters
- The Management ensures the implementation of sustainability initiatives, including climate-related initiatives. A sustainability team, including the Climate Change Unit, drives operational execution of our sustainability and climate strategy. The team works together with Renewable Energy, Supply Chain and Conservation and Biodiversity teams on the implementation of renewable energy and land use transformation projects.

# Leadership in Climate Action

## STRATEGY

The Group integrates climate risks and opportunities into our business strategies, exemplified by our approaches to land use, conservation, supply chain management, and renewable energy. In FY2023, we took a significant step by incorporating climate assessments into our business decision-making processes. Any proposed investments or capital expenditures that go through the Group Investment Committee must include an assessment of the impact on the Group's GHG emissions.

With the approval of our targets by the SBTi, we are now focussing on executing the short-term and long-term initiatives in our Net-Zero Roadmap to address our Scope 1, 2 and 3 emissions. For more information, refer to Net-Zero Emissions: on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

## Transition Risks: Climate-related Risks, Impacts and Opportunities

**Legend** ■ Short to medium term risks (current to 2030) ■ Medium to long term risks (2031 to 2050)

Transition Risks	Impact	Opportunities
<b>Policy and Legal</b>		
<ul style="list-style-type: none"> <li>Regulations imposed for regulatory environmental compliance such as EU Deforestation Regulation</li> <li>Future implementation of carbon tax or other carbon pricing mechanism</li> <li>Standards imposed by EU under the EU's revised Renewable Energy Directive (RED II)</li> </ul>	<ul style="list-style-type: none"> <li>Potential incurred costs from penalties and fines.</li> <li>Increased cost incurred from carbon pricing mechanism</li> <li>Revenue may be affected by decline in palm oil demand for biofuel use in EU</li> </ul>	<ul style="list-style-type: none"> <li>Adopt best practices to prevent non-compliances</li> <li>Maintain and potentially enhance access to market and customers</li> <li>Reduction of SD Plantation's reliance on carbon-intensive materials and processes</li> <li>Explore new markets including lobbying for higher biodiesel mandates in Malaysia and Indonesia to create higher domestic demand for palm oil</li> </ul>
<b>Technology</b>		
<ul style="list-style-type: none"> <li>Transition and adoption of new technology and new low-carbon production process</li> </ul>	<ul style="list-style-type: none"> <li>Increase in capital expenditure due to investments in green technologies as part of the Group's efforts to decarbonise our operations</li> </ul>	<ul style="list-style-type: none"> <li>Cost and resource savings upon successful implementation of new technology and low-carbon production process</li> <li>Anticipated revenue growth from solar energy ventures by leveraging SD Plantation's land resources for large-scale and small-scale solar projects, as well as exploring opportunities to extend biogas development within the supply chain</li> </ul>
<b>Market</b>		
<ul style="list-style-type: none"> <li>Increased demand and cost to maintain a climate-responsive value chain</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in profit from cost increase</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining and potentially enhancing access to markets and customers on a low carbon trajectory</li> </ul>

## Physical Risks: Climate-related Risks, Impacts and Opportunities

**Legend** ■ Short to medium term risks (current to 2030) ■ Medium to long term risks (2031 to 2050)

Physical Risks	Impact	Opportunities
<b>Acute</b>		
<ul style="list-style-type: none"> <li>Occurrence of short-term extreme climate-related events i.e. heat waves, floods, landslides, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Short-term extreme climate-related events may cause reduced yield, workforce disruption, and damages to assets</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to innovate and adopt technological facilities or advanced processes that can anticipate and withstand the impacts of acute climate-related events in advance of industry peers</li> </ul>
<b>Chronic</b>		
<ul style="list-style-type: none"> <li>Occurrence of long-term effects such as extreme variability in weather patterns, i.e. prolonged high temperatures, intense rain, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term climate-related impacts may cause impacts in yield and production as well as increase in operating costs, capital costs and insurance costs to manage impacts on plantations and production</li> <li>Long-term disruption in SD Plantation's supply chain may cause reduced revenue</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to adopt innovative technology, materials and processes that withstand long-term climate impacts in advance of industry peers</li> </ul>

## Scenario Analysis

The scenario modelling is a guide to help with the evaluation of hypothetical outcomes based on a limited set of assumptions. Impacts presented are subject to uncertainties and should not be taken as forecasts. SD Plantation's approach to the scenario analysis is aligned with the Network of Central Banks and Supervisors for Greening the Financial System's (NGFS) Current Policies and Net Zero 2050 climate scenarios.

Description	
<b>Time horizon</b>	Transition Risks: 2030 Physical Risks: Chronic 2050
<b>Scenarios</b>	Business as Usual (BAU) (+4.0°C): High emissions scenario assuming development without introduction of low-carbon measures   Orderly - Net-zero (1.5°C): Immediate action to curb emissions with increasing regulatory requirements
<b>Scope</b>	Transition Risks: Upstream and downstream operations Physical Risks: Direct operations, production and assets/facilities owned by Upstream Malaysia, SD Plantation
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Climate policy ambitions are expected to strengthen over time with more aggressive mitigation efforts under net-zero compared to BAU</li> <li>Carbon prices are expected to rise over time and assumed to only cover Scope 1 emissions, and will be much higher in a net-zero scenario</li> <li>Net-zero scenario relies more heavily on new technologies compared to BAU scenario with green technologies maturing over time, bringing the cost of investment lower as adoption rate increases</li> </ul>
<b>Metrics</b>	<p>Transition Risks: Estimated annualised impact against the latest 5-year average budgeted recurring PATAMI for the Group (for estimated increase in cost) and the absolute annualised impact (for estimated increase in CAPEX spending) in line with the Group's Enterprise Risk Management Framework.</p> <p>Physical Risks: Estimated projected average annualised financial impacts due to operational disruptions and loss of plantation land from sea level rising in line with the Group's Enterprise Risk Management Framework.</p>

# Leadership in Climate Action

## Risk Likelihood & Risk Impact Criteria (Financial)

Score	Rating	Financial Impact Criteria Plantation Group
■	Catastrophic	More than 25% of budgeted recurring PATAMI
■	Major	15% to 25% budgeted recurring PATAMI
■	Moderate	5% to 15% budgeted recurring PATAMI
■	Minor	1% to 5% budgeted recurring PATAMI
■	Insignificant	Up to 1% budgeted recurring PATAMI

The outcomes of the physical and transition risks identified indicate that while the risks are well controlled in the short term, they may become increasingly significant depending on the progress of global climate action.

## Transition Risks Scenario Analysis

The most material and significant impacts associated with transition risks in the medium-term horizons are presented below.

Transition Risks	Business as Usual Scenario	Net-Zero Scenario	Risks Mitigation
<b>Regulatory/Policy</b> Carbon Pricing	■ Minor: Estimated impact from the introduction of carbon tax is based on NGFS' Current Policies scenario carbon pricing trajectory of USD5.63/tCO <sub>2</sub> -e against the Group's 2030 residual Scope 1 FLAG and energy and industrial processes GHG emissions following our reduction strategies to achieve the 2030 near-term target reduction as per our Net-Zero Roadmap.	■ Catastrophic: Estimated impact from the introduction of carbon tax is based on NGFS' net-zero 2050 scenario carbon pricing trajectory of USD141.39/tCO <sub>2</sub> -e against the Group's 2030 estimated residual Scope 1 FLAG and energy and industrial processes GHG emissions following our reduction strategies to achieve the 2030 near-term target reduction as per our Net-Zero Roadmap.	Reducing our carbon emissions in line with our 2030 and 2050 targets reduces our exposure to future carbon taxes and reliance on carbon credits.
<b>Regulatory/Policy</b> European Union (EU) biofuel phase out by 2030	■ Insignificant: Estimated impact from the palm-based biofuel phase out is insignificant as SD Plantation no longer exports palm-based biodiesel to the EU.	■ Insignificant: Estimated impact from the palm-based biofuel phase out is insignificant as SD Plantation no longer exports palm-based biodiesel to the EU.	Explore new markets including lobbying for higher biodiesel mandates in Malaysia and Indonesia to create higher domestic demand for palm oil.
<b>Technology</b> Transitioning to lower emissions technology	■ Minor: Estimated impact from investments in green technologies in a scenario where investments are primarily limited to those making the most operational and commercial justifications.	■ Minor: Estimated impact from investments in green technologies in a more aggressive transition scenario to meet net-zero climate change commitments, although the technologies become more economically viable.	Reducing our operational emissions through energy efficiency.

## Physical Risks Scenario Analysis

SD Plantation strengthened our climate physical risk assessment by understanding the impacts on riverine and coastal flooding in our upstream operations. We have estimated the financial impact on our operations based on the potential long-term impact of rising sea levels on SD Plantation's concession areas in Malaysia. While our current adaptation measures contribute to our climate resilience, we need to look into our supply chain to increase the resilience of our suppliers.

Physical Risks	Business as Usual Scenario	Risks Mitigation
Chronic (2050)	■ Minor: Estimated impact from planted area lost due to sea level rising which is derived based on the digital elevation data model by the Intergovernmental Panel on Climate Change (IPCC).	Plantations and mills situated in regions prone to high-risk conditions have been outfitted with embankments to deter flooding and coastal inundation. 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. Further studies will be carried out to assess the suitability of these high-risk areas for future replanting cycles, and renewal of long-term leases.

## RISK MANAGEMENT

SD Plantation has implemented a proactive and ongoing process dedicated to identifying, evaluating, and managing significant climate-related risks. Climate-related risks are fully embedded in SD Plantation's Group Risk Management Framework and treated in a similar manner to other risks.

### Risk Management

#### Identification of Climate-related Risks

- Risks including climate-related risks are identified through risk identification, risk assessment and risk mitigation approach as well as continuous monitoring and inclusion at each division where identified significant risks are escalated to the Risk Management Committee and the Board
- The Board and other committees convene at least 4 times a year to discuss and update strategic business matters and this include climate-related matters

#### Managing Climate-related Risks

- The Risk Management Committee and Sustainability Committee are responsible for ensuring sustainability and climate risks are managed by monitoring anticipated or reported impacts on the Company's operations
- The Risk Management Committee and Sustainability Committee oversee the implementation of mitigation actions for identified sustainability and climate risks
- The SD Plantation Group Risk Management Framework adheres to the ISO31000:2018 standard on risk management, encompassing risk identification, analysis, evaluation, treatment, reporting, continuous communication, monitoring, and review

#### Integration of Climate-related Risk Management

- Climate-related risks are integrated into the Company's Risk Management framework to ensure the risks are properly addressed and comprehensive oversight is implemented

## METRICS AND TARGETS

The Group discloses our GHG emissions to assess climate-related risks and opportunities in line with our strategy and risk management process. Furthermore, climate-related KPIs are included for downstream operations as well as in the ESG Scorecard for Upstream Malaysia. The KPIs are related to the implementation of climate-related initiatives in estates and mills, and reduction in energy consumption for downstream operations across the Group.

SD Plantation approved SBTi targets:

Category	2030 Targets	2050 Targets
	Forest, Land and Agriculture (FLAG) GHG Emissions	Absolute scope 1 and 3 reduction by 30.3%
Energy and Industrial GHG Emissions	Absolute scope 1 and 2 reduction by 42%	Absolute scope 1, 2 and 3 reductions by 90%

## Moving Forward

SD Plantation is dedicated to ensuring that **79%** of our **customers and suppliers**, who account for emissions from purchased goods and services, capital goods, fuel and energy-related activities as well as upstream and downstream transportation and processing of sold products, will have science-based targets by 2027.

# Leadership in Climate Action

## Our GHG Emissions

To calculate our GHG emissions, SD Plantation uses the:

GHG Protocol Corporate Accounting and Reporting Standard

GHG Corporate Value Chain (Scope 3) Standard

GHG Protocol Land Sector and Removals Guidance

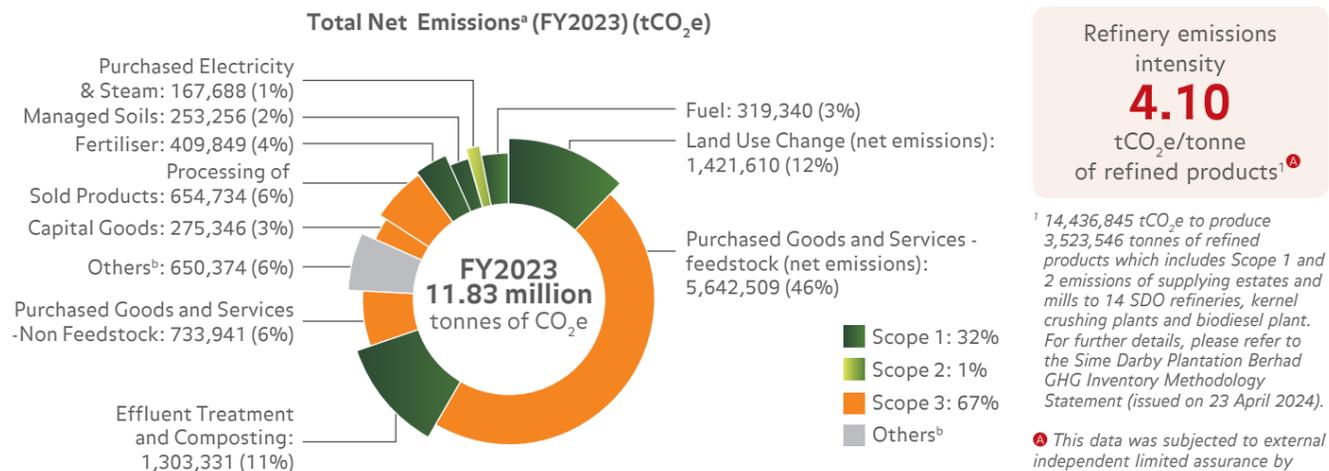
For more information on our methodology and emissions, refer to the FY2023 Performance Data and GHG Inventory Methodology Statement on 'Reports, Policies and Statements' section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

Total Emissions (tCO <sub>2</sub> e)			
	FY2021	FY2022	FY2023
Scope 1 emissions	10,251,292	9,742,966	<b>9,379,764</b> <sup>A</sup>
Scope 2 emissions	160,122	164,201	<b>167,688</b> <sup>A</sup>
Scope 3 emissions	8,195,389	8,961,121	<b>9,128,227</b> <sup>A</sup>
<b>Total emissions</b>	<b>18,606,804</b>	<b>18,868,288</b>	<b>18,675,679</b>
Scope 1 removals	(5,628,131)	(5,702,855)	<b>(5,622,199)</b>
Scope 3 removals	(1,143,085)	(1,189,662)	<b>(1,221,501)</b>
<b>Total carbon removals</b>	<b>(6,771,215)</b>	<b>(6,892,517)</b>	<b>(6,843,700)</b> <sup>A</sup>

Note: The 2021-2022 GHG emissions have been restated due to changes in emissions factors and the emission sources/boundary following SBTi validation.

The FY2023 total emissions is 18,675,679 tCO<sub>2</sub>e excluding Scope 1 and 3 carbon removals from sequestration of oil palm, rubber and high conservation value (HCV) areas of 6,843,700 tCO<sub>2</sub>e.

Our FY2023 inventory showed that 67% of our net emissions were Scope 3 emissions from our supply chain such as purchased feedstock and non-feedstock materials. We will be ramping up our supply chain engagement in the coming years to work together with our suppliers to address Scope 3 emissions.



<sup>a</sup> Net emissions is calculated based on total emissions net of Scope 1 and Scope 3 removals.  
<sup>b</sup> Others refer to Scope 1 Enteric fermentation, Scope 1 Manure management, Scope 3 Fuel & energy-related activities, Scope 3 Upstream Transportation & Distribution, Scope 3 Waste generated, Scope 3 Business travel, Scope 3 Employee commuting, Scope 3 Use of Sold Product, Scope 3 End-of-Life, Scope 3 Downstream Leased Asset and Scope 3 Investments.  
<sup>1</sup> 14,436,845 tCO<sub>2</sub>e to produce 3,523,546 tonnes of refined products which includes Scope 1 and 2 emissions of supplying estates and mills to 14 SDO refineries, kernel crushing plants and biodiesel plant. For further details, please refer to the Sime Darby Plantation Berhad GHG Inventory Methodology Statement (issued on 23 April 2024).  
<sup>A</sup> This data was subjected to external independent limited assurance by PricewaterhouseCoopers PLT, Malaysia ('PwC'). For the results of that assurance, see PwC's assurance report on pages 64 to 67 and Sime Darby Plantation Berhad GHG Inventory Methodology Statement (issued on 23 April 2024) published on 'Reports, Policies and Statements' section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

## Our Initiatives

SD Plantation is committed to implementing renewable energy projects, overseeing land use transformation, and collaborating with suppliers to ensure the adoption of emissions reduction measures throughout our entire value chain.

### Acceleration of renewables

#### Biogas Plants

SD Plantation's energy and industrial GHG emissions within Scope 1 predominantly stems from methane emitted during treatment of palm oil mill effluent (POME). We have initiated multiple biogas plants in Malaysia, Indonesia and Papua New Guinea to capture methane and generate renewable energy which can be used in our operations or exported to the national grid. As of FY2023, 16 of SD Plantation's mills are equipped with biogas plants (where 9 plants export electricity to the grid) and we aim to have a total of 45 biogas plants running across our operations by 2030.

#### Solar Energy

Aside from leasing land for solar farm development, SD Plantation is venturing into active participation and partnerships. This approach will benefit SD Plantation with green attributes such as renewable energy credits (REC) generated from solar farms. In FY2023, we commissioned 3 rooftop solar projects and installed solar streetlights across 51 mills and estates in Malaysia.

On top of that, we are actively exploring development opportunities to utilise biomass waste from our operations to generate electricity and promote circular economy. We are also exploring carbon sequestration using microalgae technology to reduce our carbon footprint and promote circularity. In FY2023, we successfully completed the installation of a trial plant for microalgae carbon sequestration.

## Land Use Transformation

Please refer to the Biodiversity and Conservation section of this report for further details.

## Eliminating Deforestation from Our Supply Chain

We monitor, engage, and support suppliers and smallholders to combat deforestation in our supply chains, in alignment with our Working with Suppliers to Draw the Line on Deforestation Policy. For further details, please refer to the Building Resilient Supply Chains section of this report.

## Energy Management

We have actively introduced multiple initiatives to reduce energy consumption at our energy-intensive operations, with a particular focus on our refineries.

### Reducing Energy Consumption at our Refineries

#### Economiser Installation

Installation of economiser at treatment plant for heat recovery. A 50% reduction of diesel consumption recorded at SDO Biodiesel

#### Air Compressor Centralisation

Centralising air compressor, reducing the electricity consumption of the air compressor by approximately 50% at SDO Pasir Gudang Refinery

#### Electric Forklifts

Replacement of all diesel-based forklifts to electric forklift powered by the internal cogeneration plant at SDO Langat Refinery

#### Energy Audits in mills

In Malaysia, we started conducting energy audits at our mills since Q4 2023. We aim to cover all our mills in Malaysia in the next six years. The audit will allow us to obtain a detailed insight into our energy consumption patterns and identify potential energy-saving measures to achieve our net-zero target. This is also in alignment with the Energy Efficiency and Conservation Act expected to be enacted soon by the Government of Malaysia.

# Leadership in Climate Action

### SD Plantation's Performance

#### GHG Emissions

**Total Emissions (FY2020-FY2023), net emissions (tCO<sub>2</sub>e)**

Fiscal Year	Scope 1 Emissions (FLAG and Energy & Industrial)	Scope 2 Emissions (Energy & Industrial)	Scope 3 Emissions (FLAG and Energy & Industrial)	Total Emissions (tCO <sub>2</sub> e)
FY2020	194,392 (2%)	4,754,728 (39%)	7,250,677 (59%)	7,250,677
FY2021	160,122 (1%)	4,621,162 (39%)	7,052,305 (60%)	7,052,305
FY2022	164,201 (1%)	4,040,111 (34%)	7,771,459 (65%)	7,771,459
FY2023	167,688 (1%)	3,757,565 (32%)	7,906,726 (67%)	7,906,726

**Note:**

- FLAG: All emissions related to agriculture to the farm gate (excluding processing), land use change and land management
- Energy and Industrial Processes: Emissions from operational activities beyond the farm gate, i.e., emissions from fossil fuels combustion
- The 2020-2022 GHG emissions have been restated due to changes in emissions factors and the emission sources/boundary following SBTi validation

#### Energy Consumption

Our Group's total energy consumption, encompassing fuel and electricity amounted to 28,978,121 GJ in FY2023.

Description	FY2021	FY2022	FY2023
Total energy consumption (gigajoules)	31,024,668	28,513,353	28,978,121
Energy consumed from renewable sources (%)	86	86	88
Energy consumed from non-renewable sources (%)	14	14	12

**Note:** Energy from renewable sources include biomass, biofuels, biogas and solar.

#### Renewable Energy

In FY2023, our renewable energy generation reached a notable milestone of 84,690 MWh. The total emissions avoided in FY2023 was 65,818 tCO<sub>2</sub>e.

Category	Description	FY2021	FY2022	FY2023
Rooftop Solar	Electricity Generated (MWh)	8	629	1,060
	Total emissions avoided (tCO <sub>2</sub> e)	3	267	451
Biogas – electricity fed to grid	Electricity Generated (MWh)	36,007	41,659	56,869
	Total emissions avoided (tCO <sub>2</sub> e)	26,713	31,454	42,982
Biogas – electricity utilised in SD Plantation plants	Electricity Generated (MWh)	27,285	30,106	26,761
	Total emissions avoided (tCO <sub>2</sub> e)	23,390	25,173	22,385

**Note:** Calculated based on the electricity generation of rooftop solar and biogas plants in operation.

## BIODIVERSITY AND CONSERVATION

### Why It Matters

Our plantations are situated in countries with some of the planet's most diverse ecosystems, boasting rich biodiversity in forests, coastal areas, and freshwater habitats. As an operator in these areas, SD Plantation strives to reduce our adverse impact on nature and prioritise the conservation of natural habitats through our environmental management practices.

### SD Plantation's Approach

In 2023, we established SD Plantation's Biodiversity Policy, supporting the principles of the Responsible Agriculture Charter where we follow standard operating procedures (SOP) and national guidelines for managing conservation set-aside and biodiversity areas. We are deeply committed to safeguarding biodiversity, ensuring measures are in place to minimise human-wildlife conflicts in our operational areas, maintaining and enhancing high conservation value (HCV) areas and implementing wildlife conservation programmes to protect these areas.



Photos: Sightings of wildlife from our camera traps.

One of the primary reasons for the increasing instances of human-animal conflict is the loss of habitats due to human activities such as urbanisation and agriculture. Habitat fragmentation and degradation, particularly affecting apex species such as elephants and tigers, are the consequences of converting natural forests into human dominated land-use, which heightens the risk of confrontations between humans and these animals. Additionally, wild boar and macaques have been noted to depredate upon oil palm fields, causing crop damage and property destruction.

We have taken proactive steps in managing human-wildlife conflict within our Malaysia operations through the establishment of an SOP aimed at managing such conflicts responsibly and effectively. The overall objectives of human-wildlife conflict management in SD Plantation are to increase awareness of wildlife conservation among our employees, societies, and respective operational stakeholders, as well as setting the standard for human-wildlife conflict management best practices, with the aim of achieving human-wildlife co-existence within our operations.

To reinforce our commitment to NDPE, which we have pledged since 2016, and as part of our key approach to achieving our 2050 net-zero targets, SD Plantation is expanding our existing reforestation of non-productive agricultural land as well as large-scale tree-planting as a nature-based solution to increase carbon sinks. We focus on planting Rare, Threatened and Endangered (RTE), native and endemic species, enhancing biodiversity within the areas where we operate.

Since 2014, we have prohibited new planting on peatlands due to their substantial carbon storage capacity and susceptibility to fires. At our existing peatland operations, we conduct drainability assessments to guide our future replanting efforts. In the interim, SD Plantation's operational units diligently implement best practices for peat management in accordance with the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria, as well as the RAC.

# Leadership in Climate Action

## Biodiversity Assessment for Peatlands in Sarawak Region

Conducted in August and November 2023, the assessment served as preliminary evaluation with the main objective of classifying the availability of flora and fauna at the 400 hectares (ha) of peatland area and our surrounding areas.

### Fauna Assessment

Approximately 78 species were documented in our estates and surrounding areas, with insects (comprising 31 species) being the most predominant among them.

### Flora Assessment

A total of 79 tree species were recorded at our estates and surrounding areas. These tree species are represented by 32 families. The most common family recorded belong to the dipterocarp family, accounting a total of 10 species.

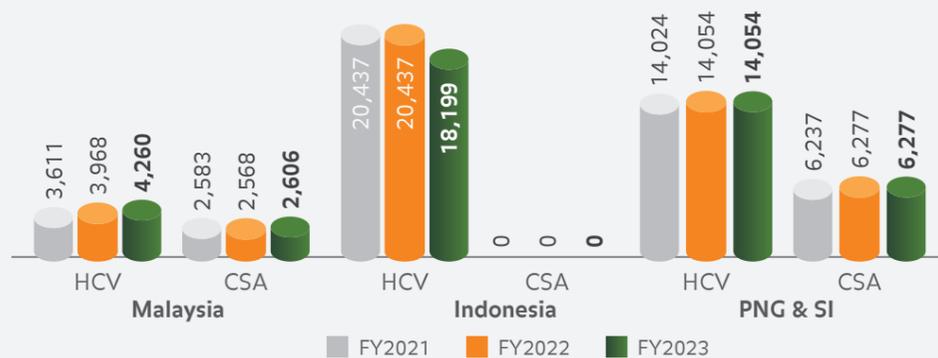


## SD Plantation's Performance

In FY2023, we conserved a total of 2,530 ha of peatlands, with 62% located in Indonesia, 22% in PNG and SI, and the remaining 16% in Malaysia. Furthermore, as at the end of 2023, a total of 45,396 ha has been set aside as HCV and conservation set-aside (CSA) areas. Following the HCV verification exercise conducted in FY2023 on all our operations, the HCV area designated in Malaysia saw an increase of 7%. The reduction of HCV areas in Indonesia was due to the disposal of two business units.

We have actively engaged in numerous conservation and reforestation endeavours, primarily centered in Malaysia. In FY2023, we allocated RM7.36 million to support conservation initiatives. Additionally, our reforestation programmes have resulted in the planting of 2,284,028 trees to date.

Total of Conservation Areas in SD Plantation for FY2021 – FY2023 (ha)



Note: The 2022 total area set aside as HCV in Malaysia has been restated.

### Geotagging

Going beyond just tree planting, we strive to ensure the survival of planted trees by closely monitoring their numbers and mortality rates. To achieve this, the Conservation & Biodiversity Unit under SD Plantation's Group Sustainability initiated geotagging activities in collaboration with SD Plantation's Group Communications department as part of the 200 Years of Volunteerism project.

In FY2023, we conducted two geotagging activities involving 163 volunteers. Additionally, some estates have conducted their own geotagging initiatives and submitted their data voluntarily to Group Sustainability.

## SD Plantation's Performance

### Biodiversity & High Conservation Value (HCV) Engagement with Smallholders

The Biodiversity and High Conservation Value Engagement with Smallholders is a collaborative initiative involving the Malaysia Palm Oil Green Conservation Foundation (MPOGCF), the National Association of Smallholders Malaysia (NASH), Sime Darby Eco Gardens Sdn Bhd, and the Group Sustainability Department at SD Plantation.

In FY2023, our primary objective was to carry out a baseline biodiversity survey and verify HCV areas, particularly within the boundaries and surrounding areas of smallholder farms. The main purpose of this assessment is to identify both best practices and areas needing improvement in terms of biodiversity as well as conservation adherence. Additionally, we aim to assess and document the overall biodiversity within smallholder farms, acknowledging the operational impact on areas of HCV and the potential ecological significance within the landscape. This data is vital for smallholders to meet the requirements for HCV as part of the Malaysian Sustainable Palm Oil (MSPO) certification.

As such, we conducted consultations and site visits with smallholders in various four regions, namely Kelantan, Perak, Johor and Negeri Sembilan.

**40**  
NASH smallholders engaged

**283**  
Acres Combined

### Nestlé RELeaf Project

**Target:** To plant over 1 million trees across 1,200 ha of riparian zones and steep slope areas within SD Plantation's oil palm operation areas by 2024

Nestlé Cares Nationwide Tree Planting Event took place on 17 June 2023, simultaneously at SD Plantation Carey Island, Gunung Mas Estate in Johor, and Melalap Estate in Sabah. To date,

**745,540 trees** were planted across **745 ha.**

**517,710** trees planted in 2023, in Sabah, Sarawak and Peninsular Malaysia



# Leadership in Climate Action

## FIRE AND HAZE

### Why It Matters

Efforts to address forest fires play a crucial role in safeguarding ecosystems, biodiversity, and the well-being of local communities, while also reducing transboundary haze and greenhouse gas emissions. Engaging with communities is therefore essential to tackle the practice of open and illegal burning as well as foster awareness to prevent fires.



### SD Plantation's Approach

#### Zero-Burning Replanting Technique

SD Plantation pioneered the Zero-Burning Replanting Technique in 1985, which is now an industry standard. This approach involves clearing fields of old and unproductive palms without burning. Instead, the trunks and fronds are cut and left on the fields to decompose naturally and enrich the soil.

#### Monitoring and Managing Fires

SD Plantation continues to prioritise the prevention and management of forest fires across our operations. We utilise our satellite-based Hotspot Alert Dashboard to track, report, and respond to hotspots within our operations and neighbouring regions.

#### Community-based Fire Prevention

Minamas Plantation implements a community-based fire prevention programme known as "Desa Mandiri Cegah Api", established in 2014 in collaboration with local universities. This programme operates in high risk areas, covering 34 villages approximately 161,000 ha.

It enhances awareness of forest and land fire risks in the community, extending outreach to schools through

programmes like "Guru Peduli Api" involving 750 teachers and principals, and "Sekolah Peduli Api" with the Indonesia Heritage Foundation. The "Penghargaan Desa Bebas Api" awards fire-free villages to encourage villagers to practice zero-burning on their farms. Minamas Plantation also conducted training sessions on forest and land fire prevention and control with smallholders and nearby communities across our operations in 2023, highlighting the importance of preserving the surrounding environment from the dangers of forest fires.

#### Drone Hotspot Monitoring

Through satellite, ground, and drone monitoring, detected hotspots are promptly reported to authorities in accordance with our fire management operational standards. In 2023, our monitoring efforts covered over 800,000 ha of land in Indonesia, utilising 50 drones to monitor our operations for potential fire risks.

#### Fire Towers

Apart from drones, we utilised fire towers in Indonesia to enable early detection of wildfires across our plantation and neighbouring areas, in line with our 5km radius zero-burning commitment. Minamas Plantation is committed to monitor fire occurrences and help to put out the fires within a 5km radius of our estate boundaries as soon as we are alerted.

### SD Plantation's Performance

#### Trends in Confirmed Fires and Hotspots

Indicator	FY2021	FY2022	FY2023
Total confirmed fires	433	198	812
Within estate boundaries	124	59	67
Within 5km radius of estate boundaries*	309	139	745

\*The 5km radius monitoring commitment applies only to Indonesia.

#### Identifying Causes of Fires within Estate Boundaries

Causes	FY2021	FY2022	FY2023
Arson/Sabotage	3	9	0
Spread by neighbouring area	5	6	0
Illegal burning by communities	108	37	51
Weather/Dry season	2	2	0
Illegal hunting activities	1	0	0
Others	3	4	1
Land preparation for new planting	0	1	0
Shifting cultivation by communities	0	0	13
Unknown	2	0	2
<b>Total</b>	<b>124</b>	<b>59</b>	<b>67</b>

For more information, refer to Hotspot Dashboard section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

# Leadership in Social Performance

As one of the leading producers of certified sustainable palm oil globally, SD Plantation is firmly dedicated to honouring, endorsing, and maintaining fundamental human rights, as articulated in the Group's Human Rights Charter. SD Plantation recognises that employees and workers are the cornerstone of our achievements. We are committed to safeguarding the rights and well-being of our employees and workers, and their families in our global operations, whilst providing a supportive environment that is conducive to enhancing their skills and knowledge, as well as personal development. Furthermore, with plantations spread across in Malaysia, Indonesia, Papua New Guinea and the Solomon Islands, it is crucial for us to collaborate closely with the local communities surrounding our operations.

**Material Sustainability Matters**

- 1 Health and Safety
- 2 Human Rights and Fair Labour Practices
- 3 Community Rights and Development
- 4 Diversity and Inclusion

## HEALTH AND SAFETY

**Why It Matters**

Ensuring the health and safety of our workforce is of paramount importance to SD Plantation. By focussing on health and safety, we safeguard the well-being of employees and workers, while promoting responsible business conduct. Complying with safety standards enhances SD Plantation's reputation, reduces legal risks, and fosters a more resilient and sustainable palm oil sector.

### SD Plantation's Approach

Our manual on Health, Safety, and Environment (HSE) Management System addresses HSE concerns pertaining to employees, workers, contractors, and visitors. SD Plantation regularly engages with employees and workers to provide updates on HSE matters, covering performance, incidents, and risks. Following any workplace incidents, the management of the operating unit and HSE teams conduct comprehensive reviews to identify underlying causes.

The Group has implemented appropriate systems to identify hazards, evaluate risks, and investigate incidents across all our operations, aligning with relevant national standards. Health and Safety Committees, along with Safety and Health Management Representatives, are established throughout the Group's operations to enable operating units to autonomously assess the effectiveness of controls in critical operational risk domains.

**Agrochemical Safety in Oil Palm Fields**

We adhere to a chemical management plan that incorporates suitable standard operating procedures (SOPs) to prevent exposure to harmful chemicals for our workers.

SD Plantation employs an array of agricultural technology to perform tasks, ensuring that workers are not exposed to the harmful effects of herbicides, pesticides, and fertilisers.



Nursery Drone Pest Disease Sprayers



Herbicide Strip Sprayers



Fertiliser machines



Point-to-Point Drone Sprayers

**Employees Safety at workplace**

Through risk assessments, appropriate Personal Protective Equipment (PPE) is determined, particularly for tasks involving chemicals, excessive noise, or manual labor. Heads of Operating/Business Units (HOU/HBU) are accountable for providing adequate PPE that meets safety standards. Training on the proper use, upkeep, and storage of PPE is essential. For high-risk activities, workers are regularly reminded during toolbox, muster ground, and Take-5 briefings to ensure consistent and correct PPE usage.

HOU/HBU ensures that PPE is well-maintained and regularly inspected for any defects. Replacement of PPE will be provided for defect or worn-out PPEs. There is also a process for workers to raise concerns or feedback on PPE provided. For instance, in Upstream Malaysia, workers can raise any issues regarding PPE received during muster ground briefings or escalate the issues through their designated workers representatives to be discussed in Social Dialogue meetings or through employee representatives to be discussed during OSH Committee meetings. Minamas Plantation operations utilise an online system to track and document PPE replacements. To ensure ongoing compliance, HOU/HBU oversee and enforce PPE usage through routine checks.

**Ensuring Healthcare Access**

We prioritise the well-being of our workforce by ensuring the availability of adequate facilities and skilled medical personnel. In Upstream Malaysia, our medical team is led by our Chief Medical Officer – a qualified medical doctor and certified occupational health doctor – who provides services at over 114 estate clinics. These services include emergency response, treatment for acute and chronic illnesses, and preventive medicine. Estate clinics are staffed by Medical Assistants or Healthcare Assistants (MAHA), with support from Visiting Medical Officers from private clinics. All medical personnel are trained and possess valid practicing certificates and qualifications. These clinics often facilitate referrals to nearby hospitals, with ambulance services on standby for emergencies. In cases where our MAHA are unable to address medical concerns, designated personnel are on hand to transport workers to nearby healthcare facilities.

Our clinics also extend their services to the surrounding communities. Additionally, visiting Medical Officers frequently organise healthcare programmes, particularly targeting women and children.

Furthermore, we target to decrease the prevalence of non-communicable diseases (NCDs) among workers by implementing health screenings, facilitated in collaboration with SOCSO (Social Security Organisation).

### SD Plantation's Safety Initiatives

For the workforce of our downstream operations, SDO, our HSE team has implemented award programs to recognise performance across different time periods, namely monthly, quarterly, and annually to motivate and engage our employees and workers. These awards feature rewards such as shout-outs in our monthly business video update and cash prizes. To meet our HSE targets, we have also implemented a performance management framework for contractors and conducted random drug tests. For our upstream operations, we carried out fly-by HSE audits, organised HSE town hall meetings, and digitised our clinic management system. HSE training is carried out regularly. In FY2023, a total of 71,320 employees have completed OSH-related training. The diagram below highlights various HSE-related programmes across the Group.

Basic occupational first aid trainings conducted in-house to all employees	Employee Health Exercise and Health Walk	Zero Drowning Campaign
Dangerous Decibels Programme	Wellness Day 2023 - Fun Run and Health Talks	Provision of vitamins and health checks
Occupational health awareness programmes and audits	Employee Exemplary and Occupational Health and Safety (K3) Compliance Awards	Tractor driver competency course
PPE One Alert System and PPE Replacement System	HSE Alert and Learning from Incident (LFI) for all Major Cases	Blood donation drive

# Leadership in Social Performance

## SD Plantation's Performance

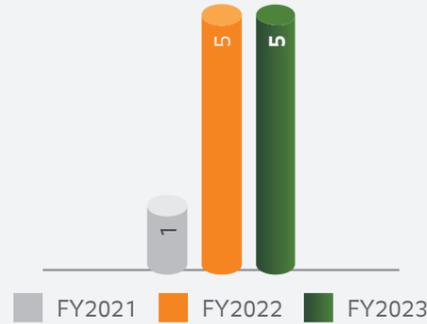
We regret to report that there was a total of 5 fatalities within the Group in FY2023, involving our workers and a third-party contractor at our mills and estates. These incidents were caused by exposure to high pressure steam in a mill, electrocution, and hazards associated with moving machinery. SD Plantation views these incidents with serious concern and in response, we have conducted investigations to determine the root causes. Corrective actions were implemented to enhance safety measures and our procedures were updated accordingly. Additionally, SD Plantation has reached out to the affected families to extend our deepest sympathies for their loss and offer financial assistance.

### Corrective actions:

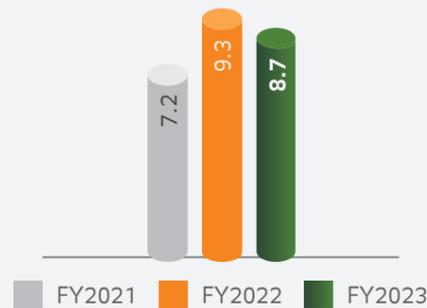
- SOP implementation and revision Establish emergency response plan for explosion drill
- Review of safety requirements in contracts Enforce the requirement for certificate of conformance for Safety Critical Equipment
- Conduct and periodically update risk assessment for all work activities Re-evaluate safety features of machineries
- Testing of new machineries installed Install emergency egress and fire rated door at control rooms
- Add safeguard and install emergency stop buttons at machineries Inspection of electrical installation by third party
- Embedding culture of buddy system Conduct safety trainings and awareness trainings

All major incidents involving a fatality or total permanent disability are escalated to a Group-level review chaired by the Group Managing Director. The Group-level review assesses the adequacy of the investigation reports and the corrective and preventive actions taken as a result of the major incident, and recommends improvements where necessary. The review also assesses if any disciplinary action should be taken in respect of the major incident based on the Group's HR policies. A detailed Investigation Report with the final findings of the investigation is then presented in-person by the head of the relevant operating unit and supported by the Regional CEO to the Sustainability Committee. All occupational fatality cases are reported directly to the Board of Directors.

### Occupational Fatalities

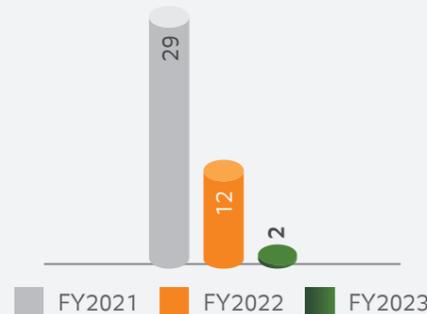


### Lost Time Injury Frequency Rate (LTIFR)



Note: LTIFR measures frequency of lost-time injuries per million hours worked.

### Number of Non-compliance Incidences



## HUMAN RIGHTS AND FAIR LABOUR PRACTICES

### Why It Matters

Human rights and fair labour practices are important to SD Plantation as they form the ethical foundation of our operations. Ensuring the dignity, well-being, and equitable treatment of our workforce aligns with our commitment to social responsibility.

### SD Plantation's Approach

#### Human Rights

Our Human Rights Charter (HRC) underscores our firm commitment to uphold fundamental human rights, aligning with international frameworks such as the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights as well as the requirements of the Roundtable on Sustainable Palm Oil (RSPO) Principle & Criteria. The HRC applies universally to all our employees and workers across our operations and supply chain, as well as the communities surrounding our operations.

Additionally, we have a dedicated Policy on the Protection of Human Rights Defenders which safeguards individuals such as whistleblowers, complainants and community spokespersons who report or lodge any complaints or issues related to human rights violations within SD Plantation, from any threats, violence, or other forms of intimidation and retaliation. Workers are reminded about their rights and recourse channels, including grievance channels. We also respect the rights of our employees and workers to freedom of association and ensure that their rights to collective bargaining are upheld.

### Our commitments to respect rights of our employees, workers and communities

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

In recruiting foreign workers for our Malaysian upstream operations, SD Plantation's direct hiring ensures workers are employed through an informed consent process, whereby no worker should pay recruitment fees, and all wages and benefits, including housing and other amenities, are accurately described. At the point of recruitment, we inform workers on how their wages are paid and all of their entitlements are clearly explained, including the right to return to their home countries at the company's expense. Workers' employment contracts are issued to them in their country of origin and are prepared in their national

language. The terms and conditions of the contracts are further explained verbally in their native language prior to signing the document. This ensures workers are informed about the job we are offering, before giving their consent to accept the job offer.

Besides that, workers receive various non-monetary benefits including free housing and access to healthcare, transportation to work, childcare facilities and subsidised food and water.

For more information on our policies, refer to Human Rights section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

# Leadership in Social Performance

## Workforce Grievance

To encourage workers' involvement in upholding human rights and fair labour practices within our operations, we provide access to communication channels for them to air their grievances, lodge complaints or report any other labour and human rights-related issues.

### Grievance Mechanisms

All workers throughout our operations are provided with access to channels for inquiries and grievance mechanisms to address their concerns. The "Suara Kami" Helpline serves as a platform for workers to report issues related to working conditions, recruitment, safety, and other matters. Additionally, we promote awareness of our Whistleblowing (WB) channel.

Suara Kami

Whistleblowing Channel

## Social Dialogue

The Social Dialogue (SD) initiative is a formal two-way communication platform between Worker Representatives (WR) and the Management at every OU. Social dialogues have been rolled out in Malaysia and Indonesia and are held regularly to discuss issues related to workers' welfare and concerns. The matters raised during social dialogue sessions are closely monitored centrally and independently to ensure that timely action is taken to resolve any issues.

In Malaysia, all 1,548 WRs are democratically elected by their peers of the same nationality. WRs are empowered to communicate and convey challenges faced by workers, and also to suggest improvements during the sessions. Each OU holds SD sessions at least once a month.

Our Cadet Planter Programme and Cadet Engineer Programme provide university graduates with a one-year intensive training at the Sime Darby Plantation Academy as well as on-the-job training at our estates and mills across Malaysia.

Additionally, our Building Estates Sustainability & Transformation (BEST) Programme offers further career development opportunities for Cadet Planter graduates through the Estate Assistants Structured Training (EAST) Programme, where they receive training in estate management skills.

To attract top talent and propel the company's advancement, Sime Darby Plantation has implemented the SD Plantation Executive Excellence Development (SEED) Management Trainee Programme. This comprehensive 2-year structured rotation initiative provides a dynamic and impactful exposure across the integrated value chain of SD Plantation.



To attract top talent we implemented the SD Plantation Executive Excellence Development (SEED) Management Trainee Programme.

## Employee Training and Development

Fostering a culture of ongoing learning is essential to equip our workforce with the capacity and agility required to respond to evolving market dynamics and emerging business landscapes. Guided by the Sime Darby Plantation Learning Framework, employees across the organisation have access to a comprehensive suite of training programmes designed to enhance both job-specific skills and personal development. Our main development programmes focussing on upstream are Upstream Learning Intervention for Transformation (UpLIFT) programme, Learning on Demand (LinkedIn Learning), and the Cadet Programmes.

## SD Plantation's Performance

### Human Rights

Within our plantations, we have a total of 48,302 unionised employees and workers (57%) who are governed under 34 collective agreements.

Number of Unionised Members in FY2023



### Workforce Grievances

In FY2023, we received a total of 566 grievance cases from our workers via the grievance channels. All cases are monitored for closure within the stipulated timelines.

#### Malaysia

In FY2023, a total of 452 cases were received from all formal grievance channels. The most common grievance received was related to wage clarifications.

Additionally, we conduct Workers' Satisfaction Surveys (WSS) in our Upstream Malaysia operations to gather feedback on the impact of living and working conditions in SD Plantation. For FY2023, the outcome of the WSS showed that the overall satisfaction rate is 96.2% from 26,358 respondents (92% response rate). The survey covers workers' awareness and comfort in raising issues over grievance channels, social dialogue effectiveness, supply of Personal Protective Equipment, freedom of movement and understanding on wages calculation.

#### Indonesia

Piloted in December 2022, the Suara Kami helpline was successfully rolled out to the entire Indonesian operations. In FY2023, 114 cases were recorded and the most common grievance received was related to general assistance.

### Social Dialogue

In FY2023, a total of 8,637 issues have been raised through our social dialogues, of which 98% have been resolved and the remaining issues relating to building or infrastructure are in various stages of being addressed.

For more information on our performance, refer to our Modern Slavery and Human Trafficking Statement 2023 on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

# Leadership in Social Performance

## Employee Training and Development

In FY2023, more than RM47 million has been allocated for training and development initiatives. This investment resulted in over 170,000 hours of training, focussing on key development programmes.

Types of Training	Key Development Programmes
Leadership & Management	Upstream Learning Intervention for Transformation (UpLIFT) Senior Management Programme Middle Management Programme SD Plantation Executive Excellence Development (SEED) Management Trainee Programme
Technical	Data related training - Power BI, Data Story Telling, Data Visualisation Manufacturing Value Chain - Sime Darby Oils
General Training	Group Induction Programme
Personal Effectiveness	Financial Wellness



Note: Group data excluding workers.

## COMMUNITY RIGHTS AND DEVELOPMENT

### Why It Matters

We have maintained good working relationships with local communities surrounding our operations over generations, fostering mutual growth throughout the years. It is important for us to be active participants within these communities, serving as a responsible corporate citizen that is dedicated to creating positive impacts through proactive engagement and collaboration.

### SD Plantation's Approach

We uphold the legal, traditional, and customary rights of local communities and indigenous peoples, including their entitlement to land usage and self-determination.

### Empowering Communities for Inclusive Development

We aim to continue fostering and enhancing a harmonious operating environment by:

Undertaking robust free, prior and informed consent (FPIC) processes prior to any new development

Developing land in a manner that promotes food security and enhance livelihoods to address the needs of the community

Recognising that smallholders, including women, are important community partners whose prosperity should be supported

Establishing effective conflict resolution frameworks that are communicated to all relevant stakeholders

The Group contributes to social development programmes that benefit communities located near our operations, especially in our upstream activities.

Our initiatives include the construction and restoration of infrastructure such as roads, community halls, and clinics and providing access to basic necessities like clean water, sanitation, and education. Furthermore, we strive to support local communities through our operations by providing employment opportunities, initiating economic growth projects, and offering training for alternative and sustainable livelihoods. We allocate significant resources to engage and form partnerships with local communities, aiming to contribute to the success of our business while leaving a lasting impact on the welfare and livelihoods of the communities we serve.

Additionally, SD Plantation collaborates with the Sime Darby Foundation (Yayasan Sime Darby) to spearhead impactful community development initiatives. Yayasan Sime Darby supports a range of initiatives, from scholarships for outstanding individuals to funding impactful conservation projects, outreach and development programmes, focussing on its five pillars: education, environment, community and health, sports as well as arts and culture.



The Group contributed to social development programmes that benefit communities located near our operations.

For more information on Yayasan Sime Darby, please visit: <https://www.yayasansimedarby.com/>

# Leadership in Social Performance

### SD Plantation's Performance

The Group's CSR at a glance (FY2023)



**RM56,748,562**  
was channelled towards the community



**24,526**  
individuals benefited

#### Our Initiatives and Performances

##### Indonesia

In Indonesia, Minamas focussed on the CSR pillars of community development, education of school-going students, conservation of the environment and supporting the preservation of arts and cultures.

In 2023, we installed 130 reverse osmosis (RO) water stations in all workers' housing area, eliminating the need for bottled water. Through this initiative, 27,000 workers and their families are provided with 240,000 litres of free RO water resulting in a total estimated daily cost savings of RM55,000 for the workers.

Additionally, approximately 14,000 children receive free education, facilitated by 701 teachers across 68 primary and secondary schools, 63 kindergartens, and 139 daycare centers that are fully managed by Minamas.



*In 2023, we installed 130 reverse osmosis (RO) water stations in all workers' housing area, eliminating the need for bottled water.*

##### Papua New Guinea and Solomon Islands

#### Outdoor Solar Lighting Project

**Objectives:** To enhance essential facilities, particularly those located within our operations and neighbouring communities.

To establish a safer and more welcoming environment for patients and their families who depend on the aid post for medical services.

**Outcome:** Solar lighting was installed at 4 rural health centers, along with comfortable seating benches at the aid post.

#### NBPOL's Goodwill Project

**Objectives:** To enhance essential facilities of the operation sites and neighbouring communities.

To create a safer environment for the employees, workers and communities.

**Performance:** A total of 400 solar lamps were presented to the Ubai Community and distributed to 307 individual households, houses places of worship and the communities.

## DIVERSITY AND INCLUSION

### Why It Matters

SD Plantation maintains a multinational workforce in 12 countries. We prioritise diversity, equality, and inclusion across all organisational levels, from the Board to non-Management staff, by fostering a workforce that encompasses both genders, diverse cultures, and nationalities. This reflects our recognition of the inherent value of a diverse workforce, which we believe enriches the organisation with varied perspectives and fuels innovation.

### SD Plantation's Approach

As outlined in SD Plantation's Code of Business Conduct (COBC), we foster equal opportunity, where employment decisions are based on qualifications, merit, and performance, while adhering rigorously to relevant laws and regulations. We strictly prohibit any form of discrimination based on gender, race, disability, nationality, religion, age, or sexual orientation. Additionally, all forms of harassment and violence are strictly prohibited.

### Female Workforce

#### Female Management Development Programme (FMDP)

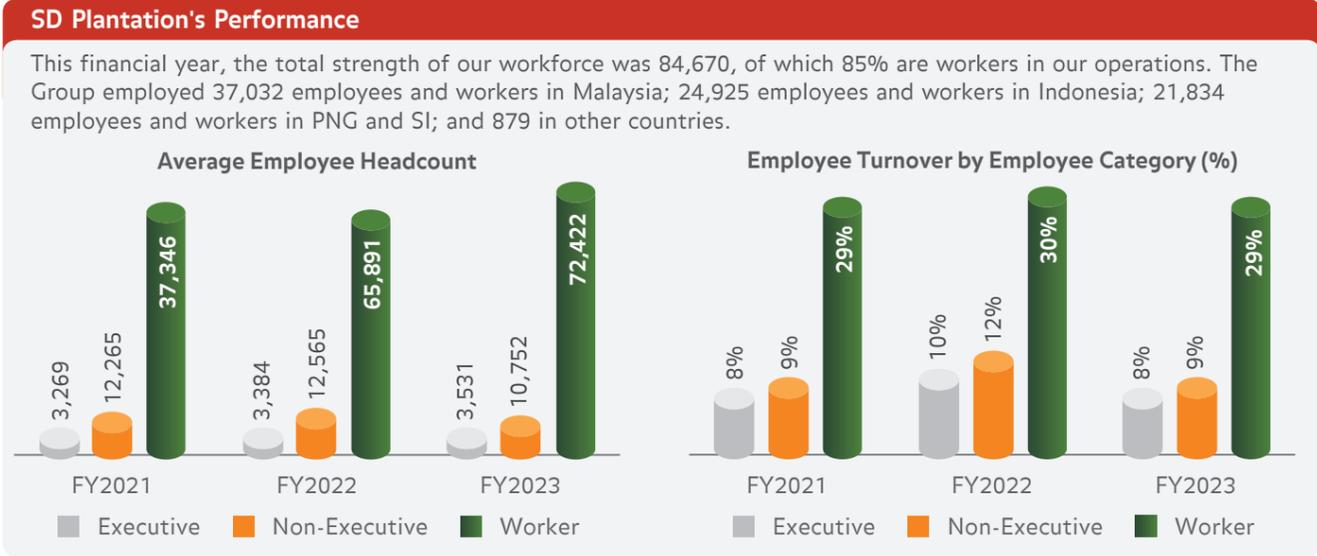
In 2018, we introduced the Female Management Development Programme (FMDP) in SD Plantation's Malaysia upstream operations to empower and enhance the skills of female employees to take on management roles. The programme included skills-based training, technical training, and coaching sessions.

With this programme, female employees have made significant strides in a historically male-dominated industry. This progress has become more evident in recent years with the appointment of women to leadership roles in upstream operations. SD Plantation now boasts two female estate managers, a biodiesel plant manager, a mill manager, and even a regional CEO. Furthermore, there are numerous women at middle management level in our upstream operations who are steadily advancing in their careers.

Additionally, out of 140 scientists at SD Plantation in the research and development (R&D) team, 52% are women.

### Highly Skilled Workers

As part of our strategic evolution, we are transitioning towards recruiting and training skilled and qualified local workers, both men and women, under Project Infinity. Project Infinity is our initiative to transform manual and unskilled work in oil palm plantations through mechanisation, automation and digitalisation. This will help us to automate labour-intensive processes, making work in plantations less laborious but more productive, whilst improving our land to man ratio, thus enabling us to manage our planted hectareage with fewer workers.



## Leadership in Social Performance

### Diversity by Category and Age

		FY2021	FY2022	FY2023
Executive	56 & above	32	27	43
	39-55	1,005	975	925
	24-38	1,489	1,470	1,617
	23 & below	253	445	357
Non-Executive	56 & above	118	44	119
	39-55	3,845	3,723	1,833
	24-38	3,990	4,465	2,635
	23 & below	628	1,215	635
Worker	56 & above	340	84	215
	39-55	16,670	15,070	16,821
	24-38	24,058	23,566	27,681
	23 & below	5,964	7,713	9,052

Note: Data excludes PNG and SI, UK and Netherlands.

### Diversity by Category and Gender

		Executive	Non-Executive	Worker
2021	Male	2,180	6,572	37,593
	Female	671	2,009	9,439
2022	Male	2,145	7,353	37,555
	Female	775	2,094	8,878
2023	Male	2,114	3,918	45,011
	Female	828	1,308	8,766

Note: Data excludes Upstream NBPOL (PNG and SI), UK and Netherlands due to privacy laws.

Recognising the importance of fostering gender diversity and providing equal opportunities, we have worked to address gender imbalances and create a more supportive environment for female employees and workers. It includes implementing a gender pay gap analysis for each level within the organisation.

### Gender Pay Ratio (FY2023)

Category	Gender	Malaysia	Indonesia	PNG & SI	Others <sup>1</sup>	All
Executive	Male	1.00	1.00	1.00	1.00	1.00
	Female	0.83	0.84	0.65	0.72	0.90
Non-Executive	Male	1.00	1.00	1.00	1.00	1.00
	Female	1.19	1.14	1.05	0.51	1.10
Worker	Male	1.00	1.00	1.00	1.00	1.00
	Female	0.89	1.02	0.99	0.93	0.89

Note: <sup>1</sup>China, Singapore, South Africa, Thailand, UK & US.

We have always pride ourselves in paying competitively in order to attract, motivate and retain employees. Gender is not a factor in pay decisions which are typically based on a combination of qualification, experience, skills, performance, job size and market benchmark, amongst others. As the ratios provide a snapshot of the salaries by gender, we will continue to monitor and review the gender pay ratio to ensure pay competitiveness.

## Building Resilient Supply Chains

Sime Darby Plantation is committed to ensuring that our supply chain upholds ethical and sustainable standards. Responsible sourcing and traceability in palm oil supply chains are essential for ensuring a sustainable future for the industry, protecting the environment, respecting human rights, and meeting consumer expectations. Together with our partners, we promote sustainable agriculture practices through strict supplier engagement procedures, risk analyses, and ethical sourcing methods. We are dedicated to reducing deforestation, safeguarding biodiversity, and promoting ethical labour practices throughout our supply chain. By placing a high priority on responsible sourcing, we strive to contribute positively to the communities and ecosystems impacted by our operations.

### Material Sustainability Matters

- 1 Supply Chain Management
- 2 NDPE

### SUPPLY CHAIN MANAGEMENT

#### Why It Matters

Within the palm oil industry, effective supply chain management is crucial for addressing environmental and social concerns associated with palm oil cultivation. It ensures sustainable practices, responsible sourcing, and adherence to environmental regulations. Proper supply chain management also contributes to the economic stability of the communities involved, creating positive impacts on both local and global scales.

#### SD Plantation's Approach

Our supply chain comprises vendors and suppliers. We categorise vendors as those responsible for the supply of non-feedstock related items to the Group such as consumables, logistics and utilities. Our suppliers are responsible for the supply of feedstock related items such as FFB and Crude Palm Oil (CPO). Our approach in the management of our supply chain is differentiated based on this distinction.

Through the years we have introduced and implemented various initiatives towards improving our supply chain.



We source raw materials and refined palm products from over 1,243 mills, traders and refineries originating mainly from Malaysia, Indonesia, Papua New Guinea and Thailand.

#### SD Plantation's Overview of Initiatives for a Resilient and Responsible Supply Chain

Providing complete transparency and traceability of our palm oil supply chain, using tools such as Crosscheck, and conducting risk assessment, due diligence and supplier engagement.

Building climate resilience by engaging and supporting suppliers and non-feedstock vendors on emissions reduction.

Leveraging on partnerships, technologies and effective engagements will enable us to make deforestation-free sourcing decisions. Our transparent supply chain signals to the world that we are open to working together to solve this complex challenge.

#### Vendor Management

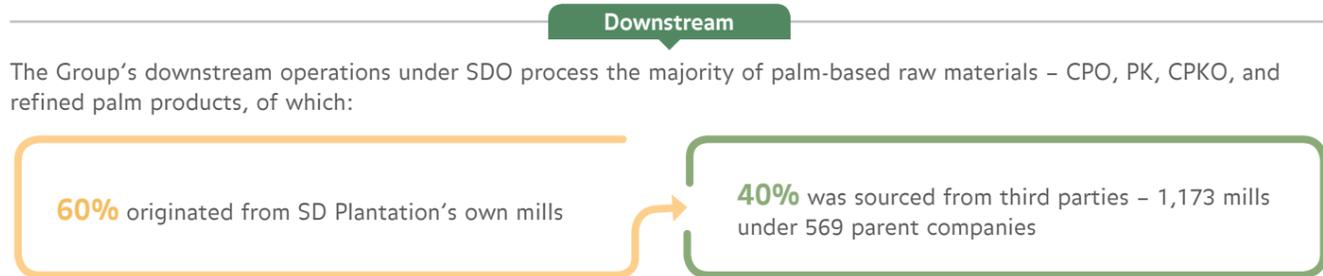
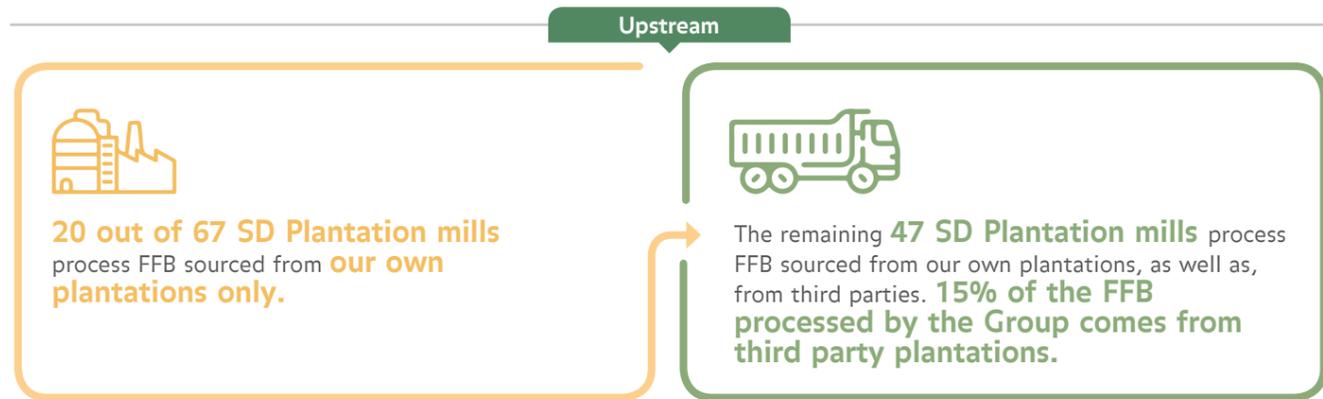
In SD Plantation, Group Procurement had established a structured Vendor Management process that focus on improving vendors' performance through a structured registration, pre-qualification, vendor records maintenance, continuous performance evaluation and feedback process.

As part of our commitment to best practice, we perform pre-qualification assessment to evaluate the financial and operational capabilities of vendors to ensure that the ones we engage with are capable of supplying the required goods or services. The performance of our vendors is periodically tracked and monitored to ensure that the expected performance or service level is always maintained. As a precautionary measure, vendors with performance issues and/or non-compliance issues related to the Vendor Integrity Pledge (VIP) and Vendor Code of Business Conduct (VCOBC) may be subjected to potential suspension and/or blacklisting.

# Building Resilient Supply Chains

## Traceability

We emphasise traceability in our supply chain management to mitigate potential environmental concerns. SD Plantation sources FFB, CPO, palm kernel (PK), crude palm kernel oil (CPKO), and refined palm products from over 1,243 mills, traders and refineries originating mainly from Malaysia, Indonesia, Papua New Guinea and Thailand.



## Crosscheck

To ensure a fully traceable supply chain, SD Plantation utilises Crosscheck, an online open-source traceability tool that provides visibility on the origin of the CPO, PK, CPKO, and refined palm products we process. Traceability provides us with valuable insights to build a more sustainable supply chain, identify areas for improvement, and implement effective action plans to achieve complete traceability, extending all the way to plantations and smallholder farms.

With Crosscheck, users can explore:



Crosscheck allows us to monitor suppliers' compliance with NDPE commitments, using satellite imagery and spatial analysis. It also facilitates engagements with suppliers and stakeholders to report on progress and challenges.

## Moving Forward

SD Plantation aims to achieve 100% traceability to mill and plantation, and to fully comply with our No Deforestation, No Development on Peat and No Exploitation (NDPE) commitment.

### Supplier Engagement and Performance Assessment

Through our work in building resilient supply chain, SD Plantation has accumulated an extensive and dispersed network of suppliers. It is critical to continuously engage with them to educate and hold them accountable, while simultaneously supporting their efforts to meet our standards and requirements.

### Supplier Risk Assessment

We implement a rigorous supplier evaluation process to ensure responsible sourcing and to ensure that we can make informed sourcing decisions. This comprehensive assessment covers legal, community, labour, environment, and liability aspects. We use this assessment to tailor our engagement strategies based on the identified risk level.

In addition, we leverage on advanced technology such as the Global Forest Watch Pro (GFW Pro) application to analyse forest cover, peat areas, protected areas, and potential non-compliant clearings in our suppliers' sourcing areas. We actively assist our suppliers to enhance their sustainability practices. This includes collaborative development of tailored action plans targeting key areas for improvement. Additionally, we foster knowledge-sharing through regular webinars covering diverse sustainability topics. In 2023, our eight informational webinar sessions on various sustainability topics including NDPE requirements attracted 391 participants from 39 different supplier groups. We have collaborated closely with these suppliers to establish sustainability baselines and define improvement plans. As a result, 3 suppliers succeeded in achieving Roundtable on Sustainable Palm Oil (RSPO) certification, and 1 supplier managed to obtain Indonesia Sustainable Palm Oil (ISPO) certification, demonstrating their commitment to sustainable practices.

### Implementation of Responsible Sourcing

The Group enforces the Responsible Sourcing Guidelines which outlines the expectations and standards for SD Plantation's suppliers, as expressed in our Responsible Agriculture Charter, Human Rights Charter, and Code of Business Conduct.

The Responsible Sourcing Guidelines fosters a collaborative approach with suppliers, securing their commitment to sourcing from legally compliant, environmentally sustainable

and socially responsible sources. It clearly outlines our shared expectations for ethical sourcing and is available on the Sustainability page on SDO's website at [www.simedarbyoils.com](http://www.simedarbyoils.com)

### Supply Chain Grievance Management

The Group's robust grievance management system is designed to address concerns from diverse stakeholders, including individuals, government organisations, and non-governmental organisations, regarding any potential non-compliance with our NDPE commitments. All allegations received are thoroughly investigated, and updates are publicly disclosed on our Supplier Grievance Register, ensuring transparency and accountability in our sustainability efforts. We engage with key suppliers to verify compliance and swiftly investigate any potential discrepancies. Throughout the process, we maintain open communication with all stakeholders, including those who raise grievances. We acknowledge that resolving complex issues can involve extensive verification processes and mediation. Nevertheless, we are unwavering in our commitment to tackling them with complete transparency and accountability.

### Smallholder Inclusion

Our Responsible Sourcing Guidelines are applied consistently to all suppliers, including smallholders. However, we recognise that many smallholders may have difficulty meeting these criteria despite their commitment because they lack capacity, know-how, and access to financial resources. Given the substantial contribution of smallholders to our overall production volume, empowering their transition to sustainable practices is crucial to transforming the industry and ensuring that SD Plantation achieves our NDPE ambitions.

We have therefore established dedicated programmes to build smallholder capacity and guide them towards sustainable practices. This includes actively partnering with international organisations, local governments and partners in our supply chain to help smallholders actively participate in sustainable supply chains.

# Building Resilient Supply Chains

**Capacity Building**

**Increase understanding of Sustainable Agriculture practices**

SD Plantation provides smallholders with best management practices, agronomic advice, and inputs to enhance their productivity, quality, and profitability. SD Plantation also educates smallholders on sustainability and conservation aspects such as environmental and social safeguards, and traceability systems.

**Improve livelihood**

**Adoption of Good Agricultural Practices (GAP) & Best Management Practices (BMP) to improve yield and quality**

SD Plantation engages in efforts to improve the efficiency of yield production and develop strategic partnerships with various stakeholders to implement smallholder inclusion projects which aim to address the specific needs and challenges of smallholders, such as land tenure, access to finance, labour rights, and landscape protection.

**Promotion of Sustainable Market Linkage**

**RSPO or other Sustainability Certifications**

SD Plantation supports smallholders to achieve certification standards, such as RSPO and MSPO, through training, technical assistance, and financial incentives. SD Plantation also collaborates with customers, NGOs, and government agencies to facilitate the certification process and market access for certified smallholders.

### SD Plantation's Performance

#### Vendors and Suppliers Engagement

The majority of the vendors and suppliers we engage with throughout the Group's operations consists of locally-based goods and services providers. To demonstrate our commitment to support local businesses in the locations where we operate especially in Malaysia and Indonesia, we spent 99% of our expenditure on local suppliers.

#### Traceability

In upholding our commitment to responsible sourcing and transparency, we are working towards further improving traceability to our mills and plantations. To further solidify the credibility of our efforts, we engage independent third-party experts to verify our traceability data as follows:

**Traceability to Mill for CPO, PK, CPKO and Refined Palm Oil Supply:**

We have achieved a high traceability to mill rate of 93.2% for all raw materials processed at our global refineries and kernel crushers. This figure reflects our consistent traceability performance over several years. We are actively working to address the remaining traceability of raw materials which primarily originate from spot market purchases through indirect suppliers who might lack immediate information about their upstream sources. We are committed to finding solutions to achieve 100% supply chain visibility.

**Traceability to Plantation for FFB:**

We have made significant progress in achieving plantation traceability for FFB supply. In 2023, 94% of FFB processed by our mills were traceable to plantations and 39% of FFB processed by 3<sup>rd</sup> party suppliers were traceable to plantations, bringing our overall improvement of traceability rate to 70.9%. This reflects our ongoing efforts to collect and map plantation data from our external suppliers.

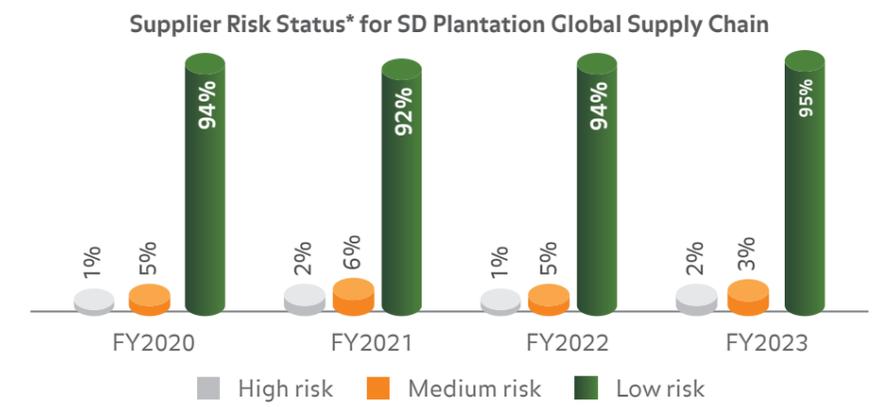
Note that in respect of raw materials supplied in 2023, SD Plantation may receive additional traceability data from our suppliers after the agreed cut-off date which, although not significant, may affect the traceability percentage. The traceability information provided in this report reflects the data received by SD Plantation until 31 March 2024.

### Supplier Engagement and Performance Assessment

#### Supplier Risk Assessment

We use a combination of online research, supplier data analysis, and data from external satellite monitoring tools to identify potential deforestation risks throughout our supply chain. This allows us to tailor our engagement strategies based on the identified risk levels.

Supplier risk category	Description of Engagement Strategies
<b>High-risk suppliers</b>	Confirmed instances of non-compliant land-clearing activities will trigger immediate action. These suppliers are prioritised for intensive engagement to address the issues and implement corrective measures.
<b>Medium-risk suppliers</b>	We actively investigate any detected breaches at these mills, keeping them under close monitoring until a complete resolution is verified and they are confirmed free of high-risk activities.
<b>Low-risk suppliers</b>	While no non-compliant activities have been identified at these mills, we maintain regular communication and engagement to ensure continued vigilance and adherence to our standards.



\*Risk levels of suppliers assessed (%) is based on the supplier grievance register i.e. percentage of high risk category describes percentage of suppliers with ongoing investigation or monitoring.

Through our rigorous risk assessment process, we identified 2% of our suppliers as high-risk in 2023. We promptly initiated engagement with them in accordance with our 'Working with Suppliers to Draw the Line on Deforestation' policy.

**Implementation of Responsible Sourcing**

Building a transparent supply chain starts with our suppliers. We extend our Responsible Sourcing Guidelines to all our partners to help us ensure sustainable practices across our entire network. To date, 95% of those who supply to SD Plantation have either demonstrated commitment or aligned their policies to our RSG. This is a substantial increase from 87% in 2022.

This achievement is attributed to two key factors:

**Expanded outreach:** We significantly expanded our supplier engagement efforts in 2023.

**Effective communication:** The Responsible Sourcing Guidelines has been translated into Thai, facilitating more effective communication and understanding for our Thai suppliers. The RSG is now available in English, Bahasa Indonesia, and Thai on SDO's website at [www.simedarbyoils.com](http://www.simedarbyoils.com), supporting broader engagement across our diverse supplier base.

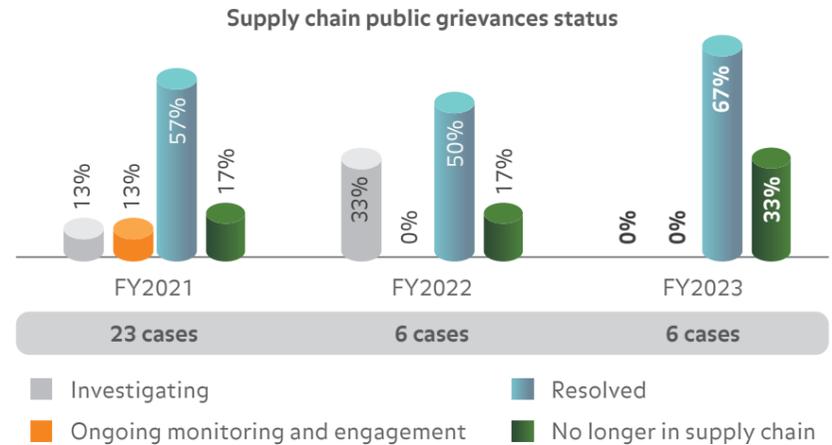
**Supply Chain Grievance Management**

Our Supplier Grievance is updated quarterly and is published on the Sustainability page on SDO's website at [www.simedarbyoils.com](http://www.simedarbyoils.com)

# Building Resilient Supply Chains

## Supply Chain Grievance Management

Our Supplier Grievance is updated quarterly and is published on the Sustainability page on SDO's website at [www.simedarbyoils.com](http://www.simedarbyoils.com)



Between 2021 and 2023, a total of 35 cases against third-party suppliers were filed in our Supplier Grievance Register. Most of these cases are related to indirect suppliers who supply to SD Plantation via traders.

In 2023, a total of 6 grievances were raised against our suppliers. As at December 2023, we have resolved 67% of these cases. The remaining 33% of the cases involve suppliers who are no longer active in our supply chain. A supplier may no longer be in the supply chain due to commercial reasons or suspension/exclusion due to NDPE non-conformance.

Most of the grievances we received involved the detection of deforestation detected by satellites or reported by stakeholders. Over the past three years (January 2021 – December 2023), we detected potential deforestation on 1,422 ha that are linked to our suppliers. To date, no illegal or non-compliant land clearing has been identified within our own operations.

## Smallholder Inclusion

Smallholders are an integral part of SD Plantation's supply chain and support significant amounts of feedstock for our global production.

## Our Smallholder performance in upstream operations

Region	Type of Smallholder	Unit	Smallholders supplying to SD Plantation	Smallholders covered by programmes (No.)	Smallholders RSPO certified	Area (ha)
Malaysia	Independent	Number	8,472	1,374	518	30,627
Indonesia	Scheme	Number	15,015	15,015	337	25,731
	Independent	Number	6,476	n/a	n/a	12,952
PNG & SI	Independent	Number	17,357	17,357	17,357	43,195

## Malaysia

In 2022, SD Plantation embarked on a 3-year Smallholders Inclusion Project with Solidaridad Network and Colgate-Palmolive. The project aimed to increase the adoption of Good Agricultural Practices (GAP) to improve farmers' resilience against the challenges of climate change as well as increase demand for transparency and traceability, and ultimately, improve their livelihoods and sustainability standards. The project also focusses on responsible fertiliser application and chemical use to minimise land use change and reduce greenhouse gases (GHG) emissions. The Smallholders Inclusion Project targets smallholder palm oil suppliers in Perak, the state with the second-largest number of smallholders in Malaysia, accounting for over 37,000 farmers, according to the Malaysian Palm Oil Board (MPOB). This made Perak an ideal location for the implementation of the project to have a substantial impact.



We embarked on a 3-year Smallholders Inclusion Project with Solidaridad Network and Colgate-Palmolive.

The GAP training covers essential practices such as water use, fertiliser application, pest control, and waste management. It also equips farmers with the knowledge to comply with regulations on worker rights, safe work conditions, and fair treatment.

As of February 2024, the project has trained more than 700 oil palm smallholders.

## Indonesia

Minamas, which is our Indonesian subsidiary, supports scheme smallholders through two programmes: the Kredit Koperasi Primer Anggota (KKPA) and plasma schemes under the Pola-Inti Rakyat (PIR) Trans Programme. Under these two schemes, SD Plantation supports the development and cultivation of land, while also equipping smallholders with the knowledge and skills necessary to manage their own estates effectively and sustainably.

In 2023, we continued to support over 21,000 smallholders, encompassing both scheme and independent smallholders, to ensure their adherence to our Responsible Sourcing Guidelines and ultimately, achieve RSPO certification. While the number of certified smallholders decreased in 2023 due to operational divestments, dedicated local teams continue to assist them in improving market access and livelihoods. We remain committed to increasing the number of certified smallholders within our supply chain and are actively supporting those currently undergoing the certification process.

## Papua New Guinea and Solomon Islands

New Britain Palm Oil (NBPOL) achieved 100% RSPO certification early on, and then focussed on producing Segregated (SG) and Identity Preserved (IP) certified oil. Hence, the certification of smallholders in the mill supply base was essential. Smallholders comprise 23% of total milled FFB for NBPOL. This early certification of smallholders was achieved in 2013 where all smallholders supplying to NBPOL mills were certified. Under this arrangement NBPOL provided various supports and assistance.

Training and awareness

Compliance monitoring

Audits and New Planting Procedure (NPP) related costs borne by NBPOL

To incentivise and reward sustainable practices, smallholders in our NBPOL supply chain receive an annual sustainability bonus. The annual bonus payment is scheduled in early January, coinciding with the school fee season, to provide timely financial support to our smallholders. This unique structure is currently implemented in our NBPOL operations only due to the established market dynamics. Here, palm oil supplied to our European refineries in the Netherlands and the UK commands a premium that is passed on to participating smallholders.

# Building Resilient Supply Chains

## NO DEFORESTATION, NO PEAT AND NO EXPLOITATION

**Why It Matters**

NDPE (No Deforestation, No Peat, No Exploitation) is important to SD Plantation as it aligns with the company's commitment to sustainable palm oil production. By adhering to our NDPE commitments, we aim to ensure that our palm oil production is sustainable through the protection of forests, preservation of peatlands and ethical practices. We have strengthened our policies to meet these high standards and we expect the same commitment from our suppliers.

**SD Plantation's Approach**

We take all necessary measures to enforce our NDPE commitment throughout our value chain, which reflects our deep commitment to environmental stewardship and ethical practices.

**Towards a 100% NDPE Compliant Supply Chain**

We aspire to achieve a fully transparent and 100% NDPE compliant supply chain. This aspiration goes beyond our palm-based products, encompassing a structured approach to responsible sourcing across all our supplies.

**Responsible Agriculture and Human Rights Charters**

Guided by the principles of our Responsible Agriculture Charter and Human Rights Charter, we set high standards for NDPE. Our operations consistently strive to meet or exceed these commitments.

**Responsible Sourcing Guidelines**

Through the Responsible Sourcing Guidelines (RSG), we extend our commitment to NDPE standards to third-party suppliers. Every stakeholder in our supply chain, from suppliers of FFB to CPO derivatives, are expected to comply with our RSG. Our focus revolves around monitoring our ecosystem and fostering engagement throughout the supply chain.

More information on our approach to NDPE is available on SDO's website at [www.simedarbyoils.com](http://www.simedarbyoils.com)

**NDPE Implementation Reporting Framework (NDPE-IRF)**

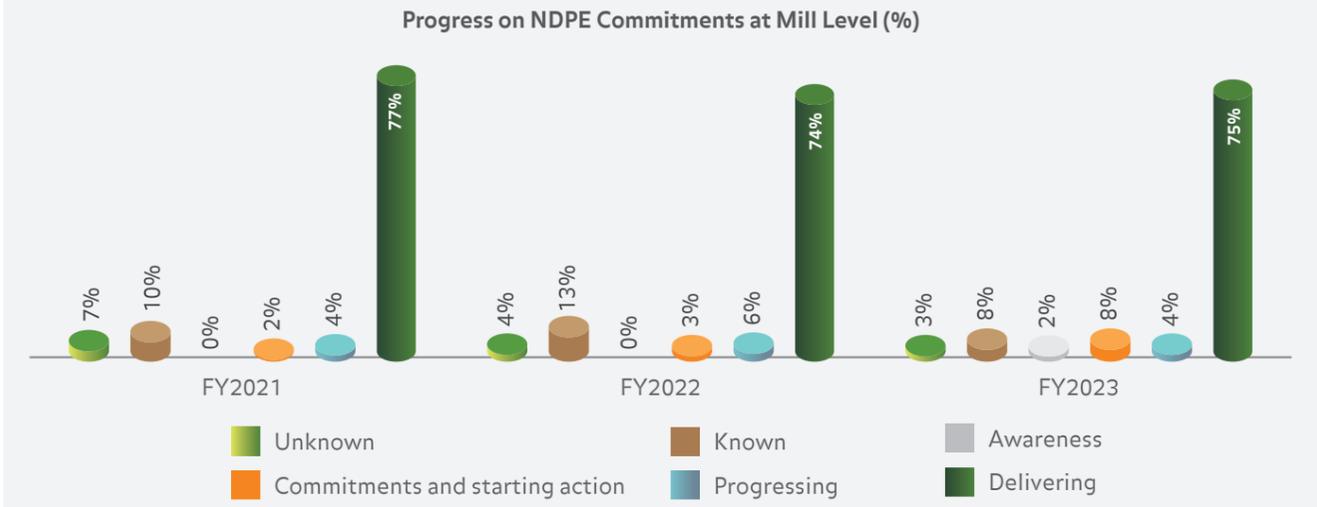
We leverage on the NDPE-IRF template as a foundation, integrating our own comprehensive action plans and incorporating initiatives across our entire supply chain.

The NDPE-IRF is a reporting tool designed to help companies track progress in delivering NDPE commitments in their palm oil supply chains. This approach allows us to assess our progress in delivering our NDPE commitments.

The NDPE-IRF is a collaborative initiative with industry players to advance NDPE progress and reporting, using a common set of indicators and methodologies. It provides a shared and consistent view of progress towards NDPE commitments across the full supply base of companies. Our NDPE-IRF reports have been verified by a third-party.

### SD Plantation's Performance

We assess 100% of supplying mills using the NDPE-IRF. At both the mill and production levels, the NDPE-IRF tool allows us to collectively understand what is required to deliver on our NDPE commitments which includes monitoring our progress, identifying gaps in implementation and necessary engagements.



Note: Category assignment is based on NDPE-IRF Guidance for Refineries and other First Aggregators <https://www.ndpe-irf.net/>

In FY2023, 75% of our suppliers within our supply chain delivered on their no deforestation commitment and 83% on their no planting on peat commitments. This achievement is reflective of our largely RSPO certified supply chain. We shall continue to support supplying mills to understand and meet their commitments through our supplier training and engagement programmes.

### Moving Forward

SD Plantation is working towards being 100% deforestation-free. Our deforestation-free claims have been independently verified since 2021.

# Building Trust Through Engagement and Transparency

SD Plantation prioritises corporate governance and integrity by upholding stringent standards whilst ensuring transparency and ethical conduct. Through robust governance and anti-corruption efforts, we aim to create an environment where integrity is a foundational value and building trust at all levels of our operations is second nature to all.

**Material Sustainability Matters**

- 1 Product Quality and Safety
- 2 Customer Privacy and Data Protection
- 3 Corporate Governance and Anti-Corruption

## PRODUCT QUALITY AND SAFETY

**Why It Matters**

As a trusted partner to our customers, SDO distributes our products directly to reputable fast-moving consumer goods (FMCG) companies and a diverse range of traders, processors, as well as food manufacturing enterprises worldwide. Ensuring product quality and safety is critical as it safeguards consumer health, ensures regulatory compliance, and enhances brand reputation.



### SD Plantation's Approach

We maintain strict adherence to our policies that safeguard product quality and safety. Our products undergo thorough checks aligned with national standards and recognised certifications such as Food Safety System Certification (FSSC) 22000, Brand Reputation Through Compliance (BRCGS) Global Food Safety Standard, ISO 22000, Hazard Analysis Critical Control Points (HACCP), Halal, Kosher, and Good Manufacturing Practice (GMP) standards. Regular audits of our facilities and processes are conducted to ensure that we continue to comply with these standards whilst staying true to our commitment to quality excellence.

We take consumer health concerns seriously and continuously monitor emerging issues regarding edible oils and fats. Acknowledging the potential formation of harmful contaminants such as 3-monochloropropane-1,2-diol esters (3-MCPD), glycidyl esters (GE), and mineral oil hydrocarbons (MOH) throughout the production chain, we aim to adhere to stringent standards to ensure that we are able to produce the highest-quality oil. Our products comply with the contaminant thresholds set for vegetable oils and fats outlined in the 2021 regulations by the European Food Safety Authority. Although there are presently no specific regulations governing MOH thresholds, we closely monitor MOH levels and strive to minimise them.

### Upstream

In 2022, we initiated Project OMEGA with the aim of achieving food safety beyond compliance with palm oil industry standards while fostering a culture of health, safety and environment in our palm oil mills. Our targets are to achieve zero fatality, zero major 5 category incidents, and zero environmental non-compliance for all mills. To enhance efficiency, we also adopted Overall Equipment Efficiency (OEE) metrics to track performance and improve the efficiency of our equipment.

**Key Initiatives under Project OMEGA:**  
Product Safety at Upstream Operations

- Training on Food Safety and HACCP to create awareness on certification requirements
- 5S methodology implemented at all mills
- GMP inspections to ensure basic house-keeping and hygiene practices in place
- Regular MOSH – MOAH inspections to monitor Mineral Oil Hydrocarbon levels in crude palm oil

### Downstream

We employ diverse methodologies from plantation to refinery, including double refining and post-stripping techniques, to proactively eliminate potential contaminants. This involves identifying and blocking potential entry points for contaminants, as well as implementing processes to eliminate contaminants and their precursors. Additionally, we collaborate closely with suppliers to assist them in fulfilling our customers' requirements.

We also obtained certification from the International Sustainability & Carbon Certification (ISCC) initiative for our biomass and biofuel production. ISCC is recognised by the European Commission and serves to demonstrate compliance with the European Union's Renewable Energy Directive, which mandates sustainable production of all biomass and biofuels. Since 2012, SD Plantation has been certified to produce sustainable biofuels for EU consumption and moving forward, we will continue to ensure that our production process meets international standards.



We employ diverse methodologies from plantation to refinery, including double refining and post-stripping techniques, to proactively eliminate potential contaminants.

**SD Plantation's Performance**

**Upstream**

Country/Region	HACCP Certification (% against target)
Malaysia	31 mills (100%)
Indonesia	6 mills (30%)
Papua New Guinea/Solomon Islands	12 mills, 7 KCPs and 5 bulking (100%)

*Note: In addition to HACCP, 4 mills in Malaysia received the Ministry of Health's Food Safety Assurance (MesTI)*

**Downstream**

As at end FY2023, SDO Biodiesel Sdn Bhd, Malaysia and SDO Morakot Public Company Ltd, Thailand are ISCC certified. Following the latest requirement for all palm oil mills supplying waste oil to ISCC units to be individually certified, we are certifying our supplying mills with individual certificates. This is ongoing and targeted to be completed by early 2024.

# Building Trust Through Engagement and Transparency

## CUSTOMER PRIVACY AND DATA PROTECTION

### Why It Matters

Safeguarding customer privacy and ensuring data protection are critical priorities of the Group. Preserving the confidentiality of information related to our customers, stakeholders, and business partners is fundamental for building and sustaining trust. Considering heightened scrutiny on data management practices, the implementation of robust privacy measures aligns with regulatory requirements while serving as a testament to the company's dedication to uphold ethical business standards.

### SD Plantation's Approach

The Group respects the privacy and confidentiality of our directors, employees, workers, counterparties, business partners and customers' personal data. In adhering to the laws and regulations as well as the Group's Code of Business Conduct (COBC), personal data is to be processed only if all legal requirements are met. Employees and workers are required to comply with the Group's policies and applicable personal data protection laws in all countries where SD Plantation operates. Appropriate measures are taken in dealing with the collection, processing, disclosure, security, storage and retention of personal data.

In complying with applicable personal data protection laws and regulations, SD Plantation has implemented various measures to safeguard personal data processed by the Group.

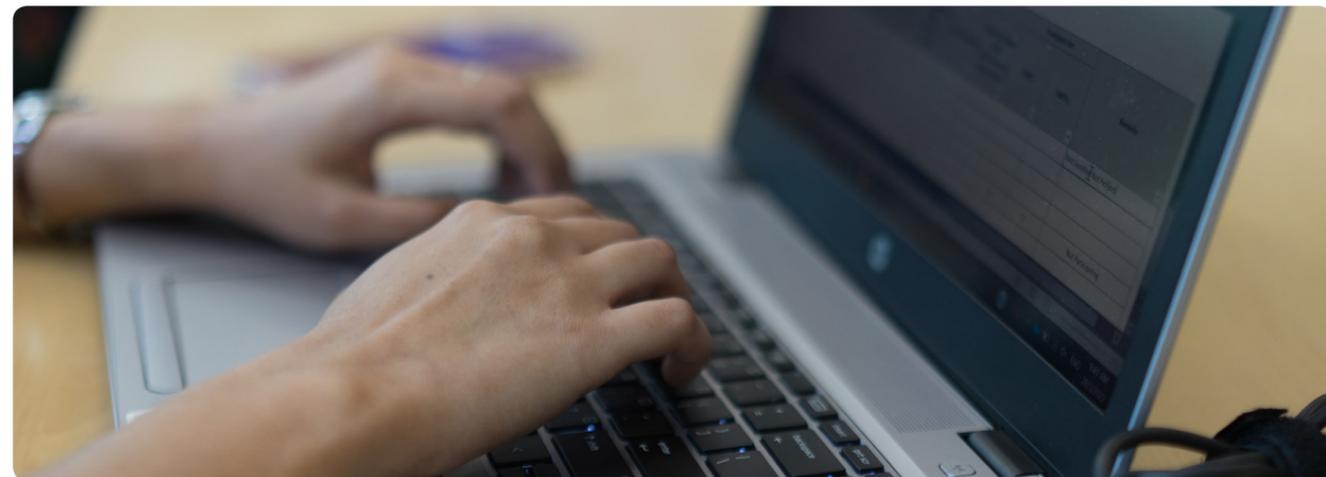
### Safeguarding Customer Data

#### Personal Data Protection Guideline

A structured framework outlining guidelines and protocols for the protection of personal data.

#### Privacy Notices

Clearly communicated privacy notices that inform customers about how their data is collected, processed, and protected.



Employees and workers are required to comply with the Group's policies and applicable personal data protection laws in all countries where SD Plantation operates.

### SD Plantation's Performance

In the past three years, we are pleased to report zero non-compliance incidents with data privacy and cybersecurity laws, emphasising SD Plantation's stance towards lawfully managing customer data.

## CORPORATE GOVERNANCE AND ANTI-CORRUPTION

### Transparency and Diversity

#### Why It Matters

At SD Plantation, we value corporate governance and integrity as it establishes the framework for responsible decision-making, ethical conduct, and accountability. Transparent governance practices ensure the sustainable management of natural resources, the fair treatment of workers, and the protection of stakeholder interests.

### SD Plantation's Approach

Our commitment to effective corporate governance extends to ensuring a diverse and well-balanced Board of Directors. We recognise that a diverse Board enhances decision-making, fosters innovation, and reflects the varied perspectives of our stakeholders. We take multiple approaches in determining the composition of the Board.

### SD Plantation's Board Selection Approach

#### Directors' Fit and Proper Policy

Defines the fit and proper criteria to assess the suitability and integrity of Directors, aiming to ensure they possess the requisite character, integrity, experience, competence as well as time and commitment for effective role performance while upholding governance and ethical standards.

#### Board Composition Policy

A policy that sets out the diversity approach in terms of skills, background, knowledge, international and industry experience, culture, independence, age, gender and other qualities. This policy guides our efforts to achieve a balanced representation of diverse backgrounds among Board members.

#### Nomination & Remuneration Committee

Committee which oversees the Board size, succession planning, human capital development, and remuneration frameworks, including the need to have sufficient independent representation on the Board.

### SD Plantation's Performance

#### Board Composition and Diversity

Our Board consists of 9 members, with a composition of 8 Non-Executive Directors and 1 Executive Director as of end FY2023. We take pride in sustaining a gender-balanced Board.

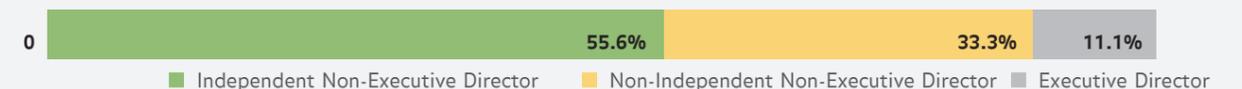
#### Age Diversity



#### Gender Diversity



#### Composition of Independent and Non-Independent Directors



# Building Trust Through Engagement and Transparency

## Anti-corruption

**Why It Matters**

As part of our core values, we are committed to maintaining high ethical standards throughout our business relationships. We are certified with ISO 37001 Anti-Bribery Management Certification, meet the requirements of the Corporate Integrity System Malaysia (CISM) Framework and aim to maintain certification to sustainability standards such as Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), Indonesia Sustainable Palm Oil (ISPO), and International Standards and Carbon Certification (ISCC), which include criteria on governance and integrity.

**SD Plantation's Approach**

SD Plantation took comprehensive steps to instill and then to maintain ethical conduct throughout our operations. We insist on strict adherence to our established anti-corruption policies in line with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Malaysian Code on Corporate Governance (MCCG) and any other applicable laws and regulations. Aligned with the Malaysian Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and all other applicable anti-money laundering laws in countries where the Group operates, the Group prohibits any involvement in money laundering activities, and requires immediate reporting of suspicious transactions.

For more information on our policies relating to integrity, refer to Corporate Governance; and Procurement sections on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

The Group conducts an annual Fraud and Corruption Risk Assessment, which is a component of our Fraud and Corruption Risk Management process.

**Our Approach in Fraud and Corruption Risk Management**

- Fraud and Corruption Risk Assessment
- Instilling awareness
- Whistleblowing channels
- Investigation of suspected cases
- Consequence management
- Established policies, procedures and controls
- Fraud detection through whistleblowing and data analytics

The Group addressed proven corruption incidents through the following actions:

- Reporting to the Malaysian Anti-Corruption Commission (MACC)
- Reporting to the police
- HR disciplinary actions
- Management actions



SD Plantation leaders take the Corporate Integrity Pledge at our annual Integrity Summit held on 10 January 2023, setting the standard for ethical leadership and accountability.

**SD Plantation's Performance**

Our anti-corruption measures are of utmost importance to ensure ethical practices and to improve our integrity, reputation, and relationships with stakeholders.

**Our performance in FY2023 includes:**

**100%** of our operations assessed for fraud and corruption-related risks and have reported **27** corruption incidents for FY2023.

**3,237 employees** successfully completed the annual anti-fraud and corruption training.

Our whistleblowing channels **received 210 complaints**. These complaints underwent thorough investigations led by Group Fraud & Corruption Risk Management (GFCRM), Group HR, as well as other independent parties within the Group. The outcomes of these investigations were presented to the Whistleblowing (WB) Committee and the Governance and Audit Committee (GAC) for deliberation, resulting in the **closure of 134 cases**, while the remaining cases are currently being investigated.

**134** Whistleblowing cases resolved

**210** Whistleblowing cases reported

There were incidents of regulatory non-compliances reported relating to boiler smoke emission and fire certificates, resulting in monetary fines and warning notices. Applicable corrective actions have been taken to address these issues.

# Operational Efficiency

SD Plantation recognises and accepts our obligation to protect the environment. We actively address the environmental impacts of our operational activities by initiating measures aimed at mitigating climate change, reducing resource consumption and improving our water and waste management practices. For example, as part of our Project OMEGA initiative, we conduct precision monitoring of our mills' operational efficiency by using Operational Equipment Efficiency (OEE) metrics. By closely evaluating mill capacity and availability, SD Plantation ensures streamlined operations. This data-driven strategy enhances resource allocation while enabling us to operate efficiently as we maintain excellence in palm oil production. Through our various initiatives, we aspire to contribute to measure to restore the health of the planet for the benefit of future generations.

**Material Sustainability Matters**

- 1 Yield Intensification
- 2 Responsible Consumption and Production
- 3 Waste and Effluent Management
- 4 Water Management

## YIELD INTENSIFICATION

**Why It Matters**

Yield intensification is crucial as it optimises agricultural productivity while ensuring that sustainability standards are met. Enhancing yields on existing plantations enables us to meet growing demand, safeguard natural ecosystems, and support global food security initiatives, while minimising the environmental footprint that would result from expanding cultivation areas.

In line with yield intensification efforts, we put great emphasis on improving our efficient harvesting practices by utilising mechanisation, automation and digitalisation across our operations under Project Infinity. Meanwhile, new ideas are generated and tested with the establishment of the Innovation Portal.

**SD Plantation's Performance**

In FY2021 and FY2022, our Malaysian site experienced significantly low production, largely due to a shortage of workers, particularly harvesters. This shortage was mainly due to restrictions during the pandemic. However, once borders re-opened, we accelerated the intake of foreign workers for harvesting operations into Malaysia. We have also progressed significantly in our automation and mechanisation efforts to further improve productivity in our operations.

Whilst for Indonesia and PNG and SI the change in weather pattern affected the production for the year. Indonesia which observed prolonged dry weather months, particularly in Kalimantan regions, recorded a period up to 6 months of low rainfall that impacted bunch ripening and subsequently resulted in lower FFB production. The relatively higher rainfall volume in PNG and SI as compared to historical records had disrupted harvesting activities and adversely impacted crop recovery.

For more information on our performance, refer to pages 68 to 85 of our Integrated Report 2023.

**SD Plantation's Approach**

SD Plantation's effort to enhance yield is evident through the launch of our Mission 1 initiative which aims to achieve a 1 metric ton oil increase per mature hectare across our entire upstream operations. This initiative focusses on minimising losses and maximising yield by adopting best practices and adhering to the Agriculture Reference Manual (ARM).

Simultaneously, since our first commercial planting in 2016, R&D has contributed to efforts to improve the yield potential of our operations by producing more of our high-yielding seeds, GenomeSelect™ for replanting across our estates.

Best practices are rigorously followed to improve yields across our operations. It involves raising high-quality seedlings from certified seeds, timely and well-executed land preparation, cover crop maintenance, ablation, as well as pest and disease management.

As we implement stringent quality control measures, it ensures that only certified planting material is being planted.

## RESPONSIBLE CONSUMPTION AND PRODUCTION

**Why It Matters**

Responsible consumption and production are crucial for SD Plantation as they ensure sustainable resource use, minimise environmental impact, and promote ethical practices. By adhering to responsible production methods, we contribute to long-term environmental health, protect biodiversity, and support community well-being.

**SD Plantation's Approach**

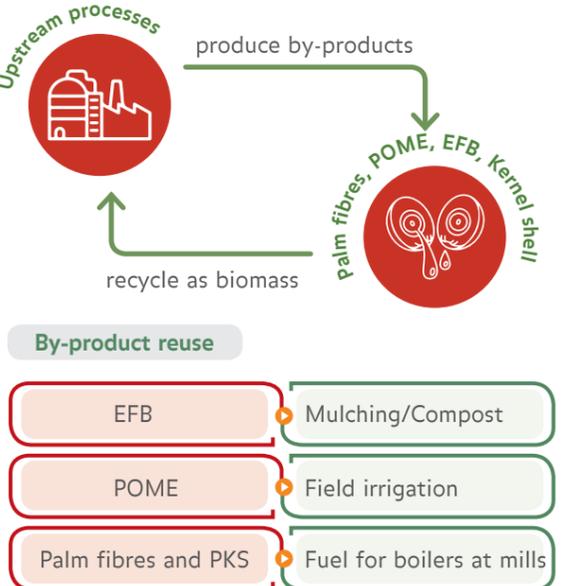
SD Plantation follows best practices for by-product management at our upstream palm oil operations and seeks to recover and reuse all the by-products we generate. Solid organic by-products from our production processes include empty fruit bunches (EFB), mesocarp fibre and palm kernel shells (PKS), which are recycled as fuel or composted or mulched as organic fertiliser. Liquid organic by-products, such as POME, contain residual nutrients that can be treated and applied as land fertiliser. We are also exploring opportunities to sell excess fibres, shells and felled oil palm trunks during our replanting process to interested companies as an alternative renewable energy feedstock.

Circularity @ SDO is a programme covering our refineries and crushing plants that focusses on the reduction of carbon emissions and the "Reuse, Reduction or Recycling" of waste and water. In FY2023, some of the projects under the programme included the installation of rainwater harvesting systems, redesigning water distribution infrastructure to reduce leakages, various heat and cold energy recovery systems, as well as, energy optimisation and cleaner fuel initiatives. For example, SDO Langkat refinery replaced all forklifts with electric units.

**Reconditioning of worm for screw press**

Palm kernels are processed to produce CPKO and palm kernel cake using screw pressing machines. An important component of the machine called the 'worm' deteriorates over time due to wear and tear and would usually be replaced based on operational hours of usage.

SDO Bintulu refinery had reduced purchases of new 'worm' by using reconditioned 'worm' spare parts, which were proven to last as long as new component parts. In 2023, the project reduced steel consumption for 'worms' by 21 tonnes.

Solid organic by-products from our production processes are recycled as fuel or composted or mulched as organic fertiliser.

# Operational Efficiency

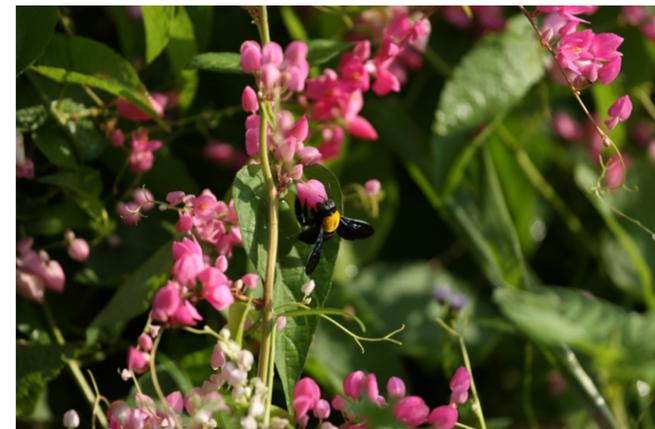
## Responsible Consumption and Production

In line with our Responsible Agriculture Charter, we strive to ensure that activities within our operations do not harm the ecosystem and minimise pollution, hazards and the production of waste.

- 1 We adopt integrated pest management programmes in our plantations.
- 2 We have eradicated the use of pesticides that are categorised as Class 1A or 1B by the World Health Organisation, or that are listed by Stockholm or Rotterdam Conventions. We also ensure that paraquat is not used, unless in exceptional circumstances, such as, when authorised by government authorities for pest outbreaks or the use is justified and validated by a due diligence process.
- 3 We identify the sources and impact of all our activities that may pollute the environment (air, waterways and others) by instituting appropriate control measures, constant monitoring, and adopting initiatives to reduce environmental impact from waste generated from our processes and operations.
- 4 We work towards protecting of natural resources through optimisation of water extraction, robust water management initiatives and implementation of water quality improvement plans.
- 5 Where possible, we strive to opt for renewable resources and recycled materials.

## Integrated Pest Management (IPM)

To ensure that our operations do not harm the ecosystem as we aim to minimise pollution, SD Plantation takes proactive steps to reduce chemical and pesticide usage by implementing IPM practices. This includes planting nectariferous plants such as *Cassia cobanensis*, *Turnera subulate*, *Antigonon leptopus* and *Euphorbia heterophylla* that act as shelters and provide additional food for the natural predators of leaf-eating pests. We also plant legume cover crops to cover breeding sites for beetles that attack immature oil palms. Another practice that has been a significant part of our IPM and proven to be very effective, is the use of barn owls (*Tyto alba*) in controlling rat populations in our estates.



*Antigonon leptopus*

## WASTE AND EFFLUENT MANAGEMENT

### Why It Matters

Responsible waste disposal and effluent management are vital components in reducing our ecological impact while fostering a cleaner, healthier environment for the communities we serve. By capturing and converting methane emitted from palm oil mill effluent into biogas, we reduce our greenhouse gas emissions.

### SD Plantation's Approach

Scheduled waste is routinely checked during audits and inspection to ensure compliance to the Environment Quality (Scheduled Wastes) Regulations 2005, in Malaysia and comparable regulations in the countries where we operate.

Operational units (OUs) adhere to Department of Environment (DOE) guidelines, engaging licensed waste contractors for the collection and proper handling of Scheduled Wastes. Our commitment to transparent waste management practices is demonstrated through tracking and reporting on the DOE portal, Electronic Scheduled Waste Information System (eSWIS). Additionally, designated executives undergo Certified Environmental Professional in Scheduled Waste Management (CEPSWAM) training to ensure adherence to DOE regulations.

For the non-hazardous wastes, we also undertake initiatives to minimise landfill waste by reducing paper usage in our offices, installing recycling bins at offices and residential complexes, as well as conducting awareness sessions to encourage responsible waste management among our employees and workers, to promote the principles of Reduce, Reuse, and Recycle (3R).

SD Plantation adheres to best practices for managing by-products at our upstream palm oil facilities and endeavours to recover and repurpose all the by-products we produce. Our downstream inorganic waste is disposed of in municipal landfills or through incineration methods while some organic waste such as spent bleaching earth and sludge are sold as fertilisers.

Additionally, we employ online and conventional desludging methods to ensure the Hydraulic Retention Time (HRT) is optimum and maintain the efficiency and proper functioning of palm oil milling operations while managing waste and environmental impact.

### POME Management

Palm oil mill effluent (POME) is the wastewater resulting from the processing of fresh fruit bunches (FFB). Primarily organic, POME undergoes biological treatment through anaerobic digestion before being transferred to the final discharge pond. Any residue not utilised as fertiliser undergoes treatment before being released into water bodies, adhering to regulatory standards. Our target effluent intensity for 2023 was set at a maximum ratio of 1:1 of effluent.

Investments have been made in laboratory testing equipment for effluent analysis including Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) testing. Our Research and Development (R&D) laboratory conducts weekly and monthly testing of the effluent samples from our mills to ensure that the effluent discharged meet the regulatory requirements. We are committed to ensure that our BOD and COD levels are within the legal limits.

We offer specialised training programmes to our employees, such as the Certified Environmental Professional in Palm Oil Mill Effluent Treatment System (CePPOMETS) course provided by the Environment Institute of Malaysia (EiMAS).

### PORE Management

Palm oil refinery effluent (PORE) refers to the wastewater generated during the refining process of CPO. Treatment of PORE typically entails initial chemical processing to eliminate oil, grease, and inorganic components, followed by subsequent biological treatment before its release. Our comprehensive management protocols guarantee that all our mills and refinery facilities are equipped with Palm Oil Mill Effluent Treatment Systems (POMETS) and Industrial Effluent Treatment Systems (IETS), ensuring effective waste management and adherence to national environmental regulations.

# Operational Efficiency

## Electro Oxidation (EO) and Zero Liquid Discharge (ZLD)

As a responsible operator, we have embarked on initiatives to explore water treatment technologies that can support current effluent discharge requirements. One promising technology that was tested and later co-developed with a local partner for deployment at both the SDO-Langat refinery and Bukit Benut Mill is the EO effluent treatment system.

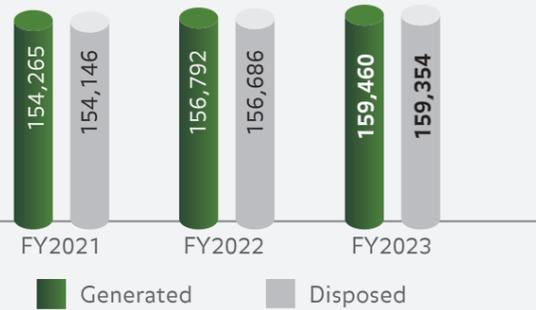
In anticipation of more stringent future discharge regulations and to reduce reliance on external water sources, we are currently undertaking a ZLD technology qualification programme. The ZLD system aims to achieve 100% recycling of POME and PORE, incorporating the EO plant as a pretreatment to produce processed water. One potential application for the treated water is in the plant's boilers. An additional benefit of ZLD implementation is the elimination of POME ponds in mills, resulting in reduced methane emissions and providing valuable land for other initiatives.

## SD Plantation's Performance

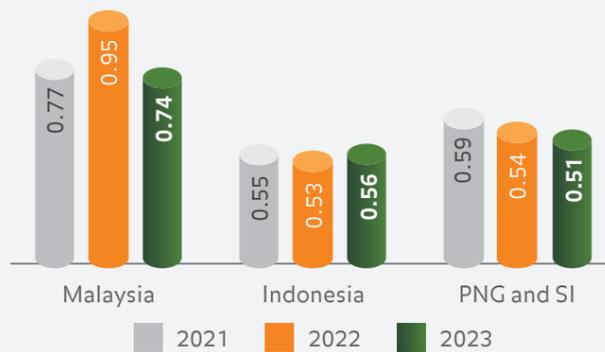
In FY2023, the Group generated a total of 4,807,791 m<sup>3</sup> of effluent and 182,810 tonnes of waste.

### Upstream

Total Waste Generated and Disposed



Effluent Intensity (m<sup>3</sup>/FFB processed)



### Downstream

Total Waste Generated and Disposed



Note: Total waste includes domestic and scheduled waste.

# WATER MANAGEMENT

## Why It Matters

Effective water management is vital for irrigation and promoting optimal growth while complying with established regulatory standards. We prioritise the safeguarding of surface water and groundwater quality, thereby enhancing the overall well-being of our business and neighbouring communities.

## SD Plantation's Approach

We closely monitor water usage for every tonne of fresh fruit bunch (FFB) processed. In Malaysia, we have a target to reduce water usage to 1.0m<sup>3</sup> per tonne through efficient processing and monitoring.

## Water Footprint Assessment and Water Business Risk Assessment

In FY2023, SD Plantation conducted a pilot water footprint assessment (WFA) at selected sites and a water business risk assessment to establish a baseline for SD Plantation's water sustainability. These initiatives aimed to identify significant water risks associated with or influenced by SD Plantation's activities across various stages of our value chain and operations.

### Water Footprint

A significant grey water footprint was recorded at the pilot palm oil production sites. Meanwhile, the water footprint of the mill and refinery stages is relatively small.



Total Water Footprint:  
**51,185**  
million m<sup>3</sup>/year

### Water Business Risk

On average, the sites face a low risk of water-related business disruptions. However, potential risks include supply disruptions, drought, water quality concerns, ecosystem impacts and community and stakeholders' perception of water management practices.

In response to the findings of the pilot study, SD Plantation endeavours to enhance productivity, thereby improving the water footprint per ton of FFB. Additionally, the Company aims to decrease reliance on fertilisers and pesticides by implementing good agricultural practices.

With good site level water management plans in place, water business risks can be continually managed.

**Sustainable Water Balance:** Maintaining or improving local water balance, avoiding negative impacts on water scarcity.

**Good Water Quality:** Legal compliance, preventing negative impacts on other water users and the environment.

**Good Water Governance:** Legal compliance, stakeholder participation, transparency, and accountability in water management plans.

**Protection of Important Water Areas:** Avoiding negative impacts on ecosystems and culturally/socially significant areas, considering flood zones and infrastructure dependencies.

**Safe Water, Sanitation and Hygiene (WASH) Access:** Providing safe and sufficient water for workers, not hindering community access, and contributing to SDG 6.

Note:

\*The grey water footprint is a measure of pollution and is expressed as the volume of water required to assimilate the pollutant load to meet ambient water quality standards. The pollutant that requires the largest assimilation volume is referred to as a critical pollutant and is used to calculate the grey water footprint.

## Operational Efficiency

### Moisture Conservation Pit (MCP) Project

Properly managing drain water levels is part of an overall strategy for sustainable agriculture, contributing to improved soil health, increased crop yield, and efficient water use. The construction of MCP allows for retention of water, especially for lateritic and marginal soil and for erosion prone and low rainfall area.

- 1 The construction of MCP starts with the formation of pits in between every alternate palm.
- 2 The application of EFB improves structure of the soil.
- 3 A focal feeding area is established to minimise nutrient losses and maximise nutrient uptake. The roots are trained to take nutrients from permanent feeding points.
- 4 Applying fertiliser at the focal feeding area reduces nutrient loss and runoff. The decomposing organic matter (EFB) will encourage oil palm feeder roots to flourish and enhance absorption of fertiliser/nutrient. Additionally, rainwater is retained and conserved in the MCP.



EFB Application



The focal feeding area

### SD Plantation's Performance

In FY2023, the total water consumption of the Group amounted to 23,649,124 m<sup>3</sup>, showing a decrease of 5.3% from the year 2022. Some of the water reduction initiatives include more efficient processing and monitoring of steam usage, condensate management, optimising water use in the clarification phase within the milling process.

## Charting a Sustainable Future

As we bring the sustainability report to a close, SD Plantation outlines a forward-looking path grounded in a five-year strategy that is focussed on leadership in climate action and social performance, building resilient supply chains and building trust through engagement and transparency. In our ongoing sustainability journey, we will continue to focus on our Net-Zero Roadmap, biodiversity and conservation initiatives, enhancing traceability and NDPE compliance in our value chain, and ensuring fair labour practices. Looking ahead, our efforts to foster sustainable practices through our strategy will continue to drive us, ensuring a future where transparency, responsibility, and positive impact define every step we take.

## GRI Content Index

**Statement of use** : Sime Darby Plantation has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

**GRI 1 used** : GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (Page)
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	4
	2-2 Entities included in the organisation's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4
	2-5 External assurance	5
	2-6 Activities, value chain and other business relationships	4
	2-7 Employees	37
	2-8 Workers who are not employees	37
	2-9 Governance structure and composition	13
	2-10 Nomination and selection of the highest governance body	13
	2-11 Chair of the highest governance body	13
	2-12 Role of the highest governance body in overseeing the management of impacts	13
	2-13 Delegation of responsibility for managing impacts	13,19
	2-14 Role of the highest governance body in sustainability reporting	13,15,19
	2-16 Communication of critical concerns	51
	2-19 Remuneration policies	51
	2-20 Process to determine remuneration	51
	2-22 Statement on sustainable development strategy	10
	2-23 Policy commitments	12
	2-24 Embedding policy commitments	12
	2-25 Processes to remediate negative impacts	51
	2-26 Mechanisms for seeking advice and raising concerns	51
	2-27 Compliance with laws and regulations	51
	2-28 Membership associations	5
	2-29 Approach to stakeholder engagement	12

# GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION (Page)
<b>GRI 3:</b> Material Topics 2021	3-1 Process to determine material topics	14
	3-2 List of material topics	14
	3-3 Management of material topics	Throughout
<b>GRI 201:</b> Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	16-19
<b>GRI 204:</b> Procurement Practices 2016	204-1 Proportion of spending on local suppliers	41
<b>GRI 205:</b> Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	51
	205-2 Communication and training about anti-corruption policies and procedures	51
	205-3 Confirmed incidents of corruption and actions taken	52
<b>GRI 302:</b> Energy 2016	302-1 Energy consumption within the organisation	22
<b>GRI 303:</b> Water and Effluents 2018	303-1 Interactions with water as a shared resource	59
	303-2 Management of water discharge-related impacts	59
	303-3 Water withdrawal*	FY2023
	303-4 Water discharge*	Performance Data
	303-5 Water consumption*	Data
<b>GRI 305:</b> Emissions 2016	305-1 Direct (Scope 1) GHG emissions	20
	305-2 Energy indirect (Scope 2) GHG emissions	20
	305-3 Other indirect (Scope 3) GHG emissions	20
	305-4 GHG emissions intensity	20
<b>GRI 306:</b> Waste 2020	306-1 Waste generation and significant waste-related impacts	57, 58
	306-2 Management of significant waste-related impacts	57, 58
	306-3 Waste generated	58
	306-5 Waste directed to disposal	58

\*Refer to the FY2023 Performance Data on 'Reports, Policies and Statements' section on SD Plantation's website at [www.simedarbyplantation.com](http://www.simedarbyplantation.com)

GRI STANDARD	DISCLOSURE	LOCATION (Page)																	
<b>GRI 401:</b> Employment 2016	401-1 New employee hires and employee turnover	37																	
	<table border="1"> <thead> <tr> <th>INDICATOR (UNIT)</th> <th>Breakdown (unit)</th> <th>FY2021</th> <th>FY2022</th> <th>FY2023</th> </tr> </thead> <tbody> <tr> <td rowspan="3">New hires by employee category</td> <td>No. of Executive</td> <td>164</td> <td>249</td> <td>263</td> </tr> <tr> <td>No. of Non-Executive</td> <td>521</td> <td>1,228</td> <td>822</td> </tr> <tr> <td>No. of Workers</td> <td>5,445</td> <td>14,863</td> <td>19,745</td> </tr> </tbody> </table> <p><small>Data for this indicator represents Malaysia, Indonesia and Papua New Guinea only.</small></p>	INDICATOR (UNIT)	Breakdown (unit)	FY2021	FY2022	FY2023	New hires by employee category	No. of Executive	164	249	263	No. of Non-Executive	521	1,228	822	No. of Workers	5,445	14,863	19,745
INDICATOR (UNIT)	Breakdown (unit)	FY2021	FY2022	FY2023															
New hires by employee category	No. of Executive	164	249	263															
	No. of Non-Executive	521	1,228	822															
	No. of Workers	5,445	14,863	19,745															
<b>GRI 401:</b> Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	31																	
	<b>GRI 403:</b> Occupational Health and Safety 2018	403-1 Occupational health and safety management system	28																
<b>GRI 403:</b> Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	28																	
	403-3 Occupational health services	28																	
	403-4 Worker participation, consultation, and communication on occupational health and safety	29																	
	403-5 Worker training on occupational health and safety	29																	
	403-6 Promotion of worker health	29																	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30																	
	403-8 Workers covered by an occupational health and safety management system	28																	
	403-9 Work-related injuries	30																	
	<b>GRI 404:</b> Training and Education 2016	404-2 Programmes for upgrading employee skills and transition assistance programmes	32, 34																
<b>GRI 405:</b> Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	37																	
<b>GRI 413:</b> Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	35																	
<b>GRI 418:</b> Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	50																	

# Independent Assurance Statement



## Independent Limited Assurance Report to the Board of Directors of Sime Darby Plantation Berhad on the selected sustainability information disclosed in the Sustainability Report 2023

We have been engaged by Sime Darby Plantation Berhad (“the Company”) to perform an independent limited assurance engagement on the selected sustainability information for the year ended 31 December 2023 (the “Subject Matter Information”) as defined below and marked with the symbol “(A)” on page 20 in the Company’s Sustainability Report for the year ended 31 December 2023 (the “Sustainability Report 2023”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2023.

### Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria set out in the Sime Darby Plantation Berhad GHG Inventory Methodology Statement disclosed on the Company’s website (hereinafter referred to as the “Reporting Criteria”) and referenced in the “Subject Matter Information and Reporting Criteria” section below.

### Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which the Company is solely responsible for selecting and applying.

The Subject Matter Information and the Reporting Criteria are set out below:

Subject Matter Information	2023	Reporting Criteria
Scope 1 emissions (tCO <sub>2</sub> e)	9,379,764	Sime Darby Plantation Berhad GHG Inventory Methodology Statement (issued on 23 April 2024), disclosed on the Company’s website <sup>1</sup>
Scope 2 emissions (tCO <sub>2</sub> e)	167,688	
Scope 3 emissions (tCO <sub>2</sub> e)	9,128,227	
Total carbon removal (tCO <sub>2</sub> e)	(6,843,700)	
Refinery emissions intensity (tCO <sub>2</sub> e/tonne of refined products)	4.10	

<sup>1</sup> The Sime Darby Plantation Berhad GHG Inventory Methodology Statement (issued on 23 April 2024) is accessible from the Company’s website. The maintenance and integrity of the Company’s website is the responsibility of the Company. The work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the Reporting Criteria as presented on the website.

.....  
 : PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
 T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



## Independent Limited Assurance Report to the Board of Directors of Sime Darby Plantation Berhad on the selected sustainability information disclosed in the Sustainability Report 2023 (cont’d)

### Responsibilities of the Directors and Management

Management of the Company is responsible for the preparation of the Subject Matter Information included in the Company’s Sustainability Report 2023 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Company’s Sustainability Report 2023 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by the Company which are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company’s sustainability reporting process.

### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities and over time. In addition, Greenhouse Gas (“GHG”) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. In particular, the GHG emission intensity of suppliers or customers are estimated based on the average emission intensity factors obtained from publicly available third party sources.

The uncertainties and limitations are laid out in more detail in the Reporting Criteria.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3410 “Assurance Engagements on Greenhouse Gas Statements”. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

# Independent Assurance Statement



## Independent Limited Assurance Report to the Board of Directors of Sime Darby Plantation Berhad on the selected sustainability information disclosed in the Sustainability Report 2023 (cont'd)

### Summary of Work Performed

Our work included the following procedures. We:

- Evaluated the suitability in the circumstances of the Company's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained an understanding of the Company's control environment, processes and systems relevant to the preparation of the Subject Matter Information at the consolidated level and operating unit level. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by the Company, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates;
- Performed review analytics on the Subject Matter Information;
- Performed limited substantive testing on a sampling basis for transactions included in the Subject Matter Information, which involved agreeing data points to/from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- Undertook site visits at selected estate, palm oil mill and palm oil refinery to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. Our procedures did not include testing the information systems used to collect and aggregate facility data, or the controls at these sites;
- Assessed the appropriateness of the emission/conversion factors used in the calculation of the Subject Matter Information, where relevant;
- Checked mathematical formulas, proxies and default values used in the Subject Matter Information against the Company's Reporting Criteria; and
- Evaluated the appropriateness of the disclosures and presentation of the Subject Matter Information based on the Reporting Criteria.

Our assurance procedures involved agreeing certain data to information obtained from publicly available third party sources. However, our scope did not extend to testing the completeness and accuracy of the information obtained from publicly available third party sources. Nor did we perform procedures on financial information extracted from the audited financial statements of the Company, and used in the calculation of certain Scope 3 GHG emissions.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Reporting Criteria.



## Independent Limited Assurance Report to the Board of Directors of Sime Darby Plantation Berhad on the selected sustainability information disclosed in the Sustainability Report 2023 (cont'd)

### Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

Our report, including our conclusion, has been prepared solely for the Board of Directors of the Company in accordance with the agreements between us dated 9 April 2024. We consent to the inclusion of this report in the Sustainability Report 2023 which will be accessible at the Company's website in connection with the Company's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Subject Matter Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Company for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT  
LLPO014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
23 April 2024

**SIME DARBY PLANTATION BERHAD**

Registration No.: 200401009263 (647766-V)

Main Block, Level 10, Plantation Tower

No. 2, Jalan PJU 1A/7, Ara Damansara

47301 Petaling Jaya, Selangor

Malaysia

Tel: (603) 7848 4000 Fax: (603) 7848 4172

**[www.simedarbyplantation.com](http://www.simedarbyplantation.com)**