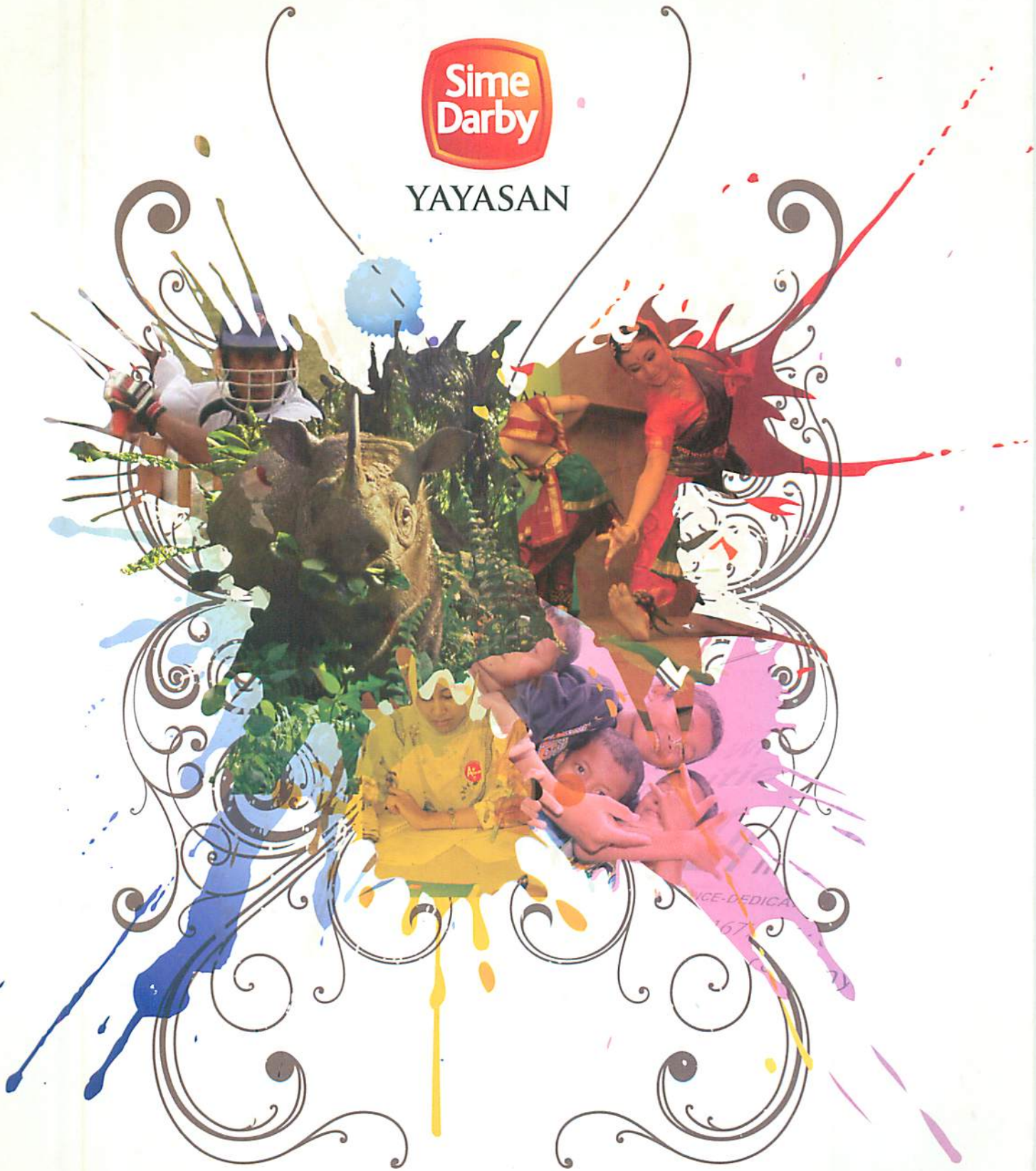




YAYASAN



Annual Report 2012



COVER RATIONALE

The cover of this year's Annual Report depicts the butterfly effect, which is a term used to describe how small changes can seemingly affect larger systems. It comes from the suggestion that the flapping of a butterfly's wings in one place can affect weather conditions in a far away place, meaning that the tiniest influence on one part of a system can have a huge effect on another. This is what Yayasan Sime Darby (YSD) hopes to achieve through its five pillars, with every sponsorship it has given out over the years. However small or large the contribution, YSD believes the foundation has made a huge difference and added a multitude of colours to the lives of those who have been touched by the foundation's benevolence.

ACKNOWLEDGEMENTS

YSD would like to thank the Sime Darby Group for the generous donations and continuous support. Special thanks to Sime Darby Group Communications and Corporate Affairs for editorial content and for their creative input. YSD also extends its gratitude to all Beneficiaries for their efforts in realising the projects and hopes to continue great working relationships in the years to come.



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Every Step Counts – the Sime Darby Rhino Walk

On the early, warm and sunny Sunday morning of 15 April 2012, more than 6,000 people from all walks of life gathered in Kota Kinabalu, Sabah to participate in the Minggu Saham Amanah Malaysia (MSAM, National Unit Trust Week) Sime Darby Rhino Walk. The Walk was a prelude to the 2012 MSAM.

Sime Darby adopted “Every Step Counts” as the theme for the Walk, to highlight Yayasan Sime Darby’s rhino conservation efforts at the Borneo Rhino Sanctuary in Sabah.

Held at the Likas Kota Kinabalu Sports Complex, it was a sight to behold at the crack of dawn as a sea of red, yellow and blue t-shirts and

bright red Sime Darby caps seemed to fill every available space outside the complex before the Walk. Some participants even brought along their children to participate in the four kilometre walk around the vicinity of the complex!

As the objective of the Walk was to create awareness on the critically endangered Sumatran Rhinoceros (there are only about 30 of them remaining in Sabah!), posters with snippets of information about the Sumatran Rhinos were placed along the route. Participants were asked to note the nuggets of information on the posters as a quiz with attractive prizes was carried out after the Walk.

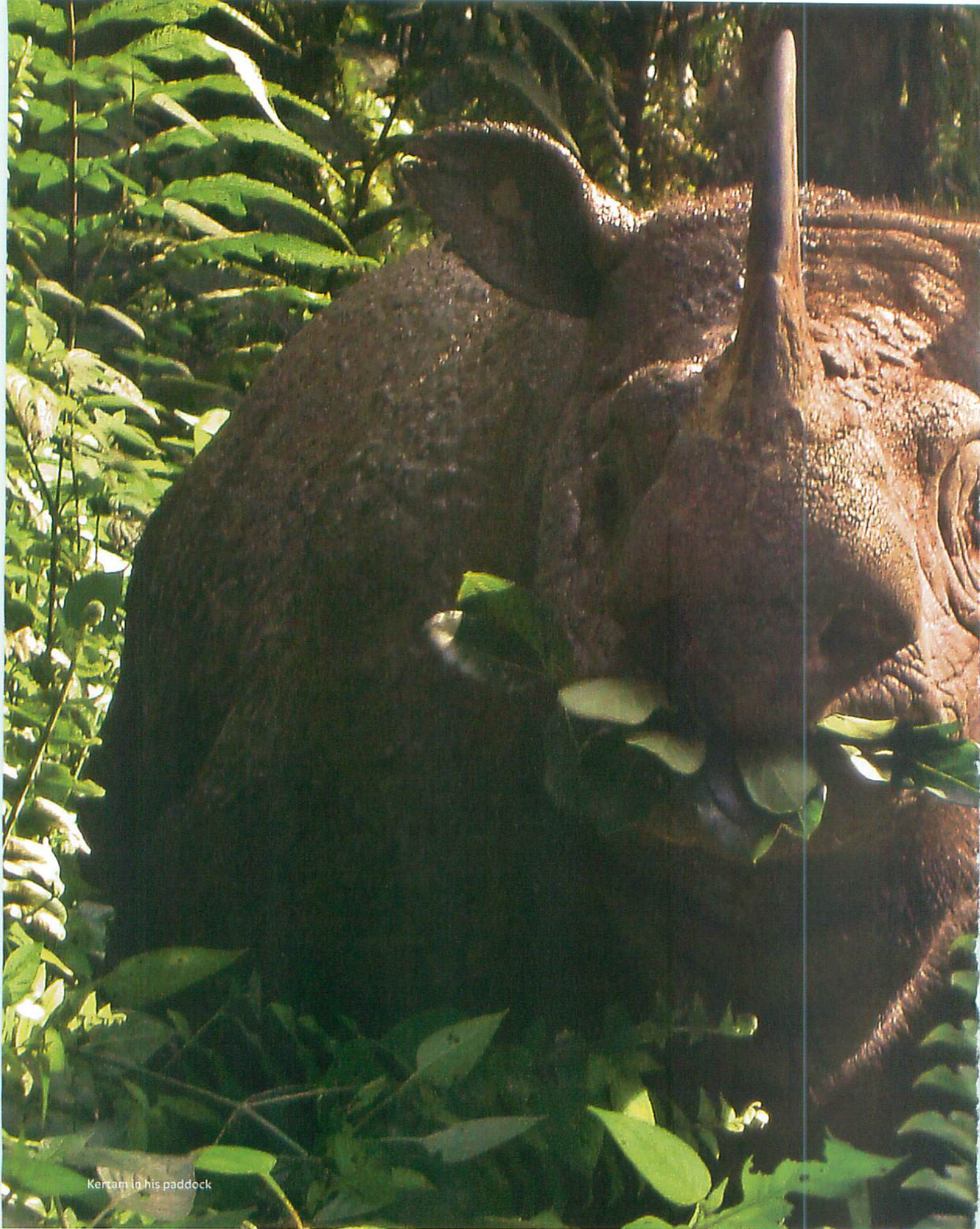
Many participants who waited patiently in the scorching sun were rewarded with prizes like laptops, mobile phones and hampers during the quiz and lucky draw.

The Walk had clearly achieved its objective of raising awareness on the plight of the rhinos, judging from the enthusiastic responses and answers from the participants.

For YSD, it was “fait accompli” as even the younger participants who came along with their parents for the Rhino Walk learnt about Sime Darby, Tam, Puntung and Gelogob on that day!



YSD Council member Datuk Adeline Leong receiving a contribution from a VVIP for the Borneo Rhinoceros Sanctuary



Kertam in his paddock



Conservation of the Environment and Protection of the Ecosystems

In order to achieve its Mission and Objectives in the key area of "Conservation of the Environment and Protection of Ecosystems" YSD dedicates itself to the protection and preservation of the environment and the conservation of animals in their natural habitat. This includes support for, and the promotion of, initiatives to protect and restore waterways to their natural state; conserve forests; animals and their biodiversity; and ensure that ecosystems are protected. Priority is given to vulnerable and or endangered animals and the preservation of the forest reserves, particularly in and around Sime Darby's operations.

25

THE NUMBER OF
RESCUED SUN BEARS
LIVING AT THE
BORNEAN SUN BEAR
CONSERVATION
CENTRE (BSBCC)

RM17,073,

30

OR LESS THE NUMBER
OF SUMATRAN
RHINOCEROS LIVING IN
THE WILD IN SABAH

10

THE NUMBER
OF HORNBILLS
SPECIES FOUND IN
MALAYSIA

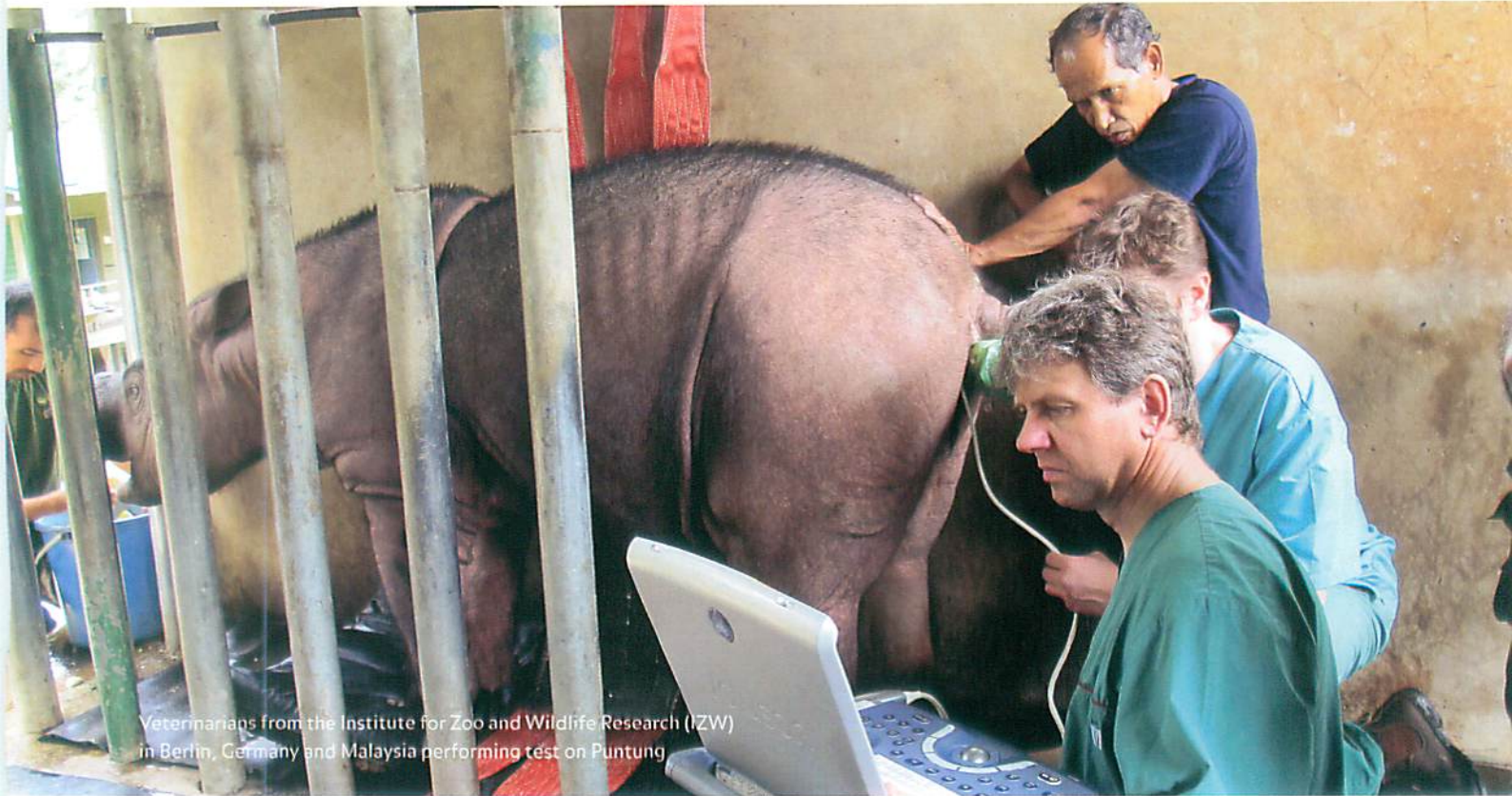


,278

SPENT IN 2011



Borneo Rhinoceros Sanctuary



Veterinarians from the Institute for Zoo and Wildlife Research (IZW) in Berlin, Germany and Malaysia performing test on Puntung

RM11.4 million
6 Years (2009-2015)

Critically endangered and on the brink of extinction, the Bornean Sumatran Rhinoceros has become a symbol for what Sime Darby stands for – perseverance, regardless of how hopeless a situation may seem. Our perseverance and efforts over the past two years have proven fruitful and brought new hope with the rescue of Puntung, a wild female Borneo Sumatran Rhinoceros. Puntung, had been spotted by the Borneo Rhino Sanctuary (BRS) as a mate for Tam, the only male rhino at the reserve. Sighted in early 2010 and after successfully evading a series of traps, Puntung was finally rescued from the Tabin Wildlife Reserve and airlifted to the BRS on December 25, 2011.

Today, Puntung lives in her new home next to Tam. The rhino, estimated to be between 10 and

12 years old, is feeding well and putting on weight. Although fertile, assessments by veterinarians from the Institute for Zoo and Wildlife Research (IZW) in Berlin, Germany, showed that Puntung has several endometrial cysts that may affect her ability to reproduce. An attempt was made in late March to flush out some of the endometrial cysts which were removed. The good news is the veterinarians are now confident that Puntung’s chances to conceive is now brighter. The veterinarians are now contemplating if natural or artificial insemination would be worked on.

New rhino rescue operations are also in place and traps were completed late April for the possible rescue of a mother rhino and her immature offspring that are travelling together.

Tam and Puntung love story

Sime Darby has developed a video featuring Tam and Puntung. Two endangered Sumatran Rhinos. This video is to create public awareness on Sime Darby Foundation's involvement in saving these rhinos by humanising the love story of them.

You will get a glimpse of the challenges faced by the almost extinct species and gain a deeper understanding on the efforts, including breeding attempts which are being undertaken by the environmentalists and world renowned veterinarians at the Borneo Rhinoceros Sanctuary (BRS) in the Tabin Wildlife Reserve in Lahad Datu, Sabah.

Do enjoy the video.
Share the love.

<http://www.youtube.com/watch?v=FDijovMSWh8&feature=plcp>



Puntung

The Borneo Rhinoceros Sanctuary (BRS), located in the Tabin Wildlife Reserve provides a natural environment suitable for the Borneo Sumatran Rhinoceros where they benefit from protection against poaching, hunting and are monitored by qualified staff for their well-being. The project is a last attempt by the Sabah Wildlife Department to save the rhinos which are considered a critically endangered species. Only 50 rhinos exist in the wild, 30 of which can be found in Sabah. The hope is, once brought into this sanctuary, the rhinos will mate and breed, boosting its dangerously low numbers and ensuring its survival.

The core funding for the development and operation of the Borneo Rhino Sanctuary to date

has come primarily from YSD and with a substantial commitment of RM11.4 million for six years from 2009 to 2015. As of January 2012, the foundation has spent close to RM3.5 million on the programme including expenses for the staffing, facilities and supplies needed for the rhinos' well-being, capture and translocation costs, quarters for the Sabah Wildlife Department staff in Tabin, rhino quarantine facilities and other operational costs. From the initial RM5 million for three years in 2009, YSD extended the pledge for another with an additional RM6.4 million.

The sanctuary now houses three Borneo Sumatran Rhinos: Tam, Puntung and one aged female named Gelogob.

Stability of Altered Forest Ecosystems (SAFE)

SAFE is the world's largest ecological experiment both in terms of size and breath of ecological processes.



Maliau Basin

**RM30
million**

**10 Years
(2009-2019)**

The additional participation of more than 15 Malaysian students to the Stability of Altered Forest Ecosystems (SAFE) project since last year has achieved the objective of enticing more Malaysians to engage in research for the sustainability of the long-term project. Scientists and researchers working on the project have produced scientific documents through the project, which include a peer-reviewed publication, one book chapter, four Masters of Science theses, five posters at conferences, seven oral presentations at conferences and the key to ants genera translated into Bahasa Malaysia.

The SAFE Project also foresees more opportunities for Malaysians to be involved through student research grants, Master of Science scholarships, pair visiting research with Malaysian collaboration and the Tropical Biology Course, a studentship programme currently at

the planning stages. YSD also plans on identifying any possibilities for YSD scholars to get involved in the project.

As a beneficiary of the Sime Darby group, YSD feels that participating in this research is pertinent to the company's motto of developing sustainable futures, particularly as it relates very much to one of Sime Darby's core business namely the plantation sector. The SAFE Project is a long-term study and research project collaboration between YSD and the South East Asia Rainforest Research Programme (SEARRP), an overseas research programme of the Royal Society (The UK and Commonwealth Academy of Science). Under the SAFE Project, a strong interdisciplinary team of leading scientists from a range of world-class institutions conduct field research in the Maliau Basin in Sabah on ecological and other environmental changes that occur

Restoration and Protection of Orang Utan Habitat in Northern Ulu Segama Project

RM25 million

9 Years (2010-2019)

The Northern Ulu Segama project is expected to emerge as one of the largest restoration projects for Orang Utan habitat in the world. YSD, Sime Darby Plantation Sustainability Department (PSD) and the Sabah Forestry Department (SDF) are working hand in hand to oversee the project with silviculture, planting and maintenance being carried out to ensure a higher survival rate of trees planted. The trees are important food sources for the Orang Utans and other unique wildlife living in the area.

The project involves reforestation and rehabilitation in an area covering 5,400 hectares of deforested land with efforts being stepped up to achieve the objective in 2018. So far at the end of the financial year in June 2012,

690.6 hectares of dipterocarpaceae and non-dipterocarpaceae trees have been planted.

Orang utan transect monitoring in Ulu Segama found 159 nests covering an area of 3,737m with 0.13 individuals per square kilometres. The orangutans are monitored every 42 days.

Other common wildlife observed in Ulu Segama include the bearded pig, sambar deer, mouse deer, moon rat, pigtail macaque, Malay civet, common palm civet and clouded leopard and bay cat both of which are endangered species.

The agreement for the project was signed between the State Government of Sabah and Sime Darby Plantation in 2008 with the objective of restoring degraded forests within Ulu Segama for the protection of Orang Utan habitats. The project aims to enhance the biodiversity conservation and restore flora and fauna in the area, with the ultimate aim of recreating the habitat for the Orang Utan and other wildlife at large.

on the landscapes as a result modification by agricultural development.

SAFE is the world's largest ecological experiment both in terms of size and breadth of ecological processes. The fully integrated research programme focuses on several key areas which include animal and plant diversity, water and soils, carbon cycling, nutrient cycling and microclimate. The project will make major contributions to sustainable palm oil management and the conservation of biodiversity, while providing a major contribution to sustainable plantation management, the implementation of the Roundtable on Sustainable Palm Oil (RSPO) guidelines and the conservation of biodiversity in agricultural landscapes.

690.6 hectares of dipterocarpaceae and non-dipterocarpaceae trees have been planted.

By end financial year 2012



The Management and Ecology of Malaysian Elephants (MEME)



**RM3.36
million**

**5 Years
(2011-2015)**

The Asian elephant is a species of global concern due to its cultural and ecological significance. As the largest terrestrial animal, elephants play an irreplaceable role in ecosystem-level processes. Sadly, their large body size also means a low reproductive rate and a limited capacity to respond to predation. Consequently, Asian elephants are very vulnerable to human impacts such as habitat loss, poaching and

direct competition with people in the form of human-elephant conflict (HEC).

In 1974, the Department of Wildlife and National Parks (DWNP) started a programme to translocate conflictive elephants from plantations and pocketed forest to patches of large continuous forest. Even though relocating these animals is considered to be more humane than culling in the management of human wildlife conflicts, these translocations tend to have a low rate of success and very little data is available today on the factors that lead to translocation successes or failures.

The Management and Ecology of Malaysian Elephants (MEME) programme, started in 2011, collars certain translocated elephants and assists the DWNP in evaluating the

effectiveness of the elephant management and conservation strategy. Apart from monitoring to improve current management techniques, the project also intends to capitalise on existing data and analysing the immediate and mid-term behavioral response of elephants to translocation.

Because the Asian elephant is declining in numbers steadily, research on improving current translocation efforts is vital. YSD has pledged to support the MEME program for three years with the amount of RM1.92 million. Apart from further research, this programme will also help Sime Darby's plantations manage human-elephant conflict at the estates with the insights gained.

Universiti Kebangsaan Malaysia (UKM) - YSD Chair for Sustainable Development - Zero Waste Technology for the Palm Oil Industry

RM15
million
Endowment
Fund

commenced
2010

The project has succeeded in producing quick gains notably the elimination of black smoke at one of the oil mills with gas being used as additional fuel while more trials are being carried out for other quick gains. The Chair was set up as a leading and research relevant to the palm oil industry and to aspire Malaysia to be a model for sustainable development for the world, YSD has pledged RM15 million to Universiti Kebangsaan Malaysia (UKM) to undertake research for improvements that can be made to increase the value-added products from the industry as well as to reduce greenhouse gas

emissions. These improvements will include green technology and innovative practices, ultimately leading to zero waste to the earth, air, and water.

As of last year, Professor Dr. Ir. Pierterral Claassen, the chair holder, attended the Post Graduate Colloquium Presentation on February 1, 2012 and took part in the design of the hydrogen production process and participated in a Study Tour to Feng Chia University (FUC), Taiwan to visit the FUC pilot plan design and operation.

Universiti Kebangsaan Malaysia (UKM) - YSD Chair for Climate Change

RM5
million
Endowment
Fund

commenced
2010

Since last year, Professor Dr. Pak Sum Low, chairholder for the project, has delivered two Public Lectures for Undergraduate and Graduate Students entitled "Climate Change: Science and Impacts" and "Climate Change: Adaptation and Mitigation". He has also attended media interviews with several media representatives including Astro Awani, Bernama TV and TM TV.

Dr. Pak has also delivered two invited lectures to undergraduate students. The first lecture was on the Environment and International Relations to second year students and the other lecture was on "Climate Change and Security".

Managed by Universiti Kebangsaan Malaysia's (UKM) Research Centre for Tropical Climate Change System (IKLIM) with the consultation of YSD, this Chair, which was established to tackle issues pertaining to climate change, has enabled UKM to take on a leading role in climate research that focuses

on the effects of climate change on water resources, the terrestrial ecosystem and people's health, marine eco-systems and sectors such as fisheries, as well as agro-ecosystems in Malaysia and South East Asia.

With its four key elements in research, education and training, input into national policy development and community engagement at local, national and international levels, this Chair is of specific benefit to Sime Darby's business interests. The research activities under the programme would provide reliable and up-to-date climate information, including seasonal climate forecasts, all of which would be important and useful for the planning and management of Sime Darby's plantation operations.

Bornean Sun Bear Conservation Centre (BSBCC) in Sabah



To improve the lives of the captive and orphaned Sun Bear population in Sabah and promote conservation efforts for the species.

RM2.1
million

1 Year
(2012-2013)

Located in Sepilok, Sabah, the Bornean Sun Bear Conservation Centre (BSBCC), a non-profit organisation initiated by the Sabah Forestry Department (SFD), Sabah Wildlife Department (SWD) and Land Empowerment Animals People (LEAP) aims to improve the lives of the captive and orphaned sun bear population in Sabah and promote conservation efforts for the species. The Malayan Sun Bear has been classified as "vulnerable" in the International Union for Conservation of Nature (IUCN) Red Book Listing of Endangered Species since 2007 due to its declining population over the past 30 years.

The BSBCC is currently home to 25 rescued sun bears. The latest newcomer is a young female bear received by the BSBCC on June 19, 2012. The bear, which was rescued in a remote village in Ranay by the Sabah Wildlife Rescue Unit, named 'Bongkud' appeared to have been suffering from malnutrition which was evidenced by her yellowish fur on her arrival. It is expected to regain full health with the necessary care from BSBCC. To date, the total number of sun bears at BSBCC's first bear house is 25.

The centre, which is currently the only conservation centre in

Conservation of Hornbills Project in Belum-Temengor Forest Complex (BTFC)

RM1.22
million

2 Years
(2012-2014)

The Hornbill Conservation Project (HCP) which was initiated by the Malaysian Nature Society (MNS) aims to conserve and increase awareness on the globally threatened and near-threatened hornbills of Belum-Temengor Forest Complex (BTFC).

There are 54 species of hornbills found in the Asian and African continent and Asia is home to 31 species, 10 of which are found in Malaysia. All 10 species are categorised as "Totally Protected"

according to the Wildlife Conservation Act 2010 whereas the International Union for Conservation of Nature (IUCN) lists the Plain-Pouched Hornbill as "Vulnerable" and six other species of the birds as "Near-Threatened." In Malaysia, the current knowledge of hornbills' movement, nesting and feeding habits can be considered to be at the early stages.

From June 2008 until December 2010, Sime Darby Plantation (SDP) supported the project by MNS which helped initiate conservation activities, experiment with new conservation ideas and engage with key government stakeholders and maintain a consistent field presence in the complex. The findings were tremendously encouraging. YSD pledged a two year sponsorship for the amount of RM1.22 million to help fund further research and approaches for the HCP.

Southeast Asia specially built for sun bears, plans to contribute to the long-term sustainability efforts for the Malayan Sun Bear by rehabilitating and releasing captive bears, conducting behavioral studies that measure improvements in health and the well-being of the bears, and increase visitor awareness.

YSD has agreed to support the BSBCC with an RM2.1 million allocation from March 2012 to February 2013. A major chunk of the money will be used to renovate the current bear house which will be open to the public, construct a second bear house, which is crucial with the rapid increase in the number of saved bears. Once the renovations are completed, it is hoped the conservation centre will be self-sustaining with income from entrance ticket sales.

