



Going Further in the ESG Journey

With sustainability challenges increasingly confronting the world, Sime Darby Property, which turned 50 last year, recognises the urgency for ESG and strives to go further and faster on its journey in 2023.

In today's world that is increasingly concerned with sustainability, environmental, social, and governance ("ESG") is no longer a passing fad but rather a critical part of doing business. As the ESG momentum grows, organisations should be prepared to invest in developing and implementing effective strategies.

For the property development industry, ESG will be at the front and centre of real estate in the years to come - from the way properties are designed to how they are valued. Sure, industry players are experiencing ESG growing pains - property developers, contractors and operators are pouring in significant investments to ensure that their environmental, social impact and governance credentials satisfy, if not surpass, expectations.

Sime Darby Property is no exception. As an early adopter of the **triple bottom line**, the real estate player, which celebrated its 50th year anniversary in 2022, has cemented its position as an organisation that emphasises innovation, sustainability and attaining ESG goals - all to *multiply value for People, Businesses, Economies and the Planet*.

Established on the principle of sustainability leadership, Sime Darby Property has a strong commitment towards upholding ESG principles throughout its business and be a 'Force for Good' to protect the needs of future generations.

Cutting through the noise of ESG

Reflecting on its sustainability journey, navigating the ESG landscape has been nothing short of complex but enriching all the same, considering the learning experiences gained and value created for its stakeholders.

Sime Darby Property recognises that the time is ripe for it to step forward with

its expertise and resources to meet the growing demand for ESG action, and is upping the ante on its goals.

Its Group Managing Director, Dato' Azmir Merican said key to achieving a sustainable, equitable and prosperous future for all is by taking a holistic approach, in line with its 2030 Sustainability Goals. To this end, the property developer relooked at its approach to ESG and is moving away from a standalone sustainability strategy to a more seamless and integrated purpose, vision, mission and values strategy.

"As a *Force for Good*, Sime Darby Property has consistently emphasised sustainability as a hallmark in everything we do and stand for. We have a responsibility to go beyond being ideologically-driven and putting more efforts into creating new and long-lasting values in the coming era," said Dato' Azmir.

"In 2023, ESG will continue to take centre stage as property developers become increasingly mature in their sustainability journey. For us at Sime Darby Property, we look at all the three components of ESG as deeply intertwined with our overall business and organisational strategy. Are we decarbonising our processes? Are our talents diverse and given equal opportunities? How do we implement strong governance practices and ensure that we act in the best interest of our stakeholders?"

ESG - no one pillar takes a backseat

In the words of famed environmentalist, Robert Swan: "The greatest threat to our planet is the belief that someone else will save it."

Global warming is not a myth, and has raised the alarm for everyone, everywhere. No longer a far-off threat, climate change has pushed businesses from

across the globe to move away from just having enhanced ambition to making urgent, decisive action in order to cap warming, save the planet and encourage change.

The year 2022 was one where Sime Darby Property took its ESG journey into overdrive but moving forward into 2023, the company is not resting on its laurels. "Our focus is to have a pathway towards net zero. That said, we are spending a considerable amount of time to ensure our pathway to net zero is realistic while recognising some of the solutions may not yet be in place," said Dato' Azmir.

On the environment front, it partnered with the Tropical Rainforest Conservation and Research Centre ("TRCRC") to run the conservation programmes at the Elmina Rainforest Knowledge Cen-

tre ("ERKC") with funding support from Yayasan Sime Darby ("YSD"). It also established 'Friends of ERKC', a community interest group which works hand-in-hand with TRCRC to host various biodiversity education programmes and activities such as tree planting, bird watching and botany tours to enhance the public's environmental literacy and guide them in contributing actively towards conservation.

More significantly, ERKC and its adjacent Elmina Living Collection Nursery ("ELCN") pave the way for a continuous supply of forest trees for planting within Sime Darby Property's townships as well as for external parties for reforestation initiatives. The goal is to plant a total of 210,000 trees with 10% consisting of the International Union for Conservation of



Friends of ERKC works hand-in-hand with TRCRC to host various biodiversity educational programmes and activities

Nature's ("IUCN") Red List of Threatened Species by 2040.

The real estate player has a vision for what it wants anew, that is to restore what was lost. "We implement a **zero rainforest removal** practice as part of our sustainability policies across all townships. Our **tree-to-tree replacement** policy allows us to reinstate our lands to a more biodiverse state by replacing each tree felled for development purposes with other trees of mainly the native species," said Dato' Azmir.

Climate action aside, the unprecedented events of the past several years coupled with rising global inflation and cost of living have reinforced disparities within and between societies.

Epitomising the United Nations' Sustainable Development Goals' principle of "Leaving No One Behind", Sime Darby Property has consistently exercised its

duty towards the communities in which it operates and leaves no room for marginalisation. In its attempt to build social equality and cohesion, Sime Darby Property engaged in a variety of community-centred and welfare initiatives.

It goes without saying that two heads are better than one. In unleashing the power of community and transforming lives, the company works alongside YSD for numerous humanitarian work focusing on the latter's five pillars of conduct: Education, Environment, Community and Health, Sports as well as Arts and Culture.

"Taking the first step towards creating an impact and adding value to society can be unnerving to some, but as with everything else in life, even the smallest actions can be profound. By implementing the right strategies, we are instilling motivation and empowering communities to uplift themselves, and this instantly kickstarts a ripple effect," said Dr. Yatela Zainal Abidin, Chief Executive Officer of YSD.

Education is a basic human right that can lift society out of poverty, reduce inequalities and ensure sustainable development. Since 2018, Sime Darby Property, an advocate for educational rights, has channelled more than RM19.5 million to YSD in support of its educational scholarships and bursaries, awarded to both deserving as well as underprivileged Malaysian students.

For the property developer, its workforce is key to executing its sustainability agenda. Like the saying, "treat employees like they make a difference and they will", the company considers every single employee among its most valuable assets, and constantly looks at ways to engage and empower them to make a difference.

"Building sustainable solutions to tackle the challenges of tomorrow takes effort and commitment. That said, having a clear purpose to do or be better is key in one's bid to generate and multiply the values that it has constantly pursued," said Dr. Yatela.

As it is, responsible management and leadership is top of mind for the investor and stakeholder community. For Sime Darby Property, the aim is to be a beacon of safety and health in real estate.

"It is of utmost importance that our workforce is fully engaged and believes in our sustainability agenda. To achieve excellence and sustainability is to have



Sime Darby Property enforces HSSE mandatory requirements across its operations

everyone practising them day-to-day," said Dato' Azmir.

On that front, the Company had introduced its 2022 Safety & Sustainability Playbook to ensure that key sustainability commitments are translated into daily operations. Its staff is trained to deliver the metrics in the playbook and Sime Darby Property has seen improvements in most, if not all, of its sustainability efforts.

Not only has it reviewed its historical safety and health performance, but the company has also taken the leap towards enforcing minimum Health, Safety, Security and Environment ("HSSE") mandatory requirements across its operations.

"All employees have the right to work in a safe environment. The assurance that one has that he or she will make it back home safely transcends anything else. For us at Sime Darby Property, we want to drum home the message that everyone thrives in a workplace that is caring and free of health and safety hazards," said Dato' Azmir.

2023: Driving purpose-led innovation further

ESG efforts are a journey and to solve sustainability challenges, Sime Darby Property understands that innovation, knowledge and a strong commitment for positive change are key to developing sustainable futures.

Having closed the chapter on 2022 and welcoming 2023, Sime Darby Property is geared up to tap into the opportunities and at the same time, tackle the challenges that the new year brings. On this note, it will continue to uphold the com-



The Company engages in a variety of community-centred initiatives


ponents of ESG in its business and operations as it did in 2022.


"The next quarters give us a chance to assess and develop goals that will positively contribute to the environment, improve our social impact on the communities in which we operate and our workforce, as well as demonstrate how we will be achieving our goals," said Dato' Azmir.


As the appetite for ESG solutions grows, so will the emphasis on getting the carbon emissions data as more companies embark on their respective net zero journey. Sime Darby Property notes that one area that will be scrutinised in 2023 is the emissions from supply chains, which will put companies' understanding of their carbon footprint to the test.


"Putting the 'E' in ESG aside, there will also be a fight for ESG talents as companies accelerate their decarbonisation efforts. More internal capability building will be observed from board level down to every staff member. Moreover, developers will also pay more attention to labour or human rights issues measuring against International Labour Organisation standards," said Dato' Azmir.


"All in all, ESG is more than a compliance requirement ... these are three letters that will empower mankind and reinvent the planet. The decisions we make today are crucial in shaping a sustainable and inclusive future where there is harmony among people, the planet, and prosperity. ESG efforts are a long, bumpy journey, but Sime Darby Property remains steadfast in the path towards a better tomorrow."


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Establishing the ERKC for forestry research, conservation, education and recreation.
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Strategic partnership with an NGO specialising in rainforest conservation.
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A tree-for-tree replacement policy, 10% minimum planting target of ERT species.
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Sime Darby Property has planted more than 120,000 trees, including more than 24,000 that are ERT species.
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Propagating community engagement and education via "Friends of ERKC".
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A Zero Primary-Rainforest Removal Policy to balance land development with tropical rainforest conservation.
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Good biodiversity practices to foster a functional ecosystem within the township as it is being developed.



Sime Darby Property works closely with YSD to organise activities that empowers communities