

SIME DARBY MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

This statement is published in accordance with the Modern Slavery Act 2015 of the United Kingdom (Section 54). It outlines our progress since 2016 and the steps taken by Sime Darby Berhad during the financial year ended 30 June 2017 to ensure that slavery and human trafficking are not taking place in our business or our supply chains.

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

Sime Darby Berhad is a diversified multinational company with operations in 25 countries and four territories with over 120,000 employees. We are a key player in some of the economies where we operate, with businesses in growth sectors, namely, plantation, industrial equipment, motors, property and logistics.

We are:

- The world's largest producer of Certified Sustainable Palm Oil and a fully integrated player in the palm oil value chain. Our involvement ranges from upstream operations comprising oil palm, rubber and sugarcane cultivation, harvesting, plantation management and milling, to downstream businesses such as the production, trading and marketing of oils and fats products, oleochemicals, palm oil-based biodiesel as well as other palm oil derivatives and renewables.
- An integrated property developer involved in property development, property investment and assets management, hospitality and leisure.
- One of the world's largest Caterpillar dealers. We offer a comprehensive variety of equipment and services, from sales of new machines and engines to used equipment for rental.
- A major player in the Asia-Pacific automotive industry, involved in assembly, distribution and retail businesses.
- Involved in ports and logistics and water management in Shandong, Eastern China, with operations in Weifang and Jining.

On 26 January 2017, the Board of Directors of Sime Darby Berhad announced a proposal¹ to create three independent businesses which will be pure plays in the Plantation, Property, and Trading and Logistics sectors. Both the Plantation and Property businesses are targeted to be listed on Bursa Malaysia by end of November 2017 while Sime Darby Berhad will continue to focus on its trading and logistics businesses.

Further details of our company can be found in our 2017 Annual Integrated Report.

OUR APPROACH, POLICIES, PROCEDURES AND GOVERNANCE



Figure 1: Sime Darby Berhad's Human Rights Approach for the Group, Salient Issues & Key Stakeholders

We are committed to ensuring that modern slavery and human trafficking have no place in our business operations. We approach this by ensuring appropriate decision-making occurs in relation to modern day slavery and human trafficking. We do this by integrating consideration of human rights issues, including slavery and human trafficking, into relevant business processes to support such decision-making via our policies, procedures and guidelines. We conduct assessments to identify gaps and potential risks within our operations and supply chains, develop mitigation plans, and provide remedial action to be taken in instances where our businesses do not meet our aspiration on human rights, including modern slavery and human trafficking. We embed the responsibility to respect human rights, which includes preventing modern day slavery and human trafficking, into our culture to foster and support appropriate behaviours, beliefs and values.

¹ The press release relating to Sime Darby Berhad's corporate proposal can be found at <http://www.simedarby.com/media/press-release/sime-darby-announces-restructuring-plan>.

Policies: Sime Darby Berhad’s Human Rights Charter

In 2017, the Board of Sime Darby Berhad made a formal commitment to endeavour to eradicate any form of exploitation of workers including modern slavery and human trafficking through our Human Rights Charter ('Charter'). The Charter articulates the Group’s commitments in providing equal opportunities, respecting freedom of association, eradicating exploitation, ensuring favourable working conditions, enhancing safety and health, respecting community rights, protecting the rights of children and vulnerable people, and eliminating violence and sexual harassment.

The Group Human Rights Task Force, which was established in 2015, monitors and verifies the progress of human rights initiatives within the Group. At the Divisional and operational levels, each of the Plantation Human Rights Task Force and the Property Human Rights Task Force oversees the implementation of business and human rights commitment at its Division and reports back to the Group Human Rights Task Force. In total, 25 meetings have been conducted to-date to discuss human rights matters by the respective Task Forces.

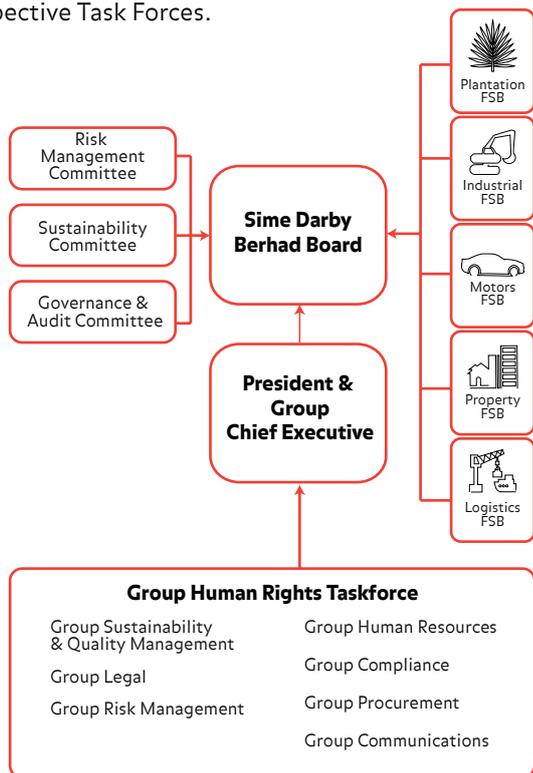


Figure 2: The overall governance structure on human rights in the Sime Darby Berhad

Note: Representatives from Sime Darby Foundation and Divisional Human Rights Task Forces also attend the Group Human Rights Task Force meetings.

Policies: Code of Business Conduct (COBC) & Vendor COBC – Ensuring Supply Chain Integrity

This year, we began a review of our Code of Business Conduct (COBC) which would incorporate the responsibility to respect fundamental human rights. A Vendor COBC has been developed to outline the standards of behaviour required by Sime Darby Berhad on our vendors which includes expectation to uphold human rights. The Vendor COBC applies to all our suppliers, consultants, agents, contractors and goods/service providers who have direct dealings with the Group. All vendors will be required to declare their compliance to the Vendor COBC through the Sime Darby Berhad Vendor Integrity Pledge which includes a declaration to eradicate all forms of exploitation, including but not limited to modern day slavery and human trafficking. Through the Group Procurement Policies and Authorities, vendors undergo a due diligence process and periodical performance evaluation to ensure compliance against their contractual obligations related to human rights, among others.

It is likely that the new boards of the pure play entities will consider and review the COBC, the Sime Darby Berhad Vendor Integrity Pledge as well as the newly developed Vendor COBC and if thought fit, may adopt and implement the same in due course.

It is expected that the respective pure play entities would develop specific diligence processes and procedures which are appropriate to the needs of their operations and supply chains.

IMPACT ASSESSMENT AND MITIGATION PLANS

As a global conglomerate, one of our challenges is to identify and understand human rights impact on our diversified workforce within a multifaceted business environment spanning over 25 countries and four territories.

Our approach is to prioritise our implementation efforts based on risk assessments, following which, we have chosen to focus on operations where salient human rights risks exist and have the most severe impacts.

In 2016, a human rights impact assessment was conducted in Malaysia on our Plantation and Property operations, as well as a country review on key labour issues in Indonesia in the Plantation upstream sector. With respect to our initial assessment in Malaysia, the focus was on the risk to vulnerable groups such as the migrant workforce, women and children² who may be impacted by our operations.

The impact assessment on our Plantation operations was conducted in collaboration with an external expert, SHIFT. The aim of the assessment was to identify implementation gaps between the UN Guiding Principles on Business and Human Rights and our current business practices. As part of the business learning programme with SHIFT, an assessment methodology is being developed to support the integration

¹ The Sime Darby Human Rights Charter can be found at Sime Darby Website at <http://www.simedarby.com/sustainability/reports-and-resources/reports-and-resources>.
² We seek to uphold the rights of children, particularly in the areas where we operate. Our Child Protection Policy outlines the need to maintain a child- safe environment within our organisation and operations. The Policy is available at http://www.simedarby.com/upload/sd_cpp_policy.pdf.

SIME DARBY MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

of human rights into our management practices. Part of this programme also includes capacity-building to empower our operations to effectively translate principles into practice.

Through this assessment, we learnt that, amongst others, recruitment practices relating to foreign workers may be vulnerable to the risk of modern day slavery.

Action Taken: Understanding Recruitment Practices in the Plantation Upstream¹ Operations in Malaysia

Sime Darby Plantation recruits workers directly and no recruitment fees are charged by the company. However, we acknowledge that we may not have complete oversight and control over the entire recruitment and selection process. Through our engagement with our main recruitment service providers in our plantation upstream operations, one of the issues which has been highlighted is recruitment fees which are borne by workers in some countries of origin. This year, we have prioritised remedial action in relation to the recruitment of foreign workers in the upstream operations in Malaysia.

We understand that sub-recruitment service providers in certain jurisdictions may impose recruitment/processing fees on potential workers. There are many considerations and underlying implications of the costs imposed by such sub-recruitment service providers. The complexity of local procedures, source country geographical landscapes and socio-economic conditions result in heavy reliance on sub-recruitment service providers, both from the worker's perspective and the hiring company's. We cannot resolve these issues alone. Concerted efforts with industry peers and local stakeholders will be required to overcome some of these complexities.

In the interim, using our current leverage with recruitment service providers², we have included measures to control and manage recruitment costs imposed by sub-recruitment service providers. The new service contract to be entered with the recruitment service providers will include a clause on their commitment to ensure that an agreed threshold amount is imposed on workers as processing fees. This will ensure greater accountability by the recruitment service providers. Monitoring and management procedures are currently being developed to ensure the recruitment service providers adhere to appropriate standards and procedures.

To ensure workers have a clear understanding of the job type, remuneration, terms and conditions prior to accepting jobs in our plantations in Malaysia, a review has been conducted on our recruitment materials to provide better clarity on the rights and responsibilities of workers. This includes using user-friendly terms in local languages. Furthermore, all foreign workers' contracts have been translated into their respective native languages.

Action Taken: Pilot Project on Safe-keeping of Passports in the Plantation Upstream Operations in Malaysia

In order to fulfil the spirit of the Modern Slavery Act to eradicate forced labour, we have piloted a project in our estates in Malaysia for our foreign workers to have better access to their own passports. This effort will study the feasibility and practicality of workers keeping their own passports as opposed to giving consent to the estate management for document safe-keeping. We have piloted this project in 6 estates in Malaysia which covers more than 1,200 foreign workers. Based on the initial engagement with the foreign workers, only 10% of them stated their preference to keep their own passport and the rest have stated their preference for estate management to safe-keep their passport. The pilot project is expected to be completed by end 2017.

Action Taken: Working with our Contractors in our Property Development Business in Malaysia

In the property development sector, the construction supply chain is complex and multi-layered. This year, our Property Division is focused on analysing the complexity of the supply chains to have better oversight of our contractors and their sub-contractors. Engagement and dialogue sessions with our main contractors and joint venture partners were carried out to raise awareness on human rights issues and to help identify potential risk areas in the business and supply chains.

We initiated a pilot study with two of our main contractors this year to obtain an overview of the current practices in the recruitment and management of workers by our main contractors and their sub-contractors in Sime Darby Property's projects in Malaysia. The aim is to collaboratively develop feasible steps to prevent human rights impacts as a direct or indirect result of Sime Darby Property's projects and its supply chains. The study is on-going and expected to be completed by the end of this year.

In addition, tendering processes to select contractors/vendors in the Property Division are also currently under review with the aim of integrating appropriate contractual language on the prevention of modern day slavery and forced labour. This review includes, but is not limited to, the incorporation of appropriate terms and conditions in tender documents, contracts, Vendor Pre-Qualification documents, and monitoring processes.

¹ Our Plantation upstream operations consist predominantly of oil palm cultivation, harvesting and milling. Our Malaysia upstream operations encompass 126 oil palm estates and 34 mills where fresh fruit bunches (FFB) from our estates are delivered to our mills to be processed into crude palm oil (CPO).

² Recruitment service providers refer to third parties who are involved in the recruitment and hiring process.

MONITORING, DISCLOSURE AND REPORTING

As part of our business practice, we conduct periodical internal audits of our business operations. We also intend to integrate human rights issues as audit areas in our internal audit programmes.

Our Whistleblowing Channel is also used to monitor human rights grievances across the Sime Darby Berhad Group. This Channel can be accessed via email, electronic format, fax or telephone. It provides employees, counterparts, business partners and individuals with a secure avenue to report any wrongdoing or breach of the COBC, which will be extended to include human rights-related violations. As part of the continuous improvements to our processes, we will review and enhance existing operational-level grievance mechanisms to ensure that any human rights violations will be monitored and addressed effectively.

CAPACITY BUILDING AND STAKEHOLDER ENGAGEMENT

Our internal awareness training has extended to functions working on the ground such as estate management and property township management teams.

Between July 2016 and June 2017, more than 870 Estate Managers, Assistant Estate Managers and Heads of Townships were engaged on the implementation and rationalisation of business and human rights within their operations. At the Procurement Leadership Council meeting held in April 2017, procurement managers from all Divisions were briefed on human rights issues, including slavery and human trafficking within the Group's supply chains.

This year, we have also contacted a wider group, including external stakeholders such as our contractors, recruitment service providers and joint venture business partners to engage in constructive dialogue and work towards overcoming common human rights challenges. Additionally, we also encourage our business partners to take steps to apply best practices in their operations with regard to human rights.

We continue to build value through our engagement with relevant external stakeholders such as our customers, NGOs and our industry peers. This is carried out through strategic partnerships with organisations such as SHIFT, multi-stakeholder projects with international agencies such as the United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), the International Labour Organisation (ILO) and knowledge-sharing platforms such as the Global Business Initiative on Human Rights. We strive to work together with our industry peers to address difficult human rights issues that challenge us.

We are committed to strengthen our engagement with stakeholders to ensure continuous improvement and to promote best practices in our own operations and extended supply and value chains.

BOARD APPROVAL

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



Tan Sri Dato' Seri Mohd Bakke Salleh,
President & Group Chief Executive,
on behalf of Sime Darby Berhad



David Mather, Director,
on behalf of New Britain Oils Ltd