



# **BUILDING** THRIVING COMMUNITIES

SUSTAINABILITY REPORT 2016



# COVER RATIONALE

Our Sustainability Report cover is influenced by topography, which symbolises Sime Darby Property's outreach across the sustainability pillars of People, Planet and Prosperity. Our approach to sustainability aims to result in communities that are socially inclusive, economically vibrant, safe and environmentally enriching – in short, thriving. To us, sustainability also means creating economic prosperity for all who are part of the Sime Darby family so that together we can contribute to a better society, minimise environmental harm and deliver sustainable development.

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# 1.0

## ABOUT THIS REPORT

This is the second Sustainability Report published by Sime Darby Property Berhad (hereafter referred to as Sime Darby Property), a subsidiary of the Sime Darby Group. Our first Report covered the financial period 1 July 2013 to 30 June 2014 (FY2014) where we reported our commitment towards sustainability. This Report details our sustainability performance for the financial years 1 July 2014 to 30 June 2015 (FY2015) and 1 July 2015 to 30 June 2016 (FY2016).

The information in this Report focuses primarily on Sime Darby Property's sustainability performance, operations and management over the 24 month period and has been reported on a yearly basis rather than in aggregate where applicable. The carbon baseline is the only restatement in this Report.

All financial amounts declared in this Report are in Ringgit Malaysia (RM) unless otherwise stated. All data in the Report has been reported across the financial year, except for carbon and energy emission data, which are prepared on a calendar year basis for the period 1 January to 31 December every year. We revised our baseline for carbon emissions data in line with improved measurement systems. This Report is prepared in accordance with the 'Core' requirements of the Global Reporting Initiative (GRI) G4 Guidelines (see [www.globalreporting.org](http://www.globalreporting.org) for more information). In this Report, the GRI G4 indicators and material issues have also been aligned and mapped to the United Nations (UN)'s Sustainable Development Goals.

### Feedback

We value your feedback.

Please contact us with any questions you have about the Report or its contents via:

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# 2.0

## MANAGING DIRECTOR'S MESSAGE



**Dato' Ir. Jauhari Hamidi**  
Managing Director,  
Sime Darby Property

**“Our goal at Sime Darby Property is to create thriving sustainable communities – not only for this generation but for generations to come”**

It is with great pleasure that I present to you the *Sime Darby Property 2016 Sustainability Report*. We are proud that our maiden effort in sustainability reporting won the ACCA MaSRA 'Best First-Time Stand-Alone Sustainability Report Award' in 2015. With such recognition, the expectation is now higher and we hope to provide more information in this Report.

For this year's Sustainability Report, careful steps were taken to ensure all material sustainability-related concerns are accurately identified and addressed, either from a baseline perspective or in accordance to measurable terms. Most importantly, we want the Report to reinforce the fact that sustainability remains central to our business practice and strategy, and at the same time a key component of our design and management approach. From my perspective, our goal at Sime Darby Property is to create thriving sustainable communities – not only for this generation, but well into the future.

Ever since our establishment, we have achieved great milestones in terms of sustainability and corporate responsibility. This is due to our commitment of operating with a long-term perspective, where all resources – whether human capital, natural or physical resources and financial means are utilised in harmony and in a manner that ensures enduring viability.

Our main business of developing large-scale townships has a long lasting impact and we recognise the need for it to be as positive as possible, by minimising adverse externalities such as environmental degradation and social marginalisation through the creation of socially and economically vibrant communities.

To illustrate, we ensure that our business assets, townships and developments adhere to high environmental standards, for example by embarking on initiatives of tracking and management of carbon emissions, waste and water. For this, we have established area and revenue based carbon and water intensity reduction targets up to the year 2020 and for waste, an area and per capita based intensity reduction target.

Furthermore, at the Group and our Property Division levels, we have embedded a sustainability performance management tool into our performance management system referred to as our Sustainability Leadership Index, which contains SMART Critical and Trending KPIs covering matters such as Environment, Safety and Health (ESH), Carbon, Waste, Water, Lean Six Sigma (LSS), Social Performance, Disclosure and much more.

We also undertake various stakeholder engagement to support our vision of developing sustainable communities, instil awareness and understanding of the need to adopt sustainable practices and promote a long term balanced outcome.

Ultimately, our aim is to walk the talk and ensure our vision to be the leader in building sustainable communities is fulfilled. To achieve this aspiration, it is essential for us to be guided by our sustainability purpose, which is to pursue sustainability in a way that creates value.

I take this opportunity to thank everyone involved in making this Report a reality. Needless to say, Sime Darby Property's success could not have been possible without the immense contribution of all our community members and stakeholders, who have strived hard and displayed steadfast commitment throughout the years to help fulfil our vision of being the No.1 Sustainable Property Developer in Malaysia and Beyond.



# 3.0 REPORT SNAPSHOT

## PERFORMANCE HIGHLIGHTS



Key sustainability achievements during the reporting period demonstrating our contribution to achieving our Sustainability Purpose.



## ABOUT SIME DARBY PROPERTY



Information about who we are, where we operate, the values and vision that drive us, our financial strength and how we seek to always operate with integrity.



## SUSTAINABILITY AT SIME DARBY PROPERTY



The policies and frameworks that guide our sustainability effort and how they align with one another, including the key drivers of sustainability for Sime Darby Property.



## OUR SUSTAINABILITY REPORTING



Details about how we have identified our material issues.



## CONTRIBUTING TO A BETTER SOCIETY



Our policies and actions for safety and health, developing our people, respecting human rights and investing in communities.



## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX



Where sustainability disclosures related to the GRI framework can be found in our report.



## GLOSSARY



Description of key terms and United Nations (UN) Sustainable Development Goals.



## PERFORMANCE METRICS



Additional data relating to our economic, environmental and social performance.



## DELIVERING SUSTAINABLE DEVELOPMENT



How Sime Darby Property integrates sustainability through providing quality and affordable homes, investing in operational excellence and the economic benefits it generates through its activities.



## MINIMISING ENVIRONMENTAL HARM



Our effort to improve our environmental performance especially in carbon emissions and energy, water and waste management, and how we preserve and enhance biodiversity.

# 4.0 PERFORMANCE HIGHLIGHTS

A significant achievement for Sime Darby Property during this reporting period was implementing a more structured sustainability framework and embedding sustainability targets into our performance management system. This fosters a culture of accountability for sustainable development.

We worked towards achieving our goal to be Malaysia's number one sustainable property developer by:

## 1. Contributing to a better society

**306**  
programmes

No. of Corporate Social Responsibility (CSR) programmes conducted across Sime Darby Property

**473**  
members  
as at 30 June 2016

No. of Young Sustainability Ambassador (YSA) Programme members from township communities and employees' children

**171**  
employees

No. of employees trained in sustainability-related training

**1,189**  
concern reports

No. of ESH Concern Reports received in FY2016

## 2. Minimising environmental harm

Carbon intensity baseline:

**0.0164 tCO<sub>2</sub>-e/m<sup>2</sup>** of built up area  
**23.02 tCO<sub>2</sub>-e/RM mil** of revenue

Energy intensity baseline:

**0.133 GJ/m<sup>2</sup>** of built up area  
**185.46 GJ/RM mil** of revenue

Preliminary (potable) water intensity baseline:

**0.42 m<sup>3</sup>/m<sup>2</sup>** of built up area  
**922.4 m<sup>3</sup>/RM mil** of revenue

Preliminary representative waste intensity baseline:

Property Development: **10.5 kg/m<sup>2</sup>** of built up area  
Hospitality & Leisure: **5.0 kg/no.** of guest  
Asset Management: **0.3 kg/m<sup>2</sup>** of built up area

## 3. Delivering sustainable development

**45.9%**  
IdeaHouse

Average % adoption of Idea House sustainable features included in products in FY2016

**FY2015** **FY2016**  
G x5 P x1  
G x10

No. of townships rated as Gold and Platinum in the SUSDEXPlus Assessment

**3**  
projects

No. of Green Certified Projects

**RM 151.287 million**  
Lean Six Sigma (LSS) accumulated benefits since FY2013

Lean Six Sigma (LSS) accumulated benefits since FY2013

**80%**

Average QCLASSIC score achieved  
*Note: Industry construction quality rating index*



5.0

## ABOUT SIME DARBY PROPERTY

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*Based in Malaysia, Sime Darby Property has more than 40 years' experience in creating thriving communities to meet the needs of customers and is currently Malaysia's largest property developer in terms of property landbank and active developments*



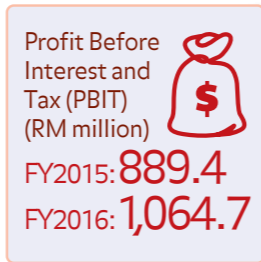


# 5.0 ABOUT SIME DARBY PROPERTY

Sime Darby Property is a public company incorporated in Malaysia under the Companies Act, 1965. It is a multiple award winning integrated property developer based in Malaysia, involved in property development and property investment & asset management, with assets in Australia, Singapore, Vietnam and the United Kingdom.

The Company has over 40 years of experience in delivering sustainable communities, with 23 active townships / developments and has approximately 28,000 acres of landbank in four main corridors spanning from Selangor to Johore, which includes 10,800 acres earmarked for future development.

*Sime Darby Property spearheads various projects including themed townships, integrated and niche developments, transit-oriented developments, industrial parks, business centres and retail malls. In addition to property development, Sime Darby Property also operates several commercial and hospitality & leisure assets in Malaysia, Singapore and Australia including Tournament Players Club (TPC) Kuala Lumpur (formerly known as the Kuala Lumpur Golf and Country Club).*

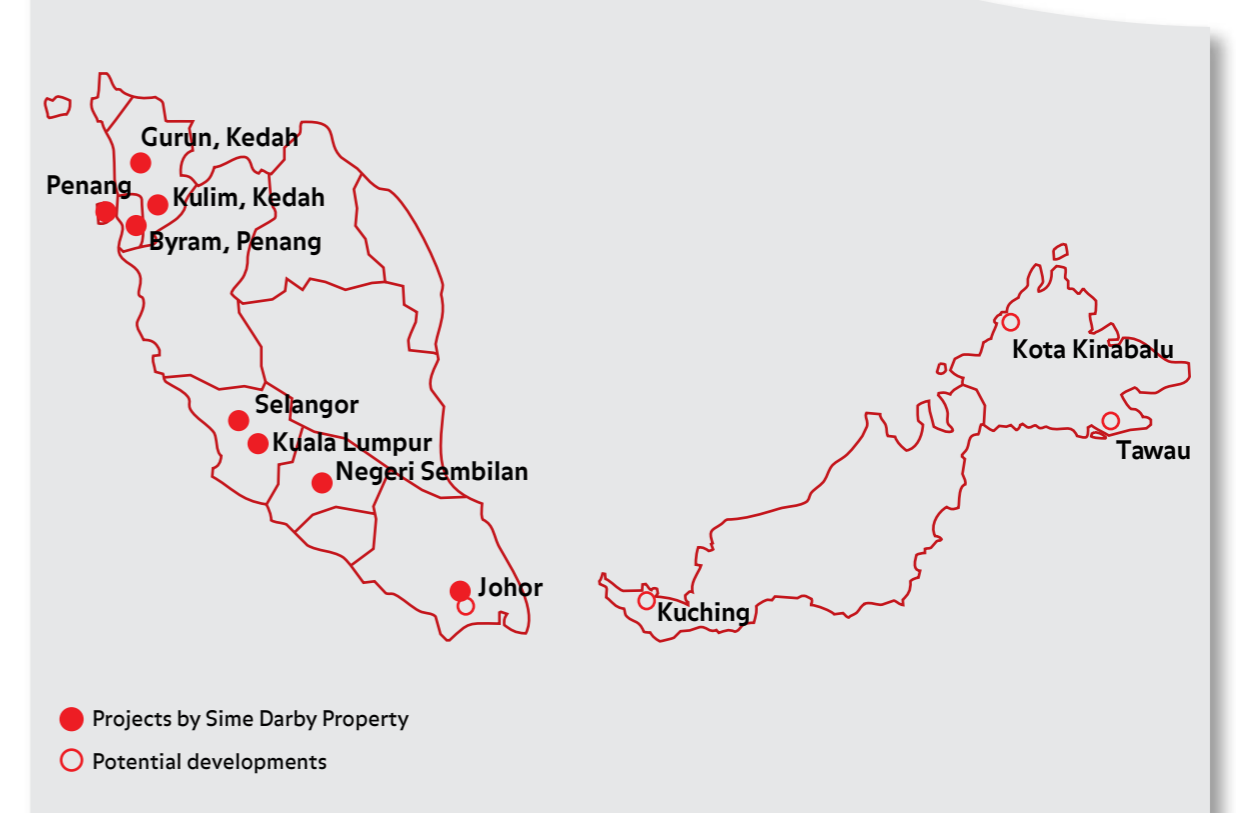


# 5.1 OUR LOCATIONS


## Our Footprint - International




## Our Footprint - Local



## 5.2 VISION, MISSION AND VALUES



**VISION**  
To be the No. 1 sustainable property developer in Malaysia and beyond



**MISSION**  
Sime Darby Property is committed to deliver economic, social and environmental value to all our stakeholders to achieve and sustain our leadership position


We subscribe to good corporate governance and high ethical values

We continuously strive to deliver financial returns through operational excellence and high performance standards


We provide the environment for our people to realise their full potential




**CORE VALUES**




**Integrity**  
Uphold high levels of personal and professional values in all our business interactions and decisions



**Respect and Responsibility**  
Respect for individuals we interact with and the environments that we operate in (internally and externally) and commitment to being responsible in all our actions

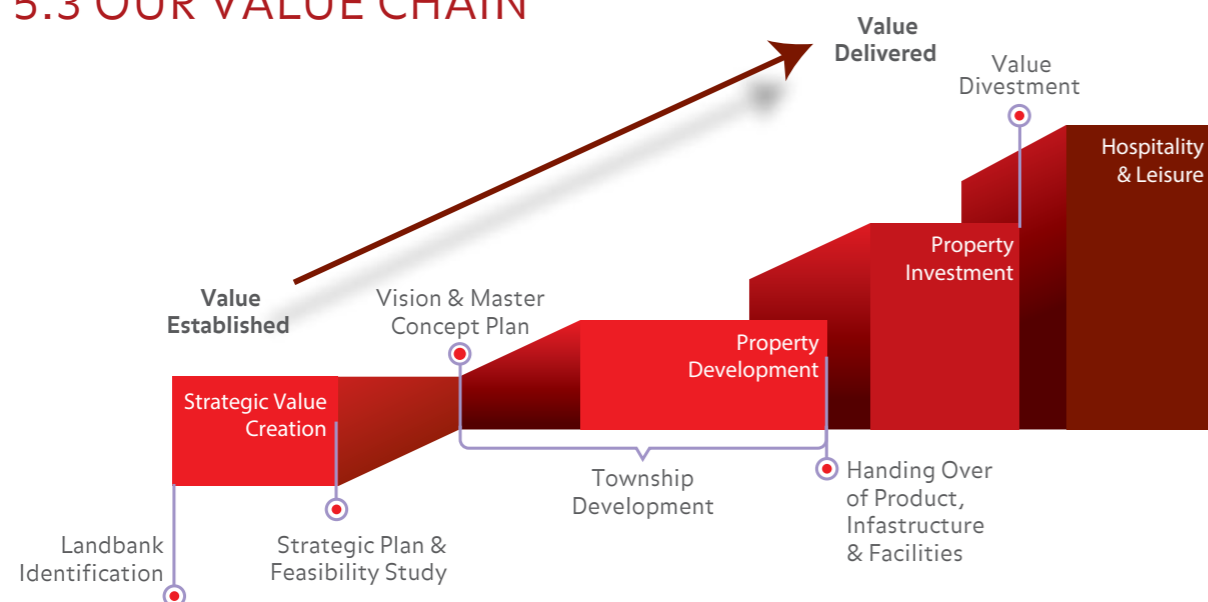


**Excellence**  
Stretch the horizons of growth for ourselves, our businesses and our people through our unwavering ambition to achieve outstanding personal and business results



**Enterprise**  
Seek and seize opportunities with speed and agility, challenging set boundaries

## 5.3 OUR VALUE CHAIN

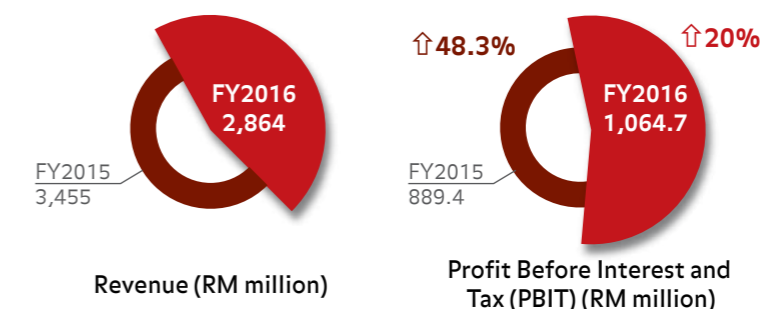


## 5.4 FINANCIAL STRENGTH

Sime Darby Property's key competitive strength and growth lies in its ability to conceptualise, design, develop and manage dynamic neighbourhoods and townships.

As part of the Sime Darby Group, we have an underlying strength, because of the financial discipline implemented across the Group through policies and practices. We have access to capital, strong brand positioning with developments in highly sought after locations and we have a range of value-adding relationships and strategic alliances that help us deliver on our promises.

### Our Financial Performance



In the FY2015, the Property Division's profit before interest and tax (PBIT) increased 48.3% from RM599.7 million in FY2014 to RM889.4 million, and in FY2016 it increased by 20% to RM1,064.7 million – crossing the RM1 billion mark for the first time. Part of this improvement was attributable to gains from disposal of assets. Please refer to Section 11.0 (page 88) and Sime Darby Group Annual Report 2016 (page 290 to 295) for further details and breakdown of our financial performance.

measures. Despite the challenges in the market, the Division's product mix with good locations and connectivity catering to every market segment remained reasonably attractive. We are also well positioned by offering affordable housing, where demand has remained active in the locations where we have developments.

Moving ahead, Sime Darby Property will continue to focus on enhancing the execution of core businesses in Property Development by driving operational excellence from product design to handover. We are also preparing for future growth through the development of Malaysia Vision Valley (MVV) and potential international expansion.

In FY2015 and FY2016, the residential property market continued to soften with declining loan approvals along with the Malaysia House Price Index (MHPI) trending downward due to inflationary pressure and cooling

[www.simedarby.com/investor-relations/annual-reports/annual-report](http://www.simedarby.com/investor-relations/annual-reports/annual-report) For more information about our financial performance see the Sime Darby Group Annual Reports at:



## 5.5 OUR SUPPLY CHAIN

To deliver sustainability within the townships we develop, we plan, design, market, build and manage our townships and other developments, with the design, engineering and construction work handled by trusted vendors or contractors.

We select all suppliers or vendors through a rigorous pre-qualification selection process. This includes checking their work processes to ensure compliance with Quality and Environmental, Safety and Health (ESH) industry standards. Specifically, all contractors are required to follow the ESH management plan. We have also introduced ESH criteria as part of the technical scoring during tendering and are embarking on a pilot project where vendors are screened for environmental criteria. In the future, we plan to extend this screening to include other vendors in addition to contractors.

*These measures will ensure adherence to green and sustainable practices by our partner vendors thus promoting enhanced practices within the construction and property management industry.*

Our selection criteria also include consideration of local suppliers to support the local economy. Sime Darby Property defines 'local' as being Malaysian-based companies who are registered in Malaysia. In promoting the local economy, we procure construction and maintenance contractors, consultants and construction material suppliers largely from the local market.



**100%**  
of our appointed  
**contractors** are  
local

**>90%**  
of our appointed  
**consultants** are  
local

## 5.6 STAKEHOLDER ENGAGEMENT AND ACHIEVEMENTS

### Membership

Sime Darby Property is an active member of the Real Estate and Housing Developers' Association of Malaysia (REHDA).

Sime Darby Property also actively supports the annual International Conference on World Class Sustainable Cities (WCSC), which showcases some of the best practices and experiences from World Class Cities.

[www.simedarbyproperty.com/about-us/who-we-are](http://www.simedarbyproperty.com/about-us/who-we-are) For more detail about this, please see: <http://www.simedarbyproperty.com/about-us/who-we-are>



"Having industry forums like the Roundtable and engagement with key stakeholders play an important role for us to become a game changer in this area"


Dato' Ir. Jauhari Hamidi

Sime Darby Property Sustainability Conversation with industry experts and academia in the quest of catalysing high level discussion to enhance sustainable urban development



# Stakeholders

Our business relies on partnerships and working with a range of stakeholders. Our stakeholder engagement, including topics of concern and issues management is listed here.

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
 <p>Customers (existing and potential)</p>	<p>Frequency: Ongoing</p> <p>Type: PRIME (loyalty programme), Crisis Management (e.g. Customer and NGO engagement), Awareness programme (e.g. Lifestyle Collection Roadshow), marketing materials</p>	<ul style="list-style-type: none"> <li>Quality of product</li> <li>Security</li> <li>Late delivery</li> <li>Product defects</li> <li>SDP value proposition</li> <li>Product prices and values</li> </ul>	<ul style="list-style-type: none"> <li>Quality management system</li> <li>A security team (auxiliary police) in townships established</li> <li>Compensation for late delivery</li> <li>Training and digitisation of handover/quality process</li> </ul>
 <p>Communities</p>	<p>Frequency: Ongoing</p> <p>Type: Resident association, meetings, community events</p>	<ul style="list-style-type: none"> <li>Safety &amp; security</li> <li>Presence of foreign workers within townships</li> <li>Amenities (e.g. public facilities, schools, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Establish security team (auxiliary police) in townships</li> <li>Provide centralised quarters for foreign workers</li> </ul>
 <p>Media</p>	<p>Frequency: Frequent</p> <p>Type: Newspaper, Social media, Press conferences, Product launches</p>	<ul style="list-style-type: none"> <li>Company performance</li> <li>Misconceptions about the Company</li> <li>Complaints on products or services</li> </ul>	<ul style="list-style-type: none"> <li>Direct engagement</li> <li>Press statements / briefings</li> <li>To highlight effort through engagement and communication channel</li> </ul>
 <p>Employees</p>	<p>Frequency: Regular, ongoing</p> <p>Type: Townhall meetings, knowledge sharing sessions, internal customer engagement programme, internal customer satisfaction survey, Innovation Accelerator Programme</p>	<ul style="list-style-type: none"> <li>Well-being of the company and job security</li> <li>Staff welfare and benefits</li> <li>Safety environment at work</li> <li>Work competency</li> </ul>	<ul style="list-style-type: none"> <li>Townhall session to share company's performance</li> <li>Staff engagement programmes (e.g. HR4U, Customer 1st programme)</li> <li>Implementation of ESH programmes involving employees</li> <li>Job-related training and workshops</li> </ul>
 <p>Suppliers</p>	<p>Frequency: Occasional</p> <p>Type: Townhall meetings with suppliers, performance review, meetings, workshops, coaching for compliance</p>	<ul style="list-style-type: none"> <li>Compliance issues</li> <li>Tender prices and payments</li> <li>Cost efficiency and introduction of innovative products</li> <li>Workers quarters</li> <li>ESH</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with suppliers during Safety Day and assurance audit</li> <li>Constant and regular communications</li> <li>Process improvement</li> <li>Engage and share concerns with relevant parties</li> <li>ESH roadshow, ESH elements in tender and contract documents</li> </ul>
 <p>Civil Society</p>	<p>Type: CSR projects, community events, resident association meetings/townhall meetings, research and development</p>	<ul style="list-style-type: none"> <li>Security</li> <li>Waste management</li> <li>Quality/defect rectification</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative activities and solutions</li> <li>Strict monitoring of contractors during construction and 'Defect Liability Period' (DLP)</li> </ul>
 <p>Academia</p>	<p>Frequency: Ad hoc</p> <p>Type: Appointment of academia/institution to conduct research</p>	<ul style="list-style-type: none"> <li>Home buyers concern about affordability</li> <li>Market acceptance of new product innovation</li> </ul>	<ul style="list-style-type: none"> <li>To fine-tune product offerings</li> <li>Conduct research and awareness programme within market</li> </ul>

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
 <p>Competitors</p>	<p>Frequency: Ad hoc</p> <p>Type: Property-related, JV partnership, dialogue session via industry association</p>	<ul style="list-style-type: none"> <li>Price competition</li> <li>Integration of infrastructure and layout plan of township</li> </ul>	<ul style="list-style-type: none"> <li>Discussion among competitors for a win-win solution</li> </ul>
 <p>Investors and financiers</p>	<p>Frequency: Annual, quarterly</p> <p>Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings</p>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Financial performance at expense of environmental/social well-being</li> <li>Business risks</li> <li>Soft market conditions</li> <li>Negative public perception</li> </ul>	<ul style="list-style-type: none"> <li>Monthly reporting and regular audit</li> <li>Engagement with investors &amp; sharing of strategy</li> <li>Rolling out diversified affordable products</li> </ul>
 <p>Industry associations</p>	<p>Frequency: Ongoing</p> <p>Type: Represent in association, lobbying, sharing of knowledge at different platforms, participation in surveys</p>	<ul style="list-style-type: none"> <li>Rising cost of materials</li> <li>Effect to cost due to new regulations</li> <li>New legislation &amp; policies that adversely affect the industry</li> </ul>	<ul style="list-style-type: none"> <li>Value engineering</li> <li>New procurement methods &amp; new innovative materials</li> <li>Lobbying and joint engagement between SDP, authority and association</li> </ul>
 <p>Business partners</p>	<p>Frequency: Ad hoc</p> <p>Type: Meetings, discussions, functions, product launches</p>	<ul style="list-style-type: none"> <li>Payment</li> <li>Terms of reference (TOR)</li> <li>Appraisal</li> <li>Human rights</li> <li>ESH</li> </ul>	<ul style="list-style-type: none"> <li>Standard Operating Procedure (SOP) and Construction Industry Payment and Adjudication Act (CIPAA)</li> <li>Proper SOP for monitoring and tracking</li> <li>Audit and using e-tendering</li> <li>Benchmarking</li> </ul>
 <p>Trade Unions</p>	<p>Frequency: Ad hoc</p> <p>Type: Meetings, dialogue</p>	<ul style="list-style-type: none"> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Address the issue and attend the case as necessary</li> </ul>
 <p>General public</p>	<p>Frequency: Ad hoc</p> <p>Type: Dialogue, meetings, engagement</p>	<ul style="list-style-type: none"> <li>Environmental impact to communities</li> <li>Housing price</li> <li>ESH (e.g. dengue)</li> </ul>	<ul style="list-style-type: none"> <li>Engage with experts and explain via reporting, environmental conservation activities (e.g. tree planting)</li> <li>Market research</li> <li>Implement safety measures (e.g. fogging)</li> </ul>
 <p>Governments and regulators</p>	<p>Frequency: Ad hoc</p> <p>Type: Meetings, pre-consult submission, periodical monitoring &amp; reporting</p>	<ul style="list-style-type: none"> <li>Customer rights</li> <li>Compliance</li> <li>Local communities affected (e.g. ex-plantation workers)</li> </ul>	<ul style="list-style-type: none"> <li>Responsible reporting and marketing communications</li> <li>Monitoring of compliance (e.g. legal checklist)</li> <li>Provide adequate monetary compensation and alternative job offers</li> </ul>
 <p>NGOs</p>	<p>Frequency: Ad hoc</p> <p>Type: Meetings, discussions, collaborations</p>	<ul style="list-style-type: none"> <li>Environmental issues</li> <li>Human rights</li> <li>Issues affecting the local communities</li> </ul>	<ul style="list-style-type: none"> <li>Environment engagement programmes (e.g. tree planting)</li> <li>CSR programmes (e.g. safety in school)</li> <li>Provision of facilities to local communities (e.g. mosque, temple)</li> </ul>

# Awards

Our efforts to develop sustainable communities and sustainable business continue to receive recognition as demonstrated by some of the awards below.

## FY 2015



**Gold Award in Property Category in Putra Brand Awards**

**BCI Asia Awards - Top 10 Developers Award in Malaysia**

**The Edge Malaysia Top Property Developers Awards - Top 3**

**Best Employers Malaysia 2015**  
in the Aon Hewitt Best Employers Award

**Best Residential Interior Design in the South East Asia Property Awards (Malaysia):**  
The Véo, Kuala Lumpur

**2015 Frost & Sullivan Malaysia Building Construction New Product Innovation Award**  
in 2015 Malaysia Excellence Awards

**Best Mid-Range Condo Development in the South East Asia Property Awards (Malaysia):**  
The Véo, Kuala Lumpur

## FY 2016



**Gold Award in Property Category in Putra Brand Awards**



**The Edge Malaysia Affordable Urban Housing Excellence Award**

Saron, Bandar Bukit Raja



**The Edge Malaysia Top Property Developers Awards - Top 3**



**ACCA Malaysia Sustainability Reporting Award (MaSRA) -**  
"Best First-Time Stand-Alone Sustainability Report" 2015

**Special Recognition in CSR in the South East Asia Property Awards (Malaysia) 2015**

**CIDB QLASSIC Excellence Award 2016 - High QLASSIC Achievement, Best QLASSIC Achievement and Special Appreciation (Developer Category)**

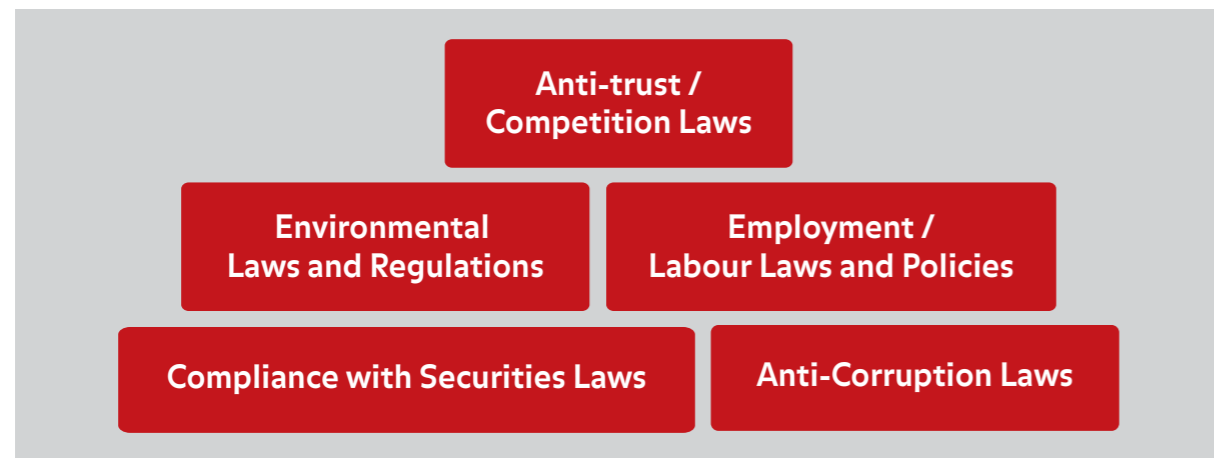
**HR Asia Best Companies to Work for in Asia 2015**



## 5.7 OPERATING WITH INTEGRITY

Central to our ability to achieve our goals as a business is the adoption of robust policies and practices to address risk, to comply with relevant legislation and regulation, and to implement our high standards of ethics and integrity.

The Sime Darby Group Policies and Authorities (GPAs), which apply throughout the Sime Darby Group, help to ensure that we conduct our activities in accordance with the laws, rules and regulations in the various places we operate as well as support our employees to consistently uphold the highest standards of integrity and accountability. The GPAs include measures to ensure employees and partners adhere to all applicable policies, procedures, laws and regulations of the countries in which we operate, as listed below.



Sustainability considerations have been incorporated into the GPAs. We have also adopted Sime Darby Group’s Code of Business Conduct (COBC), Child Protection Policy, Grievance Policy and Whistle-Blowing Policy, amongst others. The COBC is a comprehensive guide which covers the behaviour expected of employees, business partners and vendors.

All our vendors (suppliers and contractors) are made aware of the COBC and need to follow GPAs. As our counterparts or business partners, vendors are expected to adhere to standards of behaviour aligned to promoting a fair, honest and ethical business environment.

While environmental compliance is the responsibility of each employee, several departments within our organisation are entrusted with the ‘check and balance’ role, such as the Group Compliance Office as well as the Sustainability and Quality Management Department. All contractors and consultants engaged by the company are also required to comply with all necessary regulatory requirements. Consequently, Sime Darby Property had no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in the reporting period.

### Anti-corruption

We evaluate the risk of corruption in all our operations and 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 in Malaysia receive compulsory training about anti-corruption as part of the mandatory Code of Business Conduct (COBC), which they must acknowledge compliance with

We engage employees on anti-corruption through the COBC handbook and, for new employees, during the Corporate On-Boarding programme

We manage conflicts of interest and charitable and political donations through our Code of Business Conduct

Our Whistle-Blowing Policy provides for any complaint or report to be directly submitted to the Senior Independent Director (SID) of the Board.

All concerns raised via the whistle-blowing channels are treated fairly and properly. The policy also includes provisions to safeguard the confidentiality of the whistle-blower.

At a Board level we have processes in place for Directors who are directly or indirectly interested in a contract or proposed contract to declare the nature of their interest pursuant to Section 131 of the Companies Act 1965 and to abstain from voting on those matters where they have a declared interest. Committee members are also required to declare the same.

For more information please see: <http://www.simedarby.com/about-us/governance/ethical-business-practice>

## Risk Management

Sime Darby Group has established a detailed approach and process to Risk Management that is consistent with the ISO 31000 Risk Management Standard to engender a highly risk-aware corporate culture at all levels of operation. Through application of integrated risk analysis and management, Sime Darby Property manages risk in order to enhance opportunities, reduce threats and sustain our competitive advantage.

Sime Darby Property has adopted a formal and structured approach to risk management, including:

### 1. Risk Assessments – updating of risk based on the following context :-

- a. Strategies/ Objectives – top down risk review of risk conducted on an annual basis as part of the annual strategic planning.
- b. Business Unit/ Operation Unit/ Project – Quarterly risk updating (identify, assess, document and escalate risks)
- c. Major Project (CAPEX/ Improvements) – Monthly review/ Adhoc update to ensure appropriate risk management activities occur cognisant of the projects’ lifecycle stage.
- d. Major Proposal (Investments/ Improvements/ Bids) – As required to ensure appropriate risk management activities occur cognisant of the projects’ lifecycle stage

Risks identification is guided by conceptualising a Risk Universe, which categorises potential risks from 4 perspectives namely; Strategy, Operational, Financial and Compliance. Sustainability-related risks are generally captured under the ‘Operational’ category and include issues such as:-

- Climate change;
- Resource scarcity;
- Waste management;
- Environmental degradation;
- Human rights;
- Labour rights;
- Environment Safety and Health (ESH); and
- Natural events.

### 2. Risk Improvement


Where risks are considered not to be fully or partially mitigated, it is the company policy for appropriate action plans to be identified, recorded and implemented to address and further manage any key risks.

### 3. Risk Monitoring

This is a process to validate risk treatment or controls and action plans on a periodical basis to provide assurance that they are designed and operating effectively as well as that action plans are completed on time.

For more information on Risk Management please see: <https://simedarbygroup.sharepoint.com/sites/GHOGROUPRISK/Pages/default.aspx>





6.0

## SUSTAINABILITY AT SIME DARBY PROPERTY

At Sime Darby Property, we aspire to be the number one sustainable property developer in Malaysia and beyond, by aiming to realise the needs and dreams of our customers and meet the needs of our stakeholders



As our sustainability journey continues to mature, we continue to embed sustainability throughout our value chain and aim to display sustainability leadership through our corporate governance and culture, daily operations and business practices and in the communities we build and foster. To be effective, we require a sustainability vision, governance structure, strategy, implementation and tracking of results.

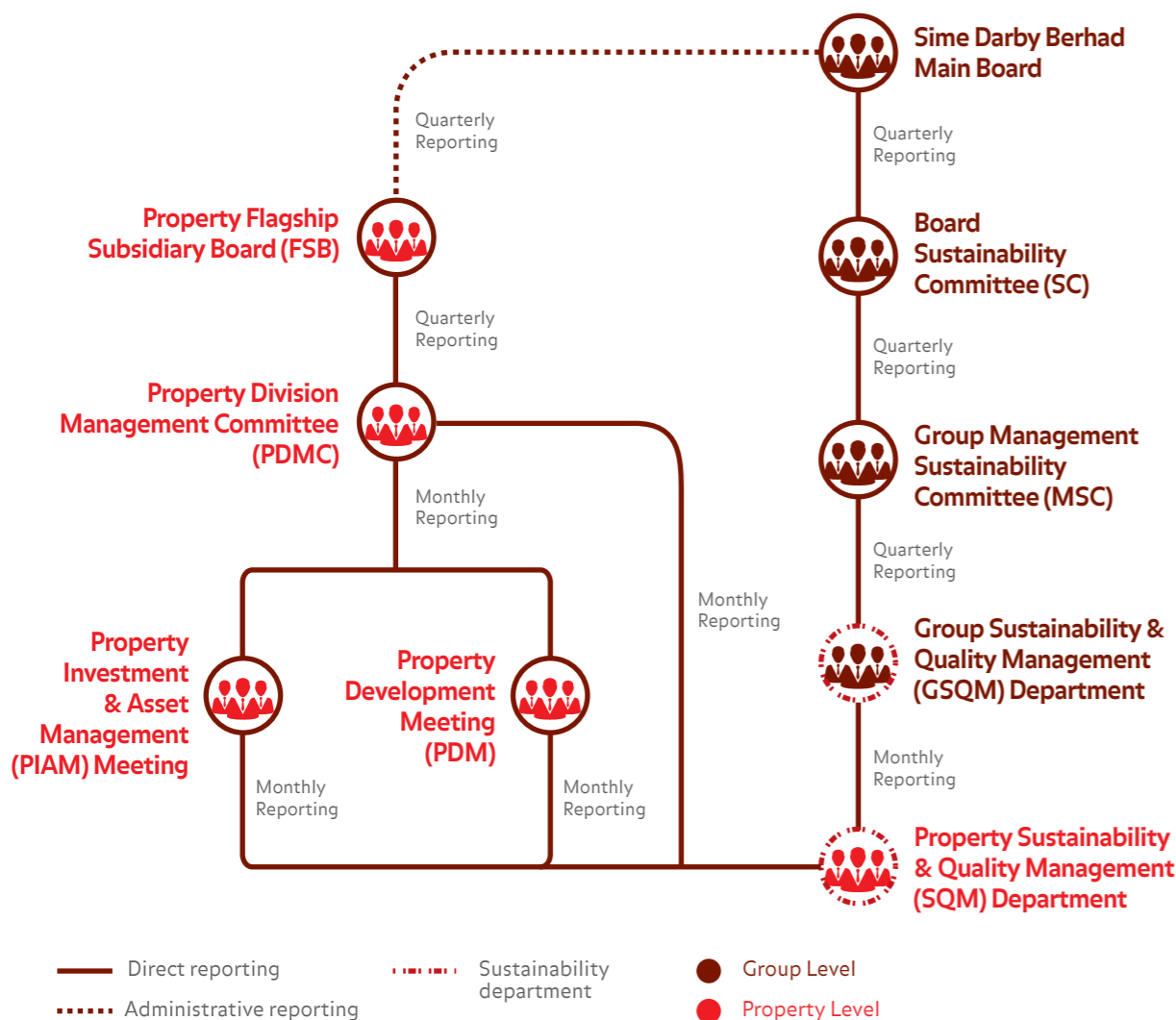
## 6.1 SUSTAINABILITY GOVERNANCE

The Board of Sime Darby Berhad (SDB), also known as the Main Board, has overall responsibility for the Group, under which Sime Darby Property forms a Division. The Main Board is supported by Board Committees and Flagship Subsidiary Boards (FSBs), each with oversight of one Division. The FSBs meet on a quarterly basis, prior to the Main Board meeting.

*Sustainability is embedded in our governance structure and management reporting structure, and driven from the top with the Board Sustainability Committee being the main driver.*

Sustainability governance is then also driven at the division level mostly through Property Division Management Committee (PDMC) and via Strategic Business Unit monthly meetings – where the focus is placed on reporting and advising progress of the Sustainability Leadership Index Critical and Trending KPIs (further elaborated below).

For more detail about Sime Darby Group governance please see <http://www.simedarby.com/about-us/governance/corporate-governance>

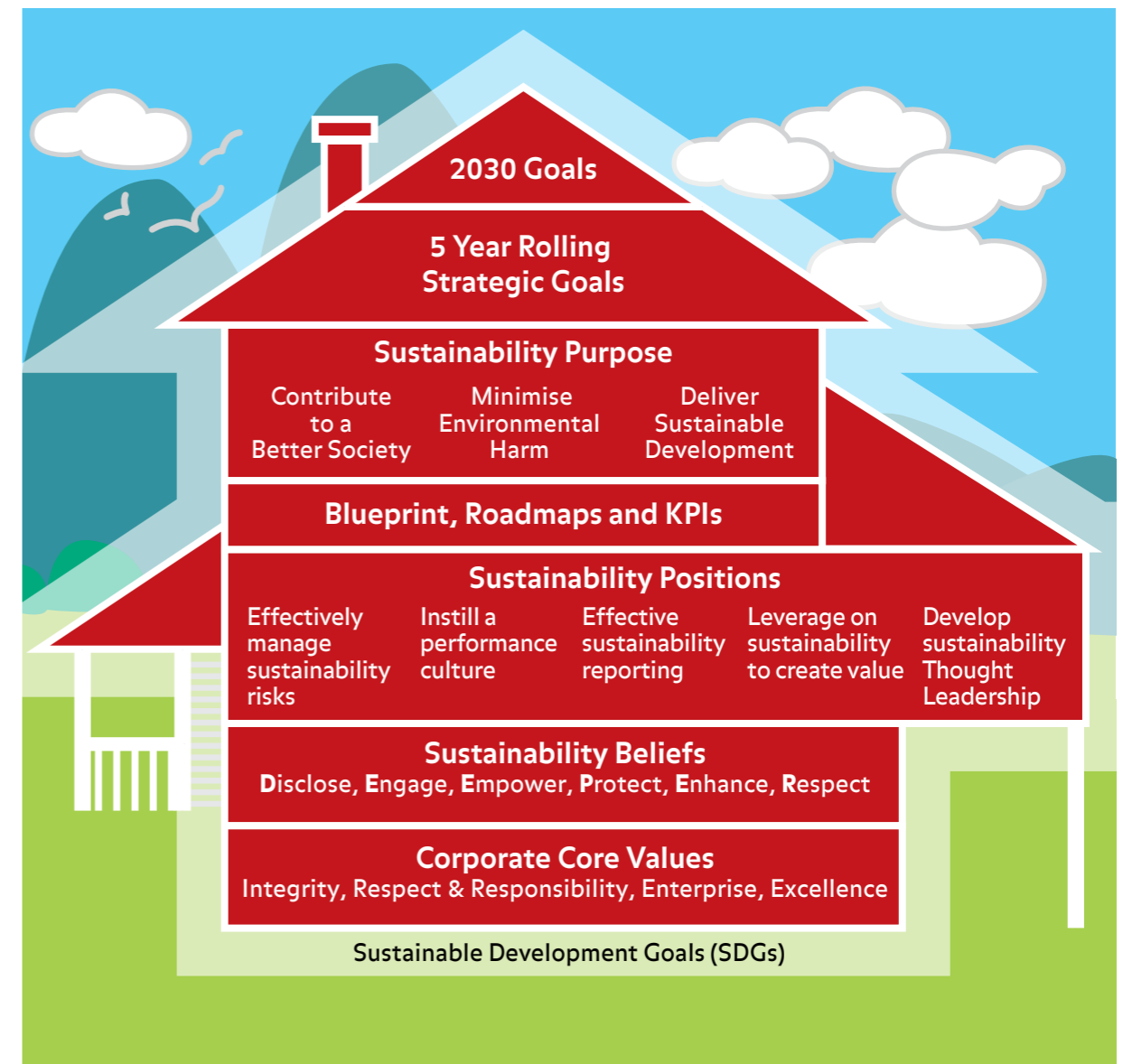


## 6.2 SIME DARBY SUSTAINABILITY STRATEGIC FRAMEWORK

At both Group and Property Division level, Sime Darby supports its commitment to sustainability through creation of a logical Sustainability Strategic Framework, as illustrated below.

*The Framework shows how our activities and initiatives help us to deliver our overarching Sustainability Purpose, which is to 'Contribute to a Better Society, Minimise Environmental Harm and to Deliver Sustainable Development'. In turn, this helps to create value for the organisation, which is our overarching Sustainability Goal.*

During the reporting period, we moved to better align our Group and Property Division sustainability approach, using this strategic framework. The framework aligns our purpose and values with our organisational Sustainability Leadership Index (SLI) Key Performance Indicators (KPIs) (also established during the reporting period), providing consistency and clarity across the whole of Sime Darby, while enabling the Division to structure the approach according to the requirements of each business area. The SLI KPIs are cascaded throughout the Division from the top management to the operational level, enabling us to assign accountability across and throughout the organisation.



Our Sustainability Strategic Framework adopts the United Nations (UN) Sustainable Development Goals (SDGs) to underpin and guide our effort. It also embeds our Corporate Core Values and Sustainability Beliefs.

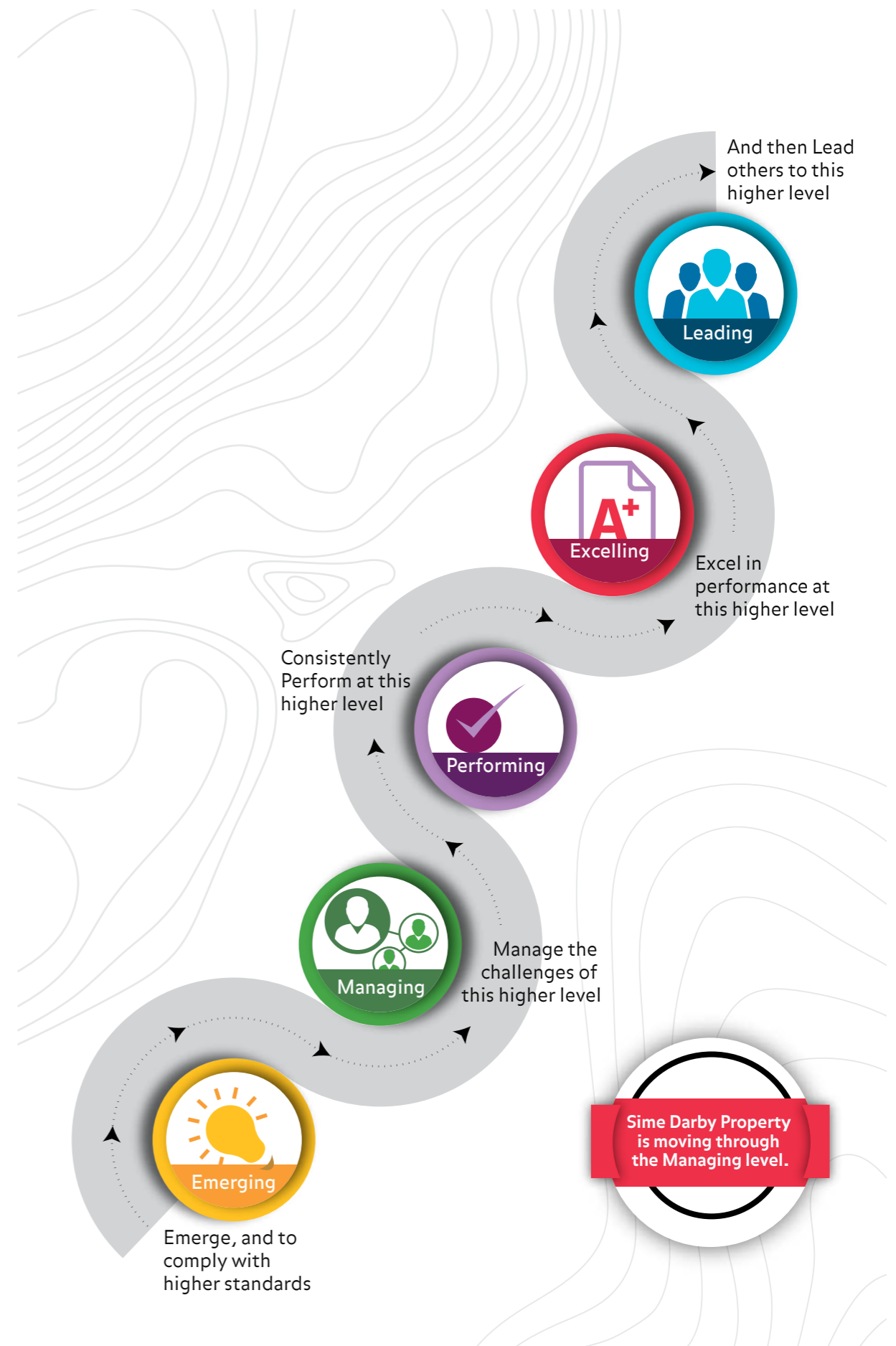
The 17 SDGs and their associated targets are expected to become increasingly important in driving business and government delivery of sustainability. The goals set an agenda for sustainable development to 2030. For Sime Darby Property, 12 of the 17 goals are either directly or indirectly related to our overarching goals of developing sustainable communities and nation building, as shown below.



For more detailed information about the SDGs see: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

The Sustainability Strategic Framework sets in place a structure to foster a performance culture that aims to move Sime Darby Property further along what we term the sustainability 'maturity curve', from 'Emerging' level to a 'Leader'.

*Our KPIs focus on our most material sustainability challenges, and are assessed through objective metrics and aligned with Group Blueprints and Divisional Roadmaps. Achieving our KPIs enables us to move to the next level on the maturity curve.*





## 6.3 SIME DARBY PROPERTY SUSTAINABILITY KEY PERFORMANCE INDICATORS

We place primary emphasis on the Sustainability Leadership Index (SLI) Critical and Trending Sustainability Key Performance Indicators (KPIs). These focus us on crucial material issues with measurable targets, supported by logical initiatives and programmes. Linked to these KPIs we have set clear and measurable improvement targets up until the year 2020.

*While fully adopting the Sustainability Strategic Framework at a Divisional level, Sime Darby Property focuses on the Critical and Trending Sustainability KPIs. In addition, we evaluate on a regular basis the Division Strategy Blueprint, which is the primary business strategy tool of the division and advise focus and content to drive delivery of the sustainability framework.*

The KPIs are also built into our performance management framework and cascaded throughout the organisation from our Managing Director (MD) and senior management, down to middle and lower management. The SLI KPIs accounts for 10 per cent of our MD's performance scorecard. This is a significant change for Sime Darby, as its means accountability for achieving goals and targets has moved to the whole organisation rather than being the responsibility of our Sustainability and Quality Management Department. See the tables below for details of our KPIs, and our achievement in FY2016.

*To make progress on our sustainability journey and sustainability maturity curve, we need to achieve the targets of six critical KPIs and at least six of our trending KPIs.*

### CRITICAL KPIs

Key area	KPI	Purpose	Divisional Target	Status
<b>Safety and Health</b>	Reducing Lost Time Injury Frequency Rate (LTIFR)	Protect our people by developing a safe working culture with zero fatalities	2 concern reports per Operating Units (OUs) per month	<b>Achieved</b>
<b>Business efficiency</b>	Increasing Lean Six Sigma Monetary Benefit	Empower operational excellence to enhance monetary benefits	Harvested benefit equalling RM 8 million	<b>Achieved</b>
<b>Sustainability reporting</b>	GRI Sustainability Reporting	Engage stakeholders and commit to better disclosure	Contribute to the Group Sustainability content of the Annual Report and Division Materiality Assessment	<b>Achieved</b>
<b>Emissions</b>	Carbon Intensity Reduction	Protect the environment by mitigating the impacts of Sime Darby operations on climate change	Review and recommit carbon emission reduction target	<b>Achieved</b>
<b>Managing waste</b>	Setting Waste Baseline	Respect the environment by promoting sustainable consumption and production	Setting preliminary representative baseline for 6 townships and 6 OUs	<b>Achieved</b>
<b>Water</b>	Setting Water Baseline	Protect the environment by adopting responsible water stewardship	Setting preliminary potable water baseline for the Division	<b>Achieved</b>

### TRENDING KPIs

Key area	KPI	Purpose	Divisional Target	Status
<b>Safety</b>	Implementing Divisional Environment, Safety and Health (ESH) Roadmaps	Empower divisions by providing guidance on the strategic progression of ESH initiatives	25% of 5-year ESH Division Roadmap implemented	<b>Achieved</b>
<b>Business efficiency</b>	Implementing Divisional Lean Six Sigma (LSS) Roadmap	Empower divisions by providing guidance on the strategic progression of Quality and Operational Excellence initiatives	Division LSS Roadmap implemented for FY2016	<b>Achieved</b>
<b>Safety and Health</b>	Implementing Sustainability Management System (SMS)	Empower teams to disclose Sustainability data by providing a robust automated system	90% reporting for SMS	<b>Achieved</b>
<b>Safety and Health</b>	Maintaining QESH-MS	Operational readiness for QESH-MS Certification	20% of OUs identified and preparation for certification	<b>Achieved</b>
<b>Energy</b>	Energy Efficiency	Protect the environment by mitigating the impacts of climate change through promoting eco-efficiency initiatives	Review and commit target for energy reduction by 2020	<b>Achieved</b>
<b>Risk Management</b>	Implementing ESH Risk Management	Protect Sime Darby against major ESH risks by ensuring that effective risk management is in place	Generate 3 Top Risks and implement mitigation controls to reduce risk	<b>Achieved</b>
<b>Sustainability Engagement and Recognition</b>	National competition /sustainability engagement /Awards	Highlight the value of corporate sustainability	Sustainability Awards Shortlisting	<b>Exceeded –Award achieved</b>
<b>Safety and Health</b>	Safety and Health Assessment System in Construction (SHASSIC)	Enhance ESH processes by ensuring an effective management system that drives continuous improvement	Average 4.5 STAR rating	<b>Minor issue</b>
<b>Quality</b>	Quality Assessment System in Construction (QLASSIC)	To ensure delivering a defect-free products that meet and exceed the standards by constructing projects in accordance to the construction drawings and design details. Using QLASSIC tools as one of the few methods to measure and evaluate the quality of workmanship and finishes of construction works based on approved standards	Average 80% QLASSIC score for FY2016	<b>Achieved</b>
<b>Environment</b>	Green-Rated Townships (SUSDEX)	Enhancing sustainability within our business processes and in our products through execution of a measurable sustainability tool	1 newly approved Township with Gold Rating	<b>Exceeded</b>

Sime Darby Property aspires to be a Sustainability Leader by 2020. Our six critical KPIs guide us to achieve this goal. We know we will have reached our critical KPIs and are leading in sustainability when we reach the targets set out below:



For our trending KPIs our ultimate targets are to ensure all sites are operating under a fully integrated sustainability management system, with unified policies, and performing to recognised international standards for environment, safety and quality.

## 6.4 DRIVERS OF SUSTAINABILITY

Sime Darby Property is guided by the three key drivers of sustainability – People, Planet and Prosperity.

*These drivers relate directly to our Sustainability Purpose which is to **Contribute to a Better Society, Minimise Environmental Harm and Deliver Sustainable Development.***



Our **People** contribute to a better society



Our commitment to the **Planet** means minimising environmental harm



**Prosperity** for all stakeholders will mean delivering sustainable development

In this Report, we use our Sustainability Purpose Framework to outline our performance sometimes with initiatives case studies to demonstrate our progress in delivering on the three pillars.

### Sustainability Index (SUSDEX)

Within Sime Darby Property we also apply a bespoke sustainability assessment index, known as SUSDEX, to guide and measure the sustainability of our townships and the sustainability of our business processes. Initially developed in 2010, the tool was recently revised and is now referred to as SUSDEXPlus. SUSDEXPlus is based on the Global Reporting Initiative G4.0 Guidelines, the Green Building Index (GBI) Township Tool (V1.0), LEED (Neighbourhood v4), Greenmark (House v1.0) and CPTED (Crime Prevention Through Environmental Design) Guidelines.

*The results of SUSDEXPlus assessments provide a comprehensive operationally-focused measure of sustainability performance of townships throughout the value chain from planning a township through to maturity and eventual full handover.*

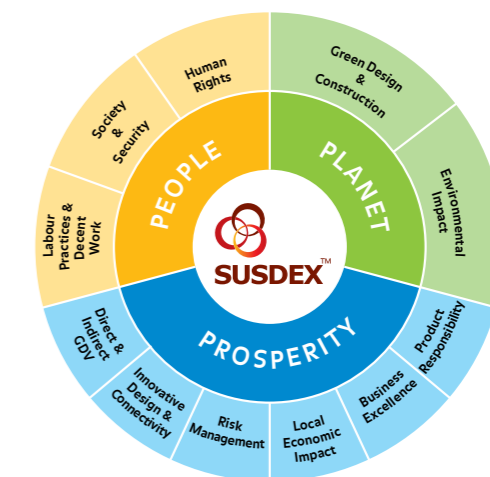
This in-house tool helps us to optimise resources whereby the focus is on ensuring a sensible balance by townships between delivering the pillars of People, Planet and Prosperity during the development process and within the township developments themselves. The assessment process

also provides township teams with recommendations for enhancement, which are often implemented by the following assessment.

Presently, our Sustainability and Quality Management (SQM) Department conducts the assessments of all townships twice a year and internally rates their sustainability performance either with a Silver, Gold or Platinum rating. This tool and the rating system applied internally leads to a competitive environment where townships now aim to outperform each other in terms of sustainability. This tool has been under gradual progressive improvement ever since it was first applied in 2009/2010.

To date, the tool has been independently evaluated twice by the Division Sustainability Advisors, Forum for the Future who are based out of the UK with regional offices. Further to this independent guidance for improvement, the Division engaged an academic institution mid-way through the last financial year for an academic review of the revised index, the results of which would only be forthcoming after the reporting period of this present report.

*Presently, SUSDEXPlus is applied to our townships from vision plan to hand over and evaluates the township planning and operational sustainability performance based on 88 indicators.*





7.0

## OUR SUSTAINABILITY REPORTING

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Sime Darby Property is committed to reporting using the Global Reporting Initiative (GRI) G4 framework, to disclose its impacts and activities for sustainability across economic, environmental, workplace and community dimensions



## 7.1 MATERIAL ISSUES

We took the interests and issues raised by our stakeholders into consideration when framing the sustainability issues that are most relevant to Sime Darby Property.

*To better understand our impacts and the issues that are most relevant (material) to us, we conducted a workshop, with managers from across our technical and operations teams contributing their expertise to the materiality identification process.*

The materiality workshop considered our stakeholders and the types of issues they most commonly raise in our interactions with them, to enable us to identify our most relevant (material) issues. Our most material issues were formulated and prioritised during the workshop and finalised with input from senior management. This internal exercise was then cross referenced against an internally-led review of typical materiality issues identified by other property developers as communicated within their sustainability reports.

GRI reporting calls for reporters to state where the impacts of their material issues are experienced – either inside the organisation, or externally in the value chain, or both. This is known as the Aspect Boundary. For this report, we have mapped our 27 material issues to the United Nations ‘Sustainable Development Goals’ (SDGs) for 2030, after having aligning them with our Sustainability Framework in 2015. Throughout this report, we have indicated where our activities or commitments link to one or more of the goals.

Issue	Aspect Boundary	SDGs
Corporate governance	All Sime Darby Property	16 PEACE AND JUSTICE STRONG INSTITUTIONS 
Economic and financial performance	Sime Darby Property, our vendors and our investors and customers	8 DECENT WORK AND ECONOMIC GROWTH 
Business risks	Sime Darby Property, our vendors and our investors and customers	11 SUSTAINABLE CITIES AND COMMUNITIES 
		13 CLIMATE ACTION 
Cost management/ efficiency	Sime Darby Property and our investors and customers	8 DECENT WORK AND ECONOMIC GROWTH 
		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Pricing strategy	Sime Darby Property and our customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Capital appreciation	Our customers	8 DECENT WORK AND ECONOMIC GROWTH 

Issue	Aspect Boundary	SDGs
Productivity	Sime Darby Property, our vendors and our investors	8 DECENT WORK AND ECONOMIC GROWTH 
Project management	Sime Darby Property, our vendors, our investors and ultimately our customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Quality management	Sime Darby Property, our vendors, our investors and ultimately our customers	11 SUSTAINABLE CITIES AND COMMUNITIES 
Product innovation and continuous improvement	Sime Darby Property, regulators and government and our customers	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
Product safety	Sime Darby Property, regulators and government and our customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Sustainable products	Sime Darby Property and our Customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
New legislation and policies	Sime Darby Property, and regulators and government	16 PEACE AND JUSTICE STRONG INSTITUTIONS 
Legal compliance	Sime Darby Property, regulators and government	16 PEACE AND JUSTICE STRONG INSTITUTIONS 
Ethics	Sime Darby Property	16 PEACE AND JUSTICE STRONG INSTITUTIONS 
Privacy	Sime Darby Property and our customers	16 PEACE AND JUSTICE STRONG INSTITUTIONS 
Occupational safety and health/Lost time injury frequency rate	Sime Darby Property, our vendors and employees and their families	3 GOOD HEALTH AND WELL BEING 

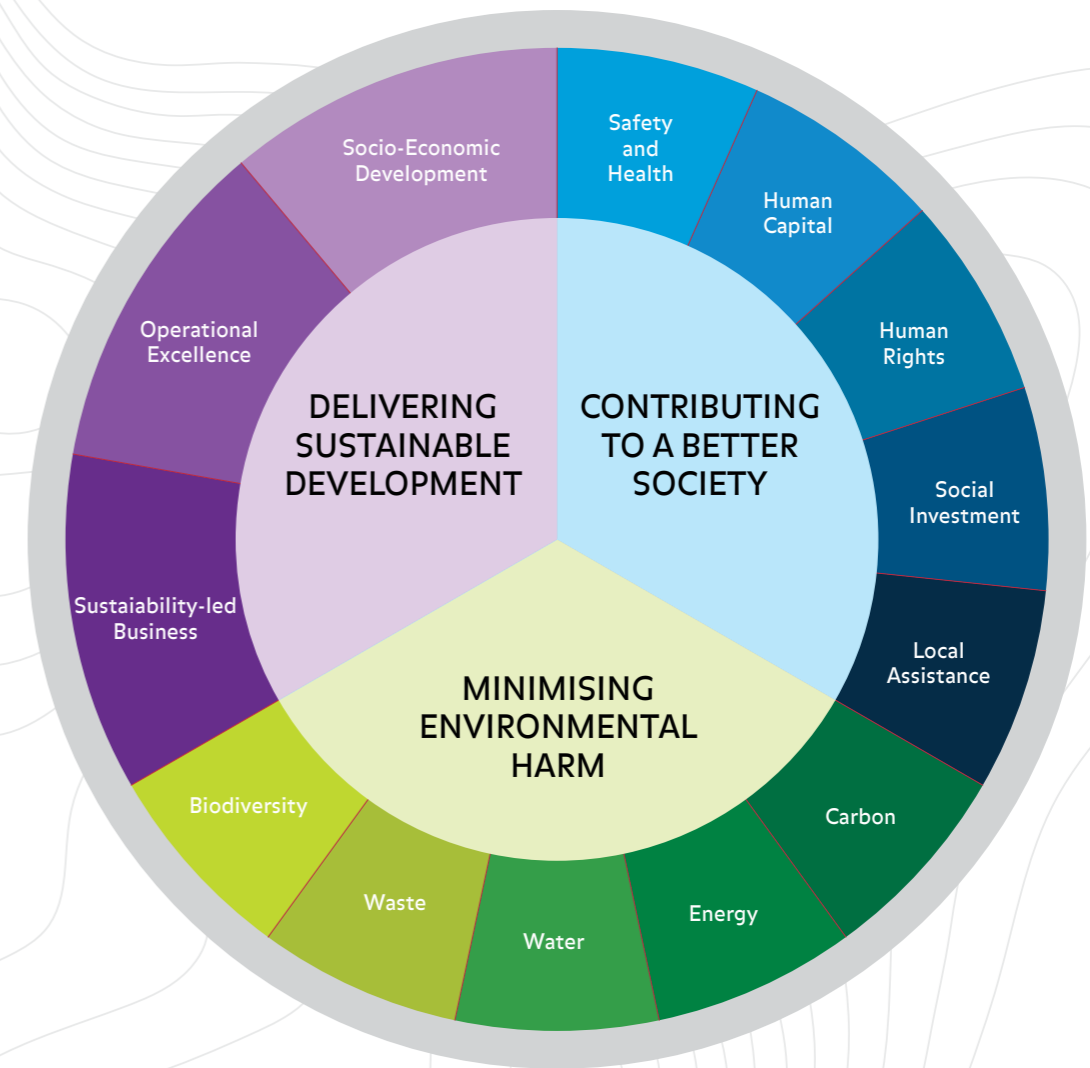


Issue	Aspect Boundary	SDGs
Talent management	Sime Darby Property, especially our employees	8 DECENT WORK AND ECONOMIC GROWTH 4 QUALITY EDUCATION
Employee welfare	Sime Darby Property, especially our employees	3 GOOD HEALTH AND WELL BEING
Human rights in the workplace	Sime Darby Property, especially our employees	16 PEACE AND JUSTICE STRONG INSTITUTIONS
Customer relationships	Sime Darby Property and our customers	16 PEACE AND JUSTICE STRONG INSTITUTIONS
Township amenities	Sime Darby Property, our customers and township communities	11 SUSTAINABLE CITIES AND COMMUNITIES
Security	Sime Darby Property, our customers and township communities	11 SUSTAINABLE CITIES AND COMMUNITIES
Affordability	Sime Darby Property and our customers	11 SUSTAINABLE CITIES AND COMMUNITIES
Facility safety	Sime Darby Property and our customers	10 REDUCED INEQUALITIES
Community engagement	Sime Darby Property, our customers and township communities	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Negative public relations risks	Sime Darby Property	16 PEACE AND JUSTICE STRONG INSTITUTIONS

*Our materiality workshop also took into account our strategic priorities as an organisation and our values and mission, the topics identified as material by our peers, and known or predicted impacts from our activities.*

## 7.2 OUR SUSTAINABILITY PURPOSE

The following sections (Section 8 to 10) in this Report detail our activities and sustainability performance under the three thematic areas of our Sustainability Purpose, i.e., Contributing to a Better Society, Minimising Environmental Harm and Delivering Sustainable Development. Through these sections where there is a relevant narrative of action on the ground, these are presented as succinct demonstrative case studies.





8.0

## CONTRIBUTING TO A BETTER SOCIETY

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We value the contribution that our people, customers and other stakeholders make to the success of our business. In turn, we aim to support the communities and people where we operate through execution of the intent of policies and practices to help keep them safer at work and where they live, to maintain their well-being, to support the training and development of our people and to invest in our communities and townships





# 8.1 SAFETY AND HEALTH

## Occupational Safety and Health

Sime Darby Property places great importance on the well-being and safety of its employees. The nature of our business involves occupational health and safety risks. Improving our safety performance is among our Critical KPIs. Occupational safety and health impacts people's lives as well as our organisation's productivity, quality and delivery of products and services.



Regrettably, during the reporting period there were four fatalities at our operations (further details below). With this, we are reminded of the need for ever increasing improvement for ourselves and within the wider industry in the areas of vigilance, tracking and OSH compliance monitoring and corrective measures.

*Our Environment, Safety and Health Policy commits us to continuously maintain and improve a positive and sustainable Environmental, Safety and Health (ESH) culture. This also requires that our many strategic stakeholders and vendors, many of which we expect high standards of continue their journey with us to seek continuous improvement in Occupational, Safety and Health (OSH) performance.*

Our ESH Policy sets out the following aims:

<ul style="list-style-type: none"> <li>To achieve environmentally friendly and safe development of our townships, building management, hospitality and leisure</li> </ul>	<ul style="list-style-type: none"> <li>To embody a holistic risk management system to mitigate and prevent adverse impact on ESH performance including prevention of pollution, human injury and ill health</li> </ul>
<ul style="list-style-type: none"> <li>To comply with applicable global legislation, Sime Darby Group Policies and Authorities (GPAs), Sime Darby Property ESH Management System and other requirements in all its operations</li> </ul>	<ul style="list-style-type: none"> <li>To set clear strategic objectives in Environmental, Safety and Health and implement programmes and initiatives to deliver improved results</li> </ul>

Sime Darby Property has multiple Standard Operating Procedures (SOPs) that form part of our ESH management system. These include:

- ESH Risk Management
- Chemical Management
- Health and Wellness at the Workplace
- Scheduled Waste Management
- Machinery and Equipment Safety

Our suppliers, contractors and subcontractors are required to provide details of their ESH management plans. All our construction workers in Malaysia must have a Construction Industry Development Board (CIDB) Green Card. To obtain this they undergo compulsory safety training and without this card are not legally allowed to enter a construction site of the company.

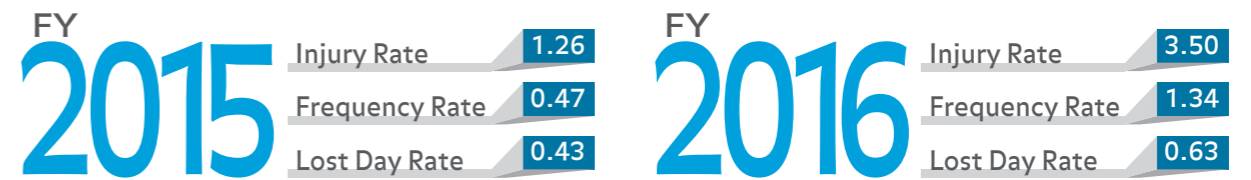
Every employee contributes to Social Security Organisation (SOCSO) via a deduction from their monthly salary. Claims can be made for work-related injuries and fatalities. On top of that, employees may opt for insurance coverage as part of the benefits offered by the company.

## Our Performance

In our effort to track and protect the health and well-being of our employees, we record the details of all fatalities, permanent and temporary disability, minor incidents, medical treatment and all first aid incidents.

*Our performance in safety and health (both for our employees and our customers) is monitored and reported to our management, and periodic internal and external audits are also undertaken.*

As mentioned, Sime Darby Property experienced four fatalities during the reporting period. Three of the fatalities were the result of falls from height. One resulted from a trench collapse at a construction site, in which two other workers were also injured (all workers were employed by a contractor). In all cases, investigations were carried out, either by us or by our contractor. Subsequently, we carried out a Division-wide inspection of scaffolding, and undertook further full information sharing and training for employees on how to work safely when at height.



The incident rate and frequency rates increased over the reporting period due to a rise in injuries and fatalities in FY2016. The Lost Day Rate also increased in FY2016 across the Division. We also believe the increases in FY2016 are due to increased staff awareness of incident and accident reporting.

*In FY2016, we raised employees' awareness about the importance of incident and accident reporting through our Concerned Reporting Programme and therefore expected to see a rise in reporting.*

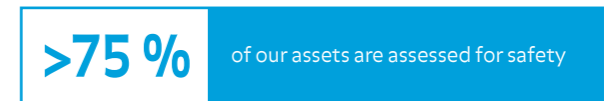
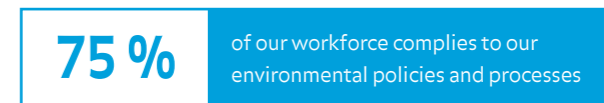
In terms of process, when an accident occurs, the relevant Environment, Safety and Health unit reports the accident via our Group-wide online system, the Sustainability Management System (SMS). This data is then counted as part of the operating unit's ESH performance for the month. At Division level, a monthly report is submitted to Group Sustainability and Quality Management, which includes the incident statistics in the overall ESH performance for the month. There is also quarterly reporting of these statistics at each Division and Group level.

## Programmes

All processes are covered under the Sime Darby Property ESH management system (ISO 14001:2004, OHSAS 18001:2007 and MS1722:2011). Under this system, we internally verify that all employees, supervised employees and independent contractors comply with our environmental policies and processes.

We assess our assets including our hospitality and leisure assets, construction sites and township infrastructure regularly during their lifecycle to see what, if any, ESH improvements can be made.

Education and training related to assisting workforce members, their families, or community members regarding serious diseases is provided in appropriate language and pictorial formats, during campaigns and roadshows. For example, we conducted a campaign about Dengue Fever, which involved educating the workforce and general public about practical prevention methods.



## CASE STUDY: ESH RISK MANAGEMENT

*Risk management is an important part of the way we work to create a safer and healthier workplace. But more than that, good risk management signifies a well-managed and effective organisation.*

At Sime Darby Property we have a well-established risk management approach. During the reporting period, we took the opportunity to further improve our risk management approach based on a review of our risk management systems and processes by an external consultant. We embarked on initiatives to improve our risk management programme in accordance with a new Risk Management Standard rolled out by our Group Sustainability and Quality Management team and the approved methodology established by the appointed consultant.

The initiatives began in the first quarter FY2016. To date, we have customised training materials and delivered a series of training sessions for our people throughout our operations. We have also developed a generic ESH risk register at a Divisional level and we are supporting the development of site-specific risk registers.

Through this process we have prioritised our most significant ESH risks as:

1. Working at height
2. Heavy lifting
3. Electrical hazard
4. Chemical handling

Our aim is to be able to prevent accidents and avoid fatalities by assessing and controlling risks at their root cause. To drive improvement, we continue to closely monitor the implementation of control measures to ensure effectiveness and we expect the impact of this to be reflected in our safety statistics in the coming period.

### OBJECTIVE:

*Accident prevention and avoid fatalities by assessing and controlling risks at their root cause*

### ADDRESSING:

- 1) *Material issues: OSH, Product Safety, Facility Safety*
- 2) *Sustainable Development Goals (SDGs):*



## Customer and Product Health and Safety

*It is important to us that our townships and buildings provide a safe environment for our customers, as this directly influences their satisfaction and the subsequent performance of the company.*

We ensure that customer health and safety is managed and reported appropriately so as to strengthen our place in the market as a provider of high quality products and services. Under our Environment, Safety and Health (ESH) Policy, we are committed to showing leadership in building sustainable communities, managing facilities, and providing building management and hospitality and leisure services.

During the operational and management phases of leisure assets, construction areas, commercial assets, strata assets

and township infrastructure we look at maintenance activities to identify how the health and safety of those using the facilities could be improved, or accidents prevented.

*Our performance on health and safety (both for our employees and our customers) is monitored and reported to our senior management, and regular external audits are also undertaken.*

We report and manage incidents in relation to the products and services we provide. Any safety incidents related to our products are material as they impact our communities. Our quality checks enable us to identify any potentially unsafe elements, and to rectify them. For our Hospitality and Leisure and Asset Management businesses, product or service safety is ensured by regular monitoring of the asset's safety during operations.

## 8.2 HUMAN CAPITAL

*Together with our contractors and other vendors, we are a significant employer, supporting the livelihoods of tens of thousands of people in the areas where we have developments and townships.<sup>1</sup>*



For details about our workforce, please see the Performance Metrics (Section 11) of this report.

## Training and Development

Sime Darby Property views learning as very important to ensure our employees have the required competencies to perform their work and deliver their best output. In our industry, changing technology and construction methods make continuous learning a priority. Leadership training and training about work culture help to prepare the employees for leadership roles and contribute to transforming our company.

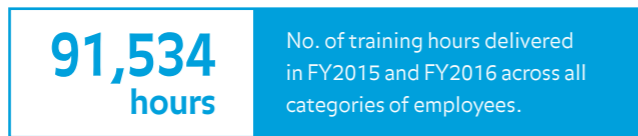
Learning in our organisation focuses on addressing competency/skill gaps, especially for critical or high risk jobs. Approaches include, collaboration with external bodies to develop technical programmes which are highly customised to the specific needs of the company, sending employees for professional certification programmes, arranging on-the-job attachment and engaging specialists for certain jobs to facilitate knowledge transfer. In addition, upskilling and retraining of existing employees are also carried out on a regular basis.

*We take a structured approach to learning, firstly identifying the training needs throughout our organisation, then developing programmes to address prioritised needs, in line with our organisation-wide policy about learning and employee development.*

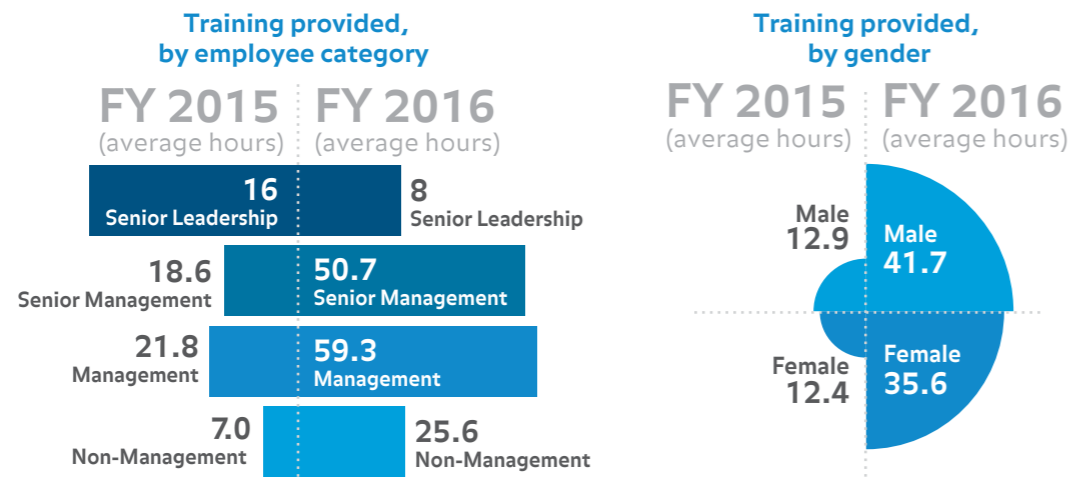
<sup>1</sup>Even though this statement is made, we have yet to undertake a detailed evaluation of the scope of how many people's livelihoods rely on the successful operations of the company. Nevertheless, given that we have 23 active townships and several under planning and that we have a large number of vendors including many medium and large construction industry contractors and the communities within our townships, the above statement is made with a reasonable basis.



Our online employee portal provides details of training opportunities for employees to further improve their skills and capabilities to keep pace with the constantly changing business environment.



A 68 per cent increase in training hours in FY 2016 compared to FY2015 was due in particular to the introduction of new technical training programmes across the Division.



In FY2016 three main training programmes were introduced, related to project management and property investment and asset management. We also organised a pre-retirement training programmes in February 2015 for employees aged 45 years and above. This form of training is seen as necessary as the company cannot assume that all of its employees are equipped with the right knowledge and skills for retirement planning.

*We evaluate the effectiveness of our training and use these reviews to improve on the subsequent learning phases.*

## Diversity and Inclusion

As Sime Darby Property expands internationally, being able to accommodate a diverse and globally-oriented workforce has become more important to us. While we do not currently have a formal diversity and inclusion policy, we are seeking to develop a 'borderless' working culture to support our global direction. To this end, we are implementing diversity and inclusion activities (and an associated change management programmes) to equip managers and employees to operate in a diverse global environment.

The objective is for the company's staff to have an improved appreciation and respect for differences because we know a diverse workforce will help us to better understand our customers and potential customers – and thereby be better equipped to meet their needs.

*We do not tolerate discrimination in our workplace as it does not make for a positive working environment for our people, as well as posing a risk of reputational damage, purchaser boycotts, and exposure to legal liability.*

To prevent discrimination, we have a Sexual Harassment Policy and a Grievance Procedure available to all employees and we ensure they are briefed about these. During the reporting period there were no instances of discrimination reported. We also seek feedback annually about our anti-discrimination efforts through our Global Employee Engagement Survey (GEES).

## 8.3 HUMAN RIGHTS



### Respecting and Protecting Human Rights in Our Workforce

Human Rights is an increasing area of concern from a wide range of stakeholders.

*Sime Darby believes it has a duty to respect the rights of all individuals, including but not limited to, its employees and communities wherever it operates.*

Sime Darby became a signatory of the United Nations Global Compact (UNGC) in 2010 and a member of Global Business Initiative on Human Rights in 2011. The company's observance and direction of fundamental human rights is enshrined within its GPAs and COBC. As a signatory to the UNGC, the Group is committed to conduct its business in alignment with the ten UNGC principles, in the areas of human rights, labour, environment and anti-corruption.

We established a Property Human Rights Task Force ("PropHRiTF") in May 2016 with the objective of operationalising our commitment to human rights in Sime Darby Property and the development of a robust methodology to monitor, report and verify various aspects of human rights. A preliminary fact finding exercise is being conducted to identify the actual processes of relevance in property value chain and potential human rights impacts.

*Ongoing general awareness sessions are being rolled out to raise awareness about fundamental Human Rights and its relevance to business for our management team.*

In our reporting period, we have conducted five general awareness sessions since February 2016 covering 131 senior management participants. The next phase will target other segments of the company as we continue to build awareness and formulate operational measures to address gaps as they become apparent.

### Customer Privacy

Protecting customer privacy and data security is an important part of our commitment to our customers.

*We monitor substantiated complaints about breaches of customer privacy and loss of data in accordance with our privacy policy.*

We comply with relevant privacy and data security legislation wherever we operate. In Malaysia in 2013 we introduced a Standard Operating Procedure (SOP) for Sime Darby Property to comply with the Personal Data Protection Act 2010 (PDPA). When a customer or prospective customer provides their personal details either through the Sime Darby Property website or other relevant document or channel, they are required to sign the PDPA Notice to ensure statutory compliance with PDPA.

Throughout the reporting period for the year FY2016, Sime Darby Property had one complaint regarding a breach of customer privacy, without escalation to legal proceedings.

## 8.4 SOCIAL INVESTMENT AND SUSTAINABILITY ENGAGEMENT

*Sustainable and vibrant communities are the legacy we foresee that Sime Darby Property leaves for Malaysia and all other places where we operate.*

An essential part of ensuring that legacy is engaging with our customers and communities to anticipate and meet their needs and to build understanding about living in a more sustainable way. Our impact on communities is through developing built environments that minimise environmental impacts, enable internal and external connectivity and provide a safe haven for our customers to live and work.



### Community Engagement

To make sure we take community views into account at all stages of township development, we engage actively with them throughout the process. While we largely focus on operational engagement, we also undertake extensive community engagement towards building community capacity for enhanced sustainable community outcomes.

**Pre-development**

Engage with investors, unions, local communities and local authorities to discuss land transfer and encumbrances, relocation and infrastructure strategy.

**Development**

Engage with local and regional authorities to ensure accurate submission and approvals and engagement with customers, local authorities, business partners and consultants about the development plan.

**Post-Development**

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

*We have established a stakeholder management team to engage with stakeholders especially during the planning and land acquisition phase of our townships.*

In Malaysia, our townships are planned on the site of former plantations and in some cases ex-plantation workers are concerned about relocation or future employment opportunities. Where these concerns have arisen we work in collaboration with the National Union of Plantation Workers that is in compliance with the guidelines set forth by the Local/State Government.

During the township development process, which can take 10–15 years or longer, dedicated Township Community Services (TCS) teams in each of our townships engage with the immediate community, including local resident associations. Their first duty is to handle any issues that might arise during the defect liability period but also – importantly – to help develop the sense of community and connectedness that will help the new township and its residents to flourish. The TCS teams assist in the formation of registered resident associations, as well as regularly organise community activities such as below.

**Sports events**

**Collective community cleanliness campaigns (locally called "gotong-royong")**

**Festive celebrations**

**Support security networks**



## CASE STUDY: BANDAR BUKIT RAJA TOWNSHIP – COMMUNITY LIVING

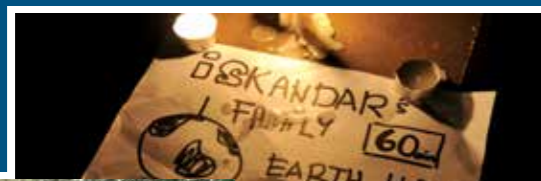
Launched in 2002, Bandar Bukit Raja is one of Klang’s most popular locations, both as a business site and community precinct. The township spans 2,700 acres and incorporates a mix of residential properties – including landed homes and affordable apartments – along with commercial and light industrial areas.

### OBJECTIVE:

To foster stronger bonds within our township communities and awareness on climate change

### ADDRESSING:

- 1) Material issues: Community engagement
- 2) Sustainable Development Goals (SDGs):



In 2016 Earth Hour was holding its 10th anniversary and Sime Darby Property was keen to get resident involvement. With the consent of the Head of Township (HOT), we began planning and coordinating to extend Earth Hour participation throughout Bandar Bukit Raja.

At the conclusion of the reporting period for this report Bandar Bukit Raja had 21 active Residents Associations representing about 5000 houses. We drafted a letter to the presidents seeking their assistance to encourage residents to participate in Earth Hour by switching off lights and using the opportunity to take their family out of the house with candles, lanterns and torchlights to mingle with their neighbours.

On the day of the event, 2 hours before 8.30pm the BBR Earth Hour team went round the neighbourhood to meet the residents to remind and encourage them to switch off lights. They distributed small notices as reminders and the same time we gave these to the guards for them to

distribute to residents. We had prepared banners promoting the event and we looked forward to strong participation.

When the time came, the team was thrilled to see that so many of the residents unified and demonstrated their interest in protecting the environment. Families set up tables full of food and gathered around with their neighbours to share stories and laughter. Children ran around happily playing with their torchlights. Some families decorated their house by arranging candles. And some families savoured the moment by sitting together enjoying quality time under the candlelight.

We asked residents to take photos of what they were doing to demonstrate their commitment to the global effort in energy conservation and gave prizes for the best pictures. The event gave residents the opportunity to meet each other and socialise in the safe community environment of Bandar Bukit Raja.



### OBJECTIVE:

To educate young people about sustainability based on People, Planet and Prosperity, and to see a culture shift in the mindset of our youth

### ADDRESSING:

- 1) Material issues: Employee welfare and community engagement
- 2) Sustainable Development Goals (SDGs):



## CASE STUDY: YOUNG SUSTAINABILITY AMBASSADORS

Hundreds of children in Sime Darby Property townships now have the opportunity to become ‘Green Hearties’ – members of our Young Sustainability Ambassadors (YSA) programme that was a big hit among the children of our employees. In February 2016 the YSA programme was expanded to include children living in our townships.

Stepping back in time, the programme was launched in 2013 with the aim of nurturing the social development of young people aged from 7 to 17 by providing education and activities based on the our pillars of sustainability, i.e., People, Planet and Prosperity. From an initial group of 100, the programme grew to about 500 young people including children of both employees and of township residents. This programme continues to be expanded and offered to more of the company’s townships as the experiential learning method has proven quite successful and it is in the next generation that the company see the most potential to live a more sustainable lifestyle.

With their distinctive white and green logo on their T-shirts, the Green Hearties are becoming an integral part of how we foster community spirit amongst our people and township communities. YSA activities have ranged from talks about environmental sustainability, to live-in eco camps, to visits to museums and nature parks, recycling hunts and carbon challenges and as diverse as visits to sanctuaries and interaction with orphanage children.

As the programme continues, the young people involved have also explored subjects from healthy and sustainable eating to waste management to turtle conservation. The focus is on experiential learning as it is an impactful method and enables the participants to see the link between their actions and the effect of those actions.

As alluded to above, from early 2016 we began to expand the programme to children who lived in our townships (with the planning for this taking place in 2015), as a way of encouraging sustainability to become part of their lives from a young age. As at the end of the reporting period, we have conducted five roadshows promoting the programme to selected townships including; Denai Alam, Bukit Jelutong, Putra Heights & The Glades, Nilai Impian & Melawati.

Moving forward, there is a potential to develop YSA township chapters to further enhance programme operations across townships. As the programme also seeks to unlock leadership skills, a Sustainability Challenge is planned for the near future, where members can explore their innovative and influencing skills to further showcase their passion for sustainability with their family in a home-based challenge. The idea for the Sustainability Challenge is that members will participate in a contest focusing on efficient energy, waste and water use at the household level and involve the members and their family.

The benefits of the programme go far beyond simply raising awareness and understanding of sustainable practices. The programme has shown to build self-confidence, improve communication skills and harnesses leadership skills among participants.



## Township Amenities

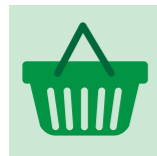
Sime Darby Property does not simply develop housing. We develop townships with a wide range of amenities that will help to build a sense of community and belonging while providing all the necessary facilities and features of an active sustainable community. Some of the community facilities we provide include:



Green spaces and areas for outdoor recreation such as parks



Land allocation to build schools, religious buildings and community centres



Commercial or retail areas so residents have convenient access to the things they need



Essential infrastructure such as roads, power, telecommunication networks, water and sewage, and stormwater management

In a few of our townships, we go beyond the requirements set out by local authorities. We have built police stations and religious buildings which have been part of our contribution to the community and even the local authority headquarters in one instance.

*Sime Darby Property's customer philosophy is founded on the premise that customer satisfaction is a central driver for success and that Sime Darby Property exists because of its customers and it is therefore here to serve its customers. Hence, we offer a wide range of products and services that cater to all levels of society, blending affordability with quality, environmental and social sustainability.*

We also think about how our customers and their families will live in our townships once they are completed. This includes incorporating transport and community facilities such as recreational areas into our designs that are more than just green spaces. We aspire to create spaces that meets human, ecological and environmental needs in order to deliver the services and systems that society relies on.



At the design stage, we take an integrated approach to planning our communities, incorporating natural and environmental features, community facilities and, increasingly, transport options. In FY2016 we built and launched the Nilai Impian interchange, and the Bandar Ainsdale interchange in July 2015. The interchanges present ease of access to the townships in their vicinity, while also demonstrating Sime Darby Property's support for the development of vital infrastructure in Negeri Sembilan – a state to the southwest of Kuala Lumpur.



A significant feature is that many of our homes and the related infrastructure such as transport interchanges and footpaths, have been designed to be accessible also to those with physical mobility concerns, as a way of promoting an inclusive society – while also placing a focus on community safety and security. Many home designs feature the flexibility to accommodate aged parents, or have accessibility features for those with physical disabilities – which we refer to as multi-generational homes.

For Sime Darby Property's township phases, we developed Home Owner's Manuals that go beyond describing the key features and materials of the homes to providing extensive details about the community facilities and amenities at each township. These information packs are intended to ease home owners' integration into their new environments and form an essential tool in way finding until they settle in.

## Security

*Understanding that safety and security are key concerns for our customers and communities, we pay special attention to keeping our townships and commercial and hospitality and leisure facilities safe. We do this in several ways.*

Firstly, security is built into the design of our townships and facilities using an approach called Crime Prevention through Environmental Design (CPTED) principles. CPTED is a multi-disciplinary approach which seeks to 'design out' crime by reducing opportunities for crime. Under CPTED principles, lighting, enhanced natural surveillance, limiting access to outsiders and providing landscaping that encourages improved security all play a role.

We also use technology to enhance security including in various cases the provision of closed-circuit television (CCTV) with biometric real-time identification features to screen entrants to some areas. In some of our apartments and homes we provide a 'panic button' that enables residents to alert security services to any emergency.





## CASE STUDY: AUXILIARY POLICE

*“The introduction of the Sime Darby Property Auxiliary Police unit is part of our approach to reinforce security at all current and future Sime Darby Property townships, with the aim of creating a safer environment for the communities.”*

*Dato’ Ir. Jauhari Hamidi,  
Managing Director of Sime Darby Property*

### OBJECTIVE:

To combat crime effectively and to enhance security across our townships and assets

### ADDRESSING:

- 1) Material issues: Township amenities and security
- 2) Sustainable Development Goals (SDGs):



In June 2016, 32 young men and women proudly graduated as the first contingent of Sime Darby Property Auxiliary Police (AP) – a new group set up to support the Royal Malaysia Police (RMP).

The establishment of the AP force is an innovative approach to augmenting security at all our townships, developments and assets. The 32 members of the new force underwent two months training at the Police Training Centre (PULAPOL) and are posted to selected Sime Darby Property townships and developments.

The unit was developed in consultation with the RMP under their National Blue Ocean Policing Initiative. It aligns with the Malaysian Government’s strategy to ‘creatively engage civilians to enhance public safety’.

The establishment of the unit represents the evolution of security at our developments. As our townships have flourished over the years,

the number of inhabitants has also grown. In 2009, we pioneered a comprehensive ‘Safe City’ initiative for the Ara Damansara township, which included 24-hour surveillance by a network of strategically located solar powered closed-circuit television cameras linked to the townships police station. The AP initiative takes our security measures to the next level.

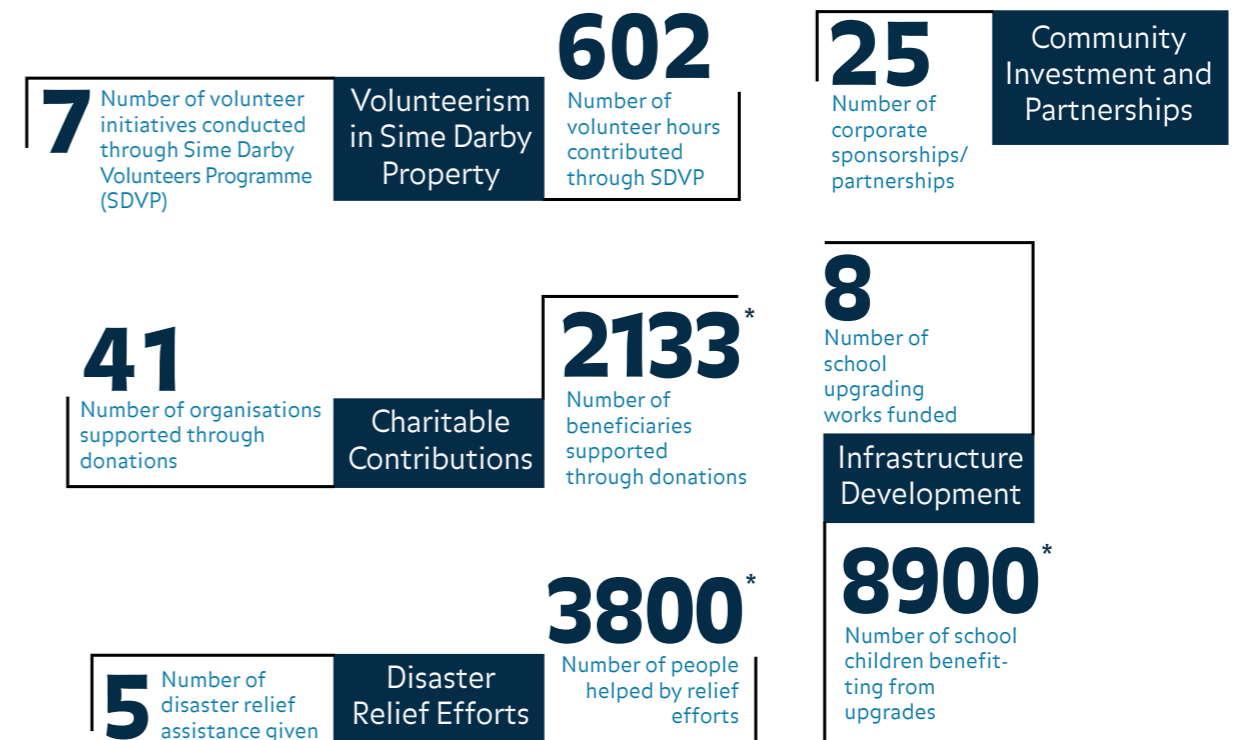
All AP members are trained to respect and safeguard human dignity and uphold human rights. They are trained to only use necessary force when it is strictly necessary and to the extent required for the performance of their duty. They will supplement the existing security measures at our selected townships such as perimeter fencing, CCTV and static and mobile patrols.

The development of the force responds to the expectations of our customers for safe, secure and sustainable communities. We also aim to support the police to help prevent property and other forms of crime.



## 8.5 LOCAL ASSISTANCE

Sime Darby Property’s commitment and accountability to community is reflected through our Corporate Social Responsibility (CSR) initiatives. We embrace our social responsibility (SR) to support the growth and well-being of local communities in our areas of operation. Its focus is aligned towards developing sustainable communities through shared value creation for women, children, foreign workers, indigenous people and local communities. We work to implement solutions with local community engagement and develop solutions in accordance with this aim.



Note: \*Refers to estimated numbers

### Contribution to Sime Darby Foundation

Apart from the wide range of programs directly undertaken by the company, our local assistance is also demonstrated by our significant financial contribution to the Sime Darby Foundation (SDF), also referred as Yayasan Sime Darby (YSD). Yayasan Sime Darby is the philanthropic arm of Sime Darby Berhad, which is dedicated to enhancing lives and delivering sustainable value through their five pillars; i.e., Education, Environment, Community & Health, Youth & Sports and Arts & Culture.

*Sime Darby Property’s contribution to YSD during the two-year reporting period amounted to RM51,700,000. This contribution is being utilised along with contributions from the other four divisions to undertake a wide range of short and long-term programmes (more than 60 during the reporting period).*

PILLAR	FOCUS
Education	Promoting learning and knowledge with focus on scholarships
Environment	Environmental and biodiversity conservation and research
Community & Health	Supporting community-based programmes to promote wellbeing, health and societal welfare
Youth & Sports	Supporting the development of sport as well as cultivating civic-mindedness within communities
Arts & Culture	Supporting the development of vibrant arts, performing arts and traditional heritage preservation

For details about YSD and their full list of projects and activities, visit their website at <http://www.yayasansimedarby.com/default.aspx> and to view their annual report, visit [http://www.yayasansimedarby.com/1010271005%C2%BBYSD\\_Annual\\_Reports.aspx](http://www.yayasansimedarby.com/1010271005%C2%BBYSD_Annual_Reports.aspx)



9.0

## MINIMISING ENVIRONMENTAL HARM

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Environmental responsibility is vital to Sime Darby Property's commitment to sustainable development. We track and monitor our impact on the environment through a combination of initiatives, from planning, to the final stages of occupation of our developments and facilities



## 9.0 MINIMISING ENVIRONMENTAL HARM

Environmental performance is evaluated by monitoring the overall results for the Division as well as individual performance by township or business unit.



We spent **RM62,605** on environmental education and training in this reporting period

## 9.1 ENVIRONMENTAL COMPLIANCE

*Ensuring legislative and regulatory compliance assists us to meet our target of zero environmental incidents.*

Prior to land development in Malaysia, we undertake either an Environmental Impact Assessment (EIA) or Detailed Environmental Impact Assessment (DEIA) where required. During these processes, Environmental Management Plans (EMP) are prepared with conditions for approval set by the Department of Environment (DOE). These EMPs provide the approach we take to manage and minimise environmental and socio-economic impacts during the development phase of our projects.

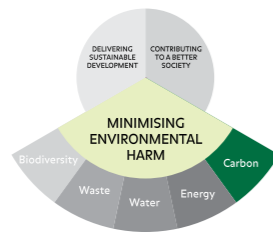
We monitor our activities at our headquarters, townships and business units via Environment, Safety and Health (ESH) Performance Monthly Reporting and management review during internal audits. We have also organised mentoring initiatives for our vendors and contractors, such as training on “Environmental Management Systems for Construction Sites” and “Scheduled Waste Handling” to ensure legal compliance. In other countries where we operate, we comply with relevant environmental laws.

Through our environmental compliance programme, Sime Darby Property has identified several issues relating to the environment that may result from our operations. These issues have been listed below with the associated mitigation initiative also applied.

Issue		Mitigation Initiative
Materials		Ensuring toxic materials used in our operating units and construction sites (if any) are handled and disposed properly
Effluent		Monthly inspection at construction sites to check on the quality of water discharged
Noise		Noise monitoring tests are carried out at site to monitor noise levels
Waste		Tracking and monitoring of waste generation, as well as recycling activities are carried out across our operating units and construction sites

In the reporting period, Sime Darby Property had no significant fines and non-monetary sanctions for non-compliance with environmental laws and regulation.

# 9.2 CARBON



Carbon management is a direct measure of the sustainability of our operations footprint. Carbon emissions also impact the environment.

*We are aware of the potential risks from a changing environment as a result of climate change, including potential exposure to climate-related extreme weather events and the need to inculcate further resilience in our business value chain and products.*

We began our carbon management programme and carbon footprint reporting initiative in 2010, with 2009 as the initial performance baseline year. Under this initiative, we report greenhouse gas emissions associated with

key operations in Malaysia, Singapore and Australia. Our carbon inventory is updated on an annual basis and calculated according to calendar year.

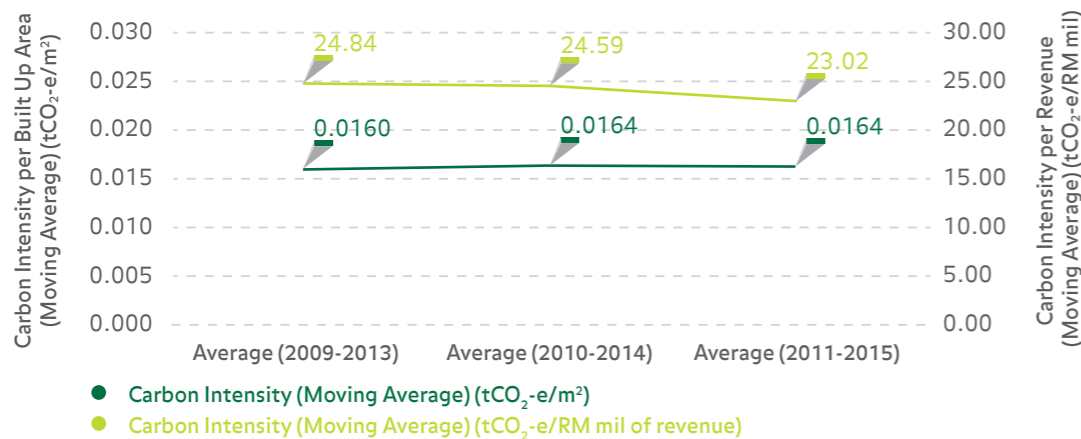
*During FY2016, we restated our baseline year due to improvement in the calculation methodology for carbon baseline (intensity). The new baseline is calculated by taking the average value for five years to better align to the fluctuation of emissions partly due to the process of our township development value chain.*

We have restated our carbon emissions intensity baseline to 0.0164 tCO<sub>2</sub>-e/m<sup>2</sup>, which will replace the initial baseline of 0.0138 tCO<sub>2</sub>-e/m<sup>2</sup> effective from 1 July 2016. During this period we have also calculated and introduced a revenue-based intensity measure, which will be tested and compared against the area-based intensity measure over the next couple of years. The revenue-based intensity value (average) in 2015 was 23.02 tCO<sub>2</sub>-e/ RM mil of revenue.

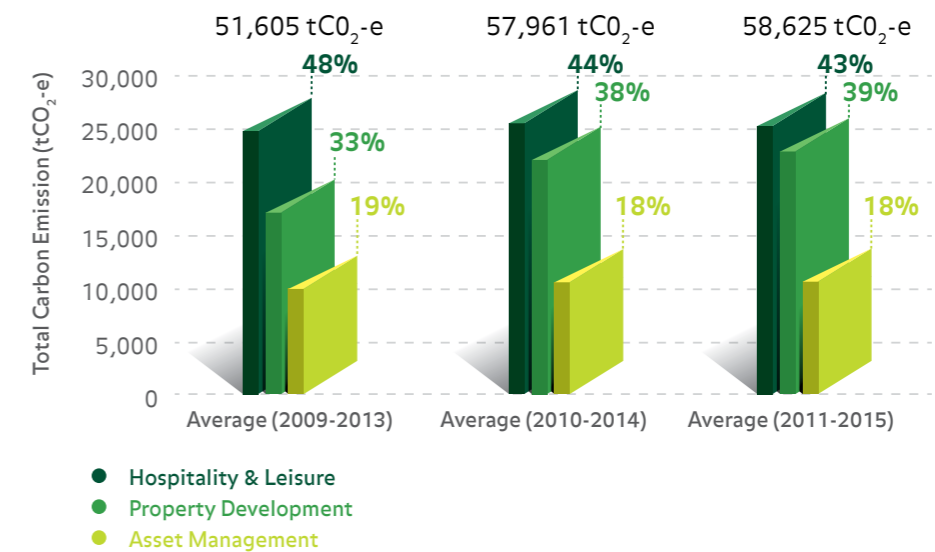
	Units	Initial Baseline (2009 as baseline year)	Revised Baseline (average of 5 years)	Revised Intensity Reduction Target by 2020
<b>Carbon Intensity</b>	tCO <sub>2</sub> -e/m <sup>2</sup> built up area	0.0138	0.0164	5% reduction
	tCO <sub>2</sub> -e/RM mil of revenue	—	23.02	
<b>Carbon Emissions</b>	tCO <sub>2</sub> -e	37,324.13	58,625.45	—

The area-based emissions intensity in 2015 remained unchanged compared to the previous year's performance. Hospitality & Leisure (H&L) was marginally the largest carbon emission contributor, followed by Property Development (PD) and Asset Management (AM). For the source of emissions, purchased electricity was the highest at 61%, followed by fuel usage from heavy machinery at 24%, transport at 6% and electricity generation at 4%. Other sources, including stove gas, boilers, refrigerants, transport etc., contributed 5% to the emissions profile by source. Further details are shown in the graphs below.

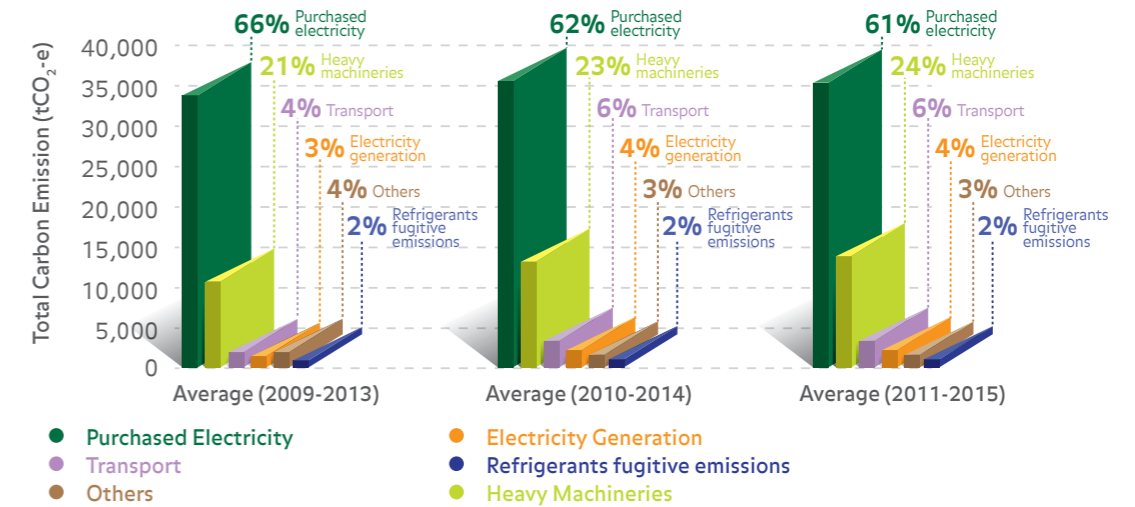
**Carbon Intensity (tCO<sub>2</sub>-e/m<sup>2</sup>) & tCO<sub>2</sub>-e/RM mil of revenue**



## Emissions Breakdown by Business Unit



## Emissions Breakdown by Key Sources



As our activity in property development increases, so do our emissions, due to the increase in fuel usage from heavy machinery for township development and increased electricity use in buildings.

*Our carbon reduction initiatives in the future will focus on the two largest emissions contributors – purchased electricity and fuel usage from heavy machineries.*

Reduction initiatives for purchased electricity will focus on Hospitality & Leisure and Asset Management through Lean Six Sigma (LSS) projects. Potential fuel reduction at Property Development will focus on the earthwork management efficiency, which will be identified through a pilot study on earthwork management best practices (to reduce fuel usage) in FY 2017, aimed at developing an earthworks best practices guideline and ultimately development of these criteria into contract.



## 9.3 ENERGY

Energy efficiency and management forms a component of our carbon emissions reduction strategy. During the reporting period we established an energy baseline for our operations, meeting our KPIs in this area. We monitor and report on absolute energy consumption and energy intensity for Malaysia, Singapore and Australian operations on a calendar year basis, following our carbon inventory. This is supplemented by an energy intensity metric per built up area and energy intensity metric per revenue as shown below.



	Units	Baseline (average of 5 years)	Intensity Reduction Target by 2020
Energy Intensity	GJ/m <sup>2</sup> built up area	0.133	0.126 <b>5% reduction</b>
	GJ/RM mil of revenue	185.46	176.18
Energy Consumption	GJ	477,860.31	—

Our energy performance in 2015 shows that diesel remains the top energy source for the division, contributing 57% of the total energy profile. This is followed by purchased electricity contributing 39%, and natural gas and other sources contributing 2% respectively. More details are provided in the Performance Metrics (Section 11).

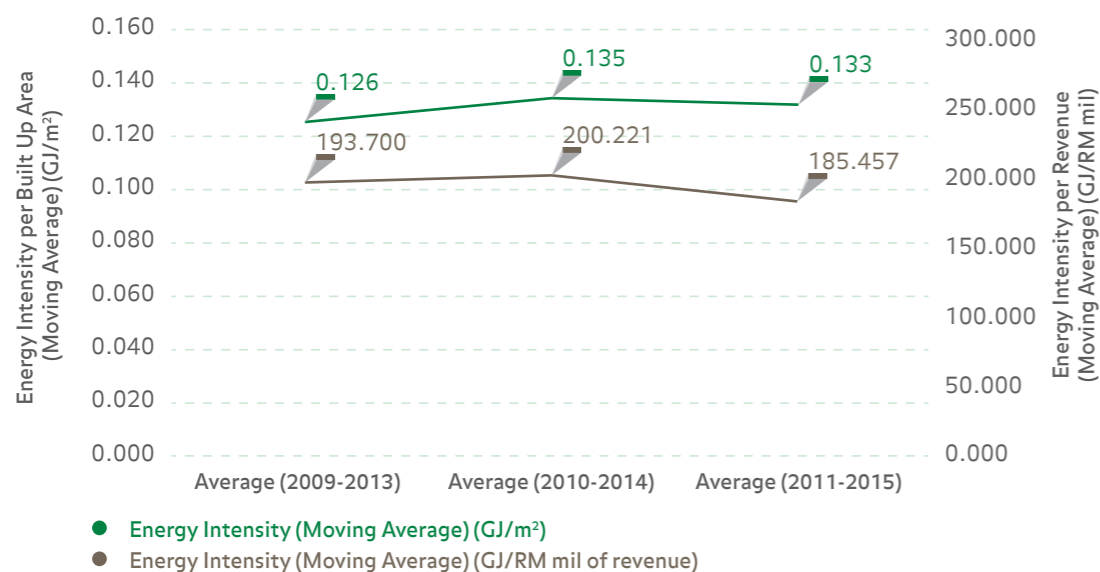
As part of our energy reduction initiatives, we have implemented an Energy Management System (EnMS) for three of our assets under Property Investment and Asset Management during FY2013 and FY2014, and obtained the ISO 50001:2011 certification.

*The energy management system defines the development and adaption of our energy efficiency approach and the ways in which we monitor and improve energy performance.*

The system guides us in improving operational efficiency to decrease energy intensity and reduce our impact of energy use and carbon emissions.

In the reporting period, we made efforts to reduce energy use and increase energy efficiency across our portfolios, especially in our Property Investment and Asset Management businesses, as shown in the case study. As we have just established our energy baseline in FY2016, savings have not yet been tracked but will be reported in future years. Future reports will include tracking of individual building intensity to provide detailed understanding of our footprint and identify opportunities for improvement.

**Energy Intensity (GJ/m<sup>2</sup>) & (GJ/RM mil of revenue)**



### CASE STUDY: ENERGY EFFICIENCY INITIATIVES IN HOSPITALITY AND LEISURE

**OBJECTIVE:**

To reduce energy consumption and improve energy efficiency in our hospitality and leisure businesses

**ADDRESSING:**

1) Material issues:

- Cost management or efficiency
- Product innovation and continuous improvement

2) Sustainable Development Goals (SDGs):



We completed two projects recently to demonstrate that potential energy savings can be achieved through simple changes.

#### Sime Darby Convention Centre

In September 2015 we implemented an energy efficiency initiative at our convention centre. We identified that our high consumption of energy could be solved by replacing all 960 bulbs from fluorescent bulbs to more energy efficient light bulbs (LED bulbs) at the car park area.

Our goal was to reduce energy consumption from 36W to 18W for each bulb. We have achieved a cost saving of RM7,064 during the first quarter of 2016. We calculated that the potential savings of RM28,648 will be achieved within 12 months.



#### Impian Golf and Country Club

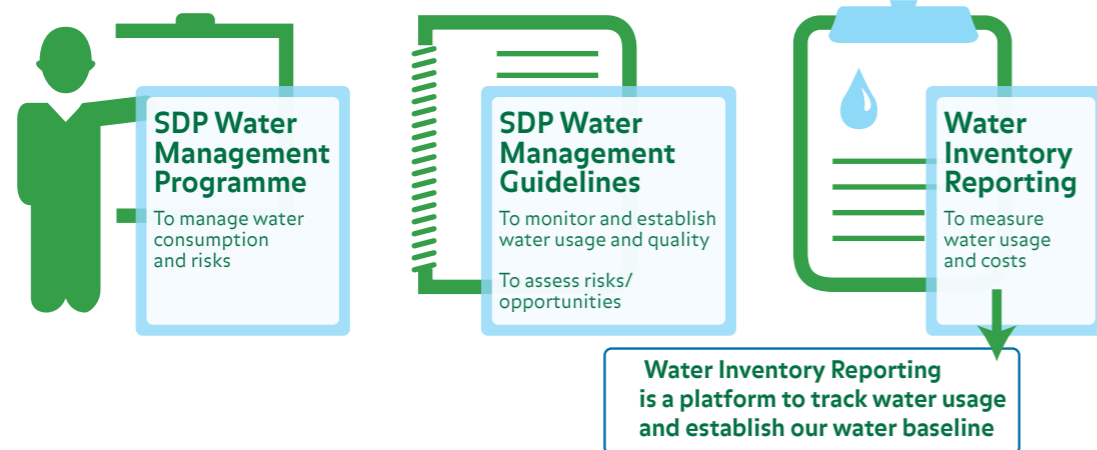
Another initiative commenced in May 2016 where we completed a project to improve energy efficiency at our golf club. Our goal was to reduce 10% of electricity consumption from 738,872 kWh to 664,984.80 kWh/year with potential savings of approximately RM26,968.88 per year.

Our energy saving initiatives include installation of inverter systems to existing air conditioning units, replacing old bulbs to lower wattage bulbs or energy saving bulbs, and also installation of infra-red sensors in washrooms. Based on readings taken in the reporting period, in the short time since we completed the project we have achieved a 3.4% reduction in energy usage. We calculated that this energy usage saving translated to a cost saving of RM6,319.

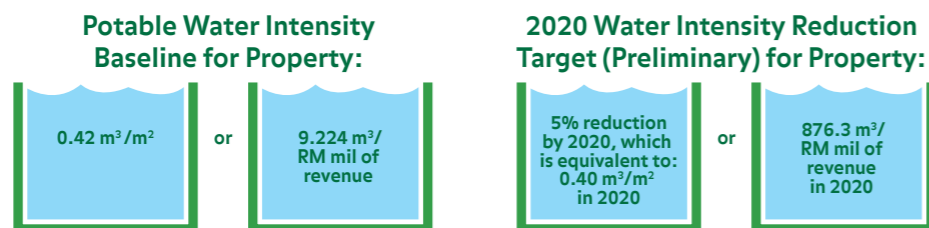


## 9.4 WATER

Water is a key resource in our operations and the success of our developments require this resource. A significant achievement for us in FY2016 was establishing a new baseline (preliminary) for potable water use. We had previously initiated a water management and monitoring project to manage water-related impacts of our operations, and this allowed us to evaluate water consumption throughout our operations and identify opportunities for improvement or mitigate water-related risks. We also track water consumption from municipal water suppliers on a monthly basis in townships and by business unit.



Following the Water Inventory Reporting, we have calculated and introduced an area-based and a revenue-based water intensity baseline in this reporting period. These intensities will be compared against our performance over the next couple of years.



*Our goal is to reduce our water intensity by five per cent, by 2020. To achieve our water optimisation target, we plan to identify the largest water end-users and identify relevant water efficiency initiatives to be rolled out over the coming period.*

Sime Darby Property currently tracks water use across three separate categories – Property Development, Asset Management and Hospitality & Leisure. Detailed water consumption by business unit for FY2016 is shown in the Performance Metrics section.

Our performance in FY2016 has shown that Asset Management contributed the highest water intensity, followed by Property Development and Hospitality & Leisure. Our Asset Management business unit also had the highest absolute water consumption followed by Hospitality & Leisure and finally Property Development, driven by the nature of the business units. We will utilise trending insights from this data to target efficiency initiatives across the division.

*At Sime Darby Property, apart from managing our water consumption, we also build water efficiency into everything we do including our townships developments.*

One example of our Water Management Programme is flood management. We ensure water management and flood mitigation is managed from conception to implementation in an integrated manner working with, rather than against nature.

### CASE STUDY: FLOOD MANAGEMENT AT CITY OF ELMINA

Our City of Elmina development highlights our commitment to sustainability in this vein. The City of Elmina embraces eight aspects of wellness including environmental wellness, and it is planned based on the concept of retaining, leveraging and enhancing nature. This means each development component has been carefully planned to achieve this objective.

A key sustainability feature of this township is its unique interaction with water and management of waterways. As a home of a key waterway, Elmina River, the Elmina Central Park was designed to allow that its flood and drainage systems and water harvesting facilities to work with the natural elements of the areas, rather than contain or restrict them.

A series of flood mitigation methods were incorporated in the project's design for operational purposes. The initiative involved widening the river without causing any harm to the environment. The strategy included protecting the tributary from silt and sediment due to earthwork activities by using silt traps and fences as well as sediment basins. We also incorporated natural resources such as palm oil trunk and coir logs as silt barriers. The construction phase also included earth drains and regularly checking dams to maintain the quality of water and to prevent flooding of downstream areas from earthworks activities.

Although we faced several challenges including poor weather and soil conditions as well as ongoing building platform works, we were able to achieve our goals as listed below:

- No flood incidents were reported since the completion of works;
- The initiative made use of existing and recycled material (palm oil trunks);
- The river was created as a water catchment area;
- The project will enhance the standard of living for the community, including increased interaction with the river and nature; and
- The development allows flora and fauna to flourish within the area.

#### OBJECTIVE:

To address the townships high risk of flooding due to its partly low lying topography and history of natural disasters, with minimal negative impact on the environment.

#### ADDRESSING:

- 1) Material issues:
- Township amenities
  - Project management
  - Sustainable product

- 2) Sustainable Development Goals (SDGs):





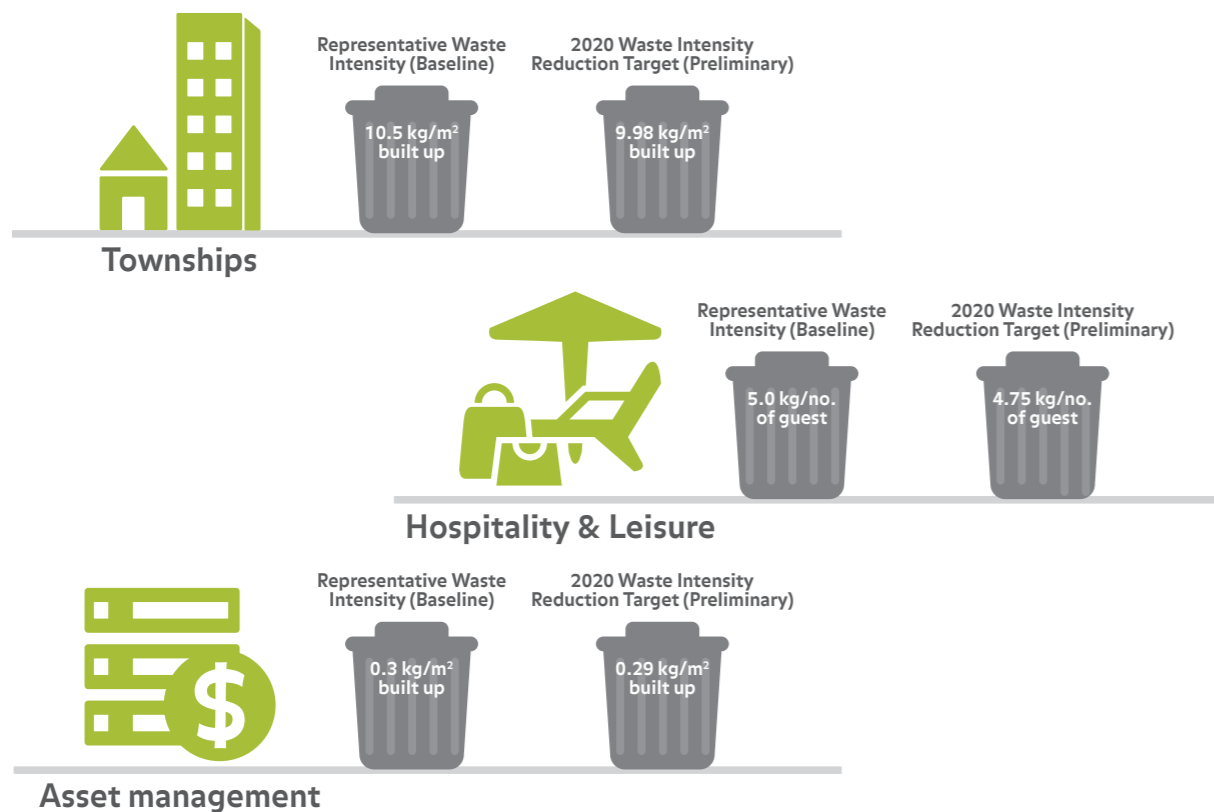
To guide our water consumption and management, we have developed a Water Management Guideline for all operations in Sime Darby Property in terms of water consumption and quality. We also have policies and practices in place to manage water quality under the Environmental Impact Assessment (EIA) approval conditions set out within Environmental Management Plans (EMP). We monitor water quality and mitigate potential or actual pollution due to our operations, the later being fairly rare. We conduct environmental audits to identify gaps and opportunities for improvement in management practices. We have also established water optimisation targets and initiatives/mechanisms required to achieve program objectives and KPI targets.

## 9.5 WASTE

Waste management and reduction is important for us as our activities can generate large volumes of waste. We also recognise the importance of waste reduction and management to our communities and other stakeholders who see us as a socially responsible company.

*A major achievement during the reporting period was the establishment of a representative waste baseline, which applies to six townships, five hospitality and leisure operating units and one asset management building.*

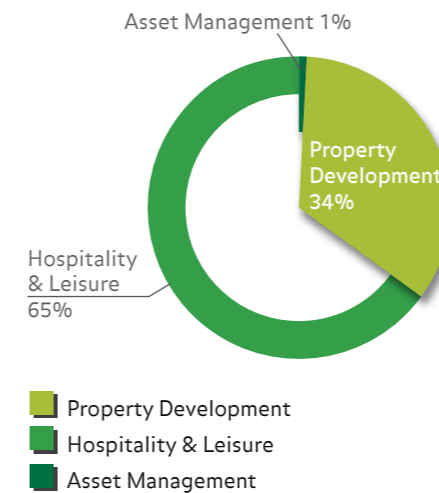
We expect to be able to report our comprehensive baseline and performance in our next sustainability report.



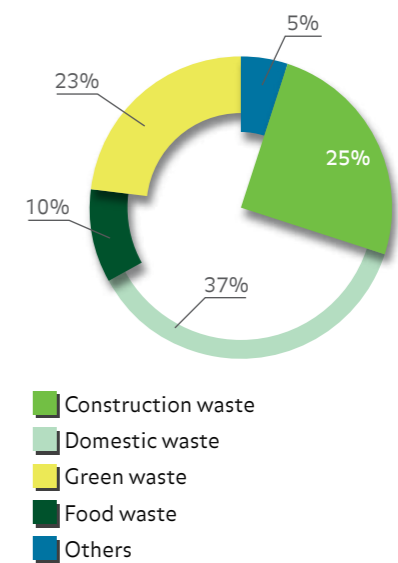
In FY2016 we have also developed and set in place Waste Management Guidelines to advise the company's broader policy on waste management. Hospitality & Leisure businesses is the largest waste contributor, followed by Property Development and Asset Management.

*Domestic waste (mixed waste generated in day-to-day use) is the largest waste contributor in Sime Darby Property.*

**Total Solid Waste by Business Unit in FY2016**



**Total Solid Waste by Types**

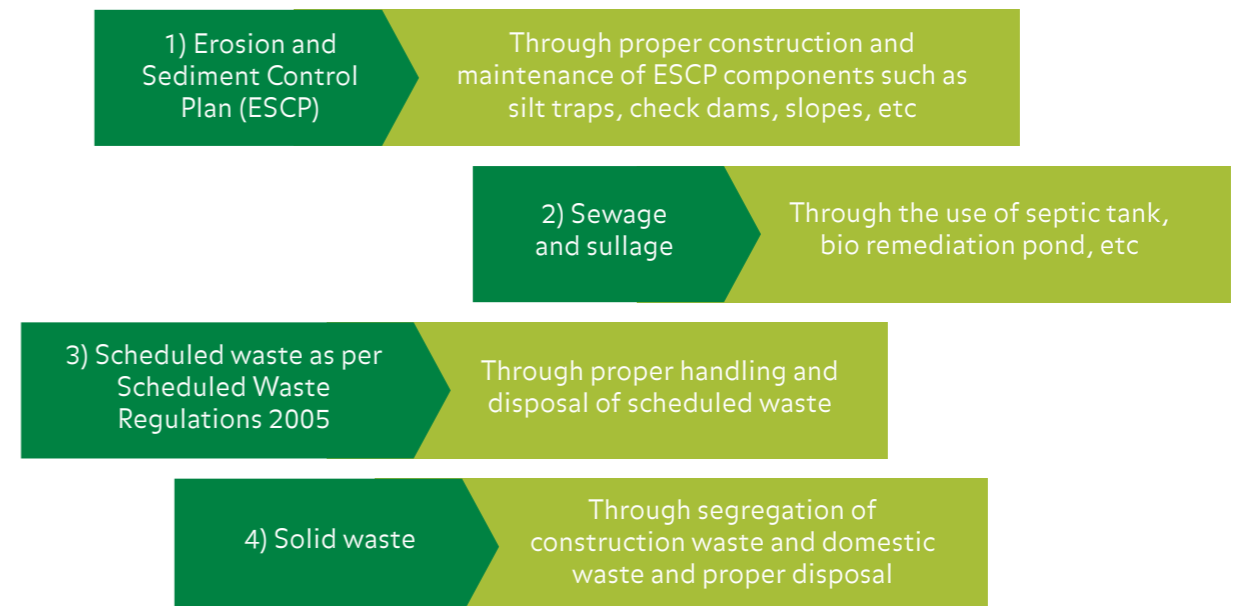


Our next steps are to implement waste reduction initiatives with a focus on the largest waste contributors – domestic waste and construction waste.

*Reduction initiatives for domestic waste will focus on segregation of waste, which may lead to higher recycling or composting rates as segregation will highlight content that has value.*

In addition to monitoring waste generation, we are actively working to raise the level of awareness on waste minimisation among employees. In the future we plan to establish a comprehensive waste baseline for the division and the percentage of recycled content year on year, as well as a breakdown of the waste stream content.

Apart from waste consumption monitoring, our waste management approach is also evaluated by monitoring the results of effluent discharges as well as the non-compliance (if any) identified from audits by each township/ business unit. Almost all Sime Darby Property townships are located near rivers; therefore poor management of effluent and waste could result in pollution. This might then lead to higher costs due to summons and mitigation. In response, we mitigate risks associated with effluent and waste by proper management through:



## CASE STUDY: BIOMASS PELLETING

### OBJECTIVE:

To reduce waste generation and disposal costs during township development (land clearing stage)

### ADDRESSING:

#### 1) Material issues:

- Cost management/efficiency
- Project management
- Product innovation and continuous improvement
- Sustainable product

#### 2) Sustainable Development Goals (SDGs):



In nature, nothing is wasted and each organism plays a role in recycling, or repurposing resources. Humans however, tend to take or create resources, which are then used and disposed of as waste. Many of the 'used' products that we throw away are still valuable and can be recycled or repurposed to help eliminate waste and reduce our use of natural resources. Waste then can be seen as process residue that might have further use and value.

For Sime Darby Property, our township development in Malaysia are developed on land, which was previously planted with oil palm trees. To clear the land for a township development, oil palm trees are cut down and the material sent to approved landfills or often that material is pulverized and composted. On average, for every acre of land converted from oil palm estates to be used for township development, there would be around 135,000kg of oil palm biomass from palm oil trunks.

In support of Malaysia's National Biomass Strategy that was launched in November 2011, Sime Darby Property has taken the initiative to convert oil palm biomass waste generated during site clearing into biomass pellets, which can then be used as source of cleaner renewable energy. Biomass pellets are a growing source of non-fossil fuel energy, particularly in the US and Europe.

Currently two townships in the Klang Valley have been involved in this project – Bandar Bukit Raja township and Elmina West township. Our approach is via our appointed vendor that collects the felled oil palm trees for biomass pelletising at the site where our only cost is to provide loading services to the vendors trucks to take these trucks to a pelletising plant.

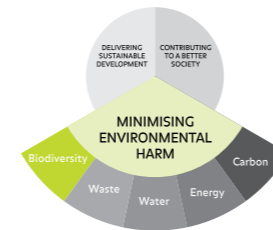
To date approximately 33,600 metric tonnes of oil palm biomass have been converted into fuel pellets in FY2016. We anticipate that by the time the Elmina West development has been completed in 10 years' time, a total of 2,600 acres of old oil palm plantations would have been cleared with, the oil palm biomass collected and converted into fuel pellets.

This initiative is an innovative approach, demonstrating the ability to create value from by-products in comparison to conventional processes. We also see the potential to develop an industry of biomass pelletising for Malaysia, which will also lead to the creation of additional employment and growth in research and development.

The biomass initiative helps us to reduce waste disposal costs during the development of townships, hence slightly reducing construction costs. Increasingly, we expect that access to landfills will be more difficult as existing sites struggle to accommodate the volume of waste being produced by cities. This initiative provides one solution. At the moment we are still assessing the potential of implementing this initiative across our other townships developments.



## 9.6 PRESERVING BIODIVERSITY



One of the notable features of our developments is a focus on the natural environment. Although our developments are located on former plantation land, we take the initiative to increase the biodiversity value of our development during the land development process.

*At our Elmina Township we are establishing the Elmina Native Heritage Park where 10,000 International Union for Conservation of Nature (IUCN) Red List trees are being planted. We also decided to conserve one third of our KL East land development as a secondary regenerating rainforest park reserve, which will be put under a form of trust.*

Our approach to enhancing biodiversity is also in line with our obligations under various laws and regulations. For example during our development of townships, the Environmental Impact Assessment (EIA) approval condition usually includes the management of flora and fauna that helps to manage any risk if the development is near an area of high biodiversity value. We also seek to support the Malaysian government's new 'National Policy on Biological Diversity 2016 – 2025' through biological flora and fauna conservation efforts with a growing focus on building urban public spaces planted with native and Endangered, Rare and Threatened (ERT) tree species from the IUCN RED List.

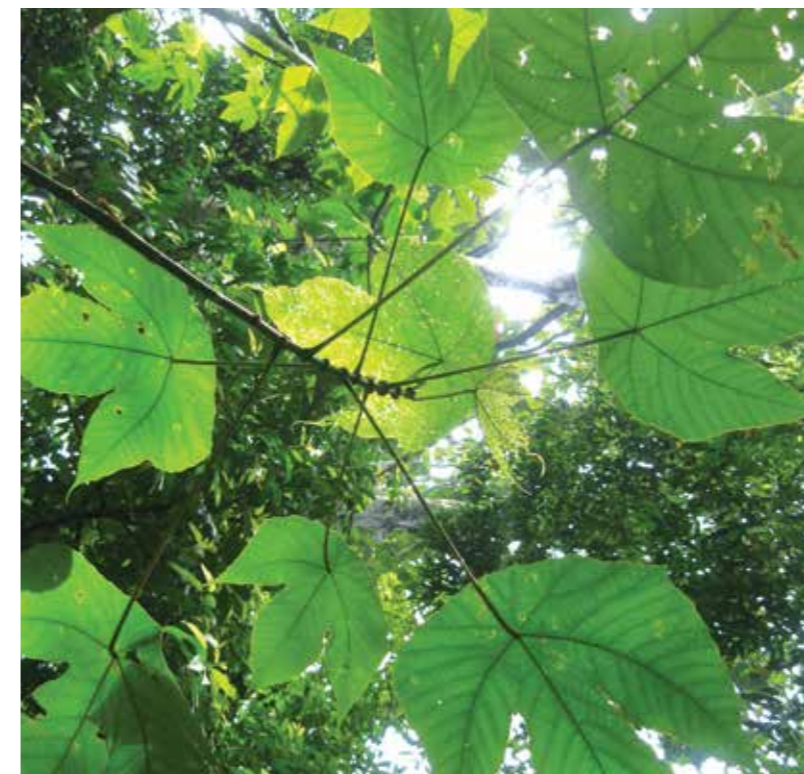
Sime Darby Property's major impacts on biodiversity occur in the construction phase of our townships development. Some developments, such as Elmina, are close to areas of high biodiversity value and we work to protect these during all stages of development. However, we also have

impacts post-construction and during operation, which we mitigate through our approach to managing water quality (many of our townships are close to water courses), and waste and effluent management.

*Apart from managing and improving the biodiversity value within our developments, we also taking the initiative to share knowledge about biodiversity by developing a ERT tree species landscape guideline. We are close to completing this six-year research project to develop and publish an Endangered, Rare and Threatened (ERT) Tree Species Identification and Landscape Guideline.*

This guideline provides information about 100 ERT tree species from the IUCN RED List as well as tree management that can be referenced by our landscape contract vendors as well as for the property development industry generally. The guideline will be made available freely on our website in the future once complete in calendar year 2016.

*We recognise that an ever-increasing focus will be required to play our part in promoting the enhancement and protection of biological diversity, and in implementing programmes with tangible measurable results that achieve targets set out in the National Biodiversity Policy.*





## CASE STUDY: KL EAST RAINFOREST REGENERATION

KL East is a 153-acre integrated Transit Adjacent Development (TAD) located at Eastern part of Kuala Lumpur.

*KL East has 58.64-acre rainforest park dedicated to promoting sustainable living through rainforest appreciation.*

### OBJECTIVE:

*Developing sustainable future by demonstrating leadership in biodiversity conservation*

### ADDRESSING:

#### 1) Material issues:

- Project management
- Sustainable product
- Township amenities
- Community engagement

#### 2) Sustainable Development Goals (SDGs):



It is the only development in the city with such features. The park is adjacent to a 14-km long and 200 metre wide Quartz Ridge. Reaching a height of 380m, this quartz ridge is the world's largest natural quartz ridge, estimated to be 170 million years old. The ridge and adjacent rainforest is also home to 265 plant species, five of which are endemic to the area and cannot be found anywhere else on the planet. This in particular makes this location very precious and in need of conservation.

Rainforest appreciation is achieved through various activities that educate and promote engagement with the rainforest such as clinics and labs for the public, especially school children. A range of low impact facilities and activities are proposed and planned to be built within the park. These include:

 Centre for Living Laboratories	 Canopy walk and lookout point
 Conservation Rainforest Educational Hub	 Ecofriendly tracks and public facilities
 Natural forest biodiversity hub	 Forest Public Plaza, a cultural centre with performing arts
 Park and jungle trail	 International forest marathon trail

In the first phase, we have partnered with the National University of Malaysia (UKM) to carry out environmental inventory studies and conduct research to study and document the state of the rainforest and its flora and fauna. The objective of this research was to determine the best approach to balance the development with conservation. Following the research, it has been identified that the rainforest within KL East Park is a fairly young healthy secondary regenerating rainforest that requires nurturing (an ongoing conservation and restoration process). It is our intention to encourage and support our residents in caring and nurturing the KL East rainforest toward maturity.

*The KL East Park has also been identified as an ongoing development project that has transformed into a natural forest biodiversity hub. It is anticipated to be the Centre for Living Laboratories and a Rainforest Educational Hub.*

Sime Darby Property would like to see this strategy grow and be applied to other developments. This is dependent on the level of biodiversity within or surrounding our other developments. The KL East Park is also part of the city's tourism masterplan developed by Kuala Lumpur City Hall (DBKL). Hence it is vital to the city's initiative to preserve, nurture and promote nature and biodiversity.







10.0

## DELIVERING SUSTAINABLE DEVELOPMENT

*We are in the business of creating sustainable development and communities*

*For us, that means incorporating sustainability into all stages of our operations, from product design through the construction stage and through community engagement. We also support the prosperity of customers and communities by creating places that are connected, affordable, integrated and enhance health and well-being*



To deliver sustainable development, we focus on the following instruments, tools and regulatory processes:



## 10.1 SUSTAINABILITY-LED BUSINESS

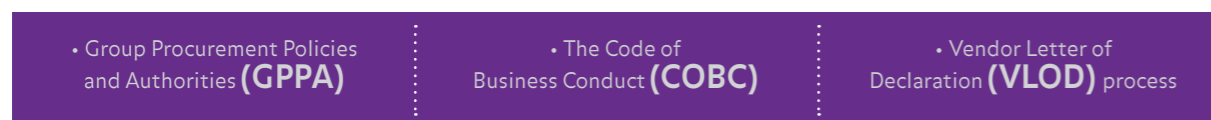
### Sustainable Procurement

Sime Darby Property has a diverse and inter-connected supply chain. While much of the first step in the chain is an internal process, we engage externally with partners and suppliers throughout the rest of the value chain.



*We acknowledge that our success as a business is largely dependent on the effectiveness of the business supply chain and selected vendors working together in an efficient and harmonious manner.*

The principles of good procurement governance are sustained through the guidance policies from the Sime Darby Group, such as:



Sime Darby Group's GPPA incorporates procurement objectives and Sime Darby Group's corporate objectives. It also includes procurement best practices such as:



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.

## Affordability and Value

Affordable homes are a major concern for potential homeowners today and will likely remain so in the future, given the recent housing boom in Malaysia. For some, house prices have increased in urban areas beyond the means of low and middle-income groups and first time buyers.

*Having a supply of affordable housing close to economic and employment centres is vital to both the economy and community well-being as it means people can live near their jobs, traffic congestion can be eased and the cost of commuting is reduced.*

The supply of affordable homes in many areas falls short of the demand for it, potentially consigning the urban poor to further generations of poverty and the social problems that come with this issue. In order to tackle this, Sime Darby Property is playing a role in supporting the government through the provision of affordable housing.



We set aside designated land banks for future affordable housing developments and we build homes to suit a range of budgets. Aside from other unique selling propositions, most of our affordable housing is 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 and use modular design principles and Modern Methods of Construction (MMC) to maximise quality while minimising costs.

Our flagship Quality Affordable Homes (QASEH) programme provided quality homes that were affordable for families with monthly household incomes not exceeding RM10,000 monthly. We used a range of good design features to ensure that these houses were attractive and would serve the needs of our customers. We have expanded this programme with SERASI (Sime Darby Affordable Homes for Staff) to provide eligible employees of Sime Darby with quality, affordable housing in designated townships.

*This is central to our approach in supporting equality and inclusiveness within the Malaysian society. We aim to build homes that are affordable to those with low-to-medium household incomes while still providing a reasonably adequate standard and location.*

*By 2020 we plan to have launched a further 20,000 affordable homes.*

We launched our affordable housing initiative in Bandar Ainsdale, Seremban, in 2011 with 423 units of double-storey terrace homes and townhouses in a gated and guarded township. Affordable quality homes have also been provided in Bandar Bukit Raja, Putra Heights and Nilai Impian.

## Quality

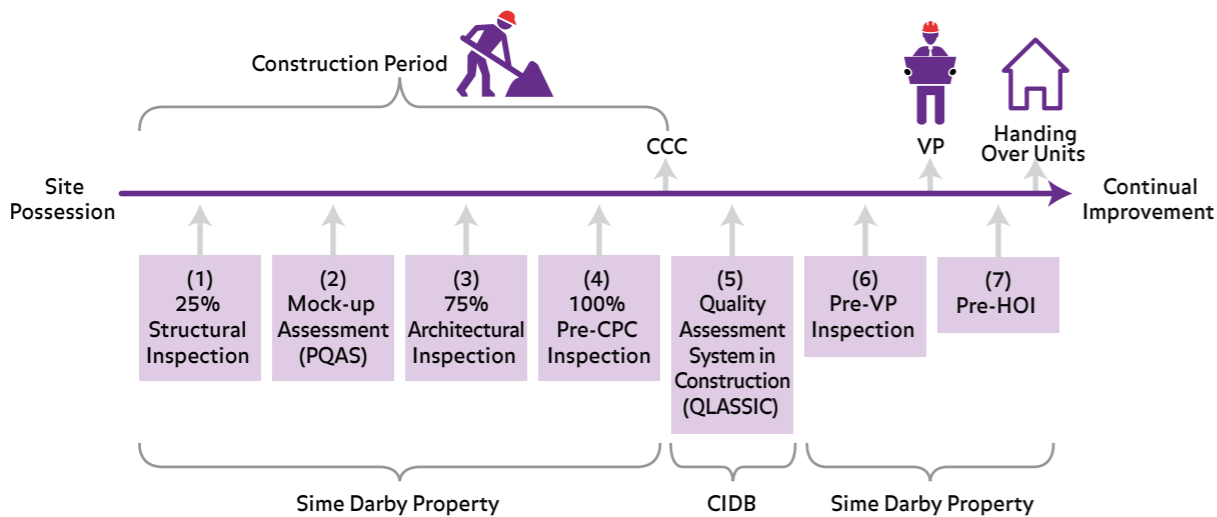
Quality directly links to our reputation as a reliable and sustainable developer. For all our townships, including residential and commercial areas, we assess the quality of our workmanship and any potential health and safety risks for the people who will live and work there.

The Sime Darby Property Quality Policy ensures that quality is at the heart of everything we do. The Quality Policy seeks to match customers' needs with the highest quality provision of high quality products and services, and requires us to:

- Aim to achieve zero functional defects in our construction, meeting or exceeding customer expectations, provide quality services and deliver our properties and developments on time and within budget
- Comply with all applicable standards and customer specific requirements, statutory and regulatory requirements, Sime Darby Property Quality Management System, Sime Darby GPAs, and other operational requirements
- Embody a holistic risk management system to mitigate and prevent adverse impacts
- Adopt and operationalise Lean Six Sigma as a business management strategy for continuous improvement
- Establish measurement of quality performance which is benchmarked against international standards

### QUALITY

Throughout the construction stage, we have a series of internal and external quality inspection and assessments as follows:



Legend:

CPC: Certificate of Practical Completion

VP: Vacant Possession

HOI: Handing Over Inspection

CCC: Certificate of Construction Completion

PQAS: Product Quality Assessment System

We start to assess the quality of our products at 25% structural stage. Further to that, we construct mock-up units for our development types and rigorously assess those for both defects and examples of good practice during the Mock-up Unit Assessment.



We then share the lessons learnt from these assessments widely throughout the business, as well as ensuring that any defects are addressed when we progress to full construction.

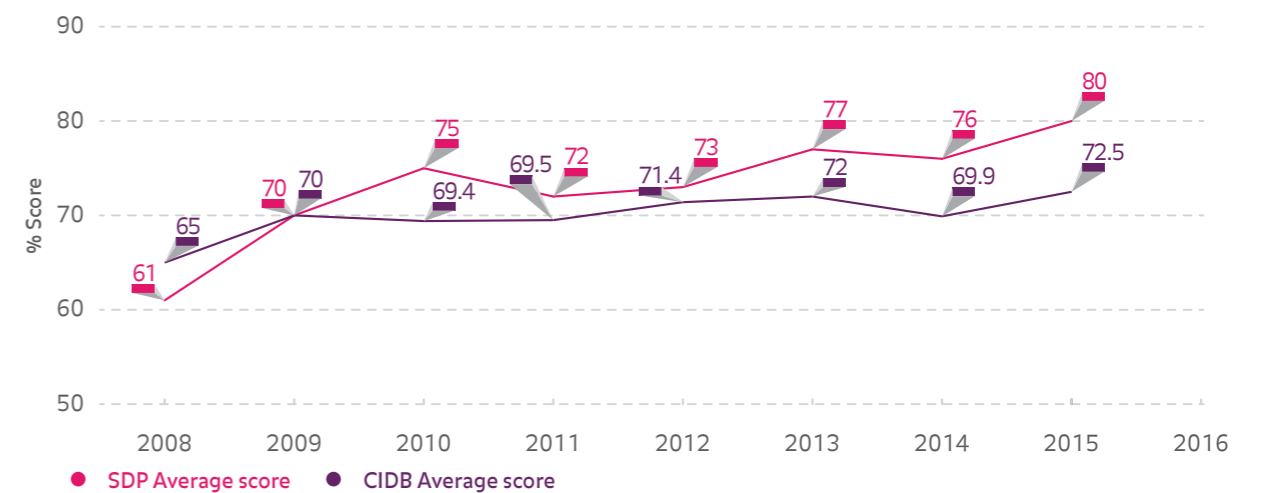
After this stage, we inspect the quality of our products during 75% of construction (during Architectural stage). After the completion of construction of our product (prior to issuance of Certificate of Construction Completion (CCC)), we once again conduct inspection.

After these four internal quality inspections and assessments, we also have assessment by the external body i.e., the Malaysian Construction Industry Development Board (CIDB), which is called Quality Assessment System in Construction (QLASSIC) assessment. The QLASSIC assessment will give a rating and score of the quality of our product. After this external assessment, we conduct another internal inspection called Pre-Vacant Possession (Pre-VP) before the issuance of VP.

As a final step we also conduct a Pre-Handing Over Inspection (Pre-HOI), which is performed before we hand over our products to the customer. These comprehensive inspections and assessment are conducted to ensure we deliver safe quality products.

An important part of our approach to continuously improving quality is our participation in QLASSIC. QLASSIC measures and evaluates the workmanship quality of a building construction work based on Malaysia's Construction Industry Standard (CIS 7:2006), and enables the quality of workmanship between construction projects to be objectively compared through a scoring system.

SDP vs CIDB Average QLASSIC Score



Over the years, we have shown progressive and outstanding performance in the QLASSIC score compared to the industry average score. This is also supported by our achievement in FY2016, where we were awarded 23 awards during the QLASSIC Excellence Awards as discussed in the case study. This meant that we won nearly 50% of the awards available in that year.



### CASE STUDY: QLASSIC EXCELLENCE AWARDS

A commitment to quality and continuous improvement has seen Sime Darby Property become the most awarded developer in the 2015 QLASSIC Excellence Awards – the Malaysian construction industry’s prestigious recognition of quality construction.

Sime Darby Property received a total of 23 awards at the annual event; 18 quality building awards and five special awards. Sime Darby Property came top in two of the award categories, for its landed housing and public building developments. The awards included a commercial development in Ara Damansara by our subsidiary company Sime Darby Brunfield. The awards were given by the Construction Industry Development Board (CIDB) Malaysia.

The special awards presented by CIDB at the ceremony included a Special Appreciation accolade in the developer category. Four Best QLASSIC Achievement awards were given to Sime Darby Property for its medium-sized residential development in Denai Alam and Nilai Utama, medium-sized non-residential development in Damansara, Petaling Jaya and small-sized non-residential development in Nilai Impian.

The awards are in recognition of Sime Darby Property’s long-standing commitment to ensuring quality. QLASSIC (Quality Assessment Systems in Constructions) is a standard set to evaluate the quality of all workmanship on building projects in Malaysia and based on the Malaysian Construction Industry Standard. The QLASSIC standard considers structural, architectural and mechanical and electrical work.

We ensure that our contractors are up to par before assigning them to future projects. Not only do

#### OBJECTIVE:

To continuously improve the quality of our product by assessing the workmanship quality of our building construction work.

#### ADDRESSING:

1) Material issues:

- Project management
- Quality management
- Product innovation and continuous improvement
- Negative public relations risks

2) Sustainable Development Goals (SDGs):



our contractors have to adhere to the QLASSIC standard, we also ensure our operational team understand the requirements of QLASSIC standards and procedures inside out because they are on the front line dealing with multiple contractors and most importantly representing our company.

Sime Darby Property’s QLASSIC results have shown tremendous improvement year-on-year, such as reduction of non-compliance at the structural construction stage as well as decrease in defects per unit. QLASSIC is one of the final stages in Sime Darby Property’s product quality assessment system, following its own stringent internal assessments.

Sime Darby Property adopted the slogan of ‘Do it Right the First Time’ and the company has set a goal to deliver zero defects to our customers. Our achievements are supported by a series of initiatives that we have set in place such as:



*These initiatives have now been rolled out throughout the company and are helping us to work towards our zero defect goal. Quality is one of our priorities!*

### Idea House Features and Green Certification

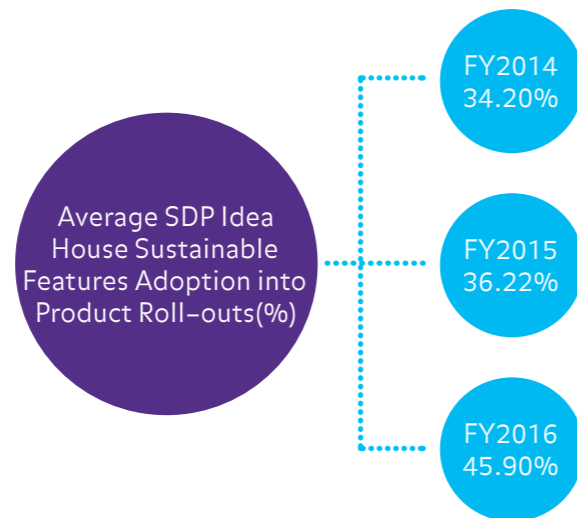
We constructed the Sime Darby Property Idea House in 2010 – a prototype sustainable residential property and a certified carbon neutral building incorporating the most advanced sustainability features available during that time, including six main categories with fifty sustainable innovative features:



The Idea House, amongst other sources of experimental innovative designs, allowed us to conceptualise, plan, construct and test new ways to deliver sustainability. We are progressively translating the Idea House features into our township’s products design and actively drive further innovation adoption within our development projects, which we are rolling out to our customers.

*Tracking of the sustainable features based on the Idea House into product roll-out shows that currently, landed properties are achieving on average 35% adoption whilst high-rise strata developments achieved on average 50% adoption of features.*





Note: Tracking of adoption of Idea House features since 2010 (calendar year). However starting from FY2014 we have started to track the progress according to financial year

In addition to Idea House Sustainable Features and its Green Certification, we also guide our projects to obtain green certification. Sime Darby Property's projects which have been accredited by green certification are:

<p><b>Plantation Corporate Tower, Ara Damansara</b></p> <p>LEED for Core and Shell Gold in 2012</p>	<p><b>Property Corporate Tower, Ara Damansara</b></p> <p>LEED for Core and Shell Silver in 2012</p>	<p><b>Mosque, Ara Damansara</b></p> <p>GBI Gold in 2013</p>
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We are also targeting some of our projects to achieve green certification in the future such as:

<p><b>Cantara Residences, Ara Damansara</b></p> <p>GBI Gold</p>	<p><b>Quarza Residences, KL East</b></p> <p>BCA Green Mark Certified</p>	<p><b>Jendela Residences, Alya</b></p> <p>BCA Green Mark Certified</p>
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## Product Innovation

Sime Darby Property aspires to have its brand reflect innovation and sustainability – and this goes deeper than a mere branding exercise.

*Our innovation initiatives in the reporting period spread across our business value chain, from sustainable product design to improving customer experiences and services, as well as marketing communications.*

### Innovation in product design

The table below shows a list of innovations that we are incorporating into our product designs and how they have been taken up in our townships.

Innovation	Description	Innovation	Description
<p>Open Space Plan</p>	<ul style="list-style-type: none"> <li>• Flexible use of space</li> <li>• Seamless indoor/outdoor living space</li> </ul>	<p>Modular Dimensions</p>	<ul style="list-style-type: none"> <li>• Usable and efficient spaces</li> </ul>
<p>Maximised Lot Width Standard Design</p>	<ul style="list-style-type: none"> <li>• Wall-to-wall usable common area</li> <li>• End-to-end view from dry kitchen to terrace</li> </ul>	<p>Guestroom Ensuite becomes Powder Room</p>	<ul style="list-style-type: none"> <li>• The flexibility of guest bathroom becoming powder room</li> </ul>
<p>Kitchen as the Heart of the home</p>	<ul style="list-style-type: none"> <li>• Island kitchen</li> <li>• Communal gathering space</li> </ul>	<p>Inwards Bathroom Position</p>	<ul style="list-style-type: none"> <li>• Promotes larger opening to bedroom for maximisation of view, ventilation and lighting</li> <li>• More privacy at bedroom area from the door</li> <li>• Easier for bedroom renovation to extend outwards</li> </ul>
<p>Seamless Indoor-Outdoor Relationship</p>	<ul style="list-style-type: none"> <li>• Interior spaces seamlessly blend with usable landscaped external spaces</li> </ul>	<p>Lifetime Homes Concept</p>	<ul style="list-style-type: none"> <li>• Accessible for all people, including young or old, single or families, nondisabled or disabled.</li> <li>• Improve the accessibility and convenience of new housing for everyone to make homes even more adaptable to long-term needs</li> <li>• Reduce future costs either for adaptations or for residential care</li> </ul>
<p>Future Proof Design</p>	<ul style="list-style-type: none"> <li>• Ground floor bedroom with ensuite</li> <li>• Accommodation for elderly parents, visiting in-laws, guests or disabled resident</li> <li>• Dual-Key Access:                             <ul style="list-style-type: none"> <li>– Promotes independent living</li> <li>– Allows for rental opportunity</li> </ul> </li> </ul>	<p>Bunker Window</p>	<ul style="list-style-type: none"> <li>• Functional window that serves for better surveillance</li> <li>• Maximising space above window for wall cabinet vs normal window</li> <li>• Better lighting into working counter</li> </ul>
<p>Outdoor Living</p>	<ul style="list-style-type: none"> <li>• Roof terraces and balconies are designed as outdoor spaces</li> </ul>	<p>Universal electrical switches setting-out</p>	<ul style="list-style-type: none"> <li>• User-friendly (for children and disabled)</li> </ul>
<p>Improved Streetscape</p>	<ul style="list-style-type: none"> <li>• Rear Lane Access                             <ul style="list-style-type: none"> <li>– Creates usable front garden</li> <li>– Promotes community-building- walkable distance</li> <li>– Improves visibility of the street</li> </ul> </li> </ul>		



In addition to improving our product design, we are collaborating with the Building Sector Energy Efficiency Project (BSEEP) to improve energy efficient design in new buildings at our Elmina West and East townships, which involves almost 750 units. BSEEP is an international collaboration project conducted under United Nations Development Programme (UNDP), funded by Global Environmental Facility (GEF). The BSEEP implementation in Malaysia involved a partnership with Malaysian Public Works Department (JKR). Our collaboration is valid for the scope of services in terms of technical assistance, partial grant for approved building materials and publicity by BSEEP.

### Innovation in improving our services

We are using technology in smart ways to improve our services. Starting from January 2016, we have begun to digitise our Hand Over Vacant Possession (HOVP) process. This initiative encourages us to go paperless as all handover documents will be automated upon handing over of keys for the property to the owner. Our online customer portal also features a reporting channel for feedback, enquiry, concern or request for rectification during the Liability Period. It is an added value service by Sime Darby Property, providing convenience and trust to customers whenever they interact with us.

### Innovation in improving customer experiences and marketing communications

In FY2016 we unveiled a new mobile app which offers convenience and improved customer experience. We are also using social media to engage customers. For example we have organised an innovative digital campaign across Facebook, Instagram, Youtube, and digital ad networks for the Subang Jaya 40th anniversary campaign. Our official Facebook page hit an all-time high with a total of 2.47 million impressions, exceeding the target of planned views by over 300% for a total of 483,735 views.



Through the campaign, we maximised creative use of crowdsourcing techniques and reinforced the strength of our brand

**OBJECTIVE:**  
To engage with our prospective buyers and customers digitally by enabling easy access of information to existing customers, and extending our reach to a larger potential customer base

**ADDRESSING:**

1) Material issues:

- Product innovation and continuous improvement
- Customer relationships

2) Sustainable Development Goals (SDGs):

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**16** PEACE AND JUSTICE STRONG INSTITUTIONS

**CASE STUDY:**  
**SIME DARBY PROPERTY MOBILE APP**

At Sime Darby Property we continuously seek the latest technological innovations and advancements to benefit our customers and contribute towards a sustainable future. Part of this journey includes improving the way customers interact with us.

In March 2016, we launched our game-changing mobile app, created to tend to the needs of our customers as well as attracting a new group of potential buyers. We have found that homebuyers are moving away from the traditional ways of searching for properties and moving towards digital – thus this app helps us to engage this other segment of prospective buyers and customers digitally.

The Sime Darby Property Mobile App was designed for both iOS and Android, and is available for download from the App Store and Google Play. The mobile app allows for easy searching of properties and gives users everything they need to know about purchasing a home such as house prices, specifications, layout and a virtual tour of our properties to peruse at their leisure. The mobile app also helps users to stay up to date on the latest Sime Darby Property news and events. Users are able to share interesting property finds via Facebook, Twitter and WhatsApp, thus allowing us to extend our reach and tap into a larger potential customer base within and beyond the country.

Existing Sime Darby Property homeowners will be able to use the mobile app to view billings, statement of accounts, and report any issues they may be having with their property. With the introduction of the mobile app, we will also be gradually integrating our PRIME Loyalty Programme into the system, eliminating the need for our members to carry a physical card with them. Everything will be in one easy-to-use platform.

*“I think this is a great tool for homebuyers because it gives us the ability to report any issues straight to Sime Darby Property. Our friends who own properties of other developers, often struggle with dealing with customer service.”*

While the mobile app has successfully strengthened the Sime Darby Property brand, our immediate priority is to provide convenience for our customers.

*Thompson Luke,  
Sime Darby Property Homeowner*



## 10.2 OPERATIONAL EXCELLENCE

Our commitment to operational excellence is underpinned by our adoption of best practice and continuous improvement methodologies throughout the business.



### Cost Management and Efficiency

We actively pursue cost management and efficiency through Lean Six Sigma (LSS) methodology, a collaborative team-based approach to reducing wasteful practice, processes and waste materials, and improving quality and productivity. LSS focuses us on delivering our projects on time and on budget. The basis for LSS is developing a collaborative team effort to remove waste and reduce defects in production and processes.

Our LSS Steering Committee comprising the Managing Director, the Chief Financial Officer and the Head of the Sustainability and Quality Management Department provides top-driven LSS leadership. The LSS policy commits us to develop and build LSS competency and capacity into our business and team to continue to improve.

To strengthen our practices, we track our performance against the targets set in our SLI KPIs. The tracking provides evaluation of performance and enables us to develop action plans to address concerns.

Since FY2013 we have achieved total accumulated benefits of RM151.287 million from LSS. This exceeds our target of RM33 million of accumulated benefits by 2017.



*We aim to champion and operationalise LSS to catalyse business excellence and to have an LSS working culture embedded into the way we carry out our activities*

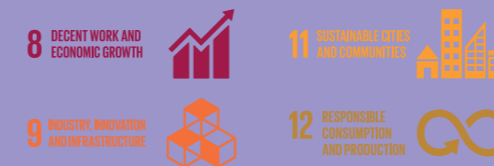
### CASE STUDY: WAR ON WASTE (WOW) - THE 100-DAY KAIZEN WASTE ELIMINATION CHALLENGE

#### OBJECTIVE:

To intensify elimination of inefficiencies across all operations and offices

#### ADDRESSING:

- 1) Material issues:
  - Cost management/efficiency
  - Productivity
  - Product innovation and continuous improvement
- 2) Sustainable Development Goals (SDGs):



On 16 December 2015, Sime Darby Berhad under the direction of the President and Group Chief Executive (PGCE) launched a group-wide 100-Day Kaizen Waste Elimination Challenge, referred to as War on Waste (WoW). The challenge was wholeheartedly supported by Sime Darby Property and leveraged on an already established Lean Six Sigma (LSS) business management strategy and support network.

The objective of the WoW campaign was to galvanise personnel to focus further on elimination of waste in the workplace. The main target was not solely to achieve monetary savings, rather it was to have at least one project from every operating and business unit - a target that was well exceeded. The key reason for such a target was set is to continue the momentum of embedding a resourceful and efficient working culture of no waste through LSS. This challenge concentrated on eight dimensions of waste, including; Defects, Overproduction, Waiting, Non-utilised Talent, Transportation, Inventory, Motion and Extra-processing, known as "DOWNTIME".

A key part of the WoW campaign was the messaging and a roadshow, the latter of which made its way around the Divisions to increase awareness via a proactive programme. The roadshow sought to build understanding in pragmatic terms about how DOWNTIME could be efficiently applied across the company's value chain processes to reduce operational costs, and consequently further improving the financial bottom line.

At the end of the challenge and WoW campaign, Sime Darby Property has registered 70 Kaizen projects - where cumulative benefits achieved amounted to RM21,725,954.12 in FY2016. The success of WoW has meant that it is being run again in FY2017 - to be labelled as WoW 2.0 with a broader focus building on DOWNTIME with inclusion of physical and energy waste. The results of WoW 2.0 will be shared in the following report.





## Customer Feedback and Satisfaction

*Sime Darby Property takes pride in its reputation for delivering a high quality experience for customers across multiple areas of operation.*

To gather and resolve feedback and complaints, Sime Darby Property has developed an integrated system that collates feedback from a series of 'Touch Points' within our businesses 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. There are different 'Touch Points' in our Hospitality and Leisure business.

Feedback received via the 'Touch Points' and these surveys are reported in our Customer Satisfaction Index (CSI). It is one of the core measures for continuous improvement that drive customer-centricity. During the reporting period, we improved the level of customer satisfaction in our Hospitality and Leisure business, with a small decline in satisfaction in our Property Development business.

Hospitality & Leisure		Property Development	
FY2015	FY2016	FY2015	FY2016
81.4%	82.9%	72.5%	71.9%

We value all feedback from our customers, associates and partners, whether positive or negative. The following key issues were raised in the reporting period, where we have identified action plans to resolve and address these issues.

Key Issues	How we address the issue
Security	<ul style="list-style-type: none"> <li>• Deployment of Auxiliary Police (AP) by Property Security Management at our townships</li> <li>• Our next steps is to have more AP engagements in our township activities</li> </ul>
Defects	<ul style="list-style-type: none"> <li>• Proactive engagement with purchasers prior to handing over</li> <li>• Top management intervention through engagement down to contractor level</li> <li>• Strengthening the development team which resulted in a new structure</li> </ul>

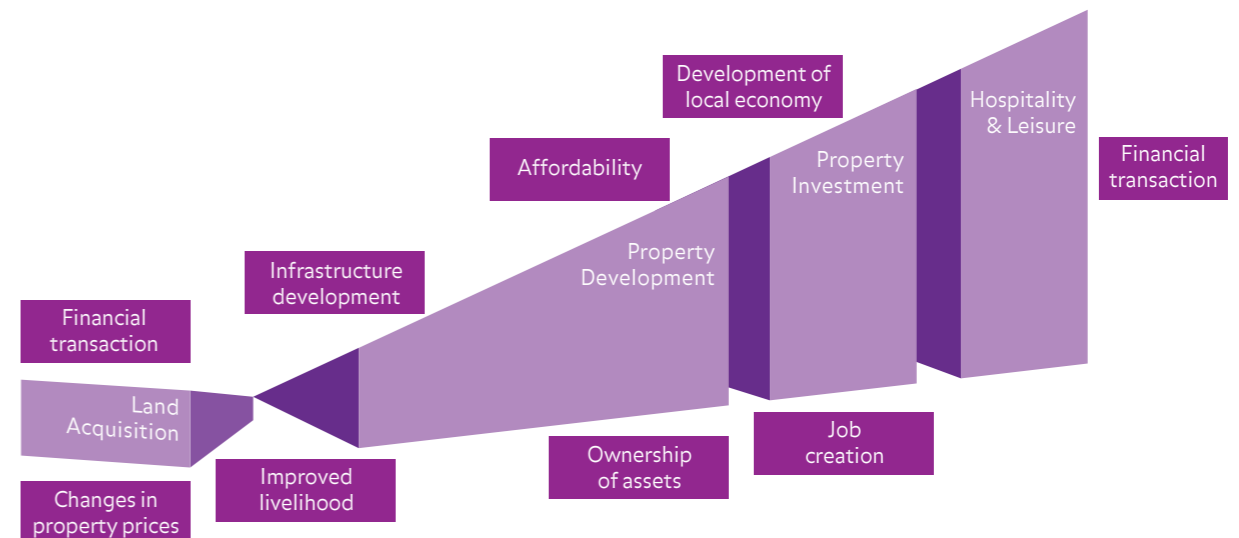
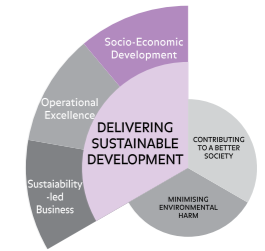


## 10.3 SOCIO-ECONOMIC DEVELOPMENT

### Promoting Prosperity

We deliver value for our customers in many ways, including through capital appreciation of their properties. Over time we have seen substantial capital appreciation reflected in sales in our townships, including more than 500% appreciation for properties in the well-established township of Subang Jaya.

*Sime Darby Property's operations and activities also result in indirect economic impacts on society and the communities we operate in. We ensure reduced impacts of our supply chain through procurement procedures in partnership with suppliers. Similarly, income generated along the supply chain of a project is also re-distributed back into the communities.*



We are also promoting prosperity in our townships by incorporating transport linkages into our developments. Transit Oriented Development (TOD), located 500 metres from mass transit points, and Transit Adjacent Development (TAD), located 800 metres from mass transit points, are designed to help improve the connectivity of our townships, which further supports their economic vibrancy. By including options for both public and private transport into the planning process, we enable convenient access to both work and social activities for residents. We work actively with government authorities to integrate public transport into our communities. A good example of how we apply the TOD concept is the township of Subang Jaya. Subang Jaya was one of our original townships, and as part of its recent development, we created a transport hub linking the area with our major towns and locations in the Klang Valley.





11.0

## PERFORMANCE METRICS

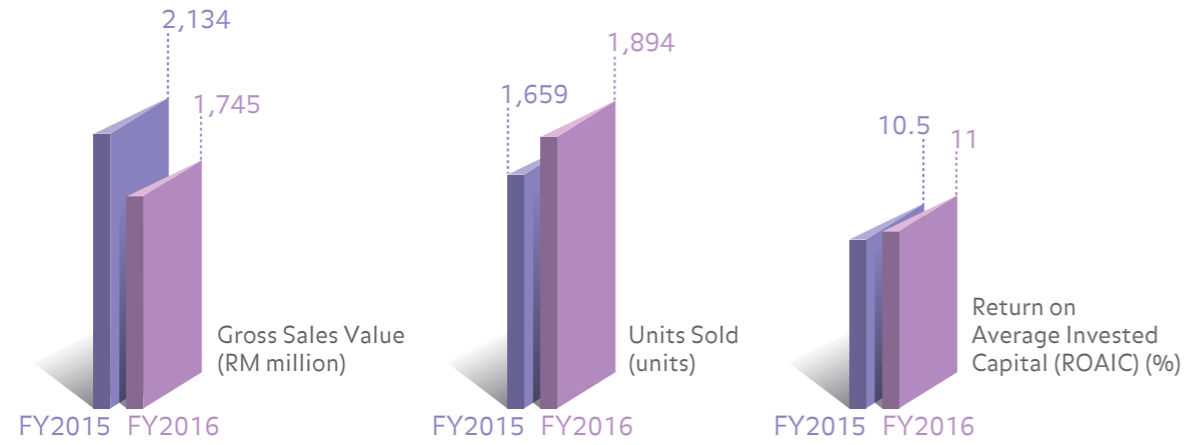
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Detailed performance metrics to meet GRI requirements, not otherwise found in the body of the report are provided here



# ECONOMIC

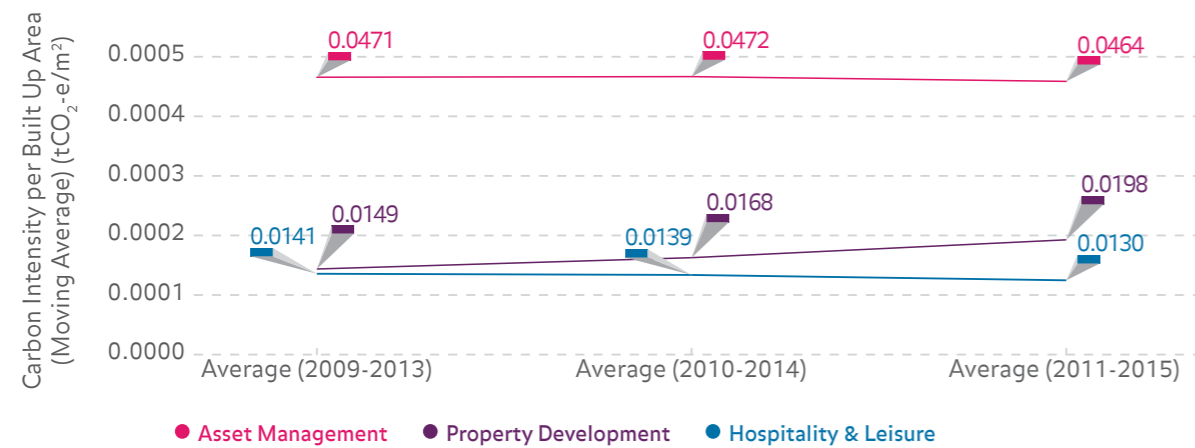
## Financial Performance



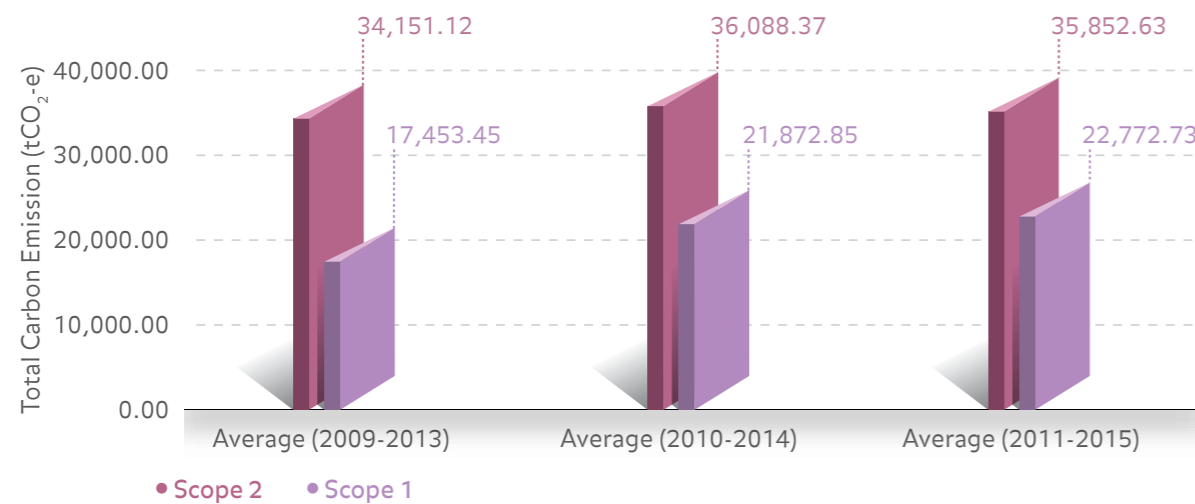
# ENVIRONMENTAL

## Carbon Performance

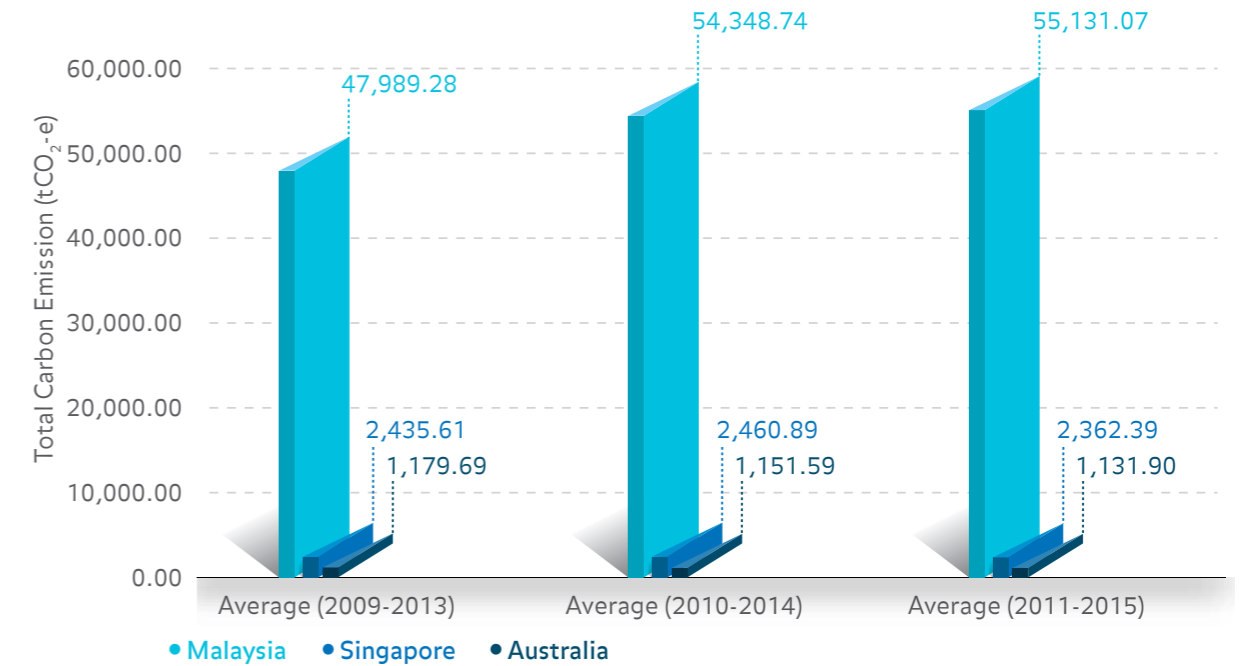
Carbon Emissions Intensity Trend by Business Units



Total Carbon Emissions (Average) by Scope

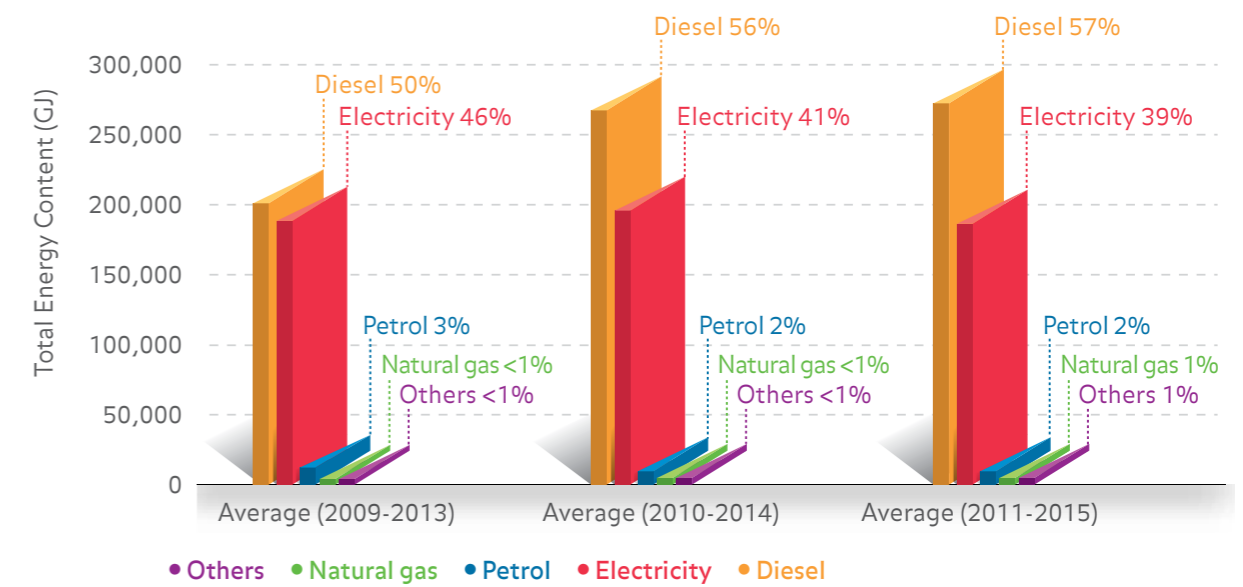


Total Carbon Emissions (Average) by Country



## Energy Performance

Total Energy Consumption (Average) by Key Sources

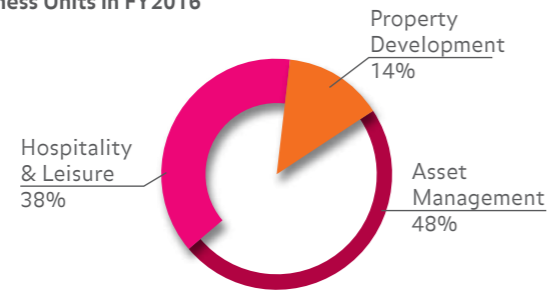


## Water Performance

### Water Usage and Intensity by Business Units

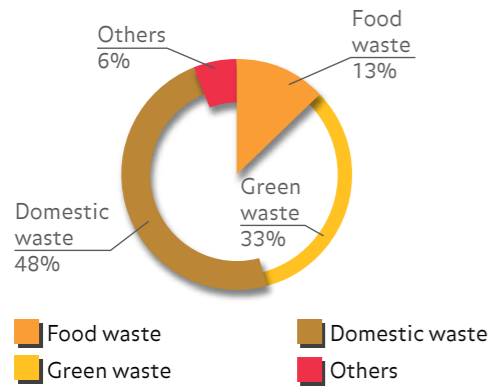
	Property Development	Asset Management	Hospitality & Leisure
Total Water Consumption (m <sup>3</sup> )	158,148.90	559,130.00	447,762.00
Floor area (m <sup>2</sup> )	258,532	161,312.5	2,332,676.73
Intensity (m <sup>3</sup> /m <sup>2</sup> )	0.61	3.47	0.19

### Water Consumption by Business Units in FY2016

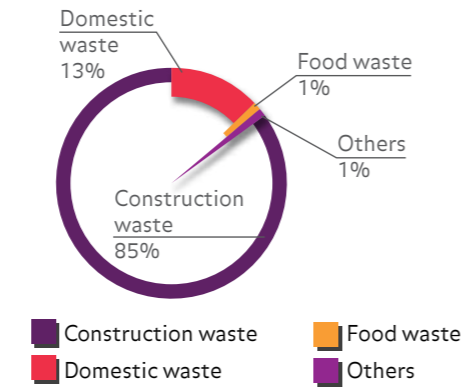


## Waste Performance

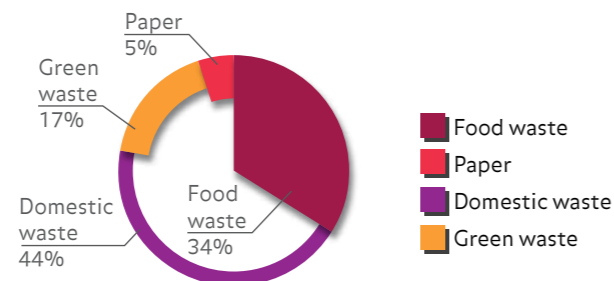
### Waste by Type for Hospitality & Leisure in FY2016



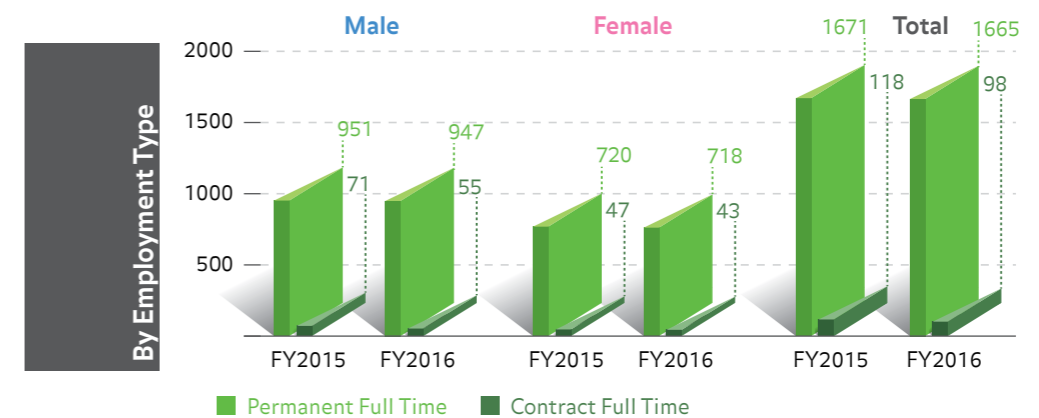
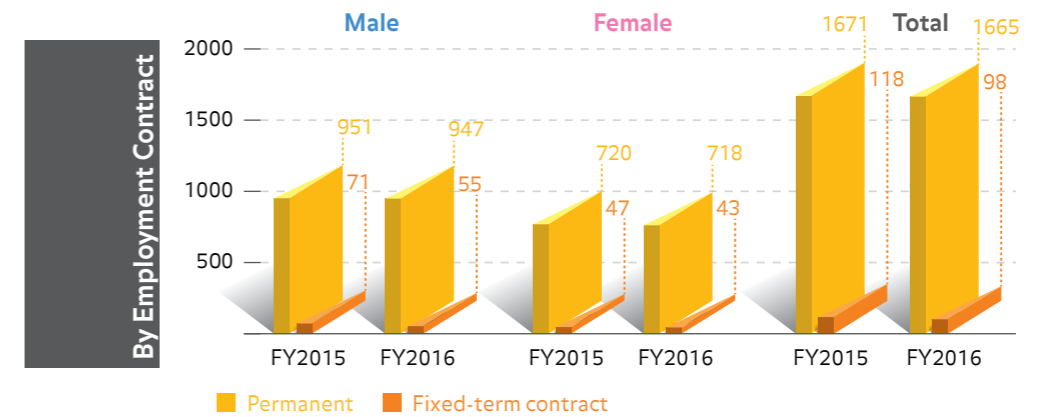
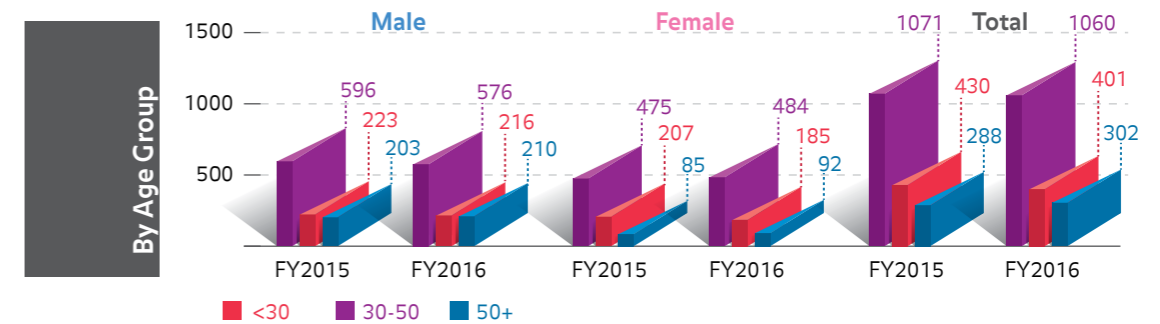
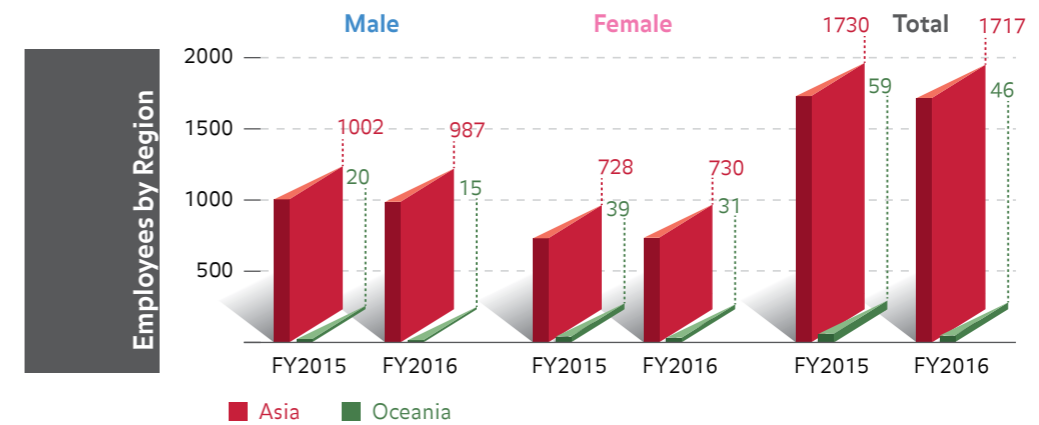
### Waste by Type for Property Development in FY2016



### Waste by Type for Asset Management in FY2016



## LABOUR PRACTICES





# 12.0 APPENDICES

## APPENDIX 1: LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants	MD	Managing Director
AM	Asset Management	MHPI	Malaysian House Price Index
AP	Auxiliary Police	MMC	Modern Methods of Construction
BBR	Bandar Bukit Raja	MVV	Malaysian Vision Valley
BSEEP	Building Sector Energy Efficiency Project	NGO	Non-governmental Organisation
CCC	Certificate of Construction Completion	OSH	Occupational Safety and Health
CCTV	Closed-circuit TV	PBIT	Profit before Interest and Tax
CIDB	Construction Industry Development Board of Malaysia	PD	Property Development
COBC	Code of Business Conduct	PDMC	Property Division Management Committee
CIPAA	Construction Industry Payment & Adjudication Act	PDPA	Personal Data Protection Act
CPTED	Crime Prevention Through Environmental Design	PGCE	President & Group Chief Executive
CSI	Customer Satisfaction Index	PIAM	Property Investment & Asset Management, SDP
CSR	Corporate Social Responsibility	PQAS	Product Quality Assessment System
DBKL	Kuala Lumpur City Hall	QASEH	Quality Affordable Homes
DEIA	Detailed Environmental Impact Assessment	QLASSIC	Quality Assessment System in Construction
DLP	Defects Liability Period	REHDA	Real Estate and Housing Developers' Association of Malaysia
DOE	Department of Environment	RM	Ringgit Malaysia
EIA	Environmental Impact Assessment	SDB	Sime Darby Berhad
EMP	Environmental Management Plan	SDGs	Sustainable Development Goals
EnMS	Energy Management System	SDF	Sime Darby Foundation
ERT	Endangered, Rare and Threatened	SDP	Sime Darby Property
ESCP	Erosion & Sediment Control Plan	SDVP	Sime Darby Volunteer Programme
ESH	Environmental, Safety and Health	SERASI	Sime Darby Affordable Homes for Staff
FSB	Flagship Subsidiary Board	SHASSIC	Safety and Health Assessment System in Construction
FY	Financial Year	SIA	Social Impact Assessment
GBI	Green Building Index	SID	Senior Independent Director
GEES	Global Employee Engagement Survey	SLI	Sustainability Leadership Index
GEF	Global Environment Facility	SOP	Standard Operating Procedures
GHG	Green House Gas	SMS	Sustainability Management System
GPA	Group Policies and Authorities	SOCSO	Social Security Organisation
GPPA	Group Procurement Policies & Authorities	SQM	Sustainability and Quality Management
GRI	Global Reporting Initiative	SUSDEX	Sustainability Index
H & L	Hospitality and Leisure	TAD	Transport Associated Development
HOI	Handing Over Inspection	TCS	Townships Community Services
HOT	Head of Township	TI-M	Transparency International Malaysia
HR	Human Resource	TOD	Transit Oriented Development
HR4U	Human Resources 4 You	TOR	Terms of Reference
IUCN	International Union for the Conservation of Nature	TPC	Tournament Player's Club
JKR	Public Works Department	UK	United Kingdom
JV	Joint Venture	UKM	Universiti Kebangsaan Malaysia
KL	Kuala Lumpur	UN	United Nations
KPI	Key Performance Indicator	UNGC	United Nations Global Compact
LEED	Leadership in Energy Environment Design	VLOD	Vendor Letter of Declaration
LSS	Lean Six Sigma	VP	Vacant Possession
LTIFR	Lost Time Injury Frequency Rate	WCSC	World Class Sustainable Cities
MACC	Malaysian Anti-Corruption Commission	YSA	Young Sustainability Ambassador Programme
MaSRA	Malaysian Sustainability Reporting Awards	YSD	Yayasan Sime Darby

## APPENDIX 2: UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals were agreed by all countries in 2015 and set out global sustainable development priorities and aspirations for 2030, seeking to mobilise global efforts around a common set of goals and targets. The Goals call for worldwide action among governments, business and civil society. The 17 goals and their descriptions are set out below.

Goal	Description
SDG 1: No poverty	End poverty in all its forms everywhere
SDG 2: Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
SDG 3: Good health and well-being	Ensure healthy lives and promote well-being for all at all ages
SDG 4: Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDG 5: Gender equality	Achieve gender equality and empower all women and girls
SDG 6: Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all
SDG 7: Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all
SDG 8: Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
SDG 9: Innovation and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
SDG 10: Reduced inequalities	Reduce inequality within and among countries
SDG 11: Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable
SDG 12: Responsible consumption and production	Ensure sustainable consumption and production patterns
SDG 13: Climate action	Take urgent action to combat climate change and its impacts
SDG 14: Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
SDG 15: Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss
SDG 16: Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
SDG 17: Partnerships for the goals	Strengthen the means of implementation and revitalise the global partnership for sustainable development

# 13.0

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX



Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the most senior decision-maker		Managing Director's Message	5
<b>ORGANISATIONAL PROFILE</b>				
G4-3	Name of the organisation		About This Report	4
G4-4	Primary brands, products and services		About Sime Darby Property	10
G4-5	Location of headquarters		About This Report	4
G4-6	Where the organisation operates		About Sime Darby Property	10, 11
G4-7	Nature of ownership and legal form		About Sime Darby Property	10
G4-8	Markets served		About Sime Darby Property	10
G4-9	Scale of the organisation		About Sime Darby Property	10
G4-10	Workforce number and composition	8 – Decent work and economic growth	Performance Metrics – Labour Practices Note: SDP does not currently track contractor's employees who work on our sites. At this point we have no plans to do so.	91
G4-11	Coverage of collective bargaining agreements	8 – Decent work and economic growth	Approximately 2% of employees are covered by collective bargaining agreements	–
G4-12	Supply chain		About Sime Darby Property – Our Value Chain	12
G4-13	Significant changes during the reporting period		No significant changes	–
G4-14	Adoption of the precautionary approach		Sime Darby Property takes a precautionary approach in our management of environmental risks	–
G4-15	Charters, principles or other initiatives		Sime Darby Group has been a member of the UN Global Compact since 2011	–
G4-16	Memberships of associations and advocacy organizations		About Sime Darby Property – Memberships	15
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	Entities covered by the report		This report covers the activities of all of the Property entities listed in our Group Annual Report 2016 (see <a href="http://www.simedarby.com/investor-relations/annual-reports/annual-report">http://www.simedarby.com/investor-relations/annual-reports/annual-report</a> )	–
G4-18	Process for defining report content		Our Sustainability Reporting – Material Issues	34
G4-19	Material Aspects		Our Sustainability Reporting – Material Issues	34
G4-20	Aspect boundary (internal)		Our Sustainability Reporting – Material Issues	34
G4-21	Aspect boundary (external)		Our Sustainability Reporting – Material Issues	34
G4-22	Restatements		About This Report	4
G4-23	Significant changes from previous reporting periods		No significant changes	–
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	Stakeholder groups engaged		About Sime Darby Property – Stakeholder Engagement and Achievements; Contributing to a Better Society – Social Investment and Sustainability Engagement	16, 17, 46

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
G4-25	Identification and selection of stakeholders		About Sime Darby Property – Stakeholder Engagement and Achievements; Contributing to a Better Society – Social Investment and Sustainability Engagement	16, 17, 46
G4-26	Approach to stakeholder engagement		About Sime Darby Property – Stakeholder Engagement and Achievements; Contributing to a Better Society – Social Investment and Sustainability Engagement	16, 17, 46
G4-27	Topics and concerns raised through stakeholder engagement		About Sime Darby Property – Stakeholder Engagement and Achievements; Contributing to a Better Society – Social Investment and Sustainability Engagement	16, 17, 46
<b>REPORT PROFILE</b>				
G4-28	Reporting period		About This Report	4
G4-29	Date of most recent previous report		FY 2014	–
G4-30	Reporting cycle		Biennial	–
G4-31	Contact point for questions		About This Report	4
G4-32	"In accordance" option and GRI Content Index		Core. This index.	–
GR-33	External assurance		Not assured. We may consider assurance in future years.	–
<b>GOVERNANCE</b>				
G4-34	Governance structure		Sustainability Governance See also: <a href="http://www.simedarby.com/about-us/governance/corporate-governance">http://www.simedarby.com/about-us/governance/corporate-governance</a>	24–26
G4-35	Process for delegating authority on economic, environmental and social topics		Sustainability at Sime Darby Property – Sustainability Strategic Framework and Sustainability Key Performance Indicators	24–26
G4-39	Independence of the Board Chairman	16 – Peace, justice and strong institutions	The Chairman of the Sime Darby Berhad Main Board is not an executive officer. The list of Sime Darby Property Board of Directors is available from <a href="http://www.simedarbyproperty.com/about-us/board-of-directors">http://www.simedarbyproperty.com/about-us/board-of-directors</a>	–
G4-41	Conflict management and disclosure	16 – Peace, justice and strong institutions	About Sime Darby Property – Anti-corruption See also: <a href="http://www.simedarby.com/about-us/governance/ethical-business-practice">http://www.simedarby.com/about-us/governance/ethical-business-practice</a>	21
<b>ETHICS AND INTEGRITY</b>				
G4-56	Values, code of conduct and code of ethics	16 – Peace, justice and strong institutions	About Sime Darby Property – Vision, Mission and Values	12
G4-58	Reporting unethical behaviour		About Sime Darby Property – Operating with Integrity	20, 21

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
<b>SPECIFIC STANDARD DISCLOSURES</b>				
<b>CATEGORY: ECONOMIC</b>				
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Financial Strength	13
G4-EC1	Direct economic value generated and distributed	2 – Zero hunger	About Sime Darby Property – Financial Strength. See also the Sime Darby Group Annual Report available online at: <a href="http://www.simedarby.com/investor-relations/annual-reports/annual-report">http://www.simedarby.com/investor-relations/annual-reports/annual-report</a>	13
		5 – Gender equality		
		7 – Affordable and clean energy		
		8 – Decent work and economic growth		
		9 – Industry, innovation and infrastructure		
G4-EC2	Financial implications, risks and opportunities due to climate change	13 – Climate action	Minimising Environmental Harm – Carbon	58
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>				
G4-DMA	Disclosure on Management Approach		Delivering Sustainable Development – Socio-Economic Development (Promoting Prosperity)	85
G4-EC7	Infrastructure investments and services supported	2 – Zero hunger	Contributing to a Better Society – Social Investment and Sustainable Engagement (Township Amenities)	50, 85
		5 – Gender equality		
		11 – Sustainable cities and communities		
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Our Supply Chain	14
G4-EC9	Proportion of spending on local suppliers	12 – Responsible consumption and production	About Sime Darby Property – Our Supply Chain	14
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>MATERIAL ASPECT: ENERGY</b>				
G4-DMA	Disclosure on Management Approach		Minimising Environmental Harm – Energy	60
G4-EN3	Energy consumption within the organisation	7 – Affordable and clean energy	Minimising Environmental Harm – Energy Performance Metrics – Energy Performance	60, 89
		8 – Decent work and economic growth		
		12 – Responsible consumption and production		
		13 – Climate action		

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
G4-EN6	Reduction of energy consumption	7 – Affordable and clean energy	Minimising Environmental Harm – Energy	60, 61
		8 – Decent work and economic growth		
		12 – Responsible consumption and production		
G4-EN6	Reduction of energy consumption	13 – Climate action	Note: Sime Darby Property is undertaking energy efficiency initiatives but does not yet track total reductions. We will report on this in future years.	60, 61
CRE-1	Building energy intensity		Sime Darby Property does not currently track and report individual building intensity across the portfolio but reports on a moving average of energy intensity across the business.	60
<b>MATERIAL ASPECT: WATER</b>				
G4-DMA	Disclosure on Management Approach		Minimising Environmental Harm – Water	62
G4-EN8	Total water withdrawal by source	6 – Clean water and sanitation	Minimising Environmental Harm – Water	62
G4-EN9	Water sources significantly affected by withdrawal of water	6 – Clean water and sanitation	Sime Darby Property had no water withdrawals which were deemed to significantly impact the water source.	-
G4-EN10	Percentage and total volume of water recycled and reused	6 – Clean water and sanitation	Sime Darby Property does not currently track percentage and total volume of water recycled and reused at its properties but will consider doing so in future	-
		8 – Decent work and economic growth		
		12 – Responsible consumption and production		
CRE-2	Building water intensity		Performance Metrics – Water Performance	90
<b>MATERIAL ASPECT: BIODIVERSITY</b>				
G4-DMA	Disclosure on Management Approach		Minimising Environmental Harm – Preserving Biodiversity	67
G4-EN13	Habitats protected or restored	15 – Life on Land 6 – Clean water and sanitation	Minimising Environmental Harm – Preserving Biodiversity	67, 68
<b>MATERIAL ASPECT: EMISSIONS</b>				
G4-DMA	Disclosure on Management Approach		Minimising Environmental Harm – Carbon	58
G4-EN15	Direct greenhouse gas emissions (Scope 1)	13 – Climate action	Minimising Environmental Harm – Carbon Performance Metrics – Carbon Performance	59, 88, 89
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	13 – Climate action	Minimising Environmental Harm – Carbon Performance Metrics – Carbon Performance	59, 88, 89
G4-EN18	Greenhouse gas emissions intensity	13 – Climate action	Minimising Environmental Harm – Carbon Performance Metrics – Carbon Performance	59, 88, 89



Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>				
G4-DMA	Disclosure on Management Approach		Minimising Environmental Harm – Waste	64 – 66
G4-EN23	Total weight of waste by type and disposal method	3 – Good health and wellbeing 6 – Clean water and sanitation 12 – Responsible consumption and production	Minimising Environmental Harm – Waste Performance Metrics – Waste Performance Note: Sime Darby Property currently do not have data for the weight of waste and disposal method. We have reported on percentage and type of waste, but hope to be able to report on this in future years.	65, 90
G4-EN26	Water bodies and related habitats affected by the organisation’s discharges of water and runoff	6 – Clean water and sanitation	No events of discharge or run off into water bodies of protected or biodiversity value.	–
<b>MATERIAL ASPECT: ENVIRONMENT – PRODUCTS AND SERVICES</b>				
G4-DMA	Disclosure on Management Approach			57
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	6 – Clean water and sanitation 8 – Decent work and economic growth 12 – Responsible production and consumption 13 – Climate action	Minimising Environmental Harm – Environmental Compliance	57
<b>MATERIAL ASPECT: COMPLIANCE</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Operating with Integrity Minimising Environmental Harm – Environmental Compliance	20, 57
G4-EN29	Significant fines and non-monetary sanctions for non-compliance	16 – Peace, justice and strong institutions	Minimising Environmental Harm – Environmental Compliance	57
<b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Our Supply Chain	14
G4-EN32	Suppliers screening using environmental criteria		About Sime Darby Property – Our Supply Chain	14
<b>CATEGORY: SOCIAL</b>				
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>				
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Safety and Health (Occupational Safety and Health)	40 – 42
G4-LA5	Management-worker health and safety committees	8 – Decent work and economic growth	More than 75 per cent of Sime Darby Property employees across multiple facilities are represented on health and safety committees.	–

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
G4-LA6	Workplace injuries, diseases, lost days and fatalities	3 – Good health and wellbeing	Contributing to a Better Society – Safety and Health: (Occupational Safety and Health and Our Performance) Note: We do not currently have data on the occupational diseases rate, absentee rate, and reporting on breakdown between employees and contractors. We will consider tracking these in future years.	41
		8 – Decent work and economic growth		
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Capital (Training and Development)	43, 44
G4-LA9	Average hours of training	4 – Good education	Contributing to a Better Society – Human Capital (Training and Development)	44
		5 – Gender equality		
		8 – Decent work and economic growth		
G4-LA10	Programs for skills management and lifelong learning	8 – Decent work and economic growth	Contributing to a Better Society – Human Capital (Training and Development)	43, 44
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES</b>				
G4-DMA	Disclosure on Management Approach		Sustainability-led Business	72
G4-LA14	New suppliers screened using labour practices criteria	5 – Gender equality	About Sime Darby Property – Our Supply Chain	14
		8 – Decent work and economic growth		
		16 – Peace, justice and strong institutions		
		8 – Decent work and economic growth		
<b>SUB-CATEGORY: HUMAN RIGHTS</b>				
<b>MATERIAL ASPECT: NON DISCRIMINATION</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Capital (Diversity and Inclusion)	44
G4-HR3	Incidents of discrimination	5 – Gender equality	Contributing to a Better Society – Human Capital (Diversity and Inclusion)	44
		8 – Decent work and economic growth		

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
<b>MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Rights	45
G4-HR4	Violations of right to freedom of association and collective bargaining	8 – Decent work and economic growth	Contributing to a Better Society – Human Rights. Note: We are currently assessing human rights impacts in our value chain	45
<b>MATERIAL ASPECT: CHILD LABOR</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Rights. Note: We are currently assessing human rights impacts in our value chain	45
G4-HR5	Child labour risk	8 – Decent work and economic growth	Contributing to a Better Society – Human Rights. Note: We are currently assessing human rights impacts in our value chain	45
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Rights.	45
G4-HR6	Forced or compulsory labour risk	8 – Decent work and economic growth	Contributing to a Better Society – Human Rights. Note: We are currently assessing human rights impacts in our value chain	45
<b>MATERIAL ASPECT: SECURITY PRACTICES</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Security	51
G4-HR7	Security personnel training on human rights policies and procedures	16 – Peace, justice and strong institutions	Contributing to a Better Society – Case Study: Auxiliary Police	52
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Rights.	45
G4-HR11	Negative human rights impacts in the supply chain		Contributing to a Better Society – Human Rights. Note: We are currently assessing human rights impacts in our value chain	45
<b>SUB-CATEGORY: SOCIETY</b>				
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>				
G4-DMA	Disclosure on Management Approach	1 – No poverty 2 – Zero hunger	Contributing to a Better Society – Local Assistance	53
G4-SO1	Local community engagement, impact assessments, and development programs		Contributing to a Better Society – Social Investment and Sustainability Engagement	46 – 49
G4-SO2	Negative impacts on local communities		Contributing to a Better Society – Township Amenities	50
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Operating with Integrity (Anti-corruption)	20 – 21
G4-SO4	Communication and training on anti-corruption	16 – Peace, justice and strong institutions	About Sime Darby Property – Operating with Integrity (Anti-corruption)	20 – 21

Disclosure/ Indicator	Description	Link to SDG	Reference or response	Page
<b>MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>				
G4-DMA	Disclosure on Management Approach		About Sime Darby Property – Operating with Integrity	20
G4-SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	16 – Peace, justice and strong institutions	None	-
<b>MATERIAL ASPECT: COMPLIANCE</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Safety and Health (Customer and Product Health and Safety)	43
G4-SO8	Fines and non-monetary sanctions for non-compliance	16 – Peace, justice and strong institutions	No significant fines. One RM800 fine related to advertising without a permit.	-
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>				
<b>MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Safety and Health (Customer and Product Health and Safety)	43
G4-PR1	Product and service categories assessed for improvement in health and safety impacts		Contributing to a Better Society – Safety and Health (Customer and Product Health and Safety)	43
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>				
G4-DMA	Disclosure on Management Approach		Delivering Sustainable Development – Operational Excellence (Customer Feedback and Satisfaction)	84
G4-PR5	Customer satisfaction surveys		Delivering Sustainable Development – Operational Excellence (Customer Feedback and Satisfaction)	84
CRE-8	Sustainability certification, rating and labelling schemes		Delivering Sustainable Development – Sustainability – led Business (Idea House and Green Certifications)	77
<b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>				
G4-DMA	Disclosure on Management Approach		Contributing to a Better Society – Human Rights (Customer Privacy)	45
G4-PR8	Substantiated complaints regarding customer privacy breaches and losses of customer data	16 – Peace, justice and strong institutions	Contributing to a Better Society – Human Rights (Customer Privacy)	45



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