

# SUSTAINABILITY REPORT 2014



Property



# COVER RATIONALE

Sime Darby Property is an integrated property player with a diverse portfolio and global presence. We believe our commitment to build sustainable communities is a key driving force where people are at the core of all we do.

# CONTENTS

ABOUT THIS REPORT	002
MANAGING DIRECTOR’S MESSAGE	003
EXECUTIVE SUMMARY	004
ABOUT SIME DARBY PROPERTY	006
Corporate Structure	010
Sustainability Governance	011
Corporate Engagement and Achievements	014
SUSTAINABILITY OVERVIEW	022
Sustainability Strategy	024
Material Issues in Our Operations	028
Stakeholder Engagement	032
OUR COMMUNITIES	036
Our People	038
Our Customers	047
Our Vendors	052
Other Community Segments	054
OUR SUSTAINABLE PRACTICES	056
Sustainability Innovation	058
Measuring Our Sustainability	066
Sustainability Communications and Education	079
PERFORMANCE METRICS	084
GLOBAL REPORTING INITIATIVE (GRI) G4 CONTENT INDEX	094
APPENDICES	100



## ABOUT THIS REPORT

This is the first Sustainability Report published by Sime Darby Property Berhad (hence referred to as Sime Darby Property), a subsidiary of the Sime Darby Group. This Report details our sustainability performance for the financial period 1 July 2013 to 30 June 2014 (FY2014).

The information available in this Report focuses primarily on the sustainability performance, operations and management in FY2014. This includes pertinent highlights of our past performances and practices undertaken in preceding years that have been significant in bringing us to where we are today. Consequently, this Report should be read in tandem with Sime Darby Group Annual Report 2014.

We are committed to ensure that material sustainability issues have been addressed in this Report, either from a baseline perspective or in accordance with measureable terms. In seeking to establish the baseline information, the reporting in this publication is formulated on a more qualitative basis.

All financial amounts stated in this Report are in Ringgit Malaysia (RM) unless otherwise stated. Carbon emission data shown in this Report is prepared on a calendar year basis for the period 1 January 2013 to 31 December 2013. This Report is prepared in accordance with 'Core Level' requirements of the Global Reporting Initiative (GRI)<sup>1</sup> G4 Guidelines<sup>1</sup>.

### FEEDBACK

We value your feedback. Please contact us with any questions you have about the Report or its contents via:

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<sup>1</sup>Please refer to GRI G4 Content Index on page 94 in this Report for details of our disclosures

## MANAGING DIRECTOR'S MESSAGE



**"Sime Darby Property is committed to transforming spaces into Sustainable communities where neighbourhoods last for generations. To live Sustainably, we create communities that are socially inclusive, economically vibrant, safe and environmentally enriching. Sustainability is a mind-set that we actively cultivate to deliver on these promises."**

It gives me great pleasure to present our first Sustainability Report for FY2014, which underscores our commitment towards Sustainability and Corporate Responsibility. We believe Sustainability plays an essential role in our business, and our Sustainability focus has to take a holistic approach.

We have crafted and refined our Sustainability strategy with targets, which are supported by clear initiatives. These have guided us to reinforce our position as a leader in building Sustainable communities; in our journey to achieve Sustainability excellence.

To deliver our commitment, we actively engage with various communities in our businesses from the early stage of our development. We gauge their feedback to identify key Sustainability issues and manage emerging Sustainability risks. These engagement processes balance the needs of our stakeholders and at the same time ensure we can respond effectively.

Our Sustainability practices are demonstrated through various Sustainability programmes and initiatives, which ultimately will improve our performance and overall approach to Sustainability. We aim for Sustainability outcomes by balancing the various quality, environmental, safety and health systems that we currently have in place. We are also committed to maintain a proactive approach to occupational, safety and health as we strive to mitigate risks in our operations.

We believe that Sustainability and innovation are inter-dependent, along with customer service in achieving our strategy. On the subject of innovation, we have charted our path for innovation through the introduction of prototype designs, adoption of latest technologies and new development forms such as Transit Oriented Developments (TOD).

From the past to the present, we have been committed to achieving our vision of "Building Sustainable Communities". While we have progressed in our Sustainability journey, we are aware that there is still much to be done. We will continue to integrate Sustainability into our business strategy and strengthen our contribution to the future as we play our part in nation building. Finally, I would like to put on record my heartfelt thanks and appreciation to our extended family of dedicated employees, customers, joint venture partners and vendors for their invaluable contribution and support along our Sustainability journey.

**Tan Sri Dato' Seri Abd Wahab Maskan**  
 Managing Director



# EXECUTIVE SUMMARY

## ABOUT SIME DARBY PROPERTY

This section presents the background of our first steps and subsequent commitment to responsible sustainable development. Sustainability has been integrated into our governance principles and incorporated into our decision-making and business operations. To position ourselves as a sustainability thought leader, we have also achieved ISO certifications in quality, environmental management, energy, and occupational health and safety management systems. This section further touches on the economic context of our operations as economics is one of the pillars of sustainability. We also highlight the importance of risk management in our businesses with a section on our risk management approach, including our risk issues and mitigation measures.

Sime Darby Property is committed to responsible sustainable development.

## SUSTAINABILITY OVERVIEW

To drive our desire of being a developer of sustainable communities, we share our Sustainability Blueprint that guides and enables our sustainability efforts through our corresponding Sustainability Goals. We also share the key material aspects and sustainability issues in accordance to the Global Reporting Initiative (GRI) G4 Guidelines, with focus on issues that create the most impact environmentally, socially and economically. Prominent initiatives that address these key material aspects and also the needs of our stakeholders are highlighted.

We guide and enable measurement of our sustainability efforts through our Sustainability Blueprint and Goals.

## OUR COMMUNITIES

We view our stakeholders as important partners and collaborators that support our sustainability strategy and initiatives. In this section, we show how we engage with our key stakeholder groups – our employees, customers, vendors and the public at large. The employees’ profile detailed includes employee welfare and benefits, career development, human rights, and workplace health and safety. Our strong engagement with employees is proven from the high score achieved during Global Employees Engagement Survey (GEES). Our programmes with customers to address customer issues and concerns are highlighted showing improved responsiveness and good

customer relationships. We also highlight how we build partnerships with our vendors to align them to our sustainability principles, in terms of procurement strategy and governance. Apart from creating value and impact via engagement with direct stakeholders, we also reach out to the communities beyond immediate stakeholders.

We engage with our communities through collaborative sustainability initiatives.

## OUR SUSTAINABLE PRACTICES

This section describes how we have translated our sustainability blueprint and goals into value-added initiatives and practices that drive us towards developing sustainable townships, products and communities. We provide highlights on the utilisation of innovation and sustainable concepts into our products, in our efforts to deliver the Sustainability Blueprint and provide Urban Design Excellence. We also share our corporate sustainability performances, driven by key sustainability initiatives such as Sustainability Index (SUSDEX) assessment, carbon and quality management, amongst others. These keep us on track towards

achieving our Sustainability Goals. An overview of our internal and external Sustainability Communication efforts is also provided in this section. Various programmes are implemented and aimed at ensuring the sustainability culture becomes embedded across every aspect of our work and daily life.

We innovate, measure and communicate sustainable practices throughout our whole organisation.

## PERFORMANCE METRICS

The performance metrics, which round off this Report, provide quantification of notable performance areas. This section highlights our performance for; SUSDEX, carbon emissions, energy consumption, safety and health, talent, and finance.





## ABOUT SIME DARBY PROPERTY

Sime Darby Property is a leading developer of mixed-use and commercial properties, with a well-established record of creating long-term value throughout our development. We aim to maximise the economic value of our properties and become the leader in sustainable practices, which in turn benefit all our stakeholders.



AT A GLANCE



Property

>40  
YEARS

Track Record in  
Developing Sustainable  
Communities

VISION

To be the leader in building sustainable communities.

MISSION

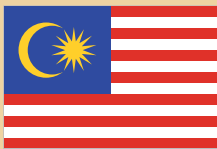
We will deliver economic, social and environmental value to our stakeholders in order to achieve and sustain our leadership position.



KEY COUNTRIES OF OPERATION



AUSTRALIA



MALAYSIA



SINGAPORE



UNITED KINGDOM



VIETNAM

OUR CORE BUSINESSES



PROPERTY DEVELOPMENT



PROPERTY INVESTMENT<sup>1</sup>

25,600  
ACRES OF LAND BANK

21  
TOWNSHIPS



1,731  
EMPLOYEES<sup>2</sup>



ESTIMATED GROSS  
DEVELOPMENT  
VALUE (GDV) OF  
RM 120  
BILLION

<sup>1</sup>Formerly known as Property Management  
<sup>2</sup>Total number of employees for Sime Darby Property shown above differ from Sime Darby Berhad Annual Report 2014 (1,680 employees) due to the inclusion of fixed-term contract service employees in the list.



CHAPTER  
CONTENT

CORPORATE  
STRUCTURE

SUSTAINABILITY  
GOVERNANCE

CORPORATE  
ENGAGEMENT AND  
ACHIEVEMENTS

# CORPORATE STRUCTURE

Sime Darby Property is a public company incorporated in Malaysia under the Companies Act, 1965. During the reporting period, no significant organisational changes took place. We are one of the five divisions under the Sime Darby Group. Our divisional headquarters is located in Petaling Jaya, Selangor, Malaysia.

Our commitment is translated through our initiatives such as niche developments, transit-oriented developments, business centres and retail mall that aim for creativity and innovation.

We believe that our actions today can shape the world of tomorrow, hence we strive to balance our economic performance with social responsibility. We aim to create value for all our stakeholders with whom we regularly engage to understand the challenges and the changing needs of society. With this insight, we continue to develop solutions that will sustain us, our communities and our environment, as well as play our part to realise the nation's development vision.

In our drive towards a sustainable future, we have developed a policy and governance framework to deliver on this goal. The corresponding initiatives that we have undertaken are detailed in this Report.



CHAPTER  
CONTENT

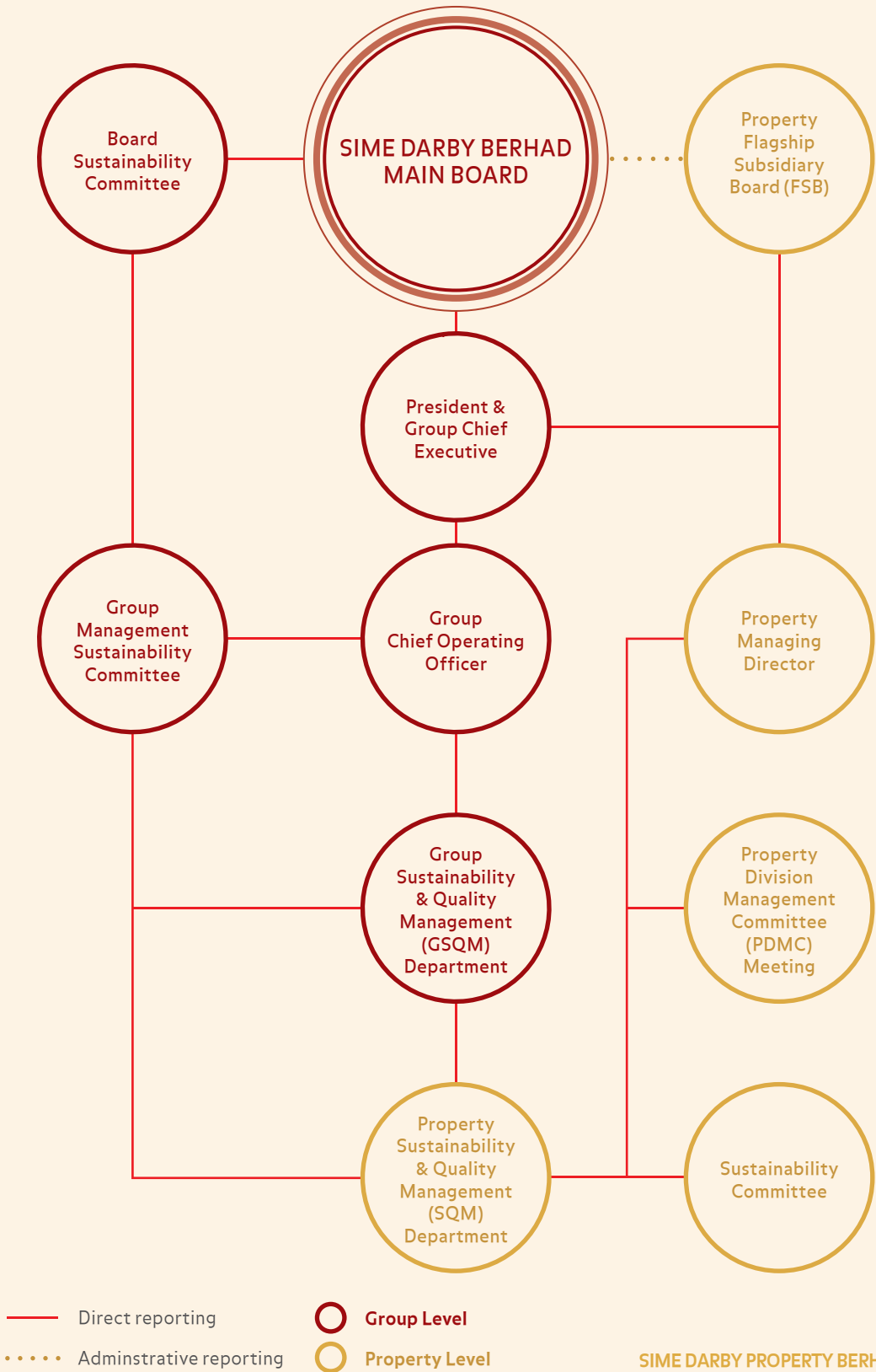
CORPORATE  
STRUCTURE

SUSTAINABILITY  
GOVERNANCE

CORPORATE  
ENGAGEMENT AND  
ACHIEVEMENTS

# SUSTAINABILITY GOVERNANCE

Sustainability is embedded in our governance structure and management reporting structure, and is driven from the top. The integration of sustainability into our governance structure validates our commitment to develop sustainable futures.





Sime Darby Sustainability Governance Body and Roles of Responsibility

Level	Governance Body	Roles in Sustainability Governance
Group	Sime Darby Berhad Main Board	Accountable for Sime Darby Group’s sustainability strategy and performance
	Board Sustainability Committee (BSC)	Assists the Main Board overseeing the Group’s principles, policies, objectives and strategies on sustainability
	President & Group Chief Executive	Oversee overall management responsibility on sustainability
	Group Chief Operating Officer (GCOO)	Responsible for overall operational sustainability performance
	Group Management Sustainability Committee (MSC)	Oversee overall sustainability operations, define sustainability procedures and monitor sustainability practices and targets
	Group Sustainability & Quality Management Department (GSQM)	Responsible for sustainability operations, drives sustainability initiatives and monitor sustainability performance in Sime Darby Group. Submit progress reports on sustainability to the Main Board, BSC and Group Management Committee, and a secretariat to MSC
Division	Property Flagship Subsidiary Board (FSB)	Support the Main Board and accountable for Sime Darby Property sustainability strategies and performance
	Property Managing Director	Accountable for overall sustainability performance, sets sustainability direction and agenda for Sime Darby Property
	Property Development Management Committee (PDMC)	Review overall sustainability direction and performance for Sime Darby Property, including Sustainability Blueprint and Goals
	Sustainability Committee	Provide frontline strategic guidance and approval for sustainability initiatives, and ensure support from relevant departments and business units
	Property Sustainability & Quality Management Department	Responsible for sustainability operations, drives sustainability initiatives and monitor sustainability performance in Sime Darby Property. Submit progress reports on sustainability to the FSB, and a member to MSC

The list of Sime Darby Property Board of Directors are available in Sime Daby Berhad Annual Report 2014 (page 146).

CORPORATE GOVERNANCE  
INITIATIVES AND INTERNAL  
CONTROLS

BUSINESS CONDUCT  
AND ANTI-CORRUPTION

The corporate governance of Sime Darby Property adopts the Sime Darby Group’s governance principles, framework and practices. We are committed to strengthen our corporate governance through three main aspects:

- We promote integrity, transparency, accountability and responsiveness in all aspects of our work;
- We provide operating autonomy to various core business divisions towards the achievement of business objectives while maintaining checks and balances; and
- We cultivate ethical business conduct and desired behaviour based on Sime Darby Group core values and business principles.

The Group Policies and Authorities (GPA) govern all Sime Darby Property operations, which has also formally incorporated sustainability. The policies, procedures and limits of authority for the approval of operations are set out in the GPA as guidance throughout our operations. We also adopt Sime Darby Group’s Code of Business Conduct (COBC), Child Protection Policy, Grievance Policy and Whistle-Blowing Policy, amongst others.

Further information on the Sime Darby Group’s corporate governance initiatives is available in Sime Darby Berhad Annual Report 2014 (page 88 to 89).

We are committed to behaving professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. As part of our risk management policy and strategy, we evaluate the risk of corruption practices in all our operations. We continue to actively engage with the Malaysian Anti-Corruption Commission (MACC), the Malaysian Anti-Corruption Academy, and Transparency International Malaysia (TI-M).

- Our anti-corruption initiatives require that:
- All employees of Sime Darby Property in Malaysia receive compulsory training on anti-corruption through either e-Learning courses or briefings, as part of the mandatory Code of Business Conduct (COBC), which they must acknowledge compliance with; and
  - Communication on anti-corruption is provided to all employees through the COBC handbook and, for the new employees, during the Corporate On-Boarding programme.

During FY2014, four cases of dishonest conduct were reported in Sime Darby Property. Of these four reported cases, three cases were confirmed corruption violations and one case was related to data privacy. All cases were resolved through appropriate grievance mechanisms.

We take a zero tolerance approach towards bribery and corruption.



CHAPTER  
CONTENT

- CORPORATE  
STRUCTURE
- SUSTAINABILITY  
GOVERNANCE
- CORPORATE  
ENGAGEMENT AND  
ACHIEVEMENTS

CORPORATE ENGAGEMENT  
AND ACHIEVEMENTS

MEMBERSHIP

We are an active member of the Real Estate and Housing Developers' Association Malaysia (REHDA).

In addition, we are also actively supporting the annual International Conference on World Class Sustainable Cities (WCSC), which showcases some of the best and successful practices and experiences from World Class Cities, including from Malaysia. We supported the conference as the "Gold Sponsor" in FY2012, and "Platinum Sponsor and Symposium Main Partner" in FY2013 and FY2014.

We have also continued to lead the industry by organising our first Building Construction Technology (BCT) Seminar in March 2014. The Seminar served to create awareness and brought together the leading construction industry experts around the world at one forum, and acted as a platform to cultivate a supportive environment for the adoption of best practices and standards in the industry.

We strive to set an example in sustainability thought leadership that benefits not just us but the construction and property sector.



BCT Seminar knowledge sharing between local and international construction technology industry players.

CERTIFICATION

We are proud to have achieved to date five ISO certifications for:





AWARDS

Once again in this Financial Year, our efforts to maintain excellence in Property Development and Property Investment have been acknowledged and rewarded with the following awards.

10 OCTOBER 2013  
THE EDGE MALAYSIA  
TOP PROPERTY  
DEVELOPERS  
AWARDS 2013



TOP THREE PROPERTY DEVELOPERS

We were awarded the Top Three Property Developers in The Edge Top Property Developers Awards 2013. We have consistently been recognised as among the top three developers in Malaysia in the annual Top Property Developers Awards since 2009. The Award is a ranking exercise of property developers in Malaysia for their quantitative and qualitative attributes.

BEST DEVELOPER IN MALAYSIA

We were named as Malaysia’s Best Developer during the South East Asia Property Awards 2013. The Award recognises the region’s best property players in the industry.

BEST VILLA DEVELOPMENT AWARD  
(MALAYSIA CATEGORY)

We were awarded Best Villa Development Award (Malaysia Category) for our development in Seri Pilmoor, Ara Damansara. This is our second consecutive win as The Residences in Putra Heights also won the Best Villa Development in 2012.



31 OCTOBER 2013  
SOUTH EAST ASIA  
PROPERTY AWARDS  
2013

25 APRIL 2014  
PUTRA BRAND  
AWARDS



13 JUNE 2014  
BCI ASIA AWARDS

GOLD AWARD IN PROPERTY CATEGORY

This is our fifth consecutive gold win which solidifies our position as a leading brand in the property development industry among property buyers and investors nationwide.

TOP TEN DEVELOPERS IN MALAYSIA

This fourth-year in a row regional accolade solidifies our position as a leading sustainability champion in Malaysia’s property industry. We have consistently been recognised as among The Top 10 Malaysian developers by BCI Asia.

ECONOMIC CONTEXT  
OF OPERATIONS

Our key competitive strength and economic growth lie in our ability to conceive, design, develop and manage dynamic neighbourhoods and townships. This is underpinned by a corporate vision to create vibrant and sustainable commercial and residential urban centres that will have an impact on our communities for generations to come.

ECONOMIC PERFORMANCE

FOR FY2014

REVENUE OF  
RM 2,791.7 MILLION

PROFIT BEFORE INTEREST AND TAX OF  
RM 599.7 MILLION

AN INCREASE OF  
4.9 %  
IN SIME DARBY PROPERTY’S PROFIT COMPARED TO FY2013

Our economic performance is the result of stronger property sales in strategic locations in the Klang Valley, and the launching of nine new developments in Malaysia, including the successful launch of the City of Elmina and the commencement of the construction work at the Pagoh Education Hub.

Moving forward, the Malaysian property market is predicted to be more challenging following the recent hike in interest rates and the expectation of further hikes vis-à-vis the introduction of more stringent fund-lending criteria, coupled with the surge in property prices. The market is also expected to be affected by uncertainties arising from the implementation of the Goods and Services Tax (GST), effective from 1 April 2015, as well as a reduction of subsidies that may affect customers’ buying power.

More financial performance metrics are available in the Section “Performance Metrics” of this Report.

We understand that our developments must ensure sustainable outcome in the context of economic and external factors.



OUR VALUE CHAIN



Sime Darby Property’s value chain, as illustrated above, starts from the identification of the development theme and opportunity from our land bank, development of our townships and projects, and culminates in property investment opportunities.

Our engagement with communities continues even after the development of our townships, projects and facilities management. We have also developed the strategy of urban renewal to ensure the continuous growth of our developments.

We build our performance on a foundation of a strong value chain that threads across every sector within our developments and facilities.

INDIRECT ECONOMIC IMPACTS

Our operations and activities result in indirect economic impacts on society at large. Moving forward, the scope and quantum of these impacts will be estimated and quantified.

Through our procurement procedures with our suppliers, we ensure the provision of sustainable employment throughout the project lifecycle.

The income generated along the supply chain throughout the project lifecycle is also subsequently re-distributed. A summary of identified indirect economic impacts is shown below.





RISK MANAGEMENT

As we increase our profile in business and industry, we are also exposed to greater and more varied risks. To counter this, we have in place a detailed risk management process that identifies both external (events outside our control) and internal (events within our control) risks. This is reviewed on a regular basis and falls within the purview of both Directors and Senior Management during quarterly risk updating.

RISK MANAGEMENT PROCESS

The risk management process comprises the following activities:

- 1 Risk Assessment (conducted at various juncture namely annual review, quarterly risk assessment, major CAPEX and major proposals. The assessment is guided by a risk model, looking at risk through strategic, operation, compliance and financial spectrums);
- 2 Risk Improvement (action plans established to effectively manage risks); and
- 3 Risk Monitoring (monitoring and validation of controls that manage key risks).

Action plans are monitored for their completion progress and are reviewed by divisional management in Sime Darby Property and Sime Darby Group (e.g. Group Corporate Assurance Department (GCAD), Group Compliance, etc.).

The following are key risk management activities that have been undertaken:

- Establishment of Divisional Risk Management Organisational Structure;
- Designation of Risk Champions and appropriate training conducted;
- Establishment of Risk Management Methodology and Policies & Procedures;
- Annual strategic blueprint risk review/ business unit risk review/ major projects risk review and major proposal risk review; and
- Introduction of eGRC and Key Incident Management system.

For further information on our Risk Management, please refer to Sime Darby Berhad Annual Report 2014 (page 84 to 91).

KEY RISK MANAGEMENT ISSUES

Our key risk management issues have been identified using the following process flow.



The enterprise-related risk issues that have been identified in FY2014 are listed in the following table:

Sime Darby Property Key Risks and Mitigation Measures

Risk Factors	Details	Key Mitigation Measures
Resources scarcity	Shortage of raw material resources	<ul style="list-style-type: none"><li>• Innovative designs</li><li>• Use new-edge materials</li><li>• Recycle and reuse where possible</li></ul>
	Competition for energy sources will induce price hikes	<ul style="list-style-type: none"><li>• Integration of energy efficient systems, waste and water management</li><li>• Use of renewable energy to decrease energy dependency</li></ul>
Changing customer demand	The rise of consumer groups impose a higher scrutiny on Company’s practices and product integrity and safety	<ul style="list-style-type: none"><li>• Monitoring and control of Environmental, Safety &amp; Health (ESH) and Human rights</li><li>• Stringent quality control of products</li></ul>
	Consumers have more stringent requirements	<ul style="list-style-type: none"><li>• Regular market surveys to keep up-to-date with changing market demand (e.g., Housing Income Index, Customer Satisfaction Survey)</li><li>• Adapt marketing strategy to market conditions</li></ul>
	Changes in lifestyles and preferences between the older and newer generation	<ul style="list-style-type: none"><li>• Diversify the product and services portfolio</li><li>• Drive innovation</li></ul>
Social & Labour risks	Labour risk linked to lack of manpower and skills	<ul style="list-style-type: none"><li>• Provide good conditions to attract and retain manpower</li><li>• Continuous training to consolidate and improve skills (Talent Management)</li><li>• Partnership with education institutions to increase our visibility on the job market and attract fresh graduates</li></ul>
	Safety and Health	<ul style="list-style-type: none"><li>• Stringent ESH monitoring, control and performance throughout our operations</li></ul>
	Human rights and labour/employment regulations that differ according to the field of operations	<ul style="list-style-type: none"><li>• Partnership and engagement with suppliers/contractors to ensure that our supply chain respect laws and human rights</li><li>• Supplier screening</li></ul>
	Issues pertaining to land ownership and the relocation of people or facilities	<ul style="list-style-type: none"><li>• Discussion and dialogue to reach consensus and agreement</li><li>• Fair financial compensation</li></ul>
Intensive and rapid urbanisation	Safety issues	<ul style="list-style-type: none"><li>• Provision of security services to townships residents through all phases of the development until handover of responsibilities to the residents’ association</li></ul>
	Transport and congestion issues	<ul style="list-style-type: none"><li>• Introduction of Transit Oriented Developments (TOD) concept</li></ul>
Environmental degradation	Increasing occurrence of natural disasters e.g., landslides may threaten infrastructures	<ul style="list-style-type: none"><li>• Systematic Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP)</li></ul>
	Threat to biodiversity	<ul style="list-style-type: none"><li>• Conservation effort such as Together in Restoring the Earth’s Environment (T.R.E.E) and Tree-to-tree programme</li></ul>
	Increasing need of internal specialised capacity to meet more stringent regulatory requirements	<ul style="list-style-type: none"><li>• Develop new skills through training to cater for emerging environmental issues</li></ul>
Climate Change	Frequent extreme weather events, reduced availability of potable water and rising temperatures	<ul style="list-style-type: none"><li>• Close monitoring of environmental issues at our project sites</li><li>• Enhance design and construction standards, such as integration of flood defence measure, improve building thermal envelope, etc.</li><li>• Implement water-efficient measures and develop alternative water supplies</li><li>• Capitalisation on any opportunities that may be presented</li></ul>



An architectural rendering of a modern, sustainable residential development. On the left, a row of two-story townhouses with white facades and large, light-colored louvered balconies. A paved walkway runs alongside the buildings, bordered by a low wall covered in green ivy. People are walking and cycling along the path. To the right of the path is a lush green lawn with large, mature trees and various shrubs. In the background, a colorful sports court is visible where a group of people is playing. The sky is blue with scattered white clouds.

## SUSTAINABILITY OVERVIEW

Sustainability is the responsibility of all stakeholders. Hence, our approach towards long-term sustainability of our business encompasses our entire value chain inclusive of our suppliers and customers. In this regard we aim for long term growth and success by integrating sustainability in our daily operations and practices through a wide range of programmes and initiatives.



CHAPTER  
CONTENT

- SUSTAINABILITY STRATEGY
- MATERIAL ISSUES IN OUR OPERATIONS
- STAKEHOLDER ENGAGEMENT

SUSTAINABILITY STRATEGY

We believe sustainability makes good business sense and believe in its ability amongst others, to help mitigate market risks. We want to ensure that all our developments leave a lasting positive legacy and continue to be relevant for decades to come. This strategy for sustainability takes into account changing demographics, improved building technologies, and changing lifestyles.

GROUP STRATEGIC SUSTAINABILITY GOALS

Our Group Strategic Sustainability Goals, shown below, provide the guiding principles for our Sustainability Blueprint and Goals.

We define sustainability as the ability to fulfil the needs of the present without compromising the ability of future generations to meet their own needs.



SIME DARBY PROPERTY SUSTAINABILITY BLUEPRINT

Working towards ensuring sustainability is progressively achieved, the Sime Darby Property Sustainability Blueprint was conceptualised in 2009. This blueprint shown below, is a five-pronged approach that defines our sustainability direction, guiding us to cultivate industry-leading sustainable development.























SIME DARBY PROPERTY SUSTAINABILITY GOALS (Sustainability Wheel)

In line with our Sustainability Blueprint, we have produced Sustainability Goals aimed to be achieved by 2020. These goals include measurable targets, which we track and report to Senior Management and the Sime Darby Group Sustainability Committee.





The following table outlines our Sustainability Goals alignment to the Group Strategic Sustainability Goals implementation progress and probable next steps in reaching these goals.

SIME DARBY GROUP			Sime Darby Property	
Group Strategic Sustainability Goals	Focus Areas	Sime Darby Property Sustainability Goals	Status in FY 2014	Future Activities
 Actively leverage on sustainability to create value	Sustainability Strategies	Covers all Sime Darby Property Sustainability Goals	<ul style="list-style-type: none"> <li>Divisional 5-year sustainability blueprint deployed and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Reporting to Board and Management</li> <li>Board and Management annual review for FY2015</li> </ul>
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> <li> Materials: 60% of building materials used to be recyclable</li> <li> Products &amp; Services: Design all new construction to meet green building standards (min GBI)</li> <li> Products &amp; Services: Effective transport services design throughout our new developments</li> </ul>	<ul style="list-style-type: none"> <li>Commercialisation of Sime Darby Idea House sustainable features in product launches: 26.2% of Sime Darby Idea House sustainable features were adopted into Sime Darby Property products in FY2014</li> <li>Guideline on sustainable design in product development process established and implemented</li> <li>Building Information Modelling (BIM) being used in township planning</li> </ul>	<ul style="list-style-type: none"> <li>Increase adoption to 50% for all product launches by 2016</li> <li>Continue to promote cleaner technology in relevant markets</li> </ul>
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> <li> Emissions, Effluents &amp; Waste: 8% reduction of carbon emission intensity against 2009 baseline</li> <li> Energy: 20% increase in energy efficiency (kWh/m2)</li> <li> Energy: 30% increase in Renewable Energy usage</li> <li> Tree to Tree Planting: One tree planted for one tree chopped</li> </ul>	<ul style="list-style-type: none"> <li>Total increase of 38,700 tonnes of CO<sub>2</sub>-equivalent (104%) for the year 2013, from 2009 levels</li> <li>1% decrease in carbon emissions intensity from 2009 levels</li> <li>Deployment and monitoring of carbon reduction initiatives division-wide</li> </ul>	<ul style="list-style-type: none"> <li>Reduce emissions intensity by 8% by 2020, from 2009 level.</li> <li>Expansion of carbon reduction initiatives division-wide</li> </ul>
	Water Management	<ul style="list-style-type: none"> <li> Water: 30% reduction in potable water consumption per capita</li> </ul>	<ul style="list-style-type: none"> <li>Accreditation with ISO 50001 Energy Management System for Sime Darby Convention Centre</li> <li>Conduct water risk assessments to better understand impacts to operations</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of ISO 50001 Energy Management System certification to other business units</li> <li>Develop appropriate Water Management strategies</li> </ul>
	Waste Management	<ul style="list-style-type: none"> <li> Materials: 60% of building materials used to be recyclable</li> <li> Emissions, Effluents &amp; Waste: 20% reduction in waste via reduce, reuse and enhanced product design</li> </ul>	<ul style="list-style-type: none"> <li>Pilot project for waste generation in Sime Darby Property Headquarters established</li> </ul>	<ul style="list-style-type: none"> <li>Expansion to selected business units</li> </ul>
 Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	Covers all Sime Darby Property Sustainability Goals	<ul style="list-style-type: none"> <li>To work together with Divisional Sustainability &amp; Quality Management (SQM) Department to improve the identification and assessment of key sustainable risks and reflecting them in eGRC</li> </ul>	<ul style="list-style-type: none"> <li>To cascade the risk to relevant Business and/ or Operating unit (whichever is applicable)</li> </ul>
 Develop Sustainability Thought Leadership	Strategic Participation in Key Sectorial & Thematic Organisations	Covers all Sime Darby Property Sustainability Goals	<ul style="list-style-type: none"> <li>Support Group participation in key Organisations</li> <li>Participation in key industry related associations, e.g. Real Estate Housing Developers Association (REHDA)</li> <li>Benchmarking visit to top property developer in local and international</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support Group participation in key organisations</li> <li>Continue involvement in industry related associations</li> <li>Benchmarking visits to best-practice industry leaders</li> </ul>
 Effective Sustainability Reporting	Stakeholder Engagement	Covers all Sime Darby Property Sustainability Goals	<ul style="list-style-type: none"> <li>Contribute to Group FY 2014 Sustainability Report</li> <li>Participate in external assurance for Group wide initiatives</li> <li>Publish inaugural stand-alone Property Sustainability Report 2014</li> </ul>	<ul style="list-style-type: none"> <li>Continue to contribute to Group level reporting requirements</li> </ul>
 Instill a Performance Culture	Process Improvement	<ul style="list-style-type: none"> <li> Economic: Sustained commercial success</li> </ul>	<ul style="list-style-type: none"> <li>Lean Six Sigma (LSS) projects achieved RM2 million target savings for FY2014</li> </ul>	<ul style="list-style-type: none"> <li>Target to achieve RM4 million in savings from LSS projects in FY2015</li> <li>Target to achieve RM33 million in cumulative savings by FY2017</li> </ul>
	Environment, Safety & Health (ESH)	<ul style="list-style-type: none"> <li> Occupational, Health &amp; Safety: 30% reduction on Loss Time Injury (LTI) from 2010 baseline data</li> <li> Environmental Protection: Zero environmental incident</li> </ul>	<ul style="list-style-type: none"> <li>44.6% increase in Loss Time Injury-Frequency Rate (LTI-FR) from FY2013</li> <li>Zero environmental incident in FY2014</li> </ul>	<ul style="list-style-type: none"> <li>Zero fatalities in FY2015</li> <li>Reduce LTI Frequency Rate by 15% based on FY2014 performance results</li> </ul>
	Sustainability Culture	<ul style="list-style-type: none"> <li> Sustainability Performance: Improved sustainability performance of townships</li> <li> Working Culture: Wide spread sustainable working culture in all levels of employees</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Index (SUSDEX) assessment conducted to 9 townships and 9 business units with average overall score of:               <ul style="list-style-type: none"> <li>Property Development: 68.2%</li> <li>Property Management: 65.3%</li> </ul> </li> <li>SUSDEX evaluation by Sime Darby Group Sustainability Advisor (Forum For The Future)</li> </ul>	<ul style="list-style-type: none"> <li>Development of new SUSDEX Guideline based on GRI G4 framework (91 indicators)</li> <li>SUSDEX workshops and trainings in August 2014 to enhance capacity building</li> <li>Overall SUSDEX improvement based on findings and recommendation from the evaluation report by Forum For The Future</li> </ul>
			<ul style="list-style-type: none"> <li>Deployment of sustainability initiatives aimed at improving division wide sustainability culture</li> </ul>	<ul style="list-style-type: none"> <li>Division-wide Sustainability Culture Assessment (SCA) to gauge the movement in culture level</li> </ul>
			<ul style="list-style-type: none"> <li>Young Sustainability Ambassador (YSA) Green Heart programme have 150 registered members from employee's children</li> <li>YSA has conducted 11 green programmes which involves Planet and People aspects</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of programme and activities with YSA members</li> <li>Future activities will focus on Profit aspect and will involve collaboration with government agencies</li> </ul>



CHAPTER  
CONTENT

- SUSTAINABILITY STRATEGY
- MATERIAL ISSUES IN OUR OPERATIONS
- STAKEHOLDER ENGAGEMENT

# MATERIAL ISSUES IN OUR OPERATIONS

Our materiality aspects take into account:

- the knowledge-base and preferences of stakeholders;
- sector characteristics,
- lifestyle demographics; and
- the surrounding environment within which we operate.

Representatives of senior management and employees across our townships and business units participated in a workshop to identify material aspects for the preparation of the materiality assessment for this inaugural Sustainability Report. Their knowledge, expertise and experiences provided important insight into our day-to-day operations, project performance, and the profiling of stakeholders with whom they engage. Pertinent impacts, aspects and factors (both internal and external) that are crucial to our sustainability performance were also identified during this workshop.

We pay attention to material aspects that we expect to create the most impact economically, socially and environmentally.

As part of our sustainability strategy and to address the key material aspects for our business, we have launched a number of sustainability initiatives, with prominent initiatives directly related to our material aspects identified here. The material aspects identification has also highlighted certain areas for future enhancement.



## ECONOMIC

Material Aspect	Overview	Key Initiatives	Reference Section
Indirect Economic Impacts	We leverage on sustainable development in our project planning to create indirect economic benefits to our customers and surrounding communities.	<ul style="list-style-type: none"><li>• EMPs</li><li>• Incorporate Transit Oriented Development (TOD) concept into our townships</li><li>• Development of affordable housing</li></ul>	<ul style="list-style-type: none"><li>• Corporate Engagement and Achievements</li><li>• Sustainability Innovation</li></ul>
Economic Performance	We are geared towards achieving strong financial returns through high performance standards and operational excellence.	<ul style="list-style-type: none"><li>• Diversified portfolio e.g., affordable housing, mixed development, TOD, Battersea, etc.</li><li>• Introduce Idea House sustainable features into our products</li><li>• Product Development Guidelines</li><li>• Incorporation of Building Information Modelling (BIM) and Design Catalogue during design stage</li><li>• Lean Six Sigma (LSS) and continuous improvement projects</li></ul>	<ul style="list-style-type: none"><li>• Corporate Engagement and Achievements</li><li>• Sustainability Innovation</li></ul>



## ENVIRONMENT

Material Aspect	Overview	Key Initiatives	Reference Section
Compliance (Environmental)	Our commitment on environmental compliance is reflected through guidelines, continuous monitoring and assessment during our operations.	<ul style="list-style-type: none"><li>• ESH Performance Reporting</li><li>• Environmental Impact Assessments (EIAs)</li><li>• Environmental Management Plans (EMPs)</li><li>• Training to vendors and contractors on environmental procedures and compliance</li></ul>	<ul style="list-style-type: none"><li>• Our People</li><li>• Measuring Our Sustainability</li><li>• Our Vendors</li></ul>
Water	We monitor and manage our water usage during development and services, and introduce water efficient features in our products.	<ul style="list-style-type: none"><li>• Tracking of water usage via ESH Performance Reporting</li><li>• Translation of Idea House features (water efficient fittings) into our products</li><li>• Water management project</li><li>• Sustainability Index (SUSDEX) assessment</li></ul>	<ul style="list-style-type: none"><li>• Our People</li><li>• Measuring Our Sustainability</li><li>• Sustainability Innovation</li></ul>
Energy	We strive for efficient energy management through power savings, energy efficiency and alternative energy use, which ultimately support our carbon reduction strategy.	<ul style="list-style-type: none"><li>• Implementation of energy efficiency projects (which is part of LSS project)</li><li>• ISO 50001:2011 Certification to our buildings</li><li>• Incorporation of energy efficient features into our products</li><li>• SUSDEX assessment</li><li>• Tracking of energy efficiency and renewable energy initiatives via internal register</li></ul>	<ul style="list-style-type: none"><li>• Corporate Engagement and Achievements</li><li>• Sustainability Innovation</li><li>• Measuring our Sustainability</li><li>• Performance Metrics</li></ul>



## SOCIAL

Material Aspect	Overview	Key Initiatives	Reference Section
Product and Service Labelling	We ensure our products' features are communicated appropriately to our customers, and establish relevant channels to gauge our customers' satisfaction, needs and preferences.	<ul style="list-style-type: none"><li>• Home Owner's Manual</li><li>• Customer Satisfaction Survey</li><li>• 'Customer First' Programme</li><li>• Sime Darby Property Housing Income Index Study</li></ul>	<ul style="list-style-type: none"><li>• Our Customers</li></ul>
Customer Health and Safety	We recognize the importance of customers' health and safety, and introduced various internal guidelines to ensure all our products and services meet regulatory, safety and quality requirements.	<ul style="list-style-type: none"><li>• Product Development Guidelines</li><li>• Internal assessment on quality and external assessment (QLASSIC)</li><li>• Environment, Safety and Health (ESH) Performance Reporting</li><li>• Home Owner's Manual</li><li>• Customer Satisfaction Survey</li></ul>	<ul style="list-style-type: none"><li>• Measuring Our Sustainability</li><li>• Sustainability Governance</li><li>• Our People</li><li>• Our Customers</li></ul>



Material Aspect	Overview	Key Initiatives	Reference Section
Occupational Health and Safety	We operate towards zero harm goal throughout our operations to ensure the safety and health of our employees, contractors and communities.	<ul style="list-style-type: none"><li>• ESH Performance Reporting</li><li>• ESH Performance Culture Level</li><li>• ESH Capacity and Competency Building for Senior and Line Management</li><li>• Incident Investigation and Post Accident Recovery</li></ul>	<ul style="list-style-type: none"><li>• Our People</li></ul>
Local Communities	We engage with different community segments during the course of our operations, from the pre-development of our townships until post development activities.	<ul style="list-style-type: none"><li>• Stakeholder engagement during pre-development, development activities and post development</li><li>• Corporate Responsibility (CR) activities with public at large</li><li>• Young Sustainability Ambassador (YSA) Programme</li></ul>	<ul style="list-style-type: none"><li>• Stakeholder Engagement</li><li>• Other Community Segments</li><li>• Sustainability Communications and Education</li></ul>
Compliance (Product Responsibility)	We strive to ensure the adherence of our products to laws and regulations through various guidelines and assessment on compliance.	<ul style="list-style-type: none"><li>• Internal assessment on quality and external assessment (QLASSIC)</li><li>• Environmental Management Plans (EMPs)</li><li>• Product Development Guidelines</li><li>• ESH Performance Reporting</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our People</li><li>• Measuring Our Sustainability</li><li>• Sustainability Innovation</li></ul>
Labour Practices Grievance Mechanisms	We establish appropriate mechanisms for managing our employees' grievances via transparent and ethical principles.	<ul style="list-style-type: none"><li>• Grievance Policy and Whistle Blowing Procedure</li><li>• Global Employees Engagement Survey (GEES)</li><li>• Collective Bargaining Agreement</li><li>• Internal Customer Satisfaction Survey (ICSS)</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our People</li></ul>
Compliance (Society)	We ensure our compliance to laws and regulations through various guidelines and assessment.	<ul style="list-style-type: none"><li>• Group Policies and Authorities (GPA)</li><li>• Code of Business Conduct (COBC)</li><li>• Group Procurement Policies and Authorities (GPPA)</li><li>• Vendor Letter of Declaration (VLOD)</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Supplier Assessment for Impacts on Society	We recognize the responsibility to manage our impacts on society, which include ensuring the adherence of our vendors to our principles during operations.	<ul style="list-style-type: none"><li>• Vendor Engagement and Development</li><li>• GPPA</li><li>• VLOD</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Public Policy	We avoid political support and dealings in our business to ensure the integrity and transparency of our operations.	<ul style="list-style-type: none"><li>• GPA</li><li>• COBC</li><li>• GPPA</li><li>• VLOD</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Grievance Mechanisms for Impacts on Society	We ensure effective grievance mechanisms are available to remediate the impacts of our development and services on society.	<ul style="list-style-type: none"><li>• Pre-development engagement with local communities</li><li>• Regular engagement with townships' residents</li><li>• Customer Satisfaction Survey</li></ul>	<ul style="list-style-type: none"><li>• Stakeholder Engagement</li><li>• Our Customers</li></ul>

Material Aspect	Overview	Key Initiatives	Reference Section
Security Practices	We ensure the security force that we engage abide by our procedures and expectations of human rights performance.	<ul style="list-style-type: none"><li>• COBC</li><li>• GPA</li><li>• Vendors pre-qualification, engagement and development</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Anti-corruption	We recognize the importance of ethical and transparent business practices by implementing guidelines and policies for our operations.	<ul style="list-style-type: none"><li>• GPA</li><li>• COBC</li><li>• GPPA</li><li>• VLOD</li><li>• Risk Framework</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li><li>• Corporate Engagement and Achievements</li></ul>
Customer Privacy	We ensure the respects to our customers' privacy and data through relevant principles and guidelines.	<ul style="list-style-type: none"><li>• GPA</li><li>• COBC</li><li>• Corporate Governance Principles</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li></ul>
Marketing Communications	We strive towards accurate advertising and communication of our products and services to all our stakeholders.	<ul style="list-style-type: none"><li>• Various internal and external communication channel</li><li>• PRIME Programme</li><li>• Home Owner's Manual</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Communications and Education</li><li>• Our Customers</li></ul>
Employment	We aim to attract, develop and retain the best people in our organization, in line with our expectations of creating an engaging and motivating workplace.	<ul style="list-style-type: none"><li>• Employees' welfare and benefits</li><li>• Capacity building for our employees</li><li>• GEES to engage employees' engagement and satisfaction level</li><li>• Ensuring the safety and health of our employees</li></ul>	<ul style="list-style-type: none"><li>• Our People</li></ul>
Market Presence	We contribute to the economic well-being of our employees in our effort to build employees' loyalty.	We offer competitive welfare and benefits to our employees, which exceeds minimum requirements	<ul style="list-style-type: none"><li>• Our People</li></ul>
Supplier Assessment for Labour Practices	We manage our impacts on labour practices, which include ensuring the adherence of our vendors to our principles during operations.	<ul style="list-style-type: none"><li>• Vendor engagement and management</li><li>• GPPA</li><li>• VLOD</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Procurement Practices	We exercise great responsibility and ethics in our procurement practices through policies and procedures.	<ul style="list-style-type: none"><li>• Selection of vendor via pre-qualification exercise</li><li>• Vendor engagement throughout our business</li><li>• GPPA</li><li>• VLOD</li></ul>	<ul style="list-style-type: none"><li>• Sustainability Governance</li><li>• Our Vendors</li></ul>
Training and Education	We recognize that developing employees' capabilities and skills are key to ensure efficient work performance and job competency.	<ul style="list-style-type: none"><li>• Training and certification programme for employees</li><li>• Talent Assessment Process to evaluate employees' potential and establish a pool of talent</li><li>• Organized Building Construction Technology (BCT) seminar that brought together leading construction industry experts</li></ul>	<ul style="list-style-type: none"><li>• Corporate Engagement and Achievements</li><li>• Our People</li></ul>



CHAPTER  
CONTENT

- SUSTAINABILITY STRATEGY
- MATERIAL ISSUES IN OUR OPERATIONS
- STAKEHOLDER ENGAGEMENT

# STAKEHOLDER ENGAGEMENT

We recognise the importance of our stakeholders as our operations, products and services impact the daily lives of our communities. The snapshot of our stakeholder groups that we engage with are detailed below.



<sup>1</sup>Refers to indirect relationship



Identification of stakeholders.

We also take great care to engage with internal and external stakeholders on a regular basis, throughout our operations and developments.



### PRE-DEVELOPMENT ACTIVITIES

Engagement with investors, local communities and union in relation to land transfer and encumbrances, and discussion with local authorities on matters pertaining to relocation strategy.



### DEVELOPMENT ACTIVITIES

Engagements to ensure accurate submission and approvals from governing authorities, and engagement with customers, local authorities, business partners and consultants on the development plan.



### POST-DEVELOPMENT ACTIVITIES

Attend to and resolve after-sales complaints and queries. These include responsive problem-solving with house buyers, engagement with the Resident Associations in the townships as well as the community-at-large.



The spectrum of stakeholder engagement that were initiated in FY2014 are detailed below.

Stakeholder Group	Types of Engagement	Topics Discussed
Business Partners	Meetings, joint-venture signing ceremony, ground breaking ceremony, product launch	Current and future development projects, land transfers, Sime Darby Property sustainability strategy and opportunities for participation and transfers
Customers (current and potential)	Customer Satisfaction Survey (CSS), periodic meetings, dialogues and engagements, exhibitions, customer visits	Networking activities, product and services information, resolving grievances, customer welfare
Employees (current and potential)	Annual employee engagement survey, Sustainability Culture Assessment (SCA) survey, Human Resources Open Day, Sime Darby Induction Programme, Property Townhall, trainings, briefings, festive, sports and recreation events	Employee well-being, sustainability strategy and awareness, networking, work-life balance, development opportunities, business conduct, anti-corruption
Industry Association	Regular participation in industry association meetings, seminar (e.g. Building Construction Technology Seminar Series), sponsorship (e.g. International Conference on World Class Sustainable Cities)	Sustainability, innovation, supply chain, latest trend in construction method and process, latest building and construction technology
Governments and Regulators	Periodic meetings, dialogue, corporate visits, Corporate Responsibility events, on-site inspections, audit and compliance monitoring	Accessibility and connectivity of new development, sustainability agenda, land rights, local communities, support of nation-building efforts
Civil Society Organisations/ Non-Governmental Organisations (NGOs)	Educational visits to Sime Darby Property and Idea House, discussions, meetings, charitable contributions	Local communities, sustainability or environmental issues, support of Corporate Responsibility programmes
Trade Unions	Meetings and roundtable discussions	Collective bargaining and workplace issues
Suppliers	Meetings, briefings, vendor management (registration, pre-qualification, appraisal), contract management , Vendor Development Programme	Tracking and monitoring of suppliers on ethical compliance to established procedures, supply chain certification

Stakeholder Group	Types of Engagement	Topics Discussed
Media	Press releases for corporate and community events, interview arrangements, media previews, launch of new products	Current and future development projects, land transfers, Sime Darby Property sustainability strategy and opportunities for participation and transfers
Investors	Meetings, investor prospectus, annual/quarterly result reports through Sime Darby Group	Governance structure, sustainability risks and opportunities, strategic portfolio growth, operational developments and risk/opportunities
Communities	Dialogues, meetings, negotiations, periodic engagement and meetings with residential committee, community networking events	Land rights and access, community events, discussion on community issues, charitable contributions

More detail about the engagement with some of our stakeholders are highlighted in the next section, “Our Communities”.



# OUR COMMUNITIES

We define our communities to include our people, our customers, our business suppliers and the public at large.



Engaging our stakeholders to create greener, more sustainable communities.



CHAPTER  
CONTENT

• OUR PEOPLE

• OUR CUSTOMERS

• OUR VENDORS

• OTHER  
COMMUNITY  
SEGMENTS

# OUR PEOPLE

Our people are our greatest asset and key to maintaining our competitive advantage. Attracting and developing talented people is central to our success. For our people we have put in place various policies covering:

- recruitment;
- training and development;
- labour practices;
- human rights; and
- workplace health and safety.

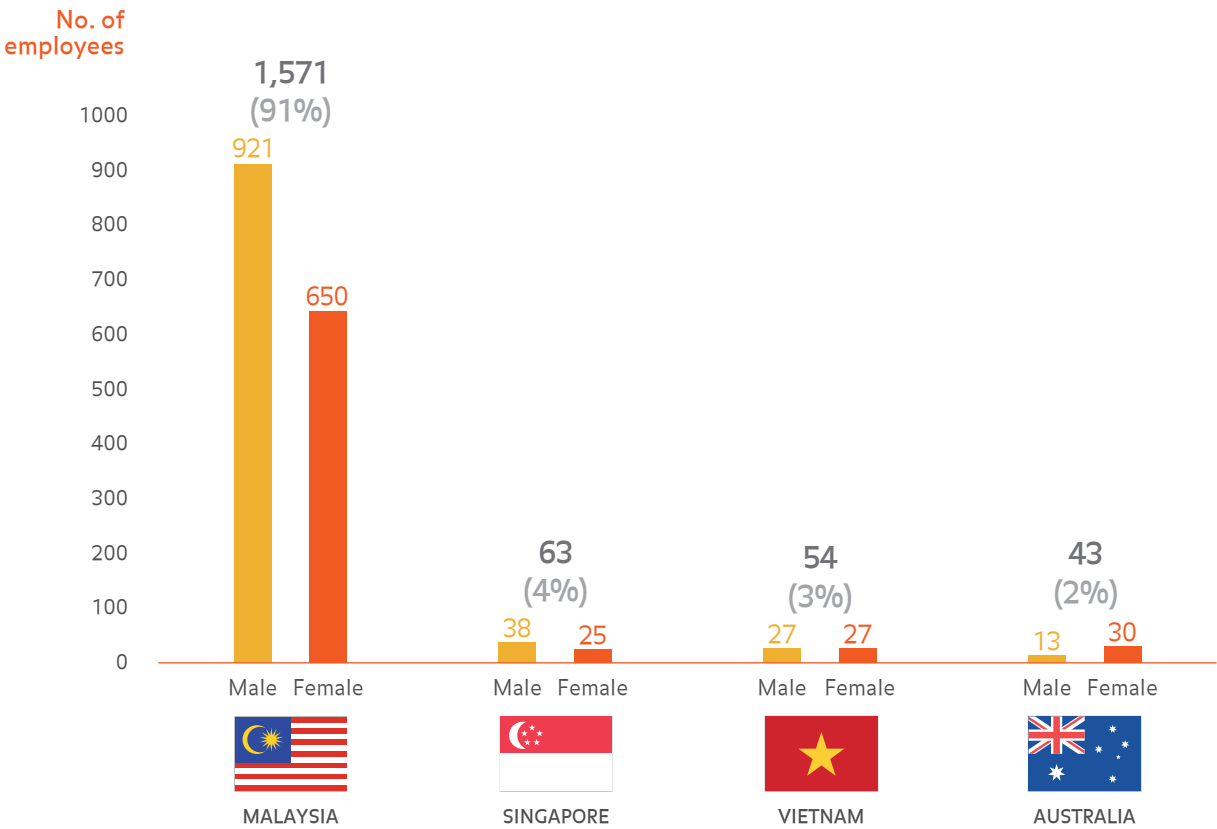
In order to attract and retain employees of a high calibre, we provide career opportunities and appropriate training to enable them to develop their potential.

We believe in creating a harmonious and engaging workplace to motivate our people and maintain their passion for work.

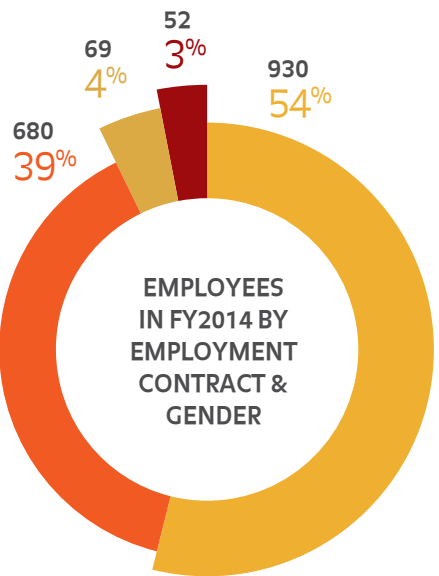
## EMPLOYEE PROFILE

As at 30th June 2014, our Malaysian operations had the highest head-count, followed by Singapore, Vietnam and Australia respectively. The majority of our workforce is based in Malaysia where the bulk of our business is concentrated.

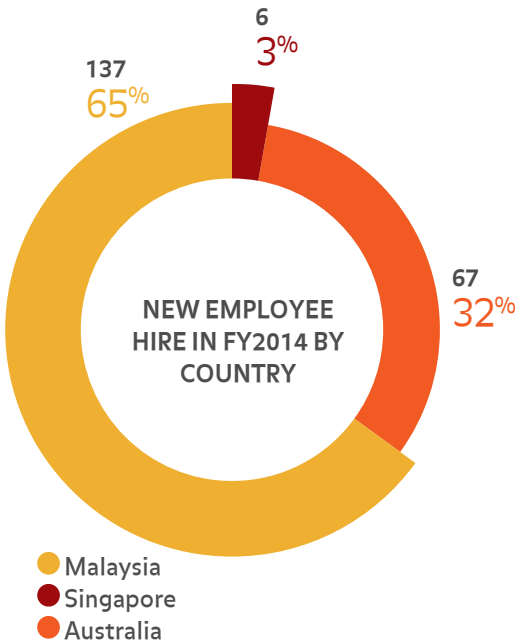
EMPLOYEES IN FY2014 BY COUNTRY & GENDER



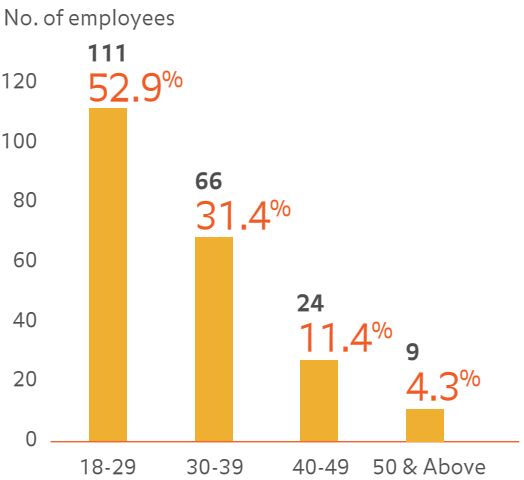
In FY2014 we had a higher proportion of male employees compared to female. Nevertheless, we are committed to provide equal employment opportunities based on merit. The majority of our employees are on permanent employment contracts. Most of the on-site construction work in Property Development is undertaken by building contractors and their employees.



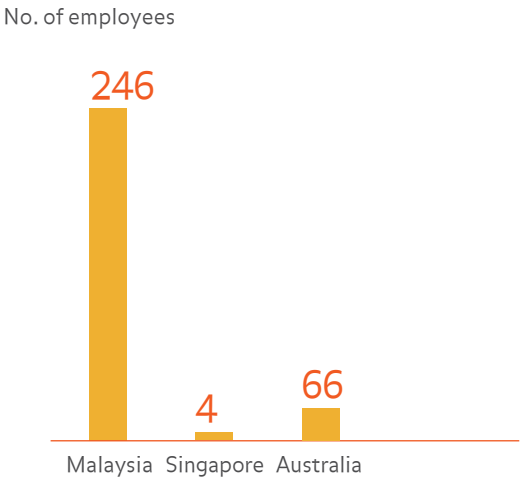
- Permanent Contract - Male
- Permanent Contract - Female
- Temporary Contract - Male
- Temporary Contract - Female



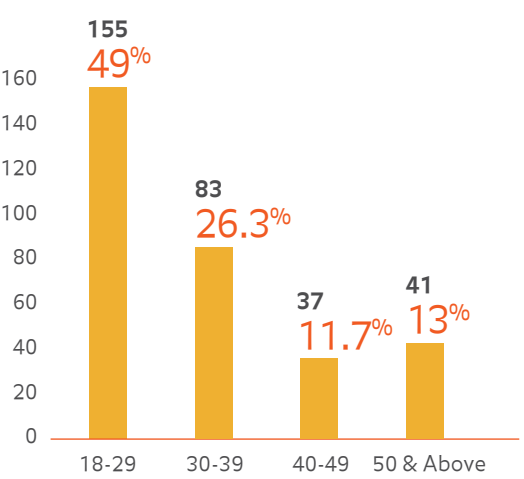
NEW EMPLOYEE HIRE IN FY2014 BY AGE GROUP



EMPLOYEE TURNOVER IN FY2014 BY COUNTRY



EMPLOYEE TURNOVER IN FY2014 BY AGE GROUP

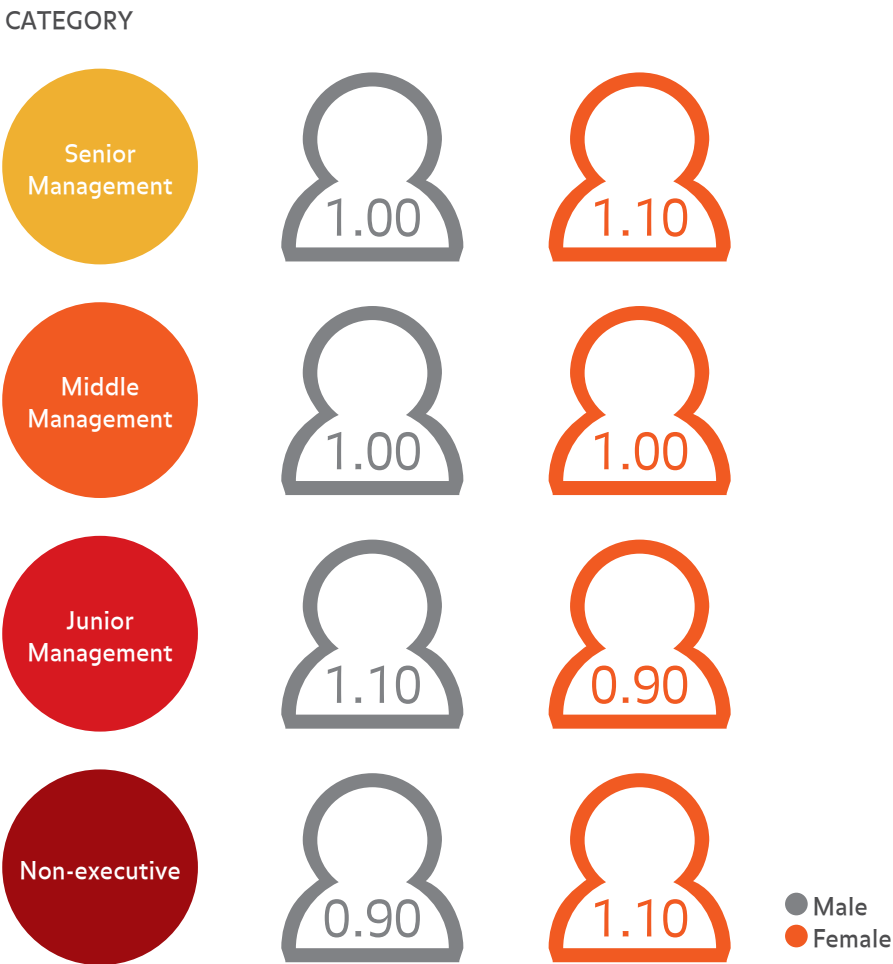




LABOUR PRACTICES AND DECENT WORK

As a policy, we follow the regulations that cover minimum wages in all our operational locations.

RATIO OF BASIC SALARY ACCORDING TO GENDER AND EMPLOYEE CATEGORY



EMPLOYEE WELFARE AND BENEFITS

We actively pursue strategic human resource management by implementing non-discriminatory hiring policies and competitive human resource practices. We aim to be a reputable employer in order to attract a competent workforce.

In order to retain talent, we offer employment benefits that generally exceed the minimum as stipulated under the Malaysian Labour Act.

As an example, our full-time employees enjoy working environments and benefits which include the following:

- 1 Insurance;

2 Healthcare;

3 Hospitalisation;

4 Health Screening;

5 Maternity and Paternity Leave (including 3 days of paternity leave);

6 Maternity Expenses;

7 Compassionate Leave;
- 8 Study Leave;

9 Exam Leave;

10 Haj Leave;

11 Car & Housing Loan Interest Subsidy;

12 Education Assistance;

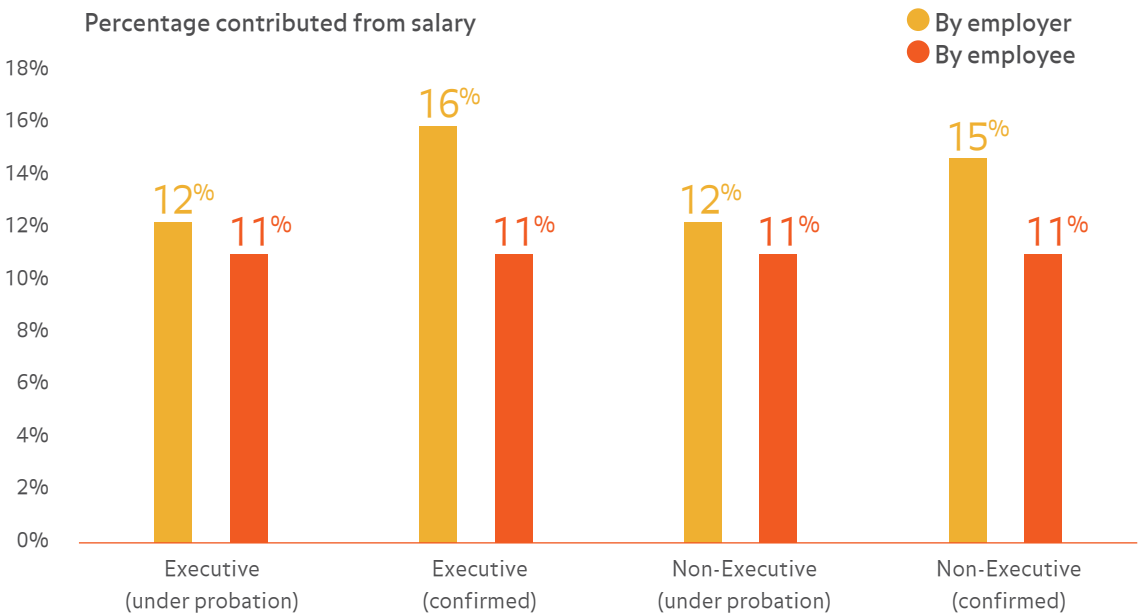
13 Professional Affiliation Membership;

14 Condolence token; and

15 Long Service Awards.

Our contribution to our Malaysian employees' retirement plan is shown below.

CONTRIBUTION TO EMPLOYEES' RETIREMENT PLAN  
Percentage contributed from salary



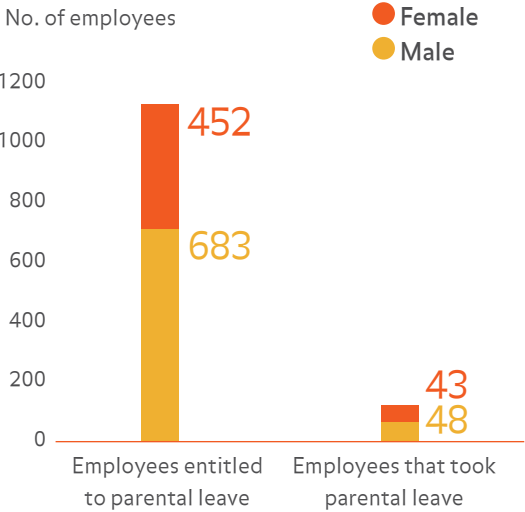
Note: Employee which is under probation period will be given a contribution of 13% (by employer), if the employee's monthly salary/ wage is below RM5,000 a month.

We develop and retain motivated employees as we value them.



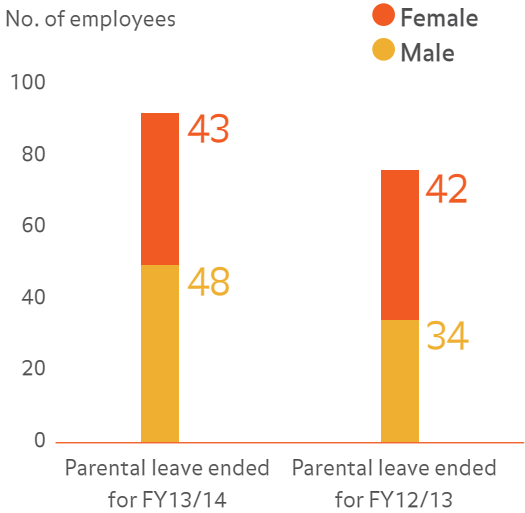
A total of 65.6% of our workforce was entitled to parental leave benefits accorded to all married staff in FY2014.

PARENTAL LEAVE BREAKDOWN IN FY2014  
BY GENDER



A positive impact to our employment package can be seen in that all of those who took parental leave returned to work and all of them continued to remain in our employment beyond 12 months after their return.

RETURN TO WORK AFTER PARENTAL LEAVE  
BREAKDOWN BY GENDER



Apart from employee benefits and leave entitlement, we actively engage our employees on various welfare programmes, such as the 'Lunch Talk Series'. The talk series was initiated in January 2014 which provides our employees with information and tips on managing better work-life balance, including health and safety. A total of four talk series were conducted in FY2014, which were presented by industry experts.

Additionally, we also offer various programmes to our employees' families such as educational clinics for employees' children exam preparations, and the Young Sustainability Ambassadors (YSA) Programme. Details of the YSA programme are given in "Our Sustainable Practices" in the next section.

CAPACITY BUILDING

To ensure job competency and efficient work performance, we conduct twice-yearly performance reviews. In FY2014, 99.1% (out of a total of 1731 employees) satisfactorily completed their performance reviews.

We have placed a strong emphasis in developing employees' capabilities and skills via training and human capital investment. Hence, we provide career development opportunities for all employees through functional, technical and personal effectiveness training. We also provided cross-exposure assignments, technical workshops and seminars based on job competencies, which are charted against the employees' personal development plans.

Our Talent Assessment Process ensures consistency and objectivity in the evaluation of our employees' potential to build a stronger leadership pipeline.

We organise leadership and certification programmes for skills enhancement according to competencies and managerial goals. Such training includes the following, among others:

- Development Executive Programmes;
- Technical Supervisory Programmes;
- Property Investment Programme;
- Contract Management Programme;
- Diploma in Marketing; and
- Certificate of Real Estate Investment Finance (CREIF).

In addition, we have conducted Life Continuity Management Programme training for employees aged 45 years and above, to assist them to develop their holistic retirement plans encompassing physical, intellectual, emotional and spiritual (PIES) aspects of life. These will enable them to optimise their senior years and create fulfilling retirement lifestyles.

AVERAGE TRAINING HOURS IN FY2014

23 HOURS / EMPLOYEE

HOURS SPENT TO TRAIN EMPLOYEES  
IN MALAYSIA OPERATIONS

37,032 HOURS

AVERAGE HOURS SPENT TO TRAIN EMPLOYEES  
IN MALAYSIA OPERATIONS

30.81 HOURS / EMPLOYEE

AVERAGE TRAINING HOURS FOR  
NON-EXECUTIVE LEVEL

18.06 HOURS / EMPLOYEE

AMOUNT SPENT ON STAFF TRAINING  
AND DEVELOPMENT

RM 1.9 MILLION

AVERAGE AMOUNT SPENT ON STAFF  
TRAINING AND DEVELOPMENT

RM 1,180 / EMPLOYEE



HUMAN RIGHTS

The Sime Darby Group is committed to upholding the United Nations Guiding Principles on Business and Human Rights. To this effect, Sime Darby Property has adopted the United Nations Global Compact (UNGC) principles.

We ensure the welfare and human rights of our employees through our policies. In exercising such formalities, we have put in place, for example, our Child Protection Policy to raise awareness on child safety, well-being, and protection.

We are pleased to report that none of our employees has filed any cases pertaining to labour or employment grievances in FY2014. Nevertheless, we have established a Grievance Procedure for employees to voice their grievances and for resolution within a reasonable time-frame.

With regard to collective bargaining agreements, 38 employees out of 393 eligible employees in our headquarters (Sime Darby Property Berhad, SDPB) are covered in a Collective Agreement between SDPB and the National Union of Commercial Workers (NUCW) 2011-2014.



We regard human rights policies and procedures as important to safeguard the well-being and work satisfaction of our employees.

EMPLOYEE ENGAGEMENT

As a measure of our employee engagement and commitment, we have undertaken a Global Employees Engagement Survey (GEES) programme which has been conducted in all divisions under Sime Darby Group since FY2011. The GEES indicates the depth of employees' engagement through key behaviours and drivers. It is based on AON Hewitt Employee Engagement Framework, with the premise that, when there is strong engagement, the employee speaks positively about its organisation, has intense desire to be a member of the organisation and exerts extra effort and behaviours that contribute towards the success of the organisation.

Our Global Employees Engagement Survey (GEES) programme yielded a high response rate of 91% in FY2014.

In future, further enhancement of employee engagement initiatives will continue to take place through continuously planned Result-to-Action programmes.

Our high response rate and results of GEES in FY2014 confirmed greater internal acceptance of our values, corporate goal setting and objectives.

SAFETY AND HEALTH

We aim to continuously improve the Safety and Health aspects in our operations to provide safe and healthy products and services, as well as a healthy and safe work environment. This can be seen in our holistic risk management program that is carried out through a Safety and Health Management Plan at our construction sites.

In addition, other business operations within our organization adopt robust methodologies to manage hazards and risks to ensure safe and healthy working environments. In this regard, the majority of our business units are certified with Occupational Health & Safety Management Systems (OHSAS 18001: 2007) and Malaysian Standard on Occupational Health & Safety Management Systems (MS 1722: 2011).

Our ultimate goal in Safety and Health is zero harm.

ESH PERFORMANCE REPORTING

Our Environment, Safety and Health (ESH) performance is measured in line with Sime Darby Group's ESH Guidelines via our ESH Performance monthly reporting that covers Property Development and Property Investment, inclusive of our overseas operating units and Joint Venture Management business unit.

The ESH Report covers a wide range of issues, such as (but not limited to):

- ESH Legal Compliance Status;
- Occupational Safety and Health Performance Ratings such as Loss Time Injury Rate, Accident Frequency Rate and Severity Rate;
- Environmental performances such as results of Environmental Assessments and Final Discharge Monitoring;
- ESH Audits carried out by internal and external parties; and
- Initiatives carried out to improve ESH performance and knowledge.

ESH PERFORMANCE CULTURE LEVEL

The cultivation of an ESH Culture is of utmost importance so much so, that our management is guided by an ESH Performance Culture matrix. Assessment of ESH Performance Culture is carried out on a quarterly basis to monitor the culture level achieved. Upon completion of this assessment, the management reviews the results and identifies initiatives for improvement in order to increase our current ESH Performance Culture Level 3 to Level 4 by FY2018. Our ultimate goal is to achieve ESH Performance Culture 5.

Sustainability & Quality Management Department (SQM) is actively enhancing their engagement activity with every department and business unit, to guide targeted personnel towards good ESH management practices. These enable them to influence the rest of our employees to self-manage hazards and risks that they may face at their workplace, and ultimately instil a "zero harm" mind-set.



INCIDENT INVESTIGATION AND POST ACCIDENT RECOVERY PLAN

We view incidents and accidents as lagging indicators that need to be managed effectively. In line with Sime Darby Group’s policies, we have established an incident and accident management program that outlines specific steps to be taken by stakeholders should any mishap occur. Key issues from every incident and accident are analysed, reviewed and acted upon (with lessons learnt being communicated to all employees), whilst the risk assessment process highlights prevention requirements. Both initiatives are geared towards reducing our incident and accident rates. As at June 2014, our Lost Time Injuries Frequency Rate (LTI-FR) was 0.81.

We aim to reduce the LTI-FR by 15% in every financial year.

Through these initiatives, we note that none of our employees experienced or were exposed to any significant incident or risk related to developing specific diseases in FY2014.

ESH CAPACITY AND COMPETENCY BUILDING

We enhance our human capital on ESH management through ESH capacity and competency building. ESH competencies and requirements are identified prior to the training and coaching to senior and line management. Guidance by ESH principles during decision making enables them to convey ESH values when managing their teams. In FY2014 training sessions on Principles of Safety & Health, and Safety Felt Leadership were conducted for senior and line management.

PRODUCT SAFETY AND HEALTH

We ensure that the products and services we deliver meet all regulatory, safety and quality requirements through various internal guidelines that we have put in place.

- In FY2014, no incident was reported for non-compliance with regulations and voluntary codes concerning the following:
- the health and safety impacts of products and services during their life-cycle;
  - the banning or disputes over our products and services; and
  - products and service information and labelling.

Further information on our Safety and Health performance is given in the “Performance Metrics” in this Report.

CHAPTER CONTENT

- OUR PEOPLE
- OUR CUSTOMERS
- OUR VENDORS
- OTHER COMMUNITY SEGMENTS

OUR CUSTOMERS

TAKING CARE OF OUR CUSTOMERS

Our customer philosophy is founded on the premise that customer satisfaction is a central driver for success and that we exist because of our customers. As such we offer a wide range of products and services that cater to all levels of society, blending affordability with quality.

- Under Property Development, each township has its own dedicated Townships Community Services (TCS) team which liaises with the immediate community, including the local residents’ associations. The TCS teams also handle issues during the defect liability period. They also regularly organise community engagement activities such as:
- sports activities;
  - collective community cleanliness campaigns (locally called “gotong-royong”);
  - festive celebrations; and
  - support security networks.

We enhance the quality of our products and services via continuous process improvements and innovation adoption.



Personal customer attention.



We benchmark our customer service standard through the International Customer Service Standard (ICSS), an Approved Standard of the International Standards Accreditation Board (ISAB) – Australia. It measures the progress made to date by organisations in relation to standards of service excellence through four key components, which are:

- service;
- financial;
- operational; and
- learning and growth.

We have been applying the ICSS criteria since December 2013 and are now in the implementation stage, having successfully established both intention and effectiveness in implementing the required service attributes. Our future goal is to improve our score and

reach the ‘integration’ stage when customer service will be a second nature to our people.

For our township phases, we have developed an exclusive Home Owner’s Manual. These information packs are intended to ease home owners’ integration into their new environments. They contain salient information regarding the features of the particular properties, with an introductory guide to the vicinity facilities and infrastructure. Specifications of our properties such as size and finishing are provided in the Sales & Purchase Agreements.

The following is a list of customer-oriented programmes and initiatives that we have conducted in FY2014:



PRIME PROGRAMME

“PRIME” is our customer loyalty programme that accords exclusive benefits and privileges to Sime Darby Property homeowners on subsequent property purchases, such as cash incentives, invitations to new launches and priority bookings. It serves as an incentive for existing buyers to continue choosing our brand and nurtures brand loyalty.



CUSTOMER FIRST PROGRAMME

We have launched the ‘Customer First’ Programme; a cultural change exercise consisting of three strategy pillars focusing on People, Operational Excellence and Customer Insights. Each pillar identifies and targets specific objectives that guide and measure our minimum set levels of customer service and customer satisfaction with a view to raise the bar.



‘Customer 1st’ programme, a programme focused on enhancing a Customer 1st Culture.



Engaging customers.



HANDLING CUSTOMER FEEDBACK

We greatly value and are concerned with all feedback from our customers, associates and partners, whether positive or negative. The following key issues were raised in FY2014:

- Accessibility and connectivity;
- Community concerns and complaints;
- Defects;
- Security; and
- Parking and amenities issues.

To gather and resolve feedback and complaints, we have developed an integrated system that collates feedback from all 'Touch Points' into a single database.

For Property Development (in townships), the level of customer satisfaction is measured via surveys at seven "Touch Points". These are the key milestones along the property purchase process throughout the timeline of our developments. Conversely, the customer satisfaction survey for Property Investment,

In Sime Darby Property, customer feedback and complaints are filed and monitored until they are satisfactorily resolved.

specifically under the Hospitality and Leisure business unit, is handled differently with different touch points. The figure below illustrates the touch points and customer satisfaction survey (CSS) feedback flow for our townships and business units.



Customer service forms a key pillar upon which we have built a track record, together with innovation and sustainability.

The results of the CSS are further processed into:

- 1 Customer Satisfaction Index (CSI) – a measure of customer satisfaction level following interaction across all touch points; and
- 2 Net Promoter Score (NPS) – a measure of the extent of customer advocacy and its main driver attributes.

These data sets are pertinent indicators that guide us in fostering better customer responsiveness and client relationships. These are reported and reviewed on a monthly basis via our internal "Property Knowledge Interchange" (PKI), our portal where key information and data are shared across the company. Our target to be maintained is 80% for the Customer Satisfaction Index (CSI).

CSI RESULT FOR SIME DARBY PROPERTY IN FY2014





CHAPTER  
CONTENT

• OUR PEOPLE

• OUR CUSTOMERS

• OUR VENDORS

• OTHER  
COMMUNITY  
SEGMENTS

# OUR VENDORS

Our present level of success in property development is largely dependent on the effectiveness of the business supply chain, which relies on the services and products rendered to us by selected vendors (consultants, contractors and suppliers) working together in an efficient and harmonious manner.

We continuously build sustainable, long-term and mutually beneficial partnerships with our vendors to create value and operational excellence.



To ensure the success of our business supply chain, we have put in place a number of key controls and measurements as highlighted in the following page:

## KEY CONTROLS FOR OUR VENDORS

### VENDOR PRE-QUALIFICATION

Vendors are selected for their services through a rigorous pre-qualification exercise that takes into account the following:

- their technical and financial capabilities;
- their quality of work; and
- sustainability aspects such as sources of the materials they supply.

The pre-qualification methodology ensures that vendors will undertake work aligned to their key competencies and specialisation. They are also graded according to their respective financial and human resource strengths in order to ensure the sustainability of their work delivery. Vendors who have successfully undergone pre-qualification procedures are then included in our 'Masterlist of Contractors' and 'Masterlist of Consultants'.

## VENDOR ENGAGEMENT AND DEVELOPMENT

In ensuring that we meet our overall strategic goal, we engage with our vendors to understand the difficulties they are facing and to develop solutions to move forward. This eventually adds value to their delivery of services.

Vendors who demonstrate excellent and promising delivery are enrolled into our 'Vendor Development Programme' (VDP). Here their performance is tracked and assisted at key milestone stages.

In terms of being able to influence our vendors, we support the need to evaluate our suppliers based on significant actual and potential negative impacts related to labour practices. We anticipate including these criteria in the evaluation process in the near future.

## SUSTAINABLE PROCUREMENT STRATEGY

The products and services that we procure for our projects are scrutinised and evaluated on their use of natural resources, and impact on the environment. This ensures adherence to green and sustainable practices of our industry. Our vendors are also checked for their work processes to ensure compliance with the Quality and Environmental, Safety and Health (ESH) standards of the industry.

Independent bodies and specialists are engaged to check on any possible adverse sustainability impact our products and services (including our townships as a whole) may exhibit. They include Green Building Index (GBI) consultants, Construction Industry Development Board (CIDB), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) specialists. Indeed, the EIA process is often a mandatory requirement under Malaysia Environmental Legislation due to the scale of our township developments.

## PROCUREMENT GOVERNANCE

The principles of good procurement governance are sustained through guided policies from Sime Darby Group, such as;

- Group Procurement Policies and Authorities (GPPA);
- the Code of Business Conduct (COBC); and
- Vendor Letter of Declaration (VLOD) process.

Sime Darby Group's GPPA incorporates procurement objectives and Sime Darby Group's corporate objectives. It also includes procurement best practices such as (among others);

- driving value creation;
- minimising total cost of ownership;
- increasing procurement process efficiency; and
- enhancing transparency.

Through the COBC, our vendors are expected to adhere to standards of behaviour aligned to promote a fair, honest and ethical business environment where corruption is not an acceptable practice.

The VLOD is a form of affirmation by any vendor who intends to conduct business transaction with us. They must agree to comply with all applicable laws or regulations. It stipulates that the vendor is prohibited from engaging in any acts or offences of bribery, corruption or fraud that will adversely affect the reputation of our firm. It is compulsory for vendors to sign the VLOD upon registration before they can be selected for inclusion in our 'Masterlist of Contractors' and 'Masterlist of Consultants'.



CHAPTER  
CONTENT

- OUR PEOPLE
- OUR CUSTOMERS
- OUR VENDORS
- OTHER  
COMMUNITY  
SEGMENTS

# OTHER COMMUNITY SEGMENTS

Our commitment and accountability to community is reflected through our Corporate Responsibility (CR) initiatives. All our operations across Sime Darby Property and Sime Darby Group share the same spectrum of responsibility to ensure the balance of our operations and responsibility.

Our CR initiatives cover the four focus areas of; community, education, environment, and sports. These focus areas promote balanced communities and lifestyles, as highlighted below with selected examples.

At Sime Darby Property, we strive for value creation and creating impact to society beyond our business operations.

- 1 Sime Darby Affordable Housing Programme in collaboration with PR1MA
- 2 Monthly staff donation to Singapore ComChest (a donation channel to help the poor & underprivileged)
- 3 Helmet Protection Road Safety Programme in 5 selected primary schools

**COMMUNITY**  
Advocating of human rights, equity and fairness fosters



**SPORTS**  
Nurturing talents and healthy lifestyles



- 1 Sime Darby Ladies Professional Golf Association (LPGA) Golf Tournament, which also generated funds for the Cancer Research Institute Foundation (CARIF)
- 2 Development of Sime Darby Bayuemas Sport Complex to promote cricket & lawn bowl sports
- 3 Participation in Frost Sullivan Corporate Challenge 2013 to raise funds
- 4 Participation in the Terry Fox Run KL 2013 to support research programme for cancer
- 5 Larian Melawati 10km where SDP collaborated for 3 consecutive years with local authorities to promote healthy lifestyle among communities

- 1 Educational Green Tour to SD Idea House; more than 2,000 people have visited the house to understand the work and thinking behind this green development

**EDUCATION**  
Developing human capital



**ENVIRONMENT**  
Protecting our environment and ecosystems



- 1 Together in Restoring the Earth's Environment (T.R.E.E.) programme at Sime Darby Property townships
- 2 5th International Conference on World Class Sustainable Cities 2013 (symposium partner)
- 3 MENGO Green Hunt 2013 where 20 Sime Darby Property volunteers participated



Frost Sullivan Corporate Challenge, a charity fundraising outdoor adventure event.



Helmet-giveaway at schools in our townships.



Platinum Sponsor and Symposium Partner during the 'World Class Sustainable Cities (WCSC) Conference' 2013.

In our continuous effort to be the leading developer, meeting community needs and expectations have always been the utmost priority in our daily business. We have thus incorporated these initiatives into our sustainable practices to enhance our overall performance. These sustainable practices are highlighted in the next section of this Report.



# OUR SUSTAINABLE PRACTICES

We are committed to reduce our environmental impacts and place a high emphasis on enhancing the urban environment. We have integrated our sustainability goals and practices into various initiatives and programmes. Our product development and property portfolio also reconciles with design innovation and features that incorporate social, economic and environmental aspects.

These sustainability practices and performance areas are described in more detail in this section.

The Glades exemplifies innovative design and a placemaking philosophy mixing environmental quality, modernity, safety and security.



CHAPTER  
CONTENT

SUSTAINABILITY  
INNOVATION

MEASURING OUR  
SUSTAINABILITY

SUSTAINABILITY  
COMMUNICATIONS  
AND EDUCATION

# SUSTAINABILITY INNOVATION

We ensure that sustainability, innovation and customer service play an interlocking role in the development of our culture, strategy and performance.

## SIME DARBY PROPERTY IDEA HOUSE

The Sime Darby Property Idea House was constructed in 2010 in collaboration with Broadway Malyan. It has achieved recognition as the first carbon neutral residential building in South East Asia.



Idea House -prototype concept to model and assess design and technology options for future sustainable housing.

The Idea House was aimed at testing new ideas and highlights the potential balance between good design and habitat principles, sustainable architecture, building technology and innovative solutions, with a goal of being carbon neutral and energy efficient. It also serves as a learning platform to educate the next generation of architects, engineers, planners and other professionals.

The Idea House concept relies on six main groups of features, reconciling environmental performance with comfort and security:

- 1 Design Process;
- 2 Sustainable Materials;
- 3 Building and Construction Technology;
- 4 Connectivity;
- 5 Safety and Security; and
- 6 Water and Energy Efficiency.

At present, lessons learned from this project have been progressively used to improve the specifications and design of our products.

## URBAN DESIGN EXCELLENCE

We aim for all our new commercial and residential construction design and buildings to be in line with green building standards by 2020. We progressively translate the Idea House features into our township's products design and actively drive further innovation adoption within our development projects.

Conceptually in order to deliver Urban Design Excellence, the Idea House, amongst other sources of experimental innovative design, allows us to conceptualize, plan, construct and test new ways to deliver sustainability.





# INNOVATION THROUGH PRODUCT DEVELOPMENT

## DESIGN STAGE

At Sime Darby Property, we provide a platform for cross-fertilisation of ideas during design development, such as ‘Design Catalogue’, a web-based online repository of our latest design ideas from successful products. This provides our employees with quick and easy access to verified and tested information. This has led to a shorter design development timeframe and enhanced the quality of decision-making.

Another process innovation that we have embarked upon is design collaboration through Building Information Modelling (BIM). This has been commonly used by our consultants to improve the present design process.



Aesthetics and modern design in one of our products.

## PRODUCT DEVELOPMENT

In FY2013, we developed sets of specifications to guide our product blueprints with the aim to:

- facilitate innovation of upcoming products;
- benchmark our products against global design standards;
- further enhance quality design and living spaces in our products; and
- assist our design team working with consultants, local authorities and contractors in achieving a well-designed built environment.

To complement the specifications standard, two guidelines were also developed to guide our design processes:

### THE URBAN DESIGN GUIDELINES



### THE BUILT FORM GUIDELINES



# RECYCLABLE BUILDING MATERIALS

On average in our national context, waste from demolition activities contribute to long term pollution and resource overuse, accounting for 40 to 50 percent of landfill content. Furthermore, such demolition waste results in energy wastage in the long term.

We believe that by using more eco-friendly and recyclable building materials in our products progressively over time, we will reduce the amount of waste generated from future demolition, leading to positive environmental outcomes. Following our Sustainability Goals, we target 60% of our building materials to be recyclable after demolition by 2020. A preliminary study is thus being conducted to establish a baseline on the usage of recyclable building materials.

Moving forward, we plan to establish a tracking system on recyclable building materials to monitor the trends of recyclable building materials used in our products.

We recognise the importance of using more sustainable materials in our developments to minimise negative impacts to the environment.

# ENHANCED CONNECTIVITY

## TRANSIT ORIENTED DEVELOPMENTS

The convenience to commute within and outside our townships is an essential factor that supports daily lives and stimulate thriving communities. Over the reporting period, we have introduced the Sime Darby Property Transit Oriented Development (TOD) concept to our customers. This concept enhances the integration of various land use with urban planning and transportation.

Our TOD concept aims to create effective transport services design throughout our new developments that result in better accessibility, connectivity and walkability in our townships. Such walkable developments also foster vibrant communities and support the development of local shopping and business enterprises.

The TOD concept contributes to the green agenda of reducing carbon emissions that ultimately contribute to improved air quality and creating a healthier environment by:

- Focusing on low carbon-emitting transportation modes such as public transport and walking;
- Reducing the number of vehicles on the roads that will decrease traffic congestion; and
- Allowing for more space for greenery and recreational activities in our townships.



TOD concept awareness creation amongst potential customers.



BATTERSEA POWER STATION

The Battersea Power Station development project is a good example of innovative sustainable development and enhanced connectivity. This is demonstrated through the regeneration of old industrialised buildings of the Battersea Power Station into luxury, leisure and residential development while maintaining its historical links to the city of London. This integrated leisure and residential development is under a consortium of Malaysian investors comprising of our parent company, Sime Darby Berhad (40%), SP Setia (40%) and Employee Provident Fund (20%).

Sustainability measures were incorporated at the very start of the project – from the planning and design stage through the construction stage.

- During the excavation stage, an estimated 6 tonnes of carbon dioxide were saved per day from the use of 2 barges, instead of 50 lorries equivalent;
- The excavated material was reused or recycled in other construction projects; and
- During the construction phase, a number of measures have been implemented to minimise the negative impacts of construction, including noise monitoring.

As a TOD project, the development is envisaged to revive an area underserved by London’s public transport services to become a hub that will enable the flourishing of this new quarter. The Battersea development is also expected to generate 15,000 new jobs and ultimately create a place that is socially and economically self-sustaining.



Battersea Power Station -embodying a holistic approach to sustainability through urban regeneration in the United Kingdom.

AFFORDABLE HOMES

Affordable homes are a major concern for potential homeowners today and in the future, especially considering the spike in housing prices, especially in the Klang Valley over the past few years.

In order to tackle this, we play a role in supporting the government through the provision of affordable housing. To do this, we set aside a designated land bank for future affordable housing developments.

Aside from other unique selling propositions, most of our affordable housing are all located in prime areas with good mobility thus promising good accessibility. In addition, the developments are also created as part of mixed-use development concepts.



Suci – an affordable homes development in Bandar Ainsdale.



LEAN SIX SIGMA  
AND CONTINUOUS  
IMPROVEMENT PROJECTS

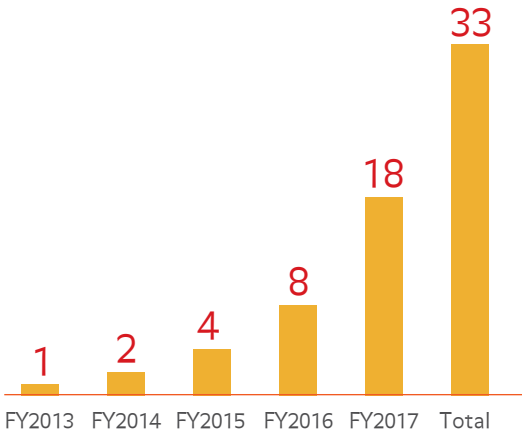
The Lean Six Sigma (LSS) and Continuous Improvement (CI) projects stand on collaborative team effort to improve business process performance. It helps to promote active engagement between our employees and the organisation’s performance. This we believe leads to easier integration of sustainability principles in our working culture.

Our business management strategy aims to increase revenue and reduce cost by improving the process flow and quality of product or services through the removal of wastages, defects and errors using the LSS and CI tools.

We have embarked on these projects since FY2013, with incremental targets each year. We also aim to increase the number of Project Champions, trained and certified Green and Black Belts to ensure that performance efforts are continued and extended in the long-term.

Our target is to achieve RM 33 million in accumulated project savings by the end of FY2017, which includes in planning, capacity building, projects identification and implementation.

LSS PROJECTS COST SAVING  
ACCUMULATED TARGET (RM million)

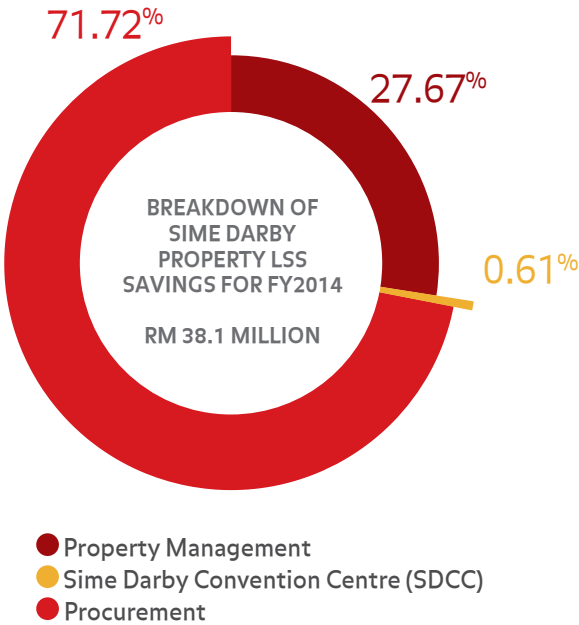


LSS Green Belt training for employees.

We have undertaken eight projects since the inception of LSS and CI initiatives, as listed below:

Business Unit	Project Description	Percentage Savings (from total LSS saving in FY2014)
Asset Management	Increase total collection of Stratified Developments and Commercial Assets	27.67%
Sime Darby Convention Centre (SDCC)	Reduce electrical consumption in SDCC	0.27%
	Reduce SDCC’s employee benefit charges	0.16%
	Reduce meeting pad cost at SDCC	0.01%
	Reduce outsource transportation charges at SDCC	0.17%
Procurement	Cost savings initiative in Project Tenders	50.77%
	Cost savings initiative in Value Managed Relationship – Supplier Management	6.93%
	Cost savings initiative in Project Management (Variation Order /Extension of Time control before final account)	14.02%

We have recorded validated benefits of RM38.1 million in FY2014 (from all projects listed above), representing 31% of the financial benefits harvested at Sime Darby Group. This result far exceeded the FY2014 target of RM2 million.





CHAPTER  
CONTENT

- SUSTAINABILITY INNOVATION
- MEASURING OUR SUSTAINABILITY
- SUSTAINABILITY COMMUNICATIONS AND EDUCATION

# MEASURING OUR SUSTAINABILITY

Environmental responsibility is key to our commitment towards sustainable development. We work to reduce our impact on the environment through a mix of initiatives from planning until maintenance of our developments and facilities.

We embrace our stance on sustainability through various measurable initiatives to guide us on our journey to achieving sustainability excellence.

## SUSTAINABILITY INDEX (SUSDEX)

In 2010, we developed a Sustainability Index (SUSDEX) assessment based on the Global Reporting Initiative (GRI) Framework, which covers the ‘triple bottom line’ of Economic (Prosperity), Environment (Planet) and Social (People). The SUSDEX supports us by measuring sustainability in our townships and business units, and enables us to compare the performance between townships and business units.

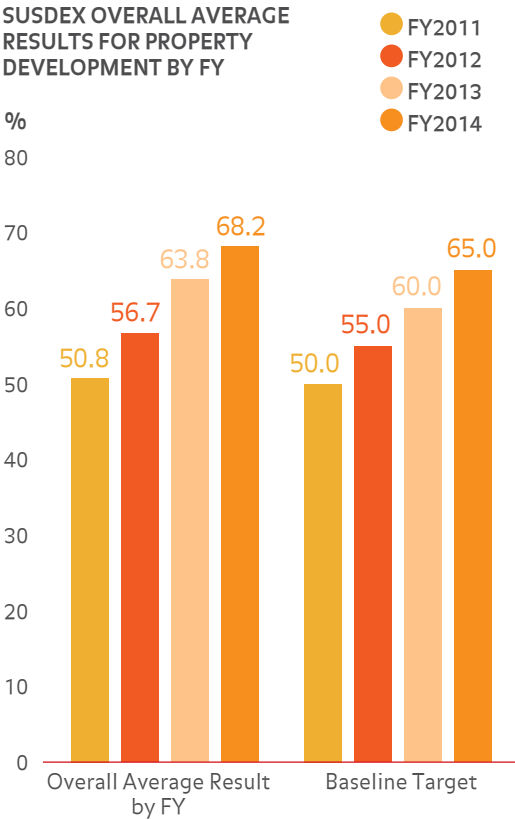
The SUSDEX assessment cycle is implemented twice a year, and presently covers:

- All matured townships under Property Development; and
- Facilities and building management under Property Investment.

Our goal is to achieve SUSDEX score of 95% for Property Development, and 90% for Property Investment by the year 2020. In FY2014, two SUSDEX assessments were conducted for each Property Development township and Property Investment facilities, with the average results obtained as follows:

SUSDEX Assessment	Average Result	Baseline Target
Property Development	68.2%	65%
Property Investment and Asset Management	65.3%	60%

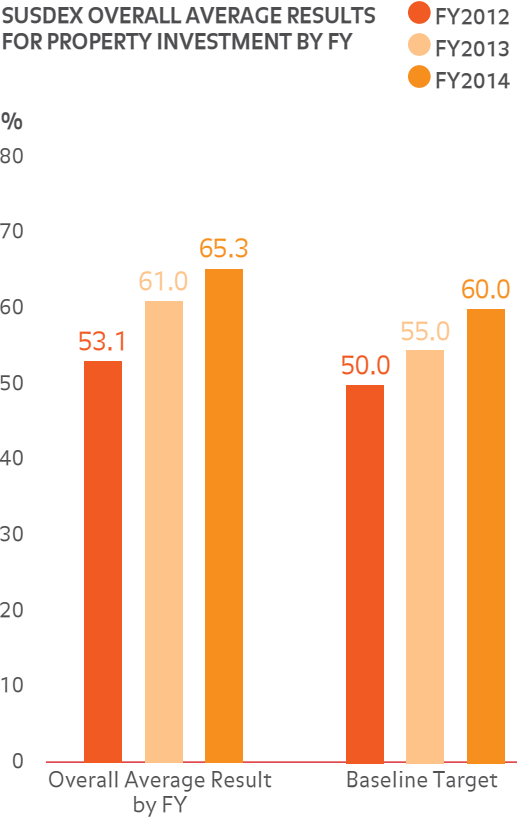
SUSDEX OVERALL AVERAGE RESULTS FOR PROPERTY DEVELOPMENT BY FY



The average SUSDEX results for both Property Development and Property Investment have been consistently improving and exceeding our baseline targets, thus showing we are on track to achieve our targets.

To reaffirm our findings from SUSDEX assessments, we commissioned Forum for the Future (FTF) from February to April 2014 to provide an independent review of the SUSDEX process. This also determined whether the structure and application of SUSDEX fulfilled its intended purpose.

SUSDEX OVERALL AVERAGE RESULTS FOR PROPERTY INVESTMENT BY FY



The validation exercise included verification with township and business unit’s person-in-charge (PIC), identification of SUSDEX strengths and weaknesses, and recommendations for improvement.

As a result of this evaluation, enhancements are being undertaken on a continual basis. In the future, we plan to conduct a SUSDEX Enhancement Workshop for relevant SUSDEX PIC to brief them on the new SUSDEX framework as reflected in GRI G4.



CARBON MANAGEMENT

To minimise our impact on climate change, we developed a carbon management strategy that covers two aspects:

- A carbon inventory, to establish our emission baseline, monitor our carbon emission on periodic basis and track our progress in terms of emission intensity; and
- A carbon emission reduction programme to drive our actions towards our reduction target through energy reduction initiatives.

CARBON INVENTORY

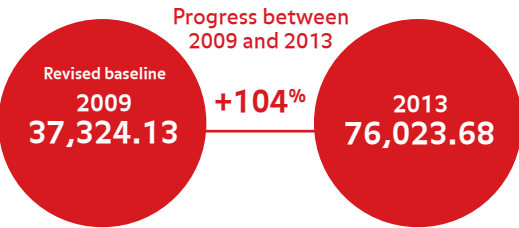
As part of Sime Darby Group’s carbon management initiative, we initiated a carbon inventory in 2010 with 2009 as the baseline year to report and measure the extent of greenhouse gas (GHG) emissions associated with our key operations in Malaysia, Singapore and Australia. Though we contributed to only 2% of the Sime Darby Group’s total operational emissions in 2013, we recognise that we have a role to play in Sime Darby Group’s overall efforts to achieve carbon emissions reduction.

Our carbon inventory is updated on an annual basis and calculated according to calendar year. The most current data included in this Report is for the period 1 January to 31 December 2013. This inventory is in accordance with the specifications of The Greenhouse Gas (GHG) Protocol by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), as well as Intergovernmental Panel on Climate Change (IPCC) methodologies and emission factors.

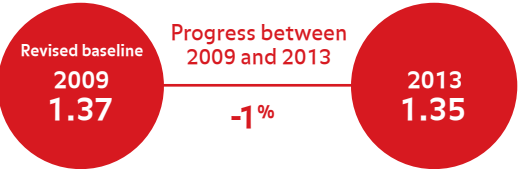
We have monitored our carbon emissions through our Group-wide online system, the Sustainability Management System (SMS) since 2014. The introduction of the system has resulted in the re-statement of the carbon baseline to correct calculation errors in the previous data capture system. Hence, the revised baseline is referred to in this Report.

We target to reduce our carbon emission intensity by 8 % against 2009 baseline by 2020, equivalent to emission intensity of 1.26 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>-e)/100m<sup>2</sup> built-up area by 2020.

Operational Emissions<sup>1</sup> (tCO<sub>2</sub>-e)



Emissions Intensity (tCO<sub>2</sub>-e/100m<sup>2</sup> built-up area)



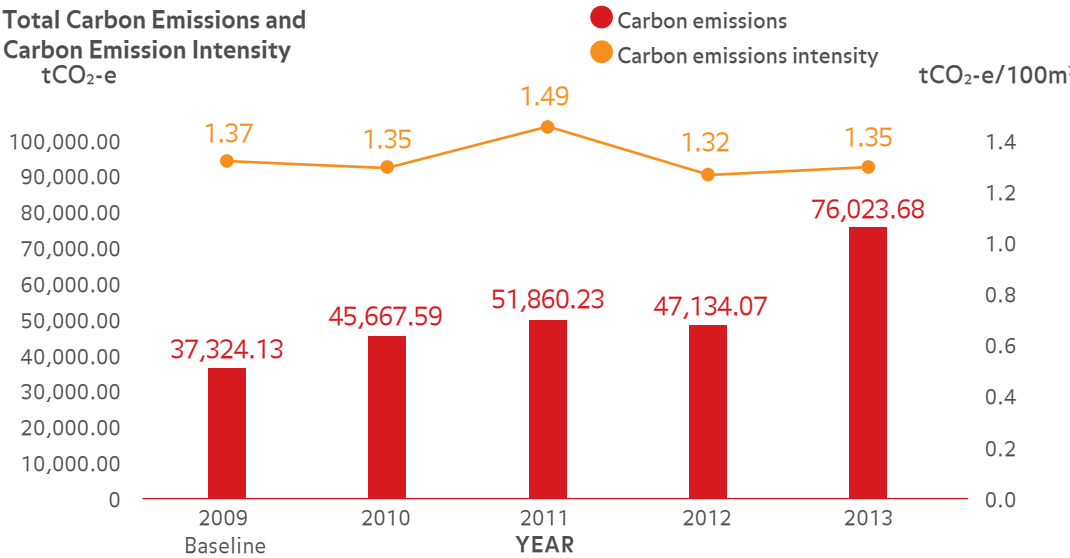
Our 2013 results showed that we had progressed positively towards our target, despite the increase in total carbon emissions due to the increase number of projects.

Our carbon emission trends by intensity, scope and business units are shown on the following page. The Scope Two emissions (purchased electricity) remain the highest contributor to our emissions, even with decreased contribution to the total carbon emissions.

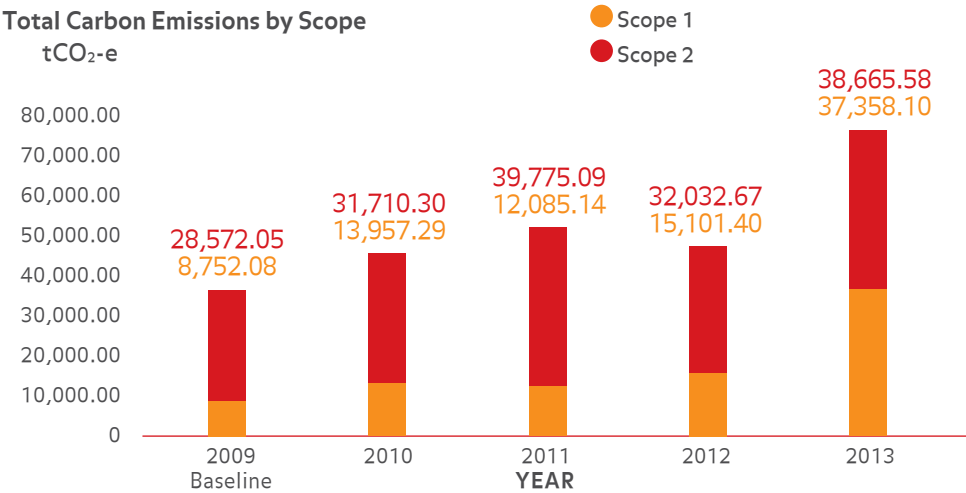
Additionally, Hospitality and Leisure contributed to most of our carbon emissions since 2009, except for 2013 where Property Development contributed higher. This change was due to the development growth and higher number of projects.

Note:  
Scope One is defined as direct GHG emissions from sources that are owned by Sime Darby Property, and Scope Two is indirect GHG emissions from the generation of electricity, heat or steam which are consumed by Sime Darby Property.

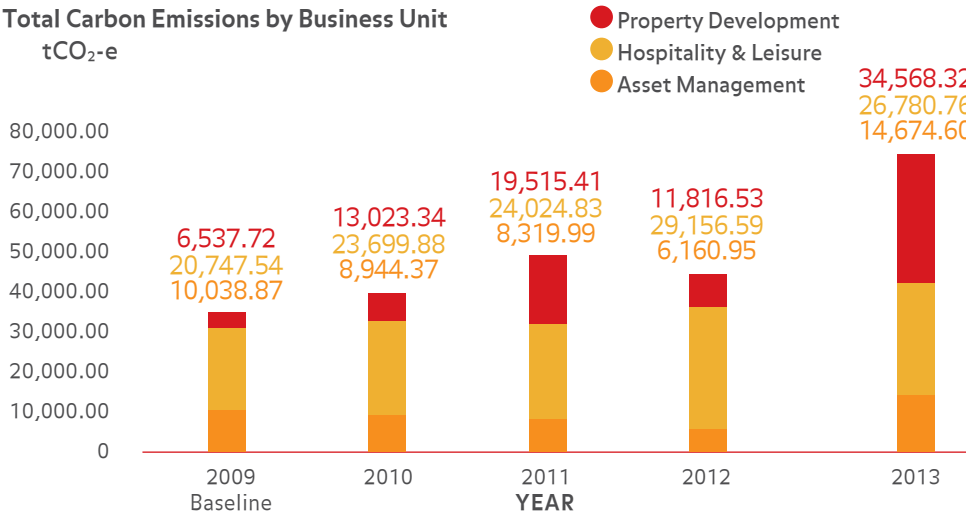
Total Carbon Emissions and Carbon Emission Intensity tCO<sub>2</sub>-e



Total Carbon Emissions by Scope tCO<sub>2</sub>-e



Total Carbon Emissions by Business Unit tCO<sub>2</sub>-e



More information on our carbon emissions in Malaysia are available in the “Performance Metrics” section.



CARBON EMISSIONS REDUCTION

In order to achieve 8% reduction of our carbon emission intensity against the 2009 baseline by 2020, we have put in place various carbon reduction measures such as:

- tree planting programmes;
- energy efficiency projects; and
- renewable energy initiatives.

Our tree planting programmes were initiated since 2011, and include:

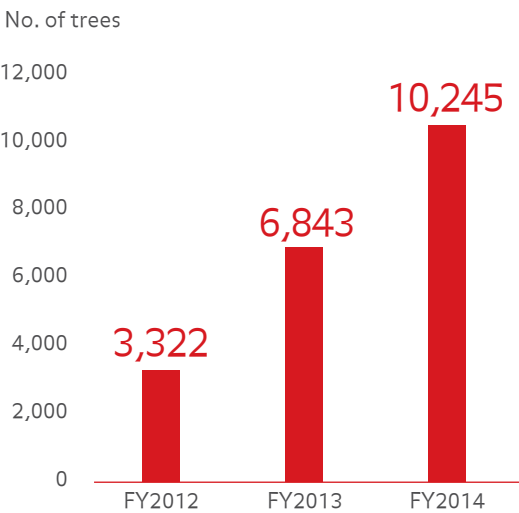
- The Tree-to-Tree Programme; and
- Together in Restoring the Earth’s Environment (T.R.E.E.) Programme.

The Tree-to-Tree Programme combines both carbon reduction benefits as well as biodiversity conservation.

This Programme was integrated in the landscaping principles of our development projects, where one tree should be planted for every tree chopped. We anticipate that this target will be achieved by 2020, with results showing some townships have exceeded our incremental targets.

In order to streamline the tracking of Tree-to-Tree Programme, we monitor each of our township on the estimated number of trees chopped and trees to be planted, for every acre of land cleared for development. Since the beginning of this Programme, we have had an estimated of 22,394 trees planted to help green our townships.

NUMBER OF TREES PLANTED IN THE TREE-TO-TREE PROGRAMME



A handbook is also being developed that lists the references to 175 native species of threatened trees, as well as information on tree management that will be useful as a guide to formulate viable Landscape Plans for our projects.

The T.R.E.E. Programme, on the other hand, is a series of programmes involving the communities in our townships and local authorities. This Programme takes cognisance of threatened rainforest trees in Sime Darby Property townships. The T.R.E.E. Programme was first launched in 2012 at Denai Alam. Since then, we have conducted tree planting activities in four other townships namely Bukit Jelutong, Bandar Bukit Raja, Nilai Impian and Melawati. The latest T.R.E.E. programme was in Melawati in March 2014, which gathered more than 400 people and resulted in the planting of 100 Endangered, Rare and Threatened (ERT) trees.



Residents making a pledge to conserve the environment during a T.R.E.E. programme event.



The T.R.E.E. programme reinforcing bonds between Sime Darby Property and our residents.



ENERGY MANAGEMENT

Our energy management strategy is one of the pillars to our carbon emissions reduction strategy.

TOTAL ENERGY CONSUMPTION  
In 2013 (1st January to 31st December)



692,497.56 GJ

TOTAL ENERGY INTENSITY  
(including electricity and fuel)

0.12 GJ/M²

ENERGY CONSUMPTION BREAKDOWN

DIESEL	70.0%
ELECTRICITY	27.6%
OTHER TYPE OF FUEL	2.4%

Our target is to increase our energy efficiency by 20% for all the buildings and assets we manage, and to increase the usage of renewable energy by 30% by 2020. We have implemented energy efficient projects and programmes to further mitigate our carbon emissions, including Energy Management Systems certification and monitoring of renewable energy usage. The details of these programmes are described in the next paragraph.

ENERGY EFFICIENCY PROJECTS

In 2011, three pilot projects on energy efficiency were conducted in:

- Wisma Sime Darby (WSD);
- Kuala Lumpur Golf and Country Club (KLGCC); and
- Sime Darby Convention Centre (SDCC).

Energy efficient devices such as Variable Speed Drive (VSD) were installed on water intensive appliances such as condenser water pumps, cooling tower fans and chilled water pumps. To ensure the continuity of these projects, we regularly monitor their energy consumption and implement additional energy efficiency measures when needed.

An energy efficiency project was also undertaken in SDCC in FY2014 as part of our Lean Six Sigma (LSS) project. This project has achieved savings of 316,285 kWh or 1,138.62 GJ of electricity over the FY2014.

Other energy saving initiatives that were carried out in our operations included replacement of light bulbs to energy efficient light bulbs, awareness campaigns and signage enhancement. These were undertaken independently at each business unit. In order to track the progress towards our target, we have begun to monitor the energy efficiency initiatives in Sime Darby Property through an established tracking channel.

ENERGY MANAGEMENT SYSTEMS CERTIFICATION

We have implemented Energy Management Systems (EnMS) since 2012, and obtained the ISO 50001:2011 certification for some of the buildings and assets under Property Investment. The energy management systems support us in:

- Developing and adapting our Energy Efficiency approach;
- Developing energy management plans to monitor, maintain and improve our energy performance;
- Measuring, documenting and reporting our energy usage and consumption;
- Improving operational efficiency and decrease energy intensity; and
- Reducing our impact on the environment.

ENERGY MANAGEMENT SYSTEM (EnMS)

ISO 50001:2011 CERTIFICATION  
BY SIRIM QAS INTERNATIONAL SDN. BHD.



WISMA SIME DARBY

28 September 2012

The inaugural implementation of the ISO 50001:2011 EnMS certification in Sime Darby Property.



KUALA LUMPUR GOLF & COUNTRY CLUB (KLGCC)

21 June 2013

The first hospitality & leisure establishment in Malaysia to receive ISO 50001: 2011 EnMS certification from SIRIM QAS International Sdn. Bhd.



SIME DARBY CONVENTION CENTRE (SDCC)

23 May 2014

Our latest certification for ISO 50001: 2011 EnMS.

RENEWABLE ENERGY

Currently, all renewable energy initiatives in some of our business units are undertaken independently in smaller scale. For example, the use of solar powered lighting in the landscape area. We have also begun to track and monitor our renewable energy initiatives through an established tracking channel.

We note that our renewable energy efforts are progressively increasing and anticipate that this is an area of sustainability that we aim to develop, build on and grow further in the future.

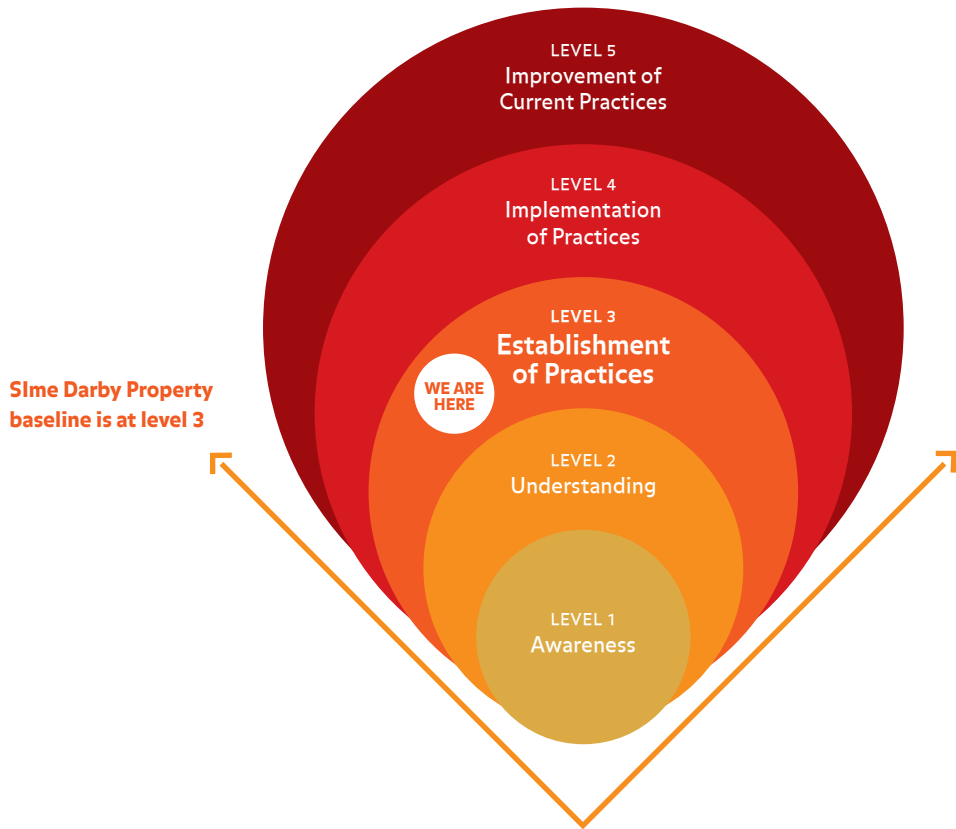


SUSTAINABILITY CULTURE ASSESSMENT

We believe that the sustainability of our organisation starts from our employees. The embodiment of a sustainability culture in our employees is initiated through various initiatives, which support one of our Sustainability Goals of developing wide-spread sustainable working culture in all levels of employees.

In order to achieve this goal, we have undertaken a Sustainability Culture Assessment (SCA) since FY2013 to track and monitor employees’ sustainability culture mindset and attitude. We also plan to implement continuous improvement initiatives to encourage internalisation of sustainability behaviours among employees.

Our SCA score was measured as being 70.2% in FY2014 (baseline data), which placed us at Level 3 (Establishment of Sustainability Practices) as illustrated below:



WATER MANAGEMENT

We realise water is a key resource in our operations and the need to manage our water footprint. In order to manage the water-related impacts, risks and opportunities in our operations, we initiated a water management project in 2012, in alignment with Sime Darby Group’s strategy.

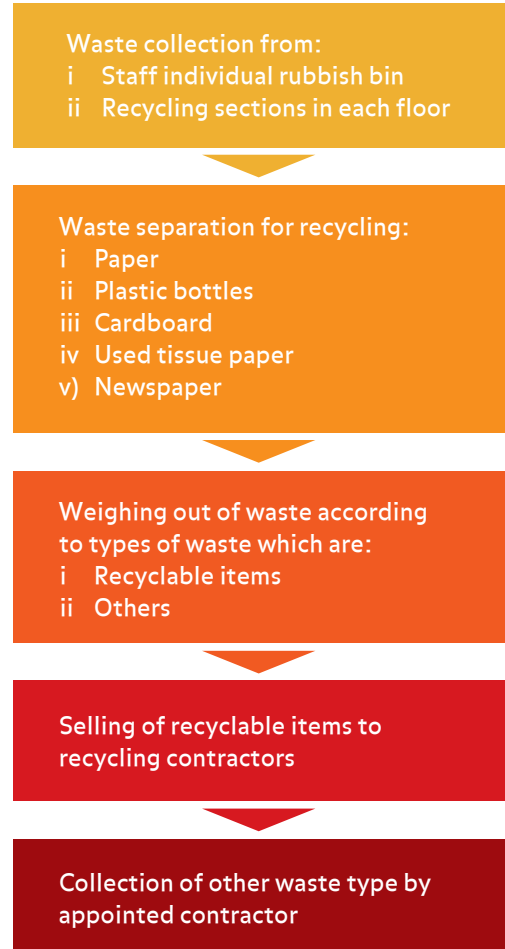
The water management project allows us to evaluate the need to monitor water consumption throughout Sime Darby Property and identify sites with high water-related risk. We are presently refining the accounting rules and will further step up our efforts in establishing a water management strategy.

We are also currently tracking our water consumption from municipal water supplies on a monthly basis in our townships and business units. Our target is to reduce the consumption of potable water in the buildings and assets we manage by 30% by year 2020.

WASTE MANAGEMENT

We aim to achieve 20% reduction in general waste (which includes construction waste, office waste, garden waste, food waste, scheduled waste and e-waste) in all our townships and business units.

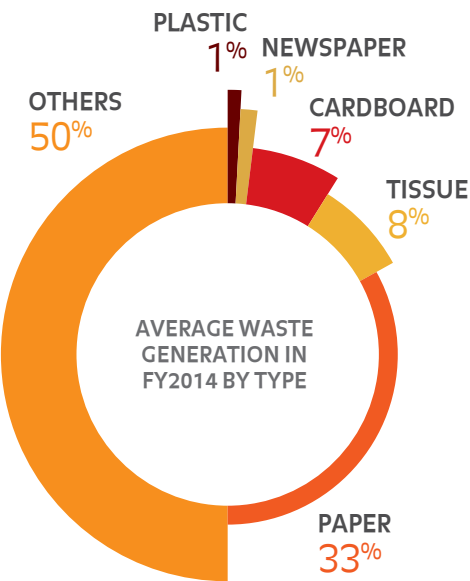
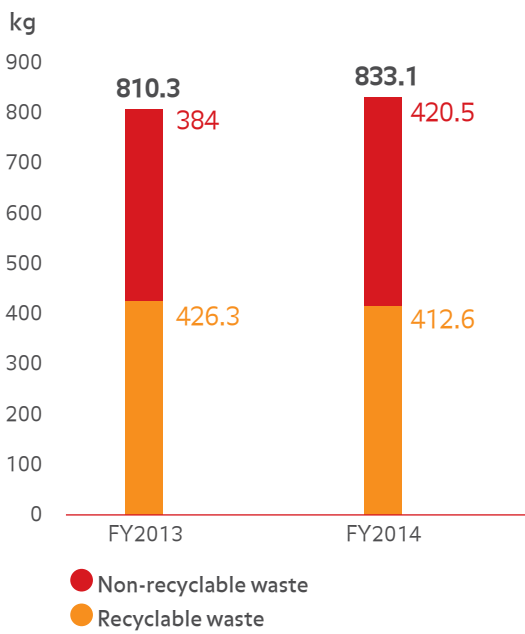
In March 2013, we initiated a waste management pilot project at our corporate headquarters to establish both a methodology and to attain a baseline for our corporate office waste generation. The activities that were implemented are illustrated below:





Based on the pilot project, we have recorded monthly average office waste (non-hazardous) generation of 833.1 kg/month at our corporate headquarters in FY2014, a slight increase over the generation in FY2013.

OFFICE WASTE GENERATION AT SIME DARBY PROPERTY CORPORATE HEADQUARTERS



Our ultimate goal is to achieve zero waste production and waste prevention.

## ENVIRONMENTAL COMPLIANCE

Our waste consists of recyclable and non-recyclable office waste. Of the recyclable proportion, paper makes up the highest portion. Moving forward, we plan to gradually roll out the pilot project to other offices under a scaling up programme.

Apart from monitoring and tracking of our waste generation, one of our main challenges is to raise the level of awareness on waste minimisation among our employees.

To support the awareness building, we organised the Sime Darby Property Recycling Day in our corporate headquarters in March 2014. Various activities were conducted to engage our employees such as inter-department recycling competition, recycling pledges, quizzes and a mini exhibition.

We are committed towards pollution prevention to meet our target of zero environmental incidences. As a property developer, prior to land development, we undertake either Environmental Impact Assessments (EIA) or Detailed Environmental Impact Assessments (DEIA). These are prescribed by the Environmental Quality Act 1974 and its subsidiary regulations administered by the Department of Environment (DoE) Malaysia (within Peninsular Malaysia).

During the process of either DEIA or EIA, Environmental Management Plans (EMP), with conditions for approval set by the DoE, are also prepared. These EMPs provide the compliance basis of our approach to manage and minimise environmental and socio-economic impacts during our development process.

We monitor our activities at our headquarters, townships and business units via ESH Performance Monthly Reporting and management review by internal audits.

We also organised mentoring initiatives for our vendors and contractors such as training on "Environmental Management System for Construction Sites" and "Scheduled Waste Handling". In FY2014, we were issued with 69 non-conformances by external environmental auditors, however none of them led to fines. We aim to reduce such non-conformance instances by 10% in FY2015.

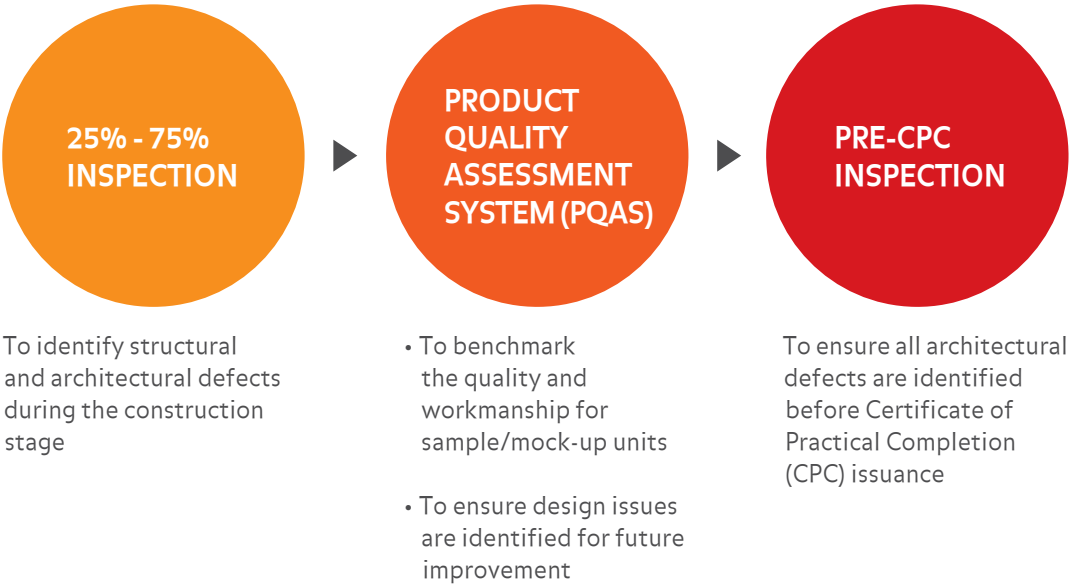


Recycling Day - raising awareness among employees about waste minimisation and prevention.



## QUALITY MANAGEMENT

Our quality management programmes are important for achieving customer satisfaction. In ensuring the delivery of quality products, we have introduced the following assessments and inspections:



These internal assessments complement the external assessment conducted by the Construction Industry Development Board (CIDB). CIDB uses its Quality Assessment System in Construction (QLASSIC) to independently assess and evaluate the quality of workmanship of building projects after CPC issuance, based on its standards.

Our latest results from QLASSIC have shown the following results:

- A reduction in non-compliance at the structural construction stage;
- A decrease in defects per unit between calendar year 2011 to 2013; and
- Conversely our PQAS assessment score for mock up units and average QLASSIC score have increased between calendar year 2008 to 2013.

We believe that through these quality management programmes, we are thus able to continue to enhance our brand value in achieving customer satisfaction.



- SUSTAINABILITY INNOVATION
- MEASURING OUR SUSTAINABILITY
- SUSTAINABILITY COMMUNICATIONS AND EDUCATION

## SUSTAINABILITY COMMUNICATIONS AND EDUCATION

### SUSTAINABILITY COMMUNICATIONS

Sustainability communications practised by Sime Darby Property focuses on the following channels:



The table below outlines the primary communication channels and their focus audiences. These communication channels are either managed at Sime Darby Group, or at Sime

Darby Property level. With respect to Group’s communication platform, we contribute through regular updating of our sustainability initiatives and programmes.

Level	Focus Audience	Platform	Description
Sime Darby Group	External	Sime Darby website	Sharing of Sustainability and Corporate Responsibility updates
		Sime Darby Berhad Annual Report	Annual reporting for Sime Darby Berhad which include updates on sustainability performance
	Internal	Sime Darby Enterprise Portal	Sustainability-related updates through Groups Sustainability and Quality Management (GSQM) site
		Sime Darby World (Newsletter)	Sharing of sustainability initiatives and programmes’ updates
		Sustainability Handbook	Outlines Sime Darby Group’s approach on sustainability in terms of governance, strategy and practices



Level	Focus Audience	Platform	Description
External		Sime Darby website	Sharing of Sustainability and Corporate Responsibility updates
		Sime Darby Property Sustainability Report	Annual reporting for Sime Darby Berhad which include updates on sustainability performance
		Press releases	Communication and sharing of our sustainability related matters (e.g., The Edge publication)
		Marketing brochures	Outlines our products' sustainable features as well as sustainability messages
Internal		Property Knowledge Interchange (PKI) Portal	Communication of sustainability initiatives and updates via Sustainability and Quality Management (SQM) site
		Publication and newsletter	Book, newsletter or pamphlet on sustainability-related initiatives and updates, i.e., <ul style="list-style-type: none"><li>Property Windows (Newsletter)</li><li>Notes From The Green Pen (e-newsletter of Managing Director's sustainability message)</li><li>Green Vibes (Newsletter about Young Sustainability Ambassador programme)</li><li>Growth Through Sustainability (Book that lists our sustainability initiatives)</li></ul>
		Topical email blast	Communication on sustainability-related (including environmental, safety and health) alerts, reports and messages to all employees
		Digital media display	Communication on sustainability initiatives and messages to all employees via digital display board
		Sustainability video	Videos on sustainability awareness and initiatives e.g.; Together in Restoring the Earth's Environment (T.R.E.E. Pogramme)

We inculcate sustainability awareness in our employees through various internal engagement programmes and communication tools.

The following is a list of selected internal sustainability initiatives and programmes conducted in FY2014.

### NOTES FROM THE GREEN PEN

Notes From The Green Pen is a monthly bulletin with sustainability messages from our Managing Director. It is one of the platforms to update our employees on the various sustainability programmes and initiatives undertaken Company-wide.



MD's message to employees.

### SUSTAIN, TRACK, ACT AND REWARD (STAR) CARD

The STAR Card is a strategic internal communication and reward programme which carries a tagline "Sustainable Living has its Rewards". This programme aims to encourage employees to lead a sustainable lifestyle and to "Walk The Talk". Employees are rewarded for their sustainable lifestyle and participation.

Besides motivating and cultivating our sustainability philosophy, the STAR Card also acts as an employee engagement programme, which track employees' good sustainability practices. The employee with the highest sustainability practices will be crowned as the sustainability champion at the end of each financial year.



Launch of STAR Card programme at Sime Darby Group Sustainability Day 2013.



GREEN OFFICE WEEK (GOW)

This annual event aims to raise awareness on the importance of eco-friendly offices, and how each employee can take a role to make a positive impact on the environment whilst at work. During this event, selected Government Agencies and Non-Governmental Organisations (NGOs) are invited to give talk and set up mini exhibition centres at our corporate headquarters office.

Various interactive activities are conducted such as short talks on green technologies and sustainable developments, and quizzes to encourage our employees’ participation.



Winners of Think2Save competition – an initiative to create awareness about energy efficiency among employees.

YOUNG SUSTAINABILITY AMBASSADORS (YSA)

We have set in place the Young Sustainability Ambassadors (YSA) Programme, which involves the children of our employees. As sustainability involves our present and future generations, we deem it important to nurture sustainability values from a young age. This Programme is intended to groom young children to act as the change agents among their respective peers and immediate community. We refer to these children as the Green Hearties.

In this Financial Year, 150 employees’ children have registered as Green Hearties. The programmes conducted in YSA support the three sustainability pillars of People, Profit and the Planet. For FY2014, 11 activities were conducted that focused on the People and Planet elements, as shown in the diagram on the next page.



Green Hearties learning about the science during a visit to the National Science Centre.



INTERNAL CUSTOMER SATISFACTION SURVEY

The Internal Customer Satisfaction Survey (ICSS) is a platform for each Support Service Department (SSD) in Sime Darby Property to measure the satisfaction level of their internal customers to their performance and service. This survey is part of our pursuit in improving our internal service and performance. The aim of this survey is to assist the SSD to identify areas for improvement in order to meet the internal customers’ satisfaction needs.

- The four main focus areas of ICSS are:
- Effectiveness and Efficiency;
  - Customer Service;
  - Customer Relations; and
  - Overall Performance Results.

In summary, we have embarked on our sustainability journey several years ago. We have outlined our performance and gathered baseline and trend data to set future targets. Some of this data, particularly those related to materiality aspects, set our reporting baseline, which can be updated in the next reporting period. Other activities are already showing very positive incremental improvement. Some of these data-sets are further summarised and defined in the “Performance Metrics” described in the next section.



An architectural rendering of the KL East development at dusk. The scene features several tall, modern skyscrapers with glass facades that reflect the ambient light. The buildings are set against a backdrop of lush green hills. In the foreground, a large, low-rise building with a distinctive, textured facade is visible. The sky is a deep blue with some light clouds. A red circular graphic with the text 'PERFORMANCE METRICS' is overlaid on the right side of the image.

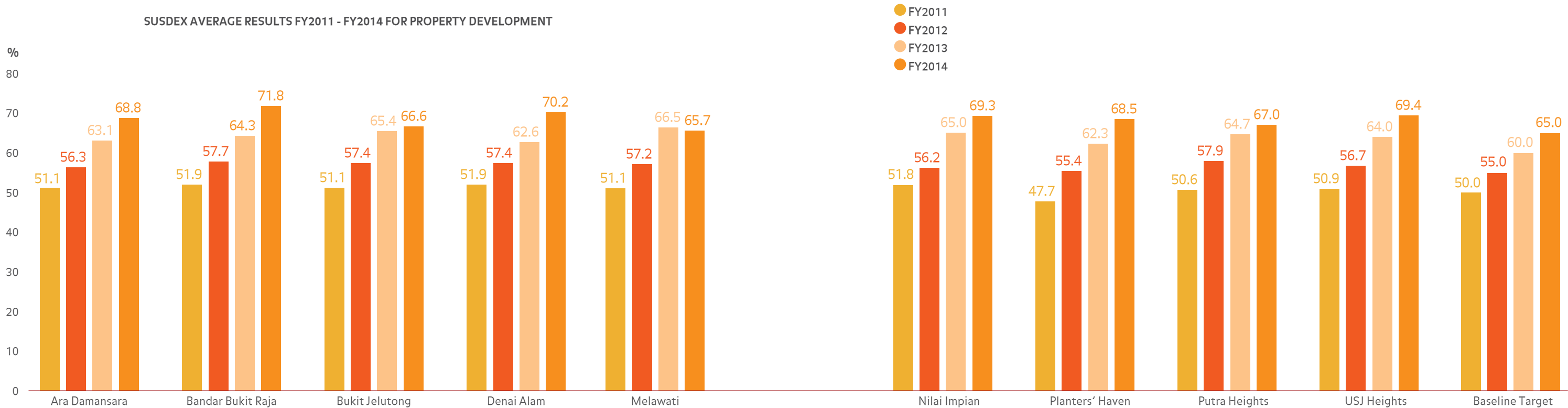
## PERFORMANCE METRICS

KL East - sustainable living through retaining a significant green element.

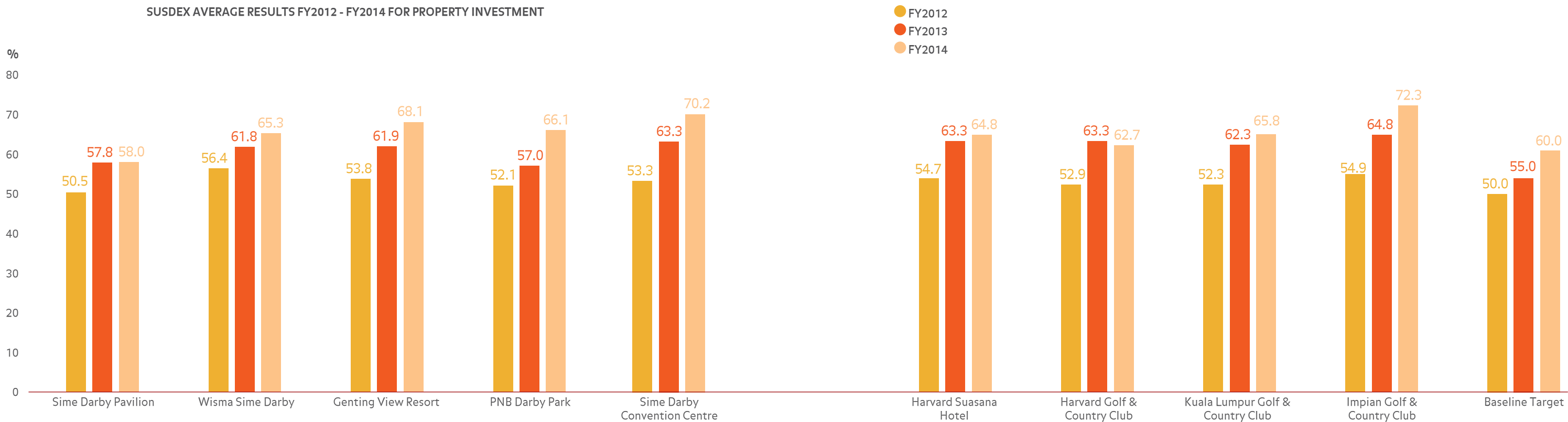


SUSTAINABILITY INDEX (SUSDEX)

SUSDEX AVERAGE RESULTS FY2011 - FY2014 FOR PROPERTY DEVELOPMENT



SUSDEX AVERAGE RESULTS FY2012 - FY2014 FOR PROPERTY INVESTMENT

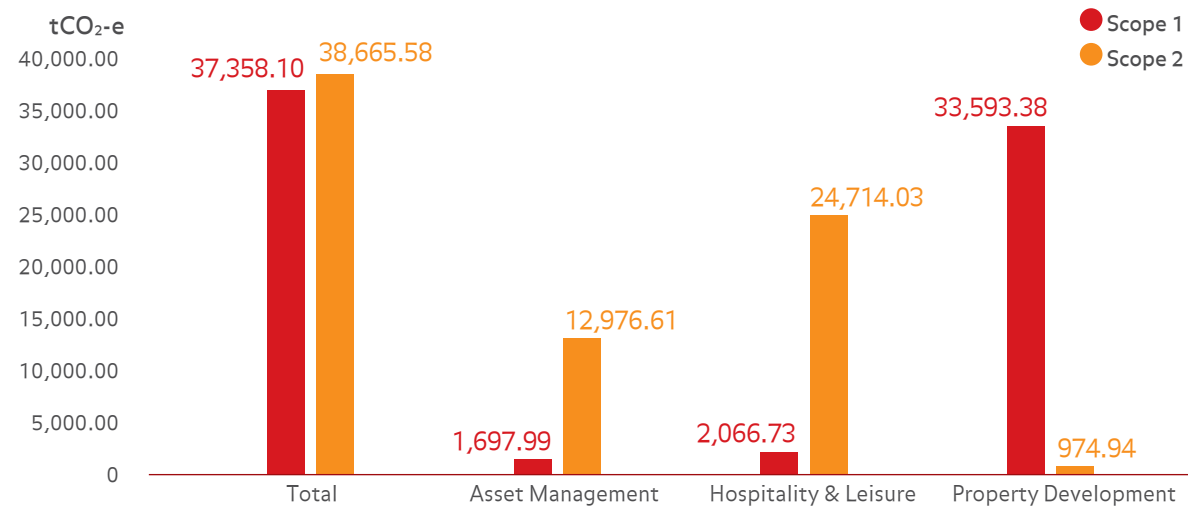




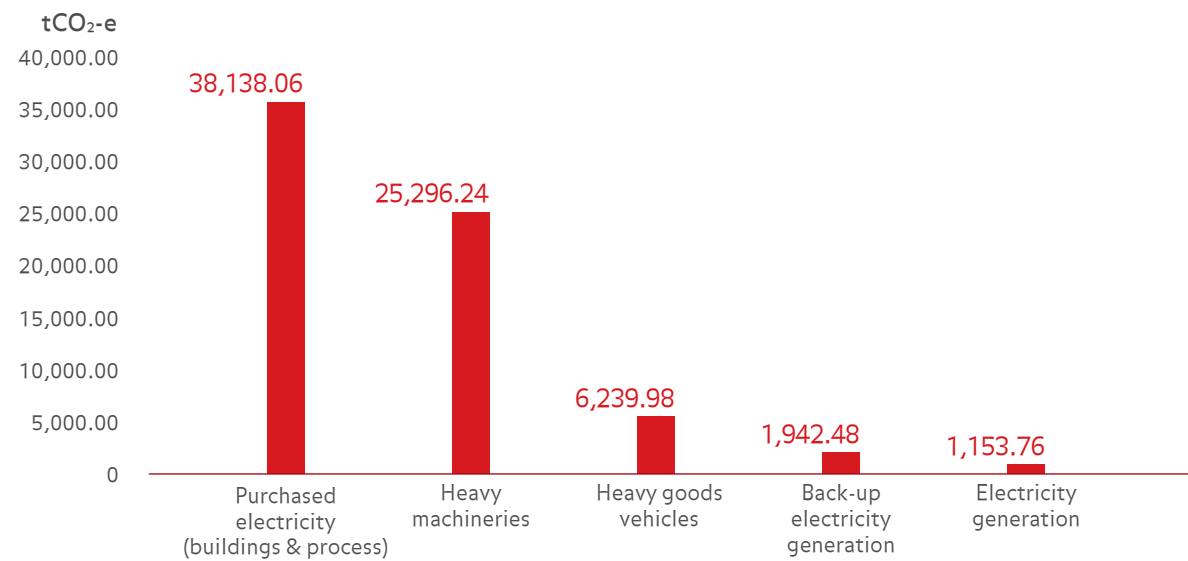
# CARBON EMISSIONS

In 2013, Scope One<sup>1</sup> emissions were prevalent in the Property Development townships due to high fuel usage in heavy machineries for new development. Scope Two<sup>1</sup> emissions were more prevalent in the Asset Management and Hospitality and Leisure business units<sup>2</sup> due to the nature of operations.

CARBON EMISSIONS IN 2013 BY SCOPE AND BUSINESS UNIT



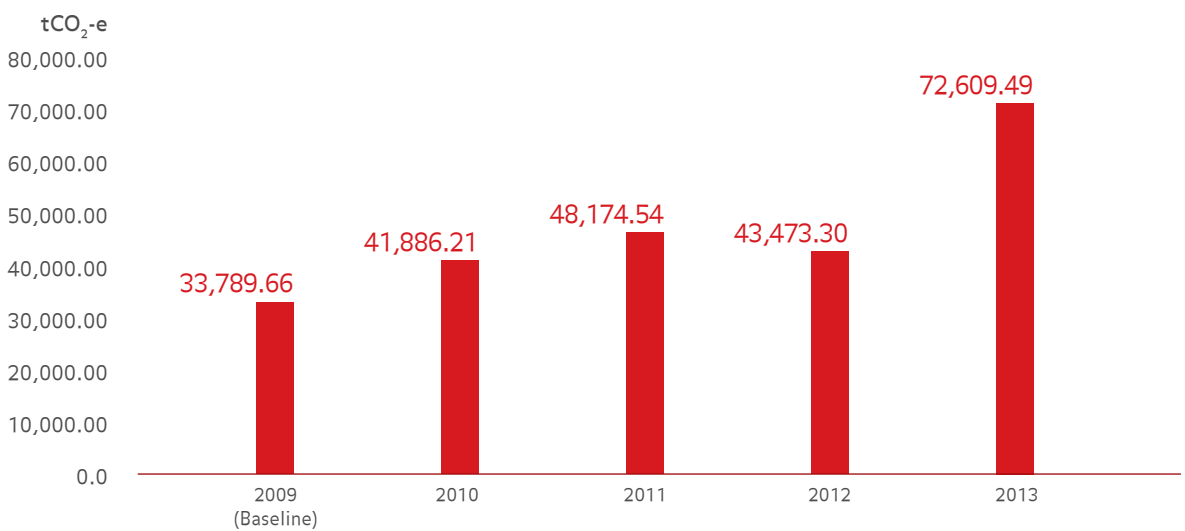
TOP 5 CARBON EMISSION SOURCES IN 2013



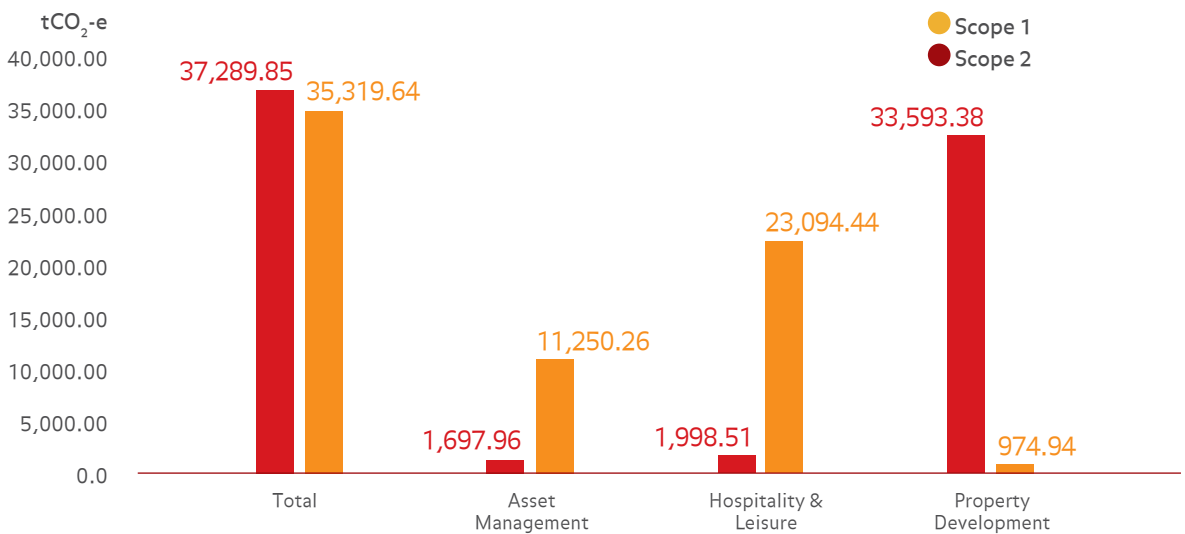
1 Scope One is defined as direct GHG emissions from sources that are owned by Sime Darby Property, and Scope Two is indirect GHG emissions from the generation of electricity, heat or steam which are consumed by Sime Darby Property.

2 Operational emissions are Sime Darby Property’s Scope One and Scope Two emissions, excluding Land Use, Land Use Change and Forestry (LULUCF) emissions.

TOTAL CARBON EMISSIONS IN 2013 (MALAYSIA ONLY)



TOTAL CARBON EMISSIONS IN 2013 BY SCOPE (MALAYSIA)

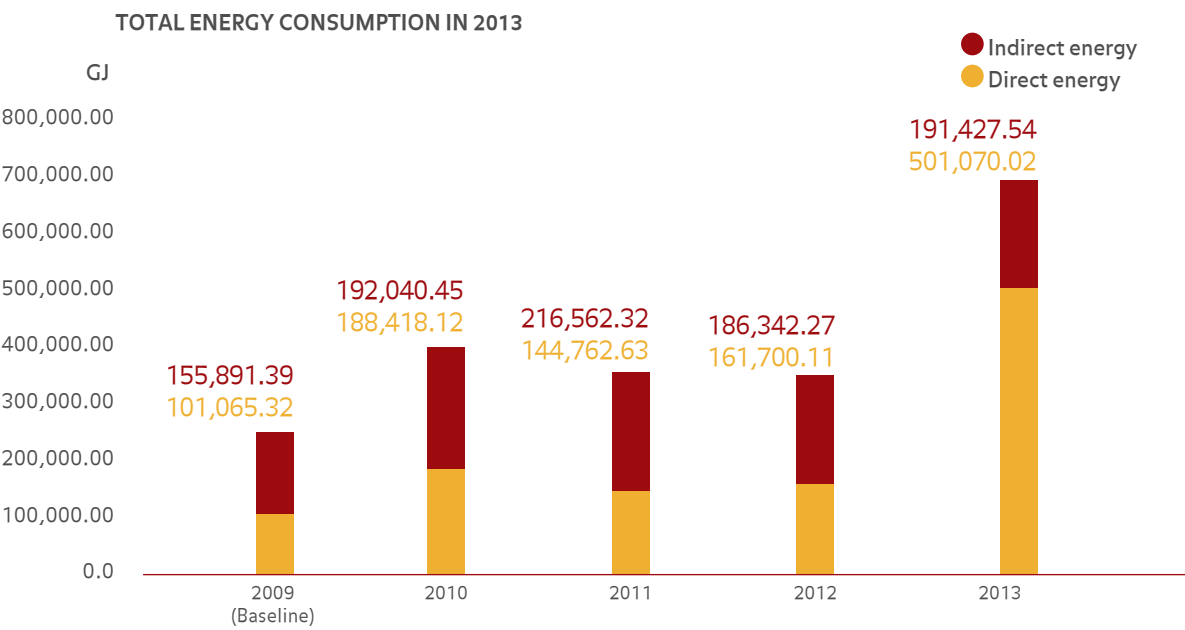


3 Scope 1 emission for Property Development is extremely high due to high fuel usage in heavy machineries during new developments.

4 Asset Management and Hospitality & Leisure are breakdown of Property Investment businesses.



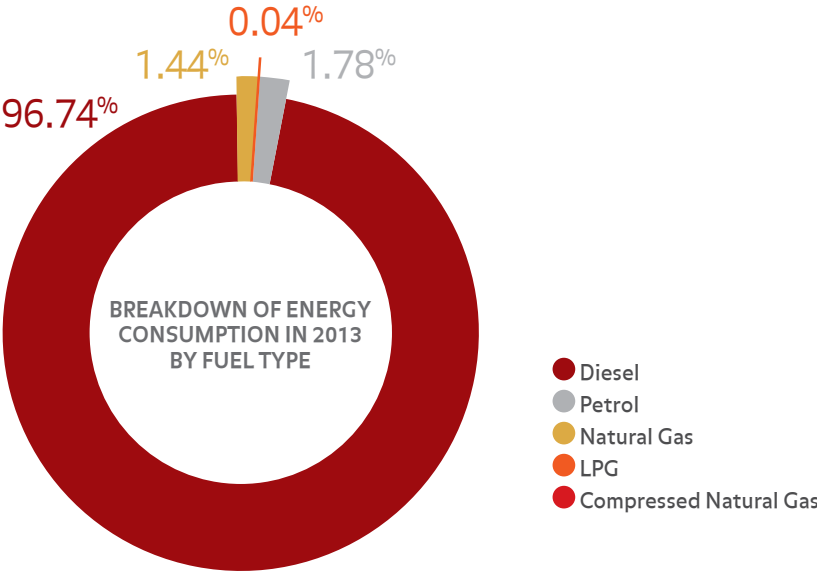
ENERGY CONSUMPTION



	2009 (Baseline)	2010	2011	2012	2013
Total energy consumption (GJ)	256,956.71	380,458.57	361,324.95	348,042.38	692,497.56

1 Direct energy is defined as energy that enter Sime Darby Property’s operational boundaries, and consumed by Sime Darby Property within the boundaries.

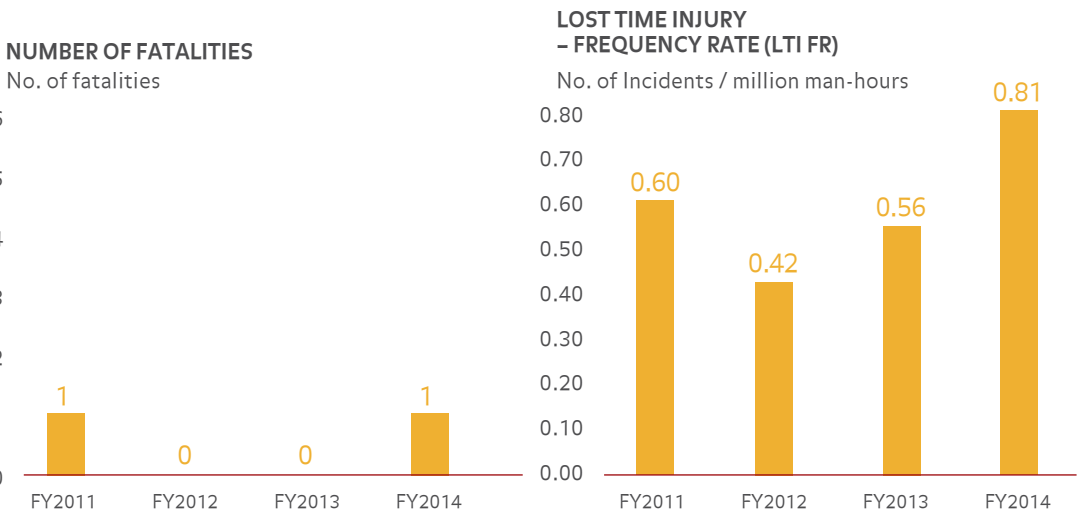
2 Indirect energy is energy produced outside Sime Darby Property’s boundary that is consumed to supply energy for Sime Darby Property intermediate energy needs (e.g., electricity or heating and cooling).



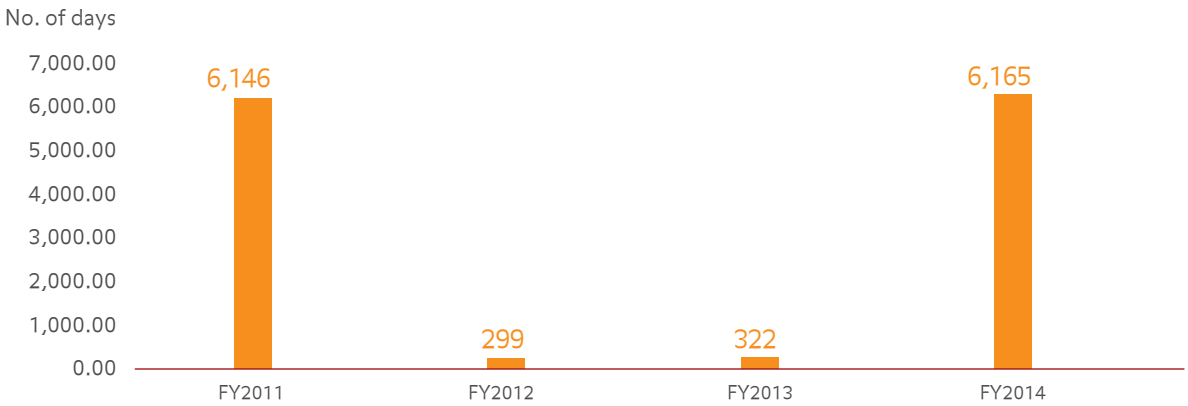
Breakdown of Energy Consumption by Fuel Type	GJ
Diesel	484,05.70
Petrol	8,929.87
Natural Gas	7,216.60
LPG	217.84
Compressed natural gas	0.01
Total fuel consumption from non-renewable sources (GJ):	501,070.02
Total fuel consumption from renewable sources (GJ):	0.00



SAFETY AND HEALTH



NUMBER OF LOST DAYS

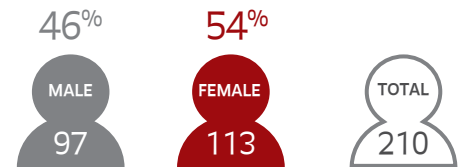


KEY SAFETY INDICATORS

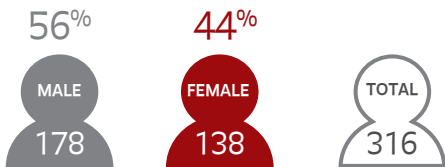
Indicators	FY2011	FY2012	FY2013	FY2014
Incident Rate (No. of incidents/ 1,000 employees)	2.55	1.26	2.07	4.52
Frequency Rate (No. of incidents/ million man-hours)	0.93	0.42	0.71	1.49
Severity Rate (No. of lost days/ million man-hours)	335.71	15.53	16.11	417.68

TALENT

NEW EMPLOYEE HIRE IN FY2014 BY GENDER

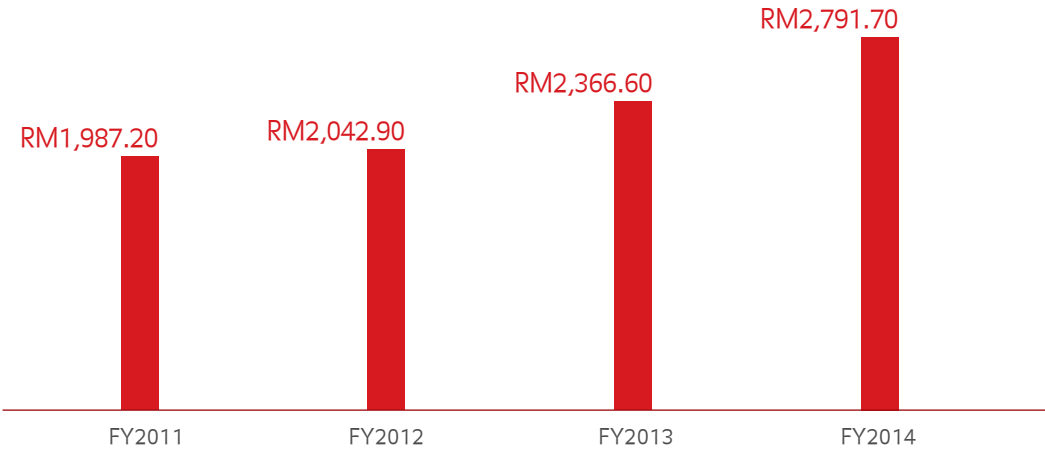


EMPLOYEE TURNOVER IN FY2014 BY GENDER

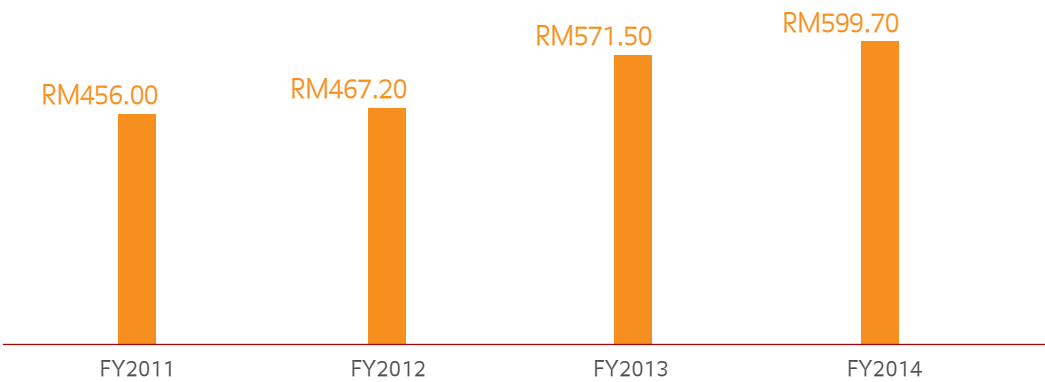


FINANCIAL

REVENUE FROM FY2011 TO FY2014  
(RM million)



TOTAL PROFIT BEFORE INTEREST AND TAXATION (PBIT)  
(RM million)







## GLOBAL REPORTING INITIATIVE (GRI) G4 CONTENT INDEX

This report is in accordance with 'Core' application level. It represents a balanced and reasonable presentation of our organisation's economic, environmental, and social performance. No external assurance was sought for this inaugural sustainability report.



GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Disclosure	External Assurance	Location of Disclosure	Page Reference
STRATEGY AND ANALYSIS				
G4-1	Statement from the most senior decision-maker	No	Managing Director’s Message	003
ORGANIZATIONAL PROFILE				
G4-3	Name of organisation	No	About this Report	002
G4-4	Primary brands, products, and services	No	At a Glance	009
			Corporate Structure	010
G4-5	Location of the organization’s headquarters	No	Corporate Structure	010
G4-6	Number of countries where the organization operates	No	At a Glance	009
G4-7	Nature of ownership and legal form	No	Corporate Structure	010
G4-8	Markets served	No	At a Glance	009
			Corporate Structure	010
G4-9	Scale of the organization	No	At a Glance	009
			Corporate Structure	010
G4-10	Workforce	No	Employee Profile	038-039
G4-11	Percentage of total employees covered by collective bargaining agreement	No	Human Rights	044
G4-12	Supply chain	No	Our Vendors	052, 053
G4-13	Significant changes during the reporting period	No	About this Report	002
			Corporate Structure	010
G4-16	Memberships of associations	No	Corporate Engagement and Achievements	014
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Entities in consolidated financial statements	No	Economic Context of Operations	017
			Financial Metrics	093
G4-18	Process defining report content and aspect boundaries	No	Material Issues in Our Operations	028
G4-19	Material aspects identified	No	Material Issues in Our Operations	028-031
G4-20	Aspect boundary within organisation	No	Material Issues in Our Operations	028-031
G4-21	Aspect boundary outside organisation	No	Material Issues in Our Operations	028-031
STAKEHOLDER ENGAGEMENT				
G4-24	Engaged stakeholder groups	No	Stakeholder Engagement	032-035
G4-25	Selection of stakeholders	No	Stakeholder Engagement	032-035
G4-26	Approach to stakeholder engagement	No	Stakeholder Engagement	033
G4-27	Concerns raised through stakeholder engagement	No	Stakeholder Engagement	033-035
REPORT PROFILE				
G4-28	Reporting period	No	About this Report	002
G4-29	Date of most recent report	No	-	-
G4-30	Reporting cycle	No	About this Report	002
G4-31	Contact point	No	About this Report	002
G4-32	‘In accordance’ option	No	About this Report	002
G4-33	Policy and practice for external assistance	No	Corporate Governance Initiatives & Internal Controls	013
GOVERNANCE				
G4-34	Governance structure	No	Sustainability Governance	011, 012
ETHICS AND INTEGRITY				
G4-56	Overview of values, standards and norms	No	Sustainability Governance;	011, 012
			Corporate Governance Initiatives & Internal Controls	013

SPECIFIC STANDARD DISCLOSURES

Material Aspect	Indicator	Disclosure	Reason for Omission(s)	External Assurance	Location of Disclosure	Page Reference
ECONOMIC						
Economic performance	G4-EC1	Direct economic value generated and distributed		No	Economic Context of Operations	017
	G4-EC2	Financial implications, risks and opportunities due to climate change		No	Key Risk Management Issues	021
	G4-EC3	Defined benefit plan obligations		No	Employee Welfare & Benefits	041, 042
	G4-EC4	Financial assistance from government	Planned for inclusion in future sustainability reporting			
Market Presence	G4-EC5	Standard entry level by gender		No	Employee Profile	038, 039
	G4-EC6	Proportion of local senior management		No	Employee Profile	039
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments		No	Indirect Economic Impacts	019
	G4-EC8	Indirect economic impacts		No	Indirect Economic Impacts	019
Procurement Practices	G4-EC9	Spending on local suppliers		No	Our Vendors	052, 053
ENVIRONMENTAL						
Materials	G4-EN1	Materials used		No	Recyclable Building Materials	061
	G4-EN2	Recycled input materials used		No	Recyclable Building Materials	061
Energy	G4-EN3	Internal energy consumption		No	Lean Six Sigma & Continuous Improvement Projects	064, 065, 068
					Energy Management	072, 073
					Energy Consumption	090, 091
	G4-EN4	External energy consumption		No	Carbon Management	068, 069
					Energy Management	072-073
	G4-EN5	Energy intensity		No	Carbon Management	068
					Energy Management	072, 073
	G4-EN6	Reduction of energy consumption		No	Lean Six Sigma & Continuous Improvement Projects	065
					Energy Management	072, 073
	G4-EN7	Reductions in products & services energy requirements		No	Lean Six Sigma & Continuous Improvement Projects	064, 065
					Energy Management	072, 073
Water	G4-EN8	Total water withdrawal		No	Water Management	075
	G4-EN9	Water resources affected by water withdrawal		No	Water Management	075
	G4-EN10	Water recycled and reused		No	Water Management	075
Emissions	G4-EN15	Direct GHG emissions		No	Carbon Management	068, 069
	G4-EN16	Energy indirect GHG emissions		No	Carbon Management	068, 069
					Energy Consumption	090, 091
	G4-EN17	Other indirect GHG emissions		No	Carbon Management	068, 069
	G4-EN18	GHG emissions intensity		No	Carbon Management	068, 069
	G4-EN19	Reduction of GHG		No	Carbon Management	070, 071
Effluents and Waste	G4-EN22	Water discharge quality and destination	Planned for inclusion in future sustainability reporting			
	G4-EN23	Waste by type and disposal		No	Waste Management	075, 076
	G4-EN24	Significant spills	Planned for inclusion in future sustainability reporting			
	G4-EN25	Hazardous waste		No	Waste Management	075
					Environmental Compliance	077
	G4-EN26	Water bodies and habitats affected by water discharges and runoff	Planned for inclusion in future sustainability reporting			



SPECIFIC STANDARD DISCLOSURES

Material Aspect	Indicator	Disclosure	Reason for Omission(s)	External Assurance	Location of Disclosure	Page Reference
SOCIAL						
LABOUR PRACTICES AND DECENT WORK						
Employment	G4-LA1	Employee hire and turnover by age group, gender and region		No	Employee Profile	038, 039
	G4-LA2	Full-time employee benefits		No	Employee Welfare & Benefits	041-044
	G4-LA3	Return to work and retention rates by gender		No	Employee Welfare & Benefits	042
Occupational Health and Safety	G4-LA5	Workforce represented in formal joint management		No	Human Rights	044
	G4-LA6	Injury, occupational diseases, lost days and absenteeism		No	Safety & Health	046, 092
	G4-LA7	Workers with high risk occupations		No	Safety & Health	046
	G4-LA8	Health and safety in trade union agreements		No	Human Rights	044
Training and Education	G4-LA9	Employee training by gender and category		No	Capacity Building	042, 043
	G4-LA10	Skills management and lifelong learning		No	Capacity Building	042, 043
	G4-LA11	Employee performance and career development review		No	Capacity Building	042, 043
Equal Remuneration for Women and Men	G4-LA13	Basic salary and remuneration of women and men by employee category		No	Labour Practices & Decent Work	040
Supplier Assessment for Labour Practices	G4-LA14	New suppliers screened using labour practices criteria		No	Our Vendors	052, 053
	G4-LA15	Impacts for labour practices in supply chain		No	Our Vendors	052, 053
Labour Practices Grievance Mechanisms	G4-LA16	Grievances about labour practices		No	Employee Engagement, Human Rights	044
HUMAN RIGHTS						
Investment	G4-HR1	Human rights clauses in contracts and agreements			Human Rights	044
	G4-HR2	Employee training on human rights			Human Rights	044
Security Practices	G4-HR7	Security personnel trained in human rights			Human Rights	044
SOCIETY						
Local Communities	G4-SO1	Operations with local community engagement		No	Other Community Segments	054, 055
	G4-SO2	Operations with negative impact on local communities	Planned for inclusion in future sustainability reporting			
Anti-Corruption	G4-SO3	Risks related to corruption		No	Business Conduct & Anti-Corruption	013
	G4-SO4	Anti-corruption policies and procedures communication and training		No	Business Conduct & Anti-Corruption	013
	G4-SO5	Incidents of corruption		No	Business Conduct & Anti-Corruption	013
Public Policy	G4-SO6	Political contributions		No	Other Community Segments	055

SPECIFIC STANDARD DISCLOSURES

Material Aspect	Indicator	Disclosure	Reason for Omission(s)	External Assurance	Location of Disclosure	Page Reference
Anti-Competitive Behaviour	G4-SO7	Anti-competitive behavior, anti-trust, and monopoly practices		No	Corporate Governance Initiatives & Internal Control, Business Conduct and Anti-Corruption	013
Compliance	G4-SO8	Significant fines for non-compliance with laws and regulations		No	Corporate Governance Initiatives & Internal Control, Business Conduct and Anti-Corruption	013
Supplier Assessment for Impacts on Society	G4-SO9	Suppliers screened for impacts on society		No	Our Vendors	052
	G4-SO10	Supply chain impacts on society		No	Our Vendors	052
Grievance Mechanisms for Impacts on Society	G4-SO11	Grievances about impacts on society		No	Handling Customer Feedback	050
PRODUCT RESPONSIBILITY						
Customer Health and Safety	G4-PR1	Health and safety impacts on products and services		No	Product Safety & Health Taking Care of Our Customers	046 047
	G4-PR2	Non-compliances on health and safety impacts on products and services		No	Product Safety & Health	046
Product and Service Labeling	G4-PR3	Product and service information		No	Taking Care of Our Customers	047
	G4-PR4	Non-compliance concerning products and services		No	Product Safety & Health	046
	G4-PR5	Results of customer satisfaction surveys		No	Handling Customer Feedback	050, 051
Marketing Communications	G4-PR6	Sale of banned or disputed products		No	Product Safety & Health	046
	G4-PR7	Non-compliance concerning advertising and promotion		No	Product Safety & Health	046
Customer Privacy	G4-PR8	Substantiated complaints on breach of customer privacy and loss of data	Planned for inclusion in future sustainability reporting			
Compliance	G4-PR9	Fines for non-compliance concerning products and services		No	Product Safety & Health	046





# APPENDICES



# APPENDIX 1: GLOSSARY ON MATERIALITY ASPECTS

We note that it has not been possible to cover all the requirements for materiality aspects due to unavailability of some data and information, which will be addressed in future reports. This glossary provides an explanation or specification of the material aspects for this Report, including specific data and information required to be declared for each aspect.

Source: Global Reporting Initiative – G4 Sustainability Reporting Guidelines

**Anti-Corruption**

the number and percentage of operations assessed for risks related to corruption and the significant risks identified; there is communication and training on anti-corruption policies and procedures; there are confirmed incidents of corruption and the actions taken.

**Compliance (Environmental)**

monetary value of significant fines and total number of non-monetary sanctions for non-compliance, if any, with environmental laws and regulations.

**Compliance (Product Responsibility)**

monetary value of significant fines for non-compliance, if any, with laws and regulations concerning the provisions and use of products and services

**Customer Health and Safety**

the percentage of significant product and services categories for which health and safety impacts are assessed for improvement.

**Customer Privacy**

the total number of substantiated complaints, if any, from outside parties and/or regulatory bodies, regarding breaches of customer privacy and losses of customer data

**Economic Performance**

the direct economic value generated and distributed; explains financial implications and other risks and opportunities for the organisation’s activities due to climate change; covers the organisation’s defined benefit plan obligations; informs on any financial assistance from the government.

**Effluents and Waste**

total water discharged by quality and destination; the weight of waste (hazardous and non-hazardous) by type and disposal method, the total number and volume of significant spills; weight of transported, imported, exported or treated hazardous waste, if any, (under Basel Convention Annex I, II, III, IV) and percentage of transported waste shipped internationally.

**Employment**

the total number and rates of new employee hires and employee turnover by age group, gender and region; the benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation; the return to work and retention rates after parental leave, by gender.

**Energy**

the energy consumption within the organisation and outside the organisation; the energy intensity; the reduction of energy consumption; and reduction in energy requirements of products and services.

**Grievance Mechanisms for Impacts on Society**

the number of grievances about impacts on society, filed, addressed and resolved through formal grievance mechanisms.

**Indirect Economic Impacts**

the development and impact of infrastructure investments and services supported; the significant indirect economic impacts include the extent of impacts.

**Labour Practice Grievance Mechanisms**

the number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.

**Local Communities**

the percentage of operations with implemented local community engagement, impact assessment, and development programmes; identifies operations with significant actual or potential negative impacts on local communities.

**Market Presence**

ratios of standard entry wage by gender compared to local minimum wage at significant locations of operation; includes proportion of senior management hired from the local community at significant locations of operation.

**Marketing Communications**

sale of banned or disputed products; reports on the total number of incidents of non-compliance, if any, with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by types of outcomes.

**Materials**

materials used by weight or volume; includes percentage of materials used that are recycled input materials.

**Occupational Health and Safety**

percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on occupational and safety programmes; reports type and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender; identifies, if any, workers with high incidence or high risk of diseases related to their occupation; and health and safety topics are covered in formal agreements with trade unions.

**Procurement Practices**

the proportion of spending on local suppliers at significant locations of operation.

**Product and Service Labelling**

the type of product and service information required by the organisation’s procedures for product and services information and labelling, and percentage of significant product and services categories subject to such information requirements; the total number of incidents of non-compliance, if any, with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes; the results of surveys measuring customer satisfaction.

**Public Policy**

the total value of political contributions by country and recipient/beneficiary.

**Security Practices**

the percentage of security personnel trained in the organisation’s human rights policies or procedures that are relevant to operations.

**Supplier Assessment for Impacts on Society**

percentage of new suppliers that were screened using criteria for impacts on society; significant actual and potential negative impacts on society in the supply chain and actions taken.

**Suppliers Assessment for Labour Practices**

the percentage of new suppliers that were screened using labour practice s criteria; significant actual and potential negative impacts, if any, for labour practices in the supply chain and actions taken.

**Training and Education**

average hours of training per year per employee by gender, and by employee category; the programmes for skills management and lifelong learning that support the continued employability of employees and assist them in career endings; the percentage of employees receiving regular performance and career development reviews by gender and by employee category.

**Water**

total water withdrawal by source; the water sources significantly affected by withdrawal of water; and the percentage of total volume water recycled and reused.



# APPENDIX 2: LIST OF ABBREVIATIONS

BIM	Building Information Modelling	PICs	Persons in charge
BSC	Board Sustainability Committee	PIES	Physical Intellectual Emotional Spiritual
CAPEX	Capital Expenditure	PKI	Property Knowledge Interchange
COBC	Code of Business Conduct	RE	Renewable Energy
CR	Corporate Responsibility	REHDA	Real Estate Housing Developers' Association
CSI	Customer Satisfaction Index	RMC	Risk Management Committee
CSS	Customer Satisfaction Survey	SD	Sime Darby
DEIA	Detailed Environmental Impact Assessment	SDB	Sime Darby Berhad
DoE	Department of Environment	SDCC	Sime Darby Convention Centre
EIA	Environmental Impact Assessment	SDP	Sime Darby Property
EMP	Environmental Management Plan	SDPB	Sime Darby Property Berhad
EnMS	Energy Management System	SEAPA	South East Asia Property Awards
EPMS	Energy Profile Management System	SMS	Sustainability Management System
ESH	Environmental, Safety and Health	SQM	Sustainability and Quality Management
FTF	Forum for the Future	SSD	Support Services Department
FSB	Flagship Subsidiary Board	STAR	Sustain Track Act & Reward
FY	Financial Year	SUSDEX	Sustainability Index Assessment
GBI	Green Building Index	T.R.E.E.	Together in Restoring the Earth's Environment
GCAD	Group Corporate Assurance Department	TCS	Townships Community Services
GHGs	Greenhouse Gases	TI-M	Transparency International Malaysia
GPPA	Group Procurement Policies & Authorities	TOD	Transit Oriented Developments
GRC	Governance, Risk and Compliance	VDP	Vendor Development Programme
GRI	Global Reporting Initiative	VLOD	Vendor Letter of Declaration
GSQM	Group Sustainability & Quality Management	VSD	Variable Speed Drives
ICSS	International Customer Service Standard	WCSC	World Class Sustainable Cities
IPCC	Intergovernmental Panel on Climate Change	WRI	World Resources Institute
ISAB	International Standards Accreditation Board	WSD	Wisma Sime Darby
KLGCC	KL Golf and Country Club	YSA	Young Sustainability Ambassador
LOHAS	Lifestyles of Health and Sustainability		
LSS	Lean Six Sigma		
LTI-FR	Loss Time Injury Frequency Rate		
MACC	Malaysian Anti-Corruption Commission		
MRT	Mass Rapid Transit		
MSC	Management Sustainability Committee		
NPS	Net Promoter Score		
NUCW	National Union of Commercial Workers		
OAN	Open Access Network		
PDMC	Sime Darby Property Management Committee		



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