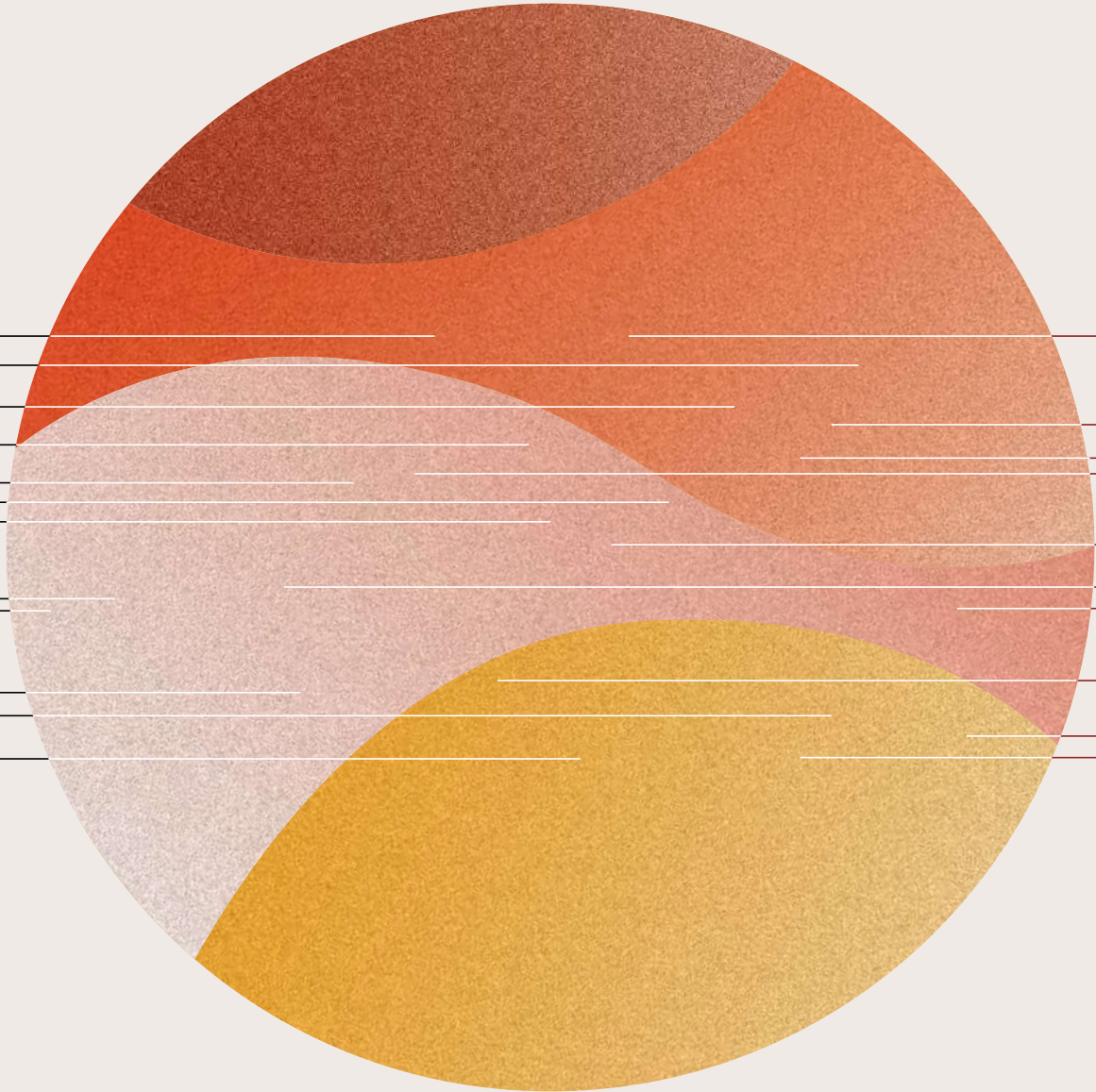




Property



SUSTAINABILITY AT THE HEART OF EVERYTHING WE DO


Sustainability Report 2020



Contributing to a Better Society

With society's increasing demand for good corporate social responsibility, sustainable economic development and long-term value creation, business organisations are striving to embrace human rights by nurturing diversity at workplaces and ensuring equal pay for work of equal value, while offering all stakeholders an opportunity to thrive and grow.

Our Material Matters: **Diversity & Inclusion** **Health & Safety** **Community Resilience** **Affordability**

 For more information, please refer to pages 44 to 61.

While achievements related to people are strongly linked to all the United Nations Sustainable Development Goals ("UN SDGs"), their importance is specifically highlighted in six goals:

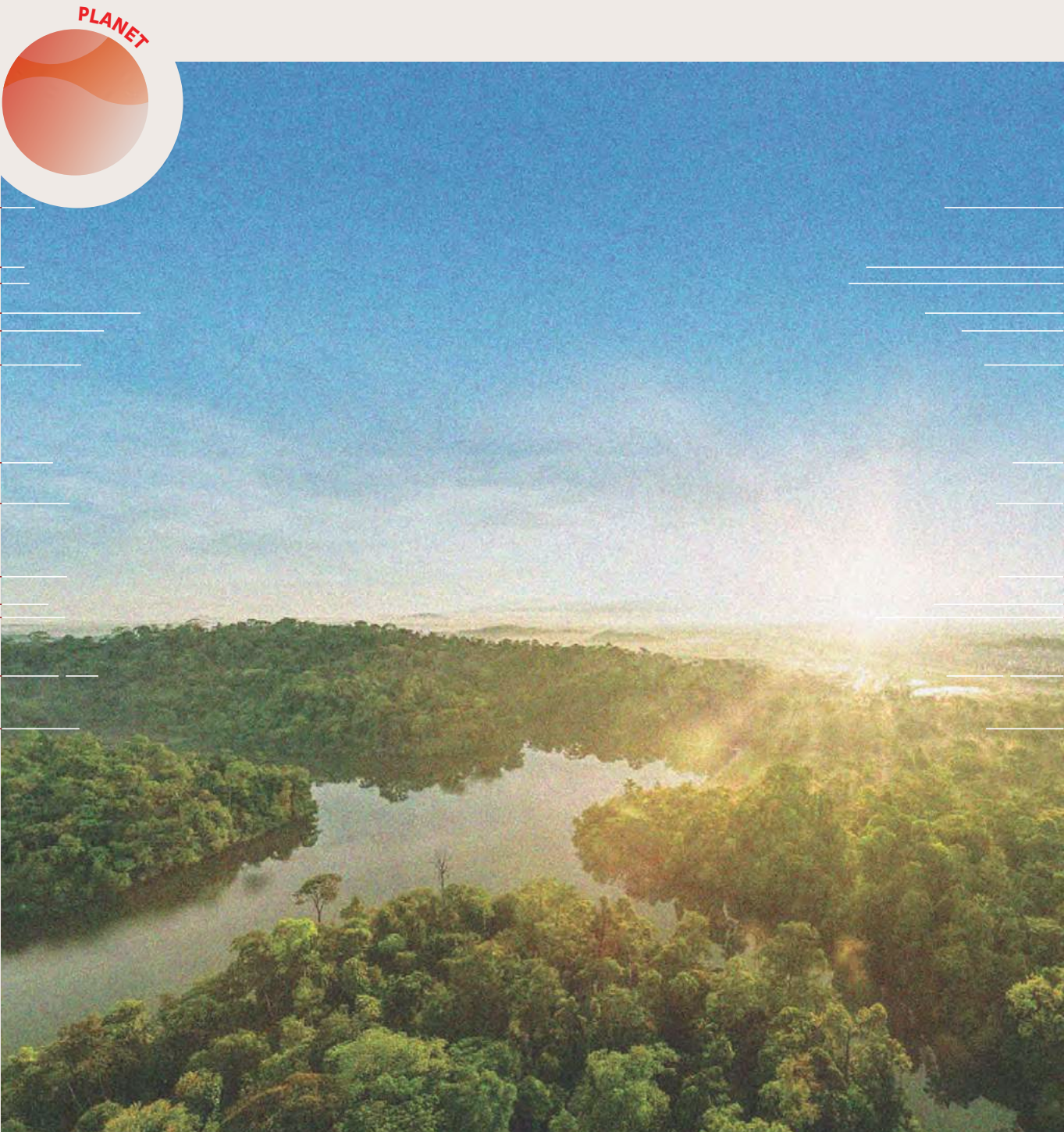


Optimising Environmental Performance

Businesses depend on and impact the natural environment in myriad ways through their operations and supply chains, as well as the ways their products and services are used. Their reliance on natural resources needs to be managed effectively to mitigate negative environmental impacts that could cause societal harm and affect business continuity. Extremely high on the agenda now is decarbonising our business operations and products in the context of climate change.

Our Material Matters: **Climate Change Risk** **Biodiversity Loss** **Waste & Water Pollution** **Sustainable Products**

For more information, please refer to pages 28 to 43.



Aerial View of Subang Forest Reserve, Shah Alam, Selangor, Malaysia


Six UN SDGs are particularly relevant to corporate environmental disclosures:



Delivering Sustainable Development

With the global aspiration of achieving a sustainable future, corporate organisations around the world strive to play an active role in ensuring no one is left behind by offering communities across the spectrum equal access to education, decent work, innovation and economic growth.

Our Material Matters: **Diversity & Inclusion** **Community Resilience** **Sustainable Products** **Affordability**

 For more information, please refer to pages 38 to 40 and 44 to 59.



Edible Community Garden Programme at Chili Farm, Bukit Subang, Selangor, Malaysia

These core features of prosperity are related to the following UN SDGs:






Upholding Good Governance and Economic Sustainability

Strong governance and integrity are crucial in ensuring the sustainability of any business over the long term. As the paradigm shifts towards long-term value creation for all who have a stake in the business, corporate organisations are committed to upholding the highest levels of governance by embedding integrity, transparency and ethical business conduct in their operations and activities.

Our Material Matters: **Economic Injection** **Data and Cyber Security** **Corruption Risk & Integrity**

 For more information, please refer to pages 62 to 68.

These core features of governance are related to the following UN SDGs:



About This Report

GRI 102-1, 102-46, 102-50, 102-52, 102-53, 102-54

This Sustainability Report describes our ongoing Environmental, Social and Governance (“ESG”) Sustainability Journey, offering insights not so much from a value creation perspective but from a longer-term GRI Materiality metrics positioning. It communicates our approach to embracing and embedding sustainability in our business policies, management and daily activities, detailing our goals, targets and initiatives. This Report also highlights our achievements and shares the challenges we face as we strive to create positive impacts that will last for generations to come.

Scope and Boundaries

Sime Darby Property (“SDP”) is a listed property developer on Bursa Malaysia’s Main Market and headquartered in Petaling Jaya, Selangor, Malaysia.

The scope of this Report includes our sustainability approach and sustainability strategy and initiatives, as well as comparative historical data where applicable. Our sustainability initiatives are aligned with the 17 United Nations Sustainable Development Goals (“UN SDGs”) with an increasingly stronger focus on climate action and reducing carbon emissions. The scope of the data for this Report is primarily within Malaysia unless stated otherwise.

Reporting Period

This Report covers the reporting period from 1 January 2020 to 31 December 2020. The previous SDP standalone Sustainability Report was published in 2016 while annual detailed sustainability updates have been included in our Integrated Annual Report since 2017.

Guidelines and Standards

This Report was prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. It is also aligned with Bursa Malaysia’s Main Market Listing Requirements and guided by best industry practices such as the following:

- Bursa Malaysia’s Sustainability Reporting Guide 2nd Edition
- Carbon Disclosure Project (for Climate Change and Supplier Engagement)
- S&P Global ESG Indices Corporate Sustainability Assessment 2021.

Feedback

Any comments and feedback will help us improve our sustainability and reporting journey. Please share your thoughts with us by contacting:

sustainability@sime-darbyproperty.com

Accessibility

This Report should be read together with our Integrated Annual Report 2020. We encourage our stakeholders to access the online version of our Reports via:

www.sime-darbyproperty.com

Navigation Icons



Refers readers to related information located in other parts of the Report.



Refers readers to more information online.

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2020 in Numbers

GRI 102-7

Purpose Guides Us, Because We Believe That Progress Is Possible

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

We worked towards achieving our goal of being Malaysia's most admired and sustainable property developer through resilient business operations and financial results.

Financial Highlights



REVENUE

RM **2,062.8** MILLION
(2019: RM3,180.0 million)



PROFIT BEFORE INTEREST AND TAX EXCLUDING ONE-OFFS

RM **110.4** MILLION
(2019: RM351.0 million)



NET EARNINGS EXCLUDING ONE-OFFS

RM **77.4** MILLION
(2019: RM312.0 million)



TOTAL EQUITY

RM **9,289.5** MILLION
(2019: RM9,950.0 million)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM **1.34**
(2019: RM1.43)



GROSS GEARING RATIO

36.7%
(2019: 33.1%)



NET GEARING RATIO

28.1%
(2019: 25.7%)



CASH POSITION

RM **801.8** MILLION
(2019: RM743.3 million)

Sustainability Highlights

SDP'S 2030 SUSTAINABILITY GOALS

Achieved or exceeded

15 OUT OF **18**

annual 2020 targets for the Goals

ENVIRONMENTAL

- Reduced **carbon emissions** by about **49%** from 2013 to 2020
- Planted **108,255 trees** since 2011
 - Included **21,623** International Union for Conservation of Nature ("IUCN") **Red List trees**
 - Estimated **sequestered carbon** as at December 2020: About **9,000 tCO₂-e**
- Reduced **water intensity** from **0.618 m³/m²** in 2016 to **0.068 m³/m²** in 2020
- Reduced **waste intensity** from **4.490 kg/m²** in 2016 to **0.440 kg/m²** in 2020
- Community **recycling collection** increased from **12 tonnes** in 2016 to **180 tonnes** by 2020

SOCIAL

- 264** employees engaged in **700.5 volunteer hours**
- Invested **RM12,487,001** in **community resilience**
- Assisted **893 families** from the **B40** income segment:
 - Benefited **1,723 individuals**
- Delivered **1,622** units of **affordable homes**:
 - Included **1,188** units of **statutory housing** priced below RM270,000
- Women's** representation in the workforce: **42%**
- Invested **RM1,505,707** in employee **training and development**
- Health and safety: **0 fatal accidents** for **5 years** since 2016

GOVERNANCE

- Total economic injection** to contractors and vendors: **RM1.2 billion**
 - Awarded **99%** of contracts to **local** companies and vendors
 - Created **2,471 jobs**
- 0** confirmed cases of **bribery and corruption**
- 771 employees** or **51.3%** of SDP's workforce completed **Anti-Bribery and Corruption training**
- Introduced and implemented **Code of Business Conduct ("COBC")** and **Vendor Integrity Pledge ("VIP")**
- Sukuk Musharakah Programme**:
 - Issued **RM800 million sukuk** in December 2020
 - RM150 million** with a tenor of **5 years** is **ASEAN Sustainability SRI Sukuk Musharakah**
 - The first tranche covered **5 green, social and sustainability projects**
 - Rated **'AA+15'** by **Malaysian Rating Corporation Berhad ("MARC")**

2020 in Numbers

Other Highlights

A constituent of the **FTSE4GOOD BURSA INDEX**, **FTSE4GOOD ASEAN 5 INDEX** and **FTSE4GOOD EMERGING INDEX**

A constituent of the **MSCI ACWI SMALL CAP INDEX** and received **MSCI ESG RATING** of **BBB**

Only Malaysian real estate firm **EFFECTIVELY** rated by CDP with a **CARBON MANAGEMENT** and a **STAKEHOLDER ENGAGEMENT** Rating

Sukuk Musharakah Programme was **RATED AA+_{IS}** and with a stable outlook by MARC

Business Highlights

SALES ACHIEVED

RM2.0 BILLION

which exceeded revised sales target of RM1.4 billion

LAUNCHES IN FY2020

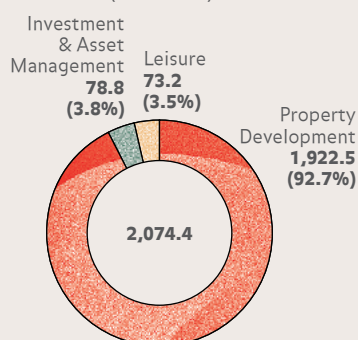
1,668 UNITS

with RM1,506.4 million GDV and garnering an average take-up rate of 88 percent as at 14 February 2021

Segmental Highlights

REVENUE

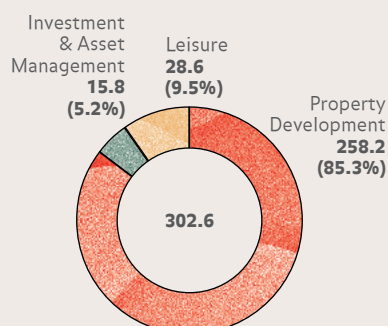
(RM million)



Before elimination

GROSS PROFIT

(RM million)



Before elimination

PROPERTY DEVELOPMENT RECORDED GROSS PROFIT OF

RM258.2 MILLION

INVESTMENT & ASSET MANAGEMENT RECORDED GROSS PROFIT OF

RM15.8 MILLION

LEISURE RECORDED GROSS PROFIT OF

RM28.6 MILLION

A Message From Our Group Managing Director

GRI 102-14

Dear Stakeholders,

While the year 2020 was filled with unprecedented challenges, Sime Darby Property remained competitive and resilient to maintain our leadership in sustainability, creating value for all our stakeholders and becoming 'A Force for Good'. We were steadfast in carrying out our sustainability agenda across the three spheres of People, Planet and Prosperity amid disruptions from the COVID-19 pandemic. Leveraging the opportunities presented by the pandemic, we bolstered our sustainability initiatives and intensified our efforts towards realising the SDP 2030 Sustainability Goals, which are aligned with the United Nations Sustainable Development Goals ("UN SDGs").



Sustainability at the Heart of Everything We Do

Sime Darby Property ("SDP" or "the Group") is a leader in developing sustainable townships and communities, with close to half a century of experience in the real estate industry. As a master developer, we operate in a manner that incorporates sustainability into everything we do, from the design of our homes to the construction and delivery of our products, all while considering the well-being of our people, communities and the planet.

Sustainability is a topic discussed regularly by the Board, which works with the Management to translate our sustainability strategy into reality by making the Management team accountable for delivering SDP's 2030 Sustainability Goals.

A Message From Our Group Managing Director

In an industry such as ours, the challenges of climate change cannot be underestimated and we are determined to tackle this head-on in terms of both operational carbon and embodied carbon. We are committed to achieving net zero carbon, and in order to do so, we will use the Science Based Targets initiative ("SBTi") framework to ensure that the accuracy of our committed target is based on science.

As a socially responsible organisation, we allocate resources to assist our township communities in increasing their resilience against the effects of climate change. The features in the homes built in our townships are designed to improve productivity and quality of life, as promised by our '8 Principles of Wellness'. These efforts extend beyond our townships, ensuring that prosperity is shared by all communities.

Promoting biodiversity is an important element of the way we develop our townships for the well-being of our communities. Beyond our communities, we have collaborated with the Tropical Rainforest Conservation & Research Centre ("TRCRC"), which operates Malaysia's only Rainforest Knowledge Centre (owned by SDP) dedicated to, among other things, educating the next generation about the importance of preserving our fragile planet as well as inventorying and monitoring the flora and fauna in the adjacent forest reserve.

Sustainability at SDP cannot be covered in these few paragraphs as there is much more that we are currently doing and need to do. While we have a long journey ahead of us, we are aware that the time to act is now.

Our Approach to Sustainability

Our holistic approach to sustainability is a determined effort to put us at the forefront of generating positive impacts in the three spheres of People, Planet and Prosperity. We measure our ESG performance via the 18 SDP 2030 Sustainability Goals and through inclusion in international ESG indexes, making sustainability a hallmark of our business and a signature of everything we do. We aspire to achieve net zero carbon (a work-in-progress) and to be an industry leader not only in sustainability but also in health, safety, security and the environment ("HSSE").

To realise our aspirations of becoming 'A Force for Good', we anchor our sustainability strategy on four core areas: reducing our carbon footprint, biodiversity, community resilience and being socially responsible.

The 2030 Sustainability Goals serve as a beacon for us to ensure that we are moving in the right direction. We continue to engage with our stakeholders to obtain crucial feedback and information that help us to identify and minimise risks, and at the same time, optimise opportunities to embed sustainability in our operations.

Our 18 SDP 2030 Sustainability Goals cover all the key components of sustainable communities, ranging from supporting the economy to providing affordable homes and tackling climate change. This is our first year of implementing the goals and we have successfully achieved 15 out of the 18 goals set in 2020 amid disruptions from the pandemic.

Our Impact on the Environment

We are cognisant of how our role as a property developer impacts the planet. Our future aspirations will be anchored in support of the Paris Agreement, which aims to limit global warming and achieve a climate-neutral world by mid-century. In 2020, we emitted 38,452 tonnes of CO₂-e operational carbon, which did not include the larger and more complex embodied carbon that we will be tracking under the SBTi framework. We continued to roll out the Operational Eco-efficiency Programme, covering the management of our carbon, water and waste footprints. One of the most significant initiatives under the programme is tree-planting, which plays an important role in mitigating the effects of climate change. We planted more than 21,000 endangered trees red-listed by the International Union for Conservation of Nature ("IUCN") in 2020. This effort along with the other 90,000 odd trees planted since 2011, is expected to result in the sequestration of 8,959.88 tonnes of CO₂-e, bringing us closer to our target of planting 50,000 IUCN trees by 2030. Furthermore, we conducted biodiversity inventory assessments on the primary forests adjacent to the City of Elmina and a supplementary inventory at KL East to further mitigate our ecological impact and preserve our natural resources for future generations.

The Eco-efficiency Programme also aims to reduce water intensity by 30 percent and achieve zero waste by 2030 through recycling, reducing, reusing and repurposing in our operations and construction activities. We also started recycling efforts with residents in three of our townships to reduce waste as part of our initiative to adopt the circular economy principle and become more resilient, with the townships recycling 39.4 tonnes in 2020.

A Message From Our Group Managing Director

Our Social Impact

In support of the UN SDG principle of 'Leaving No One Behind', we are committed to providing sustainable and affordable homes to communities from the low-income segment. We target to build 15,000 affordable homes that are below RM600,000 by 2030 and as of December 2020, we have delivered 1,622 units of affordable homes, surpassing the target of 1,000 affordable homes.

We constantly reach out to those in need to uplift their lives by contributing cash, volunteering and working closely with Yayasan Sime Darby. In 2020, the Group invested RM2.5 million in community outreach, donated RM800,000 to ease the financial burdens of communities affected by the pandemic and contributed to healthcare frontliners. Our employees contributed more than 700 volunteer hours, benefitting hundreds of families from the B40 segment and thousands of individuals across our stakeholder spectrum including schoolchildren and youths.

We continued to champion human rights, which is one of our targets under the SDP 2030 Sustainability Goals. During the year under review, we included human rights clauses in our business contracts and conducted human rights assessments among our new vendors and suppliers across our operations. We do not leave this on paper and introduced a new SDP Workers' Quarters Hygiene Standard; a collaborative effort with our contractors to ensure good quality and safe living quarters. This effort helped to strengthen our social impact on our value chain as we remain guided by the principles of the United Nations' Universal Declaration of Human Rights.

With 24 active developments and townships, we are in a prime position to promote sustainable living among our communities. Our programmes and initiatives included assisting a B40 community in Taman Bukit Subang to

develop an edible community garden. 5,000 kg of organic fresh produce worth more than RM32,000 was harvested and sold at local markets. We also held a Fabric Recycling Movement Campaign where we collected 22,000 kg of unwanted fabric from SDP's employees.

Internally, SDP is embedding sustainability by engaging with the Board and Management teams, and by raising commitment among the rest of the staff through SDP's own Sustainability Day. We also conduct annual sustainability assessments called 'SUSDEX', which measure the delivery of sustainability against internal, local and international standards.

Our Commitment to Good Governance and Economic Sustainability

In the year under review, we issued a RM150 million five-year tranche of the ASEAN Sustainability SRI Sukuk Musharakah as part of the Sukuk Musharakah Programme, which received an 'AA+' rating from Malaysian Rating Corporation Berhad ("MARC"). Proceeds from the ASEAN Sustainability SRI Sukuk Musharakah will fund the Group's working capital requirements and other required expenses for green, social or sustainable projects. This first tranche of RM150 million was issued and fully subscribed in December 2020 and funded five projects comprising two affordable housing developments, a biodiversity educational centre, a plant nursery for endangered trees and Malaysia's first inclusive playground.

As a socially responsible organisation, we uphold the highest levels of governance and instil a culture of integrity, one of the five core values of the Group. Our stance of zero tolerance towards corruption has been the driving force behind our resilience since the inception of SDP and we will continue to safeguard our ethical methods of doing business to generate long-lasting positive impacts.

Going Forward

The challenges that lie ahead are real and confronting us in real time. We cannot succeed without our supply chain responding to this. In an industry with a sufficiently complex supply chain, we must first raise the awareness of our suppliers before bringing them on board. In 2020, we undertook a focused Sustainability Vendor Engagement Programme with 29 vendors to raise awareness on human rights standards and outline our expectations across our value chains. We had engaged with a further 215 vendors at the time of publishing this Report, which equated to 44 percent of vendors under contract with the Group in 2020.

Going forward, we will implement additional initiatives that will enlist the participation of our stakeholders in order to strengthen our sustainability journey and leave a positive legacy for future generations. We aim to transform from a pure-play property developer to a real estate development company by 2025, serving as a Community Builder, Investment & Asset Manager and Master Developer of sustainable townships and integrated developments. Our strategy will concentrate on broadening the Group's income streams while increasing competencies, broadening digitalisation and adding new capabilities, all while adhering to key focus areas such as safety and sustainability.

The responsibility bestowed upon us now is daunting, as the decisions we make, particularly the actions (or inactions) we undertake today, will have far-reaching consequences for future generations. While there are many risks and challenges ahead of us, there are also many opportunities that await us. We are very grateful for the resources we have, and we will continue to seek opportunities to build a sustainable future for all.

A Message From Our Group Managing Director



Aerial view of Elmina Central Park

Acknowledgements

We thank all our stakeholders, including the government and regulatory bodies, our business partners and shareholders, Permodalan Nasional Berhad and our customers, for their support and their trust in SDP's sustainability journey.

We would also like to thank Dato' Johan Ariffin and Tan Sri Dr. Mohd Daud Bakar following their retirement from the Board after serving almost 10 and three years, respectively. They have contributed significantly to our sustainability journey and we are honoured to have been

guided by their leadership. We are sad to note that we lost a distinguished Board member, the late Datuk Poh Pai Kong, in August 2020. His invaluable insights and guidance throughout his tenure will always be remembered.

On behalf of the Group, I would like to thank Tan Sri Dr. Zeti Akhtar Aziz for her leadership, guidance and support for the Board and myself throughout her service as Chairman of the Group. Her broad vision and strong insights have been crucial in guiding the Group through difficult times in the past year.

Last but not least, we would like to record a special note of appreciation to all SDP employees for their continuous dedication to our sustainability journey.

Dato' Azmir Merican
Group Managing Director

Sources:

Some of the content in this statement was derived from SDP's press releases and published articles. For more information, please go to:

<https://www.simedarbyproperty.com/press-releases/sime-darby-property-focuses-green-features-and-sustainability>

<https://www.theedgemarkets.com/content/advertise/changing-realestate-ecosystem-greater-good>

<https://www.simedarbyproperty.com/press-releases/sime-darby-property-successfully-completes-inaugural-economic-empowerment-programme>

<https://www.theedgemarkets.com/content/advertise/city-elmina-sime-darby-property-self-sustaining-township>

<https://www.simedarbyproperty.com/press-releases/sime-darby-property-berhad-accorded-credit-rating-aa-its-rm45-billion-sukuk>

<https://www.simedarbyproperty.com/press-releases/sime-darby-property-remains-committed-fighting-covid-19-pandemic-safeguarding>

How We Operate

GRI 102-4, 102-5, 102-7, 102-16



Vision

Leader in Building Sustainable Communities

Mission

To Create a Place that Inspires, Connects and Lasts for Generations to Come

Core Values

| | |
|----------|----------------------------|
| P | Passion |
| R | Respect & Teamwork |
| I | Integrity & Accountability |
| M | Make It Happen |
| E | Entrepreneurial Spirit |

How We Operate



Who We Are

We are an established property developer with a nearly 50-year track record of developing sustainable communities. Represented by 24 strategically located townships, the properties developed by SDP are extensive, consisting mainly of residential freehold units which range from the affordable to high-end segments and landed and high-rise units, as well as retail, commercial, industrial & logistics and niche developments. SDP is also part of the Malaysian consortium leading the redevelopment of the iconic Battersea Power Station Project in central London.

As an aspiring leader in building sustainable communities, we are committed to improving our performance in the ESG business areas, as demonstrated by our ongoing inclusion as a constituent in various local and international sustainability indexes or rating systems. These include the FTSE4GOOD Bursa Index, FTSE4GOOD ASEAN 5 Index and FTSE4GOOD Emerging Index, as well as the MSCI ESG Sustainability Index for the third consecutive year. We are also effectively the only Malaysian property developer that has been rated by the CDP for carbon management (C-Rated) and Supplier Engagement (B-Rated). 2020 was our second year of being rated by the CDP. In ensuring no one is left behind, we go beyond just providing physical spaces by reaching out to the communities in need within and close to our townships through our philanthropic arm, Yayasan Sime Darby ("YSD") and via various other CSR activities conducted directly by the Company.

Our dedication and hard work have been recognised locally and internationally. Among our most notable achievements was becoming the first Malaysian property developer to receive the International FIABCI d'Excellence Award, twice, for our developments in Subang Jaya and UEP Subang Jaya townships. We also won the Platinum Award at the Putra Brand Awards 2020 after winning the Gold Award for 10 consecutive years from 2010 to 2019. At the BCI Asia Awards 2020, we bagged our ninth Top 10 Developers Award. We have also consistently been named as one of the top developers in Malaysia in the annual The Edge Top Property Developers Awards since 2009. Along with these corporate sector awards, there have been many sustainability-related awards over the past few years. In 2020, we received MARC's Sustainability Award 2020 and to date, our Elmina Central Park was named Malaysia's Exemplary Sustainable Community Park 2021 in the EdgeProp Malaysia's Editor's Choice Awards.

2019

- Audubon Cooperative Sanctuary for Golf - TPC Kuala Lumpur ("KLGCC")
- Malaysia Landscape Architecture Awards ("MLAA"): Honour in Landscape Master Plan Awards (Developer Category), Serenia City; Landscape Master Plan Honour in Landscape Analysis and Study Awards (Professional Category), Town Park, Bandar Bukit Raja; Merit in Landscape Design Awards (Professional Category), Linear Park, Putra Heights

2018

- iProperty Development Excellence Awards ("iDEA") Wellness Living Innovation Award for City of Elmina
- Malaysian Institute of Planners Planning Excellence Awards ("MIPPEA") Design Excellence Award (above 500 acres) for Elmina West

2017

- Global Gold Winner - Sustainability category for best environmental practices - Green World Awards

What We Do: Core Business Segments

GRI 102-2, 102-6, 102-7

Property Development

As a leading property developer in the real estate industry, SDP has a strong track record of delivering a wide range of properties comprising both landed and strata properties that range from residential and offices to retail and industrial developments.

We are renowned for our integrated and sustainable townships that include Subang Jaya, UEP Subang Jaya, Taman Melawati and Bukit Jelutong, as well as new ongoing townships along the Guthrie Corridor Expressway and other areas in the Klang Valley, Negeri Sembilan and Johor. These include the City of Elmina, Putra Heights, Serenia City, Bandar Bukit Raja, Bandar Ainsdale, Nilai Impian and Bandar Universiti Pagoh, with the latest being the industrial & logistics-themed developments at Elmina Business Park and Malaysia Vision Valley 2.0.

The properties developed by the Group are extensive, consisting mainly of residential freehold units which range from the affordable to high-end segments and landed and high-rise units, as well as retail, commercial, industrial & logistics and niche developments. We have identified Industrial & Logistics as our latest growth engine with expansion plans in place covering Elmina Business Park, Bandar Bukit Raja, Nilai Impian and Serenia City.



92.7%
Contribution to
Group Revenue

RM**2.0** BILLION
Sales Achieved in FY2020

RM**1.6** BILLION
Unbilled Sales

What We Do: Core Business Segments



RM 1.64 BILLION*
Total Value of Assets

1.68 MILLION
sq ft Total Net Lettable Area

88%
Average Occupancy Rate

4
Institutions of Higher Learning

Approximately
8,200
Students as at February 2021

Investment & Asset Management

Our Investment & Asset Management segment comprises non-residential properties located within the Klang Valley and Singapore.

They include retail, office and industrial assets, as well as the Concession Arrangement business that provides asset management services, including facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh.

* Total asset value, total net lettable area and average occupancy rate include assets held under joint ventures.

Leisure

Under the Leisure business segment, we manage assets which include three golf courses, and other sports & recreation facilities in Malaysia, as well as a serviced residence located in Vietnam.



TPC Kuala Lumpur received

6

international and local awards in 2020, including recognition as Top 100 Platinum Golf and Country Club 2020-2021

Achieved average of

89.3%

on Customer Satisfaction Index for 3 Key Malaysian Assets, namely TPC Kuala Lumpur, Sime Darby Convention Centre and Impian Golf & Country Club

Our Sustainability Approach and Ecosystem

GRI 102-19, 102-20, 102-26, 102-27, 102-29, 102-31, 102-32

Sustainability is a cornerstone of our objectives and serves as an overarching north star in building a resilient and responsible business that maximises stakeholder benefits. Central to our business, sustainability has kept us progressing for close to half a century. Furthermore, as we navigate the growing challenges due to climate change and associated risks and opportunities, it will continue to drive us to build a future that will be resilient.

Sustainability Strategy

SDP's sustainability strategy is anchored on the three spheres of sustainability – People, Planet and Prosperity ("PPP") – and is measured through the lens of environmental, social and governance ("ESG") performance indexes. Our focus on sustainability is aligned with our corporate strategy and risk management approach. This includes identifying key PPP priorities (alternatively framed under ESG risks) that will impact our organisation and/or stakeholders and mapping them against the Group's enterprise risks, allowing us to implement appropriate strategies to adapt, manage and mitigate the risks. Simultaneously, we identify ESG opportunities to be pursued as part of the strategy to minimise risks and realise new frontiers in sustainable development. We have also been implementing and embedding sustainability initiatives, goals and targets to improve our business operations and better contribute to the UN SDGs.

We strengthened our sustainability strategy by embedding SDP's 2030 Sustainability Goals (approved by the Board on 30 March 2020) within it and developing a sustainability objective to become 'A Force for Good', with the goal of creating a legacy of positive economic, social and low-carbon environmental impacts. Focusing on four strategic imperatives (Decarbonise our Operations and Products, Implement Good Biodiversity Practices, Shape Inclusive Resilient Communities, and Maintain Socially Responsible Operations) covering environmental, social and governance core themes, we have identified an aspiration to be operationally carbon negative by 2030 and are pursuing the SBTi to validate this with an embodied carbon emissions reduction target to be determined in due course. We have also established six priorities, which are high-impact projects that are aligned with our sustainability strategy, to accelerate the implementation of the targets of our 2030 Sustainability Goals.

 To read more about the Group's Climate Change and Sustainability Risks, please refer to *Climate Action: Mitigation and Adaptation* on page 29.

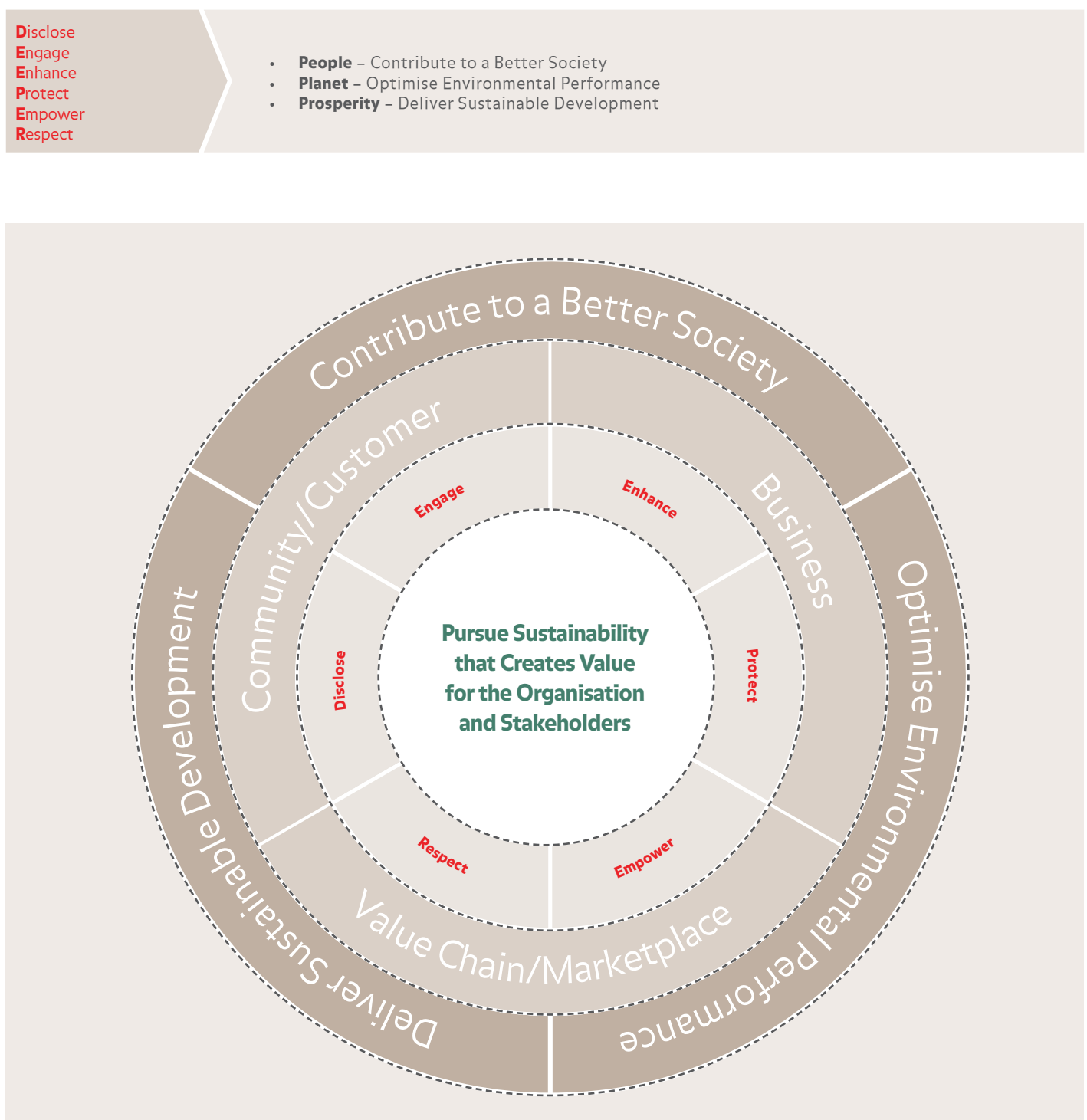


Our Sustainability Approach and Ecosystem

Sustainability Model and Ecosystem

In order to keep sustainability relatable to the masses, our Sustainability Model is focused on a holistic ecosystem approach based on our three spheres of sustainability – PPP – with equal focus on the Group’s business, value chain, marketplace, communities and customers.

The PPP, which guide the Group in managing ESG matters that are significant to SDP and its stakeholders, are anchored on our D.E.E.P.E.R. pathway:



Our Sustainability Approach and Ecosystem

SDP's 2030 Sustainability Goals

Making impactful contributions is vital to accelerate the achievement of the UN SDGs. In 2019, we developed stakeholder-relevant sustainability goals to support the intent of the UN SDGs, having them approved by the Board of Directors in early 2020, whereby our business impact and contributions can be objectively measured in relation to the global goals and climate change.

SDP's 2030 Sustainability Goals consist of 18 areas which are measurable, with annual targets to be realised as our contribution to society, the environment and the economy. As of 31 December 2020, we have met and exceeded the targets for 15 out of the 18 goals amidst disruptions from the pandemic.

| | | | | | | | | | | | |
|--|---|---|---|---|---|----------|-------------------|----------|-----------|----------|-------------------|
| <div><div><div>1</div><div></div><div>SUPPORTING LOCAL BUSINESS</div><div>90% Local Companies / Vendors</div></div></div> | <div><div><div>2</div><div></div><div>ECONOMIC INJECTION</div><div>RM10 Billion</div></div></div> | <div><div><div>3</div><div></div><div>PRODUCT QUALITY</div><div>85% GLASSIC Score</div></div></div> | <div><div><div>4</div><div></div><div>BUILDING TECHNOLOGY</div><div>IBS SCORE 80 Points</div></div></div> | <div><div><div>5</div><div></div><div>JOB CREATION</div><div>100,000 Jobs</div></div></div> | <div><div><div>6</div><div></div><div>AFFORDABLE HOMES</div><div>15,000 Units below RM600,000</div></div></div> | | | | | | |
| Target | 90% | Target | 1 bil | Target | 80.5 | Target | 57 | Target | 5,000 | Target | 1,000 |
| Actual | 98.6% | Actual | 1.22 bil | Actual | 81.5 | Actual | 56 | Actual | 2,471 | Actual | 1,622 |
| Variance | +8.6 | Variance | +0.22 | Variance | +1 | Variance | -1% | Variance | -2,529 | Variance | +622 |
| % | +9.6% | % | +22% | % | +1.24% | % | -1.8% | % | -50.6% | % | +62.2% |
| <div><div><div>7</div><div></div><div>VOLUNTEER HOURS</div><div>10,000 hours</div></div></div> | <div><div><div>8</div><div></div><div>CYCLING & JOGGING TRACKS</div><div>300 km</div></div></div> | <div><div><div>9</div><div></div><div>HUMAN RIGHTS</div><div>All Vendors / Supply Chain Partners have clear commitment to Human Rights</div></div></div> | <div><div><div>10</div><div></div><div>OCCUPATIONAL SAFETY & HEALTH</div><div>Zero workplace accident related fatalities</div></div></div> | <div><div><div>11</div><div></div><div>URBAN FARMING</div><div>Minimum 1 urban farm per township</div></div></div> | <div><div><div>12</div><div></div><div>RENEWABLE ENERGY</div><div>25,000 MWh annually</div></div></div> | | | | | | |
| Target | 300 | Target | 30 | Target | 0 | Target | 0 | Target | 2 | Target | 457 MWh |
| Actual | 700.5 | Actual | 68.8 | Actual | VCOCB (Draft) | Actual | 0 | Actual | 2 | Actual | 312.13 |
| Variance | +400.5 | Variance | 38.8 | Variance | 0 | Variance | 0 | Variance | 0 | Variance | -144.87 |
| % | +133.5% | % | +129.3 | % | - | % | - | % | - | % | -31.7% |
| <div><div><div>13</div><div></div><div>WATER SAVING FITTINGS</div><div>30,000 Residential Units</div></div></div> | <div><div><div>14</div><div></div><div>COMMUNITY RECYCLING</div><div>6,570,000 kg / 6,570 tonnes</div></div></div> | <div><div><div>15</div><div></div><div>BIODIVERSITY (IUCN TREES)</div><div>50,000 trees</div></div></div> | <div><div><div>16</div><div></div><div>CARBON SEQUESTRATION</div><div>>30,000 tonnes (from 160,000 trees)</div></div></div> | <div><div><div>17</div><div></div><div>ENERGY EFFICIENT HOMES</div><div>12,500 homes</div></div></div> | <div><div><div>18</div><div></div><div>OPERATIONAL ECO-EFFICIENCY</div><div>103.2% total carbon and 100% total waste reduction and 100% recycling, 30% water intensity reduction</div></div></div> | | | | | | |
| Target | 2,000-2,500 | Target | 20-25 | Target | 20,000 | Target | 4,000-4,500 trees | Target | 750-1,000 | Target | Restate Baseline |
| Actual | 3,948 | Actual | 39.4 | Actual | 21,623 | Actual | 15,545 | Actual | 2,760 | Actual | Baseline restated |
| Variance | +1,448 | Variance | +14.4 | Variance | +1,623 | Variance | +11,045 | Variance | +1,760 | Variance | 0 |
| % | +57.9% | % | +57.6% | % | +8.1% | % | +245.5% | % | +176% | % | - |

Our Sustainability Approach and Ecosystem

Sustainability Governance

SDP's Board of Directors oversees the Group's sustainability governance and provides Management with the cadence to implement impactful activities.¹ The Board is supported by the Group Managing Director ("GMD") at the executive level, who ensures the tone from the top is understood to embed sustainability in business processes down to operations where products and services are delivered.

The GMD's responsibilities include making sure that sustainability is driven via a dedicated functional department and implemented through the respective committees and task forces such as the Health, Safety and Environment ("HSE") Committee and the Human Rights Task Force. Supporting this tone from the top is our bespoke internally developed and administered annual Sustainability Index ("SUSDEX"). In past years, it was applied to all property development business units. Moving into 2021, refined SUSDEX tools are also applied to our Leisure and I&AM business segments. The overall rationale of applying SUSDEX across the business is threefold:

- to measure sustainability levels across the PPP
- to serve as an engagement process with operational teams
- to position the property development segment for green certification.

SDP's Bespoke Township SUSDEX

Rationale:

- A systematic engagement platform with Township teams, leading to a competitive environment where they aim to outperform each other in sustainability performance practices and the end-products.
- Applying empirical, objective and evidence-based assessments based on 90 indicators to optimise resources. The focus is on ensuring a sensible balance among townships in delivering the pillars of People, Planet and Prosperity during the development process and within township developments.
- To aid in tracking the delivery of our 2030 Sustainability Goals.

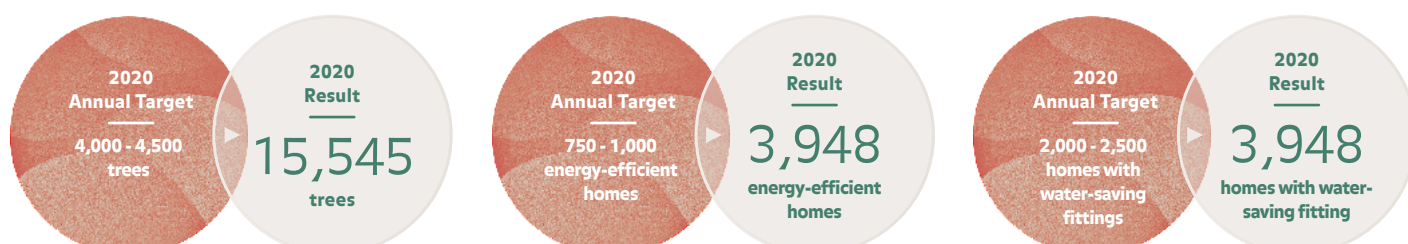


For more information on SDP's SUSDEX, please visit <https://www.simedarbyproperty.com/sustainability/sustainability-approach>

Green Sustainability KPI

We acknowledge that accountability will help us catalyse change from within the Group by ensuring the delivery of sustainability initiatives and goal outcomes. In 2020, we rolled out the Green Sustainability KPI for the Group's senior leadership and embedded it in the Corporate Scorecard.

The GMD and the relevant Senior Management are responsible for the Green Sustainability KPI, which was established based on the yearly targets in SDP's 2030 Sustainability Goals. Our 2020 Green Sustainability KPI focused on identified environmental issues under the Planet pillar and comprised three specific 2030 Sustainability Goals targets – carbon sequestration, energy-efficient homes and installed product water-saving fittings. During the reporting period, all the FY2020 targets were exceeded.



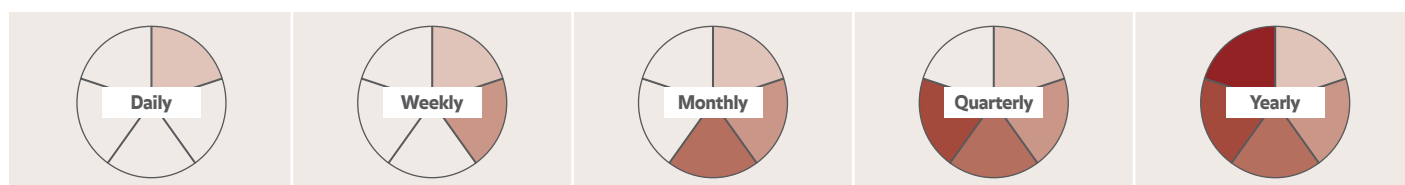
¹ This position of oversight tone from the top by the Board of Directors has been strengthened, in particular, by the release of the Securities Commission Malaysia's update of the Malaysian Code on Corporate Governance in April 2021.

Stakeholder Engagement

GRI 102-21, 102-40, 102-41, 102-42, 102-43, 102-44

Stakeholders are internal and external parties whose actions and decisions can impact or who can be impacted by the Group's activities, products or services. We regularly engage with our stakeholder groups to develop a holistic understanding of our value proposition in order to meet their needs and expectations while also identifying opportunities and mitigating risks.

Frequency of Engagement



|  INVESTORS AND ANALYSTS | Engagement Platforms | Frequency of Engagement |
|---|--|---|
| Key Concerns <ul style="list-style-type: none"> Transparent disclosure of financial and operational information for better understanding of the Group's developments Consistent and concise financial and operational performance on a quarterly basis Disciplined growth strategy with clear emphasis on long-term, sustainable shareholders' returns Good governance and risk management framework | Annual General Meeting ("AGM") and Annual Report ("AR") |  |
| | Investor conferences |  |
| | Investor briefings |  |
| | One-on-one meetings and surveys |  |
| | Investor Relations web page |  |
| | Site visits | Upon request |
| | Email | Upon request |

Responses

- Organised quarterly briefings for results announcements and updates on key developments
- Communicated clear strategic direction, goals and outcomes and broad risk exposures, as well as performance targets of the Group via:
 - One-on-one/group meetings and conference calls
 - Conferences
 - Non-deal roadshows
 - Informative, accurate, timely and transparent quarterly results announcements and annual reports
- Allowed direct access to the Board members and Executive Leadership at Annual General Meetings
- Site visits per key investor requests
- Conducted meetings and engagement sessions to reach local and foreign-based investors
- Maintained relationships with investors and analysts through various channels

Stakeholder Engagement



MEDIA

Key Concerns

- Timely, fair, balanced, accurate and transparent updates on performance, developments and financials
- Insights on the market and industry
- Updates on business strategies
- Timely responses to issues highlighted in the media

| Engagement Platforms | Frequency of Engagement |
|-------------------------|-------------------------|
| AGM and AR | |
| Township/project visits | |
| Media briefings | |
| Interviews | |
| Press releases | |
| Email - every fortnight | |

Responses

- Transparent and prompt in our information-sharing through press releases & statements, response to email enquiries, branded content, media briefings and Q&As
- Engaged Senior Management for financial and non-financial updates for the media
- Shared regular Group updates which included launches, sales campaigns, key appointments
- Shared business strategies, market insights and outlook



DEBT PROVIDERS

Key Concerns

- Ability to service debt and interest payments
- Adherence to covenants
- Good governance and risk management framework

| Engagement Platforms | Frequency of Engagement |
|--------------------------|-------------------------|
| AGM and AR | |
| Events hosted by lenders | |
| Site visits | |
| Meetings | |
| Email communication | |
| Website updates | |

Responses

- Transparent disclosure of operational updates on sustainability projects
- Issued updates and timely disclosures in corporate reports and other communication materials
- Maintained regular engagement with debt providers to keep them informed of the latest developments
- Launched Sukuk Musharakah Programme





Stakeholder Engagement



EXISTING AND POTENTIAL CUSTOMERS

Key Concerns

- A trusted and responsible property developer that provides regular engagement opportunities for both individuals and communities
- Promoting healthy lifestyles
- Ongoing community programmes such as recycling efforts and urban farming
- Eco-efficient homes and safe amenities

| Engagement Platforms | Frequency of Engagement |
|---|---|
| Project launches, sales and marketing drives |  |
| Organising community activities in respective townships |  |
| Meetings with joint management bodies |  |
| Website and social media channels |  |

Responses







- Appointed dedicated personnel for each active township and development for community engagement and township upkeep
- Organised long-term sustainable lifestyle programmes for the community such as community recycling efforts and urban farming
- Implemented various online sales campaigns and explored the use of virtual technology to enable ease of property viewings
- Engaged with communities in recycling programmes, urban farming initiatives and biodiversity programmes
- Launched multigenerational homes and smart green homes to cater to the next generation of customer demands



SUPPLIERS/ CONTRACTORS/ STRATEGIC PARTNERS

Key Concerns





- More two-way communication and transparent processes
- Faster decision-making to enhance efficiencies
- Fulfil the Group's requirements during the duration of projects/ contracts and for future reference
- Recognition of contributions to sustainability targets, e.g. eco-efficient reductions such as in waste, water and carbon emissions

| Engagement Platforms | Frequency of Engagement |
|---|---|
| Auditing process |  |
| Procurement and appointment process |  |
| Eco-efficiency briefings |  |
| Relationship-building and networking sessions |  |
| Meetings |  |
| Data collection process |  |

Responses



- Townhall, workshops with industry experts, knowledge-sharing sessions and on-site learning activities
- Performance assessment to foster competitiveness in the future
- Adopted best practices in tackling sustainable development
- Organised design workshops to optimise cost and efficiency
- Engaged with vendors on eco-efficiency programmes and improved data collection
- Updated the Vendor Code of Business Conduct ("COBC") to outline human rights standards in the supply chain

Stakeholder Engagement

|  EMPLOYEES | Engagement Platforms | Frequency of Engagement |
|---|--------------------------------------|--|
| Key Concerns <ul style="list-style-type: none"> • Creating work-life balance • Competitive remuneration practices • Understanding how sustainability relates to their functions and how they can apply sustainability to add value • Recognition for their continuous contributions and sustainability target achievements | Individual performance reviews |  |
| | Employee Engagement Survey |  |
| | Townhalls |  |
| | Intra and interdepartmental meetings |  |
| | Lunch talk sessions |  |
| | Focus group discussions |  |
| | Learning and development programmes |  |
| | Workplace communication platforms |  |

Responses

- Maintained engagement level with employees via digital channels and internal channels during the work-from-home period
- Conducted online training and knowledge-sharing sessions for employees
- Launched *Jalanan Nurani*, a digital well-being platform to assist employees and their family members with their mental and physical health concerns
- Promoted work-life balance via Staggered Working Hours, 90-day Maternity Leave, allowing expectant mothers to leave 1.5 hours earlier, one-week Paternity Leave, volunteer initiatives
- Provided HR On-Cloud, a user-friendly digital platform for HR solutions and services
- Provided financial assistance to affected employees during the pandemic
- Organised knowledge-sharing sessions on sustainability
- Organised biannual seminars and achievement recognition

|  REGULATORS AND INDUSTRY AFFILIATIONS | Engagement Platforms | Frequency of Engagement |
|--|--------------------------|---|
| Key Concerns <ul style="list-style-type: none"> • Compliance with rules and regulations, with the Group kept abreast of various requirements • Share, contribute to and co-create industry best practices or new policies and regulations | Advisory groups |  |
| | Government consultations |  |
| | Industry forums |  |

Responses

- Ensured full compliance with the applicable rules and requirements
- Engaged with all stakeholders with transparency, honesty and integrity
- Participated in industry or national-level forums
- Supported and contributed to national development through products and initiatives such as affordable housing products, biodiversity inventories and wetland construction and maintenance guidelines

We Report on What Matters to You (and Us)

GRI 102-47

Materiality assessments are an integral part of the sustainability journey as they enable us to identify the matters that are most important to our business and stakeholders. A materiality assessment also helps us determine the risks and opportunities for each material matter, allowing us to mitigate risks and optimise opportunities. To validate the material matters for this Report, we conducted a materiality validation workshop among internal stakeholders to verify the 11 sustainability material issues that were disclosed in SDP's AR2020. The validation process was carried out in accordance with the GRI Reporting Principles and guidance on materiality. A virtual workshop was held involving multiple employees from various departments and business segments across the Group to assess the material issues that were benchmarked against industry peers and GRI metrics. It was concluded that the 11 sustainability issues are material to our stakeholders and the Group, and that they cover all the ESG areas that are most pertinent at this point in time.

The following table shows how we addressed each material matter that was significant to the stakeholders concerned. We also aligned the material matters to the UN SDGs and our 2030 Sustainability Goals to further ensure we contributed to both sets of goals.

| | No. | Sustainability Issue | Definition | Stakeholder | Stakeholder Concern | SDP Response |
|---------------|-----|------------------------------------|---|---|---|--|
| ENVIRONMENTAL | 1. | CLIMATE CHANGE RISK | We adapt to and mitigate climate change risk by integrating climate risks into our business model and embedding low-carbon elements in our township communities and residential home products. | <ul style="list-style-type: none"> Investors Shareholders Customers Communities Employees Authorities/ Government NGOs | <ul style="list-style-type: none"> Carbon emissions Water supply and flooding | <ul style="list-style-type: none"> Carbon emissions reduction Flood reduction design in townships Landscaping to reduce heat island effect Renewable energy in products Water-saving fittings |
| | 2. | BIODIVERSITY LOSS | We recognise the potential impacts of property development and construction on local biodiversity, and we continuously work with independent third parties to protect and preserve our flora and fauna. | <ul style="list-style-type: none"> NGOs Academia Communities Investors Authorities/ Government Media Shareholders | <ul style="list-style-type: none"> Impact of our operations on the biodiversity of the area under development | <ul style="list-style-type: none"> TRCRC collaboration for Elmina Rainforest Knowledge Centre ("ERKC") and Elmina Living Collection Nursery ("ELCN") 21,623 International Union for Conservation of Nature ("IUCN") Red List trees planted 108,225 total trees planted IUCN Landscape Guideline by SDP Two Biodiversity Inventories |
| ECONOMIC | 3. | SUSTAINABLE PRODUCTS | We seek to build sustainable homes by incorporating sustainable elements and materials and rolling out comprehensive guidelines and checklists. | <ul style="list-style-type: none"> Customers Communities Vendors Authorities/ Government NGOs Professional Bodies | <ul style="list-style-type: none"> Functional and inclusive design Defects rate Unsustainable Infrastructure Supply chain inefficiencies and governance issues, environmental impact and project performance | <ul style="list-style-type: none"> Completed 513 solar-ready homes at Elmina Completed first IBS strata development for B40 community - 536 units, 30 percent faster, zero construction waste and 10 percent lower cost Built 1,362 insulated homes since 2017. 1,503 more under construction |
| ENVIRONMENTAL | 4. | WASTE & WATER POLLUTION | We are committed to minimising our negative environmental impacts through championing water optimisation and implementing efficient waste management. | <ul style="list-style-type: none"> Customers/ Community Authorities/ Government Investors NGOs | <ul style="list-style-type: none"> Water consumption Impact of development on water bodies surrounding our townships Proper wastewater treatment | <ul style="list-style-type: none"> 46 percent water intensity reduction Set 2030 waste reduction target Continued to monitor water quality in compliance with Department of Environment's Environmental Management Plans ("EMPs") Created a Wetlands Construction and Maintenance Guideline |
| SOCIAL | 5. | DIVERSITY & INCLUSION | Diversity & inclusion are part of our corporate DNA. Our diverse group of talents comprises various age groups and nationalities, which enables vast and unique perspectives to contribute to the overall success of the Group. | <ul style="list-style-type: none"> Employees Local Vendors Customers Partners | <ul style="list-style-type: none"> Equal opportunities Non-discrimination Upskilling/Reskilling | <ul style="list-style-type: none"> Increased percentage of women in our workforce to 42 percent and percentage of women on the Board to 22 percent Conducted 28,824 hours of training for 1,521 employees Rolled out Management Trainee Programme in October 2020 Invested RM1,150,707 in upskilling and reskilling programmes Collaborated with UNICEF Malaysia on an Inclusive Playground Built over 2,000 multigenerational inclusive homes that also provide disabled access |

We Report on What Matters to You (and Us)

| | No. | Sustainability Issue | Definition | Stakeholder | Stakeholder Concern | SDP Response |
|------------|-----|--|--|---|---|--|
| SOCIAL | 6. | HEALTH & SAFETY | We strive to provide a safe and healthy working environment for our people, as well as our contractors and vendors, so that they can continue to deliver excellence. | <ul style="list-style-type: none"> Employees Vendors Labourers Authorities/ Government Communities Customers Partners | <ul style="list-style-type: none"> Safe working environment | <ul style="list-style-type: none"> Zero work-related fatalities for the fourth consecutive year Completed 68.8 km of cycling and jogging circuits Introduced the new Vendor Code of Business Conduct with a focus on human rights commitment among our vendors |
| | 7. | AFFORDABILITY | We embed inclusivity in our business activities by building affordable homes for deserving communities. | <ul style="list-style-type: none"> Communities Customers Authorities/ Government NGOs | <ul style="list-style-type: none"> Ease of home ownership Product pricing | <ul style="list-style-type: none"> Constructed 1,188 statutory units of affordable housing for lower income communities (priced from RM200-270k) Increased income of 30 B40 families by 52 percent |
| | 8. | COMMUNITY RESILIENCE | The Group is committed to creating a fulfilling space for local communities and reaching out to those in need in its effort to build sustainable communities. | <ul style="list-style-type: none"> Customers Partners Communities Authorities/ Government Investors NGOs | <ul style="list-style-type: none"> Community welfare and social responsibility | <ul style="list-style-type: none"> Set a 1:10 urban farming plot to home allotment target in City of Elmina and achieved 2:10 in 2020 Facilitated 700.5 volunteer hours by employees Communities recycled 39.4 tonnes of waste as at December 2020 |
| SOCIAL | 9. | ECONOMIC INJECTION | The Group contributes to economic development by creating tangible and intangible value for all stakeholders. This includes launching the Sustainable and Responsible Investment ("SRI") Sustainability Sukuk Musharakah Programme, supporting local suppliers and vendors and providing job opportunities to local communities. | <ul style="list-style-type: none"> Vendors Communities Businesses Investors Authorities/ Government Shareholders | <ul style="list-style-type: none"> Value of contracts Impact of COVID-19 on ability to meet contractual obligations Sourcing and procurement processes Vendor support Job creation | <ul style="list-style-type: none"> Awarded 99 percent of contracts to local vendors, worth RM1.22 billion Accelerated SME invoice payment to 2 weeks to ease vendors' cash flow during MCO |
| GOVERNANCE | 10. | DATA / CYBER SECURITY | The data privacy of our stakeholders remains a priority for the Group. We will continuously strengthen our cyber security and increase our information technology security standards. | <ul style="list-style-type: none"> Customers Communities Authorities/ Government Vendors NGOs Professional Bodies | <ul style="list-style-type: none"> Protection of personal data and IT security | <ul style="list-style-type: none"> Conducted annual security posture assessment and external cyber security maturity assessment Continuously raised awareness on cyber security through e-learning modules Carried out 24/7 security monitoring |
| | 11. | CORRUPTION RISK & INTEGRITY | The Group strives to mitigate corruption risk and drive home the value of integrity by inculcating good governance and ethical business practices among its employees, business partners and suppliers. | <ul style="list-style-type: none"> Shareholders Employees Investors Authorities/ Government Vendors Customers NGOs Partners | <ul style="list-style-type: none"> Costs/ penalties of non-compliance Reputational damage Business disruptions Productivity and performance level | <ul style="list-style-type: none"> Established over 35 Community RAs for strong community institutions Communicated Code of Business Conduct to all employees Recorded zero cases through our whistleblowing channel Constant reminders about the Group's No-Gift policy |

Optimising Environmental Performance



At Sime Darby Property, we are committed to reducing the negative impacts of our operations on the environment. Through the Operational Eco-Efficiency Programme, we systematically set reduction targets for carbon emissions, waste generation and water consumption or increase recycling and tree-planting to improve environmental performance. The Company has also built the Elmina Rainforest Knowledge Centre ("ERKC") and Elmina Living Collection Nursery ("ELCN") - the latter focused on IUCN Red List Malaysian Species conservation tree production.

Ensuring the availability of water through conservation and optimisation efforts and improving efficiencies to decrease carbon emissions and waste are key to mitigating the associated business, operational and environmental risks. Our climate change adaptation approach includes energy-efficient homes, water-saving fittings, renewable energy via solar PV, urban farming, up to Q1000 flood management schemes, high tree-planting density (including planting IUCN Red List tree species), community domestic recycling programmes and composting.

Presently, our long-term targets are outlined under Goal 18 of our 2030 Sustainability Goals, which has seen us set more robust carbon emissions reduction targets in our bid to be operationally carbon negative by 2030. In addition, we aim to achieve zero waste by recycling, reducing, reusing and repurposing, while reducing our water intensity by 30 percent. We remain guided by the Group's Environmental Policy and the Environmental Management System Manual to ensure efficient environmental management, inclusive of environmental legal compliance. Supplementing these governance instruments is our newly developed 'Sustainability Policy', which is planned to be publicly disclosed by the middle or end of 2021.

Taking Climate Action

GRI 102-15, 102-48, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5

Climate Action: Mitigation and Adaptation

Climate change is currently one of the biggest global challenges amidst increasing human activities such as rapid urbanisation and development. It poses a variety of physical threats to industries and businesses including the property development and construction sector. These sectors primarily involve physical assets, thus exposing the sectors to various risks of climate change such as water security, flooding, energy security and the heat island effect (localised urban warming in the range of 2-8 degrees Celsius based on local research). To minimise and mitigate the Group's exposure to climate risks, we reviewed our enterprise sustainability risks by identifying and aligning the risks with the property development and construction sector's climate-related risks.

Flooding is one of the physical impacts of climate change and we aim to ensure that SDP's development activities and operations do not affect the hydrological systems in the areas in which we operate. To this end, we apply the Urban Stormwater Management Manual for Malaysia ("MSMA") in all the planning and designing of SDP's townships. In addition, the HSE & Environment Management Plan and Erosion Sediment Control Practice ("ESCP") are also implemented to ensure efficient flood management is in place all the time. In our City of Elmina township, we designed the flood management infrastructure to a Q1000 level around the Central Park (designed to exceed the authorities' requirements tenfold).

The table below shows a summary of the identified risks, most of which are being addressed and mitigated through our existing measures.

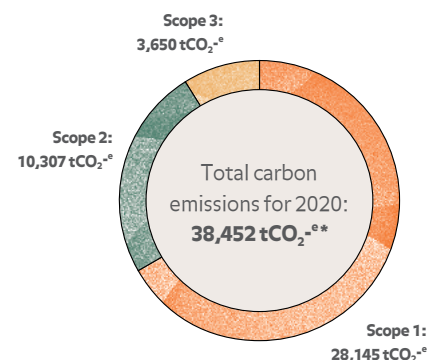
| No. | Risk Title | Risk/Opportunity Description |
|-----|---|--|
| 1. | Water scarcity | Scarcity in availability due to physical shortage or scarcity in access due to failure of institutions to ensure sufficient treated water availability. |
| 2. | Flooding - seawater inundation | Coastal inundation is when seawater rises high enough that it floods land, infrastructure and buildings or endangers peoples' safety. |
| 3. | Flash flood frequency | A flood caused by heavy or excessive rainfall in a short period of time, generally <6 hours, and in some instances where infrastructure is inadequately designed or in poor condition. |
| 4. | Heat island effect (rise in temperature) | Heat islands are urbanised areas that experience higher temperatures than outlying areas. Structures such as buildings, roads and other infrastructure absorb and re-emit the sun's heat more than natural landscapes such as forested areas and water bodies. |
| 5. | Increased temperature reducing workers productivity and health | A one-degree increase in temperature increases the probability a worker would be absent by as much as 5 percent. By 2100, global research indicates average temperatures might rise between 3.8-4.7 degrees Celsius. Between 2030 and 2040, the increase might be half of this due to the predicted curve where increases may be high at first and plateau off later towards 2100. |
| 6. | Green assets at risk (extreme drought - landscaped parks) | Factors such as heat waves and drought due to climate change impacts provide opportunities to explore and sustainably utilise non-potable water sources, plant drought-tolerant species and build more permeable areas into infrastructure to increase groundwater recharge. |
| 7. | Adverse brand association, social & environmental performance/media coverage | Tier-1 vendors may have negative social or environmental practices that result in non-compliance with the Group's GPPA, COBC and VCOBC. Opportunities to increase vendor engagement raise awareness and improve vendor screening processes. |
| 8. | Water pollution | An emerging risk, particularly as logistics & industrial development increases. |

Taking Climate Action

Carbon Footprint Project

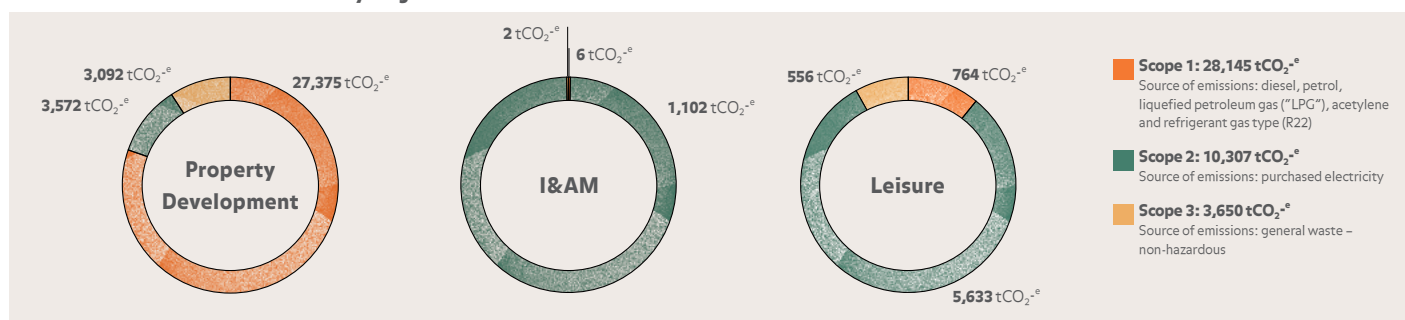
As a large corporation, we are cognisant of the urgent need to decarbonise our business and are of the view that reducing carbon emissions by only 50 percent by 2030 may be insufficient to meet the Paris Accord targets, which aim to limit the increase in global temperature by 1.5 to 2 degrees Celsius. A recent report, 'State of the Global Climate 2020' by the World Meteorological Organisation, indicates the world's average temperature has already increased by 1.2 degrees Celsius.

In doing our part to reduce our carbon emissions, our Carbon Footprint Project ("CFP"), established in 2010, is being supplemented from 2021 onwards with an Operational Carbon Reduction Roadmap which will detail our aspiration to be operationally carbon negative by 2030. Furthermore, the Group will determine to what level products embodied carbon (a large part of Scope 3 carbon emissions) can be reduced by combining our targets (Scope 1, Scope 2 and Scope 3) into an SBTi-endorsed target in due course. The Company's carbon baselines were restated in 2020 due to the recent divestment of Leisure and Asset Management assets, resulting in a change in the Company's carbon emissions profile as compared to the 2016 baselines.

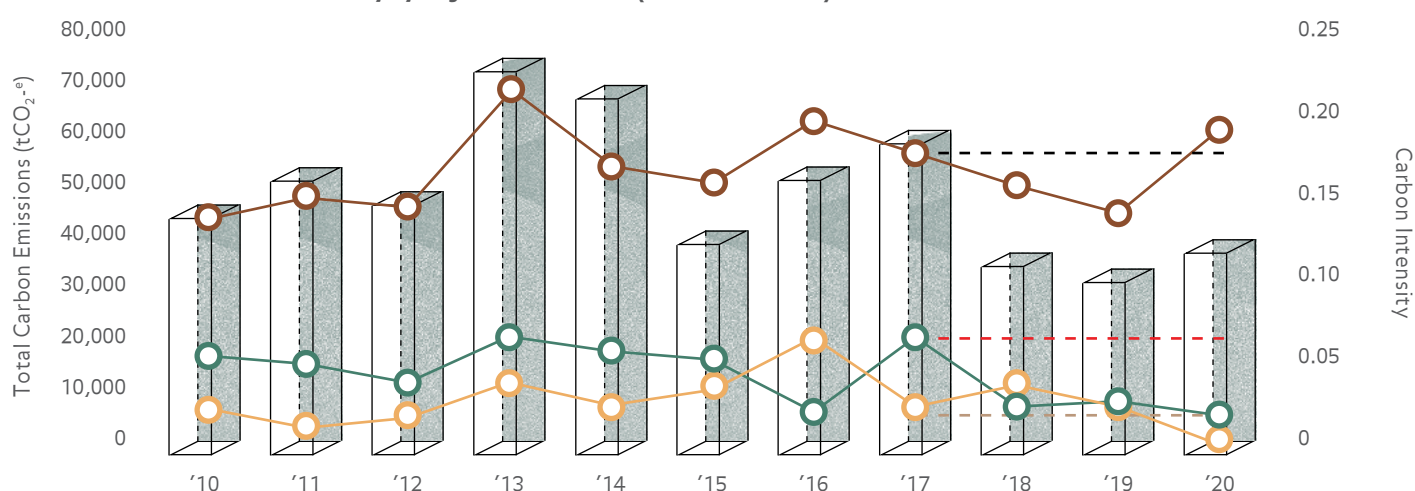


* Total carbon emissions were higher by **7.4 percent** in 2020 when compared to 2019, largely due to earthworks.

Breakdown of Carbon Emissions by Segment of Business for FY2020



Total Carbon Emissions and Intensity by Segment of Business (FY2010 – FY2020)



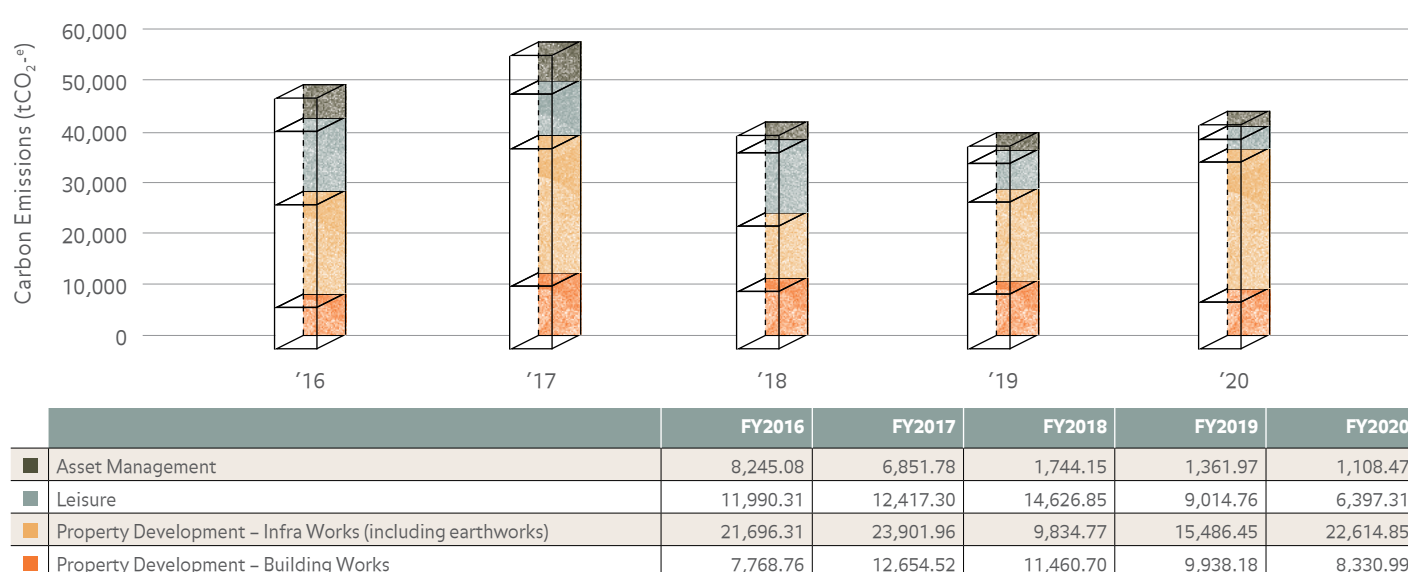
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Total Carbon Emissions (tCO ₂ -e) | 45,667 | 51,860 | 47,134 | 76,023 | 69,105 | 37,324 | 49,700 | 55,825 | 37,666 | 35,801 | 38,452* |
| Result – Property Development Carbon Intensity (tCO ₂ -e/m ²) | 0.0150 | 0.0070 | 0.0120 | 0.0330 | 0.0170 | 0.0300 | 0.0720 | 0.0165 | 0.0300 | 0.0200 | 0.0034 |
| Reduction Target – Property Development Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.0720 | 0.0716 | 0.0702 | 0.0702 | 0.0698 |
| Result – Asset Management Carbon Intensity (tCO ₂ -e/m ²) | 0.0500 | 0.0470 | 0.0380 | 0.0530 | 0.0490 | 0.0460 | 0.0150 | 0.0500 | 0.0200 | 0.0200 | 0.0143 |
| Reduction Target – Asset Management Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.0150 | 0.0149 | 0.0146 | 0.0146 | 0.0146 |
| Result – Leisure Carbon Intensity (tCO ₂ -e/m ²) | 0.1330 | 0.1420 | 0.1370 | 0.2090 | 0.1760 | 0.1600 | 0.1980 | 0.1710 | 0.1500 | 0.1300 | 0.0899 |
| Reduction Target – Leisure Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.1980 | 0.1970 | 0.1931 | 0.1931 | 0.1921 |

* Total Carbon Emissions have been externally assured. Please refer to the Independent Assurance Report on pages 92 to 94.

Taking Climate Action

Due to the nature of the Leisure segment, it has consistently reported the highest carbon intensity within the Group, while the Property Development segment has constantly recorded low carbon intensity. Overall, total carbon emissions have been on the decline from 2013 at 76,023 tCO₂-^e to 2020 at 38,452 tCO₂-^e.

Total Carbon Emissions (tCO₂-^e) Breakdown by Business Segment for FY2016 – FY2020

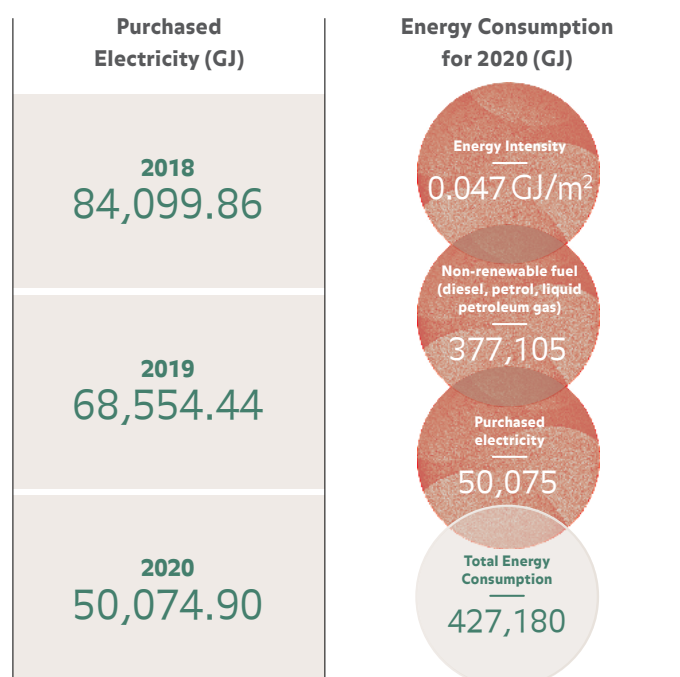


Source of GHG emissions calculations: GHG Protocol Calculation Tools – Emission factors from cross sector tools (March 2017) and the Intergovernmental Panel on Climate Change (“IPCC”) guidelines.

At Group level, the Property Development segment, especially the Infra Works activity, has consistently contributed to the highest carbon emissions due to the fuel usage from heavy machinery, while the I&AM segment has continuously maintained one of the lowest levels of carbon emissions.

Energy Consumption

Our energy consumption primarily comes from diesel due to heavy machinery usage, transportation and generator sets in construction sites. Other sources of energy include petrol, LPG and purchased electricity. We are presently under the above-mentioned Roadmap gradually moving towards installing renewable energy, particularly in our Leisure segment, the details of which will be updated in due course. In 2020, our energy consumption from purchased electricity decreased by 27 percent against 2019 mostly due to the impact of the pandemic and Movement Control Order (“MCO”), which disrupted our business operations. However, our overall energy consumption increased slightly as did CO₂ emissions due to property development earthworks.



Note: GJ refers to gigajoules.

Taking Climate Action

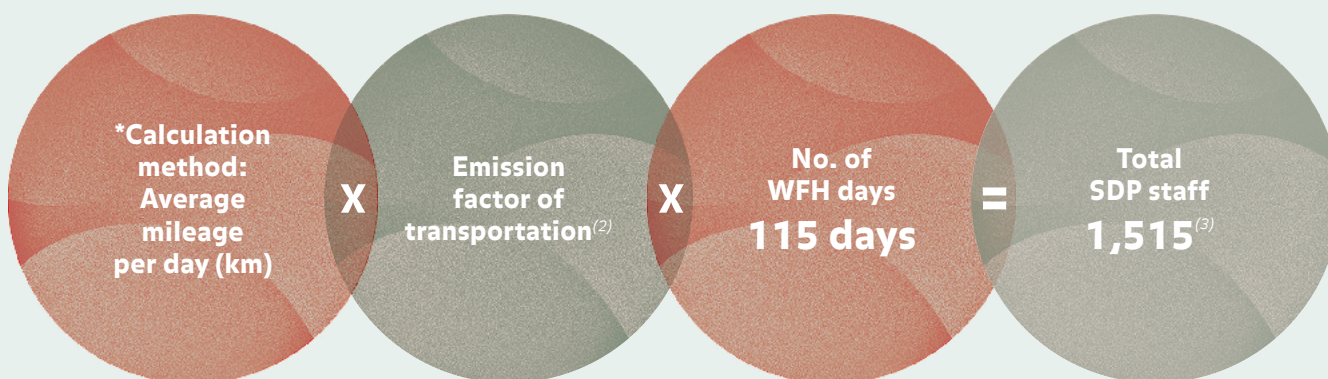
Driving the ESG Agenda Through Vendor Engagement

Creating greater awareness about climate change and sustainability practices to help reduce carbon emissions is a task that requires the collective action of all stakeholders. Through our business operations, we are well-positioned to effect change across our supply chain by engaging with vendors and business partners on climate change-related issues, risks and opportunities.

Towards the end of 2020, we resumed our structured vendor engagement programme that was focused on sustainability, including human rights and climate change awareness. The first engagement, which was held on 21 December 2020, sought to inform our partners of the threats posed by climate change and ways to mitigate these challenges, while also exploring benefits of applying an ESG approach to business. Through the initiative, SDP engaged with 44.4 percent of our Tier-1 vendors, which included consultants, suppliers and contractors under contract with the Group, exceeding our minimum target of 25 percent. The key observation from the series of engagement sessions was that our vendors had varying levels of knowledge and practices around climate change or the broader ESG sustainability agenda. The overall objective of the engagement series was achieved – to begin to build level understanding of the issues. This vendor sustainability engagement programme is continuing, and updates will be reported in due course.

CASE STUDY: Employee Carbon Reduction Due to the New Normal

It is estimated that 24 percent⁽¹⁾ of total global carbon emissions originates from transportation. One positive outcome from the pandemic was the reduced need for transportation due to work-from-home ("WFH") arrangements, which consequently reduced carbon emissions and improved air quality. In 2020, it was estimated that the total avoided carbon emissions by all Group employees not travelling to the office was 1,410,225.64 kgCO₂-e*



Notes:

⁽¹⁾ <https://ourworldindata.org/co2-emissions-from-transport>

⁽²⁾ Based on type of transport (e.g. Car, Motorcycle and Public Transport/Shuttle)

⁽³⁾ Estimation of type of transport used by staff: 85 percent Car, 15 percent Motorcycle, 5 percent Public Transport/Shuttle

Taking Climate Action

Embedding Climate Action in Our Townships

SDP's climate change adaptation endeavours have led to the embedding of low-carbon and sustainability initiatives in our township communities and residential home products. This is an effort to scale climate action to our communities and integrate climate risks into our business model.



| Year | Total Community Recycling Collection (tonnes) | | |
|---------------------------|---|--------------------|---------------------------------|
| | Bandar Bukit Raja | Bukit Jelutong | Saujana Impian (Vista Mahogani) |
| 2016 | 12.0 | Data not available | Not started |
| 2017 | 2.1 | Data not available | Not started |
| 2018 | 0.7 | Data not available | Not started |
| 2019 | 17.2 | 108.6 | Data not available |
| 2020 | 7.2 | 29.7 | 2.5 |
| Sub-Total (tonnes) | 39.2 | 138.3 | 2.5 |
| Total (tonnes) | 180.0 | | |

Biodiversity Conservation Programme

GRI 203-1, 304-1, 304-2, 304-4

Malaysian forests contain some of the most abundant biodiversity hotspots on the planet, but they have also experienced rapid deforestation in the past two decades.¹ At SDP, we do not clear primary rainforest. We work with partners with the right expertise to protect and conserve endangered species by creating genetic stores within our township developments.

As the Company's landbank is almost entirely plantation land (that has previously had its land use changed), we take the opportunity to improve biodiversity levels within our townships during the development process through concerted efforts by including endangered, rare and threatened Malaysian rainforest species from the IUCN Red List. Moreover, we have established strategic partnerships to drive the inclusion of rare, endangered and threatened trees in our landscaping activities. Such partnerships directly implement the intent of SDG 17 'Partnerships for the Goals'.

Biodiversity is also a key component within our SUSDEX, which has been applied to all our townships and developments annually since 2010.

Elmina Living Collection Nursery & Elmina Rainforest Knowledge Centre

The strategic partnership we established with TRCRC via an MoU has enabled us to create the ELCN and the ERKC.

Under the MoU that was signed in 2019 with TRCRC, which is an NGO specialising in in-situ biodiversity conservation, the Group completed the construction of the ERKC and the ELCN in 2020. The ELCN, which sits on two acres of land with space to expand up to eight acres, serves as a dedicated nursery for the propagation and growth of rare, threatened and endangered trees found in Malaysia that are on the IUCN Red List.

The ERKC occupies 1.09 acres of land and focuses on environmental education and conservation, research & development and other green initiatives and programmes. The overall goal of the projects (ERKC and ELCN) is to connect urban society with nature via a diverse educational and engagement programme focused on various segments of the community.



¹ <https://www.globalforestwatch.org/>

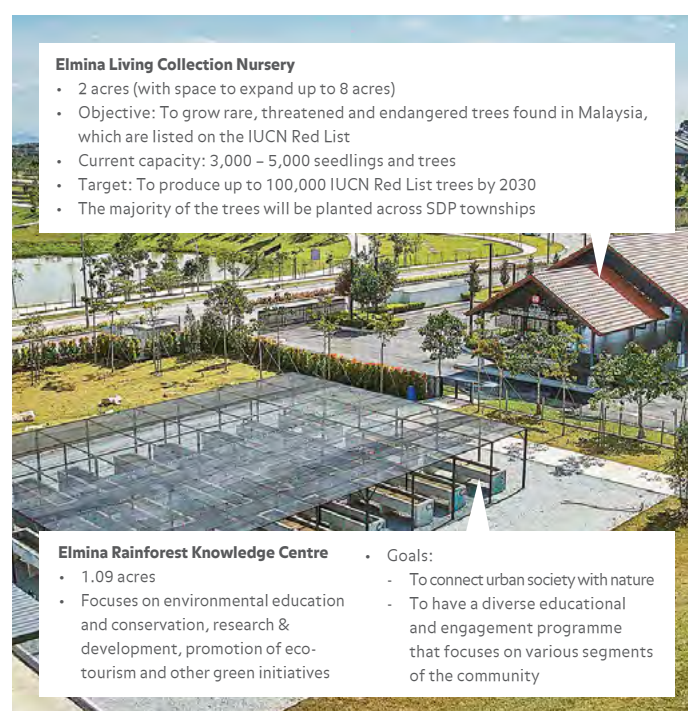
Biodiversity Conservation Programme

| No. | Topic | Event/Programme Description | Date | Location | Estimated No. of Participants | Status (Ongoing/ Completed) |
|--------------------------|--|--|---|----------|-------------------------------|-----------------------------|
| 1. | VISIT BY NESTLE MALAYSIA | Ongoing discussion with various stakeholders on Project #ReLeaf | 24 February 2021 | ERKC | 4 pax | Completed |
| 2. | VISIT BY SAFETY & SUSTAINABILITY DEPARTMENT, SIME DARBY PLANTATION BERHAD | ERKC & Living Nursery site visit as part of ongoing partnership efforts moving forward | 1 April 2021 | ERKC | 5 pax | Completed |
| 3. | A TREE FOR LIFE PLANTING FOR THE FUTURE FOREST | Tree-planting event. Jointly organised by the Denai Alam Residents Association, MBSA, SDP and TRCRC | 11 April 2021 | ERKC | 100 pax | Completed |
| 4. | SELANGOR YOUTH COMMUNITY ("SAY") VOLUNTEER PROGRAMME | Volunteer programme to gain hands-on experience in the field of forestry | 12 April 2021 – 23 April 2021 (2 week period) | ERKC | 5 volunteers | Completed |
| 5. | ADDRESSING CLIMATE CHANGE THROUGH CONSERVATION & BIODIVERSITY | Webinar by 4 TRCRC speakers on forest conservation & virtual tour of ERKC tree nursery. With Vanke and St John's International School | 16 April 2021 | Webinar | 43 pax | Completed |
| 6. | A VOLUNTARY DIPTEROCARP SEED PROJECT: MEET TRCRC | Activating a community interest group to get the community involved in the process of conserving endangered tree species during the current masting season. First event of this webinar/ workshop series | 5 June 2021 | Webinar | 102 pax | Completed |
| 7. | TROPICAL RAINFOREST CONSERVATION WITH TRCRC | Meeting the Gombak Scouts and carrying out environmental education on Malaysia's rainforests | 5 June 2021 | Webinar | 41 pax | Completed |
| 8. | LIVE CHAT WITH OUR ECOSYSTEM HEROES | YSD, TRCRC, GEC & Sabah Forestry on IG Live talking about ecosystem restoration | 30 June 2021 | IG Live | 350 pax | Completed |
| 9. | COMMUNITY-POWERED CONSERVATION CASE STUDIES | Partnering with The Habitat Foundation and showcasing the work TRCRC does with the Orang Asli Jahai in Perak | 28 July 2021 | Webinar | TBA | Pending |
| 10. | A VOLUNTARY DIPTEROCARP SEED PROJECT: DIPTEROCARPS 101 | | TBC | | TBA | Pending |
| TOTAL TOUCHPOINTS | | | | | 650 | |

Both the facilities, which are managed by TRCRC, are located within the 84-acre Forest Park District of the 300-acre Elmina Central Park in the City of Elmina. By positioning the ERKC and ELCN within the Forest Park District, we are in effect creating an urban rainforest extension of the adjacent 2,700-acre primary rainforest reserve known as the Subang Forest Reserve.

The target is for the nursery space to produce up to 100,000 IUCN Red List trees by 2030, with the majority being planted within SDP townships and therefore transforming our landbank park spaces into a genetic store of these tropical rainforest species. SDP purchases the trees from TRCRC and a proportion of the profits is used by TRCRC to deliver the educational programme at the ERKC. The current nursery has a capacity of 3,000 to 5,000 seedlings and trees of various sizes and went into full operation in 2020.

The Group also continues to make available our online publication 'The Malaysian Threatened and Rare Tree Identification and Landscape Guideline' on our corporate website and on the Institute of Landscape Architects Malaysia ("ILAM"), Universiti Putra Malaysia ("UPM"), Forest Research Institute Malaysia ("FRIM") and Yayasan Sime Darby websites. This tool was created to educate landscape architects and other interested stakeholders about IUCN Malaysian species and the environmental conditions required by these species to thrive.



Biodiversity Conservation Programme

Green Spaces and Carbon Sequestration Through Landscaping

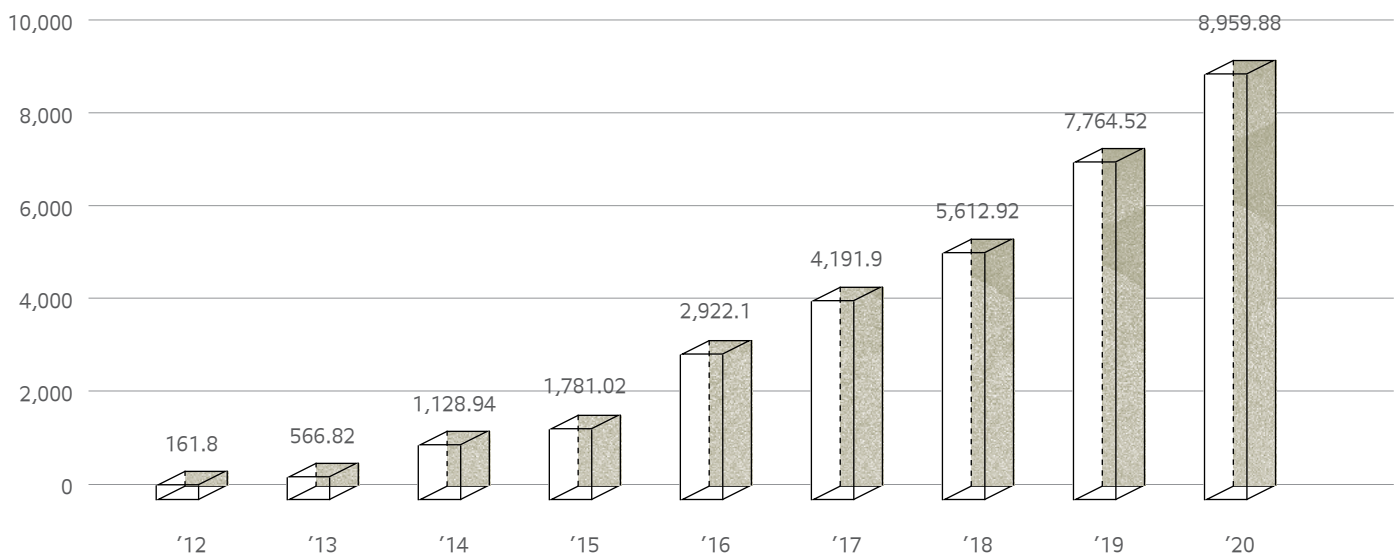
Planting trees is one of the most effective ways of removing carbon dioxide from the atmosphere. At SDP, we are doing our part by replanting thousands of trees annually and calculating the carbon sequestered in the process. This is implemented via our Tree-to-Tree Replacement Policy, where at least one tree replaces an oil palm tree that is removed from our sites in an effort to return the land to a more biodiverse state and to create long-term carbon sinks, among other benefits from well-planted urban spaces.

Our tree replacement ratio is part of the Standard Sustainability Design Element Checklist which was rolled out in 2020. The tree replacement ratios are:



In 2020, the ratio of planted trees to trees that were cut down was 0.7:1 across completed landscaping in 21 township developments. The target is a lagging target as it takes time to replant. This was equivalent to 108,225 trees planted since we started tracking in 2011, and we expect the ratio to be 1:1 when the landscaping for the townships under planning is completed. As a result, we estimate sequestered carbon as at December 2020 at nearly 9,000 tCO₂-e.

Cumulative CO₂ Sequestered



Assumptions:

1. Each tree sequestered around 0.02 tCO₂-e per year on average.
2. The amount of carbon sequestered per tree increases year-on-year, considering the growth of the trees.
3. Every five (5) years, the formula assumes up to 10,000 trees removed by the local authorities after infrastructure and park handover.

Sources:

1. Dexter B. Dombro, "How Much Carbon does a tropical trees sequester?", [http://www.truevaluemetrics.org/DBpdfs/Forests/Tree-Nation-Tropical-treessequestration-of-CO₂](http://www.truevaluemetrics.org/DBpdfs/Forests/Tree-Nation-Tropical-treessequestration-of-CO2).
2. "How to calculate the amount of CO₂ sequestered in a tree per year?", https://www.unm.edu/~jbrink/365/Documents/Calculating_tree_carbon.pdf
3. "Tropical trees solution for climate change", Community Carbon Trees, <http://www.communitycarbontrees.org/climate-change-solutions>
4. "Carbon-sequestration In Sepang", Majlis Perbandaran Sepang, 2017, <http://smart.mpsepang.gov.my>
5. "Agroforestry Carbon Sequestration Rates", Green Earth Appeal, <https://greeneearthappeal.org/co2-verification/>

Biodiversity Conservation Programme

As we progress, we continue to plant an average of 12,000 trees annually.

| Year | Additional Tree-Planting | Cumulative CO ₂ Sequestered |
|------|--------------------------|--|
| 2012 | 8,090 | 161.80 |
| 2013 | 12,161 | 566.82 |
| 2014 | 7,855 | 1,128.94 |
| 2015 | 14,498 | 1,781.02 |
| 2016 | 24,450 | 2,922.10 |
| 2017 | 6,436 | 4,191.90 |
| 2018 | 7,561 | 5,612.92 |
| 2019 | 11,529 | 7,264.52 |
| 2020 | 15,545 | 8,959.88 |

Of the **108,225** recorded trees planted, **21,623** were IUCN Red List trees and as our partnerships develop, there will be further progress in conserving Malaysian endemic species under threat. From 2020, increased focus has been placed on our biodiversity programme where a minimum 10 percent target of all planting is to be from the IUCN Red List at Group level to complement the 1:1 replacement ratio.

Wetland Construction Guidelines

Wetlands are important biodiversity hotspots, as well as effective carbon sinks. The level of biodiversity in wetlands is almost as rich as in rainforests and coral reefs, enabling them to sequester huge amounts of the world's carbon emissions. SDP took a proactive approach and developed guidelines on best practices for their design, construction and maintenance in our townships. To develop the guidelines, we engaged with Wetlands International. The guidelines, which will be made available on our corporate website, focus on a natural design approach to provide conservation spaces for more balanced ecological or hydrological systems.

Biodiversity Inventories (City of Elmina & KL East)

SDP has undertaken biodiversity inventories of our landbanks located near sensitive natural areas ("SNAs") to develop biodiversity baselines, identify any endangered flora or fauna species and determine how our park developments may improve the level of biodiversity over time. All our developments are required to comply with Environmental Impact Assessment ("EIA") and EMPs. While a majority of our landbanks are not located near SNAs, the City of Elmina is situated adjacent to the Subang Forest Reserve, while KL East is situated close to the Klang Gates Quartz Ridge.

For KL East, the biodiversity inventory was undertaken between 2014 and 2015 and was conducted in greater detail than what was required for an environmental impact assessment. The inventory included detailed assessments of the flora and fauna, and research on the water quality of the rivers. Most of the species found were not endangered or rare and among them were:

| Fauna | No. of species |
|-------------------------|----------------|
| Insects | 32 |
| Birds | 43 |
| Amphibians and reptiles | 20 |
| Flora | |
| Trees, herbs and shrubs | 230 |

The inventory assessment for the City of Elmina, which commenced in 2020 and was completed in 2021, detailed the various species of flora and fauna in the adjacent 2,700-acre Subang Forest Reserve, the nearby oil palm plantation, Kota Damansara Community Forest, Sungai Buloh Forest Reserve and in Elmina Central Park. The study was conducted using various methods, including setting up cameras in the forests and interviewing residents of Elmina, as well as the local communities nearby, on sightings of wildlife and plants. Among the flora and fauna discovered in the Subang Forest Reserve were:

Subang Forest Reserve

| Fauna | No. of species |
|-----------------------------------|----------------|
| Birds | 65 |
| Amphibians | 21 |
| Invertebrates | 85 |
| Mammals | 25 |
| Reptiles | 31 |
| Flora | |
| Trees, palms, liana, herbs, ferns | 114 |

Sustainable Products

GRI 203-1, 416-1




At Sime Darby Property, sustainability means more than just preserving and conserving the environment. It includes other components such as health, education, connectivity, livelihood, commerce and lifestyle. Thus, we strive to advocate sustainable living by incorporating elements that minimise negative environmental impact and integrating inclusive designs that cater to multigenerational living, as well as the underserved.

In our townships, we provide innovative facilities to promote healthy lifestyles and encourage the adoption of circular economy principles. Catering to current and future trends will enable us to maintain market share, as the design of our townships and facilities will play an influential role in encouraging communities to adopt a sustainable lifestyle, in line with our aim of creating places that will leave positive impacts for generations to come.

Standardised Minimum Sustainability Elements for Customers

To ensure that the Group continues to build sustainable townships and communities, in 2020 we took the first step in standardising the sustainability elements that are embedded in our products. Through this ongoing strategy, sustainability standards are also being institutionalised, which is important for their further adoption.

Product Standard Sustainability Minimum Element Guidelines & Checklists were developed and rolled out for the landed, high-rise and main infra/amenities/landscape product categories. The objective was to integrate SDP’s 2030 Sustainability Goals into all our products. The guidelines cover the three main areas of Building Materials, Eco-Efficiency (energy, water and waste) and Wellness & Safety, which complement earlier sustainability-related guidelines such as:

| | | | |
|--|--|--|--|
|  Built-Form Guideline |  Urban Design Guideline ("UDG") |  Standard Design and Specification Guidelines ("SSG") |  Crime Prevention Through Environmental Design ("CPTED") Approach |
|--|--|--|--|

Sustainable Products

Inclusive Design for Multigenerational Living

A sustainable home is generally a house equipped with fittings that have lower or minimal negative environmental impacts. Going beyond environmentally friendly facilities, we have also embedded multigenerational living designs to suit broader family needs of homebuyers. Our aim is for every resident to live in a comfortable, safe and empowering environment.



Malaysia's First Inclusive Playground

True to our support of the UN SDG principle of 'Leaving No One Behind', we built an inclusive playground in the City of Elmina to promote equality and diversity at the park. The design process was carried out in partnership with UNICEF Malaysia under an MoU. The playground, which is the first in Malaysia, was officially opened on the International Day of Persons with Disabilities in 2020. It was designed with inputs from children and their parents, as well as leading organisations for people with disabilities.

Positive impacts:

- Enables children to play together as equals while creating opportunities for generational interactions within families
- Encourages social cohesion within a community



Sustainable Products

CASE STUDY: Solar PV Panels in Residential Products – ILHAM

Marking our foray into smart green homes, all units (513) in Phase F4 of Ilham Residence 1 at Elmina Grove, City of Elmina, were equipped with 2kWp Solar PV Panels as part of the product offer. The second phase of our smart green homes aims to do the same for 1,802 homes.

This collaboration with TNBX Sdn Bhd is the first step in the exploration of smart green home solutions with renewable energy built into the residential products, in addition to other existing features such as fibre-to-the-home broadband, home energy management systems and LED street lighting. The MoU between TNBX Sdn Bhd* and Sime Darby Elmina Development Sdn Bhd for smart green homes was executed on 3 September 2019 in conjunction with Asian Utility Week.

** TNBX Sdn Bhd is a subsidiary of TNB under its retail division to provide non-regulated 'beyond the meter' solutions to TNB customers, including the smart green homes concept.*

CASE STUDY: Cycling & Jogging Track Utilisation Rate

Sime Darby Property promotes healthy and sustainable living by providing cycling and jogging tracks in its townships.

To measure the effectiveness of our cycling and jogging tracks in the City of Elmina, we conducted a study by collecting 60 hours of observational data from the tracks in the City of Elmina and our neighbouring development in Bukit Jelutong. The study was aimed at determining whether the tracks in Elmina, which are based on CPTED, attracted a higher number of users compared to the footpath in Bukit Jelutong.

Key features of Elmina Park vs. Bukit Jelutong

Elmina Park

- Promotes the safety of users due to its CPTED-designed tracks
- Buffers separate tracks and roads
- Provides natural surveillance with its landscaping design
- Includes well-lit areas
- Provides bench seating and litter bins without impinging on the tracks
- Ensures safety of users with fences along the river

Bukit Jelutong

- Standard footpath area near parks

The research found that:

- The number of users at the CPTED-based tracks in the City of Elmina is five times more than the number of users in Bukit Jelutong
- Users at Elmina tracks comprise a wide-ranging age group and are mostly families while users at Bukit Jelutong are mostly individuals
- Elmina tracks attract a higher volume of non-resident users

Waste & Water Pollution

GRI 102-48, 303-1, 303-2, 303-3, 303-5, 306-1, 306-2, 306-3, 306-5, 307-1



Photo Credit: Leong Chee Wai

Water Management Project

Water scarcity is an impending global crisis. For some, it is an ongoing crisis in their communities due to changes in weather patterns caused by climate change impacts and further compounded by growing demand for fresh water. At SDP, water consumption is carefully managed throughout the process of all our construction activities.

Water is a crucial component of our construction process and office, leisure and investment management assets operations, and an absolute necessity for the communities that we develop. Our water is mostly drawn from potable treated water (municipal water), and to a lesser extent, from surface water and groundwater.

The Group continues to champion water optimisation strategies and in 2020, we focused on implementing best practices on-site, along with the ESCP, to minimise negative environmental impact - a measure focused on water quality resource management. We continue to monitor water quality in water bodies (mostly rivers) during the development process as required by regulation through EIA EMPs, in line with parameters of the National Water Quality Standards for Malaysia every quarter. We also ensure that any water or effluents discharged from our sites comply with the latest limits stipulated in the EIA Approval Conditions while our contractors are required to strictly comply with the EIA conditions. We have strengthened our site management by ensuring stricter regulatory compliance from contractors, following a RM60,000 fine in 2019 for exceeding the permissible limit of total suspended solids during the construction of KL East in 2016. The fine has been paid and root cause analyses

were conducted, whereby corrective and preventive measures were identified to improve site management. Our records indicate this was the first such incident of this nature and the Group has learned from this experience to be even more proactive in ensuring contractor compliance with EIA conditions.

The Group also launched its Water Footprint Project in 2016 and revised its preliminary 2016 baseline to achieve our aim of reducing water intensity by 30 percent by 2030 as outlined in Goal 18 of our 2030 Sustainability Goals. We were able to revise our baseline due to a number of reasons, including having improved data, but mostly due to the divestment of assets under the I&AM and Leisure segments between 2016 and 2019.

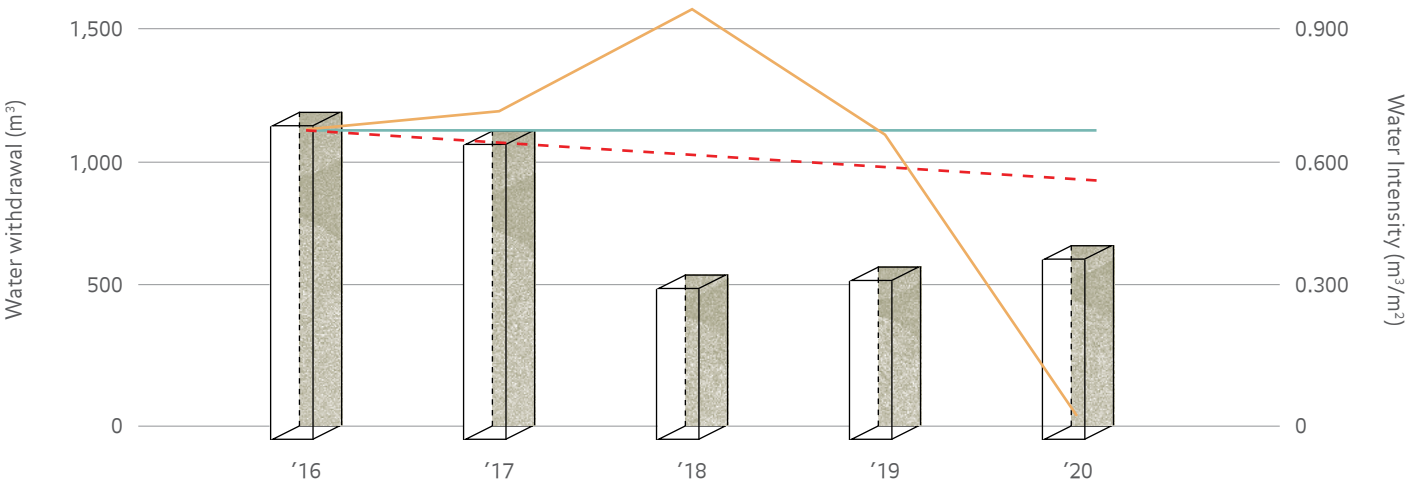
The restated water intensity baseline was $0.1625 \text{ m}^3/\text{m}^2$ in 2020 compared to $0.618 \text{ m}^3/\text{m}^2$ in 2016. The restated intensity and baselines were also based on an area-based denominator, as we moved away from economic denominators.

The Group's data set for non-potable water has been improving over time and when we are satisfied with the data set's robustness we will publish a revised baseline, while acknowledging that the majority of the water used in our business operations is from potable treated water sources. The total potable water withdrawal for 2020 was $612,830 \text{ m}^3$ at $0.07081 \text{ m}^3/\text{m}^2$ water intensity.



Waste & Water Pollution

Total Withdrawal of Potable Water from FY2016 – FY2020



| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------|-----------|---------|---------|----------|
| Total Withdrawal of Potable Water | 1,164,28 | 1,077,114 | 551,550 | 587,175 | 612,830* |
| Water Intensity Baseline 2016 (m³/m²) | 0.618 | 0.618 | 0.618 | 0.618 | 0.618 |
| Water Intensity Result (m³/m²) | 0.618 | 0.686 | 0.954 | 0.604 | 0.068 |
| Water Intensity Reduction Target (m³/m²) | 0.618 | 0.612 | 0.606 | 0.587 | 0.587 |

* Total potable water data has been externally assured. Kindly refer to the Independent Assurance Report on pages 92 to 94.



Waste & Water Pollution

Waste Management Project

With landfills filling up, rapidly increasing environmental pollution and carbon emissions have demonstrated that there is insufficient waste reduction by industries and businesses. Methane as a greenhouse gas is 25 times more potent than carbon dioxide at trapping heat in the atmosphere. In this context, SDP is committed to reducing the waste generated in our operations, as well as from the communities we build.

Thus, waste management and reduction have been a priority since 2016, whereby we track and monitor our waste and recycling generation apart from identifying and implementing key initiatives to reduce our waste and increase our recycling targets. The Company is also actively involved in reducing the waste generated by our operations, via recycling construction waste and implementing the modular Industrial Building System ("IBS") in our projects. Waste reduction is approached through the following methods:

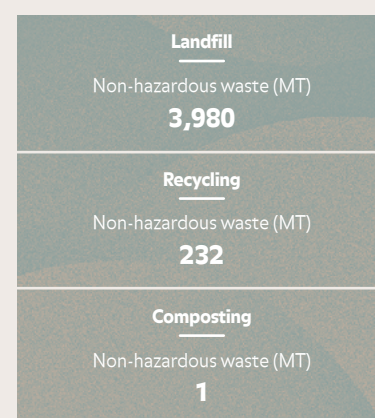


SDP complies with the relevant regulations by engaging only licensed waste collectors to ensure both hazardous and non-hazardous waste are disposed of properly.

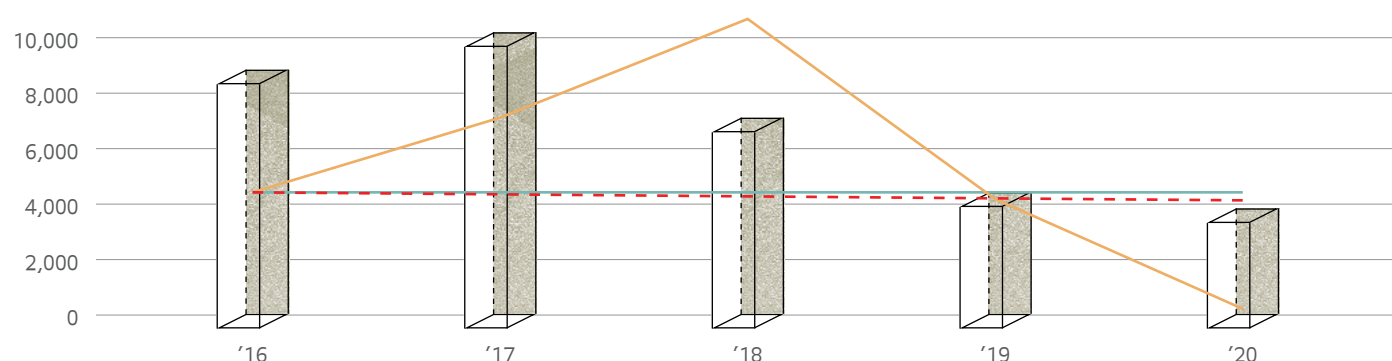
In the year under review, the Group revised the 2016 preliminary waste intensity baseline and set our goal of zero solid waste by 2030.

The total solid waste (non-hazardous) generated in 2020 was 3,980 tonnes* with a waste intensity of 0.440 kg/m², and a total of 233 tonnes of waste was recycled at a recycling intensity of 0.025770 kg/m².

Sime Darby Property Waste Disposal for 2020



Total Solid Waste Generation (tonnes) from FY2016 – FY2020



| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------|--------|--------|-------|--------|
| Total Waste Generation (tonnes) | 8,465 | 10,148 | 7,005 | 4,267 | 3,980* |
| Waste Intensity Baseline 2016 (kg/m ²) | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 |
| Waste Intensity (kg/m ²) | 4.490 | 6.459 | 12.118 | 4.389 | 0.440 |
| Waste Intensity Reduction Target (kg/m ²) | 4.490 | 4.445 | 4.400 | 4.266 | 4.266 |

* Total solid waste data has been externally assured. Kindly refer to the Independent Assurance Report on pages 92 to 94.

Contributing to a Better Society



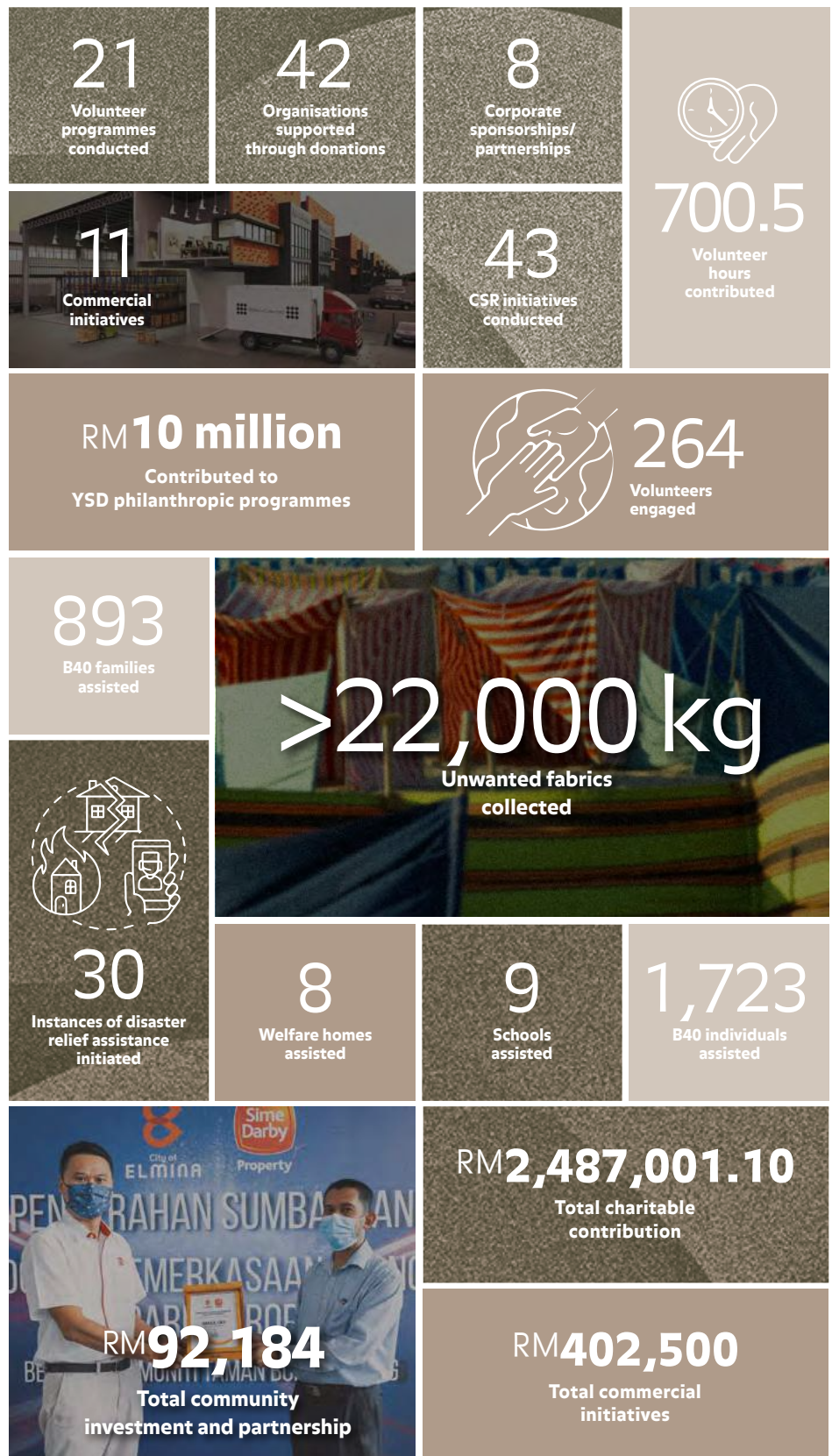
At SDP, sustainability means more than just long-term business growth. It is also about caring for our people and our communities. In 2020, we reached out to the communities that were affected by the COVID-19 pandemic and empowered the underprivileged through entrepreneurial programmes and educational and social activities, while advocating sustainable living practices and environmental conservation. We also provided more than 1,600 units of affordable homes for the communities in need. Within the organisation, we continued to promote diversity and inclusion, invest in our people and safeguard their health, safety and well-being.

Community Resilience

GRI 203-2, 413-1

Building sustainable townships and communities requires us to build trust and create meaningful relationships with the local communities to generate long-lasting positive impacts.

Impact at a Glance



This means uplifting the lives of those in need and alleviating financial burdens where possible, to ensure community resilience and that no one is left behind. Our contributions are in cash and in kind through employee volunteerism and collaborations with our philanthropic arm, Yayasan Sime Darby ("YSD"), and non-governmental organisations. We continuously leverage our best assets and capabilities to invest in our communities for the greater good.

Community Resilience

Navigating Social Impacts from COVID-19

During the pandemic, we remained steadfast in navigating adverse social impacts and safeguarding underprivileged communities. We collaborated with YSD and rolled out several initiatives to respond to the communities most affected by the health crisis, including healthcare frontliners. Held from August to October 2020, our efforts were aimed at responding to the needs of underprivileged communities such as the low-income groups within and around our townships across the Klang Valley, Negeri Sembilan and Johor.



| | | | |
|---|--|--|---|
| 1 | 'Bantuan Khas Masyarakat' for B40 Communities in Sime Darby Property Townships | | |
| | 729 families and 69 individuals | Vouchers for one month's supply of groceries worth RM220 (families) and RM160 (individuals) each, totalling RM173,000 | |
| | <ul style="list-style-type: none"> • Bandar Bukit Raja • Bukit Subang • Ara Damansara • Melawati | <ul style="list-style-type: none"> • Bandar Ainsdale • Nilai Impian • Putera Heights • Bandar Universiti Pagoh | |
| 2 | Food Assistance for Low-income Caddies | | 3 Food Assistance for Low-income Football Coaches |
| | 134 caddies | TPC Kuala Lumpur Impian Golf & Country Club Sime Darby Football Club | 6 coaches |
| | Vouchers worth RM220 each totalling RM29,480 | | Vouchers worth RM220 and RM160 each totalling RM1,140 |
| 4 | Disaster Relief Assistance to Schools | | |
| | >8,500 students benefited | 9 schools assisted | Hygiene items distributed worth RM35,500 |
| | <ul style="list-style-type: none"> • Melawati • Bandar Ainsdale | <ul style="list-style-type: none"> • Nilai Impian | <ul style="list-style-type: none"> • Bandar Universiti Pagoh |

Community Resilience

Sime Darby Property Relief Fund for COVID-19



| | | | |
|--|--|--|---|
| 1 | GLC & GLIC Disaster Response Network ("GDRN") - Sime Darby Property National Disaster Management Agency ("NADMA") - Sime Darby Property Selatan | | |
| GDRN supported hospitals under the Ministry of Health and Pharmaniaga in purchasing medical supplies | | Selected quarantine and treatment centres were fully equipped with medical supplies, PPE and ventilators | |
| Value of Contribution GDRN: RM500,000 NADMA: RM250,000 | | | |
| 2 | Lunch Packs for Frontliners from Ministry of Health - 5 Hospitals | | |
| 500 food packs distributed | | 500 frontliners benefited | |
| Value of Contribution RM13,572 | | | |
| 3 | TPC Kuala Lumpur Caddie Fund Relief | | |
| 140 caddies (part-time) | | Cash contributions and Tesco vouchers worth RM220 | |
| Value of Contribution TPC KL Members' Donation Fund: RM164,486 | | | |
| 4 | Disaster Relief Assistance to Communities (BU1-BU5) | | |
| >1,500 people benefited | | 17 government agencies and NGOs assisted | Hygiene items distributed worth RM5,361 |
| Value of Contribution RM69,979.10 | | | |

Community Resilience

Economic Inclusion

Sime Darby Property Economic Empowerment Programme

A six-month structured entrepreneurship training and mentoring programme for individuals from the B40 income segment

Aimed at uplifting the livelihoods and economic status of urban poor communities within and around our townships

49 participants who owned small-scale businesses benefited from the programme which ran from October 2020 to April 2021



Societal Engagement

Sime Darby Property Volunteers Programme ("SDPVP")

264 volunteers conducted 21 projects and recorded 700.5 volunteer hours*

Participants were given an unrecorded half-day off as 'Volunteer Time Off' per completion of eight volunteer hours per year

685 volunteers have recorded 2,477 volunteer hours since the start of the SDPVP in 2018



* All SDPVP projects were carried out in accordance with the SOPs and guidelines set out by the government.

Children Learn English and Speaking Skills ("C.L.A.S.S.")

Provided free English lessons to more than 80 children from the B40 group (from PPR Taman Putra Damai, Ara Damansara)

In collaboration with non-governmental organisations **Persatuan Pemuda GEMA Malaysia** and **Pertubuhan IKRAM Malaysia**



Community Resilience

Flora and Fauna Conservation

Be a Zookeeper's Aide – SDPVP at Zoo Negara

Close to 30 volunteers helped zookeepers with their daily duties such as cleaning enclosures and preparing meals for the animals

Enabled volunteers to learn about various wildlife species and creating a conducive environment for the animals at Zoo Negara



One with Nature: SDPVP at Taman Tugu

An educational programme about the environment that included a guided walk in the jungle

Held in collaboration with the Free Tree Society and in partnership with Taman Tugu Project Development Sdn Bhd

20 volunteers transplanted more than 15 tree saplings



Run with Autism Campaign



SDP volunteers took part in the Run with Autism campaign which enabled children with autism to enjoy therapeutic outdoor activities while also allowing our employees to interact with the children and learn about autism

The campaign was held in collaboration with YSD and the National Autism Society of Malaysia ("NASOM"), Klang

Be a Face Mask Maker with SURI Inspirasi Campaign

About 30 SDP volunteers took part in the campaign that was held in collaboration with SURI Inspirasi

SURI Inspirasi is a social enterprise that provides financial opportunities and **teaches sewing as a living skill to underprivileged and single mothers in Klang**

Produced 5,000 reusable fabric masks for selected underprivileged and marginalised communities



Community Resilience

Inspiring Our Communities

With 24 active developments and townships, we are in a unique position to influence communities and inspire change. Through continuous engagement, our programmes are aimed at empowering everyone to adopt sustainable living and advocate sustainable practices. During the year under review, we introduced three impactful programmes that promoted sustainable living in our townships and benefited the targeted groups.

'Sinar Harapan' Festive Aid Programme



This flagship project helped to provide daily essentials and ease the financial burdens of underprivileged communities

5,000 kg of organic fresh produce worth more than RM32,000 were harvested and sold at local markets

Fabric Recycling Movement Campaign



22,000 kg of unwanted fabric were collected for recycling from SDP's employees

Held in collaboration with our 'Fabric Recycling Partner', Kloth Malaysia Sdn Bhd, and our 'Fabric Recycling Operator', Lifeline Clothing Malaysia Sdn Bhd



Edible Community Garden Programme at Bukit Subang

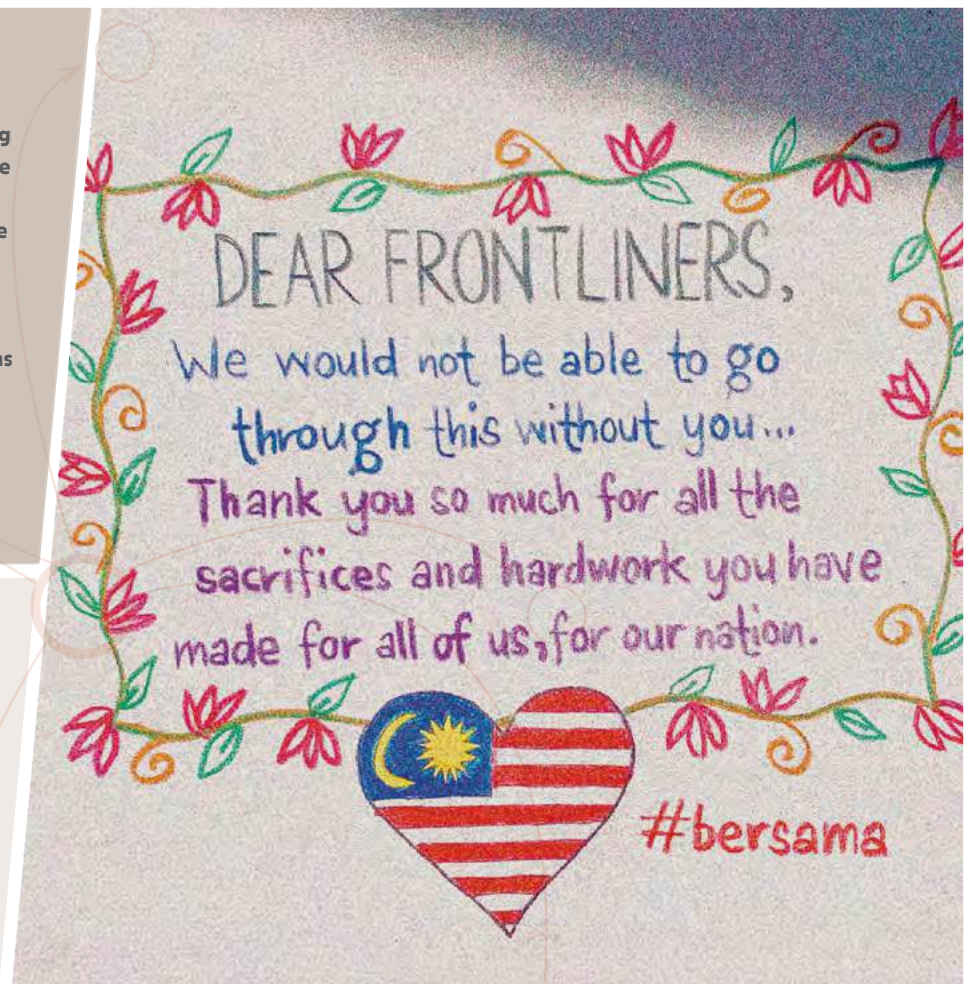
Community Resilience

#BERSAMA

SDP rolled out the #BERSAMA campaign to engage with the wider community and lift people's spirits amidst the challenging times during the COVID-19 pandemic. The campaign, which was held from 25 March to 14 April 2020, started with an initiative to thank healthcare frontliners. The success of the initiative sparked a series of inspirational campaigns under the #BERSAMA movement to bring Malaysians together while spreading hope and positivity.

#BERSAMA making a difference

On 1 April 2020, we invited Malaysians to participate in a campaign to thank healthcare frontliners for their tireless efforts during the pandemic. Hundreds of participants submitted their 'thank you' messages through notes and drawings, most of which are currently displayed on the walls of Hospital Sungai Buloh.



For more information on the #BERSAMA campaign, please visit <https://www.dtoideas.com/>

#KADRAYABERSAMA

In line with the Hari Raya theme, we invited everyone to send in individually made greeting cards to share their festive wishes with the nation.

#IFTARBERSAMA

SDP celebrated the holy month of Ramadan with Malaysians by encouraging everyone to share their favourite home-cooked recipes for buka puasa or their favourite dish during the fasting month.

#BERSAMA2.0: SPOTLIGHT HEROES

The public was invited to nominate individuals with inspiring stories as unsung heroes who went above and beyond their duties to serve the community during the pandemic. Of the 421 nominations received, 30 were selected as #BERSAMA Heroes, of whom 18 Heroes were randomly picked to experience 'A Night to Remember at KLGCC Resort'.

Affordability

GRI 203-1, 203-2

Affordable Homes

In support of the national agenda of making home ownership affordable, SDP continues to plan and build affordable housing, an endeavour that has addressed part of the shortage of affordable homes on the market. The homes we create are designed to overcome the typical shortcomings of conventional affordable homes such as inadequate natural lighting and ventilation, poor functionality in space planning and uncomfortable living environments. Our affordable homes are categorised into open market affordable homes and statutory homes, a regulatory requirement by a state or federal government.

To overcome these challenges, we focus on:

- A human-centric design approach that optimises energy efficiency and provides individual and community-oriented activity spaces.
- Environmentally friendly and sustainable material selection.
- The Modern Method of Construction ("MMC") that utilises systems and methods such as IBS and Building Information Modelling ("BIM").

In 2020, we delivered 1,622 units of affordable homes in Malaysia, which was 60 percent higher than our target. This included 1,188 units of statutory housing units priced below RM270,000. The homes we built also benefited families from the low-income segment with a monthly household income of less than RM10,000. We target to build 15,000 units of affordable homes below RM600,000 by 2030, as stated in our 2030 Sustainability Goal 6.

Inspirasiku, Rumah Selangorku

In 2020, the Group rolled out a series of affordable homes under its Inspirasiku, Rumah Selangorku ("RSKU") initiative to provide affordable homes that are practical, comfortable and strategically located in Shah Alam, Sepang and Klang.

Ranging from RM42,000 to RM270,000, these houses are well-designed with quality fittings, natural lighting and minimal space wastage. The three projects we launched under this initiative were:



Harmoni 1,
City of Elmina, Shah Alam



Inang/ Serunai,
Bandar Bukit Raja, Klang



Serenia Amalia,
Serenia City, Sepang

Case Study: D3 – Affordable Sustainable Housing

Within the affordable housing market, there exist numerous challenges relating to quality and liveability that plague residents, developers and industries. The challenges of poor ventilation, limited lighting and poor space planning, combined with the inability to leverage economies of scale due to the lack of standardised designs and insufficient IBS component supplies, all contribute to a shortage of affordable and liveable housing options.

SDP's Divergent Dwelling Design ("D3") is a potential solution to these obstacles, offering an innovative design that improves the quality of indoor and outdoor living, while being adaptable and reconfigurable to suit the needs of residents. D3 is also a much more efficient construction process that provides significant savings in time, costs and waste.

We are driving the affordable homes segment forward with innovative D3 designs in collaboration with CREAM, the research arm of CIDB. In 2020, our D3 prototype, RSKU 'Harmoni 1', at Elmina West, recorded a 79 percent take-up rate as of December 2020.

Workforce Diversity and Inclusion – A Priority

GRI 102-8, 102-17, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 407-1, 412-3

Workforce Diversity and Inclusion – A Priority

Diversity and inclusion are central to our corporate DNA and overall success. As a progressive organisation that strives towards a sustainable future for all, we prioritise and ingrain diversity and inclusion by ensuring a level playing field, enforcing anti-discrimination policies and practices across all levels and hiring and promoting based on merit.

Our diversity and inclusion practices are guided by our Group Policies and Authorities (“GPA”). Our employment principles comply with the Equal Opportunity and Anti-Discrimination policies that are embedded in our internal GPA on Human Resources.

We strongly believe that diversity in the workplace is an indicator of a conducive working environment and that equal opportunities and treatment for all potential candidates and existing employees delivers optimal outcomes. Our employees are also protected by the Group’s Whistleblowing Policy, which serves as a grievance mechanism for employees to file complaints on discrimination without fear of reprisals. In the year under review, there were zero reported cases of discrimination in SDP.



Workforce Diversity and Inclusion – A Priority

Diversity Profile

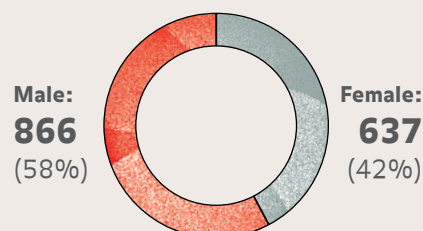
SDP's workforce comprises various age groups and ethnicities. We constantly strive to engage with our people to meet demographic needs and organise interdepartmental events across all levels to promote healthy working relationships and strengthen our culture of diversity.

Employee Performance Data

Total Number of Employees: **1,503**

Employee Breakdown by Gender:

SDP considers all its employees to be full-time permanent employees, including Senior Management and employees in sales-related positions, who are on fixed-term contracts. Full-time permanent employees are employees on permanent employment contracts, which are of an indeterminate period. Fixed-term contracts are employment contracts that are renewable upon approval from the Management.



Board Diversity:

22%

women's representation on the Board as at 31 December 2020

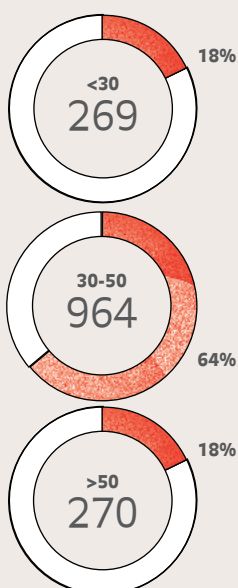
42%

women's representation in the workforce as at 31 December 2020

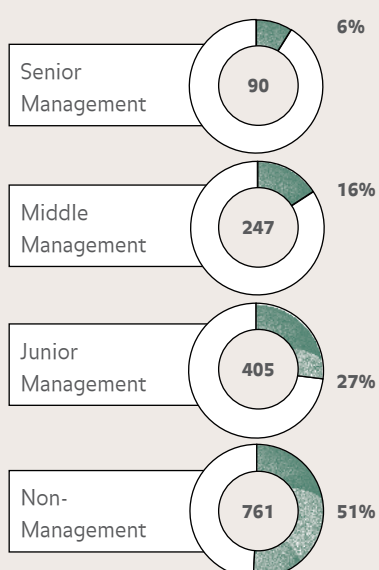
37%

women's representation in core positions as at 31 December 2020

Employee Breakdown by Age Group:



Employee Breakdown by Employment Category:



Employee Breakdown by Region:



Percentage of Senior Management hired from local community: **99%**

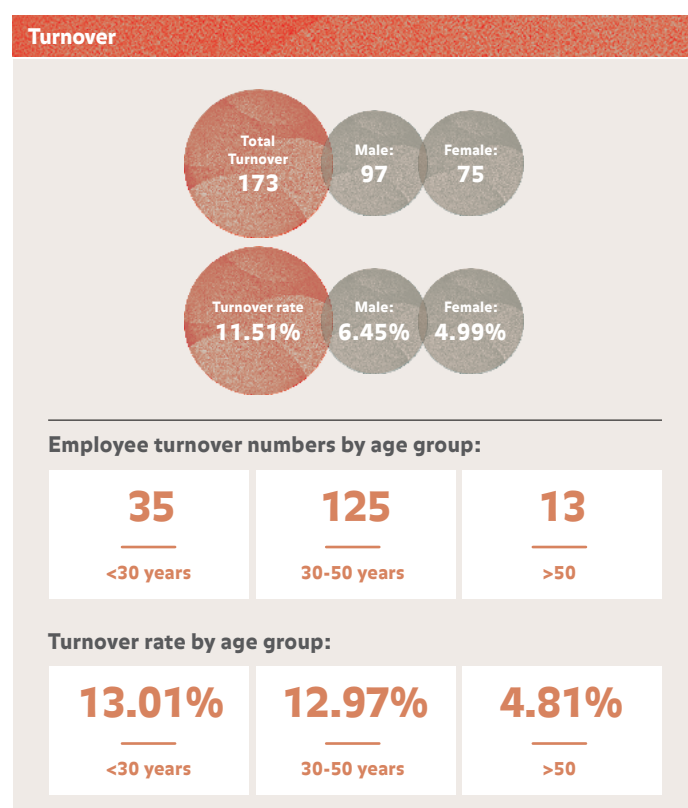
'Local' refers to the community within the country of our operations.

Workforce Diversity and Inclusion – A Priority

New Hires

At SDP, we strive for a balanced workforce and ensure a robust pipeline of female talent is recruited at the entry level. In 2020, we rolled out the Management Trainee Programme to shape young talents for the sustainability of the Group and onboarded 40 percent female participants. Additionally, 44 percent of promoted employees across the Group were women.

During the year under review, we recorded 139 new hires and a turnover of 173 employees.



Manpower Optimisation

During the pandemic, we undertook a manpower optimisation exercise as part of the organisational transformation drive that was aimed at the re-allocation and rationalisation of resources. The exercise was designed to increase efficiency in operational roles and processes, as well as overall productivity, to support business growth and enhance capabilities. In September, we offered a Mutual Separation Scheme ("MSS") to 183 employees and supported their transition by providing an Outplacement Programme that included various upskilling and reskilling initiatives, as well as motivational talks.

Sime Darby Property Outplacement Programme

| Phase 1 | Phase 2 | Phase 3 |
|---|---|--|
| <p>The Company provided emotional/ social and psychological support via Jalanan Nurani, which included:</p> <p>(i) A four-month digital coaching programme focusing on reskilling led by Naluri's clinical psychologists and executive coaches</p> <p>(ii) Self-branding and social media presence</p> | <p>Virtual Workshop, which included:</p> <p>(i) Resume writing</p> <p>(ii) Interviewing skills</p> <p>(iii) Social media enhancement by Sinergia Sdn Bhd</p> <p>(iv) Financial Management Talk by Ringgit Plus Academy</p> | <p>Virtual Workshop, which included:</p> <p>(i) Debt management and advisory counselling session by Agensi Kaunseling dan Pengurusan Kredit ("AKPK")</p> <p>(ii) Entrepreneurship Talk by SME Corp Malaysia</p> <p>(iii) Financial Solutions Talk by Bank Muamalat</p> <p>(iv) Psychological Talk on Self-Branding, Employability and Motivation by executive coaches and certified counsellors from Naluri Hidup Sdn Bhd</p> |

Workforce Diversity and Inclusion – A Priority

Investing in Our People

Keeping our people up to date with the latest knowledge and skills in the industry is vital for us to remain relevant and competitive. We believe in investing in our people across the Group to have an agile workforce that can adapt to challenges and contribute to the resiliency and sustainability of the Group. During the year under review, we invested RM1,505,707 in employee training and development to enable them to continue delivering excellence.

Our learning and development programmes have been increasing steadily in terms of total learning hours since 2018. The number of learning hours continued to increase in 2020 amidst disruptions from the COVID-19 pandemic due to our swift response in switching physical classes to online learning for both technical and leadership courses. The total number of programmes increased from 121 in 2019 to 200 in 2020, with 62.5 percent of them delivered online. Our in-house courses, which made up 61 percent of the programmes, received positive feedback and recorded an average satisfaction score of 4.0. Both in-house and external courses comprise leadership and technical programmes that are strategically designed to meet the diverse needs of our employees and support their personal and professional aspirations.

We currently have two ongoing management and leadership programmes:

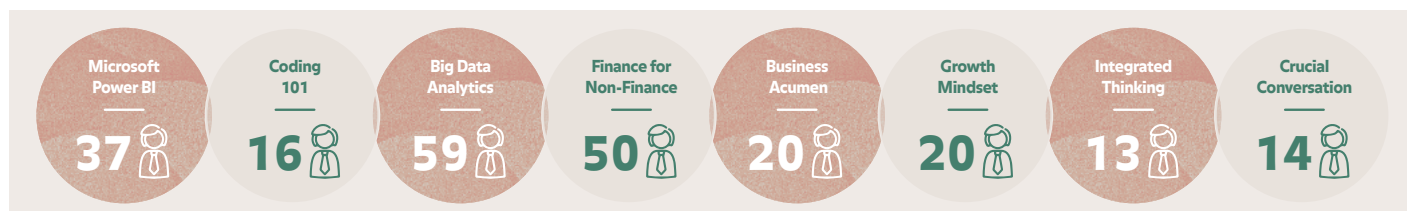
Project Management Professional Certification

In 2020, a total of 40 employees took part in this five-day programme that improves project management skills. To date, 92 employees have attended this programme since its inception in 2010.

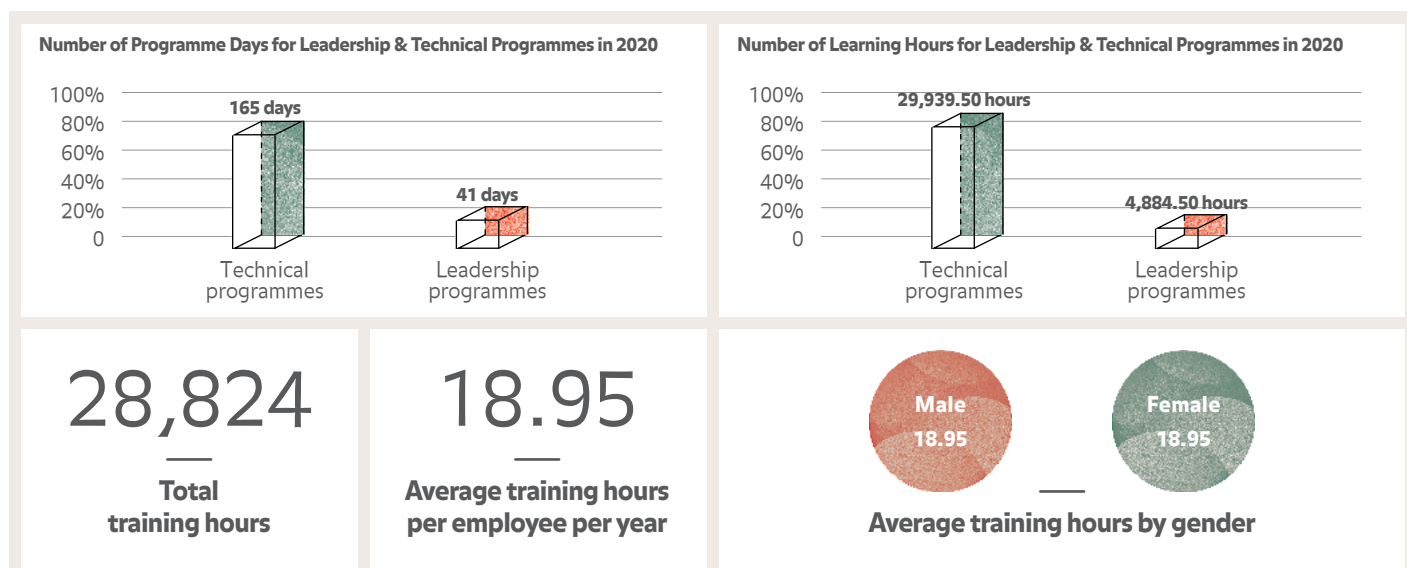
Leadership for Enterprise Sustainability Asia ("LESA")

Selected employees are chosen for this programme that highlights the complexities and challenges of building a sustainable business. Eight employees were selected for this programme in 2020.

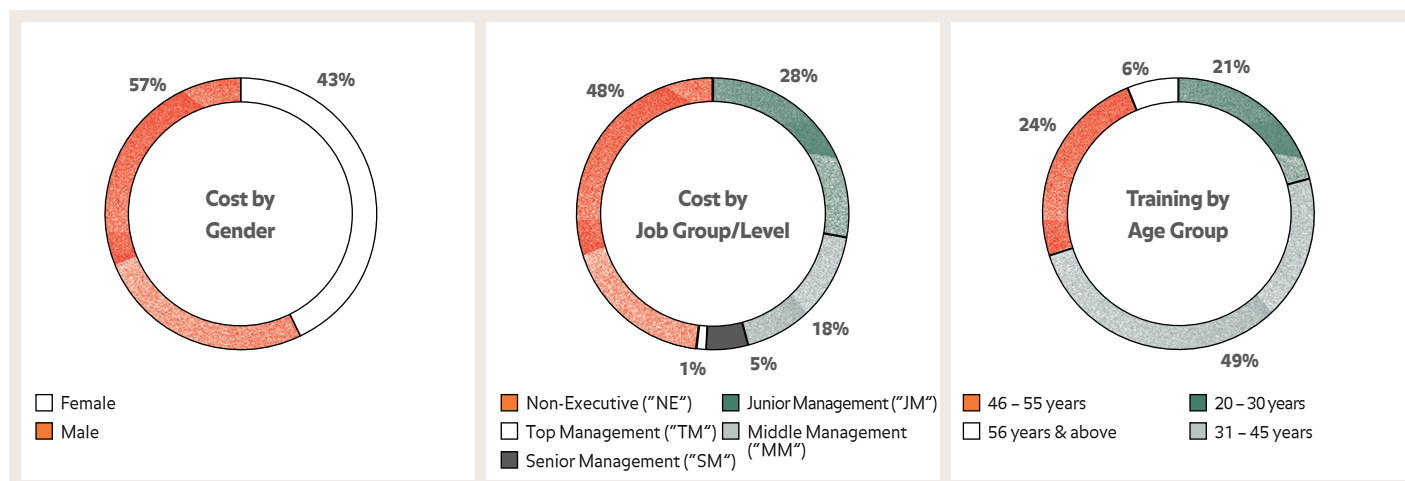
During the year under review, we introduced a series of new programmes that offered various skills including soft skills and interpersonal skills:



Going forward, we are looking into introducing a self-guided learning platform to allow our employees to access bite-sized programmes anytime and anywhere. We are also planning to implement a Structured Development Plan, which will be anchored on six leadership competencies, to further drive the learning and development of our people.



Workforce Diversity and Inclusion – A Priority



Employee Engagement and Talent Management

We constantly engage with our employees through our internal communication platforms and engagement events to communicate news and developments across the Group and ensure better alignment, enabling us to build strong relationships. Our aim is to create an engaging and conducive workplace where feedback is welcome to ensure continuous improvement within the Group. In line with our aspiration to build sustainable communities, we strive hard to instill a culture of work-life balance to inculcate a workplace where people can connect, be inspired, get excited and stay engaged to deliver excellence. During the pandemic, we pivoted and adapted well to work-from-home arrangements to ensure business continuity amidst the lockdowns.

To better understand the needs of our people, we adopt a customised approach that leverages technology to analyse and create relevant insights on employees' values, attitudes and expectations, as well as their professional growth. This enables us to support our employees in maximising their contributions at work, allowing them to progress with the Group and better align themselves with the purpose of the organisation.

We go beyond providing monthly wages and contributing to the Employees Provident Fund ("EPF") to ensure our employees enjoy a comprehensive set of benefits. These include:



Performance appraisal of employees from all levels is conducted once a year, whereby career needs and plans are deliberated on and followed up with appropriate action. This includes training programmes, job rotation and special project assignments to ensure equal opportunity for career development and progression. In the year under review, 100 percent of our employees received annual performance reviews.

In 2020, we held several activities to strengthen working relationships with our people:

- Walkabout sessions with the Senior Management team to connect with employees.
- Team-building events to strengthen bonds within teams and departments.
- Celebration and recognition of outstanding performance by team members through internal and external awards.
- Thematic events such as Merdeka Day, Women's Day and other festive activities.
- Collaboration between departments to create better working relationships among all employees.

During the pandemic, it was more important than ever to engage with our employees. We maintained communication with our employees through Yammer, our internal communication platform. Here, employees were encouraged to share their opinions, thoughts and queries, which were addressed during online town halls. We also organised two webinars on mental health, which were 'Perceiving Happiness' and 'Everything You Need to Know About COVID-19 and the New Normal', to help our employees deal with mental stress while working from home during lockdowns.

Workforce Diversity and Inclusion – A Priority

The well-being of our employees is equally important to ensure a high-performing workforce and as a caring employer, we understand the importance of family to our employees' well-being.

Employee Well-being

In 2020, we went beyond safeguarding the well-being of our employees by including their immediate family members in our new digital well-being programme *Jalinan Nurani*. Launched in July 2020, the programme proved to be invaluable during the lockdowns by serving as an avenue to address the psychological and emotional needs of employees and their family members.

Jalinan Nurani offers a wide range of engaging and interactive programmes and activities such as a wellness website, health talks, webinars, digital coaching and mentoring services. These include remote therapy sessions with qualified psychologists, on-site face-to-face therapy sessions and a round-the-clock crisis hotline staffed with certified trainers and physicians. Employees are assured of privacy and confidentiality, enabling them to easily reach out for the necessary assistance they need. As a result, many employees have acknowledged that they have developed an awareness of their mental, emotional and psychological health. The programme received 293 responses in 2020 and continues to gain positive traction among employees and their family members.

To ensure our employees stayed safe and adapted to the new normal, we rolled out special provisions such as work-from-home arrangements and flexible working hours during the MCO periods to benefit employees who had to tend to their children and family at home. Furthermore, we amended the Compassionate Leave criteria to include caring for children undergoing quarantine. Our employees were also equipped with digital tools to work remotely from home and attend online meetings via digital platforms such as Microsoft Teams. In addition, we implemented a special initiative to provide one-off financial assistance to employees within the B40 income group to ease their financial burden.



#SDPCares COVID-19 Care Package distribution to all employees

Workforce Diversity and Inclusion – A Priority

Freedom of Association

We respect freedom of association and about 1 percent of our workforce are unionised. We strive to meet the needs of our unionised workers by holding a collective bargaining negotiation session every three to four years prior to the expiry of the Collective Agreement.

Human Rights

As a property developer that advocates sustainable communities and the concept of leaving no one behind, we are committed to safeguarding human rights in our labour-intensive business operations and across our supply chain. Our respect for human rights extends beyond our employees, covering vendors, suppliers and contractors, as well as their workers. We adopt a proactive approach by applying preventive and corrective measures to monitor and manage human rights in all our business activities. This includes exercising due diligence in the appointment of our vendors to ensure the same level of commitment is maintained across our networks. We prioritise matters such as the welfare of foreign workers, fair employment terms and the provision of humane living quarters in our consideration of ethical labour practices. We are against all forms of slavery and forced labour, as well as child labour.

Our commitment to upholding human rights is further validated with the activities of our very own Human Rights Taskforce ("HRTF"), which oversees the management of human rights issues in our operations. Comprising nine members from across the various relevant departments, the team works closely with local and international NGOs to continuously strengthen human rights in SDP. One of the team's significant milestones in 2020 was the inclusion of human rights clauses in business contracts and the implementation of a human rights assessment on selected vendors and suppliers, where there were zero incidents of human rights violations found.

Labour Practices (at SDP and Tier-1 Vendors)

Human rights is one of the targets of our 2030 Sustainability Goals, as well as an indicator in SUSDEX. We remain guided by our COBC, which supports the principles of the United Nations' Universal Declaration of Human Rights that covers forced labour and protection of individual rights and freedom.

Our respect for human rights is extended to our employees, as well as business partners, vendors and suppliers. In 2020, the HRTF rolled out several initiatives, including:

- Embedding clauses on the responsibility to respect human rights in new tender documents, contractors' letter of acceptance and our Vendor Code of Business Conduct
- Raising awareness on the importance of basic human rights through constant engagement in our extensive supply chain through the Sustainability Vendor Engagement Programme
- Conducting a human rights assessment among selected contractors by providing Human Rights Self-Assessment Questionnaires to understand the labour conditions in our supply chain, including the hiring and managing of workers at project sites by our contractors
- Developing an enforcement checklist on workers' quarters in response to the enforcement of the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019
- Participating in the SUSDEX Assessment in September, which incorporated human rights clauses in active agreements and contract documents.

Going forward, we are committed to stepping up reasonable efforts to minimise and mitigate negative social impacts, including human rights, in our operations, products, services and/or business relationships.

Health and Safety

GRI 403-1, 403-2, 403-5, 403-6, 403-9, 403-10

SDP prioritises the health and safety of its people, including workers employed by its contractors, to ensure smooth daily operations. The Group aims to maintain a positive track record of zero fatalities by upholding the highest levels of health and safety in all its work sites.



We comply with all the necessary local rules and regulations that govern the construction and property industries. We acknowledge that occupational health and safety is a legal requirement under the Occupational Safety and Health Act ("OSHA") 1994 and Factories and Machinery Act ("FMA") 1967. Any non-compliance will expose the Company to legal, financial and reputational risks.

Occupational Safety and Health Policy

As a leading property developer, we are guided by the Group Occupational Safety and Health ("OSH") Policy, which outlines the SOPs that our employees and partners are expected to comply with. This includes reviewing the OSH strategies of our suppliers, contractors and subcontractors from time to time, ensuring that they conform to the following regulations:

- Occupational Safety and Health Act 1994
- Factories and Machinery Act 1967
- Construction Industry Development Board Act 1994
- SDP's OSH Requirements for Contractors.

We also work closely with independent auditors to conduct regular OSH risk-based assessments, site safety evaluation verifications and spot checks to ensure that all our project sites observe the required regulations and SOPs. In the year under review, we conducted 13 spot checks and assessments.

Responding to COVID-19

During the pandemic, we ensured that strict standard operating procedures ("SOPs") and safety measures, such as daily body temperature checks and social distancing rules, were implemented at all our Operating Units. All contractors were required to adhere to the Pandemic Management Prevention of COVID-19 Infection for Construction Activities Guideline.

We have also been monitoring contractors' compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446), which was fully enforced by the government in September 2020.

Due to the strict SOPs implemented at all our workplaces, we were able to curb the spread of COVID-19 despite several positive cases at our project sites. As of 31 December 2020, all our 64 project sites have resumed operations. The positive COVID-19 cases involved 15 employees and three contractors' workers.

Health and Safety

We progressively equip our employees with the necessary training and knowledge on HSE to protect our people and the relevant stakeholders. In 2020, we conducted four HSE training programmes for our employees, as well as contractors and consultants. Our in-house ESH E-Learning, which was conducted throughout the year, was attended by 873 employees with a 100 percent pass rate.

| Programme | Stakeholders | Objective |
|--|---|--|
| HSE E-Learning | All employees from AVP job grade category and below | To introduce HSE topics including basic HSE, legal requirements, hazards at the workplace, HSE risk management and the relevant HSE Management System. |
| Construction Safety | Operations teams and contractors' workers | To ensure OSH management at construction sites with an emphasis on effective risk mitigation controls. |
| Guidelines on Occupational Safety and Health in Construction Industry (Management) 2017 ("OSHCIM") | Contractors, designers, consultants, clients | To provide information on legal requirements related to the whole process of construction, from the planning phase to project completion. To highlight each party's roles and responsibilities in ensuring risk mitigation controls are effectively implemented at every project phase/process. |
| EQA 1974, EIA, EMP & EIA Approvals | Contractors, designers, consultants, clients | To identify the legal requirements needed for the Group's operations and risk mitigation controls at project sites to minimise negative environmental impacts, including Best Management Practices employed by industry peers. |

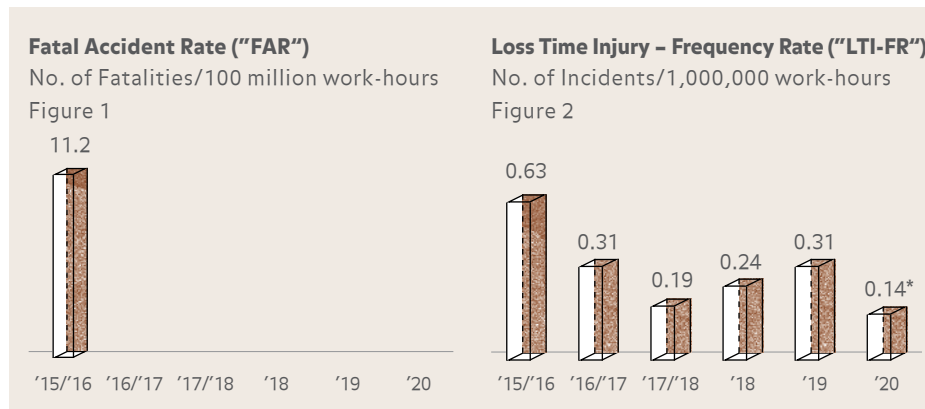
Identification of risks and hazards

Identification of risks and hazards helps to prevent injuries at the workplace and minimise risks. We identify hazards by first listing down all the activities that are expected to be conducted within the organisation. Then, we identify the steps involved in each activity before mapping the related hazards to each activity. Once the hazards are identified and risks are quantified, we ensure prioritisation is given to high risks using a hierarchy of controls as shown below. After an identified control has been approved, the activity will be reassessed with consideration of the new control in place.



OSH Performance

In 2020, we continued to maintain our track record of zero fatalities. We recorded two injuries among SDP workers due to slip and fall, and a cut, which are the most common injuries occurring at our workplace. Our Loss Time Injury – Frequency Rate ("LTI-FR") decreased by more than half from 2019 to 2020 due to closure of operations during the pandemic, which naturally reduced the likelihood of any incidents occurring.

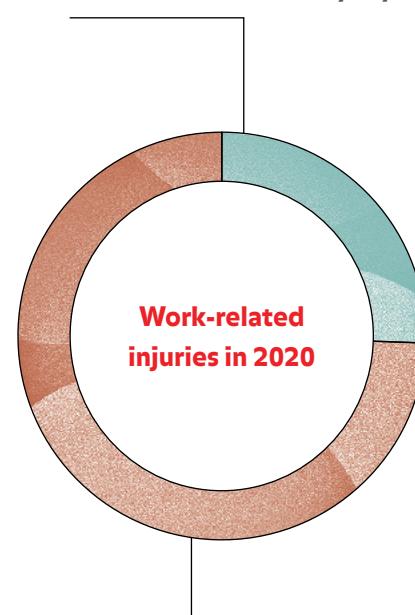


Note: Total number of hours worked denominator used for the calculation of LTI-FR is based on the estimation of total number of employees x 22 days x 8 hours (for employees) and the actual hours submitted by contractors and vendors (non-employees). Loss Time Injury incidents reported were from SDP HQ and Hospitality and Leisure operations – one (1) incident from TPC KL.

* The data has been externally assured. Please refer to the Independent Assurance Report on pages 92 to 94.

Employees

Number: 2
Rate: 0.55
Number of hours worked: **3,641,664**



Non-Employees

Number: 5
Rate: 0.47
Number of hours worked: **10,589,618**

Upholding Good Governance and Economic Sustainability



Sime Darby Property's Prosperity sphere involves tracking and measuring the financial and economic impacts of our business activities. These could be in the form of salaries for employees, procurement spending, job creation and ways we support the nation, especially in improving home ownership through affordable properties. Beyond that, we strive to uphold good governance, which is key to sustainable business growth. Our zero tolerance for corruption helps to instil integrity, a core value of the Group.

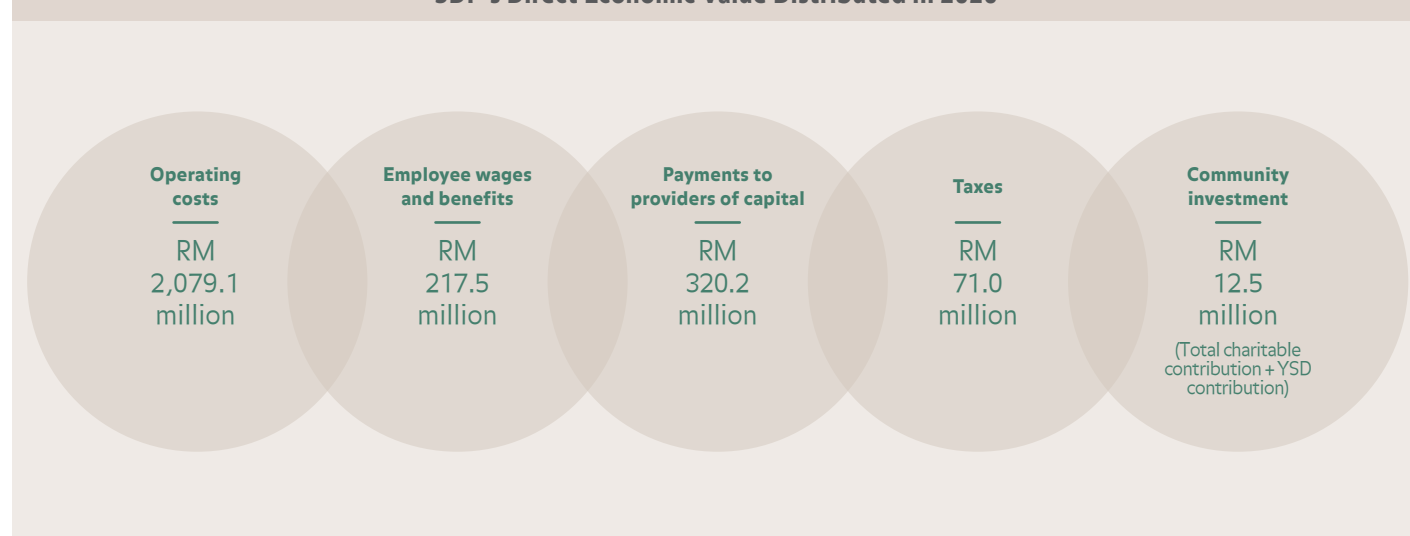
In support of Malaysia's Shared Prosperity Vision 2030 and the UN SDGs' principle of 'Leaving No One Behind' in the development process, we are committed to helping all those who need a hand. The pursuit of growth and prosperity should be shared with the stakeholders who work with and support us.

Economic Injection

GRI 102-9, 201-1, 202-2, 203-1, 203-2, 204-1

We are proud to play our role as a significant contributor to the economy, especially in the context of supporting an expansive value chain across our three core businesses, which also helps to create employment opportunities. Through our projects, we distribute financial value in the form of salaries, payments to vendors, government taxes and contributions to ESG causes.

SDP's Direct Economic Value Distributed in 2020



Procurement

Procurement is a key business activity in SDP. Our procurement budget often accounts for a large percentage of the Group's costs and drives the Group's business performance.

All vendors who are interested in conducting business with SDP are required to register their companies via our online vendor registration platform, which is available on our corporate website. Vendors are required to provide accurate and complete information and documents during the registration process. They are also required to read, understand and comply with SDP's COBC by signing the Vendor's Letter of Declaration ("VLOD"). This has, since February 2021, been further supplemented by a new Vendor Code of Business Conduct and declaration instrument. This is to ensure the vendors

will adhere to SDP's standards of behaviour and business ethics when working with, providing goods/services or entering into business transactions with SDP. Vendors are also required to sign the Vendor Integrity Pledge ("VIP"), which requires all registered vendors to uphold the highest level of integrity throughout their procurement or business contracts with the Group.

Our procurement activities are guided by our Group Procurement Policies & Authorities ("GPPA"), which ensure all procurement activities are governed by best practices with integrity and transparency. This also enhances the procurement process efficiency and the Company's capabilities.

Our vendors are categorised into four groups:

| Contractors (construction) | Consultants (construction) | Suppliers (construction) | Non-Construction Vendors |
|-------------------------------|-------------------------------|-----------------------------|--------------------------|
|-------------------------------|-------------------------------|-----------------------------|--------------------------|

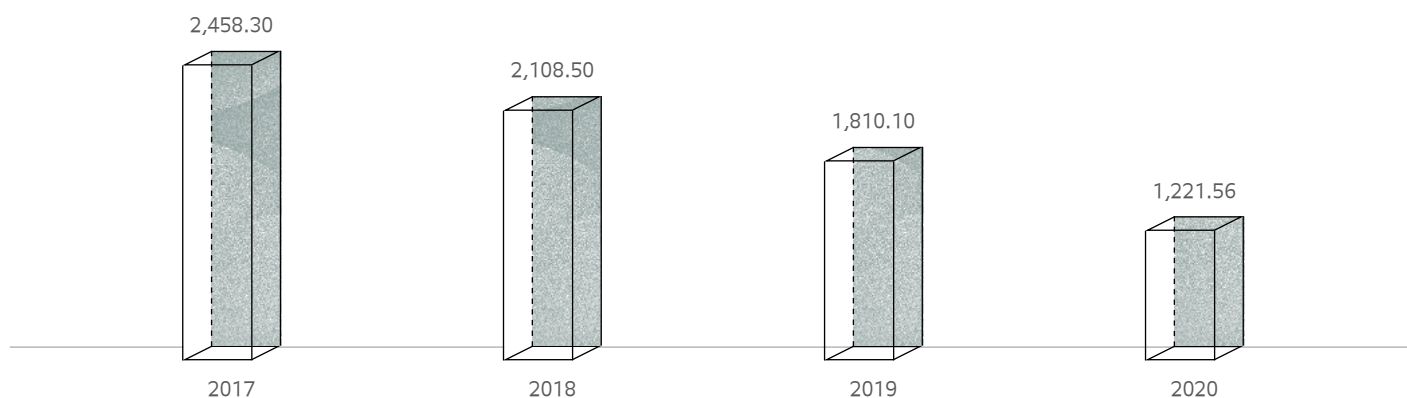
As at December 2020, we had 2,873 registered vendors, of whom the majority were local and from across Malaysia.

Economic Injection

Supporting Local Suppliers

We support local industries by engaging local vendors and contractors in most of our projects. 'Local' refers to vendors and contractors whose registered businesses are located within Malaysia. Supporting local suppliers can indirectly increase our contribution to the local economy and enable us to maintain good relations with the local communities. Our total economic injection to our contractors and vendors in 2020 stood at RM1,221,560,000, a 32.5 percent reduction compared to the previous year due to slower economic activity and delayed projects as a result of pandemic-related movement restrictions. However, we awarded 99 percent of our contracts to local companies and vendors, surpassing our target of 90 percent, which is in Goal 1 of our 2030 Sustainability Goals. In terms of job creation, an estimated 2,471 jobs were created as of December 2020 through our commercial developments.

Yearly Procurement Spend (RM mil)



| Type | Total built-up area (sq ft) | Estimated area occupied by personnel (sq ft) | Jobs created (Total built-up/ estimated area occupied) |
|-------------------------------------|-----------------------------|--|--|
| Office | 42,000 | 150 | 280 |
| Shops | 438,210 | 200 | 2,191 |
| Total Estimated Jobs Created | | | 2,471 |

With the pandemic disrupting economic activity for a prolonged period of time, small businesses have found it difficult to stay afloat, with cash flows drying up for many small and medium enterprises ("SMEs"). Hence, we took a proactive approach to extend a helping hand to the entire ecosystem of businesses that we rely on and reduce their economic burden by speeding up our payment process, especially for payments meant for SMEs.

Our payment process was accelerated from verification and approval to release of payments, to within 14 days, compared with our standard payment terms of 30 days, which helped our SME partners sustain their businesses during a very challenging time.

Economic Injection

True Cost of Business

The use of conventional methods to measure the impact of ESG initiatives may not be able to capture the impact of these initiatives from a financial viewpoint. In 2020, for the first time, the Group tabulated the total direct costs of implementing ESG initiatives using a simple cost-based approach. As we explore methodological options to more accurately determine ESG-related direct and indirect expenditure, more data on this subject will be disclosed.

Throughout the year, the Group contributed to various social and environmental programmes and initiatives as detailed in the preceding chapters, including a special allocation that was used in efforts to combat the pandemic. These contributions delivered ESG value to stakeholders and demonstrated our commitment to holistic value creation. We also included costs for legal compliance, as well as corporate social responsibility ("CSR") contributions, in the total contributions.

Estimated ESG Investment in 2020

| Element | Environment | Social | Governance |
|---------------------------|--|---|--|
| SCOPE | EIA, EMP (env. audit monitoring), Landscaping (in-phase & public), Erosion & Sediment Control, Flood Management, IWSS/ Water Reticulation, Road Safety/Energy Efficiency Infra, Waste Disposal, Product Solar PV, Rainwater Harvesting, Green Certification, CDP, IBS, Residential Product Insulation, Water-Saving Fittings | Quality, Environment, Safety & Health, CSR, Community Investment & Partnership, Commercial-related Donations, Employee Training & Development, Statutory Housing, Yayasan Sime Darby Contribution | External Audit for Eco-Eff & LTI Data, Disclosure, 3rd Party Sustainability Advisory |
| TOTAL COST (RM) | 189,256,203.59 | 70,398,486.80 | 543,320 |
| OVERALL TOTAL (RM) | 260,203,010.39 | | |

Note: Certain costs and estimates were based on assumptions.

Corruption Risk & Integrity

GRI 102-17, 205-1, 205-2, 205-3

Stakeholders are encouraged to read this section together with the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in SDP's Annual Report 2020 on pages 150 to 191 and 214 to 221, respectively.

Corruption Risk & Integrity

We at SDP believe that our achievement and sustainable long-term growth must be built on and achieved from a foundation of good governance, supported by good values and work ethics of our employees. A sound foundation in governance will allow us to manage, respond to and weather the continuous changes impacting our operations.

The Group is committed to upholding and complying with all applicable laws and regulations in our area of operations, which include, but are not limited to, applicable anti-corruption laws and regulations. The Group has a 'zero tolerance' stance against bribery and corruption and will take the necessary and appropriate actions to deal with violations of this policy, which include, but are not limited to, disciplinary and/or termination action (for employees), termination of contracts (for counterparties) and/or lodging reports to the relevant authorities (employees and counterparties).

The Group recognises that corruption risk cannot be fully mitigated (or prevented and detected) due to the inherent concealed nature of the act itself. However, the Group strives to minimise, and where possible, reduce the opportunities for its occurrence through active management of corruption risk. The Group has put in place various frameworks, policies and guidelines to support the implementation of anti-corruption measures and the mitigation of bribery risks, which include, but are not limited to:

- The Group Compliance Framework and its related Compliance Policy, which set out the responsibilities, roles, expectations, and compliance requirements.
- The Group Enterprise Risk Management ("ERM") Framework and related risk policies, which assist in the identification of compliance-related risk for the Group. In relation to corruption risk, a corruption risk assessment process is in place to support the identification and management of corruption risk. A Group-wide corruption risk assessment (for our Malaysian operations) was conducted where key material corruption risk areas and their mitigation plans were identified for monitoring and management purposes. Both the framework and corruption risk assessment process are aligned with the guidance provided by ISO 31000: 2018 Risk Management.
- The Group's Anti-Bribery Management System Manual ("ABMSM"), which sets out the Group's strategy, objectives, structure, roles and responsibilities, key principles and operational processes in managing the Group's exposure to bribery and corruption risks in its business operations and environment. The ABMSM is aligned with ISO 37001:2016 Anti Bribery Management System and the Guidelines on Adequate Procedures pursuant to subsection 5 of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 issued by the Prime Minister's Department of Malaysia.
- Various anti-bribery and corruption policies that are articulated in the Group's Code of Business Conduct, Anti-Bribery Policy, Gift, Entertainment and Travel Policy, Conflict of Interest Policy, Sponsorship & Donation Policy, Whistleblowing Policy and Anti-Money Laundering Policy.
- Financial and non-financial controls such as, but not limited to, segregation of duties, limits of authority, procurement policies, due diligence requirements, management reviews of significant transactions and independent internal and external audits.

To guide our employees in upholding good business ethics and integrity, we have in place the following instruments, which are summarised on our corporate website:



Code of Business Conduct



Anti-Bribery & Corruption Policy



Gift, Entertainment & Travel Policy



Conflict of Interest Policy



Sponsorship & Donation Policy



Whistleblowing Policy



Anti-Money Laundering Policy



For more information about our Group governance framework and Group policies, please visit <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.



For more information about the Group Enterprise Risk Management Framework, please refer to page 216 in SDP's AR2020.

Corruption Risk & Integrity



Embedding a Culture of Integrity

Integrity is one of our PRIME core values and forms part of our corporate culture. To embed a culture of integrity in our employees, as well as in external stakeholders, especially vendors and suppliers, we rolled out several initiatives in 2020:

- Introduced and implemented the Vendor COBC and VIP to provide clarity on our expectations of the behaviour and conduct of the Group's business partners, vendors and suppliers. The Vendor COBC provides guidance to our counterparties on the required standards of behaviour, which include ethical practices, when working with, providing goods/services to or entering into business transactions with the Group.
- Introduced and implemented the Employee Integrity Pledge as part of the Anti-Bribery Management Programme.
- Conducted and completed anti-bribery and corruption training for all employees of the Group.
- Introduced the 'Anti-Bribery & Corruption Learning Series', which involves periodic email communications to increase employees' awareness and knowledge of anti-bribery and corruption requirements, as well as related policies and processes.
- Introduced and implemented the Annual Compliance & Integrity Pledge as an annual attestation by employees of their compliance with all laws and regulations and the Group's policies and procedures, including the COBC.

We also constantly communicate the Anti-Bribery and Corruption Policy and related programmes to all employees via email, our internal messaging system SharePoint and our corporate website.

To further drive integrity among our stakeholders, we have in place a Whistleblowing Policy as a grievance mechanism to allow anyone to report or raise genuine concerns on any misconduct without fear of retaliation and intimidation. In 2020, there were no proven bribery and corruption cases reported in the Group.

Data and Cyber Security

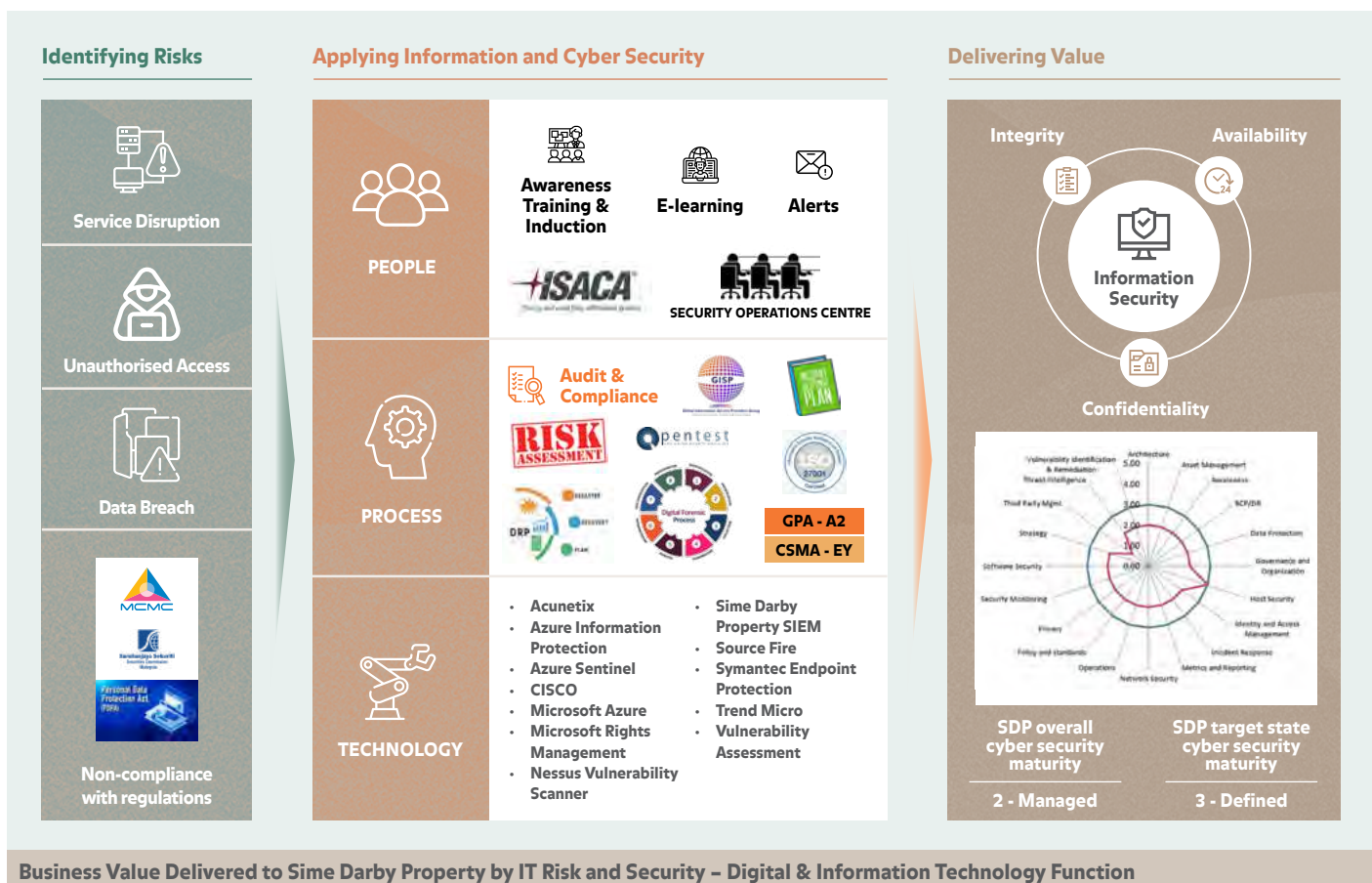
GRI 418-1

Digital technology drives a majority of our business processes and activities, and with the advent of Industrial Revolution 4.0, our systems are even more interconnected. While technology makes our operations more efficient, it also exposes the Group to safety and security risks. These risks encompass data and cyber security threats, and it is in our best interest to constantly improve our capabilities to manage and mitigate these threats.

We enhance our information technology capabilities through robust policies and procedures that are governed by the Risk Management Committee and Technology Innovation Committee. Our cyber security remains guided by our Group Policy and Authority A2 – Information Technology and Group Information Security Policy (“GISP”).

The Group is also committed to continually updating and upgrading infrastructure and processes while building awareness and capacity within the organisation. To strengthen our security measures, we conduct an annual security posture assessment and engage an external consultant to assess our overall cyber security maturity to evaluate the health of our data infrastructure and security systems. We constantly increase awareness on cyber security through regular email updates on emerging trends, e-learning modules for our employees and ensuring thorough daily monitoring. As a result, we recorded zero reported cyber security violations in 2020.

We aim to maintain our record of zero violations in 2021 and will remain vigilant in protecting our customers’ data and privacy while adhering to IT security standards.



Our Foray into Sustainability Financing

GRI 203-1

At Sime Darby Property, our sustainability journey involves more than just carrying out CSR initiatives and conserving the environment. Ensuring financial resilience is integral to the Group's sustainable business growth while creating long-lasting positive impacts on the community. Aiming to uphold the ideal that no one is left behind also drives the Company. In 2020, we activated our Sukuk Musharakah Programme to generate funds for current and future projects which will include those that are aligned with our 2030 Sustainability Goals and the UN SDGs.

ASEAN Sustainability SRI Sukuk Musharakah

Part of SDP's RM4.5 billion Sukuk Musharakah Programme.
SDP issued RM800 million sukuk in December 2020:

RM **150** MILLION
(ASEAN Sustainability SRI
Sukuk Musharakah)

RM **500** MILLION
with a
7-year tenor

RM **150** MILLION
with a
10-year tenor

The Sukuk Musharakah Programme is an Islamic medium-term note programme developed based on the Shariah principle of Musharakah. Utilisation of funds under the Sukuk Musharakah Programme shall be Shariah-compliant. The Sukuk Musharakah Programme was novated from Sime Darby Berhad ("SDB") as part of SDB Group's restructuring exercise effective 29 September 2017. SDP may issue Sukuk Musharakah which is in compliance with Sustainability Guidelines/Frameworks ("ASEAN Sustainability SRI Sukuk Musharakah").

The Sukuk Musharakah Programme is rated 'AA+' by Malaysian Rating Corporation Berhad ("MARC"), reflecting SDP's well-established position as a leading township developer with its sizeable landbank in key population growth areas, its steady sales performance with an overall take-up rate for ongoing projects at 88 percent (as at 14 February 2021) and unbilled sales of RM1.6 billion as at 31 December 2020, reflecting a healthy market position.

Guided by SDP's Sustainability Sukuk Framework, which adheres to local and regional Sukuk guidelines and principles, the ASEAN Sustainability SRI Sukuk Musharakah is aimed at accelerating SDP's efforts towards achieving SDP's 2030 Sustainability Goals and the UN SDGs.



Our Foray into Sustainability Financing

The proceeds of the SRI Sustainability Sukuk Musharakah Programme that are allocated to green, social or sustainability projects fund the Group's working capital requirements, operating expenses and other expenses that fall within the following five categories set out in the framework:

- Pollution Prevention and Control
- Terrestrial and Aquatic Biodiversity Conservation
- Energy Efficiency and Climate Action
- Affordable Housing, and
- Socioeconomic Advancement and Empowerment.

SDP successfully made its first issuance of RM800 million Sukuk Musharakah in December 2020, out of which RM150 million with a tenor of five years is ASEAN Sustainability SRI Sukuk Musharakah.

The first tranche in December 2020 covered five projects comprising two affordable housing developments, an educational centre, a nursery to grow IUCN Red List trees and an inclusive playground. These projects, which have all been completed, were aligned with seven SDP 2030 Sustainability Goals. The table below illustrates the impact summary of the funded Eligible Assets as at December 2020.

2020 Sustainable & Responsible Investment ("SRI") Sukuk Impact Summary

| No . | Description of Eligible Assets | Township/ Location of Eligible Assets/ Projects | SDP 2030 Sustainability Goal | Date of Addition or Substitution of Eligible Assets to Portfolio | Amount Allocated to Eligible Assets (RM) | Type of Utilisation (New Project / Refinancing) | Purpose of Eligible Assets/ Projects |
|-----------------------------|--|---|------------------------------|--|--|---|--|
| 1 | Affordable Housing Phase A2 (Serenia City) | Serenia City | SDP Goal 6 | 3-Dec-20 | 100,000,000 | Refinancing | Affordable Housing |
| 2 | Affordable Housing Phase 17B (Serunai) | Bandar Bukit Raja | SDP Goal 6 | 3-Dec-20 | 46,700,000 | Refinancing | Affordable Housing |
| 3 | Elmina Rainforest Knowledge Centre | City of Elmina | SDP Goal 7, 15, 16 | 3-Dec-20 | 1,800,000 | Refinancing | Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Climate Action |
| 4 | UNICEF Inclusive Playground (Central Park) | City of Elmina | SDP Goal 8, 10 | 3-Dec-20 | 700,000 | Refinancing | Socioeconomic Advancement and Empowerment |
| 5 | ELCN to grow IUCN Red List Trees at Central Park | City of Elmina | SDP Goal 15, 16 | 3-Dec-20 | 800,000 | Refinancing | Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Climate Action |
| Total: RM150,000,000 | | | | | | | |



For more information on SDP's Sustainability Sukuk Framework and the Sustainability Sukuk Framework Impact Assessment Report, please visit <https://www.simedarbyproperty.com/sustainability>

Our Foray into Sustainability Financing

Established in 2020, SDP's Sustainability Sukuk Framework governs the use and management of the SRI Sustainability Sukuk Musharakah Programme's proceeds, project evaluation and selection and reporting. Developed in line with SDP's 2030 Sustainability Goals and the UN SDGs, the framework will remain guided by local and international frameworks or standards related to SRI Sukuk, sustainability and social or green bonds, as amended from time to time. MARC has also assigned a 'Gold' rating to SDP's Sustainability Sukuk Framework, demonstrating the positive environmental and social impacts of the projects funded by SDP's Sukuk Musharakah Programme.



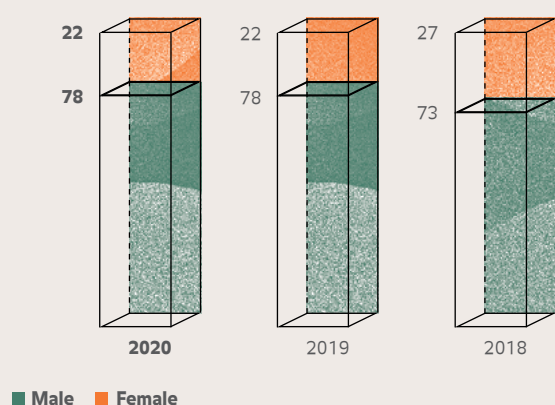
| Status of Eligible Assets/ Projects | Sustainability Impact |
|-------------------------------------|---|
| Completed | <ul style="list-style-type: none"> 302 Double-Storey Link Houses ("DSLH") completed, measuring 20'x75' with 4 bedrooms per unit 1,208 residents (assuming 4 residents per unit) estimated to benefit from this affordable housing phase |
| Completed | <ul style="list-style-type: none"> 570 strata units completed. 120 units of 900 sq.ft (Type C2) and 450 units of 1,000 sq.ft (Type D), both types with 3 bedrooms 2,280 residents/570 families (assuming 4 residents per unit) estimated to benefit, after handover scheduled in January/February 2021 Homes were reserved for families with household monthly income below RM10,000 |
| Completed | <ul style="list-style-type: none"> Up to 5,000 people/children and up to 8 schools estimated to be engaged in rainforest programmes in 2021 |
| Completed | <ul style="list-style-type: none"> 13 inclusive playground features to benefit children with and without disabilities playing together as equals An open-source UNICEF/SDP Inclusive Playground Toolkit/guideline in development Potential for key inclusive playground design principles to be replicated in future playgrounds built by SDP and other property developers |
| Completed | <ul style="list-style-type: none"> Total ELCN area of 2.5 acres (present size) defined ELCN current capacity of 3,000 to 5,000 IUCN Red List rainforest trees (depending on tree size) and 5,800 IUCN seedlings Growing stock of IUCN Red List saplings A total of 5,000 trees are expected to be planted at ELCN by August 2021 Up to 5 nursery trainees to be hired from the local community Up to a minimum of 30,000 IUCN Red List trees to be supplied across SDP Townships and for other biodiversity conservation purposes by 2030 |

Performance Metrics

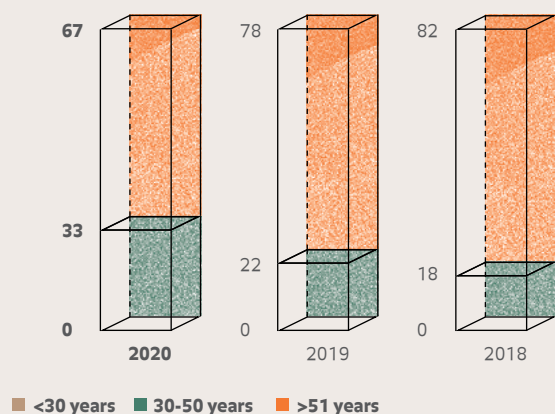
People

GRI 202-2, 401-1, 401-3, 403-9, 403-10, 404-1, 404-3, 405-1, 405-2

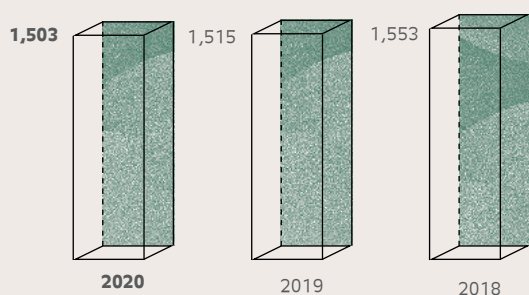
Percentage of Board Members by Gender (%)



Percentage of Board Members by Age Group (%)

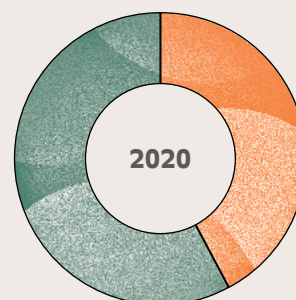


Total No. of Employees



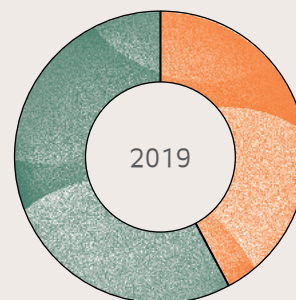
Employee Breakdown by Gender

Male:
866
(58%)



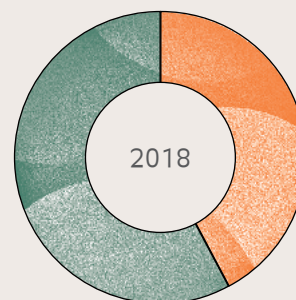
Female:
637
(42%)

Male:
880
(58%)



Female:
635
(42%)

Male:
900
(58%)

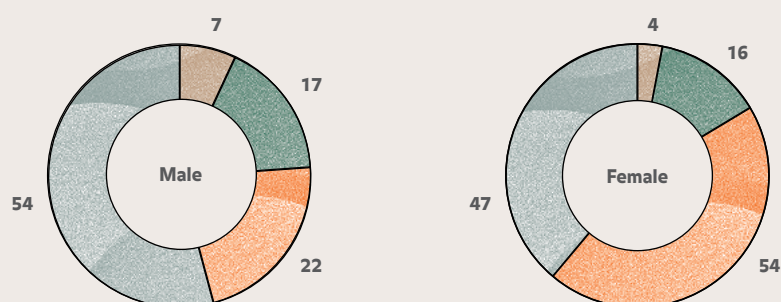


Female:
653
(42%)

Performance Metrics

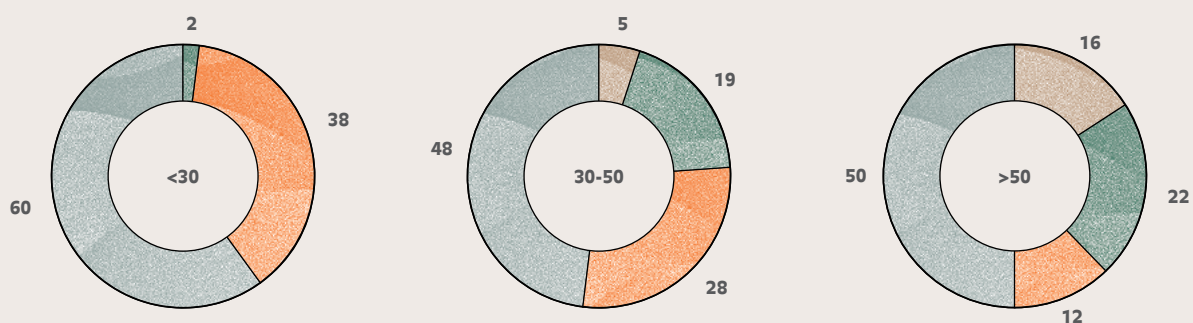
Percentage of Employees per Employee Category in Each of the Following Diversity Categories for 2020:

By Gender (%)



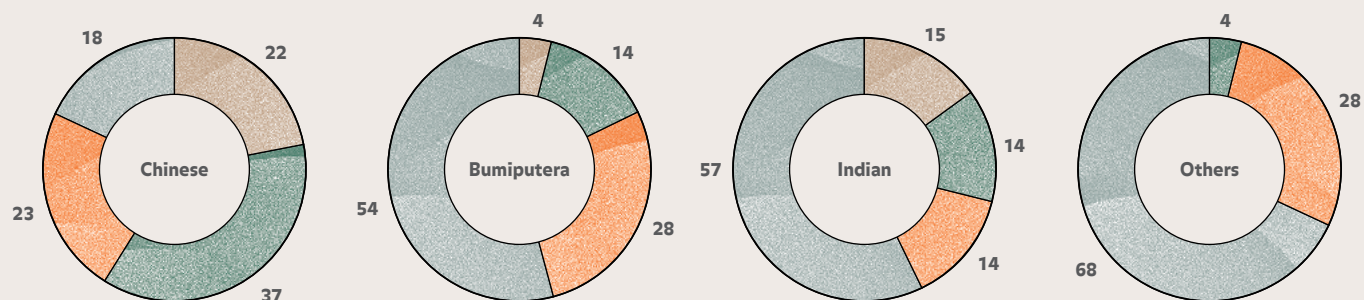
■ Senior Management (VP II & Above)
 ■ Middle Management (AVP 1 & Above)
 ■ Junior Management (SE & E)
 ■ Non-Management

By Age Group (%)



■ Senior Management (VP II & Above)
 ■ Middle Management (AVP 1 & Above)
 ■ Junior Management (SE & E)
 ■ Non-Management

By Ethnicity (%)



■ Senior Management (VP II & Above)
 ■ Middle Management (AVP 1 & Above)
 ■ Junior Management (SE & E)
 ■ Non-Management

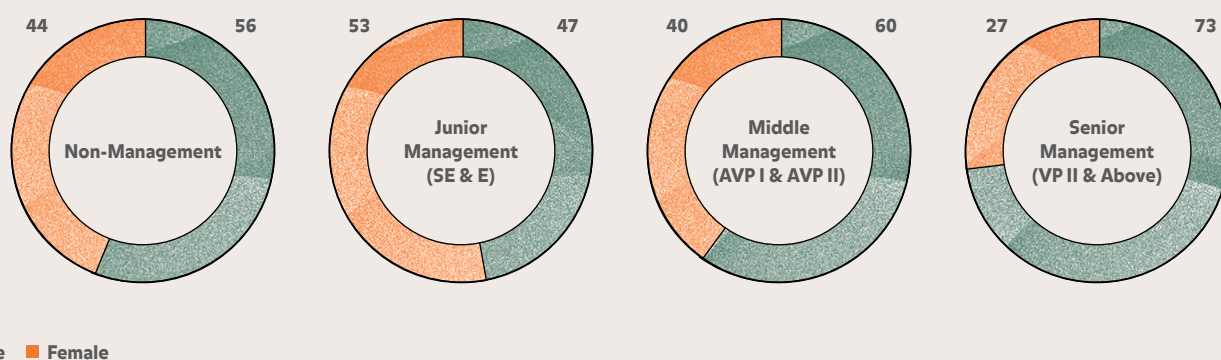
Performance Metrics

People

Percentage of Senior Management hired from local community: **99%**

'Local' refers to the community within the country of our operations.

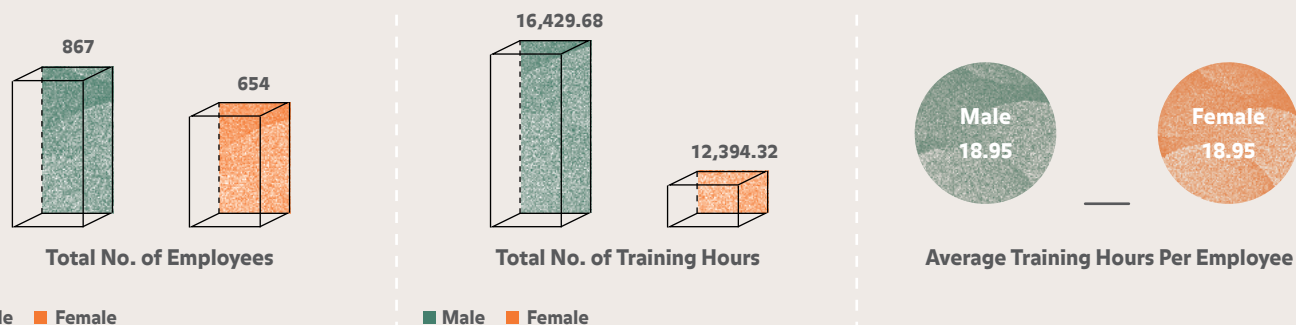
Ratio of Basic Salary and Remuneration of Women to Men for Each Employee Category in Malaysia for 2020



Average Training Hours Per Year Per Employee for 2020

Total Training Hours: **28,824 Hours**

By Gender



By Employee Category

| Employee Category | Total No. of Employees | Total No. of Training Hours | Average Training Hours Per Employee |
|------------------------------------|------------------------|-----------------------------|-------------------------------------|
| Non-Management | 761 | 13,835.52 | 18.18 |
| Junior Management (SE & E) | 405 | 8,070.72 | 19.92 |
| Middle Management (AVP I & AVP II) | 247 | 5,188.32 | 21.26 |
| Senior Management (VP II & Above) | 90 | 1,729.44 | 19.22 |

Performance Metrics

Percentage of Employees Receiving Regular Performance and Career Development Reviews for 2020

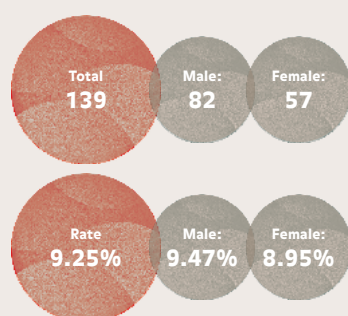
By Gender

| | Male | Female |
|---|------|--------|
| Total No. of Employees | 866 | 637 |
| No. of Employees Who Received Performance and Career Development Reviews | 866 | 637 |
| Percentage of Employees Who Received Performance and Career Development Reviews | 100% | 100% |

By Employee Category

| Employee Category | Total No. of Employees | No. of Employees Who Received Performance and Career Development Reviews | Percentage of Employees Who Received Performance and Career Development Reviews |
|------------------------------------|------------------------|--|---|
| Non-Management | 761 | 761 | 100% |
| Junior Management (SE & E) | 405 | 405 | 100% |
| Middle Management (AVP I & AVP II) | 247 | 247 | 100% |
| Senior Management (VP II & Above) | 90 | 90 | 100% |

New Employee Hires for 2020



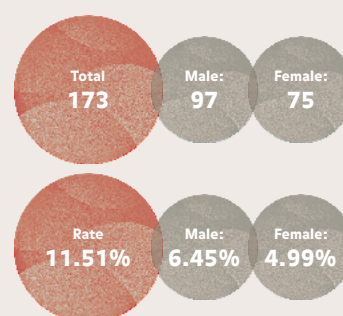
Number of new employee hires by age group:

| | | |
|-----------------------------|-------------------------------|-----------------------|
| 59 — <30 years | 69 — 30-50 years | 11 — >50 |
|-----------------------------|-------------------------------|-----------------------|

New hires rate by age group:

| | | |
|---------------------------------|----------------------------------|--------------------------|
| 21.93% — <30 years | 7.96% — 30-50 years | 4.07% — >50 |
|---------------------------------|----------------------------------|--------------------------|

Turnover of Employees for 2020



Employee turnover numbers by age group:

| | | |
|-----------------------------|--------------------------------|-----------------------|
| 35 — <30 years | 125 — 30-50 years | 13 — >50 |
|-----------------------------|--------------------------------|-----------------------|

Turnover rate by age group:

| | | |
|---------------------------------|-----------------------------------|--------------------------|
| 13.01% — <30 years | 12.97% — 30-50 years | 4.81% — >50 |
|---------------------------------|-----------------------------------|--------------------------|

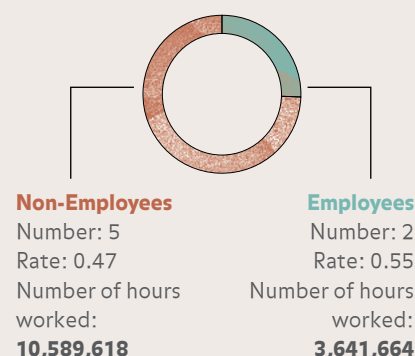
Performance Metrics

People

Parental Leave by Gender for 2020

| | Men | Women |
|---|----------------|-------|
| No. of Employees Entitled to Parental Leave | 64 | 446 |
| No. of Employees Who Took Parental Leave | 0 | 22 |
| No. Employees Who Returned to Work After Parental Leave Ended | Not Applicable | 22 |
| No. of Employees Who Returned to Work After Parental Leave Ended and Were Still Employed 12 Months After Their Return to Work | Not Applicable | 22 |
| Return to Work Rate | Not Applicable | 100% |
| Retention Rate | Not Applicable | 100% |

Work-related Injuries in 2020



Occupational Health and Safety Performance

2016

Last Fatal Accident Recorded

5 Years

Since Last Fatal Accident

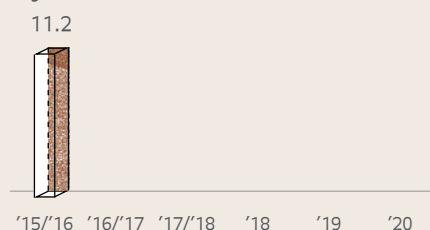
2020

0 Fatal Accidents



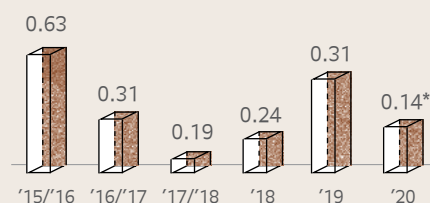
Fatal Accident Rate ("FAR")

No. of Fatalities/100 million work-hours
Figure 1



Loss Time Injury – Frequency Rate ("LTI-FR")

No. of Incidents/1,000,000 work-hours
Figure 2



Note: Total number of hours worked denominator used for the calculation of LTI-FR is based on the estimation of total number of employees x 22 days x 8 hours (for employees) and the actual hours submitted by contractors and vendors (non-employees). Loss Time Injury incidents reported were from SDP HQ and Hospitality and Leisure operations – one (1) incident from TPC KL.

* The data has been externally assured. Please refer to the Independent Assurance Report on pages 92 to 94.

Planet

GRI 302-1, 302-3, 302-4, 303-3, 303-5, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-5

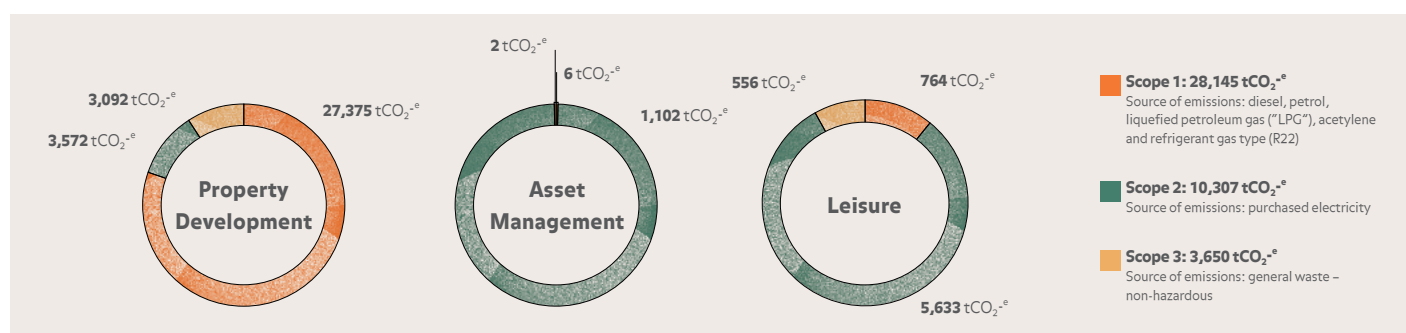
CARBON EMISSIONS

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Total Carbon Emissions (tCO ₂ -e) | 45,667 | 51,860 | 47,134 | 76,023 | 69,105 | 37,324 | 49,700 | 55,768 | 37,666 | 35,801 | 38,452* |
| Result – Property Development Carbon Intensity (tCO ₂ -e/m ²) | 0.0150 | 0.0070 | 0.0120 | 0.0330 | 0.0170 | 0.0300 | 0.0720 | 0.0165 | 0.0300 | 0.0200 | 0.0034 |
| Reduction Target – Property Development Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.0720 | 0.0716 | 0.0702 | 0.0702 | 0.0698 |
| Result – Asset Management Carbon Intensity (tCO ₂ -e/m ²) | 0.0500 | 0.0470 | 0.0380 | 0.0530 | 0.0490 | 0.0460 | 0.0150 | 0.0500 | 0.0200 | 0.0200 | 0.0143 |
| Reduction Target – Asset Management Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.0150 | 0.0149 | 0.0146 | 0.0146 | 0.0146 |
| Result – Leisure Carbon Intensity (tCO ₂ -e/m ²) | 0.1330 | 0.1420 | 0.1370 | 0.2090 | 0.1760 | 0.1600 | 0.1980 | 0.1710 | 0.1500 | 0.1300 | 0.0899 |
| Reduction Target – Leisure Carbon Intensity (tCO ₂ -e/m ²) | | | | | | | 0.1980 | 0.1970 | 0.1931 | 0.1931 | 0.9121 |

* Total carbon emissions have as been externally assured. Please refer to the Independent Assurance Report on pages 92 to 94.

Performance Metrics

Breakdown of Carbon Emissions by Business Segment for 2020



Energy Consumption Under Scope 1

| Total Energy Consumed (In Multiples) | Township Development | Integrated Development | Leisure | Asset Management |
|--------------------------------------|----------------------|------------------------|------------|------------------|
| LPG | 800.06 | 0 | 196,269.32 | 0 |
| Diesel (litre) | 9,830,718.08 | 244,696.72 | 77,160.79 | 328.73 |
| Gasoline (litre) | 86,967.09 | 1,125 | 72,699.20 | 2,396.67 |

Breakdown of Source of Emissions for Scope 1

| | Township Development | Integrated Development | Leisure | Asset Management |
|--|----------------------|------------------------|-------------------|------------------|
| LPG | 1,292.762354 | 0 | 317,137.16 | 0 |
| Diesel | 26,511,157.98 | 65,9589.74 | 208,328.26 | 889.27 |
| Gasoline | 199,304.32 | 2,612.18 | 166,832.31 | 5,503.05 |
| Acetylene | 0 | 0 | 60 | 0 |
| Refrigerant Gas Type (R22) | 0 | 0 | 71810 | 0 |
| Total Scope 1 Emissions (kg CO₂) | 26,711,755.06 | 662,201.92 | 764,107.73 | 6,392.32 |

Breakdown of Source of Emissions for Scope 2

| | Township Development | Integrated Development | Leisure | Asset Management |
|--|----------------------|------------------------|---------------------|---------------------|
| Purchased Electricity Utilised (KWh) | 2,816,758.20 | 2,003,566.53 | 7,602,082 | 1,487,281.79 |
| Emissions Factor | 0.741 | 0.741 | 0.741 | 0.741 |
| Total Scope 2 Emissions (kg CO₂) | 2,087,217.82 | 1,484,642.80 | 5,633,142.76 | 1,102,075.81 |

Breakdown of Source of Emissions for Scope 3

| | Township Development | Integrated Development | Leisure | Asset Management |
|--|----------------------|------------------------|----------------|------------------|
| General Waste (Landfill) | 2,354,190 | 737,734 | 555,616 | 2,224 |
| Total Scope 3 Emissions (kg CO₂) | 2,354,190 | 737,734 | 555,616 | 2,224 |

Performance Metrics

Planet

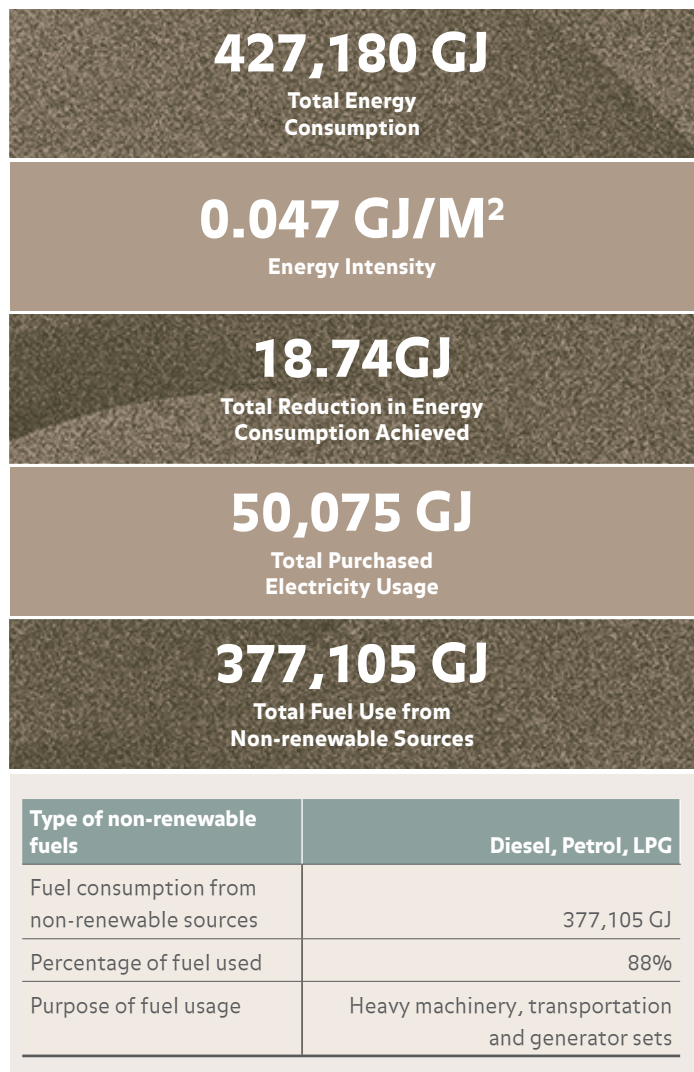
CARBON EMISSIONS

Total Carbon Emissions by Business Segment from 2016 to 2020 (tCO₂-e)

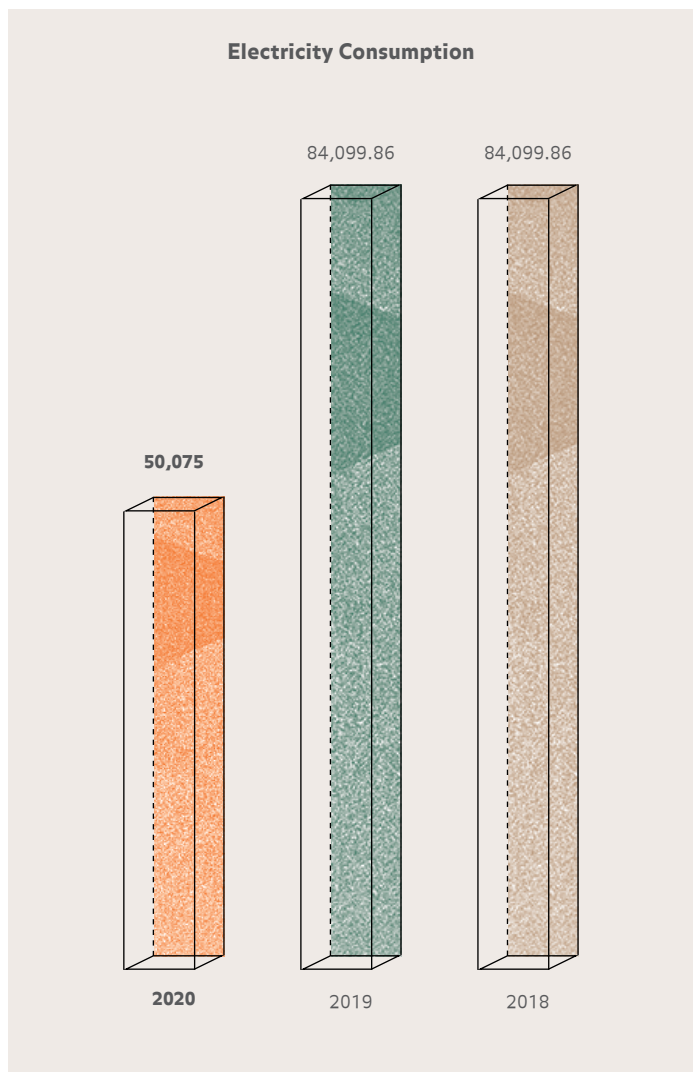
| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------|-----------|-----------|-----------|-----------|
| Asset Management | 8,245.08 | 6,851.78 | 1,744.15 | 1,361.97 | 1,108.47 |
| Leisure | 11,990.31 | 12,417.30 | 14,626.85 | 9,014.76 | 6,397.31 |
| Property Development – Infrastructure Works | 21,696.31 | 23,901.96 | 9,834.77 | 15,486.45 | 22,614.85 |
| Property Development – Building Works | 7,768.76 | 12,597.25 | 11,460.70 | 9,938.18 | 8,330.99 |

Source of GHG emissions calculations: GHG Protocol Calculation Tools – Emission factors from cross sector tools (March 2017) and the Intergovernmental Panel on Climate Change (“IPCC”) guidelines.

Energy Consumption for 2020



Purchased Electricity from 2018 to 2020 (GJ)



Performance Metrics

WATER CONSUMPTION

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------|-----------|---------|---------|----------|
| Total Withdrawal of Potable Water | 1,164,28 | 1,077,114 | 551,550 | 587,175 | 612,830* |
| Water Intensity Baseline 2016 (m ³ /m ²) | 0.618 | 0.618 | 0.618 | 0.618 | 0.618 |
| Water Intensity Result (m ³ /m ²) | 0.618 | 0.686 | 0.954 | 0.604 | 0.068 |
| Water Intensity Reduction Target (m ³ /m ²) | 0.618 | 0.612 | 0.606 | 0.587 | 0.587 |

* Total potable water data has been externally assured. Kindly refer to the Independent Assurance Report on pages 92 to 94.

WASTE GENERATION

Total Waste Generation from 2016 to 2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------|--------|--------|-------|--------|
| Total Waste Generation (tonnes) | 8,465 | 10,148 | 7,005 | 4,267 | 3,980* |
| Waste Intensity Baseline 2016 (kg/m ²) | 4.490 | 4.490 | 4.490 | 4.490 | 4.490 |
| Waste Intensity (kg/m ²) | 4.490 | 6.459 | 12.118 | 4.389 | 0.440 |
| Waste Intensity Reduction Target (kg/m ²) | 4.490 | 4.445 | 4.400 | 4.266 | 4.266 |

* Total solid waste data has been externally assured. Kindly refer to the Independent Assurance Report on pages 92 to 94.

Non-Hazardous Waste Disposal for 2020



Performance Metrics

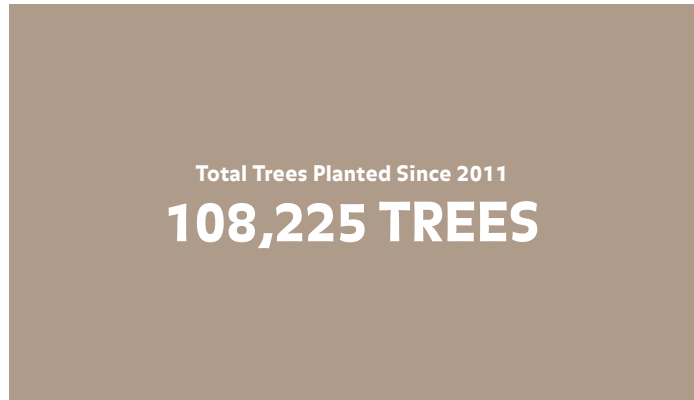
Planet

RECYCLING

Total Community Recycling Collection

| Year | Total Community Recycling Collection (tonnes) | | |
|---------------------|---|--------------------|---------------------------------|
| | Bandar Bukit Raja | Bukit Jelutong | Saujana Impian (Vista Mahogani) |
| 2016 | 12.0 | Data not available | Not started |
| 2017 | 2.1 | Data not available | Not started |
| 2018 | 0.7 | Data not available | Not started |
| 2019 | 17.2 | 108.6 | Data not available |
| 2020 | 7.2 | 29.7 | 2.5 |
| Sub-Totals (tonnes) | 39.2 | 138.3 | 2.5 |
| Total (tonnes) | 180.0 | | |

TREE-PLANTING



Performance Metrics

BIODIVERSITY INVENTORIES

| KL East | |
|-------------------------|----------------|
| Fauna | No. of species |
| Insects | 32 |
| Birds | 43 |
| Amphibians and reptiles | 20 |
| Flora | |
| Trees, herbs and shrubs | 230 |

| City of Elmina | |
|-----------------------------------|----------------|
| Bukit Cherakah Forest Reserve | |
| Fauna | No. of species |
| Birds | 65 |
| Amphibians | 21 |
| Invertebrates | 85 |
| Mammals | 25 |
| Reptiles | 31 |
| Flora | |
| Trees, palms, liana, herbs, ferns | 114 |

| Year | Additional Tree-Planting | Cumulative CO ₂ Sequestered |
|------|--------------------------|--|
| 2012 | 8,090 | 161.80 |
| 2013 | 12,161 | 566.82 |
| 2014 | 7,855 | 1,128.94 |
| 2015 | 14,498 | 1,781.02 |
| 2016 | 24,450 | 2,922.10 |
| 2017 | 6,436 | 4,191.90 |
| 2018 | 7,561 | 5,612.92 |
| 2019 | 11,529 | 7,264.52 |
| 2020 | 15,545 | 8,959.88 |

Assumptions:

1. Each tree sequestered around 0.02 tCO₂-e per year on average.
2. The amount of carbon sequestered per tree increases year-on-year, considering the growth of the trees.
3. Every five (5) years, the formula assumes up to 10,000 trees removed by the local authorities after infrastructure and park handover.

Sources:

1. Dexter B. Dombro, "How much carbon does a tropical tree sequester?", <http://www.truevaluemetrics.org/DBpdfs/Forests/Tree-Nation-Tropical-treesequestration-of-CO2>.
2. "How to calculate the amount of CO₂ sequestered in a tree per year?", https://www.unm.edu/~jbrink/365/Documents/Calculating_tree_carbon.pdf
3. "Tropical trees solution for climate change", Community Carbon Trees, <http://www.communitycarbontrees.org/climate-change-solutions>
4. "Carbon-sequestration In Sepang", Majlis Perbandaran Sepang, 2017, <http://smart.mpsepang.gov.my>
5. "Agroforestry Carbon Sequestration Rates", Green Earth Appeal, <https://greenearthappeal.org/co2-verification/>

Performance Metrics

Prosperity

GRI 203-1, 203-2, 413-1

Community Resilience for 2020

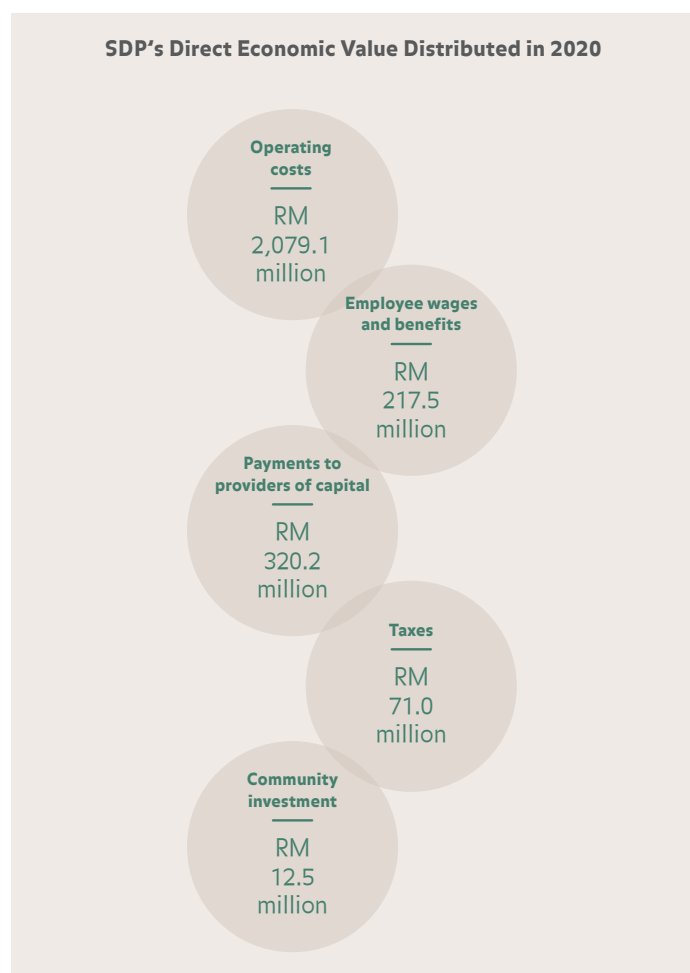


Affordable Homes for 2020



Governance and Economic Injection

GRI 201-1, 203-1, 203-2, 204-1, 205-2



Performance Metrics

Governance and Economic Injection

No. of Jobs Created

| Type | Total Built-up Area (sq ft) | Estimated area occupied by personnel (sq ft) | Jobs created (Total built-up/ estimated area occupied) |
|-------------------------------------|-----------------------------|--|--|
| Office | 42,000 | 150 | 280 |
| Shops | 438,210 | 200 | 2,191 |
| Total Estimated Jobs Created | | | 2,471 |

Estimated ESG Investment in 2020

| Element | Environment | Social | Governance |
|---------------------------|--|---|--|
| SCOPE | EIA, EMP (env. audit monitoring), Landscaping (in-phase & public), Erosion & Sediment Control, Flood Management, IWSS/ Water Reticulation, Road Safety/Energy Efficiency Infra, Waste Disposal, Product Solar PV, Rainwater Harvesting, Green Certification, CDP, IBS, Residential Product Insulation, Water-Saving Fittings | Quality, Environment, Safety & Health, CSR, Community Investment & Partnership, Commercial-related Donations, Employee Training & Development, Statutory Housing, Yayasan Sime Darby Contribution | External Audit for Eco-Eff & LTI Data, Disclosure, 3rd Party Sustainability Advisory Advices |
| TOTAL COST (RM) | 189,256,203.59 | 70,398,486.80 | 543,320 |
| OVERALL TOTAL (RM) | | | 260,203,010.39 |

Note: Certain costs and estimates were based on assumption.

771 EMPLOYEES (51.30%)

No. of Employees Completed Anti-Bribery and Corruption Training in FY2020

Global Reporting Initiative (“GRI”) Content Index

GRI 102-55

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|-----------------------------|--|-------------------|---|
| 102-1 | Name of the organisation | | Front cover, 6 |
| 102-2 | Activities, brands, products and services | | 16 - 17 |
| 102-3 | Location of headquarters | | 6, back cover |
| 102-4 | Location of operations | | 15 |
| 102-5 | Ownership and legal form | | 15 |
| 102-6 | Markets served | | 16 - 17 |
| 102-7 | Scale of the organisation | | 8, 9, 15 - 17 |
| 102-8 | Information on employees and other workers | 8 | 54 |
| 102-9 | Supply chain | 8 | 63 - 64 |
| 102-10 | Significant changes to the organisation and its supply chain | | No significant changes in FY2020. |
| 102-11 | Precautionary principle or approach | 16 | Refer to SDP’s AR 2020: Corporate Governance Overview Statement – pages 105 - 191; Statement on Risk Management and Internal Control – pages 214 - 221 |
| 102-12 | External initiatives | 17 | Carbon Disclosure Project (for Climate Change and Supplier Engagement). UN SDGs |
| 102-13 | Membership of associations | 17 | Institute of Corporate Directors Malaysia (“ICDM”) Minority Shareholders Watch Group (“MSWG”) |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | | 10 |
| 102-15 | Key impacts, risks, and opportunities | | 29 Refer to SDP’s AR2020. Pages 72 - 77 |
| Ethics and Integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | 16 | 14 Refer to SDP’s AR 2020: Corporate Governance Overview Statement – pages 105 - 191; Statement on Risk Management and Internal Control – pages 214 - 221 The Core Values and expected standards of behaviour can be referred to in the Code of Business Conduct (https://sdpcorpsecurestore1.blob.core.windows.net/sdpcorpwebsite/pdf/simedarbyproperty-cobc.pdf). |
| 102-17 | Mechanisms for advice and concerns about ethics | 16 | 53, 66, 67 Refer to SDP’s AR2020. Page 184 |
| Governance | | | |
| 102-18 | Governance structure | 16 | Refer to SDP’s AR2020. Pages 151 & 156 For Management Committees - refer to SDP’s AR2020. Pages 185 - 186 Committees responsible for decision-making on Economic, Environmental and Social topics: Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Board Tender Committee. |
| 102-19 | Delegating authority | | 21 |

Global Reporting Initiative ("GRI") Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|----------------|--|-------------------|--|
| 102-20 | Executive-level responsibility for economic, environmental and social topics | | 21 |
| 102-21 | Consulting stakeholders on economic, environmental and social topics | | 22 - 25 |
| 102-22 | Composition of the highest governance body and its committees | | Refer to SDP's AR2020. Pages 130 - 149 |
| 102-23 | Chair of the highest governance body | | The current Chairman of the Board is a Non-Independent Non-Executive Director. |
| 102-24 | Nominating and selecting the highest governance body | | Refer to SDP's AR2020. Pages 195 & 196 |
| 102-25 | Conflicts of interest | | Refer to SDP's AR2020: Audit Committee Report – pages 202 - 206; Statement of Risk Management and Internal Control – pages 214 - 221 |
| 102-26 | Role of highest governance body in setting purpose, values and strategy | 16 | 21 The Board develops the purpose and values of the Group with the assistance of Management. The Board also monitors the execution (ongoing) and reviews the strategy (annual basis). |
| 102-27 | Collective knowledge of highest governance body | | 21 Refer to SDP's AR2020. Pages 164 – 170. The NRC assesses the training needs of Directors on an annual basis, while the Company Secretarial team continuously shares the relevant external training programmes conducted by recognised / professional bodies for Directors' consideration. SDP also organises annual training programmes for Directors on trending / latest topics (recommended by the NRC) as well as industry-related training. |
| 102-28 | Evaluating the highest governance body's performance | | The NRC has engaged PricewaterhouseCoopers ("PwC") since listing in year 2017 to conduct and facilitate the Board Effectiveness Evaluation ("BEE") to evaluate the performance of the Board/Board Committees and Members of Board Committees, as well as identifying any gaps or areas for improvement where required. Refer to SDP's AR2020. Pages 160, 161, 163 & 198 |
| 102-29 | Identifying and managing economic, environmental and social impacts | | 18-19 |
| 102-30 | Effectiveness of risk management process | | Refer to SDP's AR2020: Statement on Risk Management and Internal Control – pages 214 - 221 |
| 102-31 | Review of economic, environmental and social topics | | 21 Refer to https://www.simedarbyproperty.com/sustainability/sustainabilityapproach |
| 102-32 | Highest governance body's role in sustainability reporting | | 21 |
| 102-33 | Communicating critical concerns | | Refer to SDP's AR2020. Pages 180 - 181 |

Global Reporting Initiative (“GRI”) Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|-------------------------------|--|-------------------|--|
| 102-34 | Nature and total number of critical concerns | | Refer to SDP’s AR2020. Pages 180 - 181 |
| 102-35 | Remuneration policies | | Refer to SDP’s AR2020. Pages 180 - 181 |
| 102-36 | Process for determining remuneration | | <p>The NRC, on an annual basis before the AGM of the Company, reviews and recommends the Directors' Remuneration to the Board for consideration before being tabled at the AGM for shareholders' approval.</p> <p>The review of the NEDs’ fees takes into account various considerations, including the NEDs’ fiduciary duties and levels of responsibility and time commitments expected of the NEDs and the respective Board Committee members, as well as the competitiveness of the fees against market benchmarks. The NRC appointed an external consultant during the financial year ended 31 December 2019 to undertake an overall review of the Company’s Board Remuneration.</p> <p>Shareholders' approval is sought on an annual basis to approve the payment of Non-Executive Directors' Fees and Benefits at the Annual General Meeting (“AGM”) of the Company. Shareholders may submit their questions in relation to the said agenda item before and during the AGM and the Board of Directors will respond to their questions / views / comments accordingly. Voting on the said agenda item is done by way of poll. Shareholders will cast their votes via the RPV facilities.</p> <p>Refer to SDP’s AR2020. Pages 180 - 181, 410, 414 and 415</p> |
| 102-37 | Stakeholders' involvement in remuneration | | <p>Poll results are announced by the Independent Scrutineers at the end of the AGM after conclusion of the voting session and also announced to Bursa Securities Malaysia on the same day. Minutes of the AGM with the voting results are also uploaded to the SDP’s website for public reference.</p> <p>Refer to SDP’s AR2020. Pages 180 - 181, 410, 414 and 415</p> |
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | | 22 - 25 |
| 102-41 | Collective bargaining agreements | | 22 - 25 |
| 102-42 | Identifying and selecting stakeholders | | 22 - 25 |
| 102-43 | Approach to stakeholder engagement | | 22 - 25 |
| 102-44 | Key topics and concerns raised | | 22 - 25 |
| Reporting Practice | | | |
| 102-45 | Entities included in the consolidated financial statements | | Refer to SDP's AR2020. Pages 391 - 398 |
| 102-46 | Defining report content and topic boundaries | | 6 |
| 102-47 | List of material topics | | 26 - 27 |

Global Reporting Initiative ("GRI") Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|----------------|--|-------------------|--|
| 102-48 | Restatements of information | | 30, 41 SDP's carbon baselines were restated in 2020 due to the recent divestment of Leisure and Asset Management assets, resulting in a change in the Company's carbon emissions profile as compared to the 2016 baselines. The water intensity baseline was restated to 0.1625 m ³ /m ² in 2020 from 0.618 m ³ /m ² in 2016. The waste intensity baseline was restated to 0.440 kg/m ² in 2020 from 4.490 kg/m ² . |
| 102-49 | Changes in reporting | | Our last sustainability report was in 2016. The list of material topics has changed from 27 to 11, covering the areas of Environmental, Social and Governance. These issues have been mapped against the relevant stakeholder groups and their key concerns, as well as SDP's response. |
| 102-50 | Reporting period | | 1 January to 31 December 2020 |
| 102-51 | Date of most recent report | | Our last report was published in 2016. |
| 102-52 | Reporting cycle | | 6 |
| 102-53 | Contact point for questions regarding the report | | sustainability@sime-darby-property.com |
| 102-54 | Claims of reporting in accordance with the GRI Standards | | 6 |
| 102-55 | GRI Content Index | | 83 - 92 |
| 102-56 | External assurance | | |

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|---|--|-------------------|--------------------------------|
| TOPIC-SPECIFIC DISCLOSURES | | | |
| Material Matter: Climate Change Risk | | | |
| 103 | Management approach | 13 | 28 - 30, 33 |
| 103-1 | Explanation of the material topic and its boundary | | 28 - 30, 33 |
| 103-2 | The management approach and its components | | 28 - 30, 33 |
| 103-3 | Evaluation of the management approach | | 28 - 33 |
| GRI 302: Energy | | | |
| 302-1 | Energy consumption within the organisation | 13 | 31, 78 |
| 302-3 | Energy intensity | 13 | 31, 78 |
| 302-4 | Reduction of energy consumption | 13 | 31, 78 |
| GRI 305: Emissions | | | |
| 103 | Management approach | | 28 - 31 |
| 103-1 | Explanation of the material topic and its boundary | | 28 - 31 |
| 103-2 | The management approach and its components | | 28 - 31 |
| 103-3 | Evaluation of the management approach | | 28 - 32 |
| 305-1 | Direct (Scope 1) GHG emissions | 13 | 30 - 31, 76 - 78 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 13 | 30 - 31, 76 - 78 |
| 305-3 | Other indirect (Scope 3) GHG emissions | 13 | 32, 76 - 78 |
| 305-4 | GHG emissions intensity | 13 | 30 - 31, 76 - 78 |
| 305-5 | Reduction of GHG emissions | 13 | 32, 76 - 78 |

Global Reporting Initiative ("GRI") Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|--|---|-------------------|-----------------------------------|
| GRI 303: Water and Effluents 2018 | | | |
| 103 | Management approach | | 41 |
| 103-1 | Explanation of the material topic and its boundary | | 41 |
| 103-2 | The management approach and its components | | 41 |
| 103-3 | Evaluation of the management approach | | 41 |
| 303-1 | Interactions with water as a shared resource | 6 | 41 |
| 303-2 | Management of water discharge-related impacts | 6 | 41 |
| 303-3 | Water withdrawal | 6 | 41 - 42, 79 |
| 303-5 | Water consumption | 6 | 41 - 42, 79 |
| Flooding (Non-GRI Indicator) | | | |
| 103 | Management approach | 11 | 29 |
| 103-1 | Explanation of the material topic and its boundary | | 29 |
| 103-2 | The management approach and its components | | 29 |
| 103-3 | Evaluation of the management approach | | 29 |
| Material Matter: Waste & Water Pollution | | | |
| GRI 306: Waste 2020 | | | |
| 103 | Management approach | 6, 12 | 43 |
| 103-1 | Explanation of the material topic and its boundary | | 43 |
| 103-2 | The management approach and its components | | 43 |
| 103-3 | Evaluation of the management approach | | 43 |
| 306-1 | Waste generation and significant waste-related impacts | 12 | 33, 43 |
| 306-2 | Management of significant waste-related impacts | 12 | 33, 43 |
| 306-3 | Waste generated | 12 | 33, 43, 79 |
| 306-5 | Waste diverted to disposal | 12 | 33, 43, 79 |
| 307-1 | Non-compliance with environmental laws and regulations | 12 | 41 |
| Material Matter: Biodiversity Loss | | | |
| GRI 304: Biodiversity | | | |
| 103 | Management approach | | 34 - 37 |
| 103-1 | Explanation of the material topic and its boundary | | 34 - 37 |
| 103-2 | The management approach and its components | | 34 - 37 |
| 103-3 | Evaluation of the management approach | | 34 - 37 |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 11, 15 | 37 |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | 11, 15, 17 | 34 - 37 |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 15 | 36, 80 |
| Material Matter: Sustainable Products (Non-GRI Indicator) | | | |
| 103 | Management approach | 11, 12 | 38 - 40 |
| 103-1 | Explanation of the material topic and its boundary | | 38 - 40 |
| 103-2 | The management approach and its components | | 38 - 40 |
| 103-3 | Evaluation of the management approach | | 38 - 40 |

Global Reporting Initiative ("GRI") Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|---|---|-------------------|---|
| TOPIC-SPECIFIC DISCLOSURES | | | |
| Material Matter: Community Resilience | | | |
| GRI 413: Local Communities | | | |
| 103 | Management approach | | 45 - 46 |
| 103-1 | Explanation of the material topic and its boundary | | 45 - 46 |
| 103-2 | The management approach and its components | | 45 - 51 |
| 103-3 | Evaluation of the management approach | | 45 - 51 |
| 413-1 | Operations with local community engagement, impact assessments and development programmes | 1,2,4,11 | 45 - 51, 82 |
| Material Matter: Health and Safety (Customers) | | | |
| GRI 416: Customer Health and Safety | | | |
| 103 | Management approach | | 38 - 40 |
| 103-1 | Explanation of the material topic and its boundary | | 38 - 40 |
| 103-2 | The management approach and its components | | 38 - 40 |
| 103-3 | Evaluation of the management approach | | 38 - 40 |
| 416-1 | Assessment of the health and safety impacts of product and service categories | 3, 11 | 38 - 40 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 3, 11 | No incidents of non-compliance were reported in FY2020. |
| Material Matter: Affordability (Non-GRI Indicator) | | | |
| 103 | Management approach | 11 | 52 |
| 103-1 | Explanation of the material topic and its boundary | | 52 |
| 103-2 | The management approach and its components | | 52 |
| 103-3 | Evaluation of the management approach | | |
| Material Matter: Diversity and Inclusion | | | |
| GRI 405: Diversity and Equal Opportunity | | | |
| 103 | Management approach | | 53 |
| 103-1 | Explanation of the material topic and its boundary | | 53 - 54 |
| 103-2 | The management approach and its components | | 53 - 54 |
| 103-3 | Evaluation of the management approach | | 53 - 54 |
| 405-1 | Diversity of governance bodies and employees | 10 | 54, 72 - 73 |
| 405-2 | Ratio of basic salary and remuneration of women to men | 5, 8, 10 | 74 |
| GRI 404: Training and Education | | | |
| 103 | Management approach | | 56 |
| 103-1 | Explanation of the material topic and its boundary | | 56 |
| 103-2 | The management approach and its components | | 56 |
| 103-3 | Evaluation of the management approach | | 56 |
| 404-1 | Average hours of training per year per employee | 5, 8, 10 | 56, 74 |
| 404-2 | Programmes for upgrading employee skills and transition assistance programmes | 8 | 56 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 5, 8, 10 | 57, 75 |

Global Reporting Initiative ("GRI") Content Index

| GRI Indicators | Topic Disclosures | Mapped to UN SDGs | Pg. No. and Remarks/ Omissions |
|--|--|-------------------|-----------------------------------|
| GRI 401: Employment | | | |
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Independent Assurance Report



Independent Assurance Report To Management of Sime Darby Property Berhad (2020)

We have been engaged by Sime Darby Property Berhad ("Sime Darby Property") to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) for the financial year ended 31 December 2020 as reported by Sime Darby Property in its Annual Report ("Sime Darby Property Annual Report 2020").

Management's Responsibility

Management of Sime Darby Property is responsible for the preparation of the Selected Information included in the Sime Darby Property Annual Report 2020 in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Property Annual Report 2020 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby Property which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Sime Darby Property's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following Selected Information reported and marked with asterisks (*) in the Sime Darby Property Annual Report 2020 as follows:

1. Total carbon emission for the financial year ended 31 December 2020;
2. Lost Time Injury Frequency Rate ("LTIFR") for the financial year ended 31 December 2020;
3. Total Waste Data for the financial year ended 31 December 2020; and
4. Total Water Data for the financial year ended 31 December 2020.

Independent Assurance Report



Criteria

The selected subject matter needs to be read and understood together with the reporting criteria, which Sime Darby Property is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

The reporting criteria used for the reporting of the Selected Information is Sime Darby Property's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in the Sime Darby Property Annual Report 2020 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Sime Darby Property's sustainability reporting guidelines and procedures.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

Independent Assurance Report



Restriction of use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby Property in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Sime Darby Property in the Sime Darby Property Annual Report 2020. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Property Annual Report 2020 and to be disclosed online at www.simedarbyproperty.com, in respect of the financial year ended 31 December 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers" followed by a stylized "PwC" monogram.

PRICEWATERHOUSECOOPERS PLT
LLPO014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
1 April 2021

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