



POLICY NAME	RESPONSIBLE SOURCING POLICY		
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1	RISK MANAGEMENT & SUSTAINABILITY COMMITTEE	-	-	GROUP RISK & COMPLIANCE

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GLOSSARY

The definitions of the key terms used in this Policy are as follows:

ABBREVIATIONS/ ACRONYMS	DEFINITION
Board	Board of directors of Sime
CFO	Chief Financial Officer
“Sime”	Sime Darby Holdings Berhad
Director	Person appointed to the board of an Operating entity
Division	Group Companies, Subsidiaries and Associates and Joint Ventures that collectively comprise a core business of the Group
Sime Darby Holdings Berhad	Sime and its Group Companies
RMSC	Risk Management & Sustainability Committee
GPPA	Group Group Procurement Policies and Authorities
GPA	Group Policies & Authorities



1 PREAMBLE

At Sime, we are committed to conducting our business in a socially and environmentally responsible manner. We recognise the significant impact our sourcing practices can have on both local and global communities, as well as the planet. Hence, this Responsible Sourcing Policy serves as the cornerstone to guide our operations and ensure that ethical, sustainable and fair practices are upheld throughout our supply chain.

Our commitment to responsible sourcing is reflected in this Responsible Sourcing Policy, our Sustainability Blueprint and is governed by our Vendor Code of Business Conduct and Group Procurement Policies and Authorities. We firmly believe that by integrating responsible sourcing principles into our procurement processes, we are ensuring our products are produced and delivered in a manner that aligns with social, ethical and environmental standards.

As responsible sourcing continues to represent a paradigm shift in the way businesses approach procurement and supply chain management, Sime will take a holistic view of our operations, embrace transparency and strive towards securing long-term sustainability for a more equitable and sustainable future.

2 STATEMENT OF PURPOSE

- 2.1 To align sourcing activities with relevant laws and regulations to mitigate legal risks and uphold our reputation as a responsible corporate citizen.
- 2.2 To preserve the integrity of responsible sourcing practices through clear governance and accountability structures.
- 2.3 To promote an ethical and responsible supply chain by setting clear expectations for vendors regarding environmental protection, fair labour practices, human rights and business ethics.
- 2.4 To engage vendors in ongoing dialogue, providing support and resources to enhance their responsible sourcing performance.
- 2.5 This policy fosters a culture of continual improvement by setting goals, monitoring progress and regularly reviewing and updating responsible sourcing principles based on emerging issues, stakeholder feedback and evolving industry standards.

3 SCOPE

This policy shall apply to all stakeholder affected by our procurement activities and relationships including directors¹, employees², business partners³, vendors, workers in our operations and supply chains and the communities surrounding our operations.

¹ Directors include all independent and non-independent Directors, executive and non-executive Directors of the Group and shall also include alternate or substitute Directors.

² An individual who has entered into a contract of employment with a Group Company. This includes Employees on secondment to Joint Ventures, Affiliates or Associates, temporary staff, and interns. Excludes independent



contractors and consultants who are engaged for the duration of a specific task or assignment.

3 Any party with which the Group has a commercial relationship with but is not in a position to exercise a significant or controlling influence over, such as customers, Joint Ventures (non-controlling interest) and business alliances.

4 GENERAL REQUIREMENTS

The general requirements described below are not exhaustive and does not address every possible situation. Vendors are obliged to familiarise themselves with and adhere to Sime's Vendor Code of Business Conduct (VCOBC) and all applicable policies, procedures, laws and regulations of the countries in which they operate.

4.1 Labour and Human Rights

When conducting work for Sime, vendors are expected to have a human rights policy and effective systems that enable monitoring, control and improvement of performance.

In the course of conducting work for Sime, Vendors are required to demonstrate the following standards of behaviour:

4.1.1 Equal Opportunity and Non-Discrimination

Vendors are encouraged to provide equal opportunities to all its Employees to ensure that employment-related decisions are based on relevant qualifications and merit.

Vendors shall not discriminate against any Employee based on personal characteristics, such as gender, race, disability, nationality, religion, age, or sexual orientation unless specific laws or regulations expressly provide for selection according to specific criteria.

4.1.2 Elimination of Harassment & Violence

Vendors are required to promote a culture where all forms of harassment and abuse are eliminated. The actions or behaviours of harassment and violence include (but not limited to):

- Derogatory comments based on gender, racial or ethnic characteristics and unwelcomed sexual advances.
- Spreading of malicious rumours.
- Use of any forms of communication channels such as emails, voicemail, or social media to transmit derogatory or discriminatory material.

4.1.3 Reasonable Wages, Benefits & Working Hours

Vendors shall provide fair and reasonable employment conditions for its Employees. Such employment conditions include, but not limited to:



- Providing fair wage and benefits to its Employees based on the legally determined minimum wage and benefits (including sufficient rest days, medical and insurance benefits) that promotes productivity targets and ensuring overtime work is compensated statutorily.
- Complying with legal requirements on reasonable working hours, including on holiday and leave entitlements.

4.1.4 Decent Working & Living Conditions

Vendors shall ensure the working and living conditions for its Employees are decent, by providing access to basic needs such as (but not limited to) clean toilet and bathroom facilities, potable water, sanitary food preparation and storage facilities, adequate lighting, ventilation, and reasonable personal space. Company-provided accommodations shall be safe and sanitary, besides being constructed and maintained according to all applicable laws and regulations.

4.1.5 Safety and Health

Vendors shall provide a safe and healthy working environment for its Employees in order to prevent accident and minimise risks. As such, their Employees shall be provided with free and adequate protective equipment and tools to undertake their tasks safely. Any reports on unsafe equipment and tools, hazardous conditions and accidents must be acted upon immediately.

Vendors shall also ensure that their Employees use the protective equipment and tools that are provided to them, including those provided by the Group.

Additionally, vendors shall be prepared in handling emergency situations and adequately provide its Employees with all the necessary health and safety information, equipment and facilities.

4.1.6 Freedom of Association & Rights to Collective Bargaining

Vendors are encouraged to grant its Employees the right to Freedom Association and Collective Bargaining in accordance with all applicable laws and regulations. In the absence of formal representation, Vendors are encouraged to provide alternative means of Employee engagement and grievance remedy.

4.1.7 Combatting Modern Slavery

We endeavour to eradicate all forms of bonded and forced labour, slavery, human trafficking and sexual exploitation by implementing International Labour Organisation (ILO) core labour standards and conventions. When supplying labour to perform work for the Group, Vendors shall comply with the following activities:

- Employees are not charged with recruitment fees for the purpose of restricting free movement.
- Employees original identification documents, passports or work permits are not retained involuntarily by Vendors.



- Payment of employees' salaries are not withheld or delayed beyond the extent permitted by applicable laws and regulations in the countries where the Vendors operate.
- Employees shall be able to refuse or cease work because of coercion, threats, or deception.
- Employees shall not be deprived of personal freedom.

In addition, the Vendors shall ensure that recruitment of Employees is done via legitimate recruitment agencies, which are properly licensed to operate under applicable laws.

4.1.8 Protecting the Rights of Children

Vendors shall not employ anyone under the age of 18 or the applicable minimum legal age in the countries they operate, unless in vocational and/ or formal and structured apprenticeship, educational and training programmes.

4.2 Environment

Vendors are expected to have an environmental policy that reflects the requirements of environmental management, environmental protection, climate change and resource conservation.

Vendors are expected to implement effective environmental management systems that enables monitoring, control and improvement of environmental performance.

4.2.1 Environmental Management

Vendors are expected to have an environmental policy that encompasses environmental protection, climate change adaptation and mitigation and resource conservation.

Vendors are expected to implement effective environmental management systems that enables effective monitoring, control and improvement of environmental performance.

4.2.2 Environmental Protection

Vendors shall implement measures to prevent pollution and ensure that hazardous materials do not come into contact with the environment or are incorrectly handled or disposed.

Vendors shall ensure that the Group's procedures regarding environmental protection are followed and in the absence of such procedures, they shall comply with the applicable laws and regulations pertaining to health and environment.

4.2.3 Climate Change

Vendors are expected to measure their Greenhouse Gas (GHG) emissions and implement strategies to reduce these emissions.

Vendors are encouraged to develop resilience plans to adapt to climate change impacts, considering scenarios such as extreme weather events and changing precipitation patterns.



4.2.4 Resource Conservation

Vendors are expected to have regular monitoring of resource consumption including water, energy and raw material.

Vendors are expected to adopt practices that emphasise resource conservation and waste reduction.

4.3 Business Ethics

Vendors are required to conduct their businesses in accordance with the standards of ethical behaviour prescribed in this policy and in the vendor COBC. Vendors are expected to have a formal policy covering at a minimum all Sime's business ethics general requirements.

In the course of conducting work for the Group, Vendors are required to demonstrate the following standards of behaviours, where applicable.

4.3.1 Anti-Bribery and Corruption

The Group takes a zero-tolerance approach towards bribery and corruption. Vendors shall not influence others or be influenced, either directly or indirectly, by paying or receiving bribes or kickbacks or any other measures that are deemed unethical or will tarnish the Group's reputation.

Vendors shall comply with all applicable anti-corruption laws and regulations and treaties in all countries where they operate. Vendors must also refrain from any activity or behaviour that could give rise to the perception or suspicion of any corrupt conduct or the attempt thereof.

4.3.2 Gifts, Entertainment, and Travel

The Group prohibits the use of gifts, entertainment and travel to influence business decisions. Vendors are required to comply with all applicable laws and regulations related to the use of gifts, entertainment and travel in all countries in which they operate.

It is acknowledged that the practice of business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The intention behind the gift should always be considered, so that it does not create an appearance of bad faith and impropriety and should not be misunderstood by others to be a bribe.

4.3.3 Anti-Money Laundering

Vendors are required to comply with any anti-money laundering acts in all countries in which they operate. Vendors shall not be involved in money laundering activities, either directly or indirectly.

4.3.4 Fair Competition

Vendors are required to comply with competition laws that govern the countries in which they operate. Vendors shall not use illegal or unethical methods to compete in the market or collude with other Vendors in the business dealings with the Group.



4.3.5 Proprietary and Confidential Information

Vendors are required to protect the Group's Proprietary Information and Confidential Information. Such information shall only be used by Vendors for the purposes authorised for use by the Group. Vendors shall not communicate or disclose such information in any manner to third parties unless such communication or disclosure is authorised by the Group or in cases where such information has become publicly available.

5 IMPLEMENTATION AND MONITORING

Our approach to responsible sourcing is guided by a comprehensive and integrated strategy that encompasses key areas of our operations. We focus on identifying and prioritising potential sustainability risks and effectively allocating the necessary resources to ensure alignment with our responsible sourcing objectives.

Leveraging on this, we collaborate with stakeholders to establish benchmarks and performance indicators that prioritise environmental standards, labour practices and social responsibility. We regularly review and update specifications to stay abreast of evolving responsible sourcing standards.

6 CONTINUOUS IMPROVEMENT AND REPORTING

Global supply chains can be complex and interconnected, hence, at Sime we continually aim to improve our responsible sourcing practices through stakeholder feedback, regular policy reviews, and employee training. We conduct regular audits, track performance indicators, and engage stakeholders to assess compliance and identify areas for enhancement.

Where possible, we aim to provide support to our vendors through capacity building, collaborations, innovation and supply chain transparency. We are committed to clearly communicating our progress through annual reporting, stakeholder engagement and external recognition.

7 GRIEVANCE

Sime is committed to upholding responsible sourcing practices and maintaining high ethical standards throughout the supply chain. We value transparency, accountability and the well-being of all stakeholders involved. This grievance mechanism aims to provide a structured and accessible mechanism for any individual or organisation to raise concerns or highlight wrongful activities which specifically includes actions or omissions resulting in damage or is at risk of harm to our responsible sourcing practices.

7.1 Grievance Reporting Channels

Any individual or organisation can submit a grievance by using one of the following reporting channels:

- Whistleblowing e-Form at <https://www.sime.com/sustainability/governance/?tab=whistleblowing>



- Emails:
Whistleblowing Unit: whistleblowing@sime.com

Senior Independent Director: seniordirector@sime.com
- Telephone:

Malaysian Office Hours;
GMT +8 Hours:

Toll-free Line
(Available for Malaysia only); 1800 18 5008

Mobile for calls, instant messages, WhatsApp, WeChat
(Available for all countries): (+60)19 2688 295
- Letters to Whistleblowing Unit at:

Sime Darby Berhad,

P.O. Box 03187

47500, Subang Jaya,

Selangor, Malaysia.

These channels shall only be accessible to the Whistleblowing Team and Senior Independent Director (SID). No other parties shall be provided with access to ensure the independence and confidentiality of the complaint.

8 REFERENCE

This policy shall be read in conjunction with the relevant supplementary Group policies and procedures.

- Group Procurement Policies and Authorities (GPPA)
- Anti-Bribery and Anti-Corruption policy
- Human Rights Charter
- Whistleblowing Charter and Framework

This policy is guided by international frameworks and standards.

- Bursa Sustainability Reporting Guidelines, 3rd Edition
- Committee of Sponsoring Organisations of the Treadway Commission (COSO)'s enterprise risk management (ERM)-ESG framework
- Drive Sustainability
- Global Reporting Initiative (GRI), 2021



- Guideline for new SME definition, SME Corp Malaysia
- International Labour Organisation (ILO), Fundamental Principles
- International Organization for Standardization (ISO) 20400 – Sustainable Procurement
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas
- UN Guiding Principles (UNGPs) on Business and Human Rights