



SIME DARBY SUSTAINABILITY REPORT 2013

A DEEP DIVE INTO PLANTATION



Developing
Sustainable Futures

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ABOUT THIS REPORT

This is our second Sustainability Report, detailing our performance for the financial year 1 July 2012 to 30 June 2013 (FY 2013). Our reporting period has changed since the release of our previous Report in October 2012. Our previous Report covered the calendar year 1 January 2011 – 31 December 2012. To manage the gap in performance reporting for the six month period 1 January – 30 June 2012 we have included three year trends for performance metrics, where available. There are no restatements of information provided in our previous Report.

This Report covers the performance of Sime Darby and our wholly owned subsidiaries and the activities over which we have operational control for all or part of the reporting period. There are no significant changes from the previous reporting period in terms of the scope, boundary or measurement methods applied in the Report. We have included information about our joint venture activities where there is a material sustainability risk or opportunity, such as the Battersea Power Station redevelopment in the United Kingdom. Read more about our involvement in this project on page 54. We intend to report annually.

This Report should be read in conjunction with the Sime Darby Berhad Annual Report 2013 (financial performance) and the Yayasan Sime Darby Annual Report 2013 (philanthropic foundation activities and performance). Further information can also be found on our website: www.simedarby.com.

This Report focuses on performance in our key strategic sustainability activities. Our material sustainability issues have been identified during the annual review of the Group's Five Year Strategic Sustainability Blueprint. The Group

Management Committee, which is the highest management committee in the Sime Darby Group, and the Main Board approve the Blueprint. These issues are reviewed annually and are prioritised to align with the Group's business strategy and to reflect the needs and expectations of our key stakeholder groups.

This year we engaged broadly with our customers, investors, business partners, civil society organisations and business industry groups to ensure the topics addressed in the FY 2013 Report reflected their views of materiality. In response to their consistent feedback, we have chosen to focus the Report on our Plantation Division. Plantation is our largest Division in terms of profit contribution and is the source of our most material environmental and social issues. Hence, while the Report covers Sime Darby's global operations for the 2013 financial year (unless otherwise stated), readers will find that a substantive amount of performance commentary and data relates only to Plantation Division. Readers should contact the Group if further information is required on the other Divisions, above that already provided in the Report.

Financial amounts are reported in Ringgit Malaysia (RM) unless otherwise stated. The Group's carbon inventory has been prepared in accordance with the Greenhouse Gas (GHG) Protocol for Scope 1 and Scope 2 emissions. Our carbon inventory is prepared on a calendar year basis, so our most current data included in this Report is for the period 1 January - 31 December 2012. The Report is prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines, with a self-declared Application Level B. We plan to obtain external assurance for our next Report.

FEEDBACK

We value your feedback.

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

Email : sustainability@simedarby.com

Mail : Group Communications and Corporate Affairs
Sime Darby Berhad (Company No. 752404-U)
17th floor, Wisma Sime Darby, Jalan Raja Laut
50350 Kuala Lumpur, Malaysia

Phone : +(603) 2691 4122

Fax : +(603) 2719 0044



PRESIDENT AND GROUP CHIEF EXECUTIVE'S MESSAGE

This is Sime Darby's second Sustainability Report. We have worked diligently to strengthen our approach to sustainability and performance since 2011, the period covered by our previous Report. We have made significant progress over the last year and a half. Across the Sime Darby Group, we are united in our focus on the Group's five strategic sustainability goals, the importance of an uncompromising safety & health culture, the increasing importance of low carbon growth, and the need for operational excellence via continuous improvement.

We have journeyed alongside our many and varied stakeholder groups, engaging to better understand their expectations and working hard to respond effectively. Many readers of this Report will be aware of the community issues in recent years at our Plantation estates in Indonesia and Liberia. I am pleased to report significant progress on resolving these concerns and establishing best practice protocols to avoid similar issues in the future. We have also listened to the needs of analysts, customers and others regarding our level of disclosure on business practices; this Report attempts to respond to our stakeholders' keen interest in the Plantation Division with a deep dive into our efforts to lead in the emerging sustainable palm oil market.

As the largest producer of certified sustainable and traceable palm oil in the world, Sime Darby is a committed member of the Roundtable on Sustainable Palm Oil (RSPO). The RSPO provides us with a robust multi-stakeholder framework to capture the good practices developed by our Plantation Division and other industry players, and provides a foundation for us to continuously improve our methods and address emerging issues of concern.

However, the emerging certified sustainable palm oil (CSPO) market faces its challenges. While voluntary certification to the RSPO's Principles & Criteria has grown, demand for CSPO is currently around half the available supply. This is despite a growing call for sustainable supply. Further steps need to be taken to address market weakness and drive industry transformation to a critical mass. We look forward to working with the RSPO and our supply chain partners to strengthen the CSPO business case in 2014.

Looking more broadly across the Group, I am pleased to reflect on the progress made in our various sectors. Property Division continues to internalise sustainable design in the built environment, adopting selected technology from the Sime Darby Idea House in premium developments across Malaysia and incorporating sustainability into all aspects of the joint-venture Battersea Power Station redevelopment project in the United Kingdom. Around 37 per cent of engine parts sold by our Industrial Division in 2013 were remanufactured parts, enhancing materials and energy efficiency. Our Motors Division is leading in their efforts to improve business continuity planning. Their findings and approach will form the framework for Group-wide improvements over the coming months. Lean Six Sigma (LSS) projects are driving operational efficiency across our Energy and Utilities Division. Healthcare Division continued to drive best practice in our hospitals, introducing new campaigns for hand hygiene, service excellence and housekeeping standards.

Safety and Health remains a key focus for the Group. We are committed to strengthening our management systems, practices and controls to mitigate risks in this area. Furthermore, we believe that a safety and health culture is crucial for us to attain our goal of "zero harm" in the workplace.

I thank you for your interest in our FY 2013 Sustainability Report and appreciate any feedback you may have on our Company's performance or reporting approach. Finally, I would like to thank our many employees and contractors for their contributions and dedication to our sustainability journey thus far.

Tan Sri Dato' Mohd Bakke Salleh
President and Group Chief Executive

THE SIME DARBY GROUP

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DIVISIONS



PLANTATION



INDUSTRIAL



MOTORS



PROPERTY



ENERGY & UTILITIES



HEALTHCARE

OVER



EMPLOYEES

THE SIME DARBY GROUP IS A MALAYSIA-BASED DIVERSIFIED MULTINATIONAL CORPORATION INVOLVED IN THE PLANTATION, INDUSTRIAL EQUIPMENT, AUTOMOTIVE, PROPERTY, ENERGY & UTILITIES AND HEALTHCARE SECTORS.

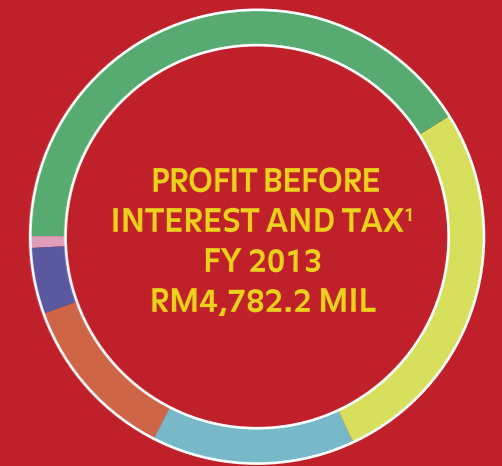
Sime Darby is a public company and one of the largest listed on Bursa Malaysia. We have a market capitalisation of RM57.6 billion as at 30 June 2013, and employ a workforce of over 100,000 employees in over 20 countries.

Committed to developing a sustainable future, Sime Darby strives to integrate social responsibility and environmental stewardship into the way we conduct business.

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COUNTRIES



Plantation	24.9%
Industrial	30.0%
Motors	36.9%
Property	5.1%
Energy & Utilities	2.9%
Others ²	0.2%



Plantation	41.3%
Industrial	26.8%
Motors	14.6%
Property	11.8%
Energy & Utilities	4.7%
Others ²	0.8%

¹ Sime Darby Group Revenue and Profit Before Interest and Tax excludes discontinued operations. Sime Darby Group Profit Before Interest and Tax includes a loss of RM76.1 million for Corporate and Elimination.

² Effective 30 June 2013, Sime Darby Healthcare Sdn Bhd became a subsidiary of Ramsay Sime Darby Health Care Sdn Bhd (formerly known as Sime Darby Global Healthcare Sdn Bhd), a joint venture company between Sime Darby Holdings Bhd and AH Holdings Health Care Pty Ltd. AH Holdings Health Care Pty Ltd is a wholly owned subsidiary of Ramsay Health Care Ltd. Accordingly, Healthcare results have been presented as discontinued operations.



PLANTATION

Sime Darby Plantation is the world's largest listed palm oil producer and the leader in plantation sustainability. One of the founding members of the Roundtable on Sustainable Palm Oil (RSPO), we are the largest supplier of certified sustainable and traceable palm oil and palm kernels. We also cultivate rubber and pink guava, and are actively seeking to expand our presence in the rubber industry while increasing oil palm plantings.

Our upstream operations consist predominantly of oil palm cultivation, harvesting and milling, and are spread across 60 strategic operating units (SOUs) in Malaysia and Indonesia. Each SOU represents a crude palm oil (CPO) production centre comprising a mill and oil palm estates. We are also currently developing our plantation concession in Liberia. As a fully integrated plantation company, we have 11 downstream refineries across 6 countries, which produce refined edible oils and fats products, oleochemicals and biodiesel.

Our long history of research and development is focused on improving yields from our plantations, improving sustainable agricultural practices, increasing efficient production of quality refined oils and fats to meet evolving customer and market requirements, and the development of value-added agricultural co-products.

Sime Darby Plantation employs around 85,000 people across its operations.

FINANCIAL SUMMARY*

Revenue (RM)

11,672.1 mil

Profit Before Interest & Tax (RM)

2,006.5 mil

*Note: For FY 2013 and excluding discontinued operations

KEY ACTIVITIES

UPSTREAM

- Oil palm plantations and mills
- Rubber plantations and factories

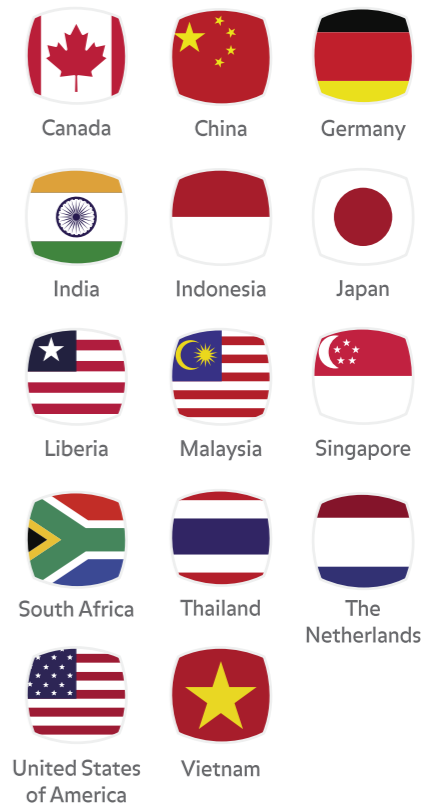
DOWNSTREAM

- Palm oil refineries
- Production of edible oils and fats products
- Biodiesel production
- Oleochemicals production
- Pink guava juices/purees

RESEARCH AND DEVELOPMENT

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

KEY COUNTRIES OF OPERATION



INDUSTRIAL

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

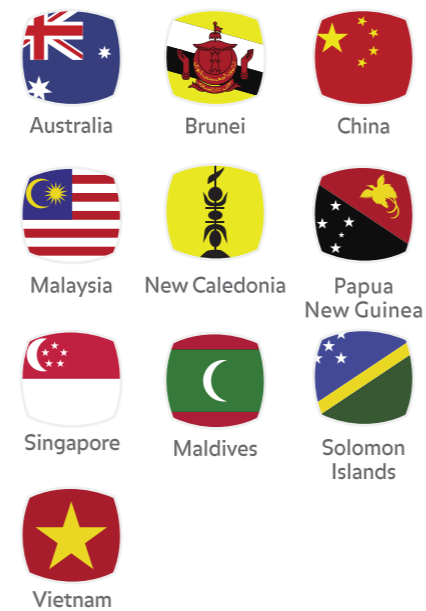
As a business entity, Sime Darby Industrial is involved in the sale of new machines, engines and used equipment. We also rent machines and provide the full range of after sales, product support and financing services. Our customers are in primary markets such as plantation, property, mining, marine, 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

CATERPILLAR DEALERSHIP
ALLIED BRANDS GROUP
PRODUCT SUPPORT
USED & RENTAL/LEASING

KEY COUNTRIES OF OPERATION



FINANCIAL SUMMARY*

Revenue (RM)
14,058.9 mil

Profit Before Interest & Tax (RM)
1,300.2 mil

*Note: For FY 2013 and excluding discontinued operations

MOTORS

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 OPERATION



FINANCIAL SUMMARY*

Revenue (RM)
17,265.6 mil

Profit Before Interest & Tax (RM)
711.4 mil

*Note: For FY 2013 and excluding discontinued operations

PROPERTY

Sime Darby Property is the leading township developer in Malaysia. We currently have a landbank of 19,000 acres. On the back of a successful 40-year track record of developing sustainable communities, our Property division has built more than 15 townships with homes for approximately 85,000 families in Malaysia. From an illustrious tradition of developing themed townships and commercial centres, the company is on a journey of innovation and creativity to spearhead various initiatives including integrated and niche developments, re-generation into transit-oriented developments, business industrial parks and retail malls. 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.

KEY ACTIVITIES
PROPERTY DEVELOPMENT
PROPERTY INVESTMENT

KEY COUNTRIES OF OPERATION



FINANCIAL SUMMARY*

Revenue (RM)

2,366.6 mil

Profit Before Interest & Tax (RM)

571.5 mil

*Note: For FY 2013 and excluding discontinued operations

ENERGY AND UTILITIES

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 gross capacity of 595 MW. The Malaysian operations located in Negeri Sembilan have a gross capacity of 440 MW, while the Thai operations located in Laem Chabang comprises two power plants with a gross capacity of 103 MW and 52 MW respectively. The Engineering Services business unit is represented by the Mecomb 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 OPERATION



FINANCIAL SUMMARY*

Revenue (RM)

1,378.2 mil

Profit Before Interest & Tax (RM)

229.9 mil

*Note: For FY 2013 and excluding discontinued operations

HEALTHCARE¹

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 operate three healthcare facilities, comprising three tertiary care hospitals with a combined capacity of 913 beds.

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

KEY ACTIVITIES

TERTIARY CARE HOSPITALS
NURSING AND HEALTH SCIENCES COLLEGE

KEY COUNTRY OF OPERATION



Malaysia

YAYASAN SIME DARBY

Yayasan Sime Darby (YSD) is an independent, philanthropic foundation established by the Group in 1982. YSD is focused on five key areas:

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

The foundation is funded by contributions from our Divisions and is guided by a Governing Council comprising members of mostly independent parties and two of Sime Darby's Board of Directors. Read more in the Yayasan Sime Darby Annual Report 2013.

Many of our activities are long term projects to deliver substantial and sustainable change for good. Examples of our work on these projects in FY 2013 are outlined on pages 16–19.

TOTAL SPEND IN FY 2013 (RM MILLION)

11.19

Conservation of the environment and protection of ecosystems

34.29

Youth, sport and recreation

19.79

Community development

0.89

Arts and culture

23.39

Education

¹ Effective 30 June 2013, Sime Darby Healthcare Sdn Bhd became a subsidiary of Ramsay Sime Darby Health Care Sdn Bhd (formerly known as Sime Darby Global Healthcare Sdn Bhd), a joint venture company between Sime Darby Holdings Bhd and AH Holdings Health Care Pty Ltd. AH Holdings Health Care Pty Ltd is a wholly owned subsidiary of Ramsay Health Care Ltd. Accordingly, Healthcare will not be included in future sustainability reports.



Tropical rainforest in the Maliau Basin, Sabah, Malaysia.

Case Study

MANAGING THE WORLD'S LARGEST ECOLOGICAL STUDY

YSD's Stability of Altered Forest Ecosystems (SAFE) is a major step forward in the conservation of biodiversity in agricultural landscapes. Since 2009, more than 125 scientists, Post Doctorate (PhD) and Masters of Science (MSc) students have participated in one of the world's largest ecological studies, focusing on key areas such as animal and plant diversity, water and soils, carbon cycling, nutrient cycling and microclimate.

The project is centralised in the Maliau Basin, in Sabah, Malaysia, with most of the field work being done in Tawau. Work continued in FY 2013, including the monitoring of soil erosion in riparian zones, carbon and climate monitoring, and the commencement of a new fieldwork study on insect communities.

With RM30 million pledged by YSD between 2009 and 2019, the SAFE project aims to contribute to sustainable plantation management, support the implementation of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria, and improve the conservation of biodiversity in agricultural landscapes.

SAFE is one of the world's largest ecological studies.

Topic	Number of Research Projects
Biodiversity	39
Ecosystem Processes	23
Microclimate	1
Earth-Atmosphere Linkages	3
Hydrology, Aquatic Systems and Their Riparian Margins	7
Soil and Below-Ground Processes	2
Agricultural Ecology	3
People and Disease	3
Total Projects	81

Aim to restore 5,400 hectares of degraded forest within Ulu Segama, Malaysia, for the protection of Orang Utan habitats.

Case Study

RESTORATION AND PROTECTION OF ORANG UTAN HABITAT

We aim to restore 5,400 hectares of degraded forest within Ulu Segama in Sabah, Malaysia, for the protection of Orang Utan habitats. Working with the Sabah Forestry Department and the Sime Darby Plantation Division, YSD has committed RM25 million from 2009 to 2019 for silviculture, planting and maintenance activities. Field experiments are underway to maximise the survival and growth rate of trees planted, which are important food sources for the Orang Utans and other wildlife living in the area such as the bearded pig, sambar deer, mouse deer and moon rat. Over 1,700 hectares of land was replanted in FY 2013.

Case Study

SAVING THE SUMATRAN RHINOCEROS

With less than 100 alive worldwide and only about 10 in Sabah, the Sumatran rhinoceros (*Dicerorhinus sumatrensis*) is facing extinction. A landmark collaboration was reached between representatives of the Malaysian and Indonesian Governments this year to save the critically endangered species. Meeting at the Sumatran Rhino Crisis Summit, the representatives worked on several recommendations to ensure no further loss of rhinoceros and to boost their birth rate.

YSD, which has a six-year commitment of RM11.4 million to save the Sumatran rhinoceros under a collaboration with the Sabah Wildlife Department and Borneo Rhino Alliance, was one of the main sponsors of the summit hosted by the Wildlife Reserves Singapore at the Singapore Zoo. 130 experts from international and national organisations attended the Summit.

Six-year commitment of RM11.4 million to save the Sumatran rhinoceros.



Orang Utan



Sumatran Rhinoceros

Case Study

WOMEN'S AID ORGANISATION REFUGE CENTRE FOR BATTERED WOMEN AND THEIR CHILDREN

In FY 2103, YSD extended its support for Women's Aid Organisation (WAO), in Kuala Lumpur, Malaysia, to a five-year (FY 2010 – FY 2014) commitment of RM1.8 million. With the continued funding, WAO will not only be able to provide shelter to battered women and their children, but also facilitate the necessary policy or legislative amendments, which need to be addressed by relevant government bodies and agencies for the protection of abused women.

The refuge centre for battered women and their children provides shelter and protection to an average of eight women and twelve children at any one time. The refuge centre, a 12,000 square feet facility, has five bedrooms, six bathrooms, a kitchen, an administration office, and a store room. The women and children usually stay for a period ranging from one to three months. During their stay, they participate in various skills and motivational classes and receive employment assistance.

The activities carried out at the centre include yoga lessons, computer, beading and cooking classes; programmes that aim to improve social skills and enhance awareness for better health; laughter therapy sessions as well as empowerment sessions aimed at encouraging survivors of violence to take control of their lives. The refuge centre officials also accompany battered women to attend court hearings and lodge police reports.

IN FY 2013 WAO PROVIDED

227 INDIVIDUALS
with refuge, shelter and services

1,669 PEOPLE
with telephone counselling

199 PEOPLE
with face-to-face counselling

Case Study

YAYASAN SIME DARBY SINAR HARAPAN

The Sinar Harapan programme, which is YSD's flagship community development programme, was named as such to reflect the ray of hope given in the form of financial assistance and benefits-in-kind from the foundation to deserving charitable homes. Assistance is also provided to unregistered homes to help them meet requirements set by the Malaysian Welfare Department to be registered under the Malaysian Care Centres Act 1993. This will allow them to be eligible for government grants.

Key highlights in FY 2013:

- Total contributions (financial assistance and benefits-in-kind) valued at RM650,000
- 1,306 people, from 23 welfare homes benefited during the festive seasons of Hari Raya, Chinese New Year, Deepavali and Christmas
- A 14-seater van worth RM120,000 donated to a community based rehabilitation centre in Ranau, Sabah, Malaysia. Fuel and maintenance costs were also covered to allow 115 disabled trainees to participate in the centres programmes
- Initiated the 'Sinar Harapan YSD Pre-Loved Clothes Drive' in January 2013, where Sime Darby staff donated clothes to nine charitable homes in Malaysia

Contributions
valued at RM650,000
provided in FY2013.

Case Study

BRILLE EDUCATION READING MATERIALS FOR THE BLIND

In FY 2013, YSD's contribution to the Pertubuhan Pembangunan Orang Buta Malaysia (PPOBM) kick started the association's 3-year plan to reproduce approximately 2,200 educational books in braille, in collaboration with the National Archives Malaysia (ARKIB) and the Institute of Islamic Understanding Malaysia (IKIM).

YSD's contribution of RM1.06 million over three years will allow PPOBM to purchase ten embosser machines, which are expected to significantly improve their capacity to produce braille materials. To date, PPOBM has reproduced about 400 books from 40 book titles using seven embosser machines.



With the additional ten machines, PPOBM will be able to reproduce 800 braille books from four book titles during the first year, 1,200 braille books from six titles in the second year, and reproduce the Al-Quran in Universiti Sains Islam Malaysia (USIM) and the Department of Islamic Development Malaysia (JAKIM).

YSD's sponsorship will also cover the hardware and software costs of producing these braille books and salaries of employees involved in production works.

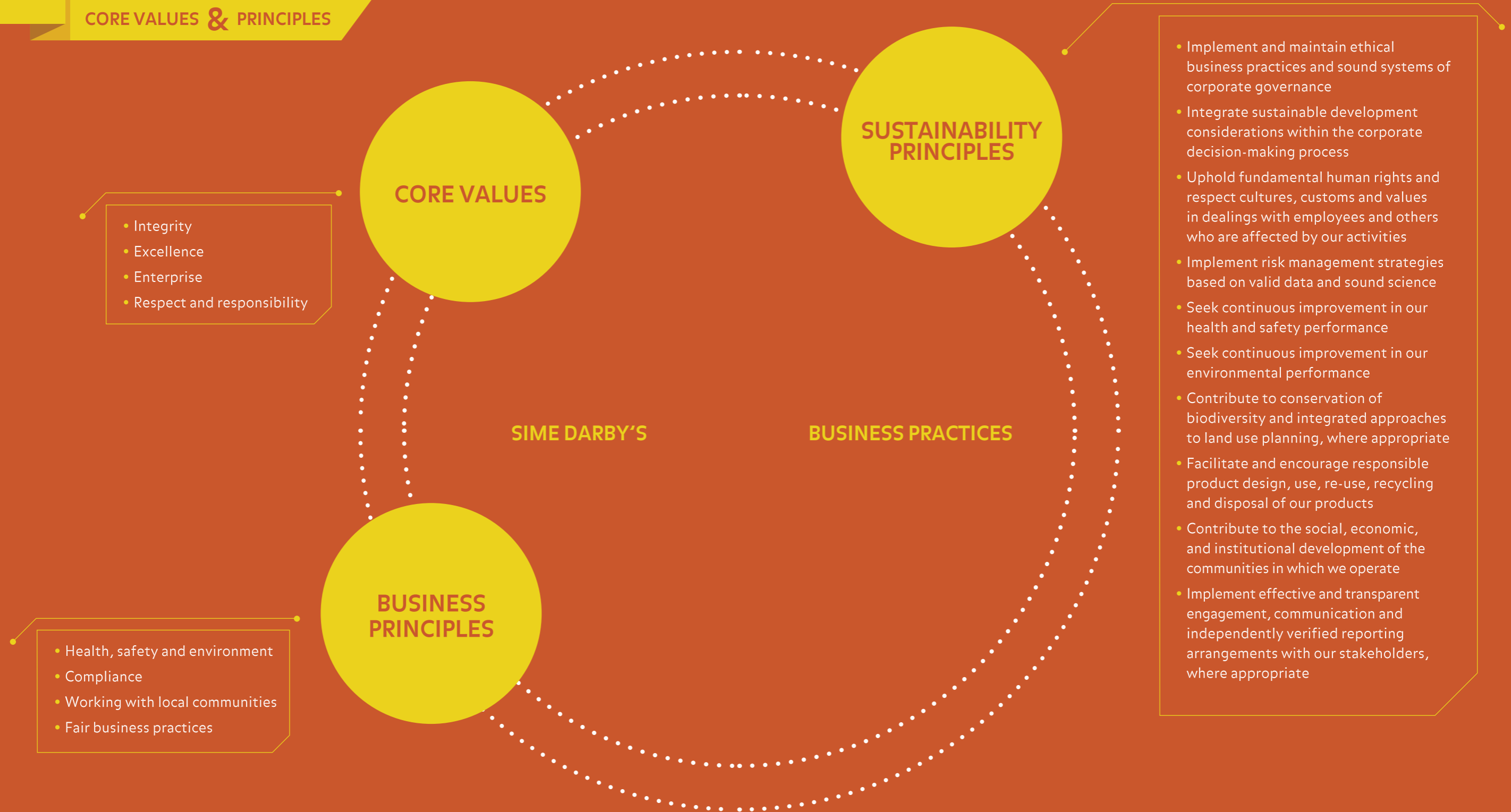
3-year plan to reproduce approximately 2,200 educational books in braille.



Al-Quran in braille

SUSTAINABILITY AT SIME DARBY

CORE VALUES & PRINCIPLES



CORE VALUES

- Integrity
- Excellence
- Enterprise
- Respect and responsibility

BUSINESS PRINCIPLES

- Health, safety and environment
- Compliance
- Working with local communities
- Fair business practices

SUSTAINABILITY PRINCIPLES

- Implement and maintain ethical business practices and sound systems of corporate governance
- Integrate sustainable development considerations within the corporate decision-making process
- Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities
- Implement risk management strategies based on valid data and sound science
- Seek continuous improvement in our health and safety performance
- Seek continuous improvement in our environmental performance
- Contribute to conservation of biodiversity and integrated approaches to land use planning, where appropriate
- Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products
- Contribute to the social, economic, and institutional development of the communities in which we operate
- Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders, where appropriate

SIME DARBY'S

BUSINESS PRACTICES

SUSTAINABILITY STRATEGY

Within the context of our Core Values and Principles, we have developed five Strategic Sustainability Goals that drive our activities across the Group.

In the Financial Year 2012 (1 July 2011 to 30 June 2012) the Goals were incorporated into the Group's Five Year Strategic Blueprint. Progress and action plans are assessed during the annual review of our corporate strategy. We aim to meet the Goals over the coming five years by focusing on the key areas outlined in the table below.

In FY 2013 our Divisions developed clear plans to deliver on the Strategic Sustainability Goals over the next five years. The Divisional Plans cascade Group-wide initiatives and incorporate industry-specific activities to support the Goals. The plans were integrated into Divisional Five-Year Strategic Blueprints and have been

reviewed and approved by the relevant Divisional Management Committees, Flagship Subsidiary Boards and by the Main Board. Jonathon Porritt, the Sustainability Advisor to the Sime Darby Group, also provided additional input to the Plantation, Property and Healthcare Strategic Sustainability Blueprints. He facilitated a series of workshops for the Management Committees of these three Divisions to review and validate the materiality of issues raised in the planning process.

Our progress on our key focus areas is summarised on pages 40–61 of this Report. We have chosen to address areas where we have made significant progress in FY 2013. We will continue to embed the Global Blueprints over the coming year and will provide an update on all focus areas in our next Report.

Strategic Sustainability Goals	Key Objectives	Focus Areas
Leverage on Sustainability to Create Value	<ul style="list-style-type: none"> Develop opportunities for sustainability-led innovation and new business Adopt low carbon growth strategies and green technology for operational efficiencies Generate shared economic growth of communities in which we operate 	<ul style="list-style-type: none"> Sustainability Strategies Sustainability-led Innovation and New Business Carbon Management and Energy Efficiency Water Management Mutual Growth of Communities
Effectively Manage Sustainability Risks	<ul style="list-style-type: none"> Embed sustainability risks into our Enterprise Risk Management framework 	<ul style="list-style-type: none"> Sustainability Risk Identification, Assessment and Control Ethics and Corporate Values
Develop Sustainability Thought Leadership	<ul style="list-style-type: none"> Contribute to sectoral "best practices" and standards 	<ul style="list-style-type: none"> Strategic Participation in Key Sectoral and Thematic Organisations
Effective Sustainability Reporting	<ul style="list-style-type: none"> Develop effective stakeholder engagement platforms to feed into strategy development, risk management and performance improvement 	<ul style="list-style-type: none"> Stakeholder Engagement
Instill a Performance Culture	<ul style="list-style-type: none"> Achieve savings via continuous improvement initiatives Develop proactive Environmental Management System to comply with regulations and address issue beyond compliance Continuous reduction in safety and health incident rates and zero fatalities 	<ul style="list-style-type: none"> Lean Six Sigma (LSS) Environmental, Safety & Health (ESH) Sustainability Culture

GOVERNANCE

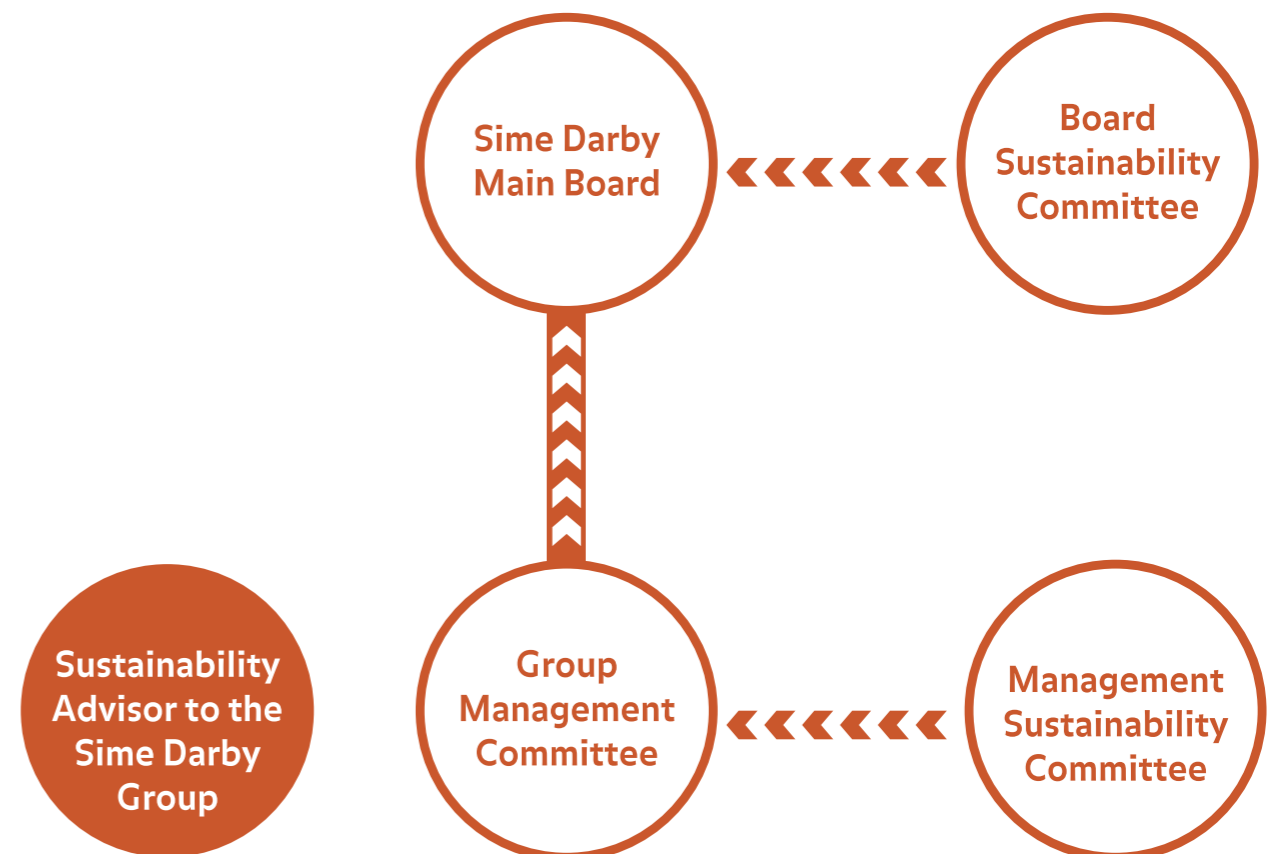
LEADERSHIP

Sustainability is embedded in our organisational approach and is led from the top. The Sime Darby Main Board is the highest authority accountable for the Group's sustainability strategy and performance. The Main Board is supported by Flagship Subsidiary Boards, each with oversight of one Division. The Board Sustainability Committee (BSC) assists the Main Board in overseeing the Group's principles, policies, objectives and strategies pertaining to sustainability. The Main Board and the BSC reviews the Group's Five Year Strategic Blueprint annually, which includes sustainability, and receive quarterly progress updates.

Our Management Sustainability Committee (MSC) oversees sustainability operations within the Group and is chaired by our Group Chief Operating Officer.

Jonathon Porritt, the Group Sustainability Advisor, is an external appointment who provides advice on material sustainability trends, issues and opportunities for the Group. He is the founder and director of the Forum for the Future, Co-Director of the Prince of Wales's Business & Sustainability Programme and was the Chairman of the UK Sustainable Development Commission between 2000 and 2009.

Sustainability considerations have been incorporated into our Group Policies and Authorities, which govern all Sime Darby operations.



ETHICS AND VALUES

The Group maintains its stand on promoting ethical awareness and behaviour among our employees. We also strive to share these values with our various counterparts and business partners in the course of our business dealings.

Code of Business Conduct

Sime Darby's Code of Business Conduct (COBC) defines the standards of behaviour expected of all Directors and Employees of the Sime Darby Group, and where applicable, counterparts and business partners. The standards of behaviour are derived from the Group's Core Values and Principles. The COBC applies to all businesses and countries in which the Group operates.

In FY 2013 Sime Darby's Group Compliance Office developed a COBC Communication and Awareness Plan to enhance employee awareness and compliance to the Code. A Governance, Risk & Compliance portal page was launched this year, containing links to the Group's policies and procedures as well as relevant articles and information pertaining to governance risk and compliance. The portal page aims to increase the awareness of good governance within Sime Darby among our employees.

Anti-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.

We continued to actively engage with the Malaysian Anti-Corruption Commission (MACC), the Malaysian Anti-Corruption Academy and Transparency International-Malaysia (TI-M). As a signatory to the Corporate Integrity Pledge, Sime Darby underwent a Monitoring Audit on 12 April 2013 led by MACC together with a representative from TI-M.

Sime Darby has completed 13 anti-corruption activities in the past 18 months. These involved a series of training sessions to equip key local trainers on the necessary skills and information required for them to conduct the localised COBC sessions; enhanced COBC posters, COBC awareness sessions at Country Induction Programmes and Global Induction Programme; and the annual review of Group Policies and Authorities.

Labour Practices

Sime Darby aims to be an employer of choice. We are committed to equal opportunity for our workforce and do not tolerate discrimination on any grounds. We respect our employees' legal rights with respect to freedom of association and aim to maintain an open and effective relationship with our employees. Our Human Resources policies include:

- 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

Human rights

Sime Darby's respect for fundamental human rights is enshrined within our Group Policies and Authorities, which governs all Sime Darby's operations, our Code of Business Conduct, which outlines the standard of behaviour expected of Sime Darby Directors, employees, counterparts and business partners, and standards adopted by respective business divisions, such as the Roundtable on Sustainable Palm Oil (RSPO) by our Plantation Division.

We do not employ children, as a matter of policy. However, children may be found living on our Plantation Division's estates with their parents who are employees of the Company. Our Child Protection Policy programme has been developed to raise awareness about child safety, wellbeing and protection within the Group's business context. Read more about how we support the rights of children living on our Plantation estates on page 81.

We do not use forced or compulsory labour. We obtain permission from our foreign workers prior to retaining their passports to prevent loss or theft. These workers are provided with a letter of consent in their native language to verify that their consent has been given.

Grievance and Whistle-blowing Processes

We aim to settle any grievance between the Group and an employee or third party fairly, quickly and locally. Our Grievance Policy provides a framework to support this process. An anonymous whistleblowing channel is also available to report complaints to management.

In FY 2013 an enhancement to the Group's Whistleblowing database was rolled out. The Group also reinforced the message to all employees, on the Group's available whistleblowing mechanisms.

RISK MANAGEMENT

We manage current and emerging sustainability issues through our standard business practices. Sustainability-related risks are incorporated into our enterprise risk management framework. Overseen by the Main Board's Risk Management Committee, significant risks are subject to assessment, action and monitoring the effectiveness of controls. The key sources of our Group-wide sustainability-related risks in FY 2013 were:

- Sustainability Certification
- Climate Change
- Resource Scarcity
- Waste Management
- Environmental Degradation
- Human Rights
- Labour Rights
- Occupational Safety & Health
- Natural Events
- Terrorism and Malicious Acts

SAFETY AND HEALTH

Our ultimate goal is **Zero Harm**
 In FY 2014 we aim to **reduce total recordable frequency rates by 15 per cent**, on FY 2013 performance.

The safety and health of our employees, contractors and communities is key to the way we work, and is reflected in our Principles. Sime Darby's sustainability governance framework prioritises safety and health as a key measure of the Group's performance. Our ultimate goal is to achieve zero harm.

Safety and health management systems and programmes are established at the Group and Divisional level for accident prevention, continuous improvement of systems and to improve competency. We adopt external certification schemes, such as the Occupational Health & Safety Assessment Series (OHSAS) 18001, for key facilities to strengthen their management systems.

At the Group level, our Safety Alert messaging system is a means to effectively manage incidents and we facilitate internal platforms to share lessons learnt throughout the business. We expect and support our line managers to achieve a minimum level of competency by completing relevant training such as our Environmental, Safety and Health (ESH) Competency & Certification Programme, 2nd Level Major Accident Investigation & Evaluation and Accident Investigation Skill & Reporting. Group level representatives also monitor the scope and effectiveness of the Divisions' ESH management systems and support Divisional representatives through a quarterly engagement programme and regular workplace safety walkabouts.

At the Divisional level a range of programmes are in place to manage key risks and competencies. Our approach to risk-based competency and capability building programmes assesses performance trends and identifies areas of safety focus such as transport and machinery, harvesting, chemical management, engineering projects and behavioural-based safety.

We recognise that good management systems and robust operating procedures alone, will not allow us to achieve our safety and health goal of zero harm. An uncompromising safety and health culture is crucial for us to attain zero harm.

We promote a safety culture through active engagement with our employees. We aim to influence beliefs, attitudes and situational awareness through regular safety and health dialogues and events, newsletters and promotional talks on topics such as wellness, cancer and good ergonomics.

We have also started to roll-out behavioural based safety programmes within our Divisions, such as our Spot, Intervene, Modify, Execute (SIME) programme in Plantation Division that aims to drive a work culture where every individual plays an active role in preventing injury through positive interventions.

We look at strong leadership commitment and role modelling to also drive the safety and health culture within the Group. In FY 2013 we embarked on our first senior management safety FELT¹ leadership programme in our Industrial Division.

HOW WE ARE DOING

We are saddened to report 12 fatalities across our Group operations this year. Each life lost is a terrible loss for our organisation and causes immeasurable distress to loved ones and families. We have offered our condolences and support to the families involved and will continue to work tirelessly to implement controls and practices to eliminate these safety risks in the future.

Our safety performance is measured using three main criteria – Incident Rate (IR), Frequency Rate (FR) and Severity Rate (SR). IR is measured as the number of occupational accidents per 1,000

employees, FR is the number of incidents per million hours worked and SR is the number of full work days lost per million hours worked.

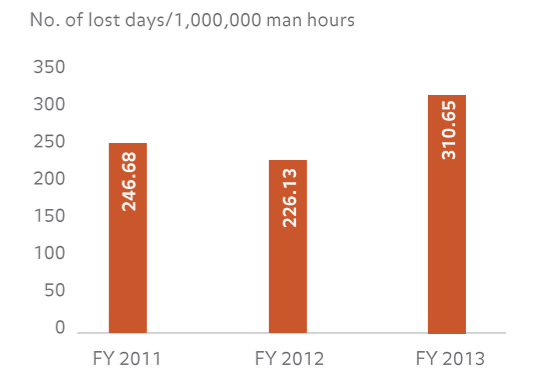
While we are pleased to report a 16 per cent reduction in our IR and a 15 per cent reduction in our FR this year, our SR has increased by 37 per cent. This indicates that we are having less, however, more serious incidents. View our detailed safety and health data on page 102.

We also monitor where, what type and why major accidents occur throughout our businesses. We classify fatalities and permanent disabilities as major accidents. In FY 2013, a total of 18 major accidents occurred, predominantly in our Plantation, Energy and Utilities (China) and Motors Divisions due to transport issues, mechanical hazards and falls from height. We have introduced targeted, risk based competency and capacity building programmes to address these key issues. Read more about

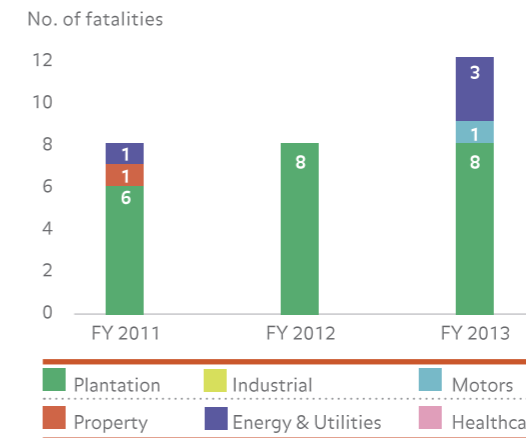
Plantation's initiatives on page 47 and 82, Energy and Utilities' enhanced governance structure on page 58 and Motor's strengthened controls for contractor safety on page 53.

Environmental, safety and health (ESH) provisions are already included in contractor and procurement arrangements across the Group. We are now developing strengthened ESH provisions for contractors.

SIME DARBY GROUP SEVERITY RATE



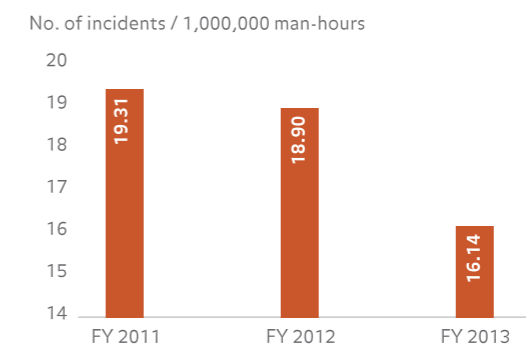
SIME DARBY GROUP FATALITIES



SIME DARBY GROUP BREAKDOWN OF 18 MAJOR ACCIDENTS¹ IN FY 2013



SIME DARBY GROUP FREQUENCY RATE



SIME DARBY GROUP INCIDENT RATE



¹ Safety FELT Leadership programmes are designed for senior leaders to demonstrate commitment to safety and health and role model safety and health best practices, towards the establishment of a behaviour based safety and health culture within organisations.

¹ Major Accidents include both fatalities and permanent disability cases.

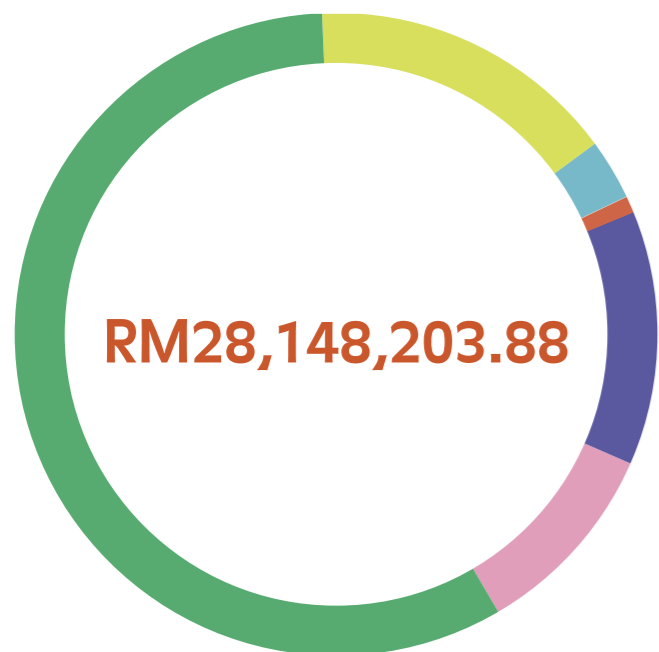
LEAN SIX SIGMA AND CONTINUOUS IMPROVEMENT

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 (LSS), to improve performance and establish leadership in core businesses.

In FY 2013 we developed the Group's LSS Business Management Strategy Blueprint, which provides the framework for planning, training, project identification and implementation over the next five years. The Group-level LSS Blueprint is supported by Divisional Blueprints.

HOW WE ARE DOING

In FY 2013 we achieved total savings valued at RM28.15 million, exceeding our target of RM25 million for the period.



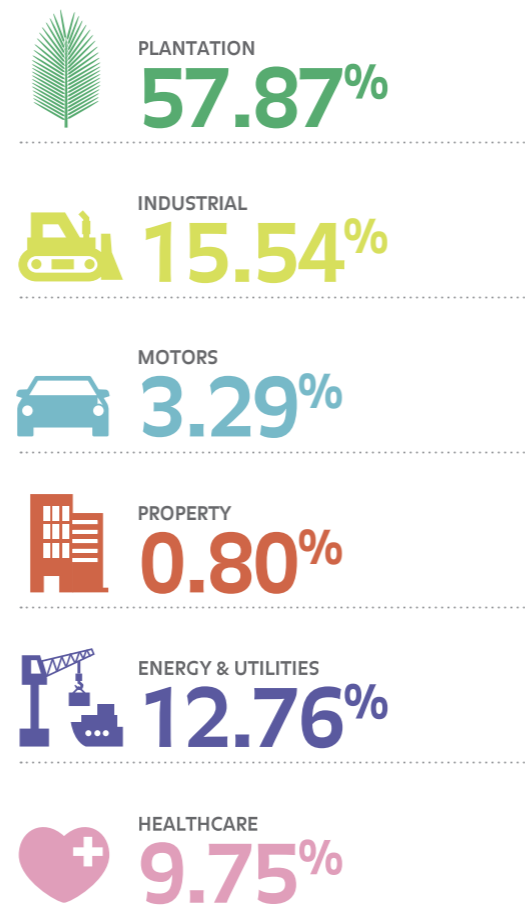
LSS PROJECTS

Targeted to save

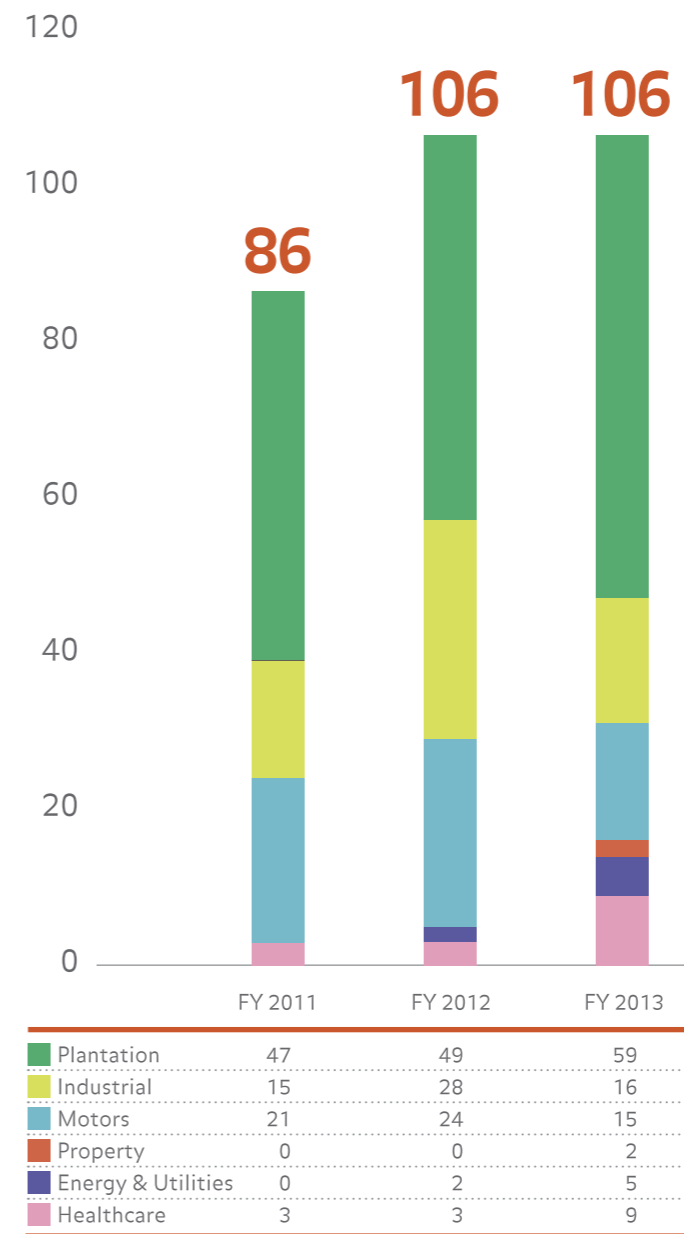
RM775 mil

Over 5 years

SIME DARBY GROUP BREAKDOWN OF LEAN SIX SIGMA SAVINGS IN FY 2013 BY DIVISION



SIME DARBY GROUP BREAKDOWN OF LEAN SIX SIGMA PROJECTS BY DIVISIONS



Across the Group, 106 projects were completed and 479 Green Belts (LSS Project Managers) were trained. While, the majority of these projects and savings were from the Downstream operations in our Plantation Division, significant savings were also achieved from our Industrial, Energy and Utilities and Healthcare Divisions.

This year we developed the Group's LSS Business Management Strategy Blueprint, which provides the framework for project sponsorship, identification, assessment, implementation, and training over the next five years. Specific Divisional LSS Blueprints were also developed to support the Group level strategy.

Under the new framework, the Group Chief Operating Officer has been designated as the LSS Champion for the Group, and is supported by Divisional Champions, comprising Divisional Executive Vice Presidents and Managing Directors, at the Divisional level. Working Committees have also been established in each Division to oversee LSS project identification, selection and overall implementation of the Division's five-year plans.

The scale of our LSS programme means that we need to have robust processes in place to ensure projects are well scoped, planned, monitored and benefits quantified. Our Group level LSS team developed and manages these processes, and supports the Divisions in capacity building, training and the provision of technical support on key projects. In FY 2013, the Group level LSS team developed training modules and handbooks on how to monetize LSS project benefits for Group Finance, Group Procurement and other key departments to standardise the calculation of project benefits.

CARBON MANAGEMENT

We recognise the increasing global focus on carbon emissions from the sectors Sime Darby participates in, particularly emissions from agriculture.

We monitor our carbon emissions and aim to reduce our emissions intensity to reduce costs, enhance operational effectiveness and meet customer expectations. Our carbon inventory includes our six Divisions in eight key countries of operation: Malaysia, Indonesia, Australia, China, Thailand, Singapore, the Netherlands and South Africa. This constitutes over 95 per cent of the Group's global operations. We also monitor biogenic emissions from renewable sources.

HOW WE ARE DOING

In 2012¹ the Group emitted a total of 3.80 million tonnes of carbon dioxide equivalent (tCO₂-e²); 3.52 million tCO₂-e of Scope 1 emissions and 0.28 million tCO₂-e of Scope 2 emissions³. Our total emissions have increased by around 7 per cent each year from our 2009 baseline, primarily due to organic growth. We continue to source a large proportion of our energy requirements (around 65.2 per cent) from renewable sources, i.e. biomass, which is used to fuel the steam boilers in our Plantation mills. We also use some biodiesel in boilers, agricultural machinery, heavy machinery and transport vehicles. Our use of biomass and biofuels, results in a large proportion of our emissions being sourced from biologically based materials, termed biogenic emissions. In the calendar year 2012, our biogenic emissions were 7 per cent more than total emissions derived from fossil fuels.

Primary target to reduce Plantation Upstream emissions intensity by 40 per cent by 2020, from 2009 levels.

CARBON REDUCTION STRATEGY

A carbon reduction strategy has been developed, which focuses primarily on the performance of the Plantation Division. Sime Darby Plantation contributes the majority (around 79 per cent) of the Group's carbon emissions. Recognising this, Plantation has committed to a 40 per cent reduction in emissions intensity (tCO₂-e/mt CPO produced) by 2020, from 2009 baseline levels. Secondary reduction targets have also been established for our other Divisions.

Carbon reduction opportunities have been identified and prioritised through workshops and meetings in each of our Divisions. Short, medium and long-term projects are embedded in roadmaps to 2020, providing a clear plan for delivering on our targets. Read more about our Divisional carbon management plans and performance on page 40.

A key element of the carbon reduction strategy relates to the capture of biogas, which is generated during the treatment of palm oil mill effluent (POME). Biogas represented 57 per cent

of the Group's, and 72 per cent of Sime Darby Plantation's, total carbon emissions in the calendar year 2012. On the 24 June 2013, Sime Darby Plantation entered into a joint venture with TNB Energy Services to develop biogas-fuelled renewable energy plants that will produce and sell electricity to the Malaysian national grid. This represents a significant step in the execution of the Group's carbon reduction strategy.

In total, 20 carbon reduction initiatives were completed across the Sime Darby Group in FY 2013, which achieved emissions savings of 122,000 tonne CO₂-e and cost savings of RM1.56 million. The majority of the emissions and cost savings were related to process and equipment optimisation projects, and composting projects. Composting plants were constructed by our Plantation Division to reduce the use of synthetic fertiliser, replenish organic soil carbon to increase soil fertility, and avoid the generation of methane. Read more about our composting projects on page 96.



SIME DARBY GROUP BREAKDOWN OF CARBON EMISSIONS IN 2012 BY DIVISION

Plantation	79.14%	Industrial	1.27%
Motors	1.58%	Property	1.24%
Energy & Utilities	16.28%	Healthcare	0.49%

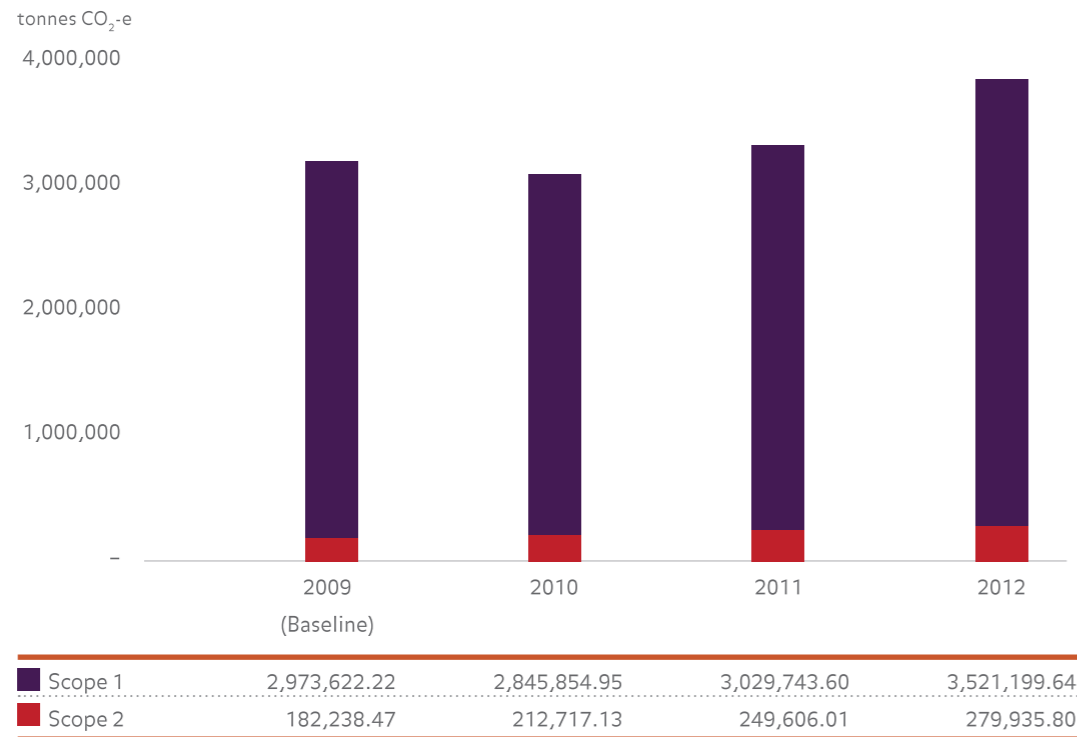


SIME DARBY GROUP BREAKDOWN OF CARBON EMISSIONS IN 2012 BY EMISSION SOURCES

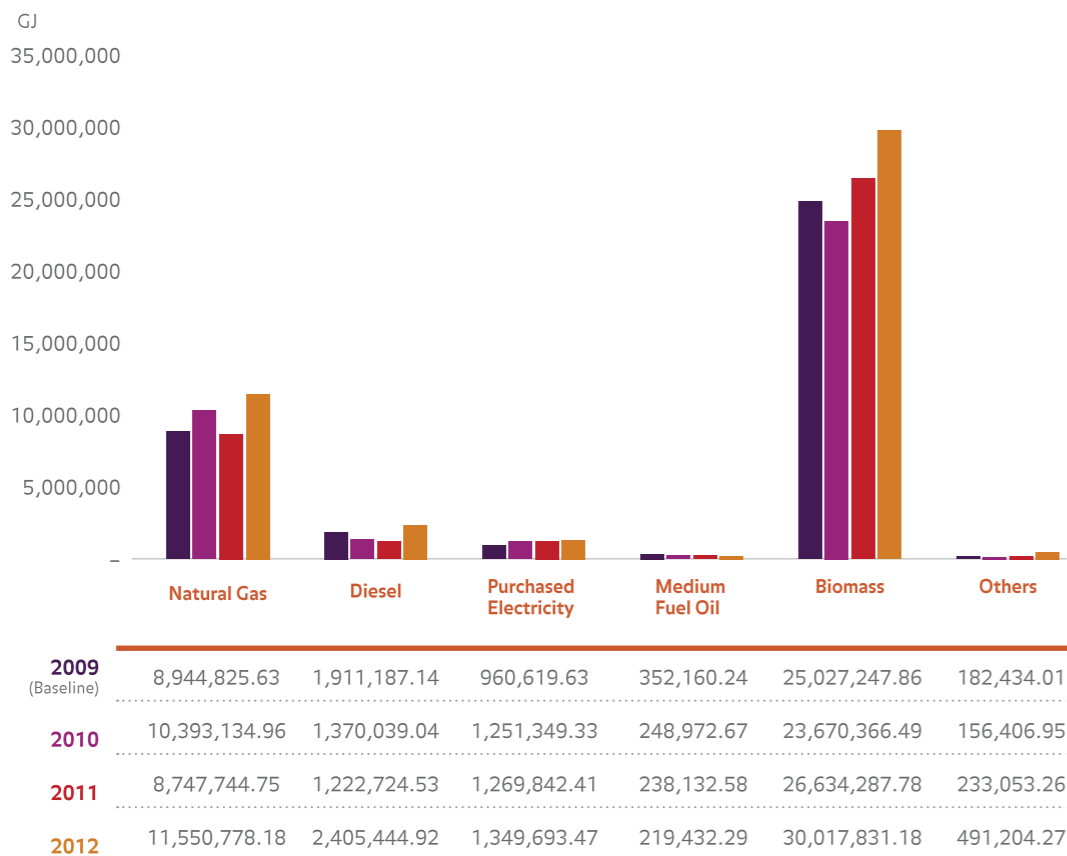
Effluent Treatment	56.91%	Electricity Generation	17.47%
Boilers	10.28%	Others	7.04%
Synthetic Fertilisers	4.85%	Purchased Electricity (process)	3.45%

¹ Our carbon inventory is prepared on a calendar year basis, so our most current data included in this Report is for the period 1 January - 31 December 2012. Read more in About this Report on page 3.
² Tonnes of carbon dioxide equivalent (tCO₂-e) is a measure for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO₂) as the reference.
³ Definition of Scope 1 and Scope 2 emissions from Greenhouse Gas Protocol.

SIME DARBY GROUP BREAKDOWN OF CARBON EMISSIONS BY SCOPE



SIME DARBY GROUP BREAKDOWN OF ENERGY CONSUMPTION BY FUEL TYPE



STAKEHOLDER ENGAGEMENT

We engage with stakeholders for many reasons; to report on our practices and performance, to understand varying views and expectations, to manage risks to our business and to form strategic partnerships to address complex issues. We have progressively identified our key stakeholder groups as we grow our businesses and build relationships. Effective and regular engagement with key groups has been integral to our development into a successful diversified multinational organisation, and will continue to inform our strategic decisions for the future.

In FY 2013 we enhanced our focus on internal engagement with the launch of Sime Darby's inaugural Sustainability Day. The first event was held in Kuala Lumpur, Malaysia in October 2012. The Group's Five Year Sustainability Blueprint was communicated to around 200 employees, including members of the Board and senior management who attended the Day. Sustainability practices from our six Divisions were shared and a Lean Six Sigma competition was held to encourage further efforts.

FEEDBACK ON OUR APPROACH TO SUSTAINABILITY REPORTING

A critical element of effective sustainability reporting is stakeholder engagement and feedback. Our Report is developed to meet the information needs of our key stakeholder groups, so their feedback is vital in preparing information that is relevant and timely.

In preparation for this year's Report, we engaged broadly with investors, business partners, customers, civil society organisations and business industry groups to understand their concerns and expectations about our business practices, and how we could best communicate our responses in our FY 2013 Report.

Key issues raised included the need for more contextual information in our Report, more detailed information, trend data and targets, more information about environmental and local community impacts and supply chain visibility. The feedback of deep interest and desire for more information about how we operate our Plantation

business was clear and consistent. In response to this feedback, the majority of our FY 2013 Report is dedicated to providing a deep level of disclosure on Plantation's approach, performance and plans for the future.

CORPORATE RESPONSIBILITY

The mutual growth of the communities in which we operate is key to our success. As long term partners, we are dedicated to supporting the development of our local communities and working collaboratively to respond to sustainability issues on the ground.

An overview of our general corporate responsibility initiatives and programmes is provided at www.simedarby.com/cr.

Case Study

SIME DARBY VOLUNTEERS PROGRAMME

The Sime Darby Volunteers Programme (SDVP) is a cross-divisional effort that aims to foster teamwork and a sense of belonging to the Sime Darby Group. Employees participate in volunteer activities in the areas of Community, Education, Environment and Sports. Employees' talent skills and interests are matched with volunteer projects that are developed to leverage their areas of expertise.

Our volunteers also benefit from the Programme, enhancing our employees' awareness and interests in environmental conservation and social issues such as community development and educational enrichment. In FY 2013 the SDVP was expanded to include participation by employee's friends, family members and members of the local community.

540
Sime Darby Employees

Volunteered Over
2,700 hours to

72
Community Projects This Year

KEY STAKEHOLDER GROUPS AND THE TYPES OF ENGAGEMENTS CONDUCTED IN FY 2013



TYPES OF ENGAGEMENT

KEY STAKEHOLDER GROUPS	Sime Darby	Plantation	Industrial	Motors	Property	Energy & Utilities	Healthcare	TYPES OF ENGAGEMENT
Business Partners	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Dealership framework meetings with Principals Vendor procurement and management meetings
Customers	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Regular key global account meetings Workshops and forums
Employees	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Regular Global Employee Engagement Survey Annual Townhall meetings Annual Sustainability Day
Industry Associations	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Workshops and forums
Government and Regulators	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Meetings with government agencies Workshop and forums
Civil Society Organisations	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Workshops and forums Issue/project based meetings
Investors	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Teleconferences and email correspondences Annual non-deal roadshows
Local Communities	•	•	•	•	•	•	•	<ul style="list-style-type: none"> Regular Townhall meetings Regular local community leadership meetings
KEY SUSTAINABILITY TOPICS DISCUSSED								
Talent Development	•	•	•	•	•	•	•	SIME DARBY GROUP PLANTATION INDUSTRIAL MOTORS PROPERTY ENERGY & UTILITIES HEALTHCARE
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	•	•	•	•	•	•	•	
Community Development	•	•	•	•	•	•	•	
Sustainability Risks and Opportunities	•	•	•	•	•	•	•	
Sustainability Certification	•	•	•	•	•	•	•	
Good Agricultural Practices	•	•	•	•	•	•	•	
Smallholder Development	•	•	•	•	•	•	•	
Supply Chain Management	•	•	•	•	•	•	•	
Community Safety	•	•	•	•	•	•	•	
Patient Care	•	•	•	•	•	•	•	

STRATEGIC PARTICIPATION IN KEY SECTORAL AND THEMATIC ORGANISATIONS

Sustainability issues are often complex and inter-connected, requiring 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 sectoral “best practices” and standards by learning, sharing sector expertise and knowledge with global peers.

Sime Darby is a Core Advisory and Steering Group member of the United Nations Global Compact (UNGC) “Voluntary Business Principles for Sustainable Agriculture Process”. We are currently assisting the UNGC in their collaborative project to develop a set of Sustainable Agriculture Business Principles (SABPs).

This year we hosted a workshop in Liberia for the multi-stakeholder organisation, Smallholder Acceleration and REDD+ Programme (SHARP). More than 40 participants came together over three days to discuss ways to progress smallholder development models for the country. The Liberian Government and Governmental agencies, Liberian and international civil society organisations, financial institutions, oil palm companies and local farmers were represented at the workshop.

Read more about our involvement in the UNGC SABPs and SHARP in the Memberships table on the following page. Further information on SHARP can be found at www.sharp-partnership.org, and on our Liberian operations on page 74.

MEMBERSHIPS

Sime Darby is a member of industry bodies and often holds leadership positions within these forums. These include:

Association	Membership status or contributions	Reach
Roundtable on Sustainable Palm Oil (RSPO)	• Executive Board member (representing the Malaysian Palm Oil Association) and active participation in the RSPO Principles and Criteria Review task force.	• Global
World Business Council for Sustainable Development (WBCSD)	• Attendance of Liaison Delegate meetings. This includes position on the Executive Committee of the Business Council for Sustainability & Responsibility Malaysia (BCSRM), the Malaysian network partner of the WBCSD.	• Global
UN Global Compact (UNGC)	• Core Advisory and Steering Group member of the “Voluntary Business Principles for Sustainable Agriculture Process”.	• Global
Global Business Initiative (GBI) on Human Rights	• Learning and sharing at GBI member network meetings and outreach programmes.	• Global
Smallholder Acceleration and REDD+ Programme (SHARP)	• Founding member and currently serving on the Executive Board.	• Global
Malaysian Sustainable Palm Oil (MSPO) Standard	• Member of the Technical Working Committee for the development and drafting of the MSPO standards and guidance.	• Malaysia

AWARDS AND RECOGNITION RECEIVED IN FY 2013

Category	Division	Awards Received
Sustainability	Sime Darby Group	<ul style="list-style-type: none"> Winners of Malaysian Sustainability Award 2012 in Best Corporate Sustainability related to Primary Commodities by Malaysian Dutch Business Council
	Property	<ul style="list-style-type: none"> Green Building Certification (LEED Silver) – Sime Darby Property Corporate Tower at Oasis Square (2012) Prime Minister's 2012 Hibiscus Awards for Environmental Excellence - Bukit Jelutong Township
Quality	Plantation	<ul style="list-style-type: none"> National Quality Environment (QE/5S) Convention (Gold Award) by the Malaysia Productivity Corporation - Kok Foh and Elphil Palm Oil Mills PNB Quality Improvement Team Awards (Gold Medal) – Sime Darby Jomalina Refinery
	Industrial	<ul style="list-style-type: none"> Caring Company Award by The Hong Kong Council of Social Service – China Engineers Ltd Employer of the Year in the Northern Territory Training Awards – Hastings Deering (Darwin Branch) Employer of the Year in Northern Territory by Northern Territory Training Awards - Hastings Deering (Toowomba Branch)
	Healthcare	<ul style="list-style-type: none"> 2013 Frost & Sullivan Malaysia Excellence Awards Excellence in Electronic Medical Records Implementation
Safety & Health	Plantation	<ul style="list-style-type: none"> Sime Darby Plantation Best Safety Achievement for Refineries Award – Sime Darby Jomalina Refinery Malaysian Society for Occupational, Safety & Health Award 2012 : <ul style="list-style-type: none"> Gold Merit – Sime Darby Jomalina Gold Class 1 – Sime Darby Kempas Gold Class 2 – KKS Elphil, KKS Merotai, KKS Tennamaram Silver – KKS Jabor, KKS Hadapan, Ladang Merotai, Ladang Salak, Ladang Bukit Badak Indonesia National Zero Accident Awards from Kementerian Tenaga Kerja dan Transmigrasi Indonesia: <ul style="list-style-type: none"> Mills – Rantau, Angsana, Pemantang, Angsana Mini, Manggala, Teluk Siak Estates – Manggala-1, Manggala-2, Manggala-3, Teluk Siak, Pinang Sebatang, Aneka Persada, Rantau Panjang, Bumi Ayu and Guthrie Pecconina Indonesia (KKPA)

Category	Division	Awards Received
Safety & Health (cont'd)	Industrial	<ul style="list-style-type: none"> Gold Award of Safety Management System Award by Occupational Safety & Health Council - China Engineers Ltd MSOSH Gold Award II by The Malaysian Society For Occupational Safety and Health - Tractors Petroleum Services Sdn Bhd (Kemaman Branch) 2012 Safety Recognition for Hurt Free Operations<100,000 man-hours by Exxon Mobil Exploration and Production Malaysia Inc. - Tractors Petroleum Services Sdn Bhd (Kemaman Branch)
	Industrial	<ul style="list-style-type: none"> Best Equipment Condition Monitoring Capability by Caterpillar - Sime Darby Industrial Sdn Bhd Gold Award for Warranty Claims Capability (Quarter 2, 2012) by Caterpillar – Sime Darby Industrial Sdn Bhd “Excellent” Rating for China Engineers Limited Industrial Equipment Training Centre by Caterpillar
Supply Chain / Dealership	Motors	<ul style="list-style-type: none"> National Winner of Excellence in Sales 2012 by BMW Group Asia - Performance Motors Limited The Big Deal - Annual Dealer Sales Challenge Winner by Ford Export & Growth Asia Pacific Region - Vantage Automotive Limited Ford #1 Year Over Year Sales Growth by Ford Export & Growth Asia Pacific Region - Vantage Automotive Limited
		<ul style="list-style-type: none"> Sports/Performance Car Super Car (Porsche Carrera 911) by Autocar Asean – Sime Darby Auto Performance Sdn. Bhd. Fuel Efficiency Award 201 Luxury SUV (Porsche Cayenne Diesel) by Asian Auto – Sime Darby Auto Performance Sdn. Bhd. Fuel Efficiency Award 2012 Super Saloon (Porsche Panamera Diesel) by Asian Auto – Sime Darby Auto Performance Sdn. Bhd. Bangkok Role Play Contest 2012 by Mazda Sales (Thailand) – SDMZ, Charoen Nakhon Branch and SDMZ, Srinakarin Branch

GROUP AND DIVISIONAL PERFORMANCE SNAPSHOTS

OUR DIVISIONS HAVE DEVELOPED CLEAR PLANS TO DELIVER ON OUR STRATEGIC SUSTAINABILITY GOALS OVER THE NEXT FIVE YEARS



STRATEGIC SUSTAINABILITY GOALS

FOCUS AREAS

1	Leverage on Sustainability to Create Value	<ul style="list-style-type: none"> • Sustainability Strategies • Sustainability-led Innovation and New Business • Carbon Management and Energy Efficiency • Water Management • Mutual Growth of Communities
2	Effectively Manage Sustainability Risks	<ul style="list-style-type: none"> • Sustainability Risk Identification, Assessment and Control • Ethics and Corporate Values
3	Develop Sustainability Thought Leadership	<ul style="list-style-type: none"> • Strategic Participation in Key Sectoral and Thematic Organisations
4	Effective Sustainability Reporting	<ul style="list-style-type: none"> • Stakeholder Engagement
5	Instill a Performance Culture	<ul style="list-style-type: none"> • Lean Six Sigma (LSS) • Environmental, Safety & Health (ESH) • Sustainability Culture

SIME DARBY GROUP

GROUP PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Group and Divisional specific sustainability 5 year blueprints developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> Largest producer of Roundtable on Sustainable Palm Oil (RSPO) Certified Sustainable Palm Oil (CSPO), with 82 per cent of annual crude palm oil and 85 per cent of annual palm kernel oil production certified Fully segregated certified sustainable palm oil supply line established between Malaysia and the Netherlands, with 55,000 tonnes shipped annually Research and development initiatives for palm oil products and green buildings continuing Continuing to provide cleaner technologies in the automotive and heavy equipment businesses, in relevant markets 	<ul style="list-style-type: none"> Strive for 100 per cent RSPO certification for all Plantation Strategic Operating Units Increase fully segregated certified sustainable palm oil annual production capacity by 300,000 tonnes Continue research and development initiatives for palm oil products and green buildings Continue to provide cleaner technologies in the automotive and heavy equipment businesses, in relevant markets
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Group and Divisional carbon reduction strategies and roadmaps set to 2020 Primary carbon reduction target set for Plantation Division to reduce upstream emissions intensity by 40 per cent by 2020, from 2009 levels Secondary carbon reduction targets set for other divisions to reduce emissions intensities gradually by 2020, from 2009 levels Pilot carbon reduction initiatives implemented 5 per cent reduction in Plantation Division's upstream emissions intensity, from 2009 levels 	<ul style="list-style-type: none"> Implement second phase of carbon reduction initiatives, and expand learnings and achievements Reduce Plantation Division's upstream emissions intensity by 40 per cent by 2020, from 2009 levels

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value (cont'd)	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> Expand water usage inventory
	Mutual Growth of Communities	<ul style="list-style-type: none"> Corporate social responsibility projects in key communities implemented RM78.37 million spent by Yayasan Sime Darby on education, community development, art and culture, and youth, sports and recreation projects 	<ul style="list-style-type: none"> Continue to contribute towards the long term welfare of local communities
Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system. Risk Management Committee of the Board met 7 times to monitor and review risk controls 	<ul style="list-style-type: none"> Continue to monitor and review key sustainability related risks in ERM system
	Ethics and Corporate Values	<ul style="list-style-type: none"> A Code of Business Conduct (COBC) Communication and Awareness Plan developed Underwent a Corporate Integrity Pledge monitoring audit led by the Malaysian Anti-Corruption Commission (MACC) together with a representative from Transparency International-Malaysia (TI-M) Completed 13 anti-corruption activities in the last 18 months 	<ul style="list-style-type: none"> Continue to monitor and drive high standards of ethics and corporate values within the Group Continue to enhance our ethics and corporate values framework
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Active participation in the Roundtable on Sustainable Palm Oil (RSPO), World Business Council for Sustainable Development (WBCSD), United Nations Global Compact (UNGC), Global Business Initiative on Human Rights, and Smallholder Acceleration & REDD+ Programme (SHARP) 	<ul style="list-style-type: none"> Continue to actively progress sustainability practices and standards

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities	
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Published inaugural Sustainability Report 2011 Conducted a broad based stakeholder survey, which covered investors, business partners, customers, civil society organisations and business industry groups 	<ul style="list-style-type: none"> Continue to build tailored engagement platforms for key stakeholder groups 	
		<hr/>		
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Group and Divisional LSS 5 year blueprints developed Achieved RM28.15 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM50 million in savings from LSS projects in FY 2014 Target to achieve RM775 million in cumulative savings between FY 2013 – FY 2017 	
		<hr/>		
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> 12 fatalities across the Group 16 per cent decrease in incident rate 15 per cent decrease in frequency rate 	<ul style="list-style-type: none"> Zero fatalities in FY 2014 Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results 	
<hr/>		Sustainability Culture	<ul style="list-style-type: none"> The first annual Group Sustainability Day launched Sustainability modules embedded into core training programmes such as the Country Induction and Accelerated Leadership programmes 	<ul style="list-style-type: none"> Continue to build capacity for sustainability within the Group

PLANTATION



SUSTAINABILITY FOCUS AREAS IN FY 2013

Sime Darby Plantation is a leader in oil palm sustainability practices. The principles and values of sustainability are embedded in our operations from the upstream production of oil palm fresh fruit bunches and milling of crude palm oil, to the downstream refining of oils and fats products. As attention is increasingly drawn to land management practices in new and existing developments, we emphasise our promise to never compromise on our principles and to continuously enhance the processes and controls through which our principles are upheld.

We have a long history of pioneering sustainable agricultural practices. We are proud of our role as one of the co-founding members of the Roundtable on Sustainable Palm Oil (RSPO) and continue to look for ways to improve beyond current best practice. Our challenging carbon emissions targets are an example of our commitment to a sustainable palm oil industry.

Our Plantation Sustainability Committee governs our management approach. Chaired by the Executive Vice President of Plantation, the Committee meets quarterly to monitor and drive sustainable practices in the Division.

The Deep Dive into Plantation section of this Report focuses on the topics we believe to be of most interest to key stakeholders and readers of this Report. These topics were highlighted in our recent stakeholder engagement survey and were key areas of activity for our Division in 2013.

Read the Deep Dive into Plantation section on page 62.

Read more about our approach to stakeholder engagement on page 33.

PLANTATION PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> Largest producer of Roundtable on Sustainable Palm Oil (RSPO) Certified Sustainable Palm Oil (CSPO), with 82 per cent of annual crude palm oil and 85 per cent of annual palm kernel oil production certified Fully segregated certified sustainable palm oil supply line established between Malaysia and the Netherlands, with 55,000 tonnes shipped annually Research and development initiatives for palm oil products continuing 	<ul style="list-style-type: none"> Strive for 100 per cent RSPO certification for all Plantation Strategic Operating Units Increase fully segregated certified sustainable palm oil annual production capability by 300,000 tonnes Continue Research and development initiatives for palm oil products
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Carbon reduction target and reduction roadmap set to 2020 5 per cent decrease in upstream emissions intensity, from 2009 levels 18 composting projects achieved savings of about 120,000 tCO₂-e 4 composting projects issued 75,000 certified emissions reduction (CERs) under the Clean Development Mechanism (CDM) 	<ul style="list-style-type: none"> Implement 3 biogas projects, covering 5 mills, with total estimated annual savings of 157,600 tCO₂-e, and expand learnings and achievements across the division Reduce upstream emissions intensity by 40 per cent by 2020, from 2009 levels
	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> Expand water usage inventory
	Mutual Growth of Communities	<p>In Liberia:</p> <ul style="list-style-type: none"> Created approximately 3,000 jobs, including at least one person from each Project Affected Community (PAC) household Assisting 17 PAC townships to set up intensive farming plots 	<ul style="list-style-type: none"> Continue to contribute towards the long term welfare of local communities

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value (cont'd)		<ul style="list-style-type: none"> Constructing a 12-classroom junior high-school next to Senii Town Planted five plots of rice paddies to support long term food security USD420,000 made available for tertiary education scholarships 	
	Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system Risk Management Committee of the Board met 7 times to monitor and review risk controls Management of social issues in Liberia resulting in operations re-commencing and a total of 8,025 ha of oil palm planted to date
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Active participation in RSPO Principles & Criteria Review 	<ul style="list-style-type: none"> Continue to actively progress sustainability practices in the palm oil industry
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Contribute to Group FY 2013 Sustainability Report Published a hardcover book, titled "Leading in Plantation Sustainability", which details Plantation Division's sustainability milestones 	<ul style="list-style-type: none"> Continue to contribute to Group level reporting requirements Participate in external assurance for Group wide initiatives Publish stand-alone sustainability report for FY 2014
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Division specific LSS 5 year blueprint developed Achieved RM16.29 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM16 million in savings from LSS projects in FY 2014 Target to achieve RM245 million in cumulative savings between FY 2013 – FY 2017
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> 8 fatalities 18 per cent decrease in incident rate 18 per cent decrease in frequency rate 	<ul style="list-style-type: none"> Zero fatalities in FY 2014 Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results

INDUSTRIAL



SUSTAINABILITY FOCUS AREAS IN FY 2013

In FY 2013, Industrial Division introduced Sime Darby's first FELT¹ Safety Leadership programme for senior management. A key focus area for our Division, the FELT behavioural programme will help us drive an uncompromising safety and health culture through strong leadership commitment and role modelling.

While our contribution to the Group's carbon emissions profile is relatively small (around 1.27 per cent), we work to minimise supply chain emissions by reusing and maintaining our products to maximise their lifespan, and increasing the energy efficiency of our branches.

We are proud of our efforts to reuse the specialised and costly materials that make up our heavy industrial machines. 37 per cent of engine parts sold in FY 2013 were remanufactured parts. Remanufacturing is an efficient solution for extending the lives of machine systems while reducing raw materials, energy consumption and carbon emissions.

¹ Safety FELT Leadership programmes are designed for senior leaders to demonstrate commitment to safety and health and role model safety and health best practices, towards the establishment of a behaviour based safety and health culture within organisations.

INDUSTRIAL PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> Remanufactured parts made up 37 per cent of total engine parts sold across the division 	<ul style="list-style-type: none"> Continue to promote remanufactured engine parts
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Carbon reduction target and reduction roadmap set to 2020 19 per cent increase in emissions intensity, from 2009 levels 	<ul style="list-style-type: none"> Implement pilot carbon reduction initiatives, expand the pilot learnings and achievements across the business. Reduce emissions intensity by 24 per cent by 2020, from 2009 levels
	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites Water harvesting and recycling systems installed in five key branches across Australia, China and Singapore 	<ul style="list-style-type: none"> Expand water usage inventory Explore feasibility of expanding water harvesting and recycling systems to other sites
Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system Risk Management Committee of the Board met 7 times to monitor and review risk controls 	<ul style="list-style-type: none"> Continue to monitor and review key sustainability related risks in ERM system
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Support Group participation in key organisations 	<ul style="list-style-type: none"> Continue to support Group participation in key organisations
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Contribute to Group FY 2013 Sustainability Report 	<ul style="list-style-type: none"> Continue to contribute to Group level reporting requirements Participate in external assurance for Group wide initiatives

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> • Division specific LSS 5 year blueprint developed • Achieved RM4.37 million in savings, from LSS projects 	<ul style="list-style-type: none"> • Target to achieve RM12 million in savings from LSS projects in FY 2014 • Target to achieve RM190 million in cumulative savings between FY 2013 – FY 2017
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> • Zero fatality recorded • 6 per cent increase in incident rate • 9 per cent increase in frequency rate • First FELT safety leadership programme in the Group initiated 	<ul style="list-style-type: none"> • Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results

MOTORS



SUSTAINABILITY FOCUS AREAS IN FY 2013

Motors Division is leading a Group-wide initiative to enhance Business Continuity Planning (BCP) processes. The approach aims to mitigate the impact of catastrophic events on operations, such as the disruption to Motors supply chain during the severe flooding of Thailand in 2011. Our BCP Plan is certified to the international standard ISO 22301: 2012-Societal Security-Business Continuity Management Systems-Requirements. Findings from pilot exercises conducted against our plan in FY 2013 are shared throughout the Group to enhance our planning processes and overall business resilience.

In FY 2013, we re-assessed and strengthened controls for contractor safety as a result of a fatality at one of our workplaces. As part of a Group-wide initiative, we will continue to strengthen environmental, safety and health provisions in our procurement arrangements in FY 2014.

Energy efficiency projects implemented at our assembly plant in Kulim, Malaysia support the Group-wide focus on reducing carbon emissions. We are also starting to influence the sustainability of our customers' purchasing decisions by making cleaner technology vehicles available in selected markets.

MOTORS PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> 94 units of Ford models with eco boost technology sold in Malaysia 15 units of Porsche hybrid models sold in Malaysia 1 unit of iMiEV electric vehicle sold in Hong Kong 	<ul style="list-style-type: none"> Continue to promote cleaner technology in relevant markets
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Carbon reduction target and reduction roadmap set to 2020 2 per cent reduction in assembly emissions intensity, from 2009 levels 	<ul style="list-style-type: none"> Implement pilot carbon reduction initiatives, expand the pilot learnings and achievements across the business Incrementally reduce assembly emissions intensity by 2020, from 2009 levels
	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> Expand water usage inventory
Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system Risk Management Committee of the Board met 7 times to monitor and review risk controls 8 branches across Malaysia and Singapore have established site specific Business Continuity Plans (BCP) 	<ul style="list-style-type: none"> Continue to monitor and review key sustainability related risks in ERM system All 53 branches worldwide to establish BCPs by FY 2015
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Support Group participation in key organisations 	<ul style="list-style-type: none"> Continue to support Group participation in key organisations
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Contribute to Group FY 2013 Sustainability Report 	<ul style="list-style-type: none"> Continue to contribute to Group level reporting requirements Participate in external assurance for Group wide initiatives

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Division specific LSS 5 year blueprint developed Achieved RM0.93 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM15 million in savings from LSS projects in FY 2014 Target to achieve RM264 million in cumulative savings between FY 2013 – FY 2017
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> One fatality recorded 45 per cent increase in incident rate 33 per cent increase in frequency rate 	<ul style="list-style-type: none"> Zero fatalities Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results
	Sustainability Culture	<ul style="list-style-type: none"> Achieved a score of 67 per cent for an internally developed customer service index 338 employees completed Customer Service Excellence (CSE) training 	<ul style="list-style-type: none"> Improve score for internal customer service index Increase CSE training for employees and implement CSE initiatives Division-wide

PROPERTY



SUSTAINABILITY FOCUS AREAS IN FY 2013

Property’s mission is to be the leading developer of sustainable communities. Our designs aim to support the protection and management of natural systems, habitat and biodiversity through the innovative and efficient use of resources such as materials, water and energy.

Effective transport services are considered in all new developments, with a particular focus on low carbon transport such as public transport, cycling and walking. By 2020, we aim to:

- Design all new construction to meet green building standards (minimum Malaysian Green Building Index)
- Use at least 60 per cent recyclable building materials
- Reduce carbon emissions by planting Endangered, Rare and Threatened (ERT) rainforest trees in Property projects to replace trees felled as part of the development process, i.e. one tree planted for one tree removed

Our Sime Darby Idea House is a prototype house that showcases sustainable architecture and is the first carbon-neutral residence in Southeast Asia. In FY 2013, we continued to selectively adopt technology from the Idea House, such as rainwater harvesting systems, water efficient fittings, energy efficient air-conditioning systems and improved thermal insulation for roofs. These technologies were incorporated into the designs of selected property developments located in our Nilai Impian, Denai Alam, Bukit Jelutong, Melawati and Saujana Impian townships in Malaysia.

Our joint venture Battersea Power Station redevelopment project in the United Kingdom also takes a holistic approach to sustainability, which informs the whole development process from design through to construction and operation. To deliver on our promise of environmental stewardship, the energy strategy for Battersea Power Station has been revisited to ensure that it incorporates the latest advancements in technology and fuel developments. Wider social and economic benefits of the project are delivered via initiatives to enhance the opportunities for employment, education and skills development for the local community. The main contractor for Phase 1 of the project has been engaged in educational visits, job fairs and supply chain events in the local area. The Battersea Power Station development team are also key members of the Opportunity Area Business and Employment Working Group, which is a job brokerage established as a single point of contact for all developers and contractors.

While our contribution to the Group’s carbon emissions is small (around 1.24 per cent), we have a substantial opportunity to improve the greenhouse performance of our products by designing properties for energy efficiency during their use and maximising recyclability at the end of their life. Sime Darby Property also continued to explore further opportunities to improve the energy efficiency of existing buildings. In 2011 we reported on the completion of heating, ventilation and cooling (HVAC) related energy efficiency projects in three properties in Malaysia. In FY 2013, two of these properties, Wisma Sime Darby and the Kuala Lumpur Golf & Country Club (KLGCC), adopted the ISO 50001 Energy Management certification system to better monitor and manage their energy use.

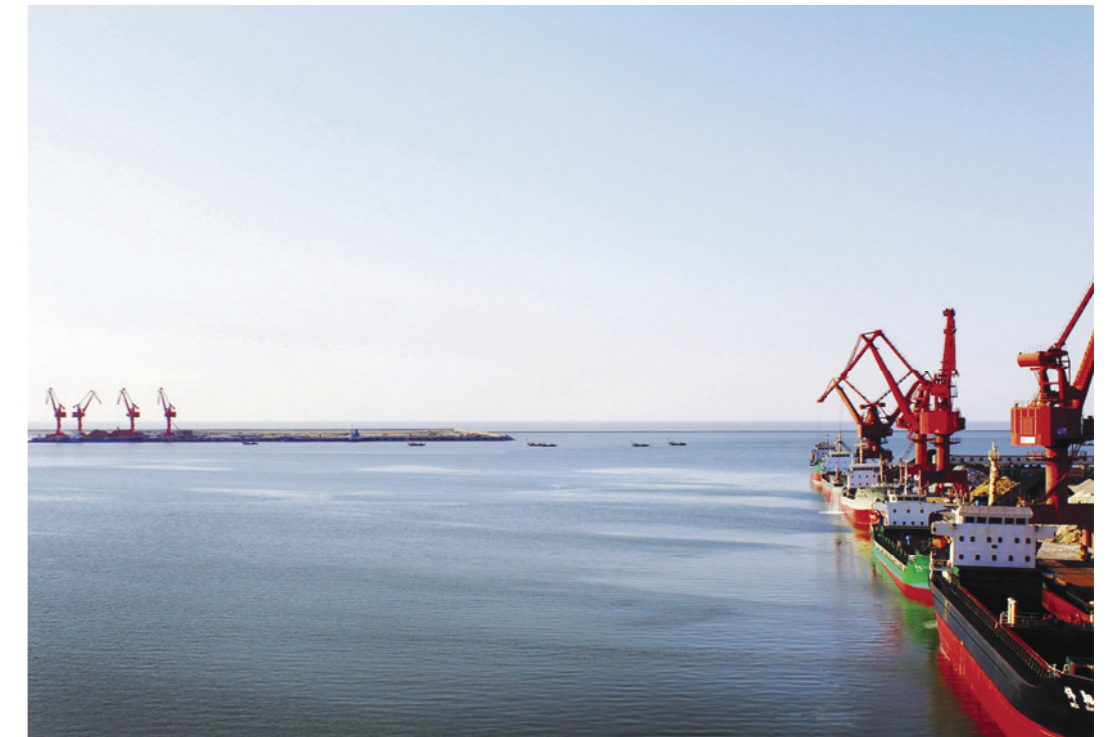
PROPERTY PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> • Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> • Board and Management annual review for FY 2014
	Sustainability-led Innovation and New Business	<ul style="list-style-type: none"> • Commercialisation of selected green building technology from the “Idea House” research and development project, into selected property developments in Malaysia • Inclusion of sustainable design criteria into township planning design guidelines 	<ul style="list-style-type: none"> • Continue to explore feasibility of commercialising technology from the “Idea House” into property developments • Continue to explore avenues to embed sustainable design criteria into product development pathways
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> • Carbon reduction target and reduction roadmap set to 2020 • 10 per cent increase in emissions intensity, from 2009 levels • Accreditation with ISO 50001 Energy Management for 2 sites in Malaysia (Wisma Sime Darby and KLGCC) 	<ul style="list-style-type: none"> • Implement pilot carbon reduction initiatives, expand the pilot learnings and achievements across the business • Reduce emissions intensity by 8 per cent by 2020, from 2009 levels
Effectively Manage Sustainability Risks	Water Management	<ul style="list-style-type: none"> • Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> • Expand water usage inventory
	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> • Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system • Risk Management Committee of the Board met 7 times to monitor and review risk controls 	<ul style="list-style-type: none"> • Continue to monitor and review key sustainability related risks in ERM system
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> • Support Group participation in key organisations 	<ul style="list-style-type: none"> • Continue to support Group participation in key organisations
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> • Contribute to Group FY 2013 Sustainability Report 	<ul style="list-style-type: none"> • Continue to contribute to Group level reporting requirements • Participate in external assurance for Group wide initiatives

PROPERTY PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Division specific LSS 5 year blueprint developed Achieved RM0.22 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM2 million in savings from LSS projects in FY 2014 Target to achieve RM33 million in cumulative savings between FY 2013 – FY 2017
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> Zero fatality recorded 18 per cent decrease in incident rate 16 per cent decrease in frequency rate 	<ul style="list-style-type: none"> Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results
	Sustainability Culture	<ul style="list-style-type: none"> Pilot Sustainability Culture Assessment conducted 	<ul style="list-style-type: none"> Expand Sustainability Culture Assessment Division-wide

ENERGY AND UTILITIES



SUSTAINABILITY FOCUS AREAS IN FY 2013

Safety and Health (S&H) is the most material issue for our Energy and Utilities Division, particularly in our relatively new China business where our management approach is still maturing. Three fatalities occurred in our China business in FY 2013. In response, we are focused on rapidly enhancing the S&H governance structure of the business. A S&H manager for China operations was employed in April 2012, tasked with improving S&H practices across the various types of facilities in the country. S&H Committees have also been established at each facility in China and are chaired by each relevant Head of Operations.

Climate change is a key issue for the carbon emissions-intensive power industry. Recognising this, all of our power assets have adopted cogeneration technology and are fuelled by natural gas, a relatively low carbon-emitting fossil fuel.

We are implementing a range of Lean Six Sigma (LSS) projects to improve the process efficiency of our power plants and reduce associated emissions. The LSS approach is also being used to drive operational efficiency across our engineering services, port and logistics and water management businesses.

ENERGY AND UTILITIES PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Carbon reduction target and reduction roadmap set to 2020 7 per cent reduction in power emissions intensity, from 2009 levels 	<ul style="list-style-type: none"> Implement pilot carbon reduction initiatives, expand the pilot learnings and achievements across the business Incrementally reduce power emissions intensity by 2020, from 2009 levels
	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> Expand water usage inventory
Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system Risk Management Committee of the Board met 7 times to monitor and review risk controls 	<ul style="list-style-type: none"> Continue to monitor and review key sustainability related risks in ERM system
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Support Group participation in key organisations 	<ul style="list-style-type: none"> Continue to support Group participation in key organisations
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Contribute to Group FY 2013 Sustainability Report 	<ul style="list-style-type: none"> Continue to contribute to Group level reporting requirements Participate in external assurance for Group wide initiatives
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Division specific LSS 5 year blueprint developed Achieved RM3.59 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM2 million in savings from LSS projects in FY 2014 Target to achieve RM21 million in cumulative savings between FY 2013 – FY 2017
	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> 3 fatalities in China operations 507 per cent increase in incident rate 808 per cent increase in frequency rate ESH manager engaged for China operations in April 2012 ESH governance structure enhanced in China with S&H committees established at all sites 	<ul style="list-style-type: none"> Zero fatalities in FY 2014 Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results

HEALTHCARE¹



SUSTAINABILITY FOCUS AREAS IN FY 2013

The safety and health of our employees and patients is paramount. In FY 2013, we conducted a series of hand hygiene campaigns to educate patients and reinforce hand hygiene practices to hospital personnel. The campaigns stressed the importance of hand hygiene, established guidelines on proper hand washing, increased the number of hand sanitizers in hospitals, and were followed by a study to monitor and assess compliance to hand hygiene guidelines.

We enhance patient safety by inculcating International Patient Safety Goals (IPSG) into our delivery of care. IPSG consists of six key areas related to the correct identification of patients, effective communication, safety of high-alert medication, safety during surgery, management of healthcare associated infections and patient falls.

Sime Darby Healthcare is also committed to driving a culture of customer service excellence through our Service Transformation programme. In March 2013, we published two new handbooks on “Service Excellence & Standards of Behaviour” and “Dress Code & Conduct and Facility and Housekeeping Standards”. These handbooks are the newest addition to the series of publications that we develop to standardise the unique brand of care and customer service that our patients experience throughout our hospitals.

While Healthcare Division is a minor contributor to the Group’s carbon emissions profile (around 0.49 per cent), we are participating alongside other Divisions in efforts to reduce Sime Darby’s emissions intensity. We are implementing a range of projects in our hospitals to reduce our energy consumption while maintaining an excellent level of patient comfort and quality of care.

¹ Effective 30 June 2013, Sime Darby Healthcare Sdn Bhd became a subsidiary of Ramsay Sime Darby Health Care Sdn Bhd (formerly known as Sime Darby Global Healthcare Sdn Bhd), a joint venture company between Sime Darby Holdings Bhd and AH Holdings Health Care Pty Ltd. AH Holdings Health Care Pty Ltd is a wholly owned subsidiary of Ramsay Health Care Ltd. Accordingly, Healthcare will not be included in future sustainability reports.

HEALTHCARE PERFORMANCE SUMMARY FOR FY 2013

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Leverage on Sustainability to Create Value	Sustainability Strategies	<ul style="list-style-type: none"> Division specific sustainability 5 year blueprint developed 	<ul style="list-style-type: none"> Board and Management annual review for FY 2014
	Carbon Management and Energy Efficiency	<ul style="list-style-type: none"> Carbon reduction target and reduction roadmap set to 2020 17 per cent increase in Sime Darby Medical Centre Subang Jaya's (SDMC SJ) emissions intensity, from 2009 levels 	<ul style="list-style-type: none"> Implement pilot carbon reduction initiatives, expand the pilot learnings and achievements across the business Reduce SDMC SJ's emissions intensity by 3 per cent by 2020, from 2009 levels
	Water Management	<ul style="list-style-type: none"> Started developing baseline water usage inventories for selected sites 	<ul style="list-style-type: none"> Expand water usage inventory
Effectively Manage Sustainability Risks	Sustainability Risk Identification, Assessment & Control	<ul style="list-style-type: none"> Key sustainability related risks captured and monitored in Enterprise Risk Management (ERM) system 	<ul style="list-style-type: none"> Continue to monitor and review key sustainability related risks in ERM system
		<ul style="list-style-type: none"> Risk Management Committee of the Board met 7 times to monitor and review risk controls 	
Develop Sustainability Thought Leadership	Strategic Participation in Key Sectoral & Thematic Organisations	<ul style="list-style-type: none"> Support Group participation in key organisations 	<ul style="list-style-type: none"> Continue to support Group participation in key organisations
Effective Sustainability Reporting	Stakeholder Engagement	<ul style="list-style-type: none"> Contribute to Group FY 2013 Sustainability Report 	<ul style="list-style-type: none"> Continue to contribute to Group level reporting requirements
			<ul style="list-style-type: none"> Participate in external assurance for Group wide initiatives
Instill a Performance Culture	Lean Six Sigma (LSS)	<ul style="list-style-type: none"> Division specific LSS 5 year blueprint developed 	<ul style="list-style-type: none"> Target to achieve RM1 million in savings from LSS projects in FY 2014
		<ul style="list-style-type: none"> Achieved RM2.74 million in savings, from LSS projects 	<ul style="list-style-type: none"> Target to achieve RM9 million in cumulative savings between FY 2013 – FY 2017

Strategic Sustainability Goals	Focus Areas	Progress in FY 2013	Future Activities
Instill a Performance Culture (cont'd)	Environmental, Safety & Health (ESH)	<ul style="list-style-type: none"> Zero fatality recorded 	<ul style="list-style-type: none"> Reduce total recordable frequency rate by 15 per cent based on FY 2013 performance results
		<ul style="list-style-type: none"> 22 per cent decrease in incident rate 25 per cent decrease in frequency rate 	
	Quality & Patient Safety	<ul style="list-style-type: none"> Hand hygiene campaigns conducted International Patient Safety Goals (IPSG) built into delivery of care 	<ul style="list-style-type: none"> Continue to conduct proactive patient safety initiatives
	Sustainability Culture	<ul style="list-style-type: none"> Two new Service Transformation handbooks published 	<ul style="list-style-type: none"> Continue to drive customer service excellence programmes

A DEEP DIVE INTO PLANTATION



203

2.47
million tonnes

million tonnes

of annual CPO production certified sustainable



0.56

0.56
million tonnes

million tonnes

of annual PKO certified sustainable

Oil palm plantations in Malaysia

312,795

hectares planted



Rubber plantations in Malaysia

7,811

hectares planted



Oil palm plantations in Indonesia

204,505

hectares planted



Oil palm plantations in Liberia

8,025

hectares planted

OUR PLANTATION VALUE CHAIN

525,325 hectares

Planted in Malaysia,
Indonesia & Liberia

ESTATES



0.56

million tonnes of PKO
(85% RSPO certified)

2.47

million tonnes of CPO
(82% RSPO certified)



MILLS

- Research & Advisory
- Seeds & Agriculture
- Biotechnology & Breeding

- Processing Technology

- Customer Requirements

- Processing Technology
- Product Innovation Centres

REFINERIES

Edible oil & fats

Biodiesel

Oleochemical

11
refineries
(82% RSPO
SCCS certified)

▶▶▶ Value Chain

▶▶▶ R & D Advisory & Research



Our Sustainability Mandates:

RSPO Certification for all Strategic Operating Units (SOUs)

Zero Burning for Oil Palm Replanting and New Developments

No Clearing of Primary Forests and High Conservation Value Areas

Protect and Conserve Endangered, Rare and Threatened (ERT) Tree Species

No New Planting on Peatland

Respect Native Customary Rights and Obtain Free, Prior and Informed Consent for New Developments

No Hunting in Our Estates

Reduce Upstream Carbon Emissions Intensity by 40 per cent by 2020, from 2009 Levels

SUSTAINABILITY CERTIFICATION

Palm oil is an increasingly important global commodity that has a range of benefits and significant sustainability opportunities and challenges.

A versatile oil that is used in many food and non-food products, palm oil is the world's top selling vegetable oil and is rapidly growing in market share. Oil palm is the most efficient oil seed crop in the world, and is able to produce up to 10 times more vegetable oil per hectare of land compared to other oil seed crops. With the global population expected to increase from seven billion people in 2012 to nine billion people in 2050, oil palms have the ability to significantly contribute to global food security.

Oil palm grows optimally within a region 10 degrees either side of the equator, which has raised concerns over the impacts on tropical biodiversity from the expansion of large scale agriculture. In recent years, there has been growing attention on a range of

further environmental and social challenges facing the palm oil industry, which include climate change, conflicts over native customary land rights and workers' rights and conditions.

As one of the world's largest palm oil producers, Sime Darby has an important leadership role in addressing these issues and managing our estates with care. Historically, we have helped develop and pioneer many of the good agricultural practices that are now synonymous with sustainable agriculture. With the recent development of sustainability certification schemes for palm oil, we support the drive for transparent and credible processes of checks and balances to ensure that our palm oil is produced and sourced responsibly. These schemes provide a reliable framework to capture our good practices and provide a foundation for us to continuously improve our methods and address emerging issues of concern.



Oil palm fruits

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

The Roundtable on Sustainable Palm Oil (RSPO) was formed in 2004 to promote the growth and use of sustainable oil palm products through credible global certification standards and engagement of stakeholders. Sime Darby is a co-founding member of the RSPO, a not-for-profit association that represents oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors and civil society organisations¹. We represent the Malaysian Palm Oil Association on the RSPO Executive Board and have been involved in various RSPO working groups including the Greenhouse Gas Emissions and Peatland Working Group. Participation in the RSPO is voluntary.

There are two main certification schemes under the RSPO:

- Principles and Criteria (P&C) Certification addresses upstream estate plantations and mills (Strategic Operating Units or SOUs)
- The Supply Chain Certification System (SCCS) addresses certified sustainable palm oil sourcing and use

OUR MANAGEMENT APPROACH – RSPO PRINCIPLES & CRITERIA

The RSPO P&C provide the framework for how we manage our SOUs. Company policies and standard operating procedures are strictly enforced at our estates and regular internal RSPO audits are conducted to identify and rectify areas of non-compliance. Our SOUs are certified by independent, approved Certification Bodies.

In particular, Sime Darby’s compliance with the RSPO P&Cs are supported by our:

- 1 Agricultural Reference Manual –**
Our reference manual for good agricultural practices (RSPO P&C 4) and for new developments in this area (RSPO P&C 8)
- 2 Sustainable Plantation Management System –**
A framework for key issues including new planting, biodiversity conservation and management, social engagement and management etc. (RSPO P&C 1, 5, 6 and 7)
- 3 Plantation Quality Management System –**
A framework for quality management, continuous improvement and legal compliance (RSPO P&C 2, 3 and 8)
- 4 Environmental Safety & Health Manual –**
Our reference manual for specific ESH issues and management (RSPO P&C 5 and 6)

Our policies and standard operating procedures are periodically reviewed to ensure they reflect advancing standards and the outcomes from research and development.

Key to our approach is our engagement with stakeholders such as employees, contractors, adjacent communities and smallholders and third party suppliers. We interact with these groups through formal and informal processes such as employee training programs, open dialogue and briefings. Read more about our approach to stakeholder engagement on page 33.

OUR MANAGEMENT APPROACH – RSPO SUPPLY CHAIN CERTIFICATION SYSTEM

We have developed a total traceability IT system designed to track movements of RSPO certified product through Sime Darby’s vertically integrated operations, i.e. estates, mills and refineries. Movements of RSPO certified product are tracked via a series of key parameters. The system also has the capability to track and monitor orders of rejected and reprocessed palm oil. To date, the traceability system covers all of our Malaysian operations. Key parameters for our non-Malaysian operations are tracked manually.

¹ Civil society organisations include both environmental and social non-governmental organisations.

RSPO PRINCIPLES & CRITERIA REQUIREMENTS FOR ESTATES AND MILLS



HOW WE ARE DOING

In 2013, we achieved 100 per cent RSPO certification for Malaysian Strategic Operating Units (SOUs), while working towards full certification for Indonesian operations, which are currently 80 per cent certified. We also expanded into complementary sustainability certifications based on business needs and customer demand, such as the International Sustainability & Carbon Certification (ISCC) scheme. For new plantations, such as our expansion in Liberia, we have adopted the RSPO's new planting procedures and intend to obtain RSPO certification once a mill is constructed and crude palm oil production commences.

Our Progress in Upstream Plantation

Certification to the RSPO Principles & Criteria
Sime Darby Plantation continues to maintain a leadership position as the largest producer of certified sustainable palm oil (CSPO). 55 of the division's 60 strategic operating units are currently certified by the RSPO (35 strategic operating units in Malaysia and 20 strategic operating units in Indonesia). A strategic operating unit comprises of a mill and several feeder estates. The remaining 5 strategic operating units have started the RSPO certification process. 4 strategic operating units achieved their RSPO certification this year.

Sime Darby Plantation currently has an annual production capacity of 2.03 million tonnes of CSPO, and 0.47 million tonnes of certified sustainable palm kernel oil. This represents approximately 82 per cent of annual crude palm oil and 85 per cent of annual palm kernel oil production, respectively.

Our Efforts to Encourage Smallholder

Certification to the RSPO Principles & Criteria

An important element of RSPO certification for our strategic operating units is the certification of smallholders that supply the mill. Plantation companies have three years to certify their smallholders from the date that they were themselves certified. Sime Darby is committed to meeting this requirement.

While only a small proportion of the total oil palm crop we process is grown by smallholders outside our estates, we are working with our smallholders on their certification journey. On average, around 12 per cent of our total oil palm crop processed (7 per cent in Malaysia and 18 per cent in Indonesia) is grown by smallholders.

In FY 2013 we supported five managed smallholder groups in South Kalimantan, Indonesia to prepare for RSPO certification. The groups were independently audited together with our Mustika mill in March 2013, and achieved certification by the RSPO in July 2013. The five managed smallholder groups cover a total area of 16,639 hectares, with an annual production capacity of 347,749 tonnes of fresh fruit bunches.

We are also engaging with independent smallholders in Sabah, Malaysia on RSPO certification. Two site visits were conducted in the region this year; the first to identify gaps and establish a performance baseline, and then later in the year to discuss potential certification plans and budgets.

We will continue to work with other smallholders groups associated with our estates to encourage RSPO certification.

Our Progress in Downstream Plantation
Certification to the RSPO SCCS and our Certified Sustainable Fully Segregated Value Proposition

With market sentiment shifting towards the provision of traceable and fully segregated CSPO, we have also made significant progress in the certification of our downstream operations. Nine of the Division's 11 refineries, biodiesel and kernel crushing plants around the world are now certified to the RSPO Supply Chain Certification System (SCCS). Two sites achieved their SCCS certification this year. The remaining two downstream operations are progressing towards SCCS certification in 2014.

A fully segregated CSPO supply line has now been established between selected Sime Darby Plantation mills in Sabah, Malaysia, and the Division's refinery in the Netherlands. Around 55,000 tonnes of fully segregated CSPO is shipped to our Netherlands refinery each year. We are in the process of developing a second fully segregated supply line via a refinery in Malaysia. By December 2013 we will be able to supply a further 300,000 tonnes of fully segregated CSPO to market.

SUMMARY OF SIME DARBY'S VERTICALLY INTEGRATED AND FULLY SEGREGATED CSPO SUPPLY LINES

		FY 2013 (current)	FY 2014 (target)
RSPO Certified: Principles & Criteria (P&C)	Strategic Operating Units (SOUs)	3 in Malaysia	11 more in Malaysia
	Refineries	1 in the Netherlands	1 more in Malaysia
	Fully Segregated CSPO Supply Capacity	55,000 tonnes per annum	Additional 300,000 tonnes per annum
RSPO SCCS Certified: Segregation Model		Total of 355,000 tonnes per annum of fully segregated CSPO by FY 2014	

In FY 2013 it was alleged that Sime Darby purchased palm oil from Duta Palma, from an area of Indonesia that had been deforested for its production. The allegation is incorrect. Sime Darby Plantation has never purchased crude palm oil (CPO) or fresh fruit bunches from Duta Palma, their parent company or subsidiaries. In 2009 we supplied a small quantity of CPO to Duta Palma and have had no further involvement with the Company since that time. Sime Darby Plantation had also once rented their bulking tanks on spot basis, in 2008.

55,000 tonnes of fully segregated CSPO shipped to our refinery in the Netherlands in FY 2013.

SIME DARBY'S COMMITMENT TO RSPO AND BEYOND

Sime Darby is committed to the RSPO as a foundational standard for industry certification. We are also developing a range of progressive practices to advance key issues such as:

CARBON

We have developed a global inventory of our carbon emissions and have set ourselves a target to reduce emissions intensity by 40 per cent by 2020 based on 2009 levels. Our current research into carbon emissions from land-use change will help us to better understand and respond to new developments on High Carbon Stock. Read more on pages 30 and 93.

HUMAN RIGHTS

Our Sustainability Principle to 'Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities' is embedded in our Group Policies and Authorities (GPA), the core policy document that governs all Sime Darby's operations. This principle is further expanded in supporting policies such as our Code of Business Conduct, Child Protection Policy and Gender Policy. Read more on pages 25 and 81.

GOOD AGRICULTURAL PRACTICES

We have stopped the use of the herbicide Paraquat in our operations since the early 2000s. Although not a banned substance, we took the initiative to stop its use due to the potentially harmful effects of paraquat on the environment and significant health and safety risks, if used inappropriately.

PEATLAND MANAGEMENT

Peat forests are an important element in managing global climate change, able to store large amounts of carbon that is released as greenhouse gas emissions when cleared or burned. Sime Darby has been committed to no new developments in deep peat (i.e. peat greater than three metres depth) since 2008. This was expanded in 2013, to our "no planting on peatland" policy prohibiting new developments in all peatland areas, irrespective of depth.

FREE, PRIOR AND INFORMED CONSENT

We continually work to enhance our Free, Prior and Informed Consent (FPIC) processes and engagement framework with local communities, to mitigate the risk of adverse impacts and to ensure mutual benefits from our operations. Read more on page 74.



Composting plant at Kempas Mill, Melaka, Malaysia

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 voluntary programme 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.

In FY 2013, Sime Darby Plantation achieved ISCC certification for a further six palm oil mills and one refinery in Malaysia. We have in total 14 operating units (11 palm oil mills and 3 refineries) in Malaysia certified to the ISCC, bringing our annual production capacity of ISCC certified crude palm oil to 480,000 tonnes.

NATIONAL SCHEMES

The Indonesian Sustainable Palm Oil (ISPO) standard is a mandatory certification scheme to cover all local palm oil growers by 2014. Plantations classified by the Indonesian Federal Government as having 'moderate' to 'very good' practices are admitted to the certification process and have a grace period of three years to comply fully with

ISPO. Plantations classified as 'poor' to 'very poor' have to be re-evaluated, while those that practice the 'slash and burn' method for land clearance are disqualified from the certification process. Our Indonesian operations will be required to comply with the mandatory standard when it comes into effect next year. We see these requirements as complementary with our activities under RSPO, as the RSPO also requires us to comply with all national regulations.

Two Sime Darby Plantation sites were certified under ISPO this year. A further three sites are in the process of being audited or recommended for certification by the Indonesian Ministry of Agriculture. We are committed to achieving ISPO certification for all our Indonesian sites, as required under Indonesian regulations.

The Malaysian Sustainable Palm Oil (MSPO) standard is in development and will be released in early 2014. Like the RSPO, participation in the Malaysian standard will be voluntary. Sime Darby Plantation has been involved in the Technical Working Committee for the development and drafting of the MSPO standards and guidance.



Sime Darby Biodiesel Plant in Carey Island, Malaysia is an ISCC-certified operating unit

WORKING WITH OUR LOCAL COMMUNITIES

Local community engagement and partnership is fundamental to the success of our Plantation estates. We actively engage with community leaders and members before any development commences. We do this to obtain the free, prior and informed consent (FPIC) of communities potentially impacted by our operations, one of our key responsibilities as a member of the Roundtable on Sustainable Palm Oil (RSPO) and part of our social licence to operate.

Our community engagement framework of Social Impact Assessments, regular stakeholder consultations and engagement during RSPO certification and surveillance audits is embedded within Plantation's policies, management systems and standard operating procedures. We engage independent assessors to review our FPIC processes periodically to ensure that our practices reflect current best practice and remain effective.

We believe that the development of a Sime Darby plantation estate provides opportunities for mutual growth with local communities. This includes the payment of fair wages to local employees, revenue generation for Sime Darby, opportunities for smallholder development, training for estate employees and smallholders, and a range of community investment initiatives.

We provide community infrastructure as part of our licence to operate, we often introduce a range of services and facilities to support the local workforce and communities surrounding our estates. This includes housing, children's creches, medical clinics and religious houses. We have also developed key infrastructure, such as roads and bridges, which improve access in and around our concession areas, for the mutual benefit of Sime Darby and local communities.

SOCIAL ISSUES IN LIBERIA AND INDONESIA

Sime Darby Plantation is committed to ongoing engagement with affected communities to understand and resolve concerns and grievances raised throughout the life span of our plantation projects. The following sections provide an update on the progress of social issues raised at our Liberian and Indonesian operations in our 2011 Sustainability Report.

LIBERIA

Sime Darby Plantation through its fully owned subsidiary, Sime Darby Plantation (Liberia) Inc has a concession area of 220,000 hectares of land to be developed into oil palm and rubber plantations across the counties of Grand Cape Mount, Bomi, Bong and Gbarpolu in Liberia. An additional 44,000 hectares will also be developed for outgrower schemes.

To date, 8,025 hectares of oil palm has been planted across four estates in Grand Cape Mount and Bomi counties. We currently employ about 3,000 people in our operations. This is twice the number usually required by the current level of our operations, in a bid to enhance opportunities for employment and skills development. We have the potential to create 35,000 jobs when the concession is fully developed.

Background

Our Liberian operation commenced in 2009. The Company originally acquired an interest in rubber plantations in the area in the 1980s but operations were discontinued during the two periods of Liberian civil war (1989 – 1996 and 1999 – 2003).

During the planning and commencement of operations we conducted the assessments and local consultations required by our RSPO commitments and standard FPIC protocols. Due to the unfamiliarity with some aspects of the local context, compounded by the absence of well-defined land laws in Liberia, we initially ran into problems with the local community in the area of operations around our Matambo estate.

In September 2011, a complaint was lodged with the RSPO against Sime Darby Plantation Liberia. Upon receipt of the complaint, Sime Darby stopped all operations in the affected area and initiated measures to resolve the dispute amicably. Plantation Division met with the Project Affected Communities (PAC) in December 2011 and it was agreed that an independent assessment would be commissioned to review our FPIC process. The RSPO complaint was consequently withdrawn in January 2012.

How We Are Doing

Remediation Activities with Project Affected Communities Surrounding the Matambo Estate

We engaged The Forest Trust (TFT) to conduct an independent assessment of our FPIC processes, which was completed in August 2012. Since then, we have undertaken a range of activities during the year to support the Project Affected Communities' (PAC) livelihoods and address food security concerns. Some of the initiatives taken are listed below.

- We have permanently employed at least one person from each PAC household to ensure that our operations directly improve the livelihoods of communities surrounding our operations, as well as, the wider economy.
- To improve food security, we are assisting 17 PAC townships to set up intensive farming plots on swamps. We have also procured 99 sheep for the purposes of breeding and installed 45 new handpumps in the 17 PAC towns to provide better access to water.
- For five months we provided 50 kilograms of rice, per month, to all elderly and disabled people in the PAC. There were 366 beneficiaries of this initiative.

- We are currently constructing a 12-classroom junior high-school next to Senii Town, which is a remote area where local children have no access to schools. Sime Darby will finance the school, teachers' salaries, teaching materials and a hot meal per day per child.
- USD420,000 was also made available for education scholarships in FY 2013. The scholarships aim to support 20 Liberian students to pursue tertiary education in Liberian and Malaysian universities. USD500,000 will be made available for scholarships in FY 2014.
- We have agreed to establish a USD 1 million Multi-Generational Cultural Endowment Fund to compensate the PAC for accidental loss and damage to sacred sites.

Improvements to our FPIC Processes and Procedures

We have also engaged TFT to fine-tune the way we manage social issues and to build capacity on FPIC for our Social and Operational Teams.

We have strengthened our Liberian Social Team to engage more effectively with PAC. Regular meetings are now conducted with PAC leadership and townhall meetings are held with the wider PAC community every six months. PAC leadership includes community elders, youth group leaders, women's group leaders, and religious leaders. Some of our related initiatives are highlighted below:

- We have put in place improved and more structured grievance procedures to lodge complaints.
- Our oil palm planting policies and procedures have been amended to increase buffer zones between local communities and our operations to a minimum of two kilometres, allowing more space for traditional farming.
- We have improved the transparency and robustness of our crop compensation payment mechanisms. Compensation rates are based on the rates set by the Liberian Ministry of Agriculture.

- We conduct Social Surveys to better understand the history, standard of living and sources of livelihood of local communities. This helps Sime Darby to monitor the scale and areas of improvement in community livelihood resulting from our operations.
- We have adopted a participatory mapping approach to avoid potential infringements on areas of social and religious significance. Participatory mapping is conducted by local communities themselves, with technical assistance from civil society organisations, to demarcate these sensitive areas that we will avoid.
- We are developing a detailed reference manual on FPIC and land acquisition practices for the Company, which captures the new adaptations of FPIC considerations for Liberian conditions.

Moving Ahead

In FY 2013, we launched the Sustainable Partnership Initiative together with the Green Advocates of Liberia, a Liberian civil society organisation. The Sustainable Partnership Initiative is a multi-stakeholder consultative forum that brings together PAC leadership representatives, Sime Darby Plantation Liberia, civil society organisations, the Government of Liberia and international development institutions such as the World Bank, International Finance Corporation, the United Nations Mission in Liberia and the European Union delegation to Liberia.

On 28 June 2013, we signed a Memorandum of Understanding (MoU) with the Zodua Clan, which has tribal rights to the land where we are looking to expand our operations. This is the first agreement of this kind ever signed between a concessionaire and a local community.

The MoU outlines in plain language the key terms and conditions of the concession agreement, which are particularly relevant to local communities. This ensures that local communities understand and agree to the terms, conditions, and guiding principles of a potential partnership with the company. Zodua community elders, youth group leaders, women's group leaders, religious leaders and civil society organisations were signatories to the MoU. Representatives of the Government of Liberia witnessed the signing.

We remain committed to growing the business responsibly, supporting the development of the Liberian economy and raising the standard of living of local communities, by providing new opportunities and developing skills. Through these efforts we aim to ensure our social licence to operate.

Memorandum of Understanding signed with the Zodua Clan, Liberia, which ensures local communities understand and agree to the terms, conditions, and guiding principles of a potential partnership with Sime Darby.

INDONESIA

Sime Darby Plantation's concession in the Sanggau district, West Kalimantan province, Indonesia is held by our subsidiary PT Mitral Austral Sejahtera (PT MAS). We currently have three established estates (PT MAS 1- 3) and are in the process of developing a new estate, PT MAS 4. The current total planted area of these four estates is 10,959 hectares. This includes 3,320 hectares of plasma plantations.

Plasma farmers are a group of local growers who receive direct support from Sime Darby Plantation in the development of their land. Using the 'nucleus plasma' model, we develop the smallholder oil palm 'plasma' plots around our own 'nucleus' plantation and provide a measure of technical assistance to the plasma farmers. Fresh fruit bunches harvested from the plasma plots are generally sold to our mills, which process the crop from our neighbouring 'nucleus' plantations.

Background

PT MAS was established in 1996. Sime Darby Plantation acquired control of the company, and the concession in Sanggau district, from the original concession holders in 2005.

In 2007, 14 claims were submitted directly to palm oil companies operating in Sanggau district, as well as, the district and provincial government. The complaint was lodged by the Sarikat Petani Kelapa Sawit (or palm oil farmers union) of Sanggau district, on behalf of plasma farmers in the district. The claims were generally related to land rights, the framework by which plasma plots are developed and managed, and development of community infrastructure. Plasma farms have been established at PT Mas as early as 1997.

Since acquiring control of the concession, we have worked hard to resolve all issues raised by the plasma farmers and will continue to do so. Independent reviews and engagement forums have been undertaken as we work through the plasma farmer's concerns and requests. The 14 demands have been re-highlighted on a number of occasions since their original issue in 2007, the latest being on the 5th of November 2012, when 41 plasma farmers filed a complaint, regarding unresolved demands, against our PT MAS estate with the RSPO. In response, Plantation Division has voluntarily committed to quarterly reporting on the progress of resolving the 14 demands to the RSPO.



Plasma farmers at PT Mitral Austral Sejahtera (PT MAS) during safety and health briefing

How We Are Doing

We are continuing to work with plasma farmers to resolve the issues they have raised about our PT MAS estates.

Currently, there are 2,054 families participating in the PT MAS Plasma scheme. We obtain consent from participating families via our FPIC processes, 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.

Plantation management have met with smallholder representatives at each RSPO Roundtable meeting and at onsite meetings since the 14 demands were issued in 2007. A Social Impact Assessment was undertaken in 2009, followed by a further independent assessment in 2011 of the residual claims to determine how to resolve the demands. In 2012, this was followed by the development of a Social Management Plan and a regular community engagement plan.

On the 4 June 2013, a meeting was held between representatives of the plasma farmers and Plantation Division, where it was agreed that 11 of the 14 claims have been completed. It was further agreed that we will help facilitate and support the plasma farmers' representatives to socialise the "progress of resolution" with their respective constituencies. We have agreed to help develop materials that can be used by representatives of the plasma farmers to communicate the progress of resolving the 14 claims, and to fund the communication process.

While we are cautiously pleased with the progress made to date, and appreciate the support of the plasma farmers in continuing the engagement process, we understand that there is still a journey ahead. Issues related to land rights in particular are not easy to resolve and require agreement from several stakeholders, including the Indonesian Government.

OUR PEOPLE

Sime Darby Plantation aims to be an employer of choice in the regions where we operate. We are committed to equal opportunity for our workforce and do not tolerate discrimination on any grounds. We respect our employees' legal rights with respect to freedom of association and aim to maintain an open and effective relationship with our employees.

We are building our capacity through targeted recruitment programmes, offering competitive salaries and benefits. We are also developing our internal capabilities through leadership and certification training, job rotations and the sharing of best practice across the Sime Darby Group.

GENDER DIVERSITY

We are committed to gender equality in the workplace. Plantation Division currently employs 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, reproductive health and access to child care, and reduce the risk of gender-based discrimination, sexual harassment and domestic violence.

Gender Committees have been established at all of our Malaysian estates and mills. The Committees create opportunities for the development of female leadership, ensure the active participation of our female employees in Company decision-making and are a key requirement of our RSPO Certification.

Committee members range from office staff to general workers. Training and support is provided to enhance the leadership capacity of the participating women.

Case Study**GENDER COMMITTEE SUPPORTS FEMALE WORKERS AT BUKIT PILAH ESTATE, MALAYSIA**

At the start of FY 2013, Bukit Pilah Estate's (BPE) Gender Committee identified and prioritised a range of issues facing women at the estate, which included health concerns, parenting techniques and religious awareness.

Five programmes have been implemented at BPE during the year, including awareness on sexual harassment and two health screening sessions in collaboration with the Sime Darby Medical Centre. The screening service was offered to both BPE workers and their family members. The BPE Committee is now developing a "Beautiful and Clean House" competition for launch in FY 2014. Since the introduction of the Gender Committee, BPE management have noted an improvement in the confidence of female estate workers and a positive impact on livelihoods in the estate.



The Central Housing Complex (CHC) in Liberia

IMPROVING ESTATE WORKERS' LIVING CONDITION – CENTRALISED HOUSING COMPLEXES

We are developing Centralised Housing Complexes (CHCs) within all Sime Darby Plantation estates. These high quality, centralised community living spaces aim to change the perception of life on a plantation estate. The CHCs will provide a quality of living space comparable to that found in urban areas but located near to our estates. The design includes residences, offices, public amenities and recreational facilities.

Our pilot project at the Tennamaram Estate in Malaysia includes 130 units for workers quarters, staff bungalows and semi-detached houses. Three more CHCs are planned for our Malaysian estates at Johor, Kedah and Sabah. RM2 billion has been allocated to develop CHCs at all Malaysian plantations over the next 10-15 years.

In Indonesia, several CHCs will be built by our subsidiary, PT Minamas. More than RM1 billion has been allocated between 2010 and 2016 to build around 8,000 workers' quarters and 800 houses for management staff. The CHCs will increase living standards for employees, their families and the surrounding community by providing educational facilities, healthcare centres, houses of worship, and schools for the workers' children.

Matambo Estate in Liberia will house the first CHC in West Africa. The housing complex will be similar to the Company's facilities found in Malaysia and Indonesia. One CHC will be developed for every 3,000 hectares.

CHILD PROTECTION POLICY

Sime Darby is committed to upholding the rights of children and promote child protection, particularly in the areas where we operate. The Sime Darby Child Protection Policy (CPP) Programme was launched in March 2010 with the objective of raising awareness on issues pertaining to child safety, well-being and protection within the Group's business context.

The primary focus of the CPP Programme is Plantation Division, as children often live on our estates with their parents who are employees of the 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.

The Programme is now being progressively rolled out across our other Divisions, aiming to engage our entire workforce and fully embed CPP in our business operations to ensure that a child-safe environment is created and maintained.

Since the CPP Programme's inception, about 600 children from 5 Plantation zones and Plantation headquarters have attended 15 camps as part of our CPP School Holiday Programme.

TRAINING AND DEVELOPMENT

Our Plantation employees have the specialist knowledge and skills required to produce quality fresh fruit bunches (Upstream operations) and refine quality oil or biodiesel products for market (Downstream operations). Our induction, on-the-job and specialist training programs provide us with an excellent pool of talent to support our expanding business.

The Sime Darby Plantation Academy (SDPA) collaborates with public local Malaysian universities to train a specialist workforce for the palm oil industry. Diploma courses are offered include in Agriculture and Mechanical Engineering.

Our Building Estates' Sustainability & Transformation (BEST) programme is developing a continuous pool of skilled plantation workers, providing specifically-designed training courses for potential and existing estate staff.

Nearly 100 students completed the fully funded, three-year Estate Assistants Structured Training (EAST) course this year. Estate employees' children that met our academic and co-curriculum entry requirements were given priority to participate in the programme. The graduates have been offered employment in Sime Darby plantations across Malaysia and will have the opportunity to travel to Sime Darby estates in other regions as their experience grows.

SAFETY AND HEALTH



Nursery workers wearing Personal Protection Equipment

Sime Darby Plantation is committed to providing and maintaining a safe and healthy work environment. We believe accidents and injuries are preventable. These values are embedded in our daily work culture and supported by line accountability and management systems.

OUR APPROACH

Our five-year strategy aims to 'Enhance Self Regulation and Accident Prevention', with the aim of achieving 'Zero Harm to People, Planet & Profit'. In FY 2013 we undertook a range of improvement activities including the introduction of a contractor safety programme and behavioral-based safety programme, enhancing our approach to accident investigating and reporting, updating Standard Operating Procedures for key risk areas, broadening our medical and health surveillance program and improving our rewards and recognition programme.

HIGHLIGHTS OF KEY PERFORMANCE METRICS

8
Fatalities

5
Permanent Disabilities

2,756
Lost Time Injuries

59,316
Lost Days

46.24
Incident Rate

287.70
Severity Rate

19.41
Frequency Rate

HOW WE ARE DOING

While we continued to focus on safety and health (S&H) as a key measure of Divisional performance this year, we are saddened to report that 8 people died in our workplaces in FY 2013. This result is the same as the previous reporting period, with the majority of fatalities still occurring in our upstream operations.

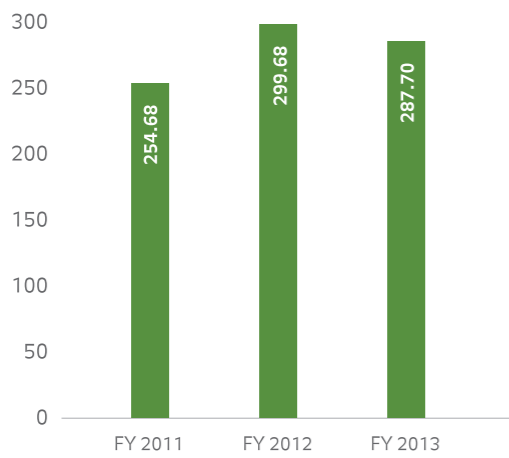
The Division's Incident Rate and Frequency Rate both decreased by 18 per cent, a pleasing result but our Severity Rate remained fairly steady. This means that while our workers are being injured less often, the consequences if they are injured are still very serious.

Our major hazards relate to transport, mechanical issues such as lock-out tag-out systems, harvesting equipment, chemical use, and contractor safety management, which includes engineering procurement, construction, installation and commissioning (EPCIC). A risk-based competency and capability building programme has been introduced to address these, and other, hazards faced by our Division. We also introduced an enhanced engineering contractor safety induction programme, which now requires engineering contractors to pass an exam before they are allowed to provide services to Sime Darby Plantation.

Our chemical health risk assessment processes and procedures were reviewed this year. Contractor safety has also been a key focus, with a review of S&H management procedures for all EPCIC projects. S&H provisions have been strengthened in Plantation's contractor selection and evaluation programme. Read more about our other key S&H programmes for behavioural safety, on site medical assistance, tractor safety and harvesting safety in the following case studies.

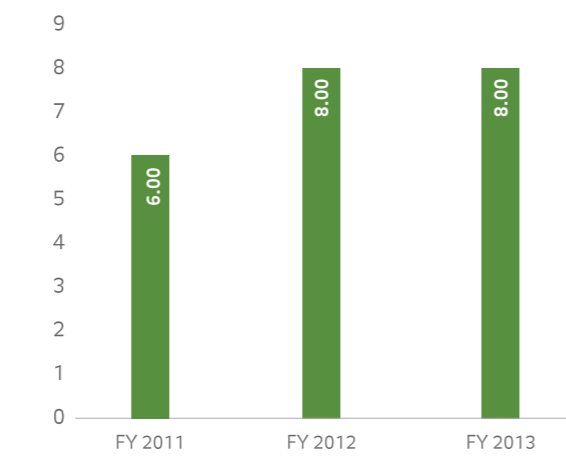
SIME DARBY GROUP PLANTATION SEVERITY RATE

No. of lost days/1,000,000 man hours



PLANTATION FATALITIES

No. of fatalities

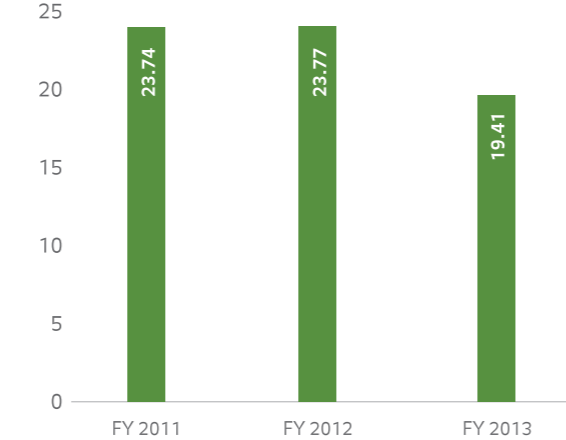


PLANTATION BREAKDOWN OF 13 MAJOR ACCIDENTS¹ IN FY 2013



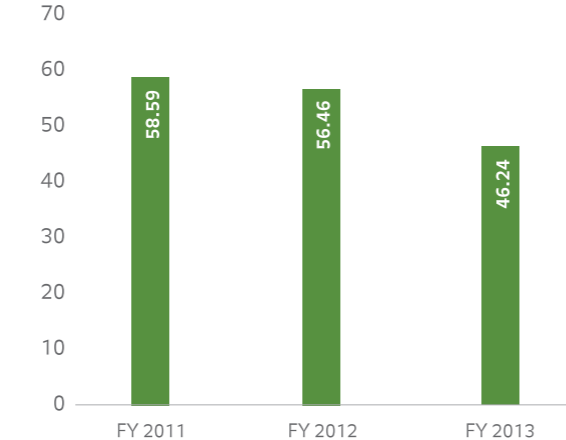
PLANTATION FREQUENCY RATE

No. of incidents / 1,000,000 man hours



PLANTATION INCIDENT RATE

No. of incidents / 1,000 employees



Case Study

WORKERS IDENTIFY SAFETY RISKS AND PROVIDE SOLUTIONS

Around 11,000 ideas for safety improvement have been identified this year as part of Plantation's Spot-Intervene-Modify-Execute (SIME) programme. The behavioural-based safety awareness programme promotes a positive culture of intervention. Employees are given SIME cards asked to identify and mark unsafe acts or conditions, step in where necessary to improve or correct the condition, eliminate or reduce the chance of the act occurring and ultimately ensure that the act or condition does not re-occur. Safe working conditions are also commended as part of the process and awards have been handed out to recognise efforts.

The SIME concept was introduced in Downstream operations and Indonesia Upstream this year. The approach will be rolled out across Malaysia Upstream in FY 2014.

Case Study

PRIMARY HEALTHCARE IMPROVES AT OUR ESTATES

Our Estate Hospital Assistants have played a vital role in estate life since their introduction to Sime Darby plantations in the early 19th century. Since that time, the scope and expertise required for the role has greatly expanded. Today, our Estate Hospital Assistants often undertake a further Diploma in Medical Assistance through various local universities in collaboration with Sime Darby Healthcare. This year we introduced the Estate Hospital Assistance Skill Enhancement Programme (EHASEP) to enhance their knowledge and formal training. We are also sponsoring 18 students to complete their Diploma in Medical Assistance through the Sime Darby Nursing and Health Sciences College.

We are continuing to work to improve our standardised facilities, equipment, processes and work procedures across our estates. In FY 2013 we introduced two new Standard Operating Procedures at estate clinics in Malaysia and are standardising our documentation. Five estate clinics will be upgraded as model clinics in the calendar year 2014, demonstrating good practice in sterilising techniques, basic blood analysis, emergency equipment and signage.

¹ Major Accident include both fatalities and permanent disability cases.

Case Study

TRACTOR DRIVER COMPETENCY

Tractors are an integral part of life on a plantation estate. They also have inherent safety risks, such as the risk of roll over, and the Division recorded four serious incidents related to tractor safety in FY 2013.

Our Tractor Driver Competency Course (TDCC) was developed in July 2011 as a collaborative effort between the Malaysian Ministry of Agriculture's Engineering Agriculture Training Centre and Plantation Division to ensure that all of our drivers have a baseline level of competency to conduct their jobs safely. The TDCC is conducted over 10 days, including eight days of training and two days of assessment and application to obtain a licence from the Malaysian authorities.

101 employees completed the TDCC this year. We plan to provide refresher training for our tractor drivers every two years. We are also fitting all Plantation Division tractors with rollover protection to improve the safety of our workforce.

Case Study

HARVESTING SAFETY PROGRAMME

Harvesting oil palm fruit bunches is an arduous labour-intensive skill that presents risks to our workers' safety. In FY 2013 there were two serious incidents related to harvesting practices and equipment, and we initiated a harvesting safety programme to reduce the risks associated with the use, storage and transport of sickles, the main tool used to harvest fruit bunches.

This year we piloted the use of a recommended harvesting sickle cover with good safety features and a new procedure for the safe transportation of sickles. We aim to finalise and standardise the approach across all upstream operations in FY 2014.

To support the roll out, a communication campaign has been developed in three languages (English, Bahasa Malaysia and Bahasa Indonesia) around, "The 5 Golden Rules of Harvesting Safety".

These are:

- Use sickle with the right technique
- Use only approved sickle and sickle cover
- Ensure the sickles are stored in the designated area
- Transport and carry the sickles with the approved and correct method
- Periodically conduct inspections on the sickle cover

A Divisional working committee will periodically review safety policies and standards related to harvesting.

RESEARCH AND DEVELOPMENT

Our research and development (R&D) activities cover the entire value chain from producing oil palm seeds to the production of cooking oil. Sime Darby Plantation R&D is an international network of R&D and Innovation Centres in Malaysia, the Netherlands and South Africa. We also collaborate with a range of local and international partners, including universities, research institutions and other companies.

Our substantial R&D efforts focus on yield and productivity improvements, sustainable practices, and enhancing revenue opportunities from sustainability-led innovations, such as creating value added oil palm by-products. We have made considerable contributions in developing and pioneering best management practices in the oil palm industry and in many instances, assisted in commercialising them.

A range of technical advisory committees provides governance and oversight of our R&D program. Our researchers participate in an ongoing programme of skills development and experience to further progress areas of study and to enhance their career opportunities in the Division.

YIELD AND PRODUCTIVITY IMPROVEMENTS

Our efforts to consistently improve our plantation yields and oil extraction rates have led to the development of industry-leading practices. We provide advice, training and audit upstream and downstream operations to ensure these techniques are understood and embedded.

Our elite planting materials are carefully developed to withstand all likely environments, including drought, tolerance to *Ganoderma*, *Fusarium* wilt, bud rot and marginal environments where efficient nitrogen and water use is vital. Launched in 2011, our Calix 600 "super seed" can potentially produce twice the oil yield of today's standard oil palm, greatly improving our plantations' productivity per hectare. With the successful sequencing, assembling and annotating of the oil palm genome in 2009, we aim to revolutionise the process of oil palm breeding.

SUSTAINABLE AGRICULTURAL PRACTICES

Sime Darby Plantation has pioneered many of the best agricultural practices that are in place industry-wide today. With over 100 years experience in the palm oil industry, we have embedded these practices at all of our operations.

SOIL MANAGEMENT

When our oil palms reach the productive end of their 25-year life span they are felled and shredded, and the land is carefully prepared to support the growth of new palms. During this stage we plant legume cover crops (LCC) to fix atmospheric nitrogen in the soil, reduce soil erosion and improve water retention. The LCC also improve soil aggregation, increase the soil's biological activity and suppress the growth of noxious weeds that contribute to crop loss.

While herbicides are used occasionally for selective weeding, Sime Darby Plantation does not practice blanket spraying and does not use paraquat, due to the potentially harmful effects of paraquat on the environment and significant health and safety risks, if used inappropriately.

INTEGRATED PEST MANAGEMENT

Integrated Pest Management (IPM) is the combined use of ecological, cultural, physical, biological and chemical methods to control pests and diseases in our estates. Our IPM techniques reduce our use of chemical pesticides and their associated environmental and food chain impacts.

For example, we use natural micro-organisms to control the nettle caterpillar and bag worm populations, pheromone trapping and planting thick ground cover to control the rhinoceros beetle, barn owls to reduce rat populations and the complete removal and shredding of old palms to control basal stem rot by the *Ganoderma* fungus.

Case Study

IPM Reduces Rhinoceros Beetle Impacts

Plantation R&D's new bioinsecticide ORYSEQ reduces the cost of managing the Rhinoceros Beetle by over 90 per cent.

The Beetle is one of the most serious pests found in immature palm oil plantations. Infestations can halve a new plantation's yield in the first year of production.

ORYSEQ contains an entomopathogenic fungus that kills or seriously disables the Beetle. The bioinsecticide is applied only once at the replanting stage, significantly reducing the need for ongoing insecticide application during the next three years of the young plantation's life.

In FY 2013, field trials on replanting fields at four Sime Darby estates showed a significant, and often total, decrease in fresh damage symptoms to the palms in the months following treatment. ORYSEQ is an important step in the future of bio-control and gives Sime Darby Plantation a more sustainable and environmentally acceptable alternative to chemical insecticides.

WATER MANAGEMENT

Oil palms need a constant supply of water or they become stressed and their productivity is affected. Drainage systems are used in our plantations in coastal areas with high rainfall to remove excess water from the estate. Plantations in areas of low rainfall, such as inland and hilly areas, are protected from water loss by the construction of terraces, digging of silt pits between terraces to minimise run-off, covering the ground surface with old palm fronds ('frond stacking') and growing legume cover crops (LCC) on the terrace fringes.

SUSTAINABILITY-LED PRODUCT INNOVATION

We recognise the potential of an integrated bio-industry for oil palm, which offers opportunities for the value of oil palm biomass to be unlocked. Our strategic research focuses on waste recovery, reuse and value added processing for co-products.

PALM OIL MILL EFFLUENT TREATMENT AND REUSE

Palm oil mill effluent (POME) is the main effluent produced in our palm oil mill systems. POME is treated to reduce its biological oxygen demand (BOD) and used as a soil conditioner for our mature palms, reducing the need for inorganic fertiliser. Application procedures have been developed to ensure POME is applied in the correct quantity and locations. Our procedures take into account the type of effluent being applied, soil type and the terrain of the area. We do not apply POME to immature palms or areas with a high water table and in the vicinity to rivers, streams and watercourses.

POME has been identified as a significant source of methane emissions when treated anaerobically in effluent treatment plants at our mills. To minimise these emissions, we are introducing biogas and composting plants in our upstream operations, which includes harvesting of methane for power generation. Read more in Carbon Management on pages 30 and 93.



Legume cover crops

LEAN SIX SIGMA AND CONTINUOUS IMPROVEMENT

Lean Six Sigma (LSS) is a key part of Sime Darby Plantation's drive for continuous improvement. The implementation of LSS focuses on improving quality and efficiency by eliminating waste and reducing defects in processes.

We have been progressively training our employees in LSS principles and processes since 2008. Workshops continue to be run across our operating units to build LSS competency among all employees in our Division.

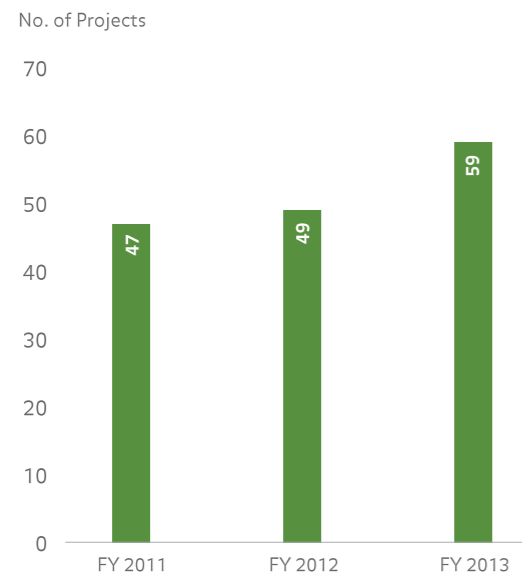
Sime Darby Plantation's Executive Vice President champions the Division's LSS programme. We also conduct other types of continuous improvement projects such as 5S and Kaizen. Read more in the case studies on pages 91 and 92.

LSS TO DELIVER

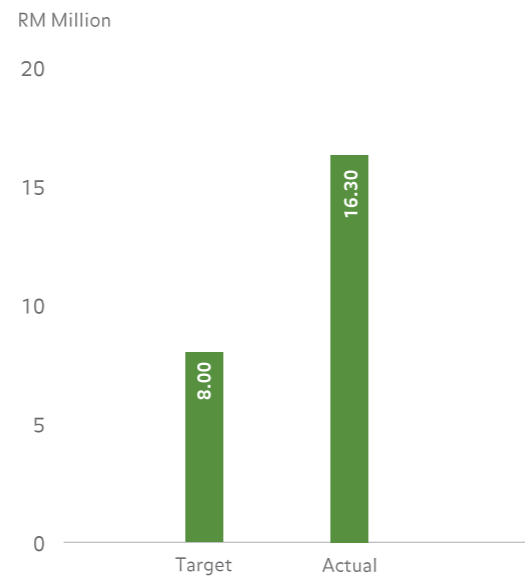
RM245 mil

in cumulative benefits over 5 years

PLANTATION NUMBER OF LEAN SIX SIGMA PROJECTS



PLANTATION LEAN SIX SIGMA ACTUAL VS TARGET SAVING IN FY 2013



HOW WE ARE DOING

In FY 2013 we exceeded our LSS target of RM8.00 million in benefits achieved. A total of 17 projects were completed during the year, delivering an overall benefit of RM16.29 million.

Nineteen employees completed their LSS Black Belt (BB) training in 2013 and will take a lead role in identifying and implementing LSS projects. Some examples of our LSS savings are highlighted in the following case studies.

Case Study

Reducing Refined Oil Rework

Sime Darby Unimills in the Netherlands has reduced rework and waste of refined oils and fats by 44 per cent.

Refined oils have a short shelf life so careful planning and management of production batches is required to match customers' order volumes.

A LSS project was initiated in FY 2013 to streamline the products offered by Unimills, and the ordering, scheduling and quality analysis processes. The improvements have reduced rework from 8,000 tonnes per year to 4,800 tonnes per year.

Case Study

Improved Filling and Packing to Reduce Product Losses

Sime Darby Jomalina mill in Selangor, Malaysia has reduced product losses by 68 per cent.

Jomalina Guaranteed Quality (JGQ™) Frying Oil is packed in 17 kilogram (kg) tins and is customised for deep frying in major fast food outlets. The average net weight of each packed tin is 17.053 kg, with overfilling resulting in more than 20 metric tonnes of frying oil loss to Jomalina each year.

A LSS project was undertaken to reduce the average net weight of packed frying oil from 17.053kg to 17.030kg. Mechanical issues were identified and resolved in the packing lines and the set up of the tare weight was improved at the filling machines.

The project exceeded expectations, reducing potential oil losses to 6.5 metric tonnes, delivering annual savings of around RM34,400.



Sime Darby Jomalina reduced product loss due to overfilling in its Frying Oil product by 68 per cent, in FY 2013

Case Study

Increasing Yield While Maintaining Quality

Morakot, our refinery in Thailand has increased the yield of their POL IV-60 (Olein product) by 2.5 per cent.

A LSS project was undertaken to manage the most significant factors affecting Olein yield and quality; the Refined Bleached and Deodorised Palm Oil (RBDPO) slip melting point and filtration temperature. LSS methodology was used to monitor these factors and new operating procedures have since been implemented to manage equipment hardware, software and output confirmation methods. Importantly, the yield improvement was achieved while maintaining quality specifications.

The project has delivered annual savings of around RM1.48 million.

Case Study

5S Housekeeping Offers Benefits

Two estates in Sime Darby's Negeri Sembilan 2 Zone (NS2), Malaysia have been recognised for their 5S Housekeeping model.

5S is a structured approach to maintaining an organised workplace. The program offers a range of benefits including providing an organised and clean work environment, reduced time taken to

search for tools and equipment and improved employee morale. Committees were formed at each estate and site representatives participated in benchmarking visits, training and audits.

The Malaysian Productivity Corporation (MPC) certified Bradwall and Salak estates' 5S program in 2013. Bradwall also received a gold award in the MPC's Regional 5S Convention and will compete in the national Convention in 2014.

All Sime Darby Plantation estates will seek 5S certification by the end of 2014.

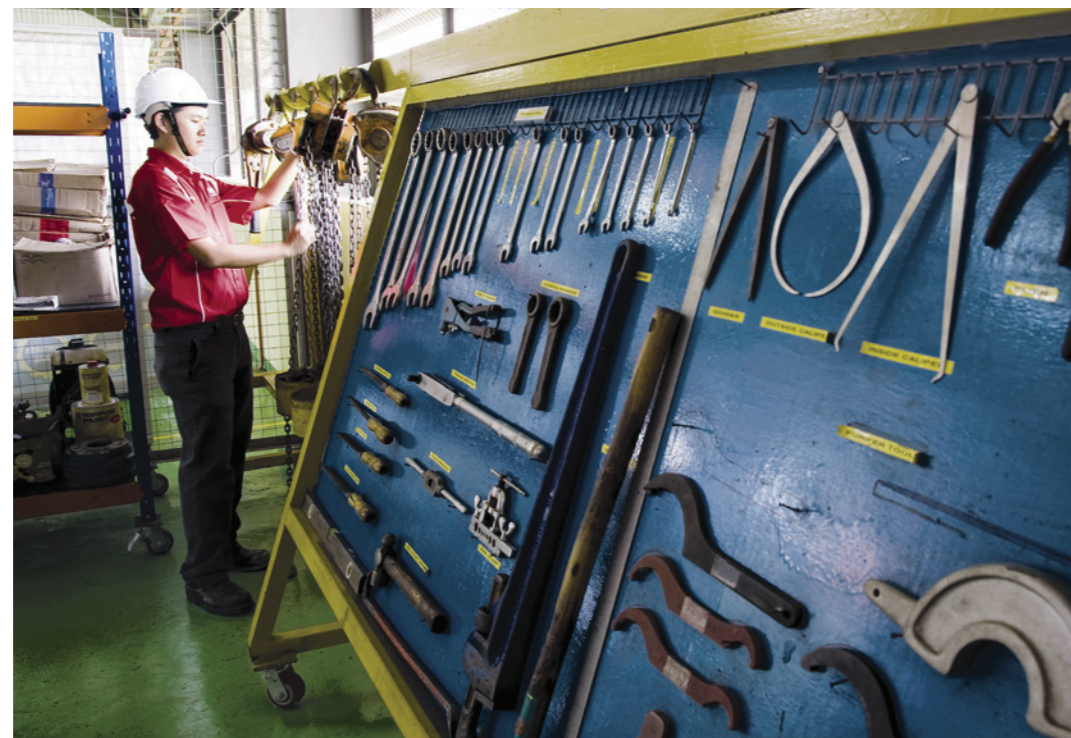
Case Study

Reducing Chemical Use

Sime Darby's Hudson & Knight refinery in South Africa has reduced its use of bleaching chemicals by 20 per cent.

A Kaizen project was implemented to reduce production costs and oil losses. Bleaching Earth chemicals were identified as the major contributor to chemical consumption. Trials were undertaken to reduce the dosing rate from 0.5 per cent to 0.4 per cent while monitoring product quality.

The project has delivered annual savings of around RM175,000 with no impact to product quality from the reduced dosing rate.



An example of 5S practices in our estates

CARBON MANAGEMENT

Sime Darby Plantation has established a 2009 carbon emissions baseline covering all upstream estates and mills, and key downstream sites. Our key emissions sources have been identified, and carbon inventories are prepared on an annual basis. We benchmark our performance against emissions intensity values (emissions per tonne palm oil product) to assess the carbon efficiency of our operations and to account for business growth. The inventories are calculated based on the GHG Protocol standard and cover Scope 1 (direct emissions) and Scope 2 (indirect emissions).

Sime Darby Plantation's major carbon emission sources are from methane released during the treatment of palm oil mill effluent (POME), emissions from the combustion of natural gas and diesel to heat boilers, as well as nitrous oxide released from the use of synthetic fertilisers with nitrogen content. Unabated methane release from the treatment of POME is 25 times more harmful to the earth's atmosphere than carbon dioxide and is by far the largest single source of emissions for Plantation Division. It is expected that emissions related to land use change will also be a significant contributor, and studies are currently underway within the Division to quantify and track emissions from our agricultural land expansion.

PLANTATION PRIMARY CARBON REDUCTION TARGET

40%

Reduction in upstream emissions intensity by 2020, from 2009 levels

HIGHLIGHTS OF KEY PERFORMANCE METRICS

79%
Contribution to the Group's overall carbon emissions

5%
Decrease in upstream emissions intensity from 2009 levels

88%
of energy requirements from biomass

72%
of emissions for the division is from POME treatment



PLANTATION BREAKDOWN OF CARBON EMISSIONS IN 2012 BY BUSINESS UNITS

Mills	83.70%	Estates	9.80%
Downstream	6.34%	Rubber Estates	0.09%
Rubber Factories	0.07%		

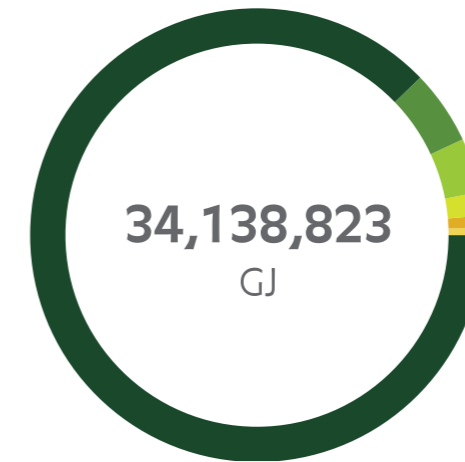
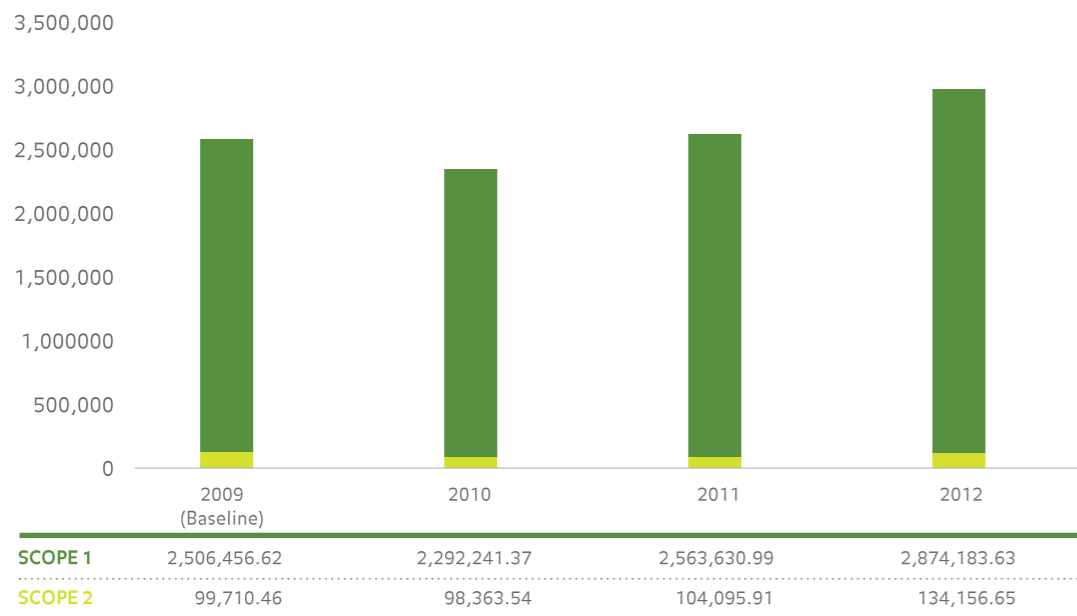


PLANTATION BREAKDOWN OF CARBON EMISSIONS IN 2012 BY EMISSION SOURCES

Effluent Treatment	71.91%	Boilers	12.92%
Synthetic Fertiliser	6.12%	Others	4.85%
Electricity Generation (process)	2.17%	Purchased Electricity (process)	2.03%

PLANTATION BREAKDOWN OF CARBON EMISSIONS BY SCOPE

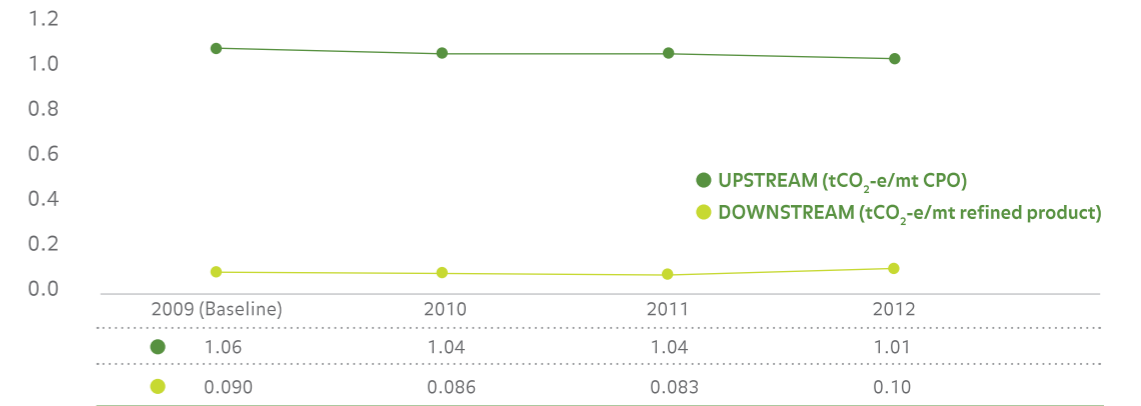
Tonnes CO₂-e



PLANTATION BREAKDOWN OF ENERGY CONSUMPTION FOR 2012 BY FUEL TYPE

Biomass	87.93%	Natural Gas	5.20%
Diesel	3.94%	Purchased Electricity	1.75%
Medium Fuel Oil	0.64%	Others	0.54%

PLANTATION EMISSIONS INTENSITY



HOW WE ARE DOING

In 2012, Plantation Division's total emissions were around 3 million tonnes of carbon dioxide equivalent. Total emissions year-on-year have increased in line with increased fresh fruit bunch production and the resultant increase in methane generated from POME treatment in mills. Methane from the treatment of POME remains the highest source of emissions for the Division (72 per cent of total emissions), while the second largest source of emissions is from the combustion of natural gas and diesel to heat boilers (13 per cent of total emissions).

Given the significance of methane from POME treatment in our emissions profile, we are focusing our reduction efforts on methane capture via biogas projects, or methane avoidance via composting initiatives. Other initiatives include increasing efficiency at mills and reducing the use of nitrogen fertilisers in favour of organic sources. We aim to reduce our carbon intensity by 40 per cent by 2020, based on 2009 levels.

The main energy requirement for the Division is the production of steam in our boilers. While boiler emissions are our second largest emission source, the boilers are predominantly fuelled by biomass, a renewable energy source. In 2012, 88 per cent of the total 34.14 million gigajoules of energy used was from biomass. The emissions intensity of our upstream operations is decreasing in line with improved oil extraction rates and a change in synthetic fertiliser use to a lower-emissions product. We expect emissions intensity to decrease further with the implementation of our biogas capture projects.

While the emissions intensity of our downstream operations had also been decreasing since the 2009 baseline, there was an increase in 2013 due to the inclusion of the Hudson & Knight refinery in South Africa, into the carbon inventory boundary. This refinery has a higher emissions intensity than the rest of our facilities due to their use of purchased steam produced by anthracite coal, a relatively carbon-intensive fuel.

Key projects to reduce our carbon emissions are detailed in the following case studies.

Case Study

Biogas Capture Reduces Mill Emissions

Trapping biogas for power generation or combustion is an efficient way of avoiding methane release into the atmosphere. Where possible, electricity generated through biogas is fed back to the electricity grid. Other possibilities include co-firing with other mill waste such as fibre and shells to increase energy self-sufficiency, flaring to avoid methane release and converting trapped biogas into compressed natural gas.

Three biogas projects progressed in FY 2013:

- 1 Our first biogas power plant was completed at the West mill in 2008 to supply clean energy for our operations in the vicinity. A biogas capture system had also been installed at the Tennamaram mill in the 1980s, where the captured biogas was flared to reduce direct methane emissions. Both West and Tennamaram mills are located in Peninsular Malaysia. Given the immaturity of the technology when the projects were implemented, the projects did not perform as expected. Plans have now been approved to upgrade the biogas capture and methane flaring system. The two plants are estimated to achieve a total annual emissions savings of approximately 37,600 tCO₂e (17,900 from West and 19,700 from Tennamaram).
- 2 Sime Darby has partnered with Tenaga Nasional Bhd, the national utility, to implement two biogas plants to produce electricity for the main grid. The biogas plants will be located in our Flemington and Hadapan mills in Peninsular Malaysia. It is estimated that the total generation capacity of these two plants will be 4MW and will achieve annual emissions savings of approximately 91,000 tCO₂e (50,500 from Flemington and 40,500 from Hadapan).
- 3 Planning has commenced for biogas capture and anaerobic digestion at our Merotai mill in Sabah, Malaysia. Approximately one third of the biogas captured will be co-combusted with diesel to produce energy for the mill. The remainder of the biogas will be flared to reduce direct methane emissions. This project is expected to achieve total annual emissions savings of approximately 29,000 tCO₂e.

Case Study

Composting to Reduce Emissions

Traditionally, we reuse the two largest components of our mill waste, empty fruit bunches (EFB) and POME, as a soil conditioner at our estates, reducing the need for inorganic fertilisers.

In 2004, Sime Darby Plantation began piloting the composting of EFB and POME, a process where both waste products are combined in long piles (windrows) to produce an enriched organic fertiliser. The mixture is turned regularly to maintain oxygen levels, avoiding the production of methane as the POME and EFB decompose.

We now operate 22 composting plants around Malaysia, producing around 580,000 tonnes of compost annually. The product is applied at around 50 Sime Darby estates covering up to 45,000 hectares.

Four of our composting plants are registered under the Clean Development Mechanism (CDM), a programme under the Kyoto Protocol that encourages investment into carbon emission reduction projects by developed countries into developing countries. Sime Darby Plantation's CDM projects are in partnership with the Danish government, and delivered around 75,000 certified emission reductions (CERs) in the year under review for the monitoring period covering June 2009 to September 2011. A further 111,000 CERs are expected to be issued in the FY 2014 for the monitoring period covering October 2011 to December 2012.

In the year under review our remaining 18 composting plants achieved emissions savings of approximately 120,000 tonnes CO₂-e.

FIRE MANAGEMENT

Atmospheric haze due to uncontrolled fire in forests or cultivated land is a serious hazard to workers, the general public and the environment. While Sime Darby Plantation has strictly practised a zero burning policy throughout its operations since 1985, we were alleged to have contributed to the fires in Sumatra, Indonesia in June - July 2013, which blanketed the region in haze.

Haze can deteriorate local and regional air quality levels, causing respiratory issues for people. The fires are a hazard for workers and local communities in surrounding areas, can destroy areas of High Conservation Value (HCV) and release carbon emissions from the burning of peatlands, an important carbon sink.

ZERO BURNING REPLANTING TECHNIQUE

Zero burning is the practice of felling and shredding old stands of old oil palms before leaving the palms to decompose in-situ. The approach is superior to the traditional slash and burn technique in that it improves soil quality, allows for immediate replanting of trees and is not dependent on weather conditions. It also reduces associated carbon emissions and mitigates the risk of uncontrolled forest fires.

Sime Darby developed and commercialised the zero burning replanting technique and was admitted to the United Nations Environment Programme's (UNEP) Global 500 Roll of Honour for Environmental Achievement, during the Rio Earth Summit in 1992. In 1999, the Association of South East Asian Nations (ASEAN) adopted a "Zero Burning Policy", as an industry standard practice, to eliminate burning as a method for land-clearance in agriculture.



One of Sime Darby Plantation's fire fighting teams putting out a fire

SUMATRA FIRES, JUNE – JULY 2013

Following the fires in Sumatra, Indonesia in June - July 2013, allegations were levelled against two of our concessions in the area, PT Tunggal Mitra Plantation (PT TMP) and PT Bhumireksa Nusa Sejati (PT BNS). The allegations were found to be false, following investigations by both the RSPO and local Indonesian Authorities. There were, however, six hotspots or fires detected in PT BNS' concession area; three appearing on the 19 June 2013 and another three on the 22 June 2013. All six hotspots lasted for less than 24 hours and were on land used by local communities, and were not within PT BNS' plantation estates.

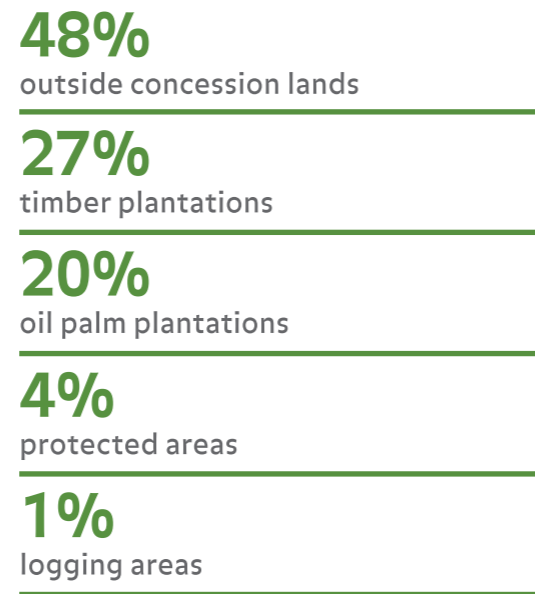
Both PT TMP and PT BNS are in areas where local communities and smallholders occupy parts of the concession area. In accordance with Indonesian regulations protecting the rights of local communities, PT TMP and PT BNS are unable to control activities in its concession areas that are occupied by others. These local communities plant a variety of cash crops such as corn and sugar cane as well as oil palm. Under current regulations and conventions dealing with local communities and the preservation of traditional farming methods, concession holders are unable to control and have little influence over the practices and activities of these communities. Additionally, during extremely dry weather, fires can be caused accidentally and through natural causes as well.

Oil palm plantations are not the predominant source of the Indonesian forest fires. A recent study by the World Resources Institute (WRI) highlighted that 48 per cent of these fires are located outside of timber and plantation concessions, 27 per cent originate in timber plantations, 20 per cent in oil palm plantations, 4 per cent in protected areas, and 1 per cent in logging areas. Open burning in Indonesia is illegal.

The widespread impact of the recent fires has, however, further prompted our efforts to engage with other stakeholders to manage the annual risk of fires. Our PT TMP and PT BNS estates are located in peat areas that are highly susceptible to fire, increasing our need for vigilance and preventative measures.

Our Indonesian operations have conducted awareness programmes on the negative impact of slash and burn activities in peat areas. They plan to intensify the programme together with other plantation companies and local authorities in 2014, focusing on the responsibilities of different stakeholders, how various stakeholder groups can work together to prevent future occurrences, legal issues pertaining to land use and occupation and best agricultural management practices.

CAUSES OF FOREST FIRES¹:



¹ Source: World Resource Institute

FIRE PREVENTION AND MITIGATION MEASURES

Sime Darby is committed to avoiding fires in our oil palm estates. We have developed a range of prevention and mitigation measures to reduce the risk of fire and haze.

Zero Burning Replanting – Management Approach

Clear policies and standard operating procedures have been developed to support our zero burn approach. Our estate employees, contractors and smallholder schemes are trained in key aspects of the approach, such as methods for felling and shredding old oil palm stands and the duration of fallow periods. Systems are in place for monitoring and control.

Peatland Planting Policy

Peat refers to naturally occurring areas where organic matter is slowly decaying due to lack of oxygen, commonly in wetland areas. Sime Darby Plantation's policy avoids peatland areas for new planting. Water management techniques are used to reduce the risk of fires in historic plantings on peat by increasing soil water content, which makes it harder to burn. Fire in peat can travel for long distances underground, so fires started elsewhere can spread to other estates if not managed effectively.

Monitoring and Prevention

Fire surveillance and monitoring plans are established for our estates with a high risk of fire, such as those in peatland areas. To be effective, the plan is broken down into manageably sized parcels of land, with accountability assigned for each section. Our fire prevention systems are generally embedded in our estates' health and safety and emergency plans. Our approach includes higher alert warnings and patrols during dry periods and clear procedures to follow in the event that a fire is detected. Estates' fire response teams undertake regular practice drills and systems are in place to ensure that there is appropriate fire fighting equipment available.



Monitoring towers are built in our estates as a part of fire surveillance and monitoring plans

BIODIVERSITY

We respect the need to conserve biodiversity in the regions where we operate. Sime Darby Plantation:

- Does not clear primary forest for new oil palm crops
- Protects areas of High Conservation Value (HCV) within our concession areas

In accordance with our commitment to the RSPO's Principles and Criteria 7.3, independent HCV assessments are conducted at our plantation estates prior to new plantings or developments. The assessments aim to identify areas of 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 developed to mitigate potential impacts identified, such as setting aside appropriate buffer zones. Our approach to HCV area protection is embedded in our Sustainable Plantation Management System.



HCV buffer zone

RSPO 's Principles & Criteria: Criterion 7.3, requires new plantings after November 2005 not to replace primary forest or any area required to maintain or enhance one or more High Conservation Values (HCV).

DEFINITION OF HIGH CONSERVATION VALUE (HCV) AREAS:

HCV1:

Areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g., endemism, endangered species)

HCV2:

Areas containing globally, regionally or nationally significant large landscape natural habitats, contained within, or containing, the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.

HCV3:

Areas that are in or contain rare, threatened or endangered ecosystems.

HCV4:

Areas that provide basic services of nature in critical situations (e.g., watershed protection, erosion control).

HCV5:

Areas fundamental to meeting basic needs of local communities (e.g., subsistence, health).

HCV6:

areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in co-operation with such local communities).

SELECTED CONSERVATION PROJECTS WITHIN OUR ESTATES

Case Study

Plant-A-Tree Programme

Sime Darby Plantation recognises the importance of protecting and enhancing biodiversity in its plantations. In 2008 we established the Plant-A-Tree Programme, planting endangered, rare and threatened (ERT) species of indigenous tropical forest trees within our estates.

To date, 329,225 trees from 276 species have been planted as part of the Programme. Our target is to plant one million trees over the next five years.

Case Study

River of Life

In 2008 we collaborated with Wild Asia, a Malaysian based social enterprise, to plant indigenous trees along the river that flows through our Tanah Merah Estate in Port Dickson, Negeri Sembilan, Malaysia. The tree-planting activity was held in conjunction with World Environment Day and was an important step in our ongoing activities to engage our employees on sustainability issues.

Case Study

"Heritage and Vision" Island

We are developing Carey Island, Selangor as a "Heritage and Vision Island". Around 212 hectares on the Island have been set aside as a biodiversity conservation area. Within this area, the "Carey Island Wildlife Sanctuary" is planted with ERT species of coastal rainforest trees. The sanctuary has been developed within our concession area to serve as a gene bank of rainforest tree species and as a research and education centre.

Case Study

Jentar Estate, Pahang

We are creating a new forest corridor and wildlife habitat on 150-160 hectares in our Jentar Estate in Pahang, Malaysia. More than 200 varieties of ERT tree species will be planted, creating interconnected habitats for wildlife and increasing the biodiversity value of the land.

A range of biodiversity related projects are operated by our foundation, Yayasan Sime Darby. Read more on page 15.

PERFORMANCE METRICS

FINANCIAL



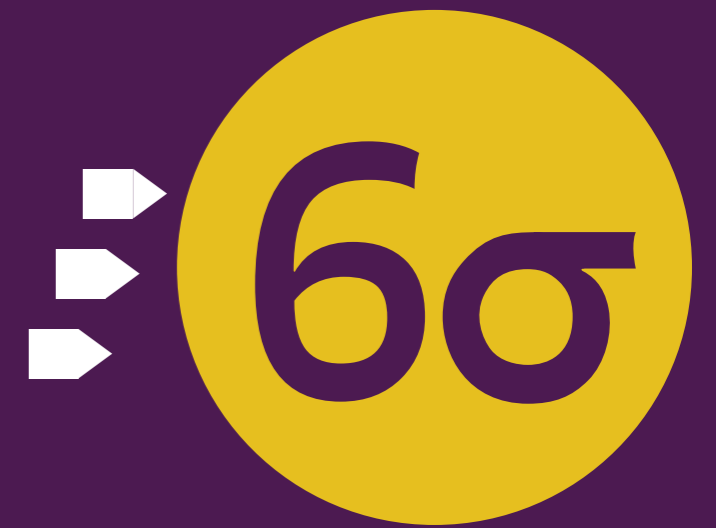
TALENT MANAGEMENT



SAFETY AND HEALTH



LEAN SIX SIGMA AND CONTINUOUS IMPROVEMENT



ENERGY CONSUMPTION



CARBON EMISSIONS

Financial

SIME DARBY GROUP² BREAKDOWN OF REVENUE¹ BY DIVISION

	FY 2011	FY 2012	FY 2013
Total Revenue (RM million)	41,540.1	47,254.5	46,812.3
Plantation	13,167.9	14,126.4	11,672.1
Industrial	10,271.1	13,168.5	14,058.9
Motors	14,818.0	16,597.0	17,265.6
Property	1,987.2	2,042.9	2,366.6
Energy & Utilities	1,085.4	1,178.7	1,378.2
Others	210.5	141.0	70.9

SIME DARBY GROUP² BREAKDOWN OF PROFIT BEFORE INTEREST AND TAX¹ BY DIVISION

	FY 2011	FY 2012	FY 2013
Total PBIT (RM million)	5,575.7	5,901.5	4,782.2
Plantation	3,280.2	3,203.2	2,006.5
Industrial	1,068.0	1,351.4	1,300.2
Motors	633.2	702.1	711.4
Property	456.0	467.2	571.5
Energy & Utilities	245.7	335.4	229.9
Others	(42.0)	68.8	38.8

¹ Sime Darby Group Revenue and Profit Before Interest and Tax excludes discontinued operations. Sime Darby Group Profit Before Interest and Tax includes the following losses for Corporate and Elimination:
 FY 2011 – RM65.4 million
 FY 2012 – RM226.7 million
 FY 2013 – RM76.1 million

² Effective 30 June 2013, Sime Darby Healthcare Sdn Bhd became a subsidiary of Ramsay Sime Darby Health Care Sdn Bhd (formerly known as Sime Darby Global Healthcare Sdn Bhd), a joint venture company between Sime Darby Holdings Bhd and AH Holdings Health Care Pty Ltd. AH Holdings Health Care Pty Ltd is a wholly owned subsidiary of Ramsay Health Care Ltd. Accordingly, Healthcare results have been presented as discontinued operations.

Talent Management

SIME DARBY GROUP TOTAL NUMBER OF EMPLOYEES



SIME DARBY GROUP RATIO OF BASIC SALARY OF WOMEN TO MEN (MALAYSIA ONLY)

	FY 2011	FY 2012	FY 2013
Executive	1.00 : 1.15	1.00 : 1.14	1.00 : 1.11
Non-executive	1.00 : 0.87	1.00 : 0.86	1.00 : 0.88

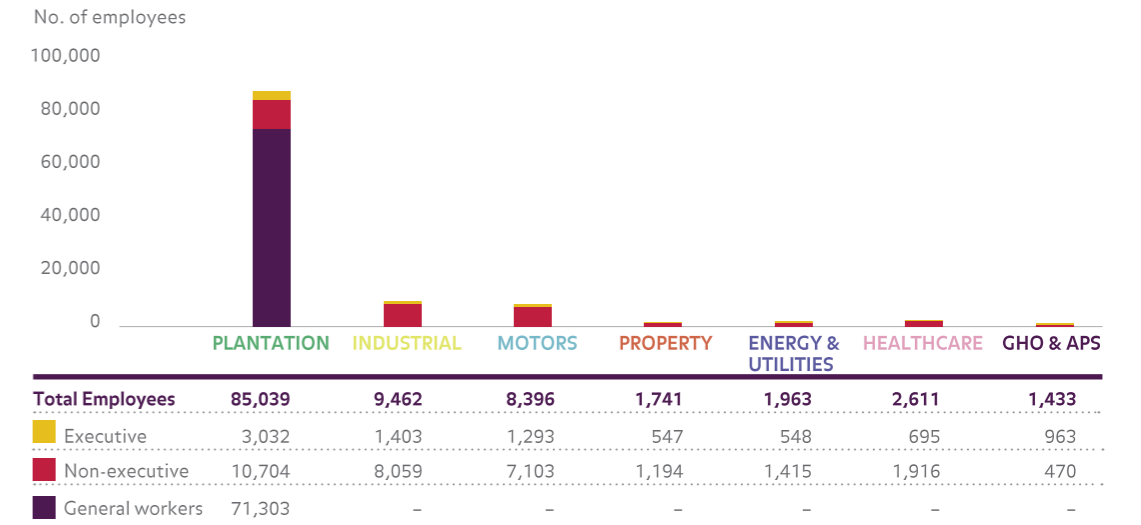
SIME DARBY GROUP TOTAL NUMBER OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING

	FY 2011	FY 2012	FY 2013
Number of employees	79,136	86,609	79,076

SIME DARBY GROUP AVERAGE TRAINING HOURS (MALAYSIA ONLY)

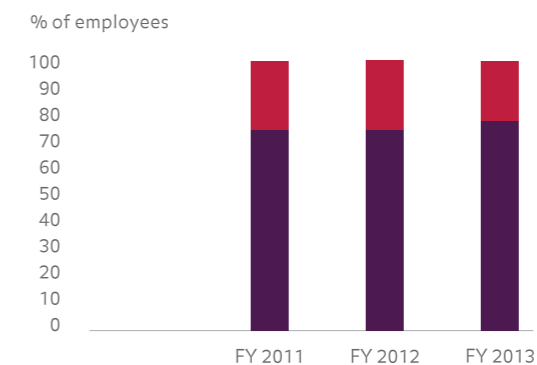
	FY 2011	FY 2012	FY 2013
Number of average hours	15	16	15

SIME DARBY GROUP BREAKDOWN OF EMPLOYEES BY DIVISION FOR FY 2013



Note: GHO & APS – Group Head Office & Allied Products and Services

SIME DARBY GROUP BREAKDOWN OF EMPLOYEES BY GENDER



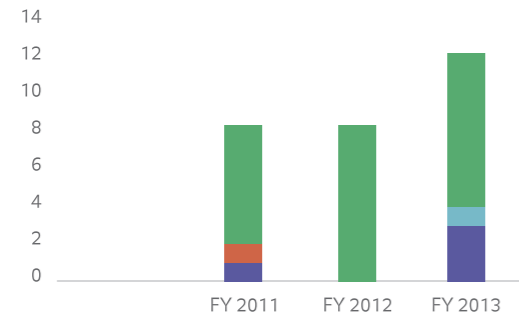
Note: Sime Darby does not discriminate against gender for jobs in the Group. However, there are large differences between the ratio of men and women employed in some of our divisions. These differences are mainly driven by industry trends such as predominantly male employees in the Plantation Division and female employees in the Healthcare Division.

	FY 2011	FY 2012	FY 2013
Female	25.90	25.64	22.49
Male	74.10	74.36	77.51

Safety and Health

SIME DARBY GROUP FATALITIES

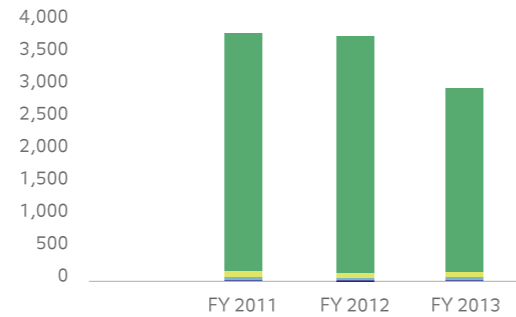
No. of fatalities



Total Fatalities	8	8	12
Plantation	6	8	8
Industrial	0	0	0
Motors	0	0	1
Property	1	0	0
Energy & Utilities	1	0	3
Healthcare	0	0	0
GHO & APS	0	0	0

SIME DARBY GROUP LOST TIME INJURY

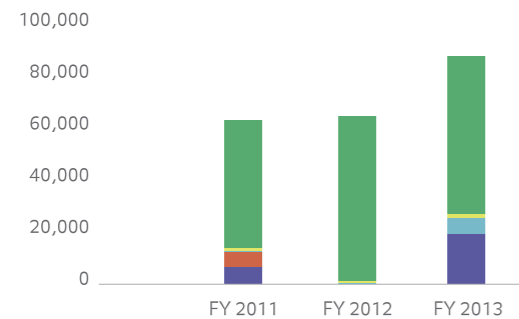
No. of cases



Total Lost Time Injury	3,704	3,663	2,885
Plantation	3,560	3,542	2,756
Industrial	79	67	65
Motors	44	36	47
Property	8	6	5
Energy & Utilities	6	4	6
Healthcare	7	5	6
GHO & APS	NA	3	0

SIME DARBY GROUP LOST DAYS

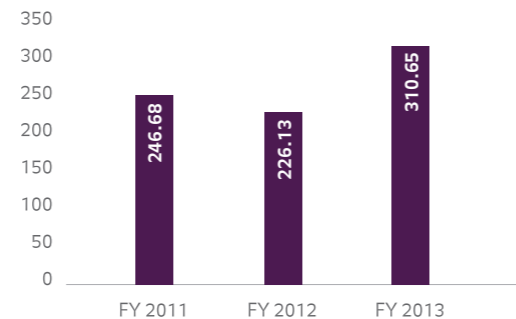
No. of days



Total Fatalities	62,325	62,684	85,261
Plantation	49,061	61,690	59,316
Industrial	801	509	1,130
Motors	245	348	6,260
Property	6,102	63	105
Energy & Utilities	6,105	6	18,431
Healthcare	11	7	13
GHO & APS	0	61	6

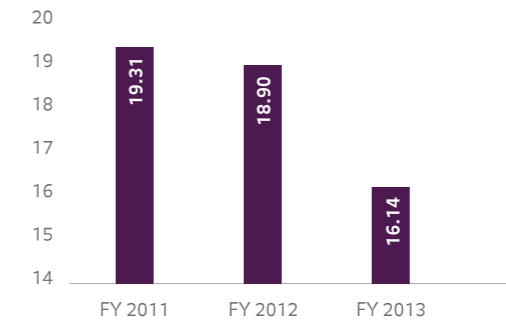
SIME DARBY GROUP SEVERITY RATE

No. of lost days/1,000,000 man hours



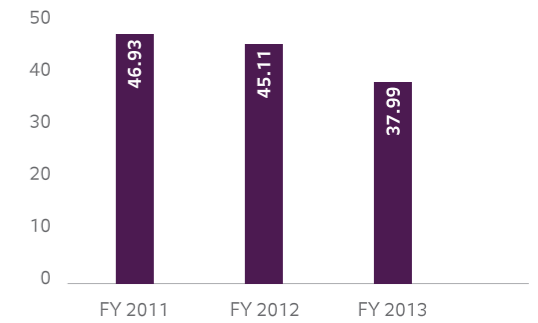
SIME DARBY GROUP FREQUENCY RATE

No. of incidents/1,000,000 man hours



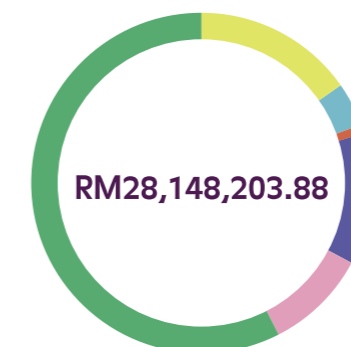
SIME DARBY GROUP INCIDENT RATE

No. of incidents/1,000 employees



Lean Six Sigma and Continuous Improvement

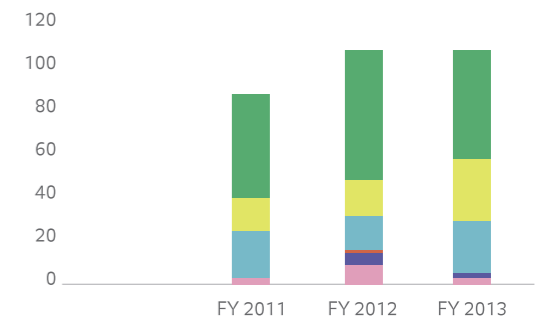
SIME DARBY GROUP BREAKDOWN OF LEAN SIX SIGMA SAVINGS IN FY 2013 BY DIVISION



Plantation	57.87%	Industrial	15.54%
Motors	3.29%	Property	0.80%
Energy & Utilities	12.76%	Healthcare	9.75%

SIME DARBY GROUP BREAKDOWN OF LEAN SIX SIGMA PROJECTS BY DIVISION

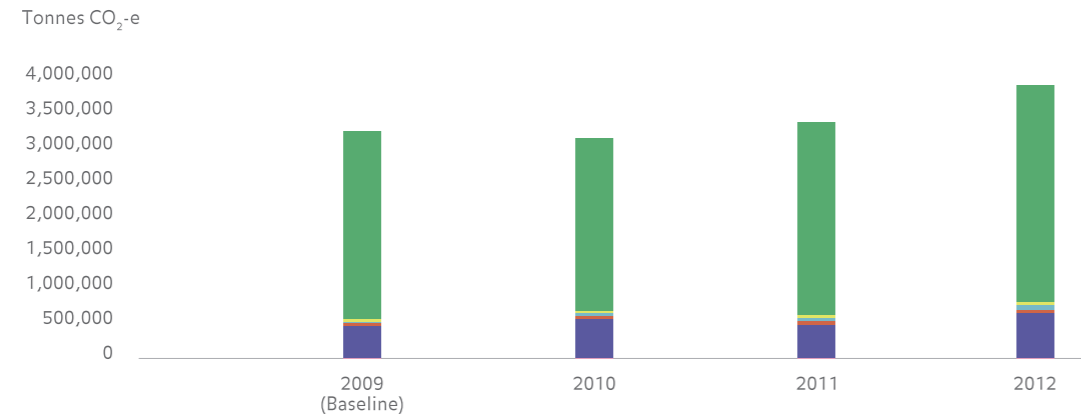
No. of projects



Total Fatalities	86	106	106
Plantation	47	49	59
Industrial	15	28	16
Motors	21	24	15
Property	0	0	2
Energy & Utilities	0	2	5
Healthcare	3	3	9
Group Head Office	0	0	0

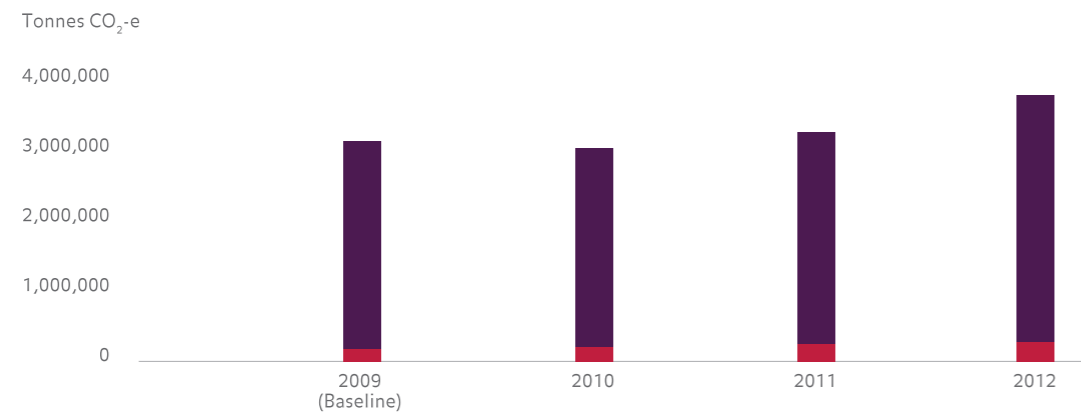
Carbon Emissions

SIME DARBY GROUP TOTAL CARBON EMISSIONS



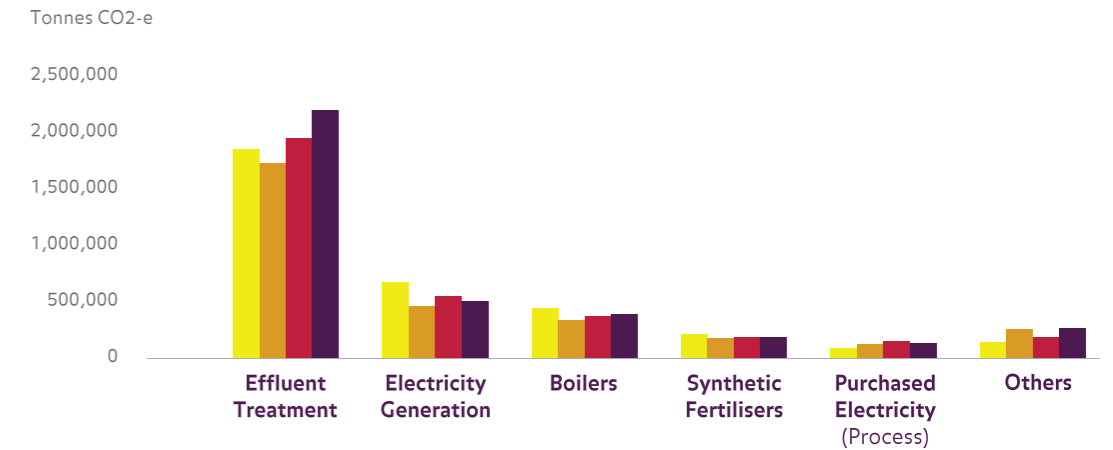
Total Carbon Emissions	3,155,860.69	3,058,572.09	3,279,349.61	3,801,135.44
Plantation	2,606,167.08	2,390,604.91	2,667,730.41	3,008,340.24
Industrial	35,245.63	35,287.48	37,740.20	48,241.58
Motors	17,225.15	37,459.62	54,600.65	60,101.37
Property	36,329.56	43,976.74	52,567.69	47,102.07
Energy & Utilities	449,131.88	537,969.67	452,920.97	618,862.57
Healthcare	11,761.38	13,273.66	13,789.69	18,487.62

SIME DARBY GROUP BREAKDOWN OF CARBON EMISSIONS BY SCOPE



Scope 1	2,973,622.22	2,845,854.95	3,029,743.60	3,521,199.64
Scope 2	182,238.47	212,717.13	249,606.01	279,935.80

SIME DARBY GROUP TOP 5 EMISSION SOURCES



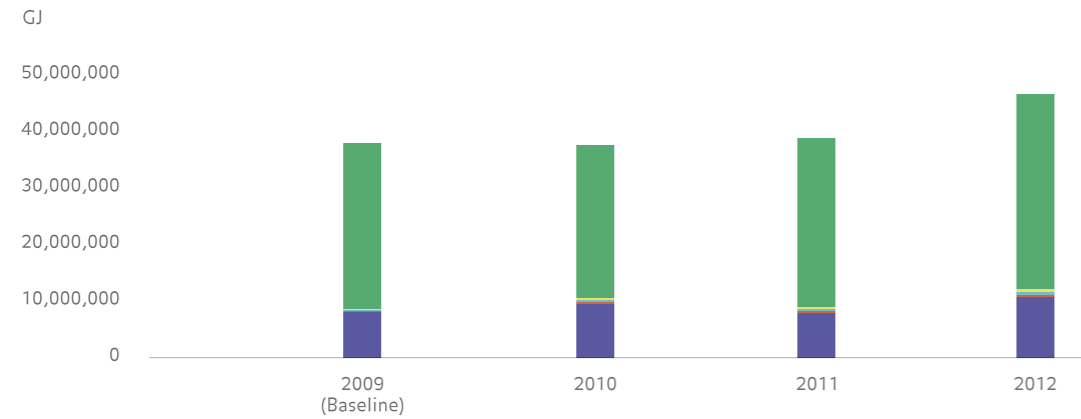
	2009 (Baseline)	2010	2011	2012
Effluent Treatment	1,822,220.12	1,698,726.63	1,918,926.10	2,163,295.40
Electricity Generation	503,573.32	543,337.16	461,109.32	664,219.23
Boilers	439,060.91	337,993.64	369,040.91	390,762.90
Synthetic Fertilisers	209,328.91	181,735.82	189,837.95	184,176.04
Purchased Electricity (Process)	92,083.20	122,089.52	154,269.23	131,185.54
Others	141,145.96	254,024.23	186,166.10	267,496.32

SIME DARBY GROUP CARBON EMISSIONS INTENSITIES

	Intensity unit	2009 (Baseline)	2010	2011	2012	2020 (Target)
Plantation	Upstream (tCO ₂ -e/mt CPO)	1.06	1.04	1.04	1.01	0.635
	Downstream (tCO ₂ -e/mt refined product)	0.090	0.086	0.083	0.100	0.081
Industrial	(tCO ₂ -e/work hours)	0.00266	0.00251	0.00239	0.00317	0.0022
Motors	Assembly (tCO ₂ -e/vehicles assembled)	0.46	0.42	0.51	0.45	Incremental reduction
Property	(tCO ₂ -e/m ² built up area)	0.012	0.013	0.015	0.013	0.011
Energy & Utilities	Power (tCO ₂ -e/MWh)	0.55	0.51	0.53	0.51	Incremental reduction
Healthcare	Subang Jaya Medical Centre Subang Jaya (tCO ₂ -e/ adjusted patient days)	0.057	0.068	0.069	0.066	0.055

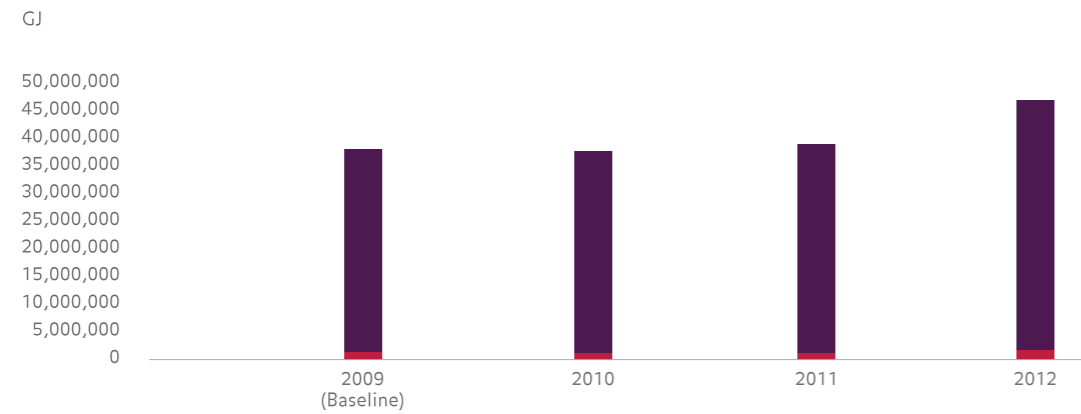
Energy Consumption

SIME DARBY GROUP TOTAL ENERGY CONSUMPTION



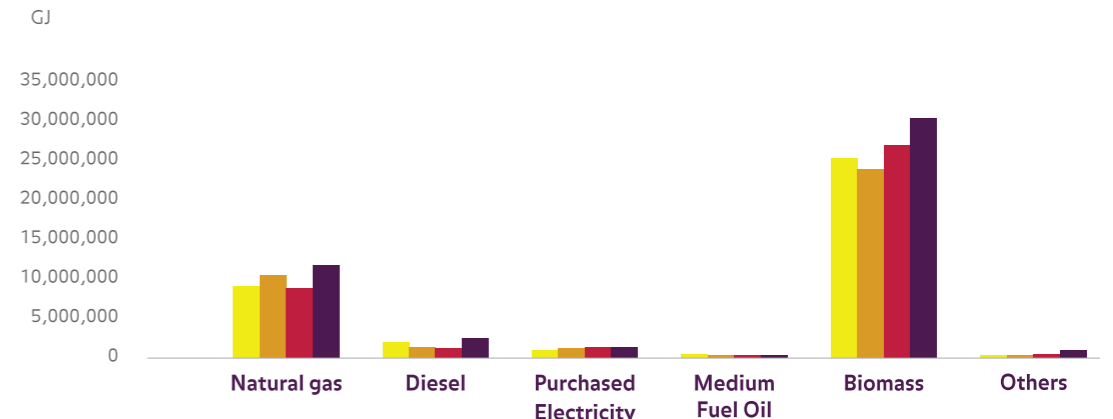
	2009 (Baseline)	2010	2011	2012
Total Energy Consumption	37,378,474.52	37,090,269.44	38,343,570.18	46,034,384.31
Plantation	28,787,168.04	26,725,813.67	29,529,421.23	34,138,823.00
Industrial	269,881.67	266,320.89	369,661.74	431,552.99
Motors	134,977.49	246,768.20	299,809.44	468,642.66
Property	258,571.61	356,792.38	362,803.09	338,706.99
Energy & Utilities	7,854,998.48	9,414,787.14	7,699,667.97	10,553,258.77
Healthcare	72,870.61	79,787.17	82,206.72	103,399.71

SIME DARBY GROUP BREAKDOWN OF ENERGY CONSUMPTION



	2009 (Baseline)	2010	2011	2012
Direct	36,012,446.45	35,838,920.11	37,073,727.77	44,393,804.73
Indirect	1,366,028.07	1,251,349.33	1,269,842.41	1,640,579.58

SIME DARBY GROUP BREAKDOWN OF ENERGY CONSUMPTION BY FUEL TYPE



	2009 (Baseline)	2010	2011	2012
Natural gas	8,944,825.63	10,393,134.96	8,747,744.75	11,550,778.18
Diesel	1,911,187.14	1,370,039.04	1,222,724.53	2,405,444.92
Purchased Electricity	960,619.63	1,251,349.33	1,269,842.41	1,349,693.47
Medium Fuel Oil	352,160.24	248,972.67	238,132.58	219,432.29
Biomass	25,027,247.86	23,670,366.49	26,634,287.78	30,017,831.18
Others	182,434.01	156,406.95	233,053.26	491,204.27

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

Financial year 1 July 2012 – 30 June 2013

Sime Darby is an active participant of the United Nations Global Compact (UNGC). As a Core Advisory and Steering Group member of the UNGC's "Voluntary Business Principles for Sustainable Agriculture Process", we are assisting the UNGC in their collaborative project to develop a set of Sustainable Agriculture Business Principles (SABPs).

The following table outlines how our FY 2013 Sustainability Report addresses our current performance against the ten principles of the UNGC.

Core Value	Principle	Relevant Section	Page Reference
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Sustainability at Sime Darby Governance Strategic Participation in Key Sectoral and Thematic Organisations 	20 23 36
	Principle 2: Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> Sustainability Certification Working With Our Local Communities Our People 	67 74 79
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> Sustainability at Sime Darby Governance Our People Performance Metrics 	20 23 79 102
	Principle 4: The elimination of all forms of forced and compulsory labour		
	Principle 5: The effective abolition of child labour		
	Principle 6: The elimination of discrimination in respect of employment and occupation		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Sustainability at Sime Darby Sustainability Strategy Governance Carbon Management 	20 22 23 30, 93
	Principle 8: Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Group and Divisional Performance Snapshots Sustainability Certification Research and Development 	40 67 87
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> Fire Management Biodiversity Performance Metrics 	97 100 102
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Sustainability at Sime Darby Governance 	20 23

GLOBAL REPORTING INITIATIVE CONTENT INDEX

Our FY 2013 Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines. We believe the report meets the requirements for a self-declared Application Level B. For more information on the GRI sustainability reporting framework visit www.globalreporting.org.

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision-maker of the organisation.	Fully	• President and Group Chief Executive's Message	5
1.2	Description of key impacts, risks, and opportunities.	Fully	• Sustainability Strategy • Governance • Group and Divisional Performance Snapshots	22 23 40
ORGANISATIONAL PROFILE				
2.1	Name of the organisation.	Fully	• The Sime Darby Group	6
2.2	Primary brands, products, and/or services.	Fully	• The Sime Darby Group	6
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	• The Sime Darby Group	6
2.4	Location of organisation's headquarters.	Fully	• The Sime Darby Group, Note: Headquartered in Kuala Lumpur, Malaysia	6
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	• The Sime Darby Group • Divisional Overviews	6 9 – 15
2.6	Nature of ownership and legal form.	Fully	• The Sime Darby Group	6
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	• The Sime Darby Group • Divisional Overviews	6 9 – 15
2.8	Scale of the reporting organisation.	Fully	• The Sime Darby Group	6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	• The Sime Darby Group	6
2.10	Awards received in the reporting period.	Fully	• Awards and Recognition Received in FY 2013	38

Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
REPORT PARAMETERS				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	• About this Report	3
3.2	Date of most recent previous report (if any).	Fully	• About this Report	3
3.3	Reporting cycle (annual, biennial, etc.)	Fully	• About this Report	3
3.4	Contact point for questions regarding the report or its contents.	Fully	• About this Report	3
3.5	Process for defining report content.	Fully	• About this Report	3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	• About this Report	3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	• About this Report	3
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.	Fully	• About this Report	3
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. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	• About this Report	3
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).	Fully	• About this Report	3
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	• About this Report	3
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	• GRI Content Index	114
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	• About this Report	3

Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
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.	Fully	• Governance • Sime Darby Annual Report 2013: Statement on Corporate Governance Section	23
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	• Sime Darby Annual Report 2013: Profile of Directors Section	
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.	Fully	• Sime Darby Annual Report 2013: Profile of Directors Section	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	• Governance • Sime Darby Annual Report 2013: Notice of Annual General Meeting Section	23
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).	Fully	• Sime Darby Annual Report 2013: Statement on Corporate Governance Section	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	• Sime Darby Annual Report 2013: Statement on Corporate Governance Section	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	• Sime Darby Annual Report 2013: Statement on Corporate Governance Section	
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.	Fully	• Sustainability at Sime Darby • Governance	20 23
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.	Fully	• Governance • Sime Darby Annual Report 2013: Statement on Corporate Governance Section	23

Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	• Sime Darby Annual Report 2013: Statement on Corporate Governance Section	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	• Governance	23
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	• Sustainability Certification	67
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	• Strategic Participation in Key Sectoral and Thematic Organisations	36
4.14	List of stakeholder groups engaged by the organisation.	Fully	• Stakeholder Engagement	33
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	• Stakeholder Engagement	33
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	• Stakeholder Engagement	33
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.	Fully	• Stakeholder Engagement	33

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

G3.1 DMAs	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
DMA EC DISCLOSURE ON MANAGEMENT APPROACH EC				
Aspects	Economic performance	Fully	• The Sime Darby Group • Performance Metrics	6 102
	Market presence	Fully	• The Sime Darby Group • Divisional Overviews	6 9 – 15
	Indirect economic impacts	Fully	• Yayasan Sime Darby • Working With Our Local Communities	15 74
DMA EN DISCLOSURE ON MANAGEMENT APPROACH EN				
Aspects	Materials	Partially	• Group and Divisional Performance Snapshots • Research and Development	40 87
	Energy	Fully	• Carbon Management • Group and Divisional Performance Snapshots	30, 93 40
	Water	Partially	• Research and Development • Fire Management	87 97
	Biodiversity	Fully	• Sustainability at Sime Darby • Biodiversity	20 100
	Emissions, effluents and waste	Partially	• Carbon Management • Research and Development • Group and Divisional Performance Snapshots	30, 93 87 40
	Products and services	Fully	• Sustainability at Sime Darby • Group and Divisional Performance Snapshots	20 40
	Compliance	Fully	• Sustainability at Sime Darby • Governance	20 23
	Overall	Fully	• Sustainability at Sime Darby • Group and Divisional Performance Snapshots	20 40

Not reported: Transport

G3.1 DMAs	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
DMA LA DISCLOSURE ON MANAGEMENT APPROACH LA				
Aspects	Employment	Fully	• Governance	23
			• Our People	79
			• Performance Metrics	102
			• Sime Darby Website: Careers Section	
	Labor / management relations	Fully	• Governance	23
			• Our People	79
			• Performance Metrics	102
	Occupational health and safety	Fully	• Safety & Health	26, 82
			• Group and Divisional Performance Snapshots	40
			• Performance Metrics	102
	Training and education	Partially	• Governance	23
			• Our People	79
			• Performance Metrics	102
			• Sime Darby Website: Careers Section	
	Diversity and equal opportunity	Fully	• Governance	23
			• Our People	79
			• Performance Metrics	102
			• Sime Darby Website: Careers Section	
	Equal remuneration for women and men	Fully	• Governance	23
			• Performance Metrics	102

DMA HR DISCLOSURE ON MANAGEMENT APPROACH HR				
Aspects	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
Investment and procurement practices	Partially		• Sustainability at Sime Darby	20
			• Governance	23
			• Sustainability Certification	67
Non-discrimination	Fully		• Governance	23
			• Our People	79
Freedom of association and collective bargaining	Fully		• Governance	23
			• Our People	79
Child labor	Fully		• Governance	23
			• Our People	79
Prevention of forced and compulsory labor	Fully		• Governance	23
Indigenous rights	Fully		• Sustainability at Sime Darby	20
			• Sustainability Certification	67
			• Working With Our Local Communities	74

G3.1 DMAs	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
Aspects	Assessment	Fully	• Sustainability Certification	67
			• Working With Our Local Communities	74
	Remediation	Fully	• Working With Our Local Communities	74
Not reported: Security practices				
DMA SO DISCLOSURE ON MANAGEMENT APPROACH SO				
Aspects	Local communities	Fully	• Sustainability Certification	67
			• Working With Our Local Communities	74
	Corruption	Fully	• Governance	23
	Public policy	Fully	• Strategic Participation in Key Sectoral and Thematic Organisations	36
	Anti-competitive behavior	Fully	• Sime Darby Website: Sime Darby Code of Business Conduct in Governance Section	
	Compliance	Fully	• Sustainability Certification	67
			• Working With Our Local Communities	74

DMA PR DISCLOSURE ON MANAGEMENT APPROACH PR				
Aspects	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
Customer health and safety	Fully		• Group and Divisional Performance Snapshots	40
			• Note: Sime Darby Plantation refineries that produce food ingredients or products have food safety systems in place that are certified to a range of relevant standards including ISO 22000, GMP, HALAL and KOSHER	
Product and service labelling	Fully		• Sustainability Certification	67
			• Sime Darby Website: Sime Darby Code of Business Conduct in Governance Section	
Marketing communications	Fully		• Sustainability Certification	67
Customer privacy	Fully		• Sime Darby Website: Sime Darby Code of Business Conduct in Governance Section	
			• Note: Sime Darby complies with the Malaysian Personal Data Protection Act	
Compliance	Fully		• Sustainability Certification	67

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Indicator	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
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.	Fully	• Sime Darby Annual Report 2013: Reports and Financial Statements Section	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Fully	• Carbon Management	30, 93
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	• Sime Darby Annual Report 2013: Reports and Financial Statements Section	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	• Yayasan Sime Darby • Working With Our Local Communities	15 74
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	• Working With Our Local Communities	74
Not reported: EC4, EC5, EC6, EC7				
ENVIRONMENTAL				
EN2	Percentage of materials used that are recycled input materials.	Partially	• Group and Divisional Performance Snapshots • Carbon Management	40 93
EN3	Direct energy consumption by primary energy source.	Fully	• Carbon Management • Performance Metrics	30, 93 102
EN4	Indirect energy consumption by primary source.	Fully	• Carbon Management • Performance Metrics	30, 93 102
EN5	Energy saved due to conservation and efficiency improvements.	Partially	• Carbon Management	93
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	• Carbon Management	93
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	• Yayasan Sime Darby • Biodiversity	15 100
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	• Yayasan Sime Darby • Biodiversity	15 100
EN13	Habitats protected or restored.		• Yayasan Sime Darby • Biodiversity	15 100

Indicator	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	• Yayasan Sime Darby • Biodiversity	15 100
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Partially	• Yayasan Sime Darby • Biodiversity	15 100
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	• Carbon Management • Performance Metrics	30, 93 102
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	• Carbon Management	30, 93
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	• Group and Divisional Performance Snapshots • Sustainability Certification • Carbon Management	40 67 93
Not reported: EN1, EN7, EN8, EN9, EN10, EN17, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN27, EN28, EN29, EN30				
SOCIAL: LABOR PRACTICES AND DECENT WORK				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	• Performance Metrics	102
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	• Performance Metrics	102
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	• Performance Metrics	102
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	• Safety and Health • Performance Metrics	26, 82 102
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	• Safety and Health	82
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	• Performance Metrics	102
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	• Performance Metrics • Sime Darby Annual Report 2013: Profile of Directors and Statement on Corporate Governance Sections	102
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		• Performance Metrics	102

Not reported: LA3, LA5, LA6, LA9, LA11, LA12, LA15

Indicator	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
SOCIAL : 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.	Partially	• Governance	23
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.	Fully	• Governance • Our People	23 79
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	• Governance	23
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	• Working With Our Local Communities	74
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	• Sustainability Certification • Note: This indicator is material to our Plantation division. All RSPO audits include native customary rights and labour conditions.	67
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	• Working With Our Local Communities	74
Not reported: HR1, HR2, HR4, HR5, HR8				

SOCIAL : HUMAN RIGHTS

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	• Sustainability Certification	67
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	• Working With Our Local Communities	74
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	• Working With Our Local Communities	74
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	• Note: 100 per cent. Corruption is a category assessed in the Sime Darby Enterprise Risk Management framework and Group Audit reviews.	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Partially	• Governance	23

Indicator	Disclosure	Level of Reporting	Location of Disclosure	Page Reference
SO5	Public policy positions and participation in public policy development and lobbying..	Fully	• Strategic Participation in Key Sectoral and Thematic Organisations • Sime Darby Website: Sime Darby Code of Business Conduct in Governance Section	36
Not reported: SO4, SO6, SO7, SO8				
SOCIAL: 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.	Fully	• Group and Divisional Performance Snapshots • Research and Development	40 87
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	• Sustainability Certification • Sime Darby Website: Sime Darby Code of Business Conduct in Governance Section	67
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		• Sustainability Certification	67

Not reported: PR2, PR4, PR5, PR7, PR8, PR9

Sime Darby Berhad
(Company No. 752404-U)

19th Floor, Wisma Sime Darby
Jalan Raja Laut, 50350 Kuala Lumpur

Tel +(603) 2691 4122

Fax +(603) 2719 0044

www.simedarby.com



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