

**MAY 2010**

## **HOLDING STATEMENT ON SUSTAINABILITY IN THE PALM OIL SECTOR**

As the largest Malaysian multinational and the world's largest palm oil originator, Sime Darby and its European subsidiary, Unimills understand the importance, impact and implications its businesses have on the environment. Thus, we place great importance on working towards adopting best environmental practices and ensuring environmental sustainability in our operations.

This commitment goes beyond the boundaries of our operations for we believe that the sustainability of our businesses is interdependent with the sustainability of the ecosystem. We, therefore, have undertaken measures which include the following:

- Developing guidelines on environmental and social sustainability that surpass the industry standard. For example, we have implemented Zero Burning Replanting Techniques for the past 20 years, which have now been adopted as the industry standard for oil palm replanting. For this effort, we were awarded the UNEP Global 500 Award during the Rio Earth Summit in 1992.
- Placing great care and consideration when selecting the locations of our plantations, and ensuring that our guidelines apply to all of our operations regardless of their geographical locations.
- Actively identifying and implementing initiatives that focus on environmental management, conservation and restoration programmes, such as participating in wildlife conservation and natural habitat preservation. For example, we support the conservation of the Tabin Wildlife Reserve in Sabah. In addition, we have pledged USD 7.27 million for the conservation of the Ulu Segama Forest Reserve also in Sabah which is home to about 5,000 orang utans. This commitment will greatly help the State Forestry Department rehabilitate the forest reserve which has the highest concentration of orang utans in Borneo.



- Seeking to enhance bio-diversity and eco-diversity where possible. For example, we use an Integrated Pest Management (IPM) in our estates to reduce the use of pesticides and strengthen sustainable plantation management.

We play a leading role in the development and promotion of sustainable practices in the palm oil sector. As one of the founding members of the Roundtable on Sustainable Palm Oil (RSPO), we continually seek to advance the production, procurement and use of sustainable oil palm products. This is achieved through the development, implementation and verification of credible global sustainable standards and the engagement of stakeholders along the supply chain.

Sime Darby, in supporting the work and standards of the RSPO, is ethical and transparent in our effort to create a sustainable palm oil industry. We believe it is imperative that all RSPO guidelines developed by its members, which include both industry players and the NGOs, be adhered to at all times.

In meeting RSPO standards and compliance, Sime Darby already has 13 of its 62 Standard Operating Units (SOU) fully RSPO certified. Another 29 of the SOUs in Malaysia and Indonesia have been audited and submitted for the Executive Board review. We are committed to having all of our SOUs RSPO certified by end of 2011.

We recognise that the journey ahead to improve the inherited agriculture practices of the past is a challenging one. Nevertheless, our continuous commitment to sustainable development acknowledges the shifting end game, and therefore, we are keen to partner likeminded businesses and entities that welcome and support initiatives to help us build a sustainable future real for everyone.

