



## **Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability for the financial year ended 31 December 2021**

To the Board of Directors of Sime Darby Plantation Berhad

We have been engaged by Sime Darby Plantation Berhad (“SDP” or “the Company”) to perform an independent limited assurance engagement on selected sustainability information of Sime Darby Oils’s refineries and kernel crushing plants (collectively referred to as “SDO”), comprising the information set out in the Subject Matter (hereinafter referred to as “Selected Information”) for the financial year ended 31 December 2021 (“FY2021”) as reported by SDO and included in Appendix I, which we have stamped for the purpose of identification with our report.

### **Subject Matter**

The Selected Information reported and marked with the asterisk (\*) symbol in Appendix I on which we provide limited assurance consists of:

1. Traceability to Mills (“TTM”) and Traceability to Plantation (“TTP”) of SDO; and
2. No Deforestation, No Peat and No Exploitation (“NDPE”) profiles of SDO.

Our assurance was with respect to FY2021 information only and we have not performed any procedures with respect to earlier periods or any other elements included in Appendix I, other information accompanying the said document or the SDO’s website<sup>i</sup>, therefore, we do not express any conclusion thereon.

### **Criteria**

The Selected Information needs to be read and understood together with the reporting criteria, which SDP is solely responsible for selecting and applying.

The reporting criteria used for the reporting of the Selected Information by which the Selected Information is gathered, collated and aggregated internally are set out in SDO’s internal sustainability reporting guidelines, dated November 2022, and is as set out in Appendix II.

### **Inherent Limitations**

The absence of a significant body of established practice on which to draw to evaluate and measure the Selected Information allows for different, but acceptable measurement basis and can affect comparability between entities and over time. There are significant limitations in the availability and quality of traceability data or NDPE profiles from third parties which are not independently verified by the management or any third parties, which may be inaccurate or incomplete. In addition, the reporting of the NDPE profiles of SDO involved the use of the NDPE Implementation Reporting Framework (IRF) tool which is developed by third parties. It is anticipated that the principles, framework and the tools used to measure and report the Selected Information will develop over time and may be subject to change in line with market practice or regulation, impacting comparability year-on year.

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<sup>i</sup> *The maintenance and integrity of SDO’s website ([www.simedarbyoils.com](http://www.simedarbyoils.com)) is the responsibility of SDO. 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 reported Selected Information or Reporting Criteria as presented on the website.*



## **Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability for the financial year ended 31 December 2021 (cont'd)**

### **Independence and Quality Control**

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.

We apply International Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Management’s Responsibility**

Management of SDO is responsible for the preparation of the Selected Information in accordance with SDO’s internal sustainability reporting guidelines.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information as well as the design, implementation and maintenance of internal controls relevant for the preparation of the Selected 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 SDO which are reasonable in the circumstances.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Selected 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, International Standard on Assurance Engagements (“ISAE”) 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Selected Information is free from material misstatement.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with SDO’s internal sustainability reporting guidelines on the reporting of the Selected Information for the financial year ended 31 December 2021.

A limited assurance engagement involves assessing the suitability in the circumstances of SDO’s use of the Criteria as the basis for the preparation of the Subject Matter, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.



## **Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability for the financial year ended 31 December 2021 (cont'd)**

### **Main Assurance Procedures**

Our work included the following procedures:

- Considered the suitability in the circumstances of SDO's Criteria as the basis for preparing the Selected Information;
- Inquired personnel responsible for data collection, collation and reporting of the Selected Information, regarding the processes to prepare the said report and the underlying controls over those processes at the refineries;
- Considered the appropriateness of the disclosures and presentation of the Selected Information based on the Criteria.

### **TTM and TTP of SDO**

- Checked the data and inputs used in the Selected Information, on a test basis, against SDO's internal sustainability reporting guidelines and procedures (e.g. mills' name, address, and longitude and latitude coordinates) by agreeing the input data to internal and external sources of information;

### **No Deforestation, No Peat and No Exploitation ("NDPE") profiles of SDO:**

- Checked the data and inputs used in the NDPE IRF Tool, on a test basis, against internal and external sources of information (e.g. SDO's proprietary satellite imagery tool, CrossCheck; SDO's supplier grievance registers, third-party certifications); and
- Inquired with management on the process of monitoring the NDPE profile of suppliers, such as the monitoring of peatlands, supplier grievances and suppliers' deforestation/peat commitments or policies.

Our limited assurance procedures involved agreeing certain SDO's data to information obtained by SDO from third parties and in respect of the NDPE profiles of SDO, checking the data and inputs used by management in the NDPE IRF tool in reporting the NDPE profiles of SDO. However, our scope did not extend to testing the completeness and accuracy of the information obtained by SDO from those third parties nor the reliability of the NDPE IRF tool used by SDO.

### **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 Selected Information for the financial year ended 31 December 2021, is not prepared, in all material respects, in accordance with the Criteria.



**Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability  
for the financial year ended 31 December 2021 (cont'd)**

**Restriction On Use**

This report, including the conclusion, has been prepared solely for the Board of Directors of SDP in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Selected Information as reported by SDO in Appendix I and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the website of SDO at [www.simedarbyoils.com](http://www.simedarbyoils.com), in respect of the financial year ended 31 December 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Information for FY2021. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

Yours faithfully,

  
PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
13 December 2022



**Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability for the financial year ended 31 December 2021 (cont'd)**

**Appendix I - Selected Information for FY2021**

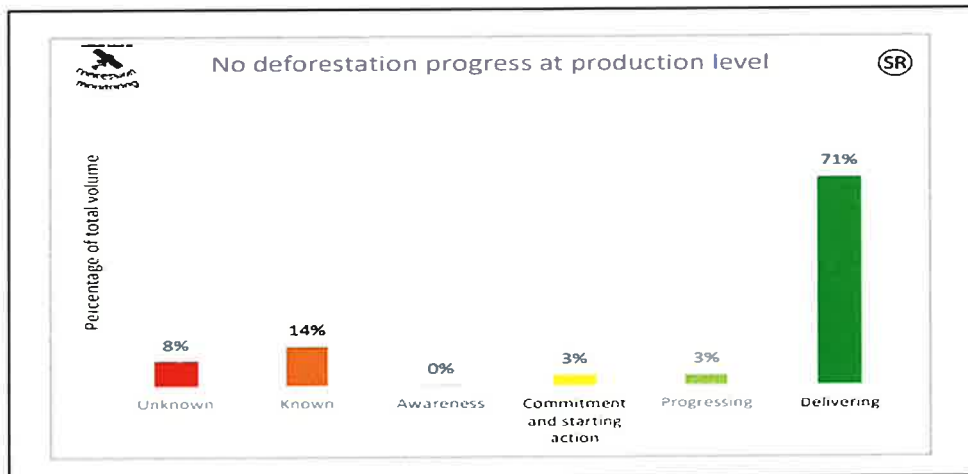
a) Traceability data of SDO for the financial year ended 31 December 2021 is set out below:

	Total purchases by SDO's refineries (MT)	Traceable to mill/plantation (MT)	Percentage of traceability (%)
<b>Traceability to Mill</b>	2,972,806	2,891,792	97.3%
<b>Traceability to Plantation</b>	2,972,806	2,024,340	68.1%

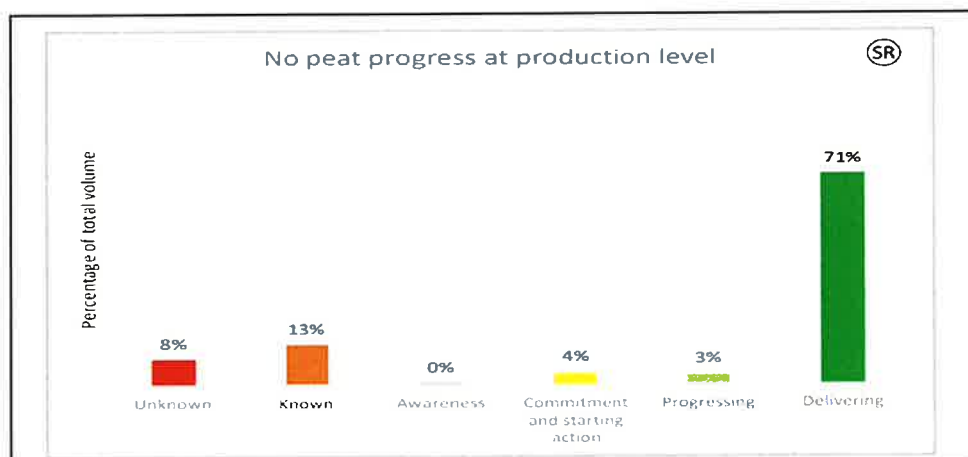
*Note: Traceability (%) is based on volume (MT) of purchase which is deemed traceable to mill or plantation, divided by total purchases by SDO's refineries (MT)*

b) **No Deforestation, No Peat and No Exploitation (NDPE) Profile of Sime Darby Oils**

**No Deforestation Profile of Sime Darby Oils (extract)**



**No Peat Profile of Sime Darby Oils (extract)**



*Note: "No Exploitation" profile of Sime Darby Oils is out-of-scope*



**Independent Limited Assurance Report on Sime Darby Oils Supply Chain Traceability for the financial year ended 31 December 2021 (cont'd)**

**Appendix II - Reporting Criteria used by Sime Darby Plantation Berhad (“SDP”)**

Set out below are the SDP’s internal sustainability reporting guidelines which are internally developed reporting criteria used by SDP in the measuring and reporting of Sime Darby Oils Supply Chain Traceability data the financial year ended 31 December 2021, as extracted from the SDP’s website:

**a) *Traceability to Mills (“TTM”) data of SDO:***

A mill is deemed to be traceable if the information listed below is complete:

- Parent Company name
- Mill Name
- RSPO certification status
- Address
- Longitude and latitude coordinates

**b) *Traceability to Plantation (“TTP”) data of SDO:***

For a supplier to be traceable to plantation, SDO requires supply base information including;

- Company name
- Plantation/smallholder name
- Location (for example, the address, geo-coordinates, oil palm concession map)

Description of supply source category:

Source category	Description	Mill’s traceability to plantation %
1.	Full visibility on supply base	TTP % according to source information, e.g. simple weighted average purchases by the mills during the period, RSPO certified purchases, supplier’s traceability declaration or disclosures on websites, etc.



**SIME DARBY OIL'S NDPE-IRF GUIDELINES**

**Appendix II(c): SDO's NDPE-IRF Guidelines**

Criteria	Description of the criteria	SDO Guidance (2021)
Mill certification	Certified under the RSPO Mass Balance model. Sufficient for progressing IP: The mill and its entire supply base have been certified under the RSPO Identity Preserved model and all FFB processed is from RSPO Certified plantations. Sufficient for delivering IP; MB: The mill and a portion of its supply base has been certified under the RSPO Mass Balance and Identity Preserved model; usually means the mill switches between MB and IP production. Sufficient for Progressing.	Refer to RSPO status in Universal Mill List (UML), mill not listed in UML is classified as Non-RSPO certified. <a href="#">Universal Mill List (Global Forest Watch)</a>
Has the mill been subject to a site visit?	Mill on-site visits have been conducted by third parties at a number of mills. These visits, often called 'verification assessments' or similar, involve visiting the mill over several days to understand conditions and systems, identify gaps, and make expectations clear to mills	RSPO certified mills: Classified as "Yes". RSPO members undergo annual surveillance assessments. All RSPO certified mills are subject to site visits by certification bodies. SDO sources mill audit report from RSPO website as evidence of site visit.  Non RSPO certified mill: Classified as "don't know".
Has the mill or parent company completed a self- assessment?	Some companies are asking mills to complete self-assessments that ask questions on policy, traceability and performance against sustainability policies.	RSPO certified mills: Classified as "Yes". All RSPO certified mills are subject to assessment against RSPO principles and criteria.  Non RSPO certified mill: Classified as "don't know".
Does the mill or parent company have any commitments to no- deforestation?	A 'no deforestation' policy or commitment is a document created by the mill or parent group, or signed by the mill or parent group, that commits the company to only sourcing FFB from areas that have not contributed to deforestation since December 2015 or earlier. Best practice is for commitments to include explicit statements on identifying HCV/HCS areas prior to any conversion of forests.	SDP Mills: Classified as "Yes". All SDP mills are bound to SDP <a href="#">Responsible Agriculture Charter</a> .  RSPO certified mills: Classified as "Yes". RSPO certified mills satisfy criteria 1.1 and 7.12 (RSPO P&C 2018) in having commitments to no deforestation.  Non RSPO certified mill: Classified as "don't know".
Does the mill or parent company have a commitment to no- peat and peat best management practices?	A no peat policy or commitment is a document created by the mill or parent group, or signed by the mill or parent group, that commits the company to only sourcing FFB from areas that have not been cleared for peat since 2015 or are managed according to best practices.	SDP Mills: Classified as "Yes". All SDP mills are bound to SDP <a href="#">Responsible Agriculture Charter</a> .  RSPO certified mills: Classified as "Yes". RSPO members satisfy criteria 1.1 and 7.7 (RSPO P&C 2018) in having commitments to no peat and peat best management practices.  Non RSPO certified mill: Classified as "don't know".



**SIME DARBY OIL'S NDPE-IRF GUIDELINES**

Criteria	Description of the criteria	SDO Guidance (2021)
Does the mill or parent company have an action plan for no-deforestation?	An action plan is a document which outlines how the company will implement their commitment across all of their supply base, with timings. Best practice includes plans to implement some of the actions listed here (such as HCV/HCS assessments own concessions) or working with third party suppliers to help them become compliant. An action plan is a requirement for the mill to be in Progressing and Delivering.	SDP Mills: Classified as "Yes". SDP established <a href="#">targets</a> , <a href="#">progress</a> and <a href="#">action plans</a> for no deforestation.  RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 3.2 (RSPO P&C 2018) in having an action plan for no deforestation, checked against summary of findings on RSPO audit report.  Non RSPO certified mill: Classified as "don't know".
Does the mill or parent company have an action plan for no-peat?	An action plan is a document which outlines how the company will implement their commitment across all of their supply base, with timings. Best practice includes plans to implement some of the actions listed here (such as HCV/HCS assessments on own concessions) or working with third party suppliers to help them become compliant. An action plan is a requirement for the mill to be in Progressing and Delivering.	SDP Mills: Classified as "Yes". SDP established <a href="#">targets</a> , <a href="#">progress</a> and <a href="#">action plans</a> for no planting on peat.  RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 3.2 (RSPO P&C 2018) in having an action plan for no peat, checked against summary of findings on RSPO audit report.
How much progress has been made with addressing grievances related to deforestation and peat?	Grievances are instances of non-compliance with deforestation or peat commitments at mill or parent level. If there is a grievance at mill level, then the progress made in addressing the grievance will affect the category of the mill.	Non RSPO certified mill: Classified as "don't know". Progress is based on the <a href="#">SDO Grievance Register</a> case status: -  1. Companies not in our list - No grievances lodged 2. Grievance without progress – Investigating 3. Progressing - Ongoing management & monitoring 4. Resolved - All resolved
Does the mill process FFB from its own or parent company's concessions or other directly managed production?	This question asks if the mill processes FFB from its own concessions. This is relevant for the No-Deforestation profile for deforestation-free volumes to mill, described below.	SDP Mills: Uses internal SDP FFB data.  RSPO certified mills: Supply base information and FFB summary are extracted from RSPO audit reports.  Non RSPO certified mills: Classified as "don't know".





**SIME DARBY OIL'S NDPE-IRF GUIDELINES**

Criteria	Description of the criteria	SDO Guidance (2021)
<p>Satellite monitoring</p>	<p>Satellite monitoring programmes are systems that monitor deforestation in concessions and the wider production base. The satellite monitoring system should cover all of the mill's own concessions and the system should include appropriate base layers of any potential HCS forest or HCV areas, as well as at least near real time and medium resolution deforestation and fire alerts.</p> <p>If a mill's own concessions are being monitored by one of these systems, they have an action plan, and no deforestation related grievances have been identified, the mill would be in Progressing.</p>	<p>Classified as "Yes" for companies monitored by AidEnvironment Supplier Monitoring Programme.</p> <p>Further explanation on partnership between SDO and AidEnvironment for deforestation monitoring and grievance management is available on <a href="#">Deforestation-free Supply Chain</a></p>
<p>Have the own estates been established for a long time and/or is expansion not possible?</p>	<p>-</p>	<p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criteria 7.7 and 7.12 (RSPO P&amp;C 2018) on land clearing, checked against Description of Supply Base and Plantings &amp; Cycle on RSPO audit reports.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>
<p>Has an HCV and HCSA assessment been conducted for the mill's own concessions?</p>	<p>HCV and HCSA assessments (or integrated HCV-HCSA assessments) should be conducted in line with HCSA and HCVRN procedures (by licensed assessors or registered practitioners and undergoing independent review). This is sufficient for Progressing.</p>	<p>SDP mills: Classified as "Yes". <a href="#">SDP assess planted areas using HCV-HCSA toolkit</a></p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 7.12 (RSPO P&amp;C 2018) on land clearing.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>
<p>Have HCV and HCS areas been identified and are they being monitored?</p>	<p>Management and monitoring have been developed and implemented in line with the findings of the assessment. This is sufficient for Delivering for volumes from own concessions (FFB-level reporting) or Progressing if compliance cannot yet be demonstrated with third party.</p>	<p>SDP mills: Classified as "Yes". <a href="#">SDP assess planted areas using HCV-HCSA toolkit</a></p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 7.12 (RSPO P&amp;C 2018), checked against summary of findings on RSPO audit report.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>

Criteria	Description of the criteria	SDO Guidance (2021)
<p>Has a peat or soil assessment been conducted for the mill's own concessions?</p>	<p>There has been an assessment in line with RSPO or other best practice guidance</p>	<p>SDP mills: Classified as "Yes". Based on findings for Criterion 4.2 on RSPO audit reports.</p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 7.7 (RSPO P&amp;C 2018) on soil assessment. Checked against findings for Criterion 4.2 on RSPO audit reports.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>
<p>Are peat areas being managed and monitored and is the remediation plan being implemented (if needed)?</p>	<p>All production on peatland is being managed in accordance with best practice, with ongoing monitoring in place. Where remediation is required, there is a plan which is being implemented.</p>	<p>SDP mills: Classified as "Yes". Based on findings for Criterion 4.2 on RSPO audit reports.</p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 7.7 (RSPO P&amp;C 2018), checked against summary of findings on RSPO audit report. RSPO members satisfy criterion 7.7 (RSPO P&amp;C 2018) on soil assessment. Checked against findings for Criterion 4.2 on RSPO audit reports.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>
<p>Is there is ongoing work with third party suppliers, such as independent smallholders, independent estates and FFB dealers to implement commitment related to no-deforestation?</p>	<p>Third party suppliers of FFB to a mill include independent smallholders, local FFB dealers and estates managed by third parties. If a mill receives FFB from any of these sources, then production of the FFB needs to meet NDPE commitments.</p> <p>Many mills are still at an early stage in addressing third party supply, but if work is already underway with third party suppliers to ensure they meet no deforestation or no peat commitments, you should indicate it here. (NB if the work underway already guarantees delivery across all third-party supply, indicate that in the next box.)</p> <p>Actions that are being taken with third party suppliers, including independent smallholders, to work towards compliance include:</p> <ul style="list-style-type: none"> <li>-Programmes to support independent smallholders- smallholder mapping and purchase control system</li> <li>-Satellite monitoring and response systems for third party supply-HCV/HCS assessments for smallholders/third party Supply</li> <li>-Peat analyses and plan for smallholders/ third party supply- Due diligence systems to ensure supply.</li> </ul>	<p>SDP mills: Classified as "Yes". <a href="#">SDP smallholder support programmes</a></p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 5.2 (RSPO P&amp;C 2018) in improving livelihoods of smallholders and their inclusion in sustainable palm oil value chains, checked against summary of findings on RSPO audit report.</p> <p>Non RSPO certified mills: Classified as "don't know".</p>



**SIME DARBY OIL'S NDPE-IRF GUIDELINES**

Criteria	Description of the criteria	SDO Guidance (2021)
<p>Is there is ongoing work with third party suppliers such as independent smallholders, independent states FFB dealers to implement commitment related to no- peat?</p>		<p>SDP mills: Classified as "Yes". <a href="#">SDP smallholder support programmes</a>.</p> <p>RSPO certified mills: Classified as "Yes". RSPO members satisfy criterion 5.2 (RSPO P&amp;C 2018) in improving livelihoods of smallholders and their inclusion in sustainable palm oil value chains, checked against summary of findings on RSPO audit report.</p>
<p>Is there system in place which guarantees that suppliers outside Concession are deforestation- free?</p>	<p>These two columns collect information on mills where FFB from third party suppliers is known to be produced in compliance with NDPE commitments and therefore eligible to be in 'Delivering'.</p> <p>There is a lot of work ongoing on finding effective ways to ensure that third party supply meets NDPE commitments. As there is more learning on what works well, we will add to this guidance</p> <p>In the meantime, only answer 'yes' in these columns if you are confident that you have robust systems and actions in place to guarantee that ALL FFB from ALL types of third party suppliers is delivering on deforestation or peat commitments. In this case make a note in column AJ to explain the action.</p>	<p>Non RSPO certified mill: Classified as "don't know".</p> <p>RSPO-IP certified mills: Yes, as FFB supply is from certified plantations only.</p> <p>RSPO-MB &amp; non-certified mills: No.</p>