



Developing  
Sustainable Futures

Sime Darby Group Sustainability Report 2011

# DEVELOPING SUSTAINABLE FUTURES

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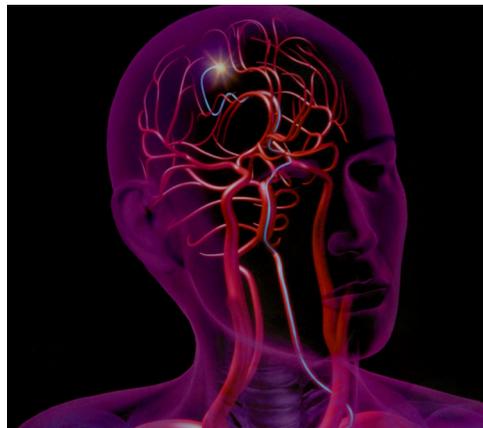
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# About this Report

**“Accountability and Transparency to Stakeholders** means disclosing relevant information on our sustainability strategies, objectives and performance in a timely manner”

The Sime Darby Group Sustainability Report 2011 is our first annual sustainability report and aims to provide stakeholders with an overview of the Group’s strategies, commitments and performance on sustainable development.

This report should be read in conjunction with the Sime Darby Berhad Annual Report 2011, which provides detailed information on the Group’s financial and economic performance. Similarly, further information on Yayasan Sime Darby, the Group’s foundation, is available in the Yayasan Sime Darby Annual Report 2011.

This report focuses on areas related to our key strategic sustainability activities and also provides an overview of efforts to address sustainability issues considered material by Sime Darby. Material issues were identified via an internal assessment and approved by the Group Sustainability Committee, the main body dedicated to oversee sustainable practices within Sime Darby. For future reporting, we aim to further engage stakeholders on our assessment of material issues and focus of our sustainability reports.

This sustainability report covers Sime Darby's global operations for the calendar year 2011, unless stated otherwise. In this inaugural report, we have also included selected noteworthy historical events. This report is prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines, with a self-declared Application Level B.

We believe that a robust assurance process provides comfort on the quality and accuracy of the information disclosed to stakeholders reading our sustainability report and for Sime Darby to use this information in management decisions. We plan to obtain external assurance for future sustainability reports within the next three years.

#### Feedback

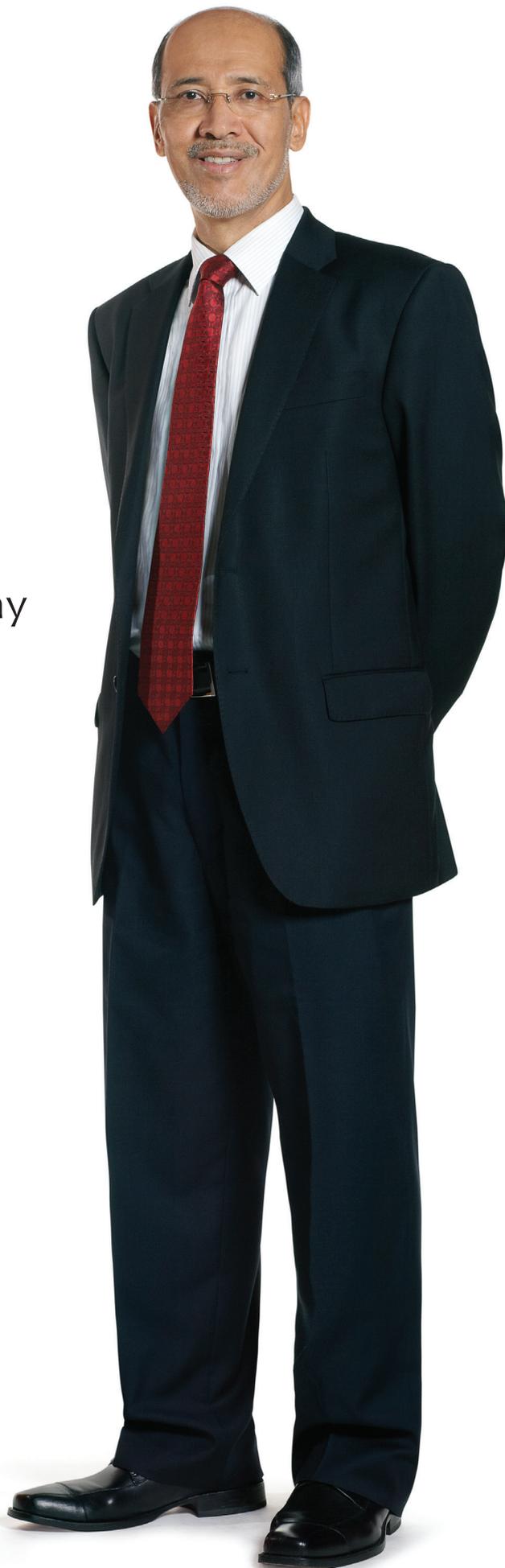
We value all feedback on our sustainability journey. Please email your comments to [sustainability@simedarby.com](mailto:sustainability@simedarby.com). Further enquiries may also be directed to:

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We believe that the integration and balance of economic, environmental and social issues in the way we plan, execute and monitor our various businesses is critical to the growth and success of the Sime Darby Group.

**Dato' Mohd Bakke Salleh**  
President and Group Chief Executive



# President and Group Chief Executive's Message

I am pleased to present our inaugural sustainability report, which provides a window into how we are internalising our commitment to sustainability.

We believe that the integration and balance of economic, environmental and social issues in the way we plan, execute and monitor our various businesses is critical to the growth and success of the Sime Darby Group. Our stakeholders expect it, market demand for sustainable products (such as certified sustainable palm oil) is growing, new sustainability related regulations on a range of issues are coming into force globally, and constraints on our operations from climate change, energy security and resource scarcity are materialising.

In short, we focus on sustainability to conduct business responsibly, and as a platform for innovation, operational efficiency and to manage emerging sustainability risks.

Our efforts over the last year have centred on taking stock of the sustainability practices in our various business divisions, defining the way we manage sustainability, and developing a holistic strategy to coordinate and drive future efforts. We have now set the foundation from which to chart our journey and continuously

improve, both in performance and evolution of our overall approach to sustainability.

The year 2011 also saw us reach some key sustainability milestones. The ongoing progress of the Roundtable on Sustainable Palm Oil certification makes us the largest producer of Certified Sustainable Palm Oil in the world with an annual production capacity of 1.82 million tonnes of certified sustainable palm oil products. We target to have our entire annual production capacity of 2.50 million tonnes certified sustainable by the end of 2012. Research and development efforts in Property division have yielded sustainability-led innovations that we are starting to commercialise. In particular, key learnings from the Sime Darby Idea House, a carbon neutral prototype building. Industrial division has also grown the remanufactured parts business to 32% of total engine parts sold.

We received some attention during the year on our practices related to local communities. Our success over the 100 years in the plantation industry would not have been achieved without the support of the communities in which we operate. In this report, we provide an overview of our approach and practice to obtain the Free, Prior and Informed Consent

of local communities before development starts, including efforts to ensure mutual growth. We are excited about a new multi-stakeholder partnership that we initiated, called the Smallholder Acceleration and REDD+ Programme (SHARP), which is now working with the private sector to support smallholders in the palm oil industry.

To guide us in the day-to-day decisions we have defined four key principles on how we intend to deliver sustainable futures, which includes the principle of "Accountability and Transparency to Stakeholders". This report is a significant first step in embodying this principle.

I look forward to sharing more details on the business divisions' approach to sustainability in their respective industry sectors, including how we evaluate the progress and success of our sustainability journey in future reports.



**Dato' Mohd Bakke Salleh**  
President and Group Chief Executive

# The Sime Darby Group



Plantation



Property



Industrial



Motors



Energy & Utilities



Healthcare



**6 Divisions**  
**Over 20 Countries**  
**Over 100,000 Employees**

[www.simedarby.com](http://www.simedarby.com)

Global Business Presence

Sime Darby is a Malaysia-based diversified multinational corporation involved in the plantation, property, automotive, industrial equipment, energy & utilities and healthcare sectors.

Founded in 1910 as a small British company managing 202 hectares of rubber estates in the Malayan state of Malacca, we have since grown into one of Malaysia's largest multinational corporations.

We have a market capitalisation of RM55.28 billion as at 31st December 2011, and employ a workforce of over 100,000 employees in over 20 countries.

# Plantation

## ONE OF THE WORLD'S LARGEST PRODUCERS OF CERTIFIED AND TRACEABLE PALM PRODUCTS

Sime Darby Plantation is the core agri-business division of the Sime Darby Group. We are one of the world's largest palm oil producers, with an annual production capacity of 2.50 million tonnes of Crude Palm Oil (CPO), which represents approximately 6% of the world's annual CPO output. A founding member of the Roundtable on Sustainable Palm Oil (RSPO), we are also the largest producer of certified sustainable and traceable palm oil with more than 73% of our CPO and Palm Kernel Oil (PKO) production, certified sustainable.

Our current upstream operations, which consist predominantly oil palm cultivation, harvesting and milling, are spread across 519,440 hectares of planted areas in Malaysia and Indonesia. This represents approximately 81% of our total landbank in these two countries. In Malaysia and Indonesia, we are organised into 62 Strategic Operating Units (SOUs). An SOU is made up of a palm oil mill and one or more feeder estates. In July 2010, we

started the development of our new operations in Liberia with a 220,000 hectare concession. In addition to oil palm, we also have 7,880 hectares of rubber plantations and 2 factories in Malaysia.

As a vertically integrated palm oil company, we have 13 downstream refineries across 7 countries, which are involved in the refining of CPO and the production of edible oil products, oleochemicals and biodiesel.

We also have a long history of research and development focusing on yield improvements through the development of improved planting materials and formulation of good agricultural and sustainable practices. For downstream operations, research and development efforts concentrate on producing customer-centric oils and fats products which are healthier and processed in an environmentally friendly way.

### Key Activities

#### Upstream

- Oil palm plantations and mills
- Rubber plantations and factories

#### Downstream

- Palm oil refineries
- Production of edible oil products
- Biodiesel production
- Oleochemicals
- Nutraceuticals

#### Research and Development

- Genome research, plant breeding, planting materials and agronomy
- Engineering technology and development
- Accredited laboratories
- Innovation centre and food nutrition

### Key Countries of Operations

- Indonesia
- Liberia
- Malaysia
- Singapore
- South Africa
- Thailand
- The Netherlands
- Vietnam

### Financial Summary\*

#### Revenue

RM13,167.9 million

#### Profit before interest and tax

RM3,280.2 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

# Property

## A LEADING DEVELOPER OF SUSTAINABLE COMMUNITIES

Sime Darby Property is the leading township developer in Malaysia. We currently have a landbank of 16,800 acres. Over the years, our Property division has built 10 townships with homes for approximately 85,000 families in Malaysia. In addition to property development, we operate several of Malaysia's leading commercial, hospitality and leisure assets.

We also have a significant presence in the Asia-Pacific region with a variety of projects and assets in Singapore, Vietnam and Australia, as well as, the United Kingdom. We aspire to be a leading developer of sustainable communities. Our development of products are underpinned by innovation and creativity.

### Key Activities

- Property development
- Property investment
- Property hospitality

### Key Countries of Operations

- Australia
- Malaysia
- Singapore
- United Kingdom
- Vietnam

### Financial Summary\*

#### Revenue

RM1,987.2 million

#### Profit before interest and tax

RM456.0 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

# Industrial

## ONE OF THE WORLD'S LEADING CATERPILLAR DEALERS

Sime Darby Industrial operates in over 10 countries across the Asia Pacific region, with more than 100 Caterpillar dealership branches. We are one of the world's leading Caterpillar dealers.

As a business entity, Sime Darby Industrial is involved in the sale of new machines, engines and used equipment. We also rent machines and provide the full range of after sales, product support and financing services. Our customers are in primary markets such as plantation, property, mining, marine, forestry, construction, ports and power generation. We also hold licensing and technical agreements with world class principals to manufacture heavy equipment and attachments.

Our Industrial division distributes other brands besides Caterpillar, such as Terberg, Kubota, New Holland, Perkins, Atlas Copco, Jacobsen and Omega, among others.

### Key Activities

#### Dealerships

- Sales
- Product support

#### Used & Rental/Leasing

### Key Countries of Operations

- Australia
- Brunei
- China
- Christmas Island (Indian Ocean)
- Hong Kong
- Macau
- Malaysia
- Nauru
- New Caledonia
- Papua New Guinea
- Singapore
- The Maldives
- The Solomon Islands
- Vietnam

### Financial Summary\*

#### Revenue

RM10,271.1 million

#### Profit before interest and tax

RM1,068.0 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

# Motors

## A MAJOR AUTOMOTIVE INDUSTRY & LUXURY MARQUE PLAYER IN THE ASIA PACIFIC REGION

Sime Darby Motors started 30 years ago with the distribution of Ford vehicles. Today, we are a major automotive industry and luxury marque player in the Asia Pacific region, and one of the world's largest BMW dealer groups.

Other major brands represented include Mini, Rolls-Royce, Ford, Hyundai, Land Rover, Porsche and Peugeot in passenger vehicles as well as Hino, UD Nissan, Mitsubishi Fuso, Mack and Renault in commercial vehicles.

### Key Activities

- Import
- Assembly
- Distribution
- Retail

### Key Countries of Operations

- Australia
- China
- Hong kong
- Macau
- Malaysia
- New Zealand
- Singapore
- Thailand

### Financial Summary\*

#### Revenue

RM14,818.0 million

#### Profit before interest and tax

RM633.2 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

# Energy & Utilities

## CORE BUSINESSES IN POWER, ENGINEERING SERVICES, PORTS & LOGISTICS AND WATER MANAGEMENT

Sime Darby Energy & Utilities' core businesses are in Power, Engineering Services, Ports & Logistics and Water management in Southeast Asia and China.

Our Non-China Operations portfolio includes the Power and Engineering Services business units. The Power business unit has a combined capacity of 590MW. The Malaysian operations located in Negeri Sembilan has an installed capacity of 440MW while the Thai operations located in Laem Chabang comprises two power plants with an installed capacity of 100MW and 50MW respectively. The Engineering Services business unit is represented by the Mecom Group in Malaysia, Singapore and Thailand, providing state-of-the-art systems integration solutions for a wide spectrum of engineering and scientific applications.

The China Operations, based in Shandong province, encompasses the Ports & Logistics and Water Management business units. Our four operational ports in both Jining and Weifang cities have a collective annual throughput of 34.5 million tonnes per annum, with a target to achieve over 60 million tonnes in the next five years. The Water Management unit, represented by Weifang Water, comprises two water treatment plants and flatland reservoir with a capacity of 3.5 million cubic metres. Weifang Water currently has a daily treatment capacity of 140,000 cubic metres.

### Key Activities

- Power
- Engineering services
- Ports & logistics
- Water management

### Key Countries of Operations

- China
- Malaysia
- Singapore
- Thailand

### Financial Summary\*

#### Revenue

RM1,085.4 million

#### Profit before interest and tax

RM245.7 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

# Healthcare

## AT THE FOREFRONT OF MALAYSIA'S PRIVATE HEALTHCARE INDUSTRY

Sime Darby Healthcare is at the forefront of Malaysia's private healthcare industry and is committed to the delivery of comprehensive customer-focused healthcare services with the best clinical and business practices. We currently operate 3 healthcare facilities, comprising 2 tertiary care hospitals with a combined capacity of 613 beds, and a medical and surgical day-care centre. Our fourth healthcare facility, a 300-bed secondary care hospital, is scheduled to be opened in 2013.

We also pioneered nursing education in Malaysia with our Sime Darby Nursing and Health Sciences College. The college has successfully achieved an average passing rate of 98% for examinations conducted by the Malaysian Nursing Board.

### Key Activities

- Tertiary care hospitals
- Specialist outpatient and day-care medical facilities
- Nursing and health sciences college

### Key Countries of Operations

- Malaysia

### Financial Summary\*

#### Revenue

RM318.7 million

#### Profit before interest and tax

RM26.0 million

\*Note: For Financial Year 2010/2011 and excluding discontinuing operations

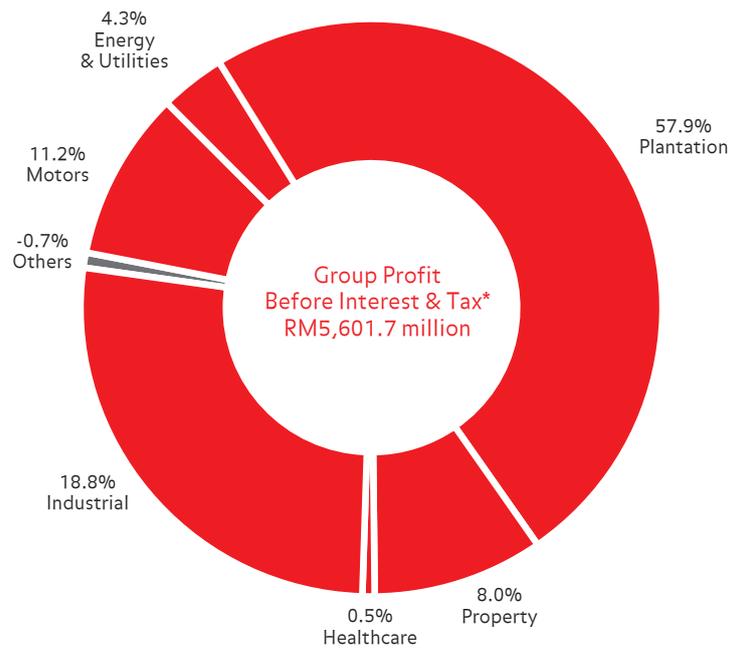
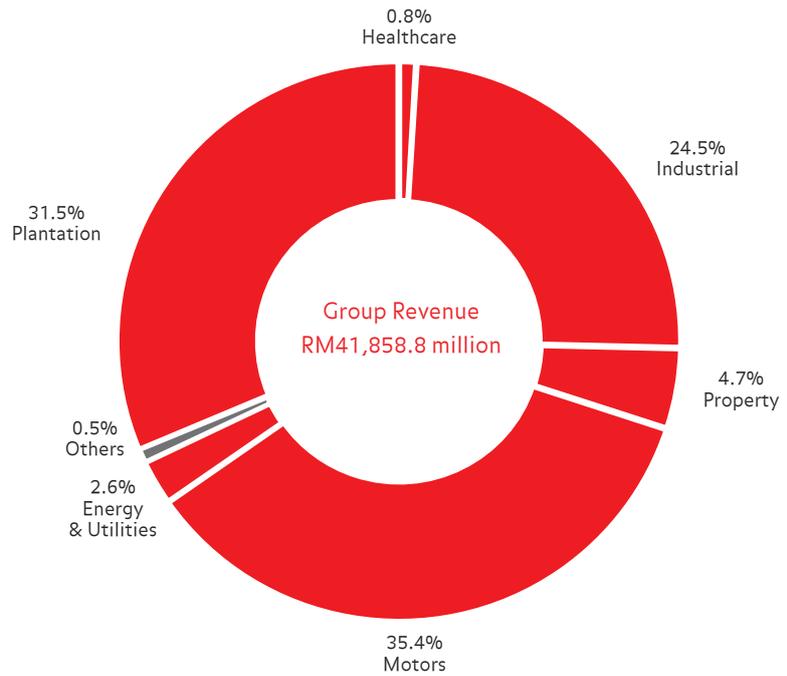
# Financial summary

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



Sime Darby Group headquarter, Kuala Lumpur, Malaysia

# Contribution By Division



\*Includes RM -65.4 million for Corporate and Elimination

# Corporate and Sustainability Milestones

## Corporate

- 
- 1910 • Founded in Malaysia
  - 1917 • First commercial planting in Tennamaram Estate, Malaysia
  - 1926 • Appointed as Caterpillar dealer in Malaysia
  - 1976 • Launched 1,200 acres of Subang Jaya, the first property township in Selangor, Malaysia
  - 1980 • Sime Darby Berhad commences trading on the Kuala Lumpur Stock Exchange, Malaysia
  - 1981 • Appointed as sole distributor for Land Rover and Range Rover vehicles and parts in Singapore
  - 1982 • Inception of Yayasan Sime Darby
  - 1986 • Acquired 20.62 million shares in Subang Jaya Medical Centre, Malaysia
  - 1987 • Appointed as the sole importer and distributor of BMW products in Malaysia
  - 1992 • Acquired Caterpillar dealerships in the Australian states of Queensland and Northern Territory, Papua New Guinea, and Solomon Islands
  - 1992 • Awarded the Fiabci International Prix d'Excellence award for Subang Jaya township in Selangor, Malaysia
  - 1995 • Launched 2,000 acres of the award winning Bukit Jelutong township in Selangor, Malaysia
  - 1995 • Port Dickson power plant commences operations in Malaysia
  - 2001 • Acquired oil palm plantations in Indonesia
  - 2004 • Sime Darby listed on the Forbes 2000 list
  - 2004 • Hyundai brand added to existing automotive marques
  - 2005 • Weifang Sime Darby Port Co. Ltd and Weifang Sime Darby Water Management Co. Ltd incorporated in China
  - 2007 • Merger between Sime Darby, Golden Hope and Guthrie
  - 2008 • Yayasan Sime Darby revamped and expanded to five pillars
  - 2009 • Laem Chabang power plant commences operations in Thailand
  - 2010 • Launch of Innovation Centre Europe for palm oil products in the Netherlands
  - 2011 • First planting of oil palm in Liberia

## Sustainability

- Adopts biological controls for Integrated Pest Management for plantation operations
- Elected to United Nations Environment Programme's Global 500 roll of honour for commercialisation of the Zero Burning Replanting Technique in 1989, for plantation operations
- Co-generation technology adopted for power and steam generation in Industrial division's Malaysian facility
- Founding member of the Roundtable on Sustainable Palm Oil (RSPO)
  - Achieved first Global GAP certification in Plantation division
  - Achieved first RSPO certification in Plantation division
- Water recycling initiatives piloted in Industrial division's Australian facilities
- First Malaysian property developer to obtain certification for ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and MS1722:Part 1 2005
- Co-generation technology adopted for power and steam generation in Energy & Utilities' power generation plant in Laem Chabang, Thailand
  - Joint Commission International accreditation obtained for Healthcare division's Sime Darby Medical Centre Subang Jaya
- First shipment of 3,500 tonnes traceable segregated Certified Sustainable Palm Oil sent to Sime Darby Unimills in the Netherlands
- Achieved first certification of RSPO's Supply Chain Certification System (SCCS)
- Sime Darby Property's prototype Idea House, the first carbon neutral residence in Southeast Asia, built in Malaysia
- Water recycling initiatives piloted in Motors division's New Zealand facilities
- 50 strategic operating units in Plantation division RSPO certified with an annual production capacity of 1.82 million tonnes of certified sustainable palm oil
- Introduction of Smith Electric and i MiEV vehicles in Hong Kong and Macau and also Porsche Cayenne and Panamera Hybrid models in Malaysia

1990

1992

1998

2002

2004

2008

2009

2010

2011

# Yayasan Sime Darby

Yayasan Sime Darby (YSD) is a foundation established in 1982 and is Sime Darby's philanthropic arm. YSD is funded by annual contributions of up to RM100 million from our core business divisions and is guided by a Governing Council comprising members of Sime Darby's Board of Directors and independent parties.

YSD's activities focuses purely on deserving philanthropic causes in Malaysia while it gives out scholarships in Indonesia, Singapore and Hong Kong. YSD will also be providing scholarships in China and Liberia from 2012. YSD's philanthropy does not benefit the Sime Darby Group in any way but there is collaboration in areas of mutual interest.

The objectives of YSD are supported by the following five pillars:

- **Education**
- **Conservation of the environment and protection of ecosystems**
- **Youth, sports and recreation**
- **Community development**
- **Arts and culture**

Only selected YSD projects are featured in this report. These projects have been selected on the basis of common interest to our Group's sustainability strategy and focus areas.

## Total expenditure in 2011, in Ringgit Malaysia (RM)

**22.8  
MILLION**  
Education

**7.2  
MILLION**  
Youth, sports  
and recreation

**22.0  
MILLION**  
Conservation of  
the environment  
and protection of  
ecosystems

**1.5  
MILLION**  
Community  
development

**0.37  
MILLION**  
Art and culture



# Our Approach to Sustainability



Sime Darby Liberia

At Sime Darby, “Developing Sustainable Futures” means the integration and balance of economic, environmental and social issues in the way we plan, execute and monitor our various businesses.

We hold a competitive edge to grow and protect our stakeholder value by incorporating sustainability into our core business strategy, risk management and operational performance. Sustainability helps us to conduct business responsibly and provides a platform for innovation, operational efficiency and management of emerging sustainability risks.

We are building a robust framework to help address the wide range of sector specific sustainability issues of our six core businesses globally.

# Governing Sustainability

We have embedded sustainability into the two-tier Board structure and management reporting structure that has been established to manage the Group.

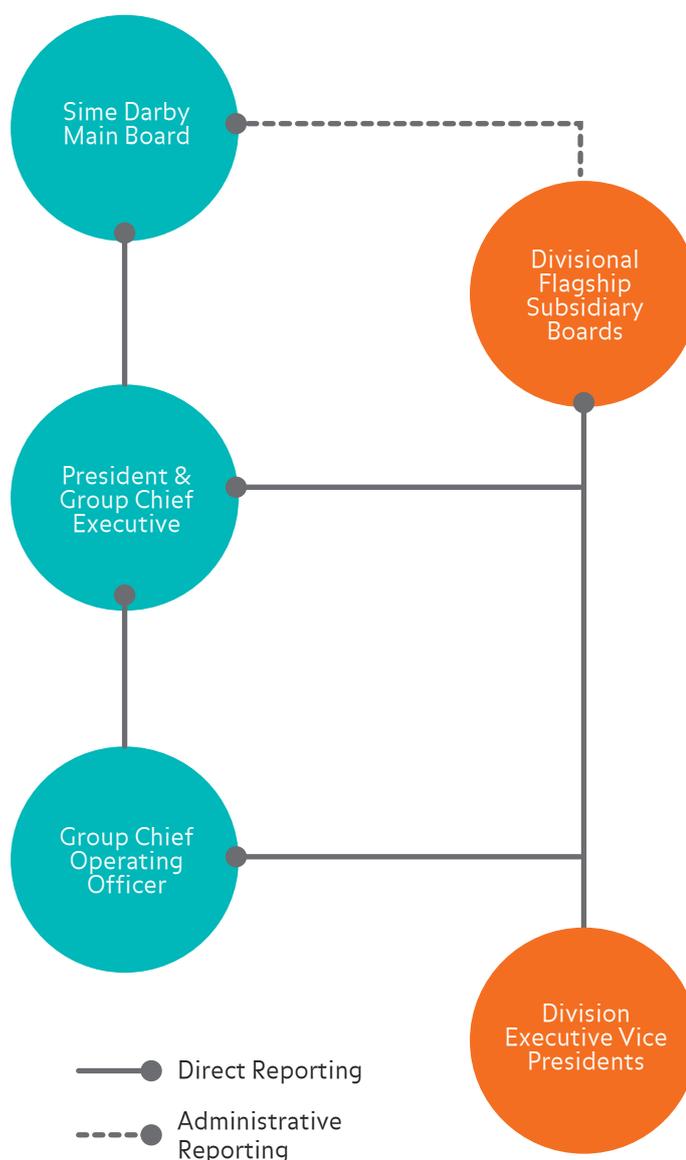
The Sime Darby Main Board is the highest authority accountable for the Group's sustainability strategy and performance. President & Group Chief Executive, Dato' Mohd Bakke Salleh, has overall management responsibility for sustainability. Our Group Chief Operating Officer, Dato' Abdul Wahab Maskan, is primarily responsible for the Group's operational sustainability performance.

The Group Sustainability Strategy and Blueprint is reviewed by the Main Board annually, and is updated on progress every quarter. The Main Board's Risk Management Committee also receives reports on key sustainability issues quarterly.

Flagship Subsidiary Boards have been established for each division to support Sime Darby's Main Board. The responsibilities for divisional sustainability strategies and performance are similarly held by the Flagship Subsidiary Boards and Divisional Executive Vice Presidents, who each head key business divisions and report on progress to the Flagship Subsidiary Boards.

The integration of sustainability into our governance structure has been formally incorporated into our Group Policies and Authorities, which governs all Sime Darby's operations.

A Snapshot of the Group's Governance Structure



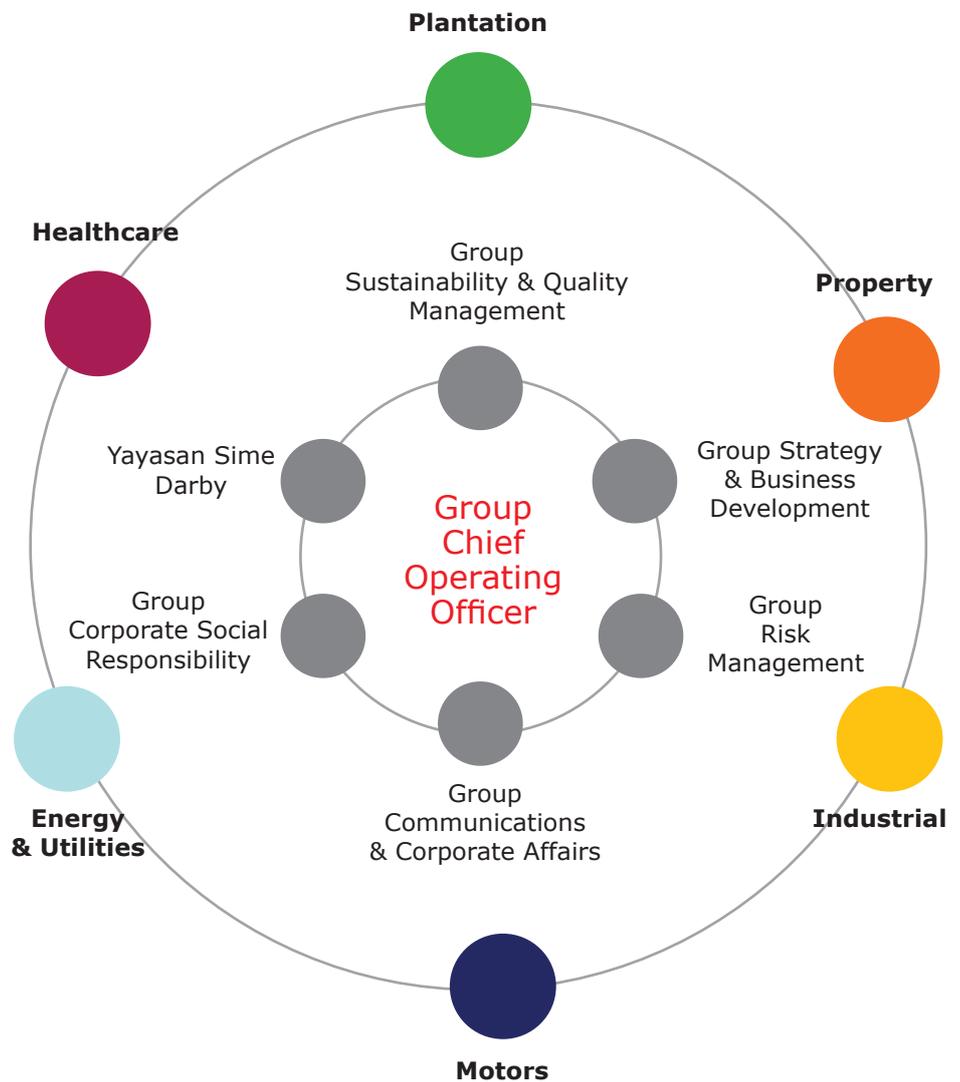
# The Group Sustainability Committee

A cross functional approach is required to coherently address the many unique sustainability issues arising from the diverse set of businesses within the Group and geographical spread.

Our Group Sustainability Committee (GSC), which oversees sustainability operations within the Group, is chaired by our Group Chief Operating Officer and comprise of Heads of Sustainability & Quality Management from our six core business divisions, and representatives from Group departments. The Group Sustainability & Quality Management department holds the post of Secretariat and submits reports to the Main Board and Main Board’s Risk Management Committee.

Our GSC defines Group sustainability policies, standards and procedures, reviews and monitors business sustainability practices and targets, tracks global sustainability trends and incorporates new developments into the Group’s sustainability management framework, and addresses sustainability risks, communications and stakeholder management.

Sime Darby Group Sustainability Committee



# Our Sustainability Principles

Our commitment to sustainable development lies in the adherence to four sustainability principles, which balance good business with good corporate sustainability, and guide our actions.

## **Delivering Economic Growth**

Maximise opportunities for financial gain, generate and sustain profits, and continuously improve operational efficiency without sacrificing long-term economic value creation.

## **Respect for Society**

Respect fundamental human rights and remediate instances of adverse human rights impacts within Sime Darby's direct operations, and endeavour to advance respect for human rights within the Group's sphere of influence.

## **Respect for the Environment**

Proactively address environmental challenges, promote environmental responsibility, and encourage the development and use of environmentally-friendly designs and technologies.

## **Accountability and Transparency to Stakeholders**

Accountable and transparent to stakeholders on Sime Darby's sustainability and quality strategies, objectives and performance, which include disclosing relevant information in a timely manner.

# Our Sustainability Strategy

Sime Darby strives to be a leading multinational corporation delivering sustainable value to all stakeholders.

As a conglomerate with businesses in diverse industries across the globe we recognise the need and benefits of a coordinated approach to meet the sustainability challenges that cut across the Group. At the same time, we need to ensure that we develop a framework that allows each of our business divisions to address sustainability issues which are both material and peculiar to their industries and countries of operations.

We have defined five strategic sustainability goals that drive our sustainability strategy across the Group, which support our Corporate vision and mission.

## Our Sustainability Strategy at a Glance



## Our Sustainability Principles

# Strategic Sustainability Goals

## Leverage on sustainability to create value

We believe that a truly sustainable organisation is one where the relevance of sustainability issues are understood, considered and addressed in all aspects of the business. This integration of sustainability into the business allows Sime Darby to effectively leverage on the opportunities presented by the sustainability agenda.

Towards this end, in 2011 we focused on defining the Group's sustainability strategy and worked together with each business division to develop and align divisional sustainability strategies relevant to their industry sectors and countries of operations.

We aim to use the sustainability agenda as a platform to innovate new product and service offerings, and seek to realise the benefits of cost reduction, operational efficiencies and energy security related to low-carbon growth plans and the adoption of green technology.

## Effectively manage sustainability risks

Recent years has seen the rising importance of global challenges such as population growth pressures, climate change, resource scarcity, biodiversity loss, economic inequality and human rights. These global challenges coupled with an ever increasingly networked world has led to changes in the corporate landscape ranging from growing customer and investor expectations with regards to sustainability performance, emergence of new sustainability regulations, to the physical constraints of climate change impacts.

We recognise the potential impacts that these sustainability issues may have on our businesses and have worked to incorporate sustainability into our enterprise risk management framework. This provides a structured framework to help us identify, assess, mitigate and monitor the risks posed by sustainability issues and ensure that these risks are managed as part of our core business practices.

## Develop sustainability Thought Leadership

We believe that the complexity and inter-connectivity of sustainability issues benefit from a collaborative and multi-stakeholder approach to resolve.

As the sustainability agenda evolves in each of our key sectors of operations, we aim to be at the forefront, proactively promoting sustainability and developing sectorial "best practices" and standards by learning, sharing sector expertise and knowledge with global peers.

## Instill a performance culture

The health and safety of our people remains top priority. As such, we have developed a health and safety framework that ensures regulatory compliance, and more importantly, drives a sectoral best-in-class health and safety culture that we continually seek to improve.

Similarly, an effective response to environmental challenges faced today requires an environmental management framework designed to manage both regulatory compliance and emerging environmental issues beyond compliance, such as climate change and biodiversity loss. We believe that these emerging environmental issues will only be intensified over time by the increase in global population growth and increasing rates of urbanisation.

We are convinced that an environmental management framework that goes beyond compliance is essential for Sime Darby to maintain a competitive edge in an increasingly resource constrained world, manage the risks of new environmental regulations and effectively mitigate potential impacts to operations.

Our ability to effectively implement solutions to global challenges is underpinned by our commitment to operational excellence. We have incorporated continuous improvement methodologies into our various businesses, in particular Lean Six Sigma, to improve performance and establish leadership in core businesses. A Group quality management framework has also been developed to support sectoral best-in-class quality management systems for our diverse businesses.

## Effective sustainability reporting

The increased awareness and understanding of sustainability issues has led to growing expectations from key stakeholders on our sustainability practices and performance. It is important for us to consistently and transparently engage investors, customers, regulators and business partners, to better inform stakeholders on their investments, buying and partnership decisions. This includes reporting on our sustainability performance and sharing our sustainability outlooks and perspectives. We also aim to further leverage on these engagements with input of our product developments and continuously refine our approach to sustainability.

We are continually improving processes which monitor and assess our sustainability performance to effectively support the internal business decision making process and further grow the sustainability cultural maturity within the Group.

We believe that a truly sustainable organisation is one where the relevance of sustainability issues are understood, considered and addressed in all aspects of the business.

# Summary of our Sustainability Performance

Strategic Sustainability Goals	Key Objectives and Targets	Results to Date	Future Activities
Leverage on sustainability to create value	Develop opportunities for sustainability-led innovation and new business	<ul style="list-style-type: none"> <li>• Largest producer of Roundtable on Sustainable Palm Oil (RSPO) Certified Sustainable Palm Oil (CSPO)</li> <li>• Research and Development initiatives for palm oil products and green buildings implemented</li> <li>• Cleaner technology in the automotive and heavy equipment industries introduced to relevant markets</li> </ul>	<ul style="list-style-type: none"> <li>• Provide traceability of CSPO to customers</li> <li>• Continue research and development efforts, including commercialisation of products</li> <li>• Continue to promote cleaner technology in relevant markets</li> </ul>
	Adopt low carbon growth strategies and green technology for operational efficiencies	<ul style="list-style-type: none"> <li>• Group-wide 2009 baseline carbon inventory completed</li> <li>• Pilot carbon emissions reduction initiatives implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to monitor annual carbon emissions</li> <li>• Develop Group-wide carbon strategy and set reduction targets</li> <li>• Develop programmatic carbon emissions reduction initiatives</li> </ul>
	Generate shared economic growth of communities in which we operate	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility projects in key communities implemented</li> <li>• A new programme for smallholder development in the palm oil sector initiated</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to work with local communities</li> <li>• Continue to develop palm oil smallholder development programme with multi-stakeholder partners, and conduct a pilot project</li> </ul>
Effectively manage sustainability risks	Embed sustainability risks into our Enterprise Risk Management framework	<ul style="list-style-type: none"> <li>• Sustainability risks embedded in our Enterprise Risk Management framework</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to identify, assess and mitigate sustainability risks across the Group</li> </ul>
	Maintain high ethical and corporate values	<ul style="list-style-type: none"> <li>• Ethics and corporate values framework developed, including grievance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to monitor and drive high standards of ethics and corporate values within the Group</li> <li>• Continue to enhance our ethics and corporate values framework</li> </ul>

Strategic Sustainability Goals	Key Objectives and Targets	Results to Date	Future Activities
Develop sustainability Thought Leadership	Contribute to sectorial “best practices” and standards and progress development of Corporate Sustainability	<ul style="list-style-type: none"> <li>• Founding and Executive Board member of the Roundtable on Sustainable Palm Oil (RSPO)</li> <li>• Actively involved in various RSPO working groups</li> <li>• President of the Business Council for Sustainability and Responsibility Malaysia (BCSRM), a network partner of the World Business Council for Sustainable Development (WBCSD)</li> <li>• Secretariat for the Corporate Sustainability Circle (CSC), a Malaysian government-linked company led business sustainability group</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to actively progress sustainability practices in the palm oil industry</li> <li>• Continue to actively evolve sustainability in Corporate Malaysia</li> </ul>
Instill a performance culture	Achieve savings via continuous improvement initiatives	<ul style="list-style-type: none"> <li>• Completed 86 continuous improvement projects across the Group with total savings valued at RM14.8 million</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to identify and implement improvement projects to achieve year-on-year increase in savings</li> </ul>
	Develop proactive Environmental Management Systems to comply with regulations and address issues beyond compliance	<ul style="list-style-type: none"> <li>• Progressed good agricultural practices within the plantation industry</li> <li>• Pilot eco-efficiency measures to reduce environmental impacts and yield cost reduction benefits implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Effectively manage compliance to environmental regulations</li> <li>• Embed measures to address key environmental issues beyond compliance into core systems</li> <li>• Develop programmatic eco-efficiency initiatives</li> </ul>
	Continuous reduction in Health and Safety incident rates and zero fatalities	<ul style="list-style-type: none"> <li>• 7 fatalities</li> <li>• 14% increase in incident rate from 2010</li> </ul>	<ul style="list-style-type: none"> <li>• Address weaknesses in health and safety framework</li> <li>• Drive a proactive health and safety culture</li> </ul>
Effective sustainability reporting	Develop effective platforms for stakeholder engagement to feed into strategy development, risk management and performance improvement	<ul style="list-style-type: none"> <li>• Key stakeholder engagement platforms developed to engage employees, local communities potentially impacted by palm oil operations and to improve patient care</li> </ul>	<ul style="list-style-type: none"> <li>• Review and improve community engagement framework in our Plantation division to ensure Free, Prior and Informed Consent (FPIC) is transparently obtained</li> </ul>

# Delivering Sustainable Economic Growth



Oil palm fruits

**“Delivering Economic Growth** means maximising opportunities for financial gain, generating and sustaining profits, and continuously improving operational efficiency without sacrificing long-term economic value creation.”

In this section of the report we provide an overview of activities and performance related to the economic dimension of sustainability. These are key sustainability activities that are closely linked to our corporate financial and economic objectives, such as revenue, profit and operational targets. We have grouped the economic sustainability initiatives under the following categories:

- Sustainability-led Innovation and New Business
- Stakeholder Engagement
- Sustainability Risk Management
- Continuous Improvement

Detailed information on our corporate financial and economic activities may be found in the Sime Darby Annual Report 2011.

# Sustainability-led Innovation and New Business



## Strategic Link

### Corporate Mission

Committed to developing a winning portfolio of sustainable businesses

### Sustainability Goals

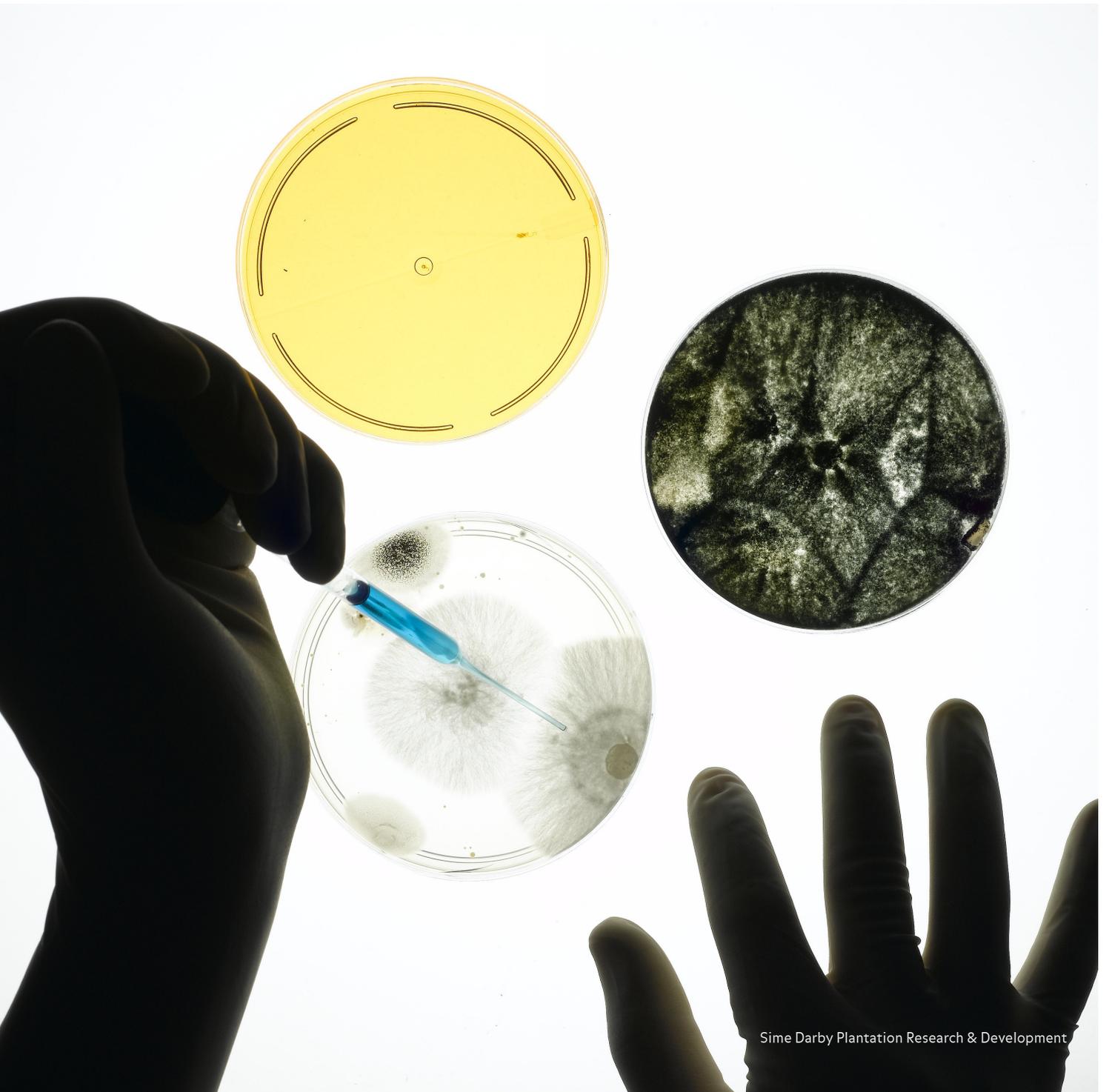
Leverage on sustainability to create value

We have started to use existing assets, resources and strengths to capitalise on sustainability as a source of competitive advantage and to seize new sustainability-related business opportunities. The greatest scope is where we are able to reduce the environmental, health, safety and social impacts throughout the lifecycle of our products.

Sustainability-led innovation and new business are particularly relevant to our Plantation and Property divisions, where our position within and influence over our value chains provide us with the potential to develop new or improved products. In our Plantation division these opportunities largely relate to filling a market need for

certified sustainable palm oil and the potential to provide healthier and more effective products. As a builder of communities and homes our Property division is well placed to improve the operational performance of our products. Typically between 88% - 98% of greenhouse gas emissions produced over the lifecycle of buildings are from operational energy requirements, and the initial design and construction strongly influences the performance of buildings throughout their lifespan.

Our other divisions, such as Industrial and Motors, are also currently exploring opportunities for innovation and new business within their respective value chains.

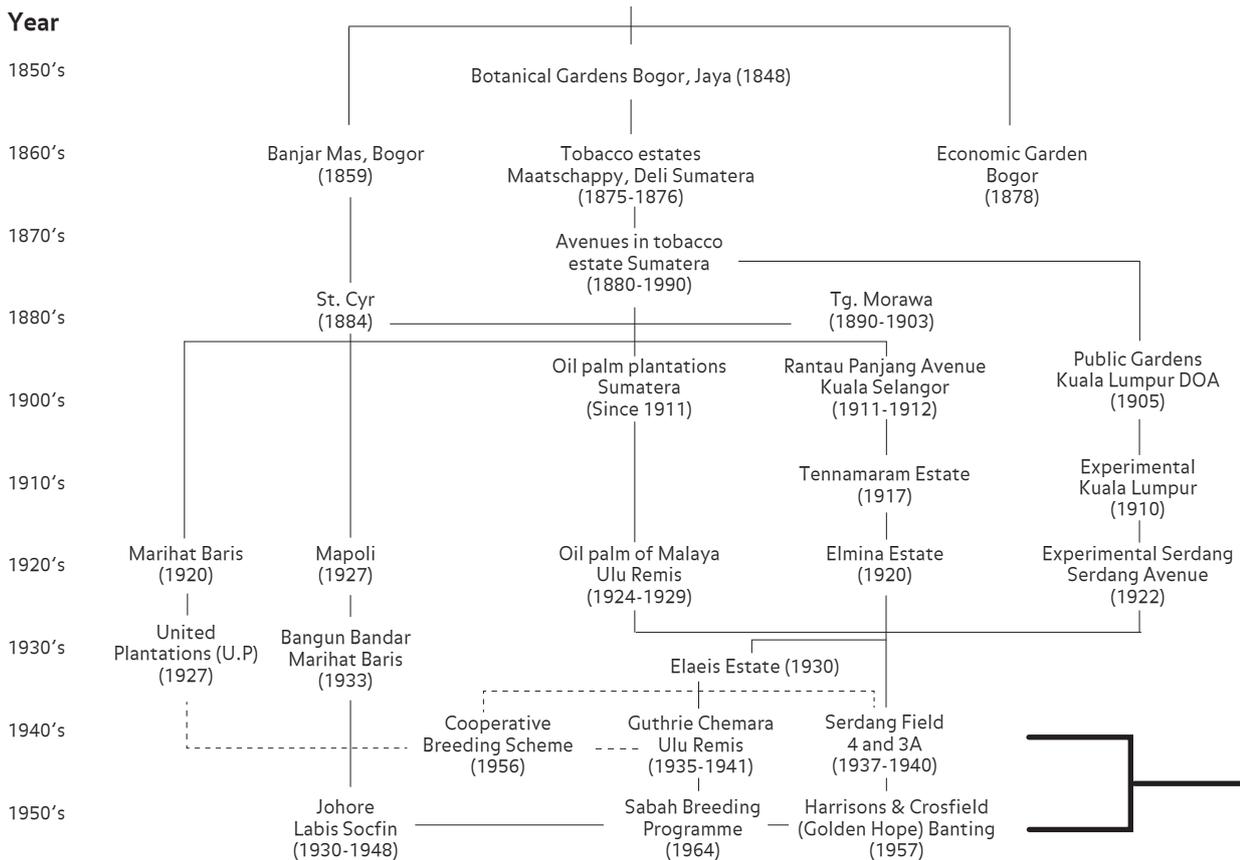


Sime Darby Plantation Research & Development

# Progressive Planting Materials: CALIX 600 the Super Seed

Supported by over 90 years of research and development in breeding and selection activities, Sime Darby Seeds and Agricultural Services is today Malaysia's largest producer of hybrid oil palm planting materials, with an annual production of approximately 26 million seeds or 30-40% of the country's total production. Apart from local use, we also export our planting materials to countries, such as Indonesia, India and Colombia.

**The Origin of Sime Darby's Deli Dura Collection Germplasm**

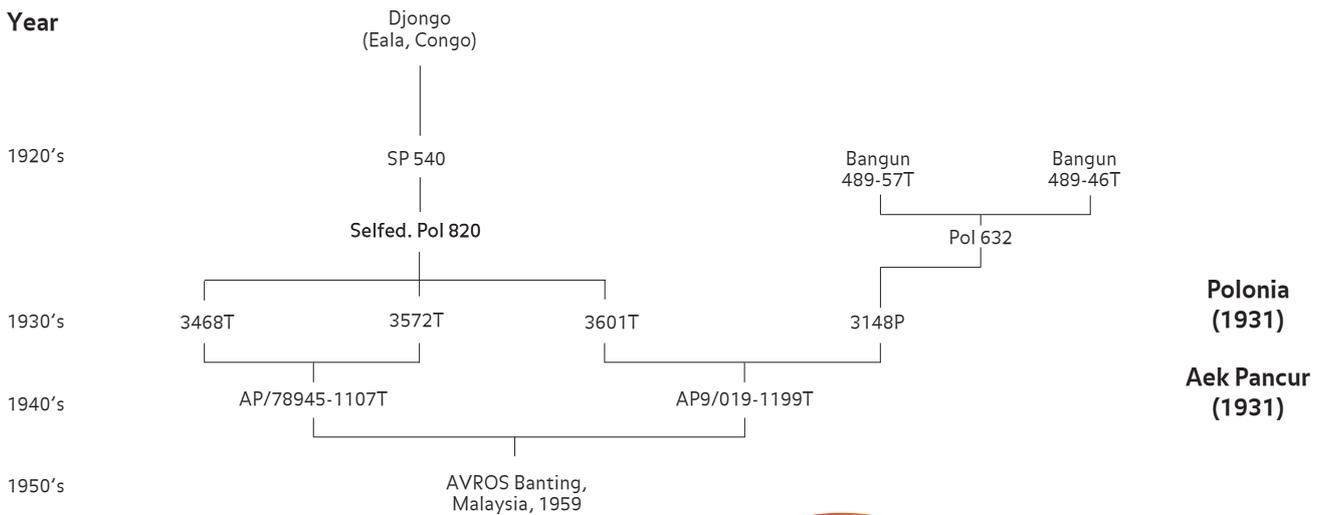




In August 2010, we introduced our latest Dura-Pisifera hybrid planting material known as Calix 600. It is produced by crossing our elite Deli Dura parental palms with selected second generation BM119 (AVROS) Pisifera palms. The new hybrid has made its name for its vigour and homogenous growth, high precocity and superb oil yield per unit area.

With a combination of good agronomic practices and management, and a favourable growing environment, Calix 600 has the potential of producing high early yields and more than 10 tonnes of oil per hectare per year. Calix 600 also possesses desirable secondary fruit traits such as thin shells, thick mesocarp and centrally-placed kernels.

### The Origin of Sime Darby's AVROS Pisifera Germplasm



# Harnessing the Full Potential of Oil Palm through Deciphering its Genetic Codes

The many challenges and constraints in the oil palm plantation today, such as the limited availability of arable land, competition for palm oil for food and non-food products, and also the challenges brought by climate change, has led us to be more innovative in improving oil yield through precision selection and hybridisation of the parental breeding materials. Using such technology, the Oil Palm Genome Project aims to support this effort to choose superior breeding materials through identification of determinative genetic markers that are associated with yield traits, enabling breeders to fast-track their selection of parental materials.

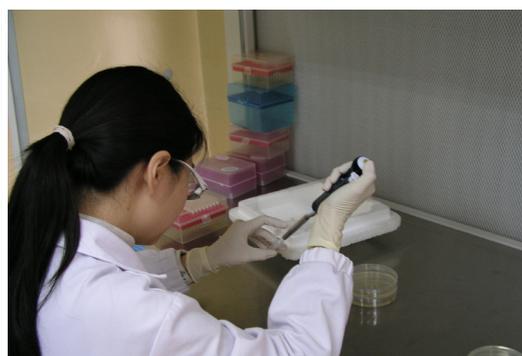
The complex oil palm genome (an assemblage of chromosomes on genes) carries useful heritable genetic information that has been traditionally mapped by breeders through observation of desired traits expressed (phenotypes) in the offspring (progeny) of a large population of specific crosses. Genetically, the expression of these phenotypes is controlled by

a set of information (genes) that are inscribed in the genome. When deciphered through the techniques of molecular biology, these genes can be tracked and associated with specific traits of interest, making it easier for breeders to select parental materials with higher confidence of superior offspring. With this in mind, we initiated the sequencing and decoding of the oil palm genome in 2009, especially to decipher genetic codes which can be linked to the phenotypes of interest from our pool of commercial oil palm breeding population, the largest in the country. We were the first to sequence and assemble the genome using the latest sequencing technology.

Since its initiation, the Genome Project has focused on seeking genetic markers for traits that are linked with high oil yield. However, the project has also outlined strategies for identifying parental materials with other desirable traits such as disease resistance, drought resistance (typically useful for Sime Darby oil palm plantations in Liberia), salinity tolerance (to

counter the effects of salt water intrusion in productive alluvial coastal soils), and specific traits that enhance the speed and ease of harvesting, with some attention to production of specialty oil fruits.

To date, the project has completed the fingerprinting of the elite high yielding Calix 600 palms, a genetic signature that authenticates high quality seeds produced by us. Furthermore, it has established a genome-wide map linking markers to chromosomes for Calix 600 that will be useful in predicting the heritability of a trait of interest. The project has refined the assembly of the genome sequence and analysed the phenotypic variability in its large breeding population, two prerequisites to the linking of genetic codes to phenotypic traits. Concomitantly, the project has supported this research with development and use of a rigorous array of technologies, mining the genome data through bioinformatics and the analysis of genes, proteins and metabolites expressed during oil biosynthesis in the oil palm fruits.



# Certified Sustainable Palm Oil



## Roundtable on Sustainable Palm Oil Certification

Sime Darby Plantation is one of the founding members of the Roundtable on Sustainable Palm Oil (RSPO) and has a time bound plan to have all Strategic Operating Units (SOUs), which consist of a palm oil mill and feeder estates, RSPO assessed by the end of 2011. We currently have 62 SOUs across Malaysia and Indonesia.

As of 31st December 2011, we have succeeded in obtaining RSPO certification for 50 SOUs, 39 in Malaysia and 11 in Indonesia. The remaining 12 SOUs are located in Indonesia and have undergone the external certification assessment and are now within the RSPO's internal certification process.

The 50 certified SOUs position Sime Darby Plantation as the largest producer of Certified Sustainable Palm Oil (CSPO) in the world with a certified annual production capacity

of 1.82 million tonnes of CSPO and 0.43 million tonnes of Certified Sustainable Palm Kernel Oil (CSPKO). This represents more than 73% of our crude palm oil and palm kernel oil annual production capacities.

Sime Darby Plantation has also embarked on the RSPO Supply Chain Certification System (SCCS) for downstream operations. A continuation of the RSPO certification process for the trading and marketing of CSPO, the SCCS is supported by an internal RSPO IT Online System that enables CSPO traceability to be conducted along the supply chain. As at the end of 2011, 4 out of 13 downstream business units have been certified under the SCCS.

Europe is currently the main market for certified sustainable palm oil products. Sime Darby Unimills, our refinery in the Netherlands, is the main gateway to Europe for traceable segregated CSPO. Starting with the first shipment of 3,500 tonnes of traceable segregated CSPO in July 2010, shipments to Sime Darby Unimills have increased to approximately 38,400 tonnes in the year 2011.

## International Sustainability and Carbon Certification

The International Sustainability and Carbon Certification (ISCC) is an independent certification system to assess and validate the sustainable production of biomass and biofuels. The ISCC is recognised by the European Commission and is often used to demonstrate compliance with the European Union's Renewable Energy Directive (EU RED), which requires all biomass and biofuels to be produced sustainably.

The ISCC provides another level of comfort to our customers in addition to the RSPO certification. In 2011, Sime Darby Plantation achieved ISCC certification for 4 palm oil mills, 1 refinery and 1 biodiesel plant, which brings the annual production capacity of ISCC certified crude palm oil to 66,755 tonnes.

## Producing Value Added Products from Oil Palm Biomass

The concept of an integrated bio-industry for oil palm, offers opportunities for oil palm biomass to evolve from waste to wealth. Today, the potential to produce fine and green chemicals from oil palm biomass is not fully explored. The Plantation division together with Mitsui Engineering & Shipbuilding Co. Ltd. and Mitsui & Co. Ltd. is exploring the potential to produce bioethanol from empty fruit bunches (EFB) via hydrolysis-fermentation.

The collaboration exploits the hydrothermal pre-treatment and continues with enzymatic hydrolysis and fermentation to produce bioethanol, C5 sugars and lignin as its main products. Bioethanol is an alternative bio-based chemical, while C5 sugars and lignin can be used as raw materials for the production of biopolymer and fuel respectively. C5 sugars can also be fermented to produce ethanol with the utilisation of genetically modified yeast.

A Bioethanol Demonstration Plant was installed at our Tennamaram Palm Oil Mill in Malaysia in mid-2010 with the objectives of studying the technical and financial feasibility of the project. The demonstration plant, with a capacity of 1.25 tonnes of wet EFB per day, is the first of its kind installed in Malaysia to process mainly oil palm cellulosic residue as raw material for bioethanol production. Since the installation of the demonstration plant, major process conditions have been optimised and production of bioethanol with 99.5% purity has been achieved.

### First in Malaysia to process mainly oil palm cellulosic residue as raw material for bioethanol production.



Oil palm empty fruit bunches

# Healthy Oils and Fats

## Key Milestones for Enzymatic Rearrangement



### Enzymatic Rearrangement

Through a process called Enzymatic Rearrangement (ERA) we are working on a new generation of products that are healthier and more environmentally friendly.

Enzymatic processes are milder, which means less energy is required, and cleaner, as no hazardous chemicals are generated as waste and no chemical catalysts are required in the refining process. ERA manufactured oils are trans-fat free, therefore providing a healthier alternative to the conventional partially hydrogenated fats which usually contain trans fats; a growing concern when it comes to coronary heart disease.

Located in the Netherlands, the first commercial ERA plant was commissioned in 2010 with an initial production capacity of 20,000 tonnes per year. We target to increase the capacity of the plant to 60,000 tonnes per year by 2012.

### Anti-Obesity Oils

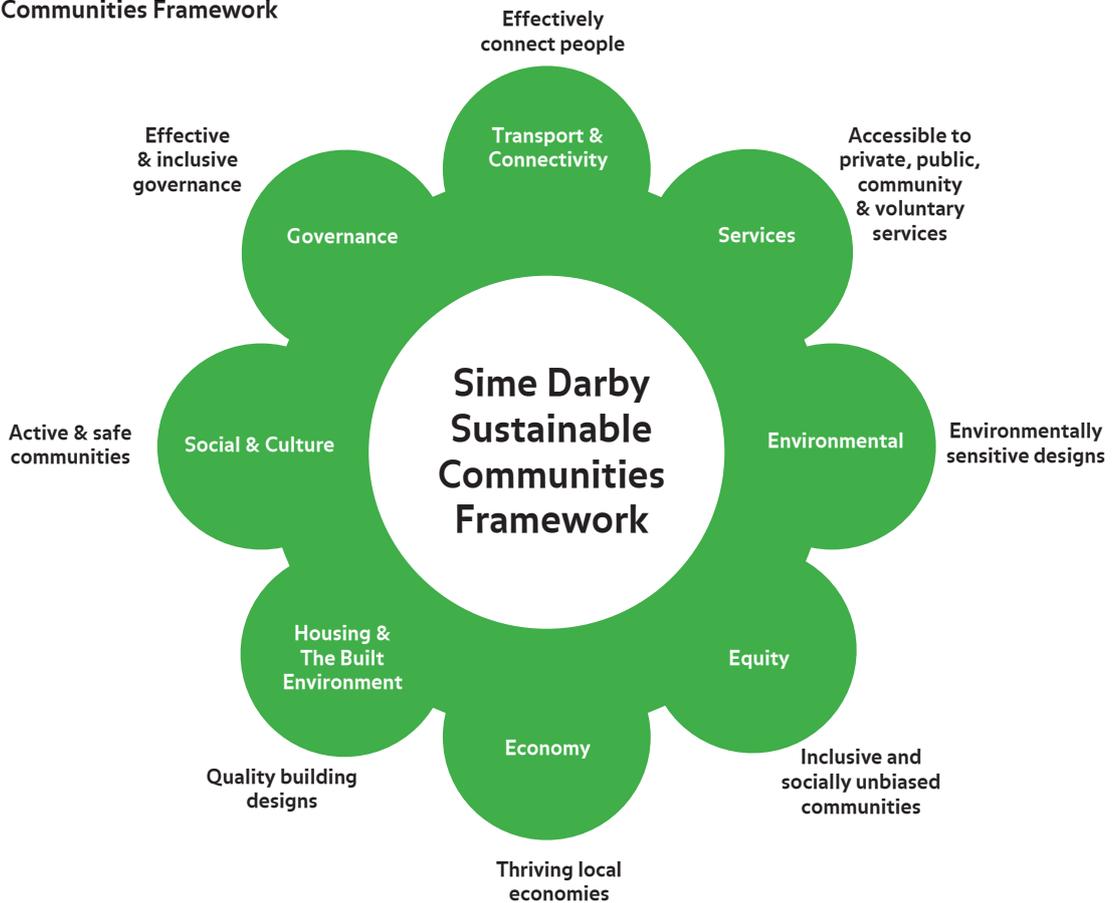
Diacylglycerol oils (DAG) are the latest enzymatically manufactured oils. Preliminary studies have shown that DAG oils prevent the accumulation of fat in the body, which may help combat the growing problem of obesity. We have improved the production techniques with minimum contaminants, i.e. glycidyl esters (GE) and 3-monochloropropane-1,2-diol (3-MCPD) esters, and in the process of conducting clinical and pre-clinical trials to further strengthen the health benefits of DAG oils.

We are currently in the midst of establishing a DAG pre-commercialisation plant in Malaysia with the capacity of 5 tonnes/day. The pre-commercialisation plant will allow us to test the scalability of the laboratory processes we have developed and resolve any problems arising from the increased scale of production. The optimisation of the pre-commercialisation plant is expected to be completed by April 2012. We believe that the DAG oil production technology will be ready for commercial scaling by 2013.



# Building Sustainable Communities

## Our Sustainable Communities Framework



Sime Darby Property has embedded sustainable principles in its business and operations, including the design of products. As a community developer, we have defined eight key planning dimensions that make up our sustainable communities framework and guides the design of all large scale township masterplans.

### Our Sustainable Communities in Practice

#### Sime Darby Vision Valley

Sime Darby Vision Valley (SDVV) is an integrated property development spanning 80,000 acres across the Malaysian states of Selangor and Negeri Sembilan. SDVV is situated within the Greater Kuala Lumpur area under the Malaysian government’s 10th Malaysia Plan. It has a projected gross development value of approximately RM 25 – 30 billion and is expected to take 15 years to develop.

Key sustainability features include

- Connectivity with multiple modes of public transport, such as trains, monorail and buses, to ensure SDVV is a “networked city”.
- Design of strategic development clusters around 6 core areas: sports; healthcare & wellness; education; tourism & entertainment; aviation; green technology.
- Emphasis in the master plan on the creation of green spaces as breathing lungs for SDVV.
- Target to derive 20% of energy consumption by SDVV from renewable sources by 2020.

# Sime Darby Idea House: The First Carbon Neutral Residence in Southeast Asia



Sime Darby Property's Idea House was created as a carbon neutral prototype building to model and assess our approach to sustainable housing and the built environment, a dimension under our Sustainable Communities Framework. The Idea House was designed to present solutions to create good architecture, sustainable design and construction efficiency. From this project, we have learned how to decisively respond to design challenges, develop key building systems that minimize waste and enhance quality, effectively manage energy consumption and most importantly – create a passive design solution for a comfortable

living environment. All these are important values that we will incorporate progressively in our planned products as these values are synonymous with our customers requirements.

The inspiration was drawn from the traditional Malaysian kampung architecture which is known to be functional and highly responsive to the natural environment. Rather than literally creating a kampung house, we reinterpreted the qualities and solutions via a rigorous design process that ensured the project brief and objectives were met.

The house has since been used as a living laboratory where our Property division's Innovation, Research & Development (IR&D) department has conducted research in the effectiveness of the solutions installed. Data collected via sensors installed throughout the house include readings on energy generation and consumption, water collection and consumption, temperature and humidity. These are then transmitted to the IR&D team for analysis. The findings are used to determine the effectiveness of the solutions under varying conditions and to form the design solutions in launched products. The Sime Darby Idea House has been an effective way of making our products progressively more sustainable through better design solutions, more efficient construction methods and better material choices.

The inspiration was drawn from the traditional Malaysian kampung architecture which is known to be functional and highly responsive to the natural environment.

# 207,290

litres of recycled rain water annually

# 22% 46%

less energy consumed  
compared to a conventional  
bungalow

reduction in cooling costs



Sime Darby Property Idea House

**Key features are:  
Modern Methods of Construction  
(MMC)**

The house is made up of prefabricated components that consist of lightweight floor-cassettes laid over a steel structural frame. The 1.2m x 4.8m floor-cassettes were developed together by the IR&D and the design engineer to allow pre-designed plumbing and wiring to be inserted in the factory rather than done on-site. This allowed greater precision and higher quality control. The house also follows the principle of Industrial, Flexible and Demountable (IFC) construction method whereby the house can be fully demounted for future relocation if required. Through IFC, we have learned how to increase construction productivity, create possibilities for future adjustments based on customer wishes and prolong the lifecycle of the building.

**Energy Generation**

125m<sup>2</sup> of photovoltaic cells providing over 20,936kWh of electricity per year were installed on the roof of the Idea House. This is more than the 15,344kWh of electricity which was recorded for the first year of operations. This means that the house is operating on carbon neutral mode as it generates more than 36% of energy that is required to power the house. This also means that the Idea House offsets the carbon emission by 3,758kg of CO<sub>2</sub>.

**Water Management**

The Idea House uses water primarily sourced from a rainwater harvesting system that is mostly collected from surface water run-off and roof surface. The water consumed is collected for the second time for landscaping irrigation.

**Integrated Building Management Systems**

The house is monitored by a connectivity system with all sensors in the house connected to a server that converts data from power sockets, air-conditioning systems and PV cells to an interface that reveals the performance of the house. The data is transmitted automatically to the IR&D team for analysis. A purposely designed interface developed by the IR&D team, Cisco and Mesiniaga is used to provide active monitoring and for remote management of the house. The system can be accessed by a computer or mobile device anywhere in the world.

**Material Selection**

The materials are carefully selected to ensure they are sourced from a sustainable source such as IFC certified timber, recycled timber, quarry waste marble and fully recyclable gypsum boards from Saint-Goban. Other than the sub-structure, no wet works are involved in building the house as all components above ground are mainly made of dry or prefabricated components. The paint selection was made from a series of low VOC (Volatile Organic Compounds) from Nippon Paint which reduces the emission of harmful chemicals in the air. We have also applied a zero adhesive policy on the materials used in building the dry kitchen and wall cabinets from Valcuccine. The same was applied to the tongue and groove timber floor installation by Myzwood.

**Applying the Ideas**

**Ficus Peak, Denai Alam** launched in May 2011, Ficus Peak has enjoyed considerable success as one of the most sought after products in Denai Alam. The house comes with pre-wired broadband and allows the resident to control the internal environment of the house. The spaces are modularised for efficiency with more functional spaces for better interior planning. The design mimics the Idea House by arranging the spaces along the width of the house rather than the depth of the house. This allowed the key spaces such as the living area to enjoy the private open space such as the garden at the back and the front of the house. Such simple solutions are in-line with social sustainability dimensions that promote Crime Prevention Through Environmental Design (CPTED).

**PR1MA, Bandar Ainsdale** Projek Perumahan 1 Malaysia or PR1MA was an initiative by the government to provide quality affordable housing. Based on the Idea House, the IR&D team has developed 10 designs that cater to the specified target markets that utilise a common construction platform that saves material consumption, reduce construction waste and provide an opportunity to tackle the economic challenges of affordable housing with rising material costs and foreign labour dependency.

# Caterpillar Remanufacturing Machines and Parts

Caterpillar’s remanufacturing technology and processes, which see our Industrial division’s customers return a used core component in return for remanufactured products, minimise our products’ environmental footprint by reducing the waste generated by used products and the energy and raw materials required to manufacture new products. Rebuilds are efficient solutions for extending the lives of machine systems while reducing energy consumption and carbon emissions. These savings are primarily from the high re-use rate of durable components and systems.

Studies have shown that powertrain and machine rebuilds are approximately 50% less energy intensive and re-use 95% or more of the embodied virgin materials. Similarly, engine and transmission rebuilds are approximately 60% less energy intensive and re-use 85% or more of the embodied virgin materials.

In 2011, our remanufactured parts represented on average 32% of our total engine parts sold.



Rebuilds are efficient solutions for extending the lives of machine systems while reducing energy consumption and carbon emissions.

Remanufactured parts as percentage of total engine parts sold in 2011, by region

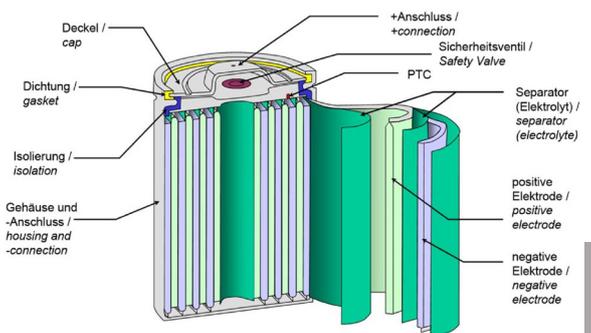
	Malaysia & Brunei	Australasia	Singapore	China/Hong Kong	Industrial Division’s Global Average
Remanufactured Parts Sold as % of total engine parts sold	41%	48%	31%	8%	32%

# Promoting Cleaner Technology

Porsche Cayenne hybrid model



The products sold by our Motors division is one driven by the brands that we represent, such as BMW, Hyundai and Hino. We have started to influence the sustainability of our customers' purchasing decisions by making cleaner technology available in certain markets. For example, we are currently distributing the first hybrid trucks in New Zealand from Hino, which exceeds Euro 5 emissions regulations and results in very low emissions and high fuel efficiency. We have also introduced Smith Electric and i MiEV vehicles into Hong Kong and Macau, and distributing the Porsche Cayenne and Panamera Hybrid models in Malaysia.



Lithium ion battery used in Porsche Cayenne

# Stakeholder Engagement



## Strategic Link

**Corporate Mission**  
Subscribe to good corporate governance and high ethical values

## Sustainability Goals

- Develop sustainability Thought Leadership
- Effective sustainability reporting



Summary of our Key Stakeholders

We believe that proactive stakeholder engagement is not just about reporting to key stakeholders on our practices and performance, but is also a key tool to assess performance. Internally, we conduct Group-wide engagements such as the annual Global Employee Engagement Survey to understand employees' views on a range of issues that include leadership attributes, rewards, talent development and retention. We also conduct an annual Internal Customer Satisfaction Survey that assesses the level of service provided by functional departments to operational units.

Externally, each of the divisions engages regularly with customers and business partners on our performance, such as Industrial division's engagements with Caterpillar and Motors division's engagements with BMW.

Stakeholder engagement is crucial to manage risks to our business. This is particularly relevant to the Plantation division, where the potential impacts of plantation operations on local communities present in our concession areas are managed via a robust community engagement framework that ensures "Free, Prior and Informed Consent" is obtained from these communities before work begins.

Stakeholder engagement also provides us with a platform to form strategic partnerships to address complex issues. Across the Group, we participate on various platforms to address both industry specific issues, such as sustainable palm oil and patient care, and wider themes, such as progressing Sustainable Development in Malaysia. We are also members of global networks such as the World Business Council for Sustainable Development (WBCSD) and a signatory of the United Nations Global Compact (UNGC).

## Summary of Key Stakeholders Engaged and Key Sustainability Issues Discussed

### Key Stakeholder Groups

	Sime Darby Group	Plantation	Property	Industrial	Motors	Energy & Utilities	Healthcare
Business partners							
Customers							
Employees							
Industry associations							
Government and regulators							
Non-governmental organisations							
Investors							
Local communities							

### Key Sustainability Topics Discussed

Talent development							
Ethics and corporate values							
Health and safety							
Product and service quality							
Biodiversity							
Climate change							
Labour rights							
Social and community impacts							
Product traceability							
Research and development							
Accountability and transparency							
Corporate governance							
Nation building							
Sustainability in Corporate Malaysia							
Sustainability risks and opportunities							
Sustainability certification							
Good agricultural practices							
Smallholder development							
Supply chain management							
Community safety							
Patient care							

# Connecting with Our People

## Global Employee Engagement Survey

We conduct a Global Employee Engagement Survey (GEES), to help us better understand the drivers that motivate and engage our employees. The GEES is also used to provide insights for further action to increase engagement levels, which is a factor contributing to the Group's success.

In the financial year 2010/2011, the GEES covered 26,557 employees across all 6 business divisions and assessed work drivers that fell within the following categories:

Work  
People  
Opportunities  
Total Rewards  
Company Practices  
Quality of Life

The engagement score, which measures employees' overall emotional and intellectual commitment to the Group, increased to 58% in 2011 compared to 55% in 2010. There were also marginal increases in engagement behaviours related to employees consistently saying positive things about the Group, employees wanting to stay with the Group and employees striving to achieve above and beyond what is expected in their daily roles.

While engagement scores increased in general, the GEES highlighted the need to focus on improving the engagement of the executive category of employees that have been in the Group for less than 5 years.

## Townhalls

Our Group Townhalls are the foremost channel of two-way communication between the employees and the executive leadership of the company. It is typically held twice a financial year, after the mid-year and year-end financial results.

The Townhalls present opportunities for the President & Group Chief Executive to discuss the Group's overall performance, the performance of our individual business divisions, and share future plans. In selected Townhalls, the leaders of the various divisions also address our employees.

The 'Question & Answer' session is an integral part of any Townhall. Questions for the executive leadership, which may be on any subject, are received through numerous channels before the event, and on the day of the event from the floor, on question sheets provided and through the webcast. Townhalls are also webcast to over 50 locations to facilitate the participation of our employees spread across the world. For those unable to attend, a recording of the Townhall is uploaded onto the Sime Darby Enterprise Portal and digital video copies are distributed across the Group.

After every Townhall, feedback is obtained from the employees on the content, usefulness and organisation of the event. The feedback is shared with the relevant parties to ensure future Townhalls serve the employees better.

## The President and Group Chief Executive's Employee Engagement Roadshow

The President and Group Chief Executive's (PGCE) Employee Engagement Roadshows started in June 2011 and consist of a series of roadshows where the PGCE visits offices and operations across the Group to meet and speak with employees. As at end-December 2011, roadshows had been organised in Malaysia, Thailand and Australia, and will be extended in 2012 to other countries of operations.

The roadshows are to enable the PGCE to share the Group's performance and future aspirations, and address queries employees may have. The roadshows also aim to get employees, regardless of the division they work in, or their number of years of service, to rally behind the Sime Darby brand.

Where a particular location has operations of several divisions, roadshows present an opportunity to bring together employees from various divisions and encourages intra-divisional interaction. Our rationale is simple: there is more to be achieved both inside and outside the office with a united workforce.

Our rationale is simple:  
There is more to be achieved both inside and outside the office with a united workforce.

## Progressing Sustainability in Corporate Malaysia

We have been actively involved in the evolution of sustainability in Corporate Malaysia. In 2011, we co-founded and managed the secretariat for the Corporate Sustainability Circle, a government-linked company (GLC) led business sustainability group formed to harmonise the initiatives taken by the GLCs to manage climate change and sustainability impacts.

We also held the Presidency of the Business Council for Sustainability and Responsibility Malaysia (BCSRM), a national body of business leaders committed to the development and promotion of responsible and sustainable practices in line with the global sustainability agenda. The BCSR is a regional network partner of the World Business Council for Sustainable Development (WBCSD).

## Roundtable on Sustainable Palm Oil

As a co-founding member of the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder initiative that aims to promote the growth and use of sustainable palm oil, we continuously seek to advance the production, procurement and use of sustainable palm oil products through the development, implementation and verification of credible global sustainable standards and the engagement of stakeholders along the supply chain. RSPO members include environmental and social NGOs, banks and investors, growers, processors, manufacturers and retailers of palm oil products.

We represent the Malaysian Palm Oil Association on the RSPO Executive Board and are involved in various RSPO working groups, such as the Greenhouse Gas Working Group tasked with addressing climate change impacts from the palm oil industry, and the Peatland Working Group that aims to develop good practice guidelines for the management of existing plantations on peatlands.

## Progressing the Responsible Sourcing of Palm Oil

Achieving a healthy market for certified sustainable palm oil requires supply and demand to be in equilibrium. This responsibility falls on all the players in the sustainable palm oil supply chain.

Sime Darby Unimills, our refinery in the Netherlands, is actively engaged with our customers to help them switch to sustainable palm oil based specialty products. We are encouraged to see that increasingly more manufacturers understand the importance of sustainability in the palm oil supply chain. This has led to the start of a fundamental shift in thinking from, "why is responsible sourcing important?" to "how can I effectively implement responsible sourcing?"

We help guide manufacturers implement the Roundtable on Sustainable Palm Oil (RSPO) chain of custody standards in their factories, and to reformulate their products to RSPO certified palm oil based alternatives. This includes successfully co-developing a sustainable palm oil policy with one of the leading retailers in Germany, in February 2011. The policy gives clear guidance to purchasers and suppliers to start buying sustainable palm oil based materials, and

provides for a gradual transition towards a target to procure 100% segregated sustainable palm oil products. This approach allows existing supply chains to remain intact and helps keep logistical costs at a viable commercial level, while charting continued progress towards the 100% segregated target. This policy is largely acknowledged as a best practice model for retailers in the German speaking market.

In February 2011, we also co-hosted a seminar on sourcing sustainable palm oil with the Food Valley Foundation, at the World Wildlife Fund for Nature's (WWF) headquarters in the Netherlands. The seminar focused on the steps required to ensure the use of certified sustainable palm oil throughout the entire supply chain, and was a valuable platform for the industry to share success stories on implementing responsible sourcing policies. Attendees comprised representatives from the agrifood industry, food processors, the Dutch government and Non-governmental organisations, which included Ahold, FrieslandCampina (Dutch Lady), as well as the Dutch Product Board Margarine, Fats and Oils (MVO).

## Engaging Local Communities

We actively engage community leaders and the community itself before any development commences in our plantation estates.



Sime Darby Liberian estate

In line with our commitment to the Roundtable on Sustainable Palm Oil's (RSPO) Principles and Criteria and our plans to be 100% RSPO certified, we have developed a robust community engagement framework comprising of Social Impact Assessments, annual stakeholder consultations and RSPO certification audits. This framework ensures that we obtain "Free, Prior and Informed Consent" (FPIC) from communities potentially impacted by our operations, and it has been

embedded within the Plantation division's policies, management systems and standard operating procedures.

In practice, this means that we actively engage the community leaders and the community itself before any development commences in our plantation estates. Our action plan for specific areas is shared in specially convened forums to obtain views and concerns before implementation. Specially designed awareness programmes are also carried out in our concession areas on the option and processes related to the compensation and

development of land held by local communities under native customary rights. These are followed by a series of engagement sessions where compensation plans are actively communicated to land owners who choose to participate in these development schemes, where relevant.

We engage independent assessors to review our FPIC processes periodically to ensure that our practices continuously improve and remain effective.

# A Special Focus on Community Issues in Indonesia and Liberia

## Indonesia

### Overview of the Indonesian Government's Smallholder Scheme

In September 2011, there were claims made against our Plantation division on alleged land grabs and failure to address the concerns of local communities within 2 of our oil palm estates in Indonesia and Liberia. This special focus aims to provide stakeholders with an understanding of the key issues in both these areas, and how we have been and are continuing to work together with local communities to resolve these issues. We respect the rule of law in all the countries in which we operate, and firmly committed to all standards adopted, such as the Roundtable on Sustainable Palm Oil.

Smallholder schemes in Indonesia started in the 1970s as a mechanism to incentivise land development and re-distribute the population under the Indonesian government's transmigration programme. The transmigration programme aims to alleviate poverty and the overpopulation of the central Indonesian islands. This is achieved by providing land to settlers, in provinces on less densely populated Indonesian islands, to generate income and new opportunities.

In general, the Indonesian government adopted a nucleus-plasma model for smallholder schemes, where plantation companies developed smallholder oil palm plots (also known as Plasma) around the companies' own nucleus plantations. Indonesian government policy requires 20% of oil palm plantations to be developed as smallholder plots (i.e. a development ratio of 20:80 between plasma and nucleus).

The Perkebunan Inti Rakyat Lokal (PIR LOKAL) started in 1978, and was the first in the series of PIR schemes that were adopted until the mid-1990s. Under the PIR series of schemes, smallholders were typically allocated 2 hectares of land for the cultivation of oil palm and 1 hectare of land for the cultivation of food crops. The 2 hectare blocks of land used for the cultivation of oil palm are developed by plantation companies and transferred to the smallholders to manage. PIR schemes also often required plantation companies to develop infrastructure such as roads, schools and medical facilities.

By 1995, a new type of smallholder scheme, called the Koperasi Kredit Primer Anggota (KKPA), largely replaced the PIR schemes for smallholder development. KKPA schemes are essentially cooperative schemes, where land for the development of smallholder oil palm plots are held by cooperatives and individual smallholders are allocated share certificates for 2 hectares, instead of actual blocks of land. Under the KKPA schemes, plantation companies develop and manage these smallholder areas for a management fee. Smallholders receive income via dividends issued from the profits made by the cooperative and wages earned, if employed by the plantation company.

# We work together with local communities to resolve issues

The allegations made against our Indonesian operations centre on our oil palm concession in Sanggau district, West Kalimantan, Indonesia. Originally a government held and operated concession, we acquired control in April 1996 under our subsidiary PT Mitral Austral Sejahtera (PT MAS). Since acquiring control, we have actively engaged members of the local community which have raised concerns over:

1. The development of infrastructure that was promised by the original developer of the concession.
2. Land rights and tenure agreements.

The issues related to promises on the provision of infrastructure stem largely from a change in the Indonesian smallholder development policy in the district. When first started, smallholder development in Sanggau fell under the Indonesian Government's Perkebunan Inti Rakyat Transmigrasi (PIR TRANS) scheme, which included the construction of infrastructure such as roads, bridges and schools as one of the elements to be provided under the scheme. Prior to our acquisition in April 1996, the Local Authorities of Sanggau district changed their smallholder development policy to replace PIR TRANS schemes with Pola Perkebunan Besar Swasta Kemitraan schemes (Plasma scheme). This is a variation of the Koperasi Kredit Primer Anggota (KKPA) cooperative schemes, which only requires the development of plots used for smallholder palm oil cultivation.

The change in smallholder schemes from PIR TRANS to Pola Perkebunan Besar Swasta Kemitraan (Plasma Scheme) for our operations in Sanggau has been widely and frequently communicated to the local communities by both Indonesian government officials and ourselves. This includes highlighting the differences in the elements to be provided under the Plasma scheme. We continue to engage and clarify these points with members of the local communities which are still unsure of what the changes entail.

Although we are not obliged to provide infrastructure, we have constructed housing, children's creches, clinics and religious houses for our workers, and for members of the local community. We have also developed key infrastructure, such as roads and bridges, which improved access in and around the concession area, for the mutual benefit of both the company and local communities.

The concerns regarding land rights and tenure agreements are more complex and mainly arise from the misunderstanding of the Indonesian government's land-use licensing terms and processes. A key point to note is that the choice to participate in the PT MAS Plasma scheme is voluntary. Out of the 3000 families in the area surrounding our operations, 1452 families have volunteered to participate in the Plasma scheme. We do not develop areas where voluntary consent from the local communities is not obtained.

We obtain consent from participating families via a process called socialisation, where the provisions for participating in the Plasma scheme are clearly and transparently communicated. The smallholder land allocation is based on a regulatory partnership ratio of 7.5:2 hectares and the entire process of obtaining agreements for the rights to develop land is witnessed by local officials, documented, and notarised where required. This includes payment of compensation to families for existing crops and trees in the area. Where possible, we also help to engage the local authorities on the issuance of land titles.

Since acquiring control of the concession in 1996, we have worked tirelessly to resolve all issues raised by members of the local community and will continue to do so. In early 2011, we commissioned an independent external consultant, Lingkar Komunitas Sawit, to engage local communities, assess residual issues and provide recommendations on how to resolve these issues, as well as improve our approach to obtain Free, Prior and Informed Consent (FPIC). The key findings of this assessment will be used to refine our approach of working with local communities on amicable resolutions for all the issues raised.

## A Special Focus on Community Issues in Indonesia and Liberia (cont'd)

### Liberia

In September 2011, a complaint was lodged with the Roundtable on Sustainable Palm Oil (RSPO) against our Plantation division, by the Forest Peoples Programme (FPP) and the Green Advocates (GA) of Liberia, an international and Liberian non-governmental organisation, respectively. The complaint alleges that in our Matambo estate, local farmers were evicted from their customary land without their consent, which is a violation of RSPO principles and criteria.

Upon receipt of the complaint, we ceased all operations in the affected area and initiated measures to resolve the dispute amicably. We met the affected communities in December 2011 and it was agreed that an independent assessment would be commissioned to review our Free, Prior and Informed Consent (FPIC) process. The RSPO complaint was consequently withdrawn by FPP and GA in January 2012.

As agreed, an independent party was engaged in March 2012 to conduct the independent assessment of our FPIC process and procedures. Preliminary findings of the assessment were shared during a trilateral meeting held in May 2012 between the affected communities, Land Commission of Liberia and ourselves. Whilst waiting for the independent assessment to be completed, we have started work to resolve the key issues discussed during the trilateral meeting on:

- Food security
- Water
- Protection of sacred sites
- Grievance procedures
- Baseline population census
- Land demarcation

Liberia presents a very new environment for us to operate in. Although we aim to leverage on our vast experiences in Malaysia and Indonesia, we recognise that our approach has to be adapted to suit local conditions and needs

in Liberia. The independent assessment commissioned for our FPIC process and our continuing engagements with the local communities and government agencies will provide a platform for us to refine our approach in Liberia.

This requirement for a new approach is something that we have always recognised. Towards this end in June 2011, we commissioned an independent baseline social and environmental assessment for the 220 000 hectare concession in Liberia, to better understand the conditions on the ground, identify areas for further study and feed into macro development plans. This is outside the norm, where social and environmental assessments are usually conducted on parcels of land earmarked for forthcoming development.

We are firmly committed to be a responsible partner for the development of a sustainable palm oil industry in Liberia.

# Improving Patient Care

Our Healthcare division's commitment towards a culture of customer-centric service excellence and customer engagement is inculcated through our ExCITE values and ON-brand AWARD behaviour guidelines.

In 2011, as part of the Healthcare division's Service Transformation initiative, the Standards of Behaviour and S.T.E.P. AWARD (Service Transformation for Excellent Performance) was introduced to ensure consistent delivery of our unique "point of experience" and engagement with customers. It provides a systematic platform for every employee to transform their values into actionable behaviours by polishing and enhancing their skills in providing excellent service through desired key behaviours (i.e. courteous, caring and compassionate).

The S.T.E.P. AWARD programme integrates classroom coaching and role playing sessions where staff are required to demonstrate the Healthcare ON-brand AWARD behaviour for general processes as well as department or job specific processes. Staff are coached to display professional behaviour and use selected key words, phrases, facial expressions and body language for various scenarios. While our team at Sime Darby Medical Centre Ara Damansara was given the priority to complete the programme by January 2012, key frontliners and department heads in Sime Darby Medical Centre Subang Jaya and Sime Darby Specialist Centre Megah are also progressing with the express programme. Preparations are also being made to groom the team for the opening of Sime Darby Medical Centre ParkCity in 2013.

All our staff, including senior management and department heads, have the accountability and ownership to adopt these standards of behaviour into their daily work culture. Leaders do roll calls and briefings to effectively communicate and recognise the ON-brand behaviour as well as to track and audit performances to sustain this cultural transformation process. The Customer Satisfaction Index (CSI) and Customer Loyalty indicators are surveyed on a daily basis, reported on a monthly basis and captured as a key scorecard item for executives and above. In the 2011 financial year, an analysis based on 33,832 customers feedback indicated a high CSI score of 87.2 (previous year 86.3) whilst an average 94% (previous year 93%) indicated their willingness to return for future medical needs and to recommend our services to others.

## ON-Brand AWARD Behaviours

### Always focus on customer

Customers FIRST! Politely give way for others at the entrance/exit of lifts & door ways. Look up/out to offer help & way-finding.

### Warmly greet with a smile

Courteously greet with eye contact, smile & nod, "Good Morning, Sir."  
Answer phone calls within 3 rings. Greet with a smile, identify department & self.

### Act before being asked

Anticipate customers' needs and offer help, "How may I help you, Sir?"  
Put customers at ease by helping them understand what is going on at the moment.

### Reassure, explain well & check for understanding

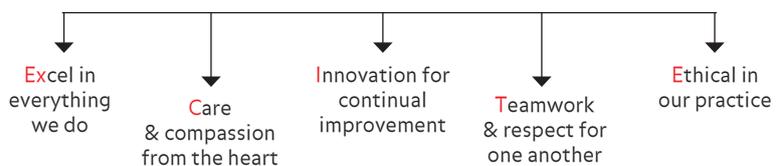
Manage customer's expectation on waiting time. Give regular feedback on the progress. Reconfirm customer's request, "Mr \_\_\_\_, may I reconfirm your request for...".

### Demonstrate professionalism at all times

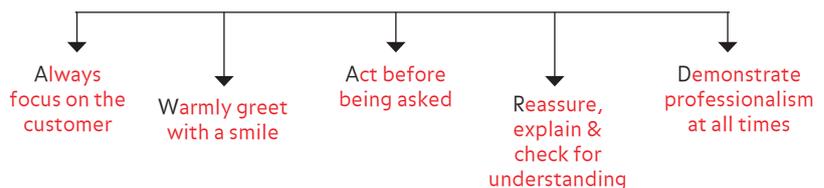
Maintain a clean & well-groomed appearance. Keep work areas clean & well-organised. Use the 10' & 6' to warmly engage others & keep surroundings safe and clean.



## Ex.C.I.T.E. Values



## A.W.A.R.D. Behaviours



# Sustainability Risk Management



## Strategic Link

### Corporate Mission

Subscribe to good corporate governance and high ethical values

### Sustainability Goals

Effectively manage sustainability risks

We believe that our ability to manage emerging sustainability issues effectively, lies in addressing the risks posed by sustainability as part of our core business practices. In 2011, we conducted an enterprise risk assessment review that involved both a review of the enterprise risk register and risk management framework across the Group. As part of the review, we incorporated sustainability-related risks into our enterprise risk management framework, which falls under the purview of the Main Board Risk Management Committee.

Broadly, the key sources of sustainability-related risks identified by the Group as a whole fall within the following categories:

- Sustainability values
- Sustainability certification
- Health and safety
- Social impacts
- Biodiversity
- Environmental management
- Terrorism and malicious acts
- Quality management
- Natural events

We are now conducting detailed risk assessments, implementing appropriate mitigating actions and monitoring the effectiveness of controls.



Sime Darby Industrial Singaporean facility

# Quality Management



## Strategic Link

### Corporate Mission

Deliver superior financial returns through operational excellence and high performance standards

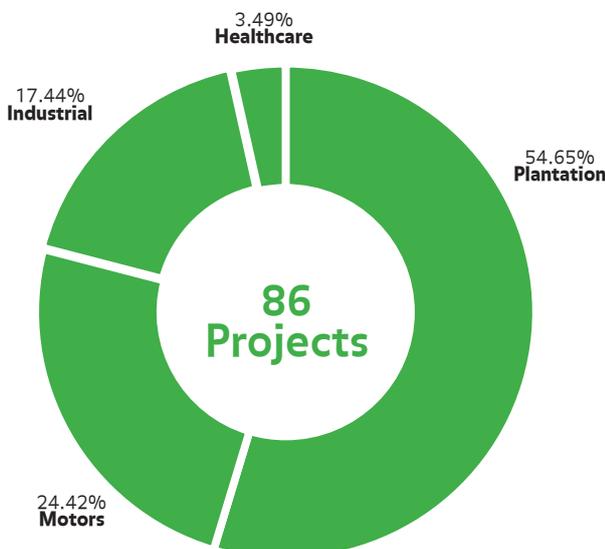
### Sustainability Goals

Instill a performance culture

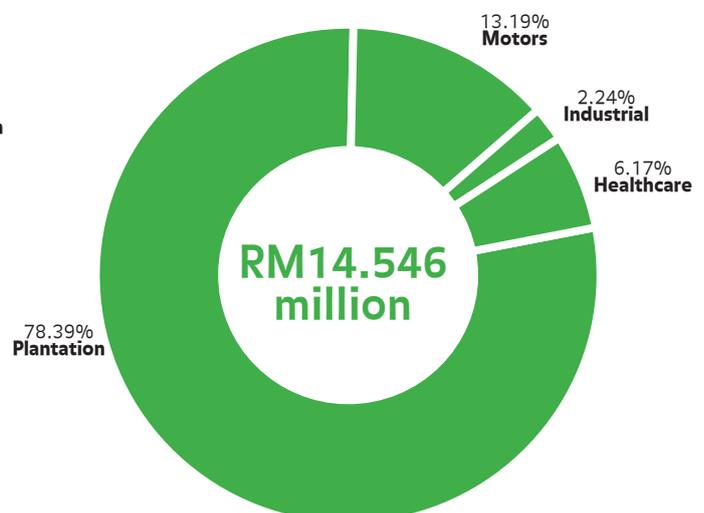
To stay relevant and competitive in the global arena we have embedded Continuous Improvement (CI) throughout our business units and work culture to enhance operational efficiency. We leverage on Lean Six Sigma methodology, in particular. For the financial year 2010/2011 (1st July 2010 – 30th June 2011) we completed 86 projects across the Group, and achieved total savings valued at RM 14,546,000. The majority of these projects and savings were from our Plantation division.

We have also adopted external certification systems to support our operational efficiency and ensure continuous improvement of our systems and processes, where relevant to the business.

Total Number of Lean Six Sigma Projects for Financial Year 2010/2011 by Divisions



Total Savings Achieved for Financial Year 2010/2011 by Divisions



## Finding Alternative Fuel Sources for Refineries

Sime Darby Jomalina, a Malaysian edible oils and fats refinery in our Plantation division, conducted a Lean Six Sigma (LSS) project aimed to reduce the operating cost of the high pressure boiler by 45%, in the financial year 2010/2011 (1st July 2010 – 30th June 2011). This project stemmed from the refinery's strategic objective of being the lowest cost producer.

It was identified that the greatest potential to achieve this target was to change the boiler fuel source from Medium Fuel Oil (MFO) to an alternative fuel. Several alternatives were considered, but in the end natural gas was chosen due to its price, volume of usage, safety, stability during operation and better return on investment.

Approximately RM950,000 was invested to facilitate the changes from MFO to natural gas. By the end of the project in May 2011, the operating cost for the high pressure boiler exceeded original targets with a reduction of 58%. Between June 2010 and June 2011, the project achieved a total gross savings of RM580,443.

## Optimising the Transesterification Process for Biodiesel Production



In 2009, we found that the median percentage yield for methyl ester (biodiesel) from our Malaysian biodiesel refinery's transesterification process was 3.9% below the design yield. This variance from the design yield meant that more Refined Bleached and Deodorised Palm Oil (RBDPO) was needed in the production process and represented an additional estimated cost of RM2.3 million, given the escalating price of RBDPO.

In the financial year 2010/2011 (1st July 2010 – 30th June 2011), we conducted a Lean Six Sigma project focused on improving the citric acid dosing rate, the centrifugal separator and the blending process of catalyst to ensure the optimum set up for the transesterification process in the refinery. This project achieved savings of RM3.66 million by increasing the median percentage yield for methyl ester (biodiesel) from 92.8% to 96.9%.

# Improving prostate cancer patient pathway by improving CT Simulation and Tomotherapy treatment planning

40,000 Malaysians are diagnosed with cancer each year. Our Healthcare division's Sime Darby Medical Centre Subang Jaya, provides the latest treatment modalities to enhance patient outcomes and care. We strongly believe that by employing both science and compassion, we offer new hope for our patients.

We applied Lean Six Sigma methodology to improve prostate cancer patient pathways, by improving the turnaround time for CT simulations and overall Tomotherapy treatment planning.

Unnecessary delays in completing CT simulations, result in patients feeling distressed and being unprepared for the overall Tomotherapy treatment planning process. Delays also affect the hospital's operations, service standards and productivity of staff and doctors.

Monitored results from January to June 2011 showed that we have successfully improved our ability to complete treatment planning for patients within 1 hour, from 63% to 92%. To ensure improved performance is sustained over time, a control plan has been developed, which uses improved process flow and a tracking system to support performance monitoring. This project has been replicated for other types of cancers which utilise CT Simulations and Tomotherapy treatment planning.



# Awards Received in 2011

Category	Division	Awards Received
Quality	Plantation	Occupational and Safety Excellence Award (Gold Class II) 2010
		Anugerah Industri Sawit Malaysia 2010 Best Estate to West Estate in Carey Island
	Property	Gold Award (Property Development) Putra Brand Awards 2011
		BCI Asia Top 10 Malaysian Developers Award 2011
		Gold Award - Readers' Digest Trusted Brands 2011
		SC Cheah Choice Awards 2011 - Best Township Developer category
	Motors	2011 FUSO Award for Quick Product Quality Reporting – for Excellent Dedication to Timely Product Quality Reporting (Hangzhou Sime Darby Motor Sales and Services Co. Ltd.)
		2011 FUSO Award for Service Training – for Excellent Execution of Service Training (Sime Darby Motor Services Ltd.)
		2010 Outstanding Apprentice And Trainee Award (Hangzhou Sime Darby Motor Sales and Services Co. Ltd.)
		Malaysian Productivity Corporation Northern Region ICC Convention 3 Gold Medals Award (INOKOM Corporation Sdn. Bhd.)
		2011 Fleet Conquest (Universal Cars Ltd.)
	Industrial	PETRONAS Carigali Outstanding Vendor Awards
	Healthcare	Reader's Digest Trusted Brands Gold Award 2011
		Malaysia's Business Ethics Excellence Recognition Award 2010-2011
Sustainability	Property	Platinum Building and Construction Authority (BCA) Green Mark Award - BCA Awards 2011 (Idea House)
		BCI FuturArc Green Leadership Awards 2011
		Gold Rating - Green Building Index 2011 (Idea House)
Supply Chain/ Dealership	Industrial	China Construction Machinery Association Best Management Training Organisation Award
	Motors	BMW Dealer Awards 2010: Best Overall CSI – Platinum (Auto Bavaria)
		BMW Dealer Awards 2010: Platinum Category (Auto Bavaria)
		BMW Dealer Awards 2010: Gold Category (Auto Bavaria)
		BMW Vision Club Awards 2010: Platinum Category (Auto Bavaria)
		Top Selling Dealer 2010 1st Runner-up 2010 Dealer Awards Greater China (Shanghai Sime Darby Motor Commerce Co. Ltd.)
		Global Distributor Of The Year 2010 Award (Hyundai -Sime Darby Motors Malaysia)
		After Sales Promotion Programme – 2010 Spirit Special Award for North Asia Region (Sime Darby Motor Services Ltd. )
		2nd Runner-up for Outstanding Sales Performance as Lamborghini Sales Consultant 2010 (Hangzhou Sime Darby Motor Sales and Services Co.,Ltd.)

# Respecting Our Environment



Barn Owl used for integrated pest management in Sime Darby Plantation estates

## **“Respect for the Environment**

means proactively addressing environmental challenges, promoting environmental responsibility, and encouraging the development and use of environmentally-friendly designs and technologies.”

We believe that the importance of major environmental issues such as climate change and biodiversity loss requires an approach to environmental management that goes beyond regulatory compliance. In this section of the report, we provide an overview of our key activities and performance in the following areas of the environmental dimension of sustainability:

- Proactive Environmental Management Systems
- Energy and Climate Change
- Operational Eco-Efficiency
- Biodiversity Management

# Proactive Environmental Management Systems



## Strategic Link

### Corporate Mission

Deliver superior financial returns through operational excellence and high performance standards

### Sustainability Goals

Instill a performance culture

We have developed a comprehensive environmental management framework across the Group, comprising policies, operating procedures, performance monitoring and reporting, audits and management reviews, to comply with environmental regulations in the various countries in which we operate. Traditionally, environmental management frameworks are developed to deal with conventional legislated and regulated environmental aspects, such as emissions to air, water, land and the management of hazardous wastes.

The emergence of major environmental issues beyond the scope of current environmental legislation and regulations have resulted in a need for us to adapt our management system to address these issues. Incorporating these issues into our core management system ensures that we effectively mitigate associated risks and benefit from opportunities presented, in a structured manner. These risks and opportunities are particularly material to our Plantation division, where the development of good agricultural practices has provided both environmental protection, as well as, operational benefits.



Beneficial plants used for integrated pest management in Sime Darby Plantation estates

# Pioneering Good Agricultural Practices

Our Plantation division has a rich agricultural heritage that stretches back over a century. This heritage includes a strong research and development culture that continually drives to improve our performance while reducing the environmental impacts of our operations. Summarised below are a selection of the agricultural practices synonymous with sustainable palm oil that we helped to develop and pioneer.

## Zero Burning Replanting Technique

First introduced commercially in 1989 by Sime Darby, the zero burning technique has since been adopted as an industry best practice standard. Zero burning is the practice of felling and shredding old stands of old oil palms stands before leaving the palms to decompose in situ. This technique at replanting helps preserve and restore the chemical balance and fertility of the soil by returning organic matter to it and reduces associated greenhouse gas emissions and the risk of uncontrolled forest fires.

Sime Darby was admitted into the United Nations Environment Programme's (UNEP) Global 500 Roll of Honour for Environmental Achievement, during the Rio Earth Summit in 1992 for the development and commercialisation of the zero burning replanting technique.

## Integrated Pest Management

Major sources of pest and disease in the palm oil industry in Southeast Asia are leaf eating caterpillars, rhinoceros beetles, ganoderma basal stem rot and rats. Integrated Pest Management (IPM) is the combined use of holistic and compatible methods of pest and disease control that include ecological, cultural, physical, biological and chemical controls. IPM has reduced the use of chemical pesticides and associated negative environmental and food-chain impacts.

Selected IPM techniques include:

1. The use of viruses, Cordyceps fungus and natural predators, such as asopin, to control nettle caterpillars.
2. Planting of thick leguminous cover over replants to hinder rhinoceros beetle breeding and activities.
3. Pheromone trapping of rhinoceros beetles.
4. Removal of boles of old oil palm stands, and the shredding of boles, trunks and crowns for the control of ganoderma basal stem rot.
5. The establishment of barn owl nucleus population in the oil palm estates, at an intensity of 1 nesting box for every 10 hectares, to control rats.

## Alternatives to Paraquat

We adopted alternatives to paraquat and stopped the use of paraquat in all our operations in the early 2000's. Although not a banned substance, we took this initiative due to the potentially harmful effects of paraquat on the environment and high health and safety risks, if used inappropriately.

## Soil and Water Management

We plant leguminous cover crops (LCC) during land preparation for replanting to assist in soil conservation and moisture retention. LCC's reduce soil erosion by surface run-off during periods of rainfall, improve soil aggregation and increase biological activity in the soil. Vegetation is also planted along river banks and on slopes above 25 degrees to minimise surface run-off and soil erosion.

Our water management practices aim to minimise the impact of droughts and floods, optimise utilisation of rainwater and surface water, maximise utilisation of effluents from the palm oil mills, and minimise the impact of saltwater incursion and acidity levels. We capture rainwater in silt pits or close-ended trenches to conserve use of surface water sources.

# Energy and Climate Change



## Strategic Link

### Corporate Mission

Committed to developing a winning portfolio of sustainable business

### Sustainability Goals

Leverage on sustainability to create value

#### 2009 Baseline Carbon Inventory

In 2011, we took the first step towards managing climate change impacts by completing a baseline carbon inventory, which establishes a platform for us to monitor our carbon emissions on an annual basis. The 2009 calendar year was selected as the baseline year and carbon inventory was prepared in accordance with the Greenhouse Gas Protocol standard. The 2009 baseline carbon inventory covered all six of our business divisions in eight key countries of operations; Malaysia, Indonesia, Singapore, Thailand, Australia, China, Hong Kong and the Netherlands. This constitutes over 90% of our global operations and includes emissions from 463 sites.

The results of our baseline carbon inventory showed that the majority of emissions come from our Plantation division (82.58% of total emissions) and that the largest source of emissions is from the treatment of Palm Oil Mill Effluent (57.74% of total emissions). The second largest source of emission is from the generation of electricity (15.14% of total emissions) and is largely attributed by our power business in Thailand, which supplies baseload electricity and steam to a neighbouring industrial estate.

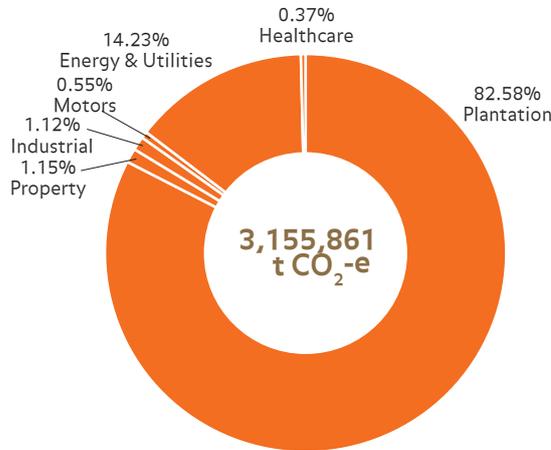
The Greenhouse Gas Protocol standard also stipulates that biogenic emissions, which are emissions related to the combustion of biomass and biofuels, should be reported separately. Energy produced from the combustion of biomass and biofuels returns recently absorbed carbon to the atmosphere, which is considered a zero net release of carbon. In 2009, 67% of our energy consumption was derived from biomass and biofuels (i.e. renewable sources). As a result, the biogenic emissions were 7% more than total emissions from fossil fuels, purchased electricity and steam (i.e. scope 1 and 2 emissions) for the year. We use biomass predominantly to fuel boilers in palm oil mills.

#### Approach to Reducing Carbon Emissions

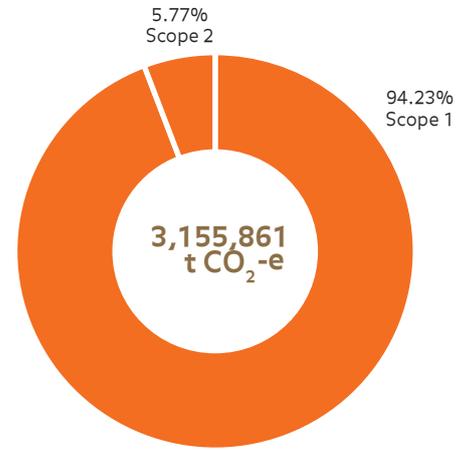
We are now identifying strategic reduction opportunities and in the process of setting carbon emission reduction targets for each division and the Group as a whole. We aim to complete the exercise of setting carbon emission reduction targets in 2012.

From the results of the 2009 baseline carbon inventory, we envisage that the greatest potential for emission reduction will be from the avoidance or capture of methane produced during the treatment of Palm Oil Mill

**Carbon Emissions by Division for 2009 (Baseline Year)<sup>1</sup>**



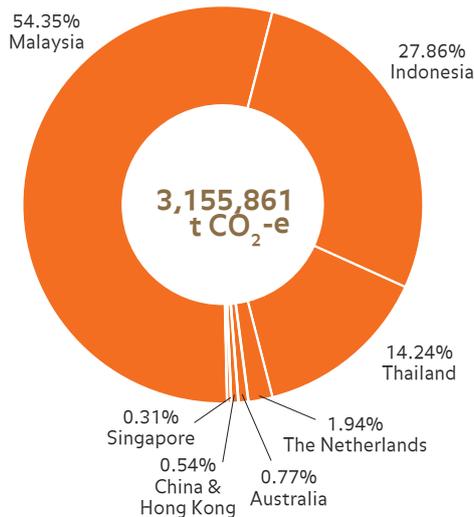
**Carbon Emissions by Scope for 2009 (Baseline Year)<sup>1</sup>**



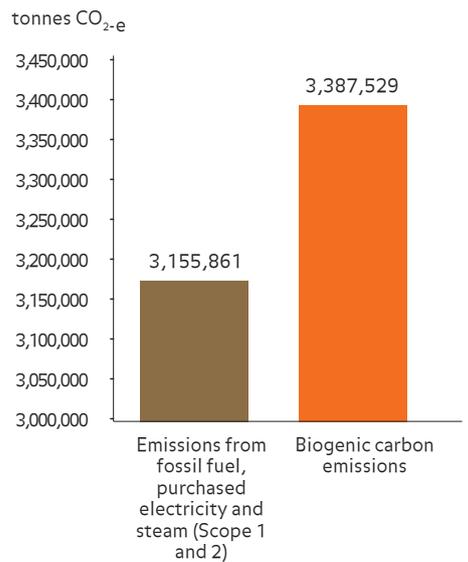
Effluent. The potential for reduction of emissions from electricity generation and boilers, the second and third largest source of emission, is expected to be relatively limited and will mainly centre on efficiency measures which have not been implemented. We have already adopted highly efficient technology in the form of co-generation plants for power generation and biomass boilers for palm oil mills. Although relatively low, purchased electricity is a common source of emission across the Group and lies within the top 6 emission sources for all divisions. Collectively, electricity consumption for both process related activities and buildings contributes 5.64% of total emissions. This commonality provides the potential to scale up reduction initiatives in this area across the Group.

Whilst our holistic carbon strategy is being developed, there are various pilot carbon emission reduction initiatives already being implemented across the Group. These efforts have been mainly focused in our Plantation division, as our largest emitter, and centred around energy efficiency for other divisions.

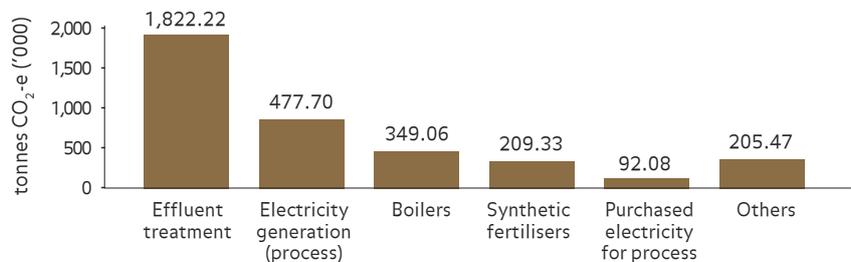
**Carbon Emissions by Country for 2009 (Baseline Year)<sup>1</sup>**



**Biogenic vs Scope 1 & 2 emissions for 2009 (Baseline Year)<sup>1</sup>**



**Top 5 Emissions Sources for 2009 (Baseline Year)<sup>1</sup>**



1. The 2009 baseline carbon inventory was prepared in accordance with the Greenhouse Gas Protocol Standard. Carbon emissions calculations do not include emissions from land-use conversion and carbon sequestration from growth of palm oil trees.

## Building Related Energy Efficiency Initiatives

In 2009, carbon emission from purchased electricity for buildings totalled 85,899 tonnes of CO<sub>2</sub>e (2.72% of total emissions). Broadly, we have three categories of buildings within the Group comprising industrial facilities, commercial offices and, hospitality and leisure centres. Energy audits conducted in 2011 highlighted that the main consumer of electricity within our buildings was from heating, ventilation and cooling (HVAC) systems (approximately 50% on average), followed by lighting (approximately 20% on average).

In 2011, we conducted 3 pilot HVAC optimisation projects in Malaysia at Wisma Sime Darby, Sime Darby Convention Centre and Kuala Lumpur Golf & Country Club. These projects aimed to achieve a minimum 10% reduction in total energy usage at each of these locations. Monitoring results to date, show that we are on track to achieve this target and that the payback period on capital expenditure is forecasted to be less than two years.

We plan to roll-out similar HVAC optimisation initiatives throughout our buildings globally by 2015. Since lighting also contributes significantly to the energy consumed in our buildings, we are also starting to initiate pilot projects on the use of T5 fluorescent and light emitting diode (LED) systems.

## Piloting Carbon Emission Reduction Initiatives

As the largest contributor of carbon emission within the Group, our Plantation division has been the most active in piloting emission reduction initiatives. Summarised below is a selection of the initiatives which have been implemented.

### Peatland Planting Policy

Peatland contains significant amounts of organic matter and the development of peatland has shown to contribute significantly to anthropogenic source of carbon emission. Our Sustainable Plantation Management System dictates that peatland be avoided for new plantings. In line with this, on plantations previously developed on peatland, we have undertaken rigorous water management measures to ensure the water table remains consistently at 60-75cm below the surface to minimise the accelerated decomposition of dried peat and consequent carbon emission and the risk of fires.

### Composting

Composting helps to avoid the generation of methane from the treatment of Palm Oil Mill Effluent in lagoons, by using it as a feed source for the production of compost. Composting is a process of reducing waste and creating value-added products from mill by-products, which are mainly Empty Fruit Bunches and Palm Oil Mill Effluent, through the process of aerobic decomposition.

As of 31st December 2011, we have 5 composting plants in operation. We have plans to develop 17 more composting plants. This has the potential to reduce our carbon emission by up to 200,000 tonnes of CO<sub>2</sub>-e annually.

### Biogas

Methane produced during the treatment of Palm Oil Mill Effluent not only represents a significant source of carbon emission from our operations but is also a potential asset. We currently have a pilot biogas plant situated in our West Estate on Carey Island, Malaysia. The pilot plant has been in operation since 2009 and has the potential to generate 450kWh of electricity from biogas captured. We are currently exploring the opportunity of expanding biogas plants to other operations.

# Universiti Kebangsaan Malaysia – Yayasan Sime Darby Climate Change Chair

## Waste Heat Recovery Systems

Sime Darby Unimills, our refinery in Zwijndrecht, the Netherlands, traditionally discharged waste heat from the refining process to a nearby river via a cooling water system. This waste heat is now utilised to heat our Innovation Centre Europe (ICE), which was launched in October 2010. The ICE is a state-of-the-art facility, which includes a research and development application kitchen, high tech laboratories and new food grade oil processing pilot plant.

A dedicated hot water system was installed in the ICE to recover thermal energy from the refinery's deodorizer 1, for use in room heating and hot water tracing. Between 400kW (in winter) and 50kW (in summer) of waste heat is used for heating of the ICE, depending on the ambient temperature. This avoids the significant use of natural gas, which would otherwise be used for heating purposes. Further use, such as storage tank heating, is now being connected to the hot water system to make even better use of the available waste heat at the site.

The University Kebangsaan Malaysia (UKM) – Yayasan Sime Darby Climate Change Chair was established in 2010, to provide a research platform for climate change. Managed by UKM's Research Centre for Tropical Climate Change System (IKLIM), the Chair has enabled UKM to take on a leading role in regional climate research that focuses on the effects of climate change on water resources, terrestrial ecosystems, health of people, marine ecosystems, and specific sectors, such as fisheries and agriculture. UKM is Malaysia's national university.

This research aims to deepen the understanding of the scientific aspects of climate change, including assessment of regional impacts, which will be input for the development of mitigation and adaptation strategies. The work of the UKM – Yayasan Sime Darby Climate Change Chair consists of four key elements:

1. Research
2. Education and Training
3. Input to National Malaysian Policy Development
4. Community Engagement at Local, National (Malaysian) and International Levels

The current chairholder is Professor Dr Pak Sum Low, a renowned expert on Climate Change who is the Adjunct Professor at the School of Sustainable Development at Bond University, Australia, a Fellow at the Academy of Sciences Malaysia and regular consultant for the United Nations Environment Programme (UNEP) and United Nations Development Programme (UNDP). To date, two research projects by Malaysian experts in the field have been completed on Climate Change Impacts on Droughts in Malaysia and Climate Change Impacts on Extreme Events and Oceanic Conditions in Malaysian waters. Three public lectures have also been organised by the Chair.

# Operational Eco-Efficiency



## Strategic Link

### Corporate Mission

Deliver superior financial returns through operational excellence and high performance standards

**Sustainability Goals**  
Instill a performance culture

Improved environmental performance not only reduces our impact on the natural environment, but also results in cost benefits from operational efficiencies.

Across the Group we have various initiatives to reduce, re-use and recycle the waste that we produce. As outlined in previous sections of this report, our Plantation division has a long history of creating value-added products from waste, such as compost, and re-using biomass

in the natural nutrient cycle or as a fuel source. Our Property division has also adopted new approaches to constructing buildings that helps reduce the consumption of building materials and generation of construction waste. We have also developed novel alternatives for packaging in our Industrial division.

Water is rapidly becoming a scarce resource. We are monitoring the water consumption across the Group and starting to focus in countries which are water stressed.

Sime Darby Energy & Utilities' natural gas cogeneration plant in Laem Chabang, Thailand



# Improving Design Efficiency with Building Information Modelling

## BIM allows productivity to be increased and wastage of materials to be reduced.

Our Property division utilises Building Information Modelling (BIM) in design and development processes to benefit from the greater efficiencies in time, cost, quality and material use that BIM has the potential to provide. The US National Building Standards, defines BIM as “a digital representation of physical and functional characteristics of a facility. A BIM (model) is a shared knowledge resource for information about a facility forming a reliable basis for decisions during its lifecycle; defined as existing from earliest conception to demolition”.

Conventional computer-aided-design (CAD) drawings rely on 2-dimensional or 3-dimensional drawings to communicate the design intent. These drawings are individually generated and in a typical project commissioned by the Property division, the number of drawings generated by the architect, engineers, vendors and

specialists can reach 600 individual drawings. Such magnitude requires great attention in managing the information and can lead to oversights which are usually detected late in the process, i.e. on site. Rectifying such oversights on site can be costly, time consuming and a source of wasted materials.

A BIM model however represents the design in 3-dimensional form. Information contained in a BIM model is also stored parametrically in each object, which means each object contains parameters that relate to other objects. If one object is amended, other objects that depend on it will also be automatically amended. This is a departure from 2-dimensional CAD where each amendment needs to be independently inputted. BIM also has the capacity to include dimensions for cost and time, and integrate with project management software. This allows BIM designed buildings to be “built” both virtually and physically. The virtual model may be used for clash detection, sequencing and phasing, material quantifying and costing.

BIM allows productivity to be increased, as less time is spent to manually create 2-dimensional drawings. Wastage of materials is also reduced by providing the opportunity to rectify any design oversights on-screen rather than on-site, and by creating the opportunity to use more precisely engineered components, which are fabricated in factories. The ability to pre-fabricate materials further reduces the risk of defects and improves the quantification of materials required to fabricate components, therefore reducing the use and wastage of resources.

## Recycled Packaging Material

In 2005 our Industrial division started using shredded recycled paper to pack spare parts for Malaysian inter-branch transfers. The use of recycled paper instead of styrofoam has now become common place in Malaysian operations.

Spare parts warehouses generate a considerable amount of waste paper due to the numerous daily, weekly and monthly reports that are produced. Non-confidential reports are shredded and used as packing material. This alternative use, for what was once a waste product, has allowed us to decrease our dependence on styrofoam packing material, reduce our contribution to landfills and reduce packing costs.

## Water Recycling and Harvesting

Our Industrial and Motors divisions have both embarked on rainwater harvesting and water recycling initiatives in Australia, New Zealand, China and Singapore.

Three key Australian branches in Brisbane, Mackay and Rockhampton have been successfully piloting water conservation measures in our Industrial division, since 2008. Key water conservation initiatives that have been undertaken include:

1. Use of closed-loop dyno cooling systems, which recirculates cooling water instead of continually running off the water mains - this system has reduced water consumption at our Brisbane branch from 20 million litres a year to 11 million litres a year.
2. Installation of rainwater harvesting systems - rainwater harvested at our Brisbane branch has reduced mains water consumption by approximately 30%.
3. Installation of water recycling systems, which captures and treats wastewater from wash bays for reuse - water recycling systems produce 7,000 – 8,000 litres of water per day at our Mackay branch and produces up to 100,000 litres of water at the Rockhampton branch.

Similar initiatives have since been implemented in our Industrial division's operations in Singapore and China. In Singapore, a 1.36 million litre underground tank has been installed for the collection and storage of rainwater. The rainwater is used for our fire fighting system, washing of machines, as well as, cooling water for dyno test and load bank testing. Since September 2010, our operation in Foshan Shunde in China has been using a water recycling system, which has reduced mains water consumption from the workshop by approximately 70%, helped control the treatment of wastewater and provided a more secure and effective water source.

Our Motors division has also adopted a similar approach to water conservation, by implementing a high level water filtration system that captures both mud and coal dust when washing our mining rental vehicles in Australia. The filtered water is then recycled for further use in the vehicle washing process. Rainwater is also harvested and used to wash cars at our Audi and Greenlane Chrysler/Peugeot dealerships in New Zealand.

## Cogeneration Plants

The heat produced during the generation of electricity by conventional power generation systems is often released to the atmosphere. Cogeneration technology allows for this heat to be harnessed as a useful source of energy by means of a heat recovery system that produces steam for further usage. This results in two sources of useful energy for the same amount of fuel, for example natural gas.

Our Energy & Utilities division's power plants located in Laem Chabang, Thailand are natural gas cogeneration plants that produce both baseline electricity and steam for factories in the neighbouring Laem Chabang Industrial Estate. They have the capacity to produce 150MW of electricity and 50 tonnes/hour of steam.

We have also installed a 1.27MW natural gas cogeneration plant at our Industrial division's main facility in Malaysia. This produces electricity for the majority of the facility's energy requirements, and steam that is produced by the heat recovery generator is used to drive the chiller, which in turn produces chilled water for the facility's air-conditioning system. We estimate that the use of the cogeneration plant at our facility reduces the carbon emission related to our power requirements by 70%. Our Industrial division also supplies cogeneration systems and has successfully installed systems in Malaysia, Turkey and Japan.

## UKM – YSD Sustainable Development Chair: Zero Waste Technology for the Palm Oil Industry

In 2010, Yayasan Sime Darby (YSD) provided a RM15 million endowment fund to Universiti Kebangsaan Malaysia (UKM) for a period of 10 years. This endowment was provided for a Sustainable Development Chair, which aims to expand research on a zero waste palm oil industry. Founded in 1970, UKM is Malaysia's national university.

The Sustainable Development Chair provides a platform for closer long term partnership between industry and academia to develop and share technological expertise towards zero waste in the palm oil industry. The current Chairholder is Dr Ir P.A.M Claassen, a senior scientist in group biomass and bioenergy at Wageningen University's Food and biobased Research Institute in the Netherlands.

Key research is currently being conducted on efficient process and bioreactor technology for the production of hydrogen from Palm Oil Mill Effluent and biomass. The hydrogen produced may then be used as a renewable fuel, and in the production of high value bio-fertiliser and animal feed. Through the research, the Sustainable Development Chair aims to optimise anaerobic fermentation on a large laboratory scale, combine fermentation and fuel cell technology for power generation and establish scale-up processes for palm oil mills.

To date, Bio-H<sub>2</sub> production has been achieved at UKM in a 2 litre fermenter, using both batch and continuous cultures. Preparations to scale-up experiments to a 14 litre fermenter are currently underway.

# Biodiversity Management



## Strategic Link

### Corporate Mission

Committed to developing a winning portfolio of sustainable businesses

### Sustainability Goals

- Effectively manage sustainability risks
- Develop sustainability Thought Leadership

Biodiversity, the variety of living organisms on our planet, are integral to the welfare and function of ecosystems. The business impacts on biodiversity have increasingly become an issue of concern in recent years. We recognise the wide range of biodiversity risks and opportunities associated with our Plantation operations in particular, and we are committed to managing the biodiversity impacts. Although mainly related to our Plantation division alone, we have included this section on biodiversity due to the amount of interest expressed by our stakeholders on this issue.





We recognise the wide range of biodiversity risks and opportunities associated with our Plantation operations in particular, and are committed to managing our biodiversity impacts.

Sime Darby Plantation's mangrove replanting programme at Carey Island, Malaysia

## High Conservation Value Areas

In accordance with our commitment to the RSPO's principles and criteria, we ensure that independent High Conservation Value (HCV) assessments are conducted at our plantation estates prior to new plantings or developments to identify HCV that may be negatively affected by our operations. The HCV assessments are conducted in conjunction with independent Social and Environmental Impact Assessments (SEIA) that are also carried out prior to new developments.

Management plans are consequently developed to mitigate the potential impacts on HCV identified, such as setting aside appropriate buffer zones. This holistic process of conducting SEIAs, assessment and identification of HCV and the consequent management and mitigation actions are embedded within our Plantation Division's Sustainable Plantation Management System.

We protect 32,000 hectares of HCV across our Malaysian and Indonesian operations, which typically comprise natural forests, swamps, riparian reserves, slopes greater than 25 degrees, areas with marginal soils and water catchments.

## The "Big 9" Programme

The "Big 9" programme is an initiative by Yayasan Sime Darby (YSD) to help conserve animal species which are classified as endangered or vulnerable, in particular the Sumatran rhinoceros which is in danger of going extinct without protection. The nine animals supported by YSD are mostly indigenous to Malaysia, and are listed below:

- Sun bear
- Orang-utan
- Asian elephant (Peninsular Malaysia) and Bornean pygmy elephant (Sabah)
- Clouded leopard
- Hornbill
- Banteng
- Proboscis monkey
- Sumatran rhinoceros
- Malayan tiger

YSD previously supported the Big 9 animals through the Tabin Wildlife Sanctuary programme as 8 of the 9 animals (except the Malayan Tiger) are found in Tabin, Sabah, Malaysia. The Malayan tiger is found only in Peninsular Malaysia. The programme includes efforts to ensure the protection and preservation of wildlife in Tabin. As at the end of 2011, YSD has pledged RM33 million in support of the "Big 9" programme.



## Stability of Altered Forest Ecosystems (SAFE) Project

Yayasan Sime Darby (YSD) is collaborating with the South-East Asia Rainforest Research Programme (SEARRP), an overseas research programme of the Royal Society (The UK and Commonwealth Academy of Science), on a long-term study and research project that aims to understand how the impact of forest modification affects the functioning of the tropical rainforest, their ability to deliver ecosystem services and their capacity to support biodiversity. The SAFE project is the world's largest ecological experiment. YSD's commitment for this project is RM30 million for ten years.

Centred in Sabah's Maliau Basin in Malaysia, the SAFE project will study and track the ecological, hydrological and micro-climatic changes and their effects on flora and fauna, across a wide range of habitats and types of forest conversions. Land use and habitat type studies will be conducted on newly-developed to mature oil palm plantations, small to large forest patches and the primary rainforests of the Maliau Basin.

Central to the SAFE Project will be the creation of a number of clusters of forest patches within an oil palm plantation which are currently being established by Yayasan Sabah. The individual forest patches will be in sizes of 1 hectares, 10 hectares and 100 hectares and will form the experimental core of the project. The research plots will be established in the surrounding new oil palm plantation, in mature

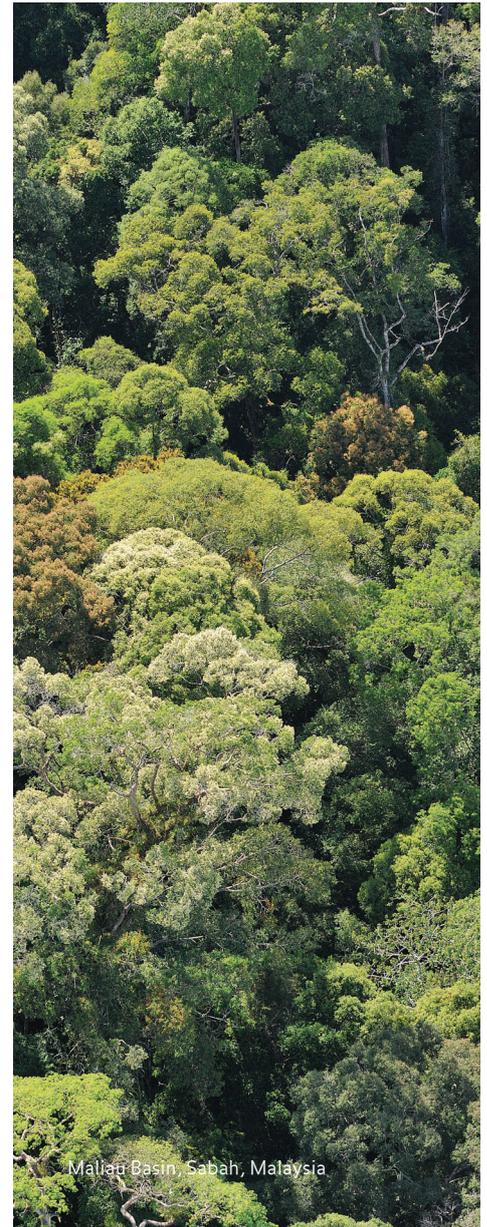
plantations, areas of logged forest in land belonging to Yayasan Sabah, and in undisturbed primary forest in Maliau Basin.

This collaboration will benefit the plantation industry, by providing insights which will allow minimisation of biodiversity impacts while maximising ecosystem services. It is envisaged that SAFE will make a major contribution to sustainable palm oil management and the conversion of biodiversity while providing a major industry-wide contribution to sustainable plantation management, the implementation of the Roundtable on Sustainable Palm Oil guidelines and the conservation of biodiversity in agricultural landscapes.

The project now has more than 125 people directly involved, including more than 50 scientists from around the world, 17 PhD students and 10 MSc students. The project has also published 3 Postgraduate theses, 2 peer reviewed publications, 5 papers and 2 posters which have been presented in conferences, and a publication on ant genera in Borneo. The project outputs are important sources for further scientific research.

The SAFE Project has also attracted the attention of the UK Government's Natural Environment Research Council (NERC), which is about to award a grant of £5 million (RM25 million) for additional research of focusing on biodiversity and its links to atmospheric chemistry.

# The SAFE project is the world's largest ecological experiment.



Maliau Basin, Sabah, Malaysia

# Respect for Society



Children in Humana programme

**“Respect for Society** means respecting fundamental human rights and remediating instances of adverse human rights impacts within our direct operations, and endeavouring to advance respect for human rights within our sphere of influence.”

In this section of the report we provide an overview of our approach to manage both the internal and external aspects of the social dimension of sustainability. Broadly, we have grouped our social activities under the following categories:

- Ethics and Values
- Health and Safety
- Talent Management
- Enhancing Our Communities

# Ethics and Values



## Strategic Link

### Corporate Mission

Subscribe to good corporate governance and high ethical values

### Sustainability Goals

- Effectively manage sustainability risks
- Instill a performance culture

Our people are our greatest asset. Regardless of our commitment to sustainability, we can only deliver results to the business and provide value to stakeholders if our people believe and share in our aspirations. Summarised below are the Core Values that we instill in employees and the Business Principles that we adhere to.

#### Our Core Values

##### **Integrity**

Uphold high levels of personal and professional values in all business interactions and decisions.

##### **Excellence**

Stretch the horizons of growth for ourselves and the business through unwavering ambition to achieve outstanding personal and business results.

##### **Enterprise**

Seek and seize opportunities with speed and agility, challenging the set boundaries.

##### **Respect and Responsibility**

Respect for the individuals we interact with and the environment that we operate in (internally and externally), and committing to being responsible in all our actions.

#### Our Business Principles

##### **Health, Safety & Environment**

Health and safety are important for our employees and communities where we operate. Ensure business operations are sustainable, by proactively addressing environmental challenges and respecting fundamental human rights, without sacrificing long-term economic value creation.

##### **Compliance**

Complying with all laws and regulations in countries that we operate.

##### **Working With Local Communities**

Engaging with and contribute to local communities in a socially responsible manner wherever we operate, without compromising the benefits of any particular stakeholder.

##### **Fair Business Practices**

Ensure that we promote fair business practices and compete in an ethical manner.

In 2011, we launched our Code of Business Conduct (COBC), which provides guidance on the standards of behaviour expected of all directors, employees, and where applicable, counterparts and business partners. The COBC is available in 9 languages - English, Bahasa Malaysia, Mandarin Traditional, Mandarin Simplified, Thai, Dutch, Bahasa Indonesia, French and Vietnamese.

Selected examples of our Core Values and Business Principles in action are provided below.

#### Ethics and Values Case Study

## Grievance Procedures

We have a commitment to ensure that any grievance arising between an employee and the Company, or a third party and the Company, is settled as equitably and as quickly as possible, at the lowest level and/ or point of origin. We have a policy in place that informs employees how and where to channel their grievances accordingly. The policy also assists line managers, Heads of Departments and Human Resources/ Industrial Relations representatives, on how to handle grievances brought to their attention by employees.

A secured whistleblowing channel is also available to report complaints to management. Oversight of the whistleblowing function is under the purview of the Senior Independent Director (SID) of our Main Board who ensures that all reported violations are properly investigated. The SID is also responsible to review the effectiveness of the actions taken in response to all concerns raised. The identity of employees reporting via the whistleblowing channel is kept confidential and their consent is sought if there is a need to disclose the identity for investigation purposes.

#### Ethics and Values Case Study

## Bribery and Corruption

We take a zero-tolerance approach towards bribery and corruption, and are committed to behaving professionally, fairly and with integrity in all our business dealings and relationships wherever the Group operates. Our position on corruption is expressly set-out in our Code of Business Conduct (COBC), including consequences for violations of the code, which may include termination of employment or dismissal. Violation of the COBC that is related to criminal acts may result in prosecution after referral to the appropriate authorities.

In June 2011, we signed a Corporate Integrity Pledge, which resulted in 1,135 of the Group's Employees and top 20 vendors being trained on Integrity Enhancement and Corruption Prevention, which was conducted by the Malaysian Anti-Corruption Academy (MACA). The process is continuing with the Group engaging both the Malaysian Anti-Corruption Commission (MACC) and MACA on various educational initiatives.

## Gender Policy and Pilot Programme

We are an equal opportunities employer and our commitment to be an equal opportunities and anti-discriminatory employer is outlined in our Human Resources policies, which govern the way we manage our people. The Human Resources policies include provisions for:

- Non discrimination on the grounds of colour, race, religion, ethnicity, national origin or gender.
- Zero tolerance towards physical or verbal discriminatory harassment in the workplace.
- Protecting the rights of employees to be treated with dignity and respect.
- Respecting the rights of employees to freedom of association.
- Ensuring grievance channels are available.

However, there are large differences between the ratio of men and women employed in some of our divisions. These differences are mainly driven by industry trends such as predominantly male employees in the Plantation division and female employees in the Healthcare division.



We currently employ more than 8,000 women workers in our plantation estates and mills across Malaysia. To further address the need for fair and equal gender policies in the work place, we implemented the Gender Policy Programme in Sime Darby Plantations in 2008. The programme aims to improve and uphold women's rights, working conditions, housing and amenities, wages, safety and security, gender-based discrimination, sexual harassment, domestic violence, reproductive health and child care.

In 2010, we commenced the pilot phase of the programme in a collaborative effort between the Plantation Division and Tenaganita,

a non-governmental organisation dedicated to protecting the rights of women and migrants. This involved a series of workshops and engagement sessions with female employees across all plantations in Malaysia. Social impact assessments were also conducted to assess the progress of Gender Committees set up and internal consultations were carried out to assist the programmes at site. To ensure optimum uptake and success, the workshops were conducted in three languages – English, Bahasa Malaysia and Tamil. 500 employees have since participated in 14 engagement sessions and a manual has been developed to guide the plantation managers and Strategic Operation Unit Gender Committees.

## Child Protection Policy

We do not employ children. However, children may be found living on our plantation estates with their parents who are employees of the company.

Our Child Protection Policy (CPP) programme was developed to raise awareness on issues pertaining to child safety, well-being and protection within the Group's business context. Through dialogues and interactive workshops, employees are empowered and encouraged to be effective child protectors, influencing business operations and extending beyond the work environment. The programme also looks into protocols and procedures to deal with reported and/or suspected cases, as well as, provides support for children who have survived reported cases of abuse.

After the launch of the corporate policy in 2010, the programme is now being rolled out in stages across the Group, starting with the Plantation Division. Various engagements have been carried out such as working visits to the crèches in the estates, discussions with subject matter experts from Government Ministries to local Non Governmental Organisations, CPP awareness workshops and discussions with management and various levels of employees, as well as school holiday camps focusing on safety issues for children living within the company's plantation operations. Since its inception, 10 engagements have been completed involving 300 participants and stakeholders from various backgrounds.

In 2011, Phase 2 of the CPP programme was rolled-out across the other divisions. A CPP train-the-trainer workshop was conducted for 20 trainers from across the Group to carry out awareness trainings and disseminate information to employees. Trainers were key in conceptualising the CPP Handbook developed, as a guide to implement the policy Group wide. Phase 2 also included a workshop for 60 plantation workers from the Malaysian states of Malacca and Negeri Sembilan to empower and educate Core Group Leaders to understand child protection issues. Additionally, 132 children living in plantations in the Malaysian state of Pahang were empowered and educated on how to protect themselves from harm and abuse.



Children of Sime Darby Plantation employees in Liberia

# Health and Safety



## Strategic Link

### Corporate Mission

Provide an environment for our people to realise their full potential

### Sustainability Goals

Instill a performance culture

The welfare of our people are our primary concern. However, the last few years have been challenging with 12 fatalities in 2010 and 7 fatalities in 2011. The incident rate (the number of incidents that resulted in a fatality, permanent disability, lost time and non - lost time injuries per thousand employees) also increased from 38.96 to 44.22 between 2010 and 2011. The majority of the health and safety incidents occur in our Plantation division and are largely transport related. We have also identified mechanical hazards as a significant contributor to major health and safety incidents across the Group.

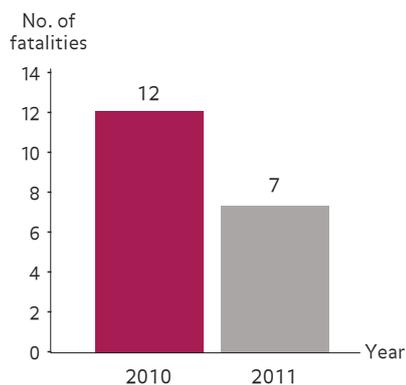
Although our performance is comparable to other industry players, any fatality and major incident is unacceptable to us and we are committed to addressing the shortfalls in our safety performance. At a Group level, this means:

1. Promoting proactive and effective health and safety risk management systems, with emphasis on legal compliance and the adoption of both leading and lagging performance indicators.
2. Prioritising health and safety via the setting of appropriate key performance indicators and development of a proactive health and safety culture.
3. Developing health and safety competencies among line management, which supports line responsibility and accountability.

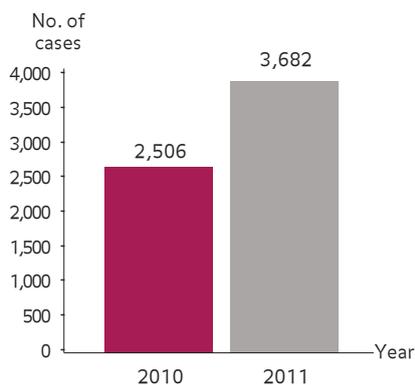
Our business divisions are also implementing key health and safety initiatives targeted at addressing specific issues within their operations, such as safe tractor handling in the Plantation division.

# Health and Safety Performance\*

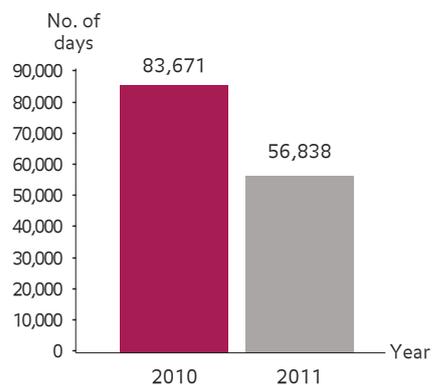
**Fatalities**



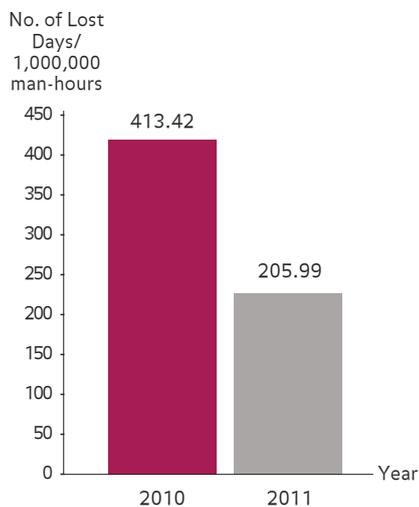
**Lost Time Injury**



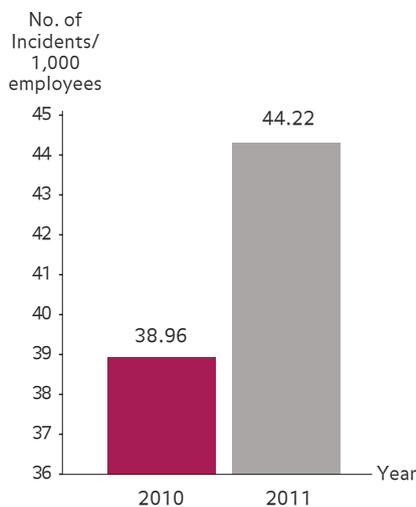
**Lost Days**



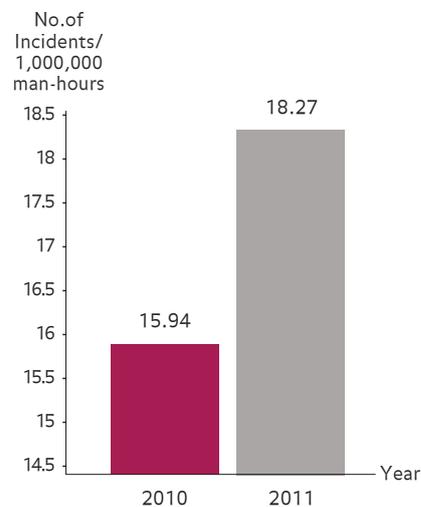
**Severity Rate**



**Incident Rate**



**Frequency Rate**



\* Health and Safety performance does not include Energy & Utilities China operations for January to June 2010.

# Tractor Driver Competency Course

In response to previous accidents occurring within our Plantation division, we developed a programme to ensure that all tractor drivers have the appropriate competency to conduct their daily jobs effectively and safely. The Tractor Driver Competency Course (TDCC) was developed as a collaborative effort between the Malaysian Ministry of Agriculture's Engineering agriculture Training Centre and the Plantation division. In addition to the development of the tractor drivers' competencies, the TDCC programme also aims to reduce the high dependency on foreign tractor drivers by producing skilled local Malaysian drivers.

The TDCC is conducted in our training centre located in Sua Betong, Negeri Sembilan, Malaysia, and has successfully produced approximately 200 competent drivers, to date. We aim to produce a minimum of 2,000 competent Malaysian drivers within the next 6 years. In support of the initiative, the training centre is continuously upgraded and our Plantation division is the first company within the plantation industry to have a dedicated training facility for its machine operators.

This competency programme is conducted by internal and external trainers, including representatives from various departments within the Plantation division, such as estate managers, mechanisation department and occupational health and safety, and has been designed to include other relevant training necessary for the tractor drivers. This includes Occupational Safety & Health, First Aid and Emergency Response, and Basic Tractor Maintenance. The programme is conducted over a 14-day period, which exceeds regulatory requirements.

The TDCC is now entering its second phase, which is to obtain a National Occupational Skill Standard (NOSS) to be used at a Malaysian national level. To achieve this, our Plantation division and the Ministry of Human Resources' Department of Skills Development is conducting workshops with key stakeholders to develop the elements for NOSS. The introduction of tractor driver related NOSS will enable employers to evaluate the competency of their tractor drivers more systematically and provide a standard measure to appraise competencies during job applications.

# Occupational Safety and Health Dialogues

To foster a closer relationship between all levels of employees within our Plantation division on health and safety, we started an Occupational Safety and Health (OSH) Dialogues initiative. Although issues on OSH are communicated freely between workers and management on a regular basis without any constraints, the OSH Dialogues are distinctively carried out as a mini “OSH Fair” at each operating unit, e.g. estate and mill.

During OSH Dialogues, representatives from our Plantation division’s central OSH team, regional OSH officers and managers of the relevant operating unit hold workshops with employees to listen and understand the OSH issues and challenges faced in their daily work. Potential solutions are then brainstormed and resolutions agreed before the end of the session. During the workshop, the management representatives mainly act as facilitators and moderators to encourage the employees to participate actively in the brainstorming and discussions. Relevant ideas generated are also shared with other estates facing the same challenges.

These events are also used as opportunities to highlight issues and challenges faced by our Plantation division as a whole, retrain the employees on OSH related legislation, and share best practices. While ensuring the anonymity of the victims, relevant case studies are also shared during the dialogue sessions to highlight key risks and learning points.

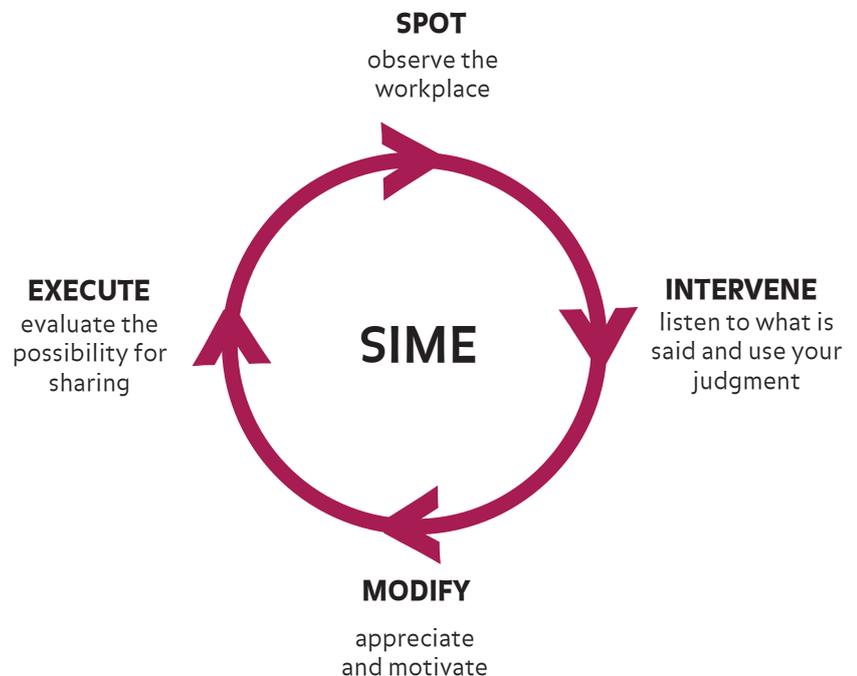
The OSH Dialogues have proven to be successful in increasing the level of understanding and relevance of Occupational Safety & Health among our employees, which we believe is the first step to developing a proactive health and safety culture.

# SIME Culture

The Plantation division has developed a behaviour based safety programme called SIME (Spot, Intervene, Modify, Execute), which aims to drive a work culture where every individual plays an active role in preventing injury or ill health through positive interventions.

The SIME programme reduces incidents in the workplace by inculcating safe work behaviour, improving safe working conditions and ensuring that employees participate to improve safety in operations. The main objective of the SIME a programme is to train each member of the line organisation to eliminate incidents and injuries by skillfully observing people as they work, engaging with them to correct unsafe behaviour, and encouraging them to follow safe work practices.

The SIME observation cycle may be summarised as:



# Talent Management



## Strategic Link

### Corporate Mission

Provide an environment for our people to realise their full potential

### Sustainability Goals

Instill a performance culture

We focus on four key talent management areas: attracting talent, developing talent, helping employees to realise their potential, and retaining talent. This in turn is driven by our organisation's business strategies and organisational needs. Success will enable us to harness our people to deliver the results to the business and provide value to the stakeholders.

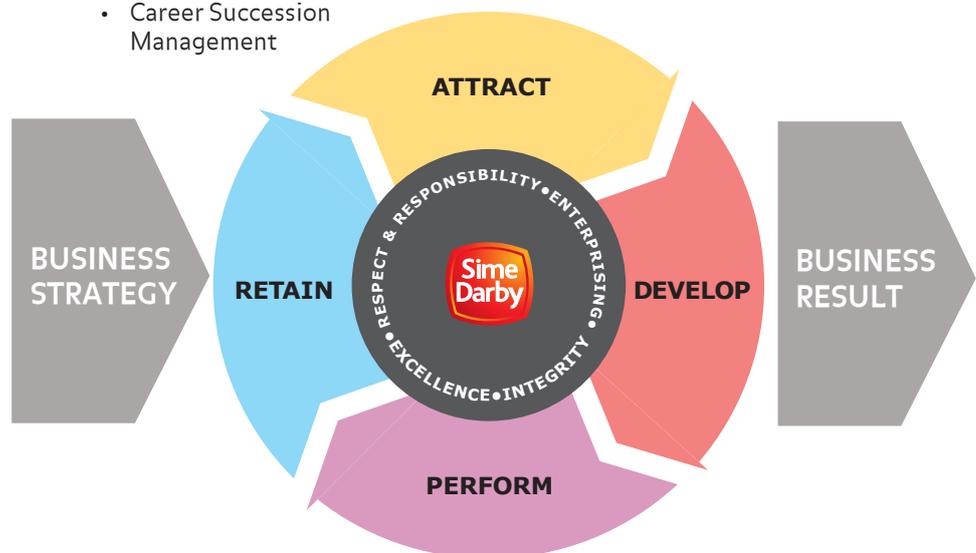
### Talent Management Cycle

#### RETAIN

- Rewards
- Global Engagement Survey
- Career Succession Management

#### ATTRACT

- Resourcing Strategy
- Manpower Planning



#### PERFORM

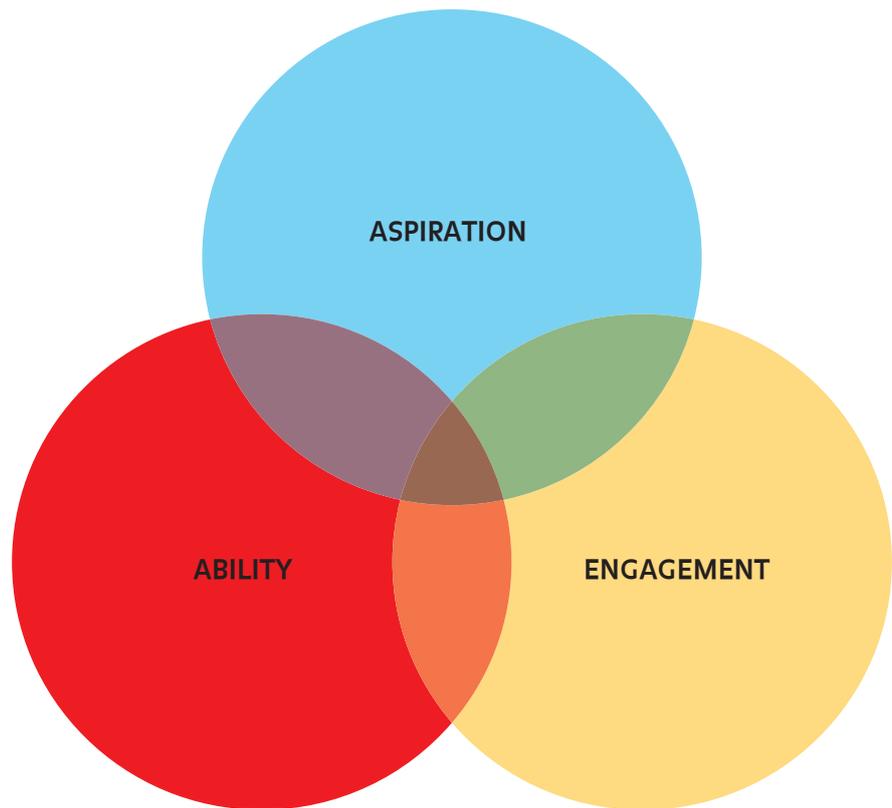
- Key Performance Indicators (KPIs) & Competencies
- Performance Calibration
- Performance Improvement Process

#### DEVELOP

- Talent Identification & Review
- Career Coaching & Management
- Job Experience
- Networking
- Learning & Development
- 360 Degree Feedback

## Sime Darby Potential Model

One of the key objectives of our talent management framework is to ensure a strong leadership pipeline for the Group's succession planning needs. Within the framework, talented individuals are identified, assessed and nurtured to take on critical positions across the Group. At the heart of our programme is the development of these future leaders' abilities, to foster aspirations and to increase the levels of engagement.



### ABILITY

#### Cognitive ability

Displays strong conceptual ability and is able to acquire and process information effectively, using logical judgment and problem solving

#### Learning Agility

Displays a comfort with ambiguity. Seeks and learns from new experiences, applies these learning to achieve results

Propensity to lead - demonstrates ability and inclination to lead others/teams

#### Tenacity

Persistence and perseverance in achieving success and delivering results in the face of adversity

Demonstrate Leadership

#### Competencies

Knowledge, skills and behaviours of a leader

#### Demonstrate SD Core values

The standards of behaviour expected of a leader (these values refer to Integrity, Excellence, Enterprising & Respect and Responsibility)

### ASPIRATION

#### Desire to grow/contribute at higher level

Demonstrates interest to take on more responsibility, deepen technical skills and/or, expand job scope and complexity

#### Overall Job Enjoyment

Enjoys what she/he does, feels challenged and involved

#### Mobility

Willing to relocate to different division, city or country

### ENGAGEMENT

#### Discretionary Effort

Displays high engagement and interest in the organisation.

Shows understanding, dedication and willingness to help the organisation succeed by going above and beyond his/her role

#### Engaging Others

Is aligned with business objectives and perseveres to produce results. Acts in ways that encourages higher engagement of his/her team and those around them

#### Retention Risk

Demonstrates signs of rational/emotional commitment and intention to stay

## Building Critical Skills

### **Sime Darby Business School**

The Sime Darby Business School is located in Malaysia and is managed by the Group Corporate Education department, which is the education arm of Group Human Resources. Its key role is to provide a holistic view on the learning needs of the entire organisation by taking the needs of all Divisions into consideration and providing corporate learning interventions and courses that are aligned to our Competency Framework. This integrates with our Talent and Performance Management Framework to ensure highly effective learning is delivered in an integrated, consistent and sustainable manner, creating value for the business and our people to drive business outcomes.

### **Sime Darby Plantation Academy (SDPA)**

Established to drive the Plantation division's needs by nurturing a pool of highly-skilled individuals for the palm oil industry, SDPA boasts strong academic collaborations with selected public local Malaysian universities. Specialised diploma courses offered include Diplomas in Agriculture and Diplomas in Mechanical Engineering.

### **Estate Assistant Programme**

The shortage of talent in the Malaysian plantation industry is a challenge readily acknowledged by industry players. Most Malaysians now appear to shy away from the opportunity of working in a plantation estate environment. As the world's largest producer of palm oil, our Plantation division has taken proactive measures to fill this skill gap and seeks to dispel the negative misconceptions among the public over plantation jobs.

To achieve this, we developed a Building Estates' Sustainability & Transformation (BEST) programme, which aims to nurture a continuous pool of skilled plantation workers. The BEST programme features specifically designed training courses for potential and existing estate staff. Most notably, the three-year Estate Assistants Structured Training (EAST) course, which ensures a well-rounded resource pool of assistant managers for Malaysian oil palm estates.

### **Sime Darby Industrial Academy (SDIA)**

SDIA was set up in Malaysia in 2002 to cater to the heavy equipment and automotive training needs of customers and staff. It operates as a development centre for technical and management skills. The Academy is an approved national vocational training centre, recognised by the Skills Development Department of the Ministry of Human Resources Malaysia.

### **Hastings Deering Institute of Technology (HDIT)**

The HDIT is a registered Australian training organisation delivering high quality training and assessment services. HDIT operates from permanent campuses in Brisbane, Mackay, Rockhampton and Port Moresby. HDIT is building Hastings Deering's competence so that Hastings Deering staff are recognised by customers as the best trained in the markets we serve. Our team is on target to deliver training to 4,500 participants throughout the year ahead. As leaders for service and operator training standards, best practices and training delivery, we develop, implement and manage learning and development strategies, curriculum, programmes and processes that enable us to deliver best practice capability and capacity building for customers.

**China Engineers Limited  
Industrial Equipment Training Centre  
(CEL IETC)**

Established in 2008, CEL IETC has joint collaborations with Shunde Polytechnic in Guangdong and with Urumqi Mining Technician School in Xinjiang to provide strong foundational skills training in heavy equipment for the needs of CEL business and its customers. It is also a development centre for technical and management skills through its in-house career progression and skills upgrading programmes. CEL IETC is an approved certification centre of skilled technicians and machine operators by the China Association of Construction Education (CACE) and the China Construction Machinery Association (CCMA). In year 2011, CCMA has awarded CEL IETC as the best management training organisation in construction machinery in China.

**Tractors Singapore Limited Training  
Centre (TSL Training Centre)**

TSL training centre is a certified 3 star training centre by Caterpillar. Recently, we have expanded the training facility by an additional 5500 sq ft to meet the increase in our business and high demand in training needs. The centre has 3 classrooms and one machine simulator room fully equipped with training aids and learning facilities to service the full range of technical training needs. Training covers all CAT engines as well as MaK engines. Our training aids include various models of engines ranging from 3126 to 3516. We have the Applied Failure Analysis Training aid to enhance hands on training for higher competency in Failure Analysis. The machine simulator also caters for more realistic hands on operation of the machines. We design training programmes and curriculum to meet new training needs and demands for both our technicians and customers.

**Sime Darby Nursing and Health  
Sciences College (SDNHSC)**

One of the pioneers in nursing education in Malaysia, SDNHSC offers opportunities to experience quality nursing education. Training is carried out primarily at our award-winning Sime Darby Medical Centre Subang Jaya and Sime Darby Specialist Centre Megah. Courses offered by SDNHSC include Diplomas in Nursing and Diplomas in Medical Laboratory.

# Enhancing Our Communities



## Strategic Link

### Corporate Mission

Committed to developing a portfolio of sustainable businesses

### Sustainability Goals

Leverage on sustainability to create value

With a heritage that exceeds a century, we recognise that our long term success depends on the mutual growth of the communities in which we operate. As such, we view communities as long term partners and we are dedicated to supporting their development.

We believe that a cornerstone to the growth of communities is the development of high calibre future leaders. Towards this end, Yayasan Sime Darby extends educational assistance in Malaysia and other selected countries where Sime Darby operates, namely Indonesia, Singapore, Hong Kong. Yayasan Sime Darby plans to extend educational assistance in China and Liberia, in 2012.

Every year, more than 200 scholarships are awarded by Yayasan Sime Darby. Since its inception in 1982 until 31st December 2011, 1,436 scholarships worth over RM130 million have been given out. Scholarships fall under three scholarship categories, which are the excellence, skills enrichment and bursary programmes.

Under the excellence category, Yayasan Sime Darby offers bonded scholarships to young individuals who possess outstanding academic achievements and strong leadership qualities. The selected candidates are sponsored to pursue pre-university, undergraduate and postgraduate studies at top notch universities in the United Kingdom, United States, Australia and Malaysia.

The enrichment category, provides assistance to students from low income families to pursue vocational courses at diploma and certificate levels at Sime Darby Plantation Academy, Sime Darby Nursing and Health Sciences College or Sime Darby Industrial Academy. Yayasan Sime Darby also offers bursaries to study in local universities, which cover tuition fees, board and lodging.

## Sime Darby Volunteers Programme

577 volunteers  
9 projects  
3,822 hours

We encourage and provide opportunities for employees to volunteer their time and actively participate in Corporate Social Responsibility (CSR) initiatives, through our volunteer programme. This contributes to an environment that both supports and promotes the desired socially responsible behaviour across the Group, in addition to making it possible for all employees to live the Sime Darby CSR philosophy and embrace its CSR principles.

The volunteer programme is communicated and managed through an online system. The list of projects conducted in 2011 are summarised below:

1. School Holiday Camp for Children (10 - 12 years old)
2. School Holiday Camp for Teen Boys (13 - 17 years old)
3. School Holiday Camp for Teen Girls (13 - 17 years old)
4. Project Rhizo : Mangrove Reforestation Initiative in Port Dickson, Negeri Sembilan, Malaysia
5. PC Donation Initiative, Johor, Malaysia
6. Cycling for a Cure : Cycling Charity Drive to raise fund for Tabung Leukemia Yayasan Sime Darby, Putrajaya, Malaysia
7. Sime Darby Masuk Kampung : Community Engagement Initiative with the villagers of Kg. Weng Luar, Baling, Kedah, Malaysia
8. River & Trees for Life : Tree Planting Initiative, Shah Alam, Selangor, Malaysia
9. Save Our Waterfalls : Waterfalls Clean-up Initiative, Sungai Tua Recreational Forest, Ulu Yam, Selangor, Malaysia

## Jalanan Ikhtiar Programme

In tandem with our efforts to contribute towards developing sustainable futures, we have collaborated with the MyKasih Foundation on the 'Jalanan Ikhtiar Programme', in Malaysia. The Jalanan Ikhtiar Programme aims to assist and transform economically disadvantaged families through awareness, skills training and education.

It is designed to eventually help them break free from the poverty cycle and give them hope for a better future. It also comprises community development and socio-economic rehabilitation initiatives for the families. In addition to food aid, the programme looks to empower and educate through supplementary programmes such as English and Computer literacy, Financial Literacy, Health Awareness workshops and Skills based training.

200 families have been engaged through the "Jalanan Ikhtiar" Programme. This comprises:

- 50 families living within the area of Jalan Ipoh, Kuala Lumpur, Malaysia.
- 50 families living in Keramat, Kuala Lumpur, Malaysia.
- 100 families living within the area of Semenyih and Hulu Langat, Selangor, Malaysia

In 2011, 100 families in Jalan Ipoh and Keramat attended development programmes focusing on Financial Literacy and Health Awareness, and 3 children obtained good results in the 2011 Sijil Pelajaran Malaysia (SPM) examinations. SPM is Malaysia's national secondary education certification.

# Smallholder Acceleration and REDD+ Programme

## SHARP Objectives



**Provide secure, sustainable livelihood** for smallholders and workers within smallholder landscape.



**Increase yields** from smallholder production through planting of better quality palms and improved agricultural practice.



**Deliver environmental benefits** including reduced deforestation and GHG emissions and better protection of biodiversity.



**Empower smallholders and reduce conflicts** by improving their organisation and management, building on the Free, Prior and Informed Consent (FPIC) approach and enhancing their bargaining position.



**Integrate smallholders into global markets** through linking the market to sustainable smallholders and facilitating RSPO certification of smallholders.

We believe that smallholders are a key part of the response to three major challenges facing the agricultural industry today, i.e. the need for less deforestation, better rural livelihoods and more food globally. In 2011, we initiated the Smallholder Acceleration and REDD+ Programme (SHARP), which is a multi-stakeholder partnership working with the private sector to support smallholders in the palm oil industry.

SHARP has brought together the whole spectrum of stakeholders from financial institutions and donors to oil palm companies, supply chain actors, Non Governmental Organisations and smallholders. The various strengths, experiences and resources from these different groups will be coordinated by SHARP to support smallholders to improve their livelihoods, reduce their environmental impacts and increase their yields.

We worked with the Proforest Initiative, Solidaridad, and The Forest Trust to establish the SHARP concept and develop the SHARP model. Input from a growing number of partners and supporters were collated and fed

into the development process via 3 workshops held during the year. The SHARP concept and model was finalised in December 2011. SHARP has since been entrusted to the Proforest Initiative, as the interim host organisation for 2012, which will be focusing on fundraising, development of governance structures and implementation of pilot projects. We aim to be in the first series of pilot projects to be implemented.

For further information please visit [www.sharp-partnership.org](http://www.sharp-partnership.org)

## Supporting Local Communities in Indonesia

In 2011, we provided various forms of assistance to local communities in and around our Indonesian estates. Selected projects include:

1. Sumatra - Provided assistance to local communities to access clean and treated water through the development of wells in 12 locations in our estates and surrounding smallholder areas.
2. Sebanbaru, South Kalimantan – Supported rural communities by providing building materials for the construction of a multipurpose hall.
3. Batu Menang, West Kalimantan – Provided a generator set for the Batu Menang rural community.
4. Tanah Bumbu, South Kalimantan - Constructed the main access road in Pantai Bonati Estate, which leads to Pantai Angsana seaside area.
5. Marau, West Kalimantan - Donated dictionaries, schoolbags, and stationery to local school students.
6. Regional - Organised a series of Educational Competitions or Cerdas Cermat Competitions at 3 of our regional offices with the aim of promoting positive and fair competition among students. The participants came from schools in our estates.

## Corporate Social Responsibility Initiatives in Liberia

In Liberia, we have carried out various Corporate Social Responsibility initiatives which aim to assist the communities within and in the vicinity of our project area. The projects implemented in 2011 include:

1. Free medical treatment services and medication for communities, with 22,622 patients in surrounding towns receiving treatment in 2011.
2. Construction and restoration of four bridges.
3. Rice contribution for the communities within the vicinity of our project area.
4. Construction of new football fields in three towns.
5. Road grading, road systems and leveling of Gbah town communities site.
6. Free primary and secondary education.
7. Contribution to Sinje College, University of Liberia.
8. Construction of a water well for the communities living within our project area.
9. Construction of latrines for communities within the proximity of our project area.

## Estate Assistant Programme

The shortage of talent in the Malaysian plantation industry is a challenge readily acknowledged by industry players. Most Malaysians now appear to shy away from the opportunity of working in a plantation estate environment. As the world's largest producer of palm oil, our Plantation division has taken proactive measures to fill this skill gap and seeks to dispel the negative misconceptions among the public over plantation jobs.

To achieve this, we developed a Building Estates' Sustainability & Transformation (BEST) programme, which aims to nurture a continuous pool of skilled plantation workers. The BEST programme features specifically designed training courses for potential and existing estate staff. Most notably, the three-year Estate Assistants Structured Training (EAST) course, which ensures a well-rounded resource pool of assistant managers for Malaysian oil palm estates.

## Humana Learning Centre

Realising the importance of education for children, our Plantation division collaborated with the Humana Child Aid Society Sabah, Malaysia to provide formal education for children of our migrant workers residing in our plantation estates. We have funded the construction and establishment of a number of Humana learning centres, as well as, the enrolment of the children and the management of the teachers and school facilities.

From humble beginnings with one Humana learning centre in Imam Estate, Tawau in 2008 that provided primary school education to 157 children, the programme has expanded to 11 Humana learning centres with 991 enrolled students in various localities across Sabah. Sime Darby Humana learning centres are now in the Andrassy Division, Binuang Estate, Giram Estate (2 centres), Imama Estate, Jeleta Bumi Estate, Merotai Estate, Mostyn Estate, Segaliud Estate, Sungang Estate and Tingkayu Estate. Apart from constructing the learning centres and furnishing the schools with the necessary amenities, we also bear the utility costs in several remote locations and provide accommodation for the teachers.

## Safe City Initiative

Our Property division launched a comprehensive "Safe City" agenda for our Ara Damansara township in Malaysia, in 2009. This marked the start of our continuous efforts to create a safer living environment for all our townships. The "Safe City Initiative" is the result of a collaboration between our Property division, the Royal Malaysian Police, Malaysian Crime Prevention Foundation (MCPF), Selangor State Government and the Ara Damansara Residents' Association. The initiative aims to reduce crime while fostering a community spirit.

The "Safe City" initiative implemented in the Ara Damansara Township is based on the "Safe City" criteria set by the Malaysian Federal Department of Town and Country Planning, Ministry of Housing and Local Government and supported by our own sustainable communities framework. Ara Damansara's "Safe City" initiative includes 24-hour surveillance by a network of 22 strategically located solar powered CCTV cameras which are linked to the township's own police station as well as the police district headquarters located nearby in Petaling Jaya.

The RM1.1 million Ara Damansara Police Station was built by the Property division and serves as the nerve centre of the township's sophisticated CCTV surveillance system. The RM2.3 million CCTV surveillance system is backed by a highly-trained security force which includes members of the Royal Malaysian Police, who patrol the streets of the township in the three police cars contributed by our Property division. Manned guard houses at each entry point provide on ground monitoring and act as an additional layer of protection for the community.

The transformation of Ara Damansara into one of the safest townships in Malaysia through the "Safe City Initiative" started in 2007 with the Ara Damansara Residents' Association closely involved in the planning of the initiative. This was done to ensure that a positive partnership is developed between the government, private sector and the citizens to prevent crime through law enforcement, environmental design and preventive education.

# Australian Indigenous Community Programme

We conduct Indigenous Community Pre Vocation Schools that run for 20 weeks. The course outline includes 1 week at Salvation Army Life Skills Camp, Life/work skills, career pathways, Team building exercises (e.g. camping, cooking and life lessons), Basic Numeracy and Literacy lessons, and Work Preparation courses. At the end of the course, our trainees receive a Certificate II in Resources and Infrastructure Work Preparation, Nationally recognised qualification in Maths and English, and Forklift Licence and Working at Heights ticket. Trainees also undertake our rigorous Hastings Deering Apprenticeship Testing Assessments following completion of the programme.

To date all 4 selected trainees from the 2011 pilot programme are successfully employed by our Industrial division, as follows:

- Two trainees were placed as Apprentice Diesel Fitters in our Cairns Branch
- One trainee was employed as a Trades Assistant in our Rockhampton Branch
- One trainee was employed in our Group Equipment Assembly area in Brisbane and has aspirations of living and working in Mt Isa Branch in the future.

All training is conducted in Brisbane. Trainees are flown from their home base to Brisbane and reside in a house provided by our Industrial division with an indigenous community house mentor during their stay. We provide a vehicle for the house mentor to drive the trainees to and from training locations. All food is supplied and trainees are expected to participate in house duties and house meetings. Each trainee is given a minimum of two return flights home during the course of the training so they can visit family and friends. Some trainees have children and this is a large commitment for an 18 week period by trainees and their families.

## Women's Aid Organisation: Refuge for Battered Women and Their Children

Yayasan Sime Darby's contribution has helped to ensure continuity of the Malaysian Women's Aid Organisation's (WAO) core services and work, and has created a sense of security for its social workers who counsel women at the refuge, handle telephone and face-to-face counselling and email enquiries, even accompanying the residents for court cases. In 2011, WAO provided support for 16 court cases, 6 of which were criminal cases and 10 civil cases.

The work performed at the refuge centre not only provides the much needed relief for women seeking shelter from abuse, it also helps WAO to push for policy and legislation changes through its accurate and consistent monitoring of cases recorded at the centre. The programme has reached out to over 2,000 women directly and through its public education series, to over 1 million people.

### Summary of assistance provided by WAO in 2011



# 2,053

People in total  
received help in 2011

# Donation to Cancer Research Initiatives Foundation (CARIF) through the Sime Darby LPGA Malaysia 2011

Yayasan Sime Darby donated RM581,262 to CARIF in 2011, in support of CARIF's objective to achieve higher remission rates for breast cancer patients. CARIF works to achieve this through a three pronged approach, which addresses:

1. Patients' needs via the Patient Navigation Programme (PNP);
2. Late presentation and low uptake of screening in Malaysia's population through the "More than a Mammo" programme; and
3. Identifying those who are more at risk through the genetics programme.

The PNP has developed tools such as the Patient Decision Aid and the Patient Navigation Video, which is now available in English, Mandarin and Tamil while work is ongoing for the Malay version. Translation work is also being done to produce tools in other Chinese dialects such as Hokkien and Cantonese and other Malaysian languages such as Kadazan and Iban to ensure maximum outreach.

The "More than a Mammo" programme was launched in October 2011 enabling women to undertake a mammogram at a subsidised fee of RM50. Since the launch, more than 900 women have already undergone mammogram checks. In normal circumstances, less than 50% of this number would have been checked.

Donated, in 2011

# RM581,262

# Metrics at a Glance

# Financial Performance

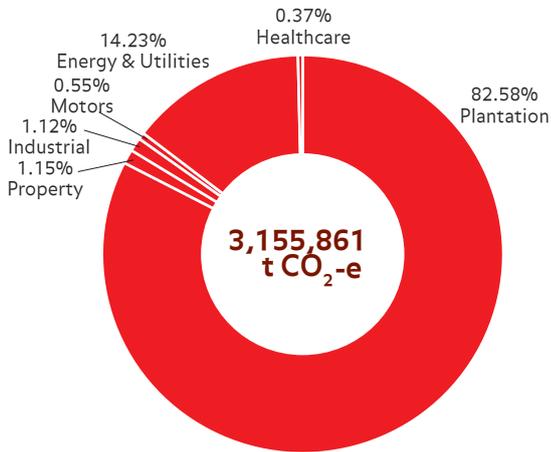
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Remarks</b>
<b>Revenue (RM Million)</b>	<b>28,291.00</b>	<b>32,506.20</b>	<b>41,858.80</b>	1. Performance metrics for Financial Year (1st July - 30th June)
Plantation	10,657.90	10,875.70	13,167.90	
Property	1,407.50	1,784.50	1,987.20	
Industrial	7,870.10	8,312.60	10,271.10	
Motors	7,510.30	10,098.20	14,818.00	
Energy & Utilities	846.50	953.30	1,085.40	
Healthcare	265.10	288.70	318.70	
Group Head Office and Allied Products and Services	210.50	211.11	363.60	

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Remarks</b>
<b>Profit before interest and tax (RM Million)</b>	<b>3,216.10</b>	<b>2,976.10</b>	<b>5,601.70</b>	1. Performance metrics for Financial Year (1st July - 30th June) 2. Total PBIT includes Corporate and Elimination: 2008/2009 = RM (68.70) million 2009/2010 = RM (121.1) million 2010/2011 = RM (65.40) million
Plantation	1,719.00	2,113.20	3,280.20	
Property	461.90	493.00	456.00	
Industrial	862.10	758.00	1,068.00	
Motors	178.50	386.30	633.20	
Energy & Utilities	91.40	(687.20)	245.70	
Healthcare	13.9	21.9	26.00	
Group Head Office and Allied Products and Services	(42.00)	12.00	(4.00)	

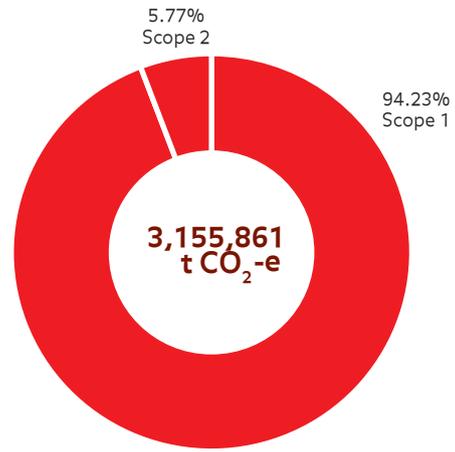
# Environmental Performance

## Climate Change

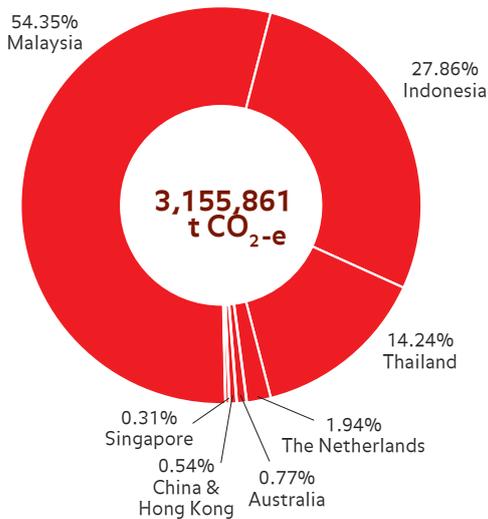
**Carbon Emission by Divisions for 2009 (Baseline Year)<sup>1</sup>**



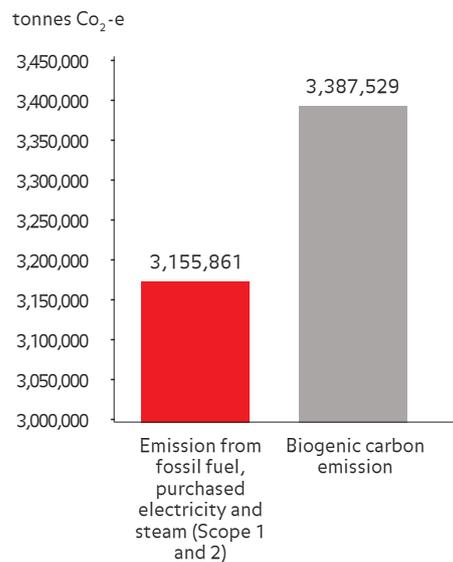
**Carbon Emission by Scope for 2009 (Baseline Year)<sup>1</sup>**



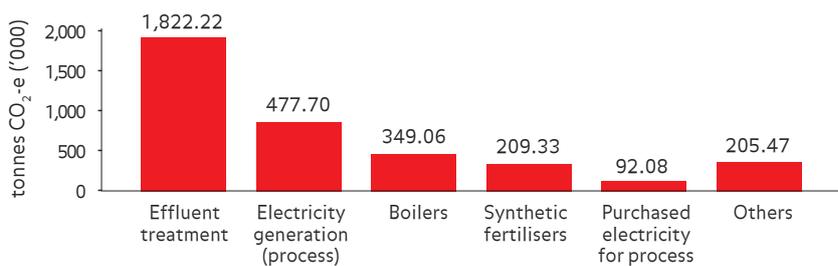
**Carbon Emission by Country for 2009 (Baseline Year)<sup>1</sup>**



**Biogenic vs Scope 1 & 2 emissions for 2009 (Baseline Year)<sup>1</sup>**



**Top 5 Emission Sources for 2009 (Baseline Year)<sup>1</sup>**



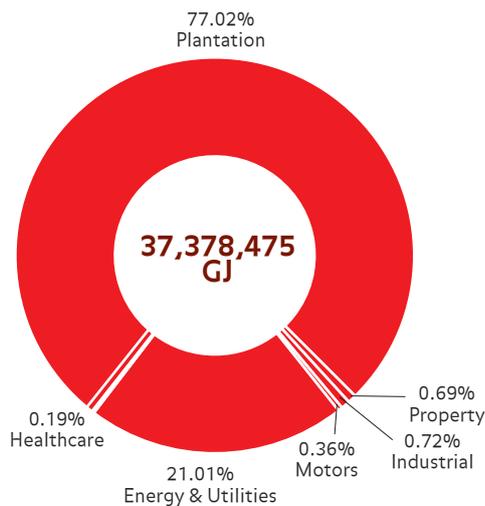
1. The 2009 baseline carbon inventory was prepared in accordance to the Greenhouse Gas Protocol Standard. Carbon emission calculations do not include emissions from land-use conversion and carbon sequestration from growth of oil palm trees.

### Carbon emission intensity ratios 2009 (Baseline Year)

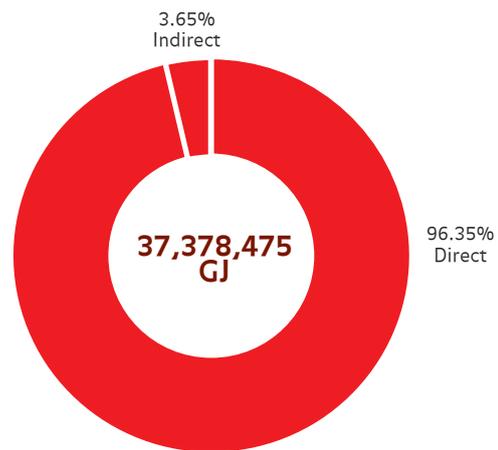
Plantation	0.03 tonnes of CO <sub>2</sub> -e per tonne Fresh Fruit Bunches (estates)
	0.92 tonnes CO <sub>2</sub> -e per tonne Crude Palm Oil (mills)
	0.09 tonnes of CO <sub>2</sub> -e per tonne of refined palm oil products (downstream refineries)
	0.29 tonnes of CO <sub>2</sub> -e per tonne of fresh rubber latex (rubber mills)
	0.26 tonnes of CO <sub>2</sub> -e per tonne of dry rubber products (rubber factories)
Property	0.01 tonnes CO <sub>2</sub> -e per square metre of built up area (property development and management)
Industrial	2.86 tonnes of CO <sub>2</sub> -e per thousand work hours (dealerships)
Motors	0.31 tonnes of CO <sub>2</sub> -e per vehicle assembled (assembly)
	0.46 tonnes of CO <sub>2</sub> -e per vehicle unit sale (dealerships)
Energy & Utilities	550.99 tonnes of CO <sub>2</sub> -e per GWH (power generation)
	0.53 tonnes of CO <sub>2</sub> -e per kilo tonne of throughput (ports)
	1.28 tonnes of CO <sub>2</sub> -e per thousand work hours (engineering services)
	0.09 tonnes of CO <sub>2</sub> -e per squared metre of built up area (head office)
Healthcare	0.06 tonnes of CO <sub>2</sub> -e per adjusted patient days (hospital)
	0.02 tonnes of CO <sub>2</sub> -e per outpatient visits (hospital)
	0.10 tonnes of CO <sub>2</sub> -e per inpatient days (hospital)
	0.007 tonnes of CO <sub>2</sub> -e per outpatient visits (out-patient medical centre)
	0.41 tonnes of CO <sub>2</sub> -e per student (college)

## Energy Consumption

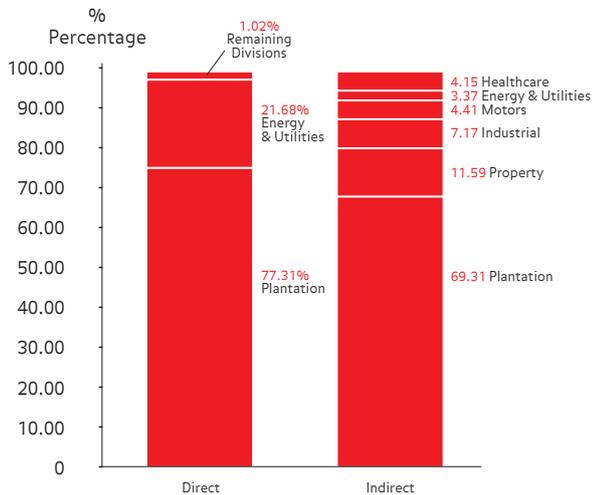
Energy Consumption for 2009 (Baseline Year)



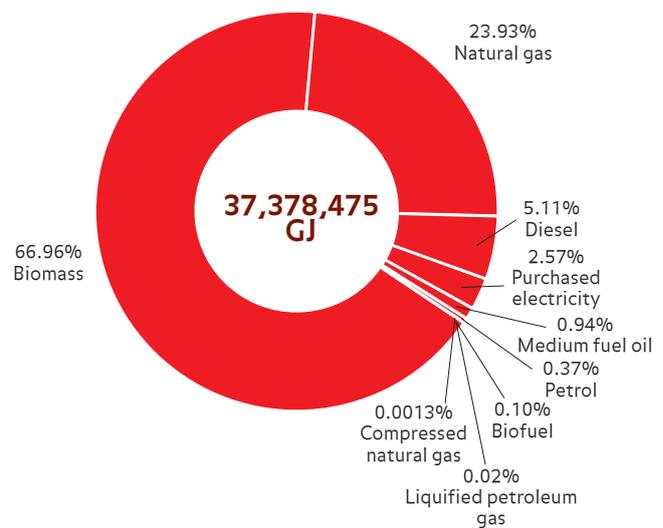
Breakdown of Energy Consumption for 2009 (Baseline Year)



Breakdown of Energy Consumption by Division for 2009 (Baseline Year)

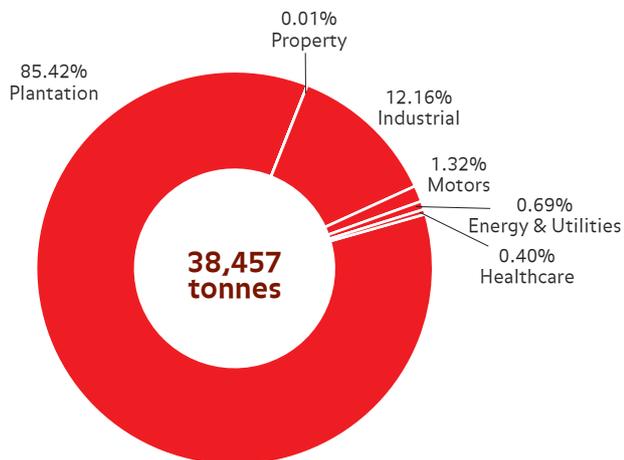


Breakdown of Energy Consumption by Fuel Type for 2009 (Baseline Year)



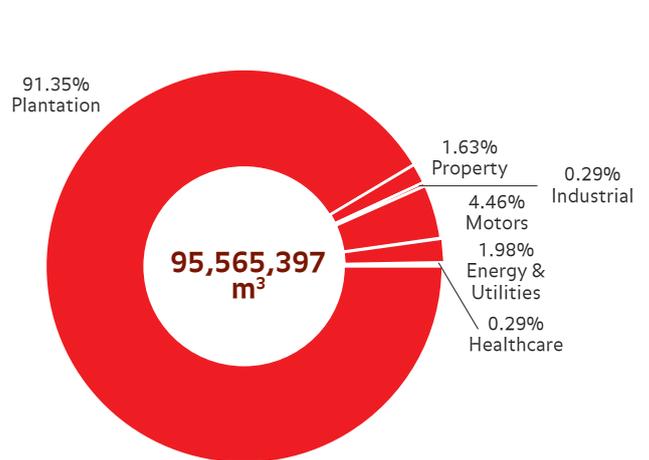
## Waste Management

Breakdown of Scheduled Waste by Division for 2011



## Water

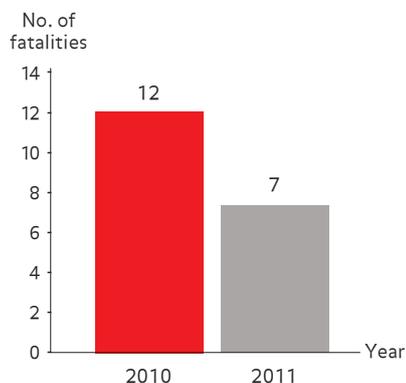
Breakdown of Water Consumption by Division for 2011



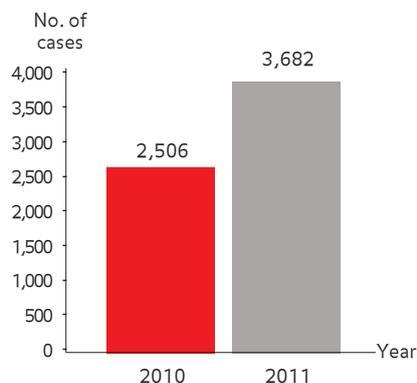
# Social Performance

## Health and Safety\*

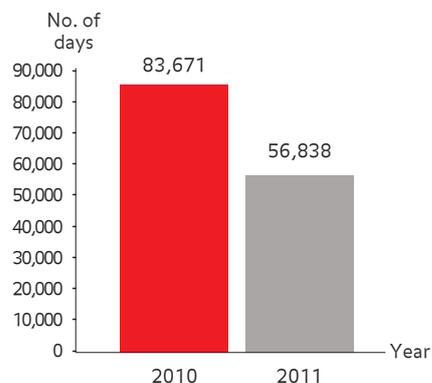
**Fatalities**



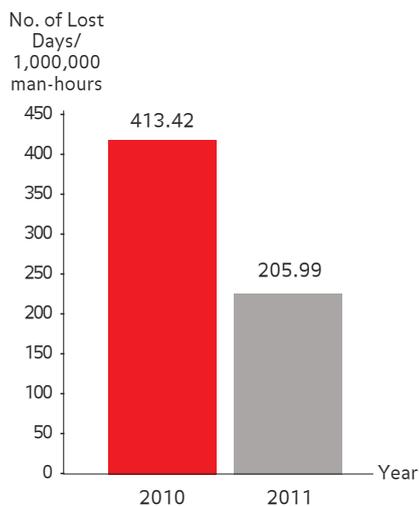
**Lost Time Injury**



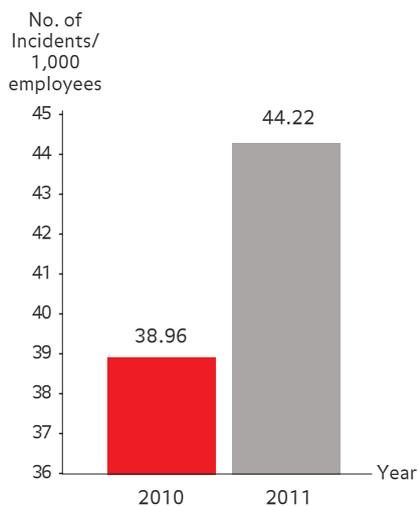
**Lost Days**



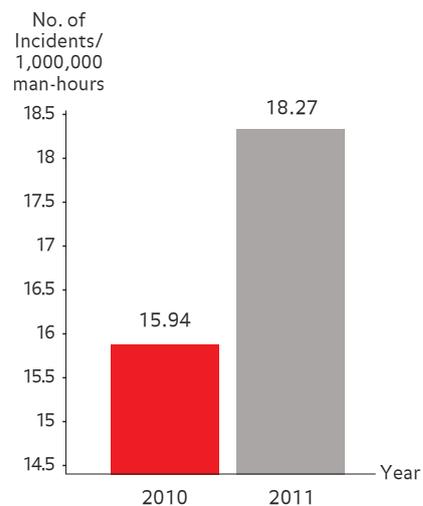
**Severity Rate**



**Incident Rate**



**Frequency Rate**



\* Health and Safety performance does not include Energy & Utilities China operations for January to June 2010.

## Breakdown of Health and Safety Performance by Divisions\*

	2010	2011
<b>Fatalities (No. of fatalities)</b>	<b>12</b>	<b>7</b>
Plantation	7	6
Property	5	0
Industrial	0	0
Motors	0	0
Energy & Utilities	0	1
Healthcare	0	0

	2010	2011
<b>Severity Rate (No. of Lost Days / million man hours)</b>	<b>413.42</b>	<b>205.99</b>
Plantation	362.10	246.03
Property	1,482.53	4.22
Industrial	95.07	67.74
Motors	52.73	29.91
Energy & Utilities	12.92	451.16
Healthcare	4.26	1.02

	2010	2011
<b>Lost time injury (No. of cases)</b>	<b>2,506</b>	<b>3,682</b>
Plantation	2,336	3,563
Property	14	3
Industrial	88	72
Motors	50	35
Energy & Utilities	9	6
Healthcare	9	3

	2010	2011
<b>Incident Rate (No. of Incidents / 1,000 employees)</b>	<b>38.96</b>	<b>44.22</b>
Plantation	49.36	53.80
Property	5.18	0.88
Industrial	33.66	26.29
Motors	16.40	7.64
Energy & Utilities	2.70	1.97
Healthcare	20.97	19.63

	2010	2011
<b>Lost days (No. of days)</b>	<b>83,671</b>	<b>56,838</b>
Plantation	51,671	49,294
Property	30,116	66
Industrial	1,337	1,068
Motors	362	352
Energy & Utilities	166	6,053
Healthcare	19	5

	2010	2011
<b>Frequency Rate (No. of Incidents/ million man hours)</b>	<b>15.94</b>	<b>18.27</b>
Plantation	20.08	23.51
Property	1.82	0.32
Industrial	15.79	12.75
Motors	7.44	4.59
Energy & Utilities	0.86	0.52
Healthcare	9.19	8.58

\* Health and Safety performance does not include Energy & Utilities China operations for January to June 2010.

## Talent Management

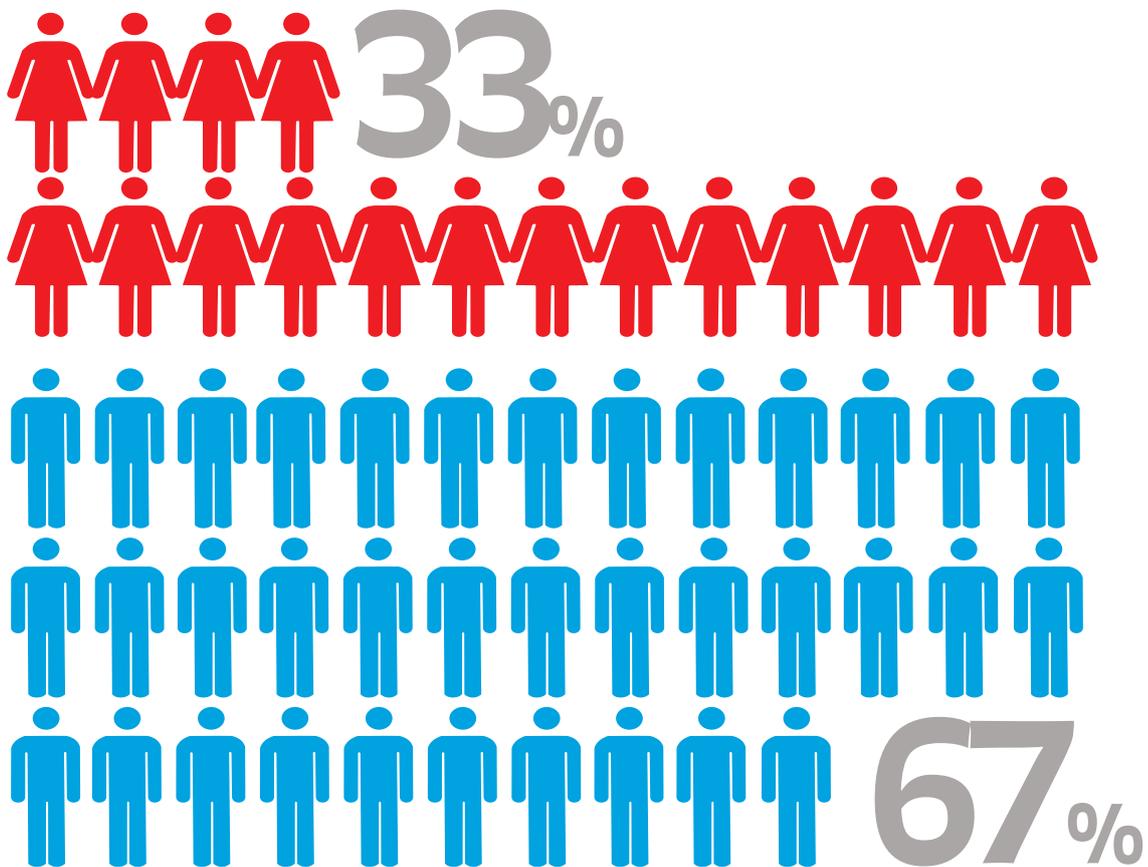
Total Number of Employees  
2010

104,492

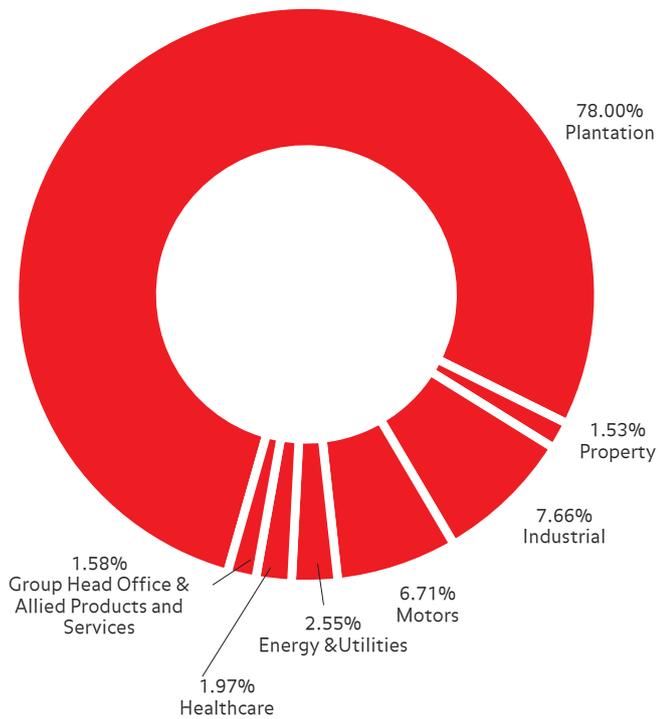
2011

109,629

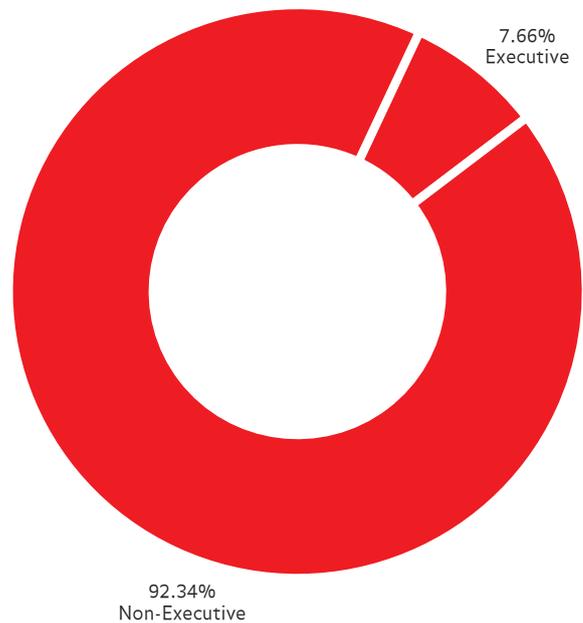
Breakdown of Employees by Gender for 2011



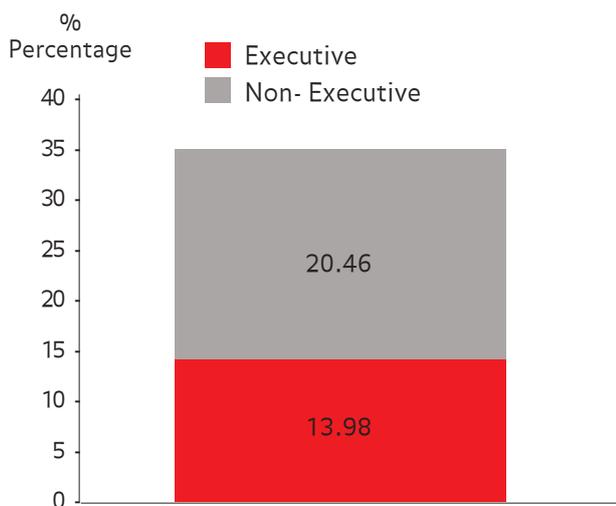
Breakdown of Employees by Division for 2011



Breakdown of Employees by Employment Category for 2011



Employee Turnover by Employment Category for 2011



**2010**      **2011**

<b>Non-Executive employees covered by collective bargaining (No. of employee)</b>	27,742	37,007
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Remarks: Malaysian operations only

<b>Average hours of training/year/employee (hours)</b>	23.2	22.8
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Remarks: Performance metrics for Financial Year (1st July - 30th June)

**Ratio of basic salary of women to men**

Executive	1.20:1	0.76:1
Non-Executive	1.02:1	1.24:1

Remarks:

1. Performance metrics for Financial Year (1st July - 30th June)
2. For Malaysian employees only



Sime Darby Motors

# Global Reporting Initiative Content Index

Our Sustainability Report 2011 applies a self-declared Global Reporting Initiative (GRI) Application Level B. This application level refers to the level of our reporting against the GRI G3.1 guidelines.

For more information on the GRI sustainability reporting framework and the G3.1 Guidelines, visit [www.globalreporting.org](http://www.globalreporting.org).

## Strategy and Analysis

1.1	Statement from senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	6-7
1.2	Description of key impacts, risks, and opportunities.	27,58

## Organisational Profile

2.1	Name of the organisation.	8-20
2.2	Primary brands, products, and/or services.	8-20
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	8-20
2.4	Location of organisation's headquarters.	8-20
2.5	Number of countries where the organisation operates, and name of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	8-20
2.6	Nature of ownership and legal form.	8-20
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	8-20
2.8	Scale of the reporting organisation.	8-20
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	8-20
2.10	Awards received in the reporting period.	63

## Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	4-5
3.2	Date of most recent previous report (if any).	Not applicable
3.3	Reporting cycle (annual, biennial, etc.)	4-5
3.4	Contact point for questions regarding the report or its contents.	4-5
3.5	Process for defining report content.	4-5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	4-5
3.7	State any specific limitations on the scope or boundary of the report.	4-5
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	4-5
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	4-5
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable
3.12	Table identifying the location of the Standard Disclosures in the report.	112-117
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	4-5

## Governance, Commitments, and Engagement

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	24
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	24
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	4-5, Annual Report
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	4-5, Annual Report
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	4-5, Annual Report
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	4-5, Annual Report
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	24
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	26, 82-85
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	24,58
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	4-5, Annual Report
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	58
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	48-57
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	48-57
4.14	List of stakeholder groups engaged by the organisation.	48-57
4.15	Basis for identification and selection of stakeholders with whom to engage.	48-57
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	48-57
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	48-57

**Economic**

EC1	Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments retained earnings and payments to capital providers and governments.	8-20
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	27, 68-71

Not reported: EC3, EC4, EC5, EC6, EC7, EC8, EC9

**Environmental**

EN2	Percentage of materials used that are recycled input materials.	72-75
EN3	Direct energy consumption by primary energy source.	102-110
EN4	Indirect energy consumption by primary source.	102-110
EN5	Energy saved due to conservation and efficiency improvements.	102-110
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services and reductions in energy requirements as a result of these initiatives.	34-47
EN8	Total water withdrawal by source.	102-110
EN10	Percentage and total volume of water recycled and reused.	72-75
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	76-79
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	76-79
EN13	Habitats protected or restored.	76-79
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	76-79
EN16	Total direct and indirect greenhouse gas emissions by weight.	68-71, 102-110
EN17	Other relevant indirect greenhouse gas emissions by weight.	68-71, 102-110
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	68-71, 102-110
EN22	Total weight of waste by type and disposal method.	102-110
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	34-47, 72-75
EN30	Total environmental protection expenditures and investments by type.	8-20

Not reported: EN1, EN7, EN9, EN15, EN19, EN20, EN21, EN23, EN24, EN25, EN27, EN28, EN29

### Labour Practices and Decent Work

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	102-110
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	102-110
LA4	Percentage of employees covered by collective bargaining agreements.	102-110
LA7	Rate of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	86-89, 102-110
LA10	Average hours of training per year per employee by gender, and by employee category.	102-110
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	90-93
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	102-110
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	102-110

Not reported: LA3, LA5, LA6, LA8, LA9, LA12, LA15

### Human Rights

HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	82-85, 102-110
HR4	Total number of incidents of discrimination and corrective actions taken.	82-85, 102-110
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	82-85
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	48-57
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	82-85, 102-110

Not reported: HR1, HR2, HR5, HR7, HR8, HR10

### Society

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	48-57
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	82-85, 102-110
SO4	Actions taken in response to incidents of corruption.	102-110
SO9	Operations with significant potential or actual negative impacts on local communities.	48-57
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	48-57

Not reported: SO2, SO5, SO6, SO7, SO8

### Product Responsibility

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	34-47
PR5	Practices related to customer satisfaction including results of surveys measuring customer satisfaction.	48-57

Not reported: PR2, PR3, PR4, PR6, PR7, PR8, PR9

