### Sime Darby Plantation’s Response to Climate Change

<table>
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<tr>
<th>On-going Efforts</th>
<th>Targets and Goals</th>
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| **1. Reducing Our Operational Emissions** | → 11 biogas plants up (428,602.84 tCO2-e reduction in 2020) tackling SDP’s largest emissions source within operations. Other projects at various stages of implementation to meet SDP’s 40% reduction target by 2030  
→ 540 hectares of our land for solar projects with total potential generation capacity of 296 MWp  
→ Other operational efficiency initiatives being explored and underway  
→ 40% intensity reduction by 2030 against 2009 baseline |
| **2. Implementing Nature Based Solutions (NBS)** | → 46,501.5 ha of HCV and conservation set aside areas within concession areas  
→ 1,531,972 trees planted by 2020 together with Yayasan Sime Darby and other partners  
→ Exploring more areas to implement NBS within and outside SDP’s concession boundaries  
→ Nature Based Solutions to significantly contribute to SDP’s global footprint reduction and offset |
| **3. Eliminating Deforestation in Our Supply Chain** | → On-going implementation of SDP’s “Working with suppliers to draw the line on deforestation” policy to tackle deforestation in the supply chain  
→ Implementation of Crosscheck to demonstrate transparency of supply chain where data is available  
→ On-going partnerships with stakeholders in applying latest technologies (e.g. satellite monitoring) to monitor deforestation in SDP’s supply shed  
→ Deforestation Free Supply Chain  
→ 100% fully traceable and No Deforestation, Peat & Exploitation (NDPE) compliant supply chain by 2025  
→ 100% of direct smallholders adopting responsible agriculture practices by 2025 |
| **4. Adapting and Mitigating to Material Climate Risks** | → Climate risk scenarios being assessed by Research and Development, which includes physical risks:  
  - Impact of rising sea water levels to concession areas and infrastructure  
  - Impact of droughts and changing weather patterns  
  - Development of appropriate adaptation and / or mitigation plans for each material climate risk, which includes capital expenditure for infrastructure (e.g. bunds, water bodies), research into higher yielding / climate resilient planting materials  
→ 100% of material climate risks responded with adaptation and / or mitigation with progressive action plans in place |
| **5. Climate Change-Related Governance & Disclosures** | → Climate Change Risk is included and assessed as part of SDP’s Enterprise Risk Management Framework  
→ Climate Change related issues and initiatives are under the purview of the Board Sustainability Committee and also monitored as part of the enterprise risk framework by the Board Risk Management Committee. Issues are then escalated to the Main Board for further deliberation  
→ Target disclosures in next Sustainability Report in 2022 to be aligned with the recommendations by the Taskforce on Climate Related Financial Disclosures (TCFD)  
→ Governance of Climate Change related matters in line with the TCFD recommendations  
→ Disclosures aligned with leading practices, e.g. TCFD and GHG Protocol (Agriculture, Forestry and Other Land Use (AFOLU) Guidance to be released in 2022) |

### Our Existing Operational Footprint 2020

- [2,709k tCO2-e for Scope 1 & 2 (excluding land use & land use change)]
  - 69.0% from methane emissions from effluent treatment
  - 12.8% from boilers
  - 7.1% from fertilisers
  - 5.6% from purchased electricity

### State of our Global Supply Chain in 2020

- [96.7% Traceable to Mill]
- [64.3% Traceable to Plantation]
- [30,981 smallholders RSPO certified (~50% globally)]
- [70 supplier grievances]
  - 16 no longer in supply chain
  - 37 resolved
  - 2 under investigation
  - 15 ongoing engagement

- [70 supplier grievances]
- [96.7% Traceable to Mill]
- [64.3% Traceable to Plantation]
- [30,981 smallholders RSPO certified (~50% globally)]
Alignment to the Recommendations by the Taskforce on Climate Related Financial Disclosures (TCFD)

<table>
<thead>
<tr>
<th>Summary of TCFD Main Recommendations</th>
<th>Current Practice</th>
<th>Planned for Disclosure in 2022 Sustainability Report and / or Annual Report</th>
<th>2023 onwards Note: next Sustainability Report in 2024</th>
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<tbody>
<tr>
<td>Governance</td>
<td></td>
<td>• Accountability of climate related risks are ultimately overseen by the Board. Detailed reviews of climate related risks are delegated to the Board Sustainability Committee and Board Risk Management Committee. Management accountability with regards to climate issues ultimately is the accountability of the Group Managing Director, with implementation by operations with the support of functions such as Group Sustainability.</td>
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<td>Strategy</td>
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<td>• SDP’s climate response currently includes: — Reduction of operational emissions — Implementing Nature Based Solutions — Eliminating Deforestation in Supply Chain — Adapting and Mitigating to Climate Risk — Climate Governance and Disclosures. SDP’s current strategy has moved from a landbank expansion approach to focus on increasing yields on existing assets, and expansion of downstream business.</td>
<td>• To disclose material climate risks, process of identifying them, qualitative impact to business and adaptation and mitigation approaches. Currently, the material climate related risks at this point includes: — Transition Risks (e.g. Market Access, Deforestation in Supply Chain) — Physical Risks (e.g. Climate Impacts on Concession Areas and Infrastructure, Impacts on Yields). Explore Scenario Analysis of the quantitative impact to business of the various material climate risks where available and appropriate to be disclosed publicly.</td>
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<td>Risk Management</td>
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<td>• Currently included as part of SDP’s Enterprise Risk Management Framework which includes an assessment on internal and external climate risks / threats. Scanning for emerging threats / risks pertaining to climate change is also undertaken on a regular basis. Risk assessments are reported to the Board Risk Management Committee.</td>
<td>• Continuation of reporting on associated adaptation and mitigation plans.</td>
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<td>Metrics &amp; Targets</td>
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<td>• 40% intensity reduction of operational emissions by 2030 (Scope 1 &amp; 2) — Progress of biogas programme and other emission reduction efforts — Progress of implementation of Nature Based Solutions — Deforestation Free &amp; 100% NDPE Compliant Supply Chain by 2025 — Traceability of supply chain (to mill &amp; estate) — % compliance to NDPE commitments — % direct smallholders adopt responsible practices.</td>
<td>• Alignment to GHG Protocol (Agriculture, Forestry and Other Land Use (AFOLU)) Guidelines once released in 2022. Measurement / Estimation of Scope 3 emissions for SDP supply chain.</td>
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