

**WE ALL SEEK
DIFFERENT THINGS,
BUT ONE THING
REMAINS AND**

**THAT'S OUR
SIMPLE
PROMISE**

**TO PRESENT YOU
WITH FIVE STAR
LIVING**





SUSTAINABILITY REPORT

**OUR RESPONSIBILITY GOES FAR BEYOND
BUILDING HOUSES. AS STAKEHOLDERS IN
MALAYSIA'S DEVELOPMENT, WE HAVE A DUTY
TO GENERATE SUSTAINABLE VALUE**

- for our customers, our employees, the broader community and the environment. Through our actions, we can create virtuous circles that bring meaningful and rewarding progress to the society we serve.







Message from the Chairperson Sustainability Committee

As a corporate entity, we have a responsibility towards our employees, our customers and the society at large. This responsibility has shaped the history of our organisation; from a humble beginning, to where we wanted to create sustainable value through various innovative approaches. This conviction is the foundation on which the strong commitment of our people and successful developments of LBS are built upon. Our objective in achieving sustainability across the entire business operation chain propels our year to year growth.

When we look at the different aspects within the social, environmental and economic landscape, our stakeholders are at the centre of it all. From providing affordable housing to philanthropy, green living to efficient construction and financial management, the outcome is obtained for the benefit of our stakeholders.

In our commitment to sustainability, we are supported not only by the knowledge and engagement of our people and strength of our brand, but also by the advancement in technologies, and collaborations in all areas of our business relations.

We believe that long term success can be achieved through sustainability.

Dato' Cynthia Lim

Chairperson
Sustainability Committee
19 April 2017



SUSTAINABILITY REPORT (CONT'D)

"Building houses for the community is not only being profitable, but bringing optimistic changes to the stakeholders."

- LBS Philosophy -



LBS has been incorporating this philosophy in its journey of attaining sustainability development and striking a balance between maximising shareholder's value and fulfilling the social responsibility, while inculcating the environment, social and governance (ESG) principles in

our corporate behaviour to sustain business continuity and long term growth of the Group.

We recognise that the sustainability-related issues can significantly affect our organisation's present and future risk profile, potential liabilities and

its value. Our Board is committed in ensuring that sustainability is embedded across the organisation and adequate resources, systems and processes are in place to manage sustainability risks and opportunities, which are constantly changing under the economic, environment, social and governance conditions.

In year 2016, we take it further by reinforcing our existing corporate social responsibility initiatives and integrating them into our business strategies and goals while maintaining highest standards of corporate governance. In early 2017, we have established our Sustainability Committee as one of the steps in further enhancing our process and procedures. This reflects the great change in understanding and approach towards sustainability in the corporation.



SUSTAINABILITY REPORT (CONT'D)



SOCIAL - SUSTAINING OUR COMMUNITIES

Housing Affordability

The shortage of affordable housing is an emerging issue for Malaysian whereby Government has organised a number of initiatives and programs to address the growing demand and the affordability issues. On home purchase affordability matters, we have streamlined our business strategy to meet the needs of the market by increasing our supply of small to medium-sized residential units. Since our inception, we have taken initiatives to build medium cost homes for buyers from the medium income group under its mixed development projects like *Bandar Saujana Putra* in Selangor, Cameron Highlands in Pahang, and Bandar Putera Indah in Batu Pahat, Johor.

The latest affordable housing project was the proposed development of 4 blocks of 14-storey apartments in Bandar Saujana Putra also known as *BSP Bayuanmas* to be built under the Selangor State's *Rumah SelangorKu* (RSK) housing scheme. This project comprises 1,352 units of apartments with built-up area from 800 and 900 square feet and 40 units of commercial shops. In the development for Bukit Jalil project in Kuala Lumpur, there will be 2 blocks of building constructed under PPA1M (Perumahan Penjawat Awam 1Malaysia) program. PPA1M is an affordable house-to-own scheme for government staff emphasizing on comfortability in aspects of size, design, quality, location and the price of the house that is suited for government staff.

During the year 2016, LBS has collaborated with Selangor State Government through Menteri Besar Selangor Incorporated (MBI Selangor) and Worldwide Holdings Berhad to revitalize and complete the vacant 203 double-story terraced house in Taman Alam Perdana's Arcadia. This public private partnership also sets out to build 10,900 housing units across Alam Perdana's 909 acres of land, out of which, about 5,000 units will be built under the RSK scheme.

Besides, we will also include *Rumah Mampu Milik Johor* (RMMJ) in our future township development in Kulai, Johor.

These initiatives are in line with the aspirations of the National Housing Council as well as the government of Johor State and Selangor State in ensuring home ownerships for the people.

The Group will continue its efforts to help those in the middle income group to own their dream homes.

Engaged Community

We believe that a successful development is seamlessly integrated into the local community and thus, our township development planning is important to meet residents' needs. Neighbourhood, convenience and environment factors also play important role in shaping a quality community living. In our township developments, we actively promote our commercial projects, which provide not only convenience but also employment opportunities close to home. In the meantime, the building work itself is creating construction jobs.

In line with the vision of providing a better living experience, LBS has organised various activities for the residents of Bandar Saujana Putra ("BSP") to get together to strengthen bonds and its sense of community for positive changes towards a sustainable community.

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SUSTAINABILITY REPORT (CONT'D)



January 2016

Community Dialogue held in conjunction with the Chinese New Year celebrations.



March 2016

Visit from YM Tengku Muhammad Tengku Harun, Orang Besar Daerah (OBD) Kuala Langat.



April 2016

"Gotong Royong Cegah Denggi" organized to beat dengue in BSP.

May 2016

Junior Sports Day.



Campaign to update identity card for residents of BSP.



BSP Community Bowling.



Archery Workshop in BSP.



August 2016

"Dayung Merdeka", a special event organized for BSP residents.



SUSTAINABILITY REPORT (CONT'D)

We believe that the Group has a corporate responsibility to support community and thus LBS continues to support borderless charitable initiatives through variety social contributions to help the needs of communities.

Charitable Donations

We believe that the Group has a corporate responsibility to support community and thus LBS continues to support borderless charitable initiatives through variety social contributions to help the needs of communities. Philanthropy or donations to charitable causes have been one of the corporate social events carried out by the Group annually. This year was no exception as the Group continued to provide support and participate in community development, the Group made donations to welfare

and charity organisations, religion organisations and schools.

For the tenth consecutive year, LBS has participated as one of the main sponsors for Kiwanis Treasure Hunt. This charity event was in aid of the Kiwanis Down Syndrome Foundation - National Centre, The Community Centre for the Deaf, Ti-Ratana House of Hope, Rumah Wawasan, Sitiawan, Joy Workshop, Melaka and Kiwanis Orphanage, Batu Pahat organised by The Kiwanis Club of Kuala Lumpur (KCKL).



We also sponsored, in fifth consecutive year, The Star's new education programme - The Step-Up and Star NiE to improve and promote the English Language skills among pupils for both the primary and secondary schools.



During the year, LBS has also participated and sponsored for other fund raising events, these include, among others:-

- Sponsored for the 'Sultan of Selangor Cup 2016' which is an annual friendly match between two great friends and football rivals, Selangor and Singapore; and
- Sponsored to the auspicious installation night of the most renowned association, Malaysian Retailer Chain Association.

We also organised a blood donation campaign collaborating with Persatuan Hokkien Sungai Way Selangor and Persatuan Perniagaan & Perindustrian Petaling Selangor. The campaign encouraged the community to build a health society, as well as to support the efforts of saving lives of others.






SUSTAINABILITY REPORT (CONT'D)

LBS Foundation

Underpinning the values of LBS is a belief that we have a responsibility to build stronger communities. LBS Foundation was formed on 6 June 2015 with aims at improving the quality of life of the community and carrying out the sustainable development through the following four pillars:



Pillar	Description
Education 	Creating a better nation through providing financial assistance and better learning environment to students and schools
Community 	Building strong and harmony society by improving general well-being of the underprivileged group and promoting heritage, sports, arts and cultural
Environment 	Protecting and preserving environment through education and partnering programmes
Health 	Improving the health and welfare of the needy group

This was a move to consolidate and accelerate LBS Bina Group's on-going efforts to give back to the community through corporate social responsibility strategy where LBS Foundation shall provide, promote, assist and enlist positive actions towards making sustained positive impacts.

Besides, LBS Foundation also serves as another continuous effort in promoting LBS' tradition and philosophy of community involvement date back to the founder of the Company, Dato' Seri Lim Bock Seng, who strongly adhered to the traditional Chinese belief “取诸社会用诸社会” which means “what is taken from the community is to be used for the good of the community”. Always, he reminds his successors that

“Regardless of the distance of our travel or the heights we scale, we must never forget our roots.”

Promoting Art and Culture

Art and Culture beautify peoples' souls and is a common language for people from different backgrounds and traditions. Through various activities, the Group shoulders the responsibilities to bring art and culture closer to the community. In the years to come, the Group specifically hopes to widen the vision of the people, inspire them to appreciate the creativity of art and inspire them to strive for excellence through enchanting with different art and cultures.

During the year, we have launched of the Melaka Cultural and Trade Centre in Zhuhai Holiday Resort Hotel. A significant component in the Transformation and Upgrading Plan, the Melaka Cultural and Trade Centre represents an avenue to enhance bilateral relationship between China and Malaysia, specifically Guangdong and Melaka. The centre is part of China's 'One Belt One Road' strategic initiative which was established to revitalise and expand Maritime Silk routes linking Asia to Europe and East Africa.



As a cultural preservation, the Company has also sponsored, in two consecutive years, Astro International Hua Hee Karaoke to promote the use of Hokkien dialect as a tool to communicate in the broader community through a singing competition.



SUSTAINABILITY REPORT (CONT'D)



OUR PEOPLE & CULTURE

Always, our Chairman reminds his successors that “Regardless of the distance of our travel or the heights of which we scale, we must never forget our roots.”

LBS believes in long term efforts that was weaved through time to affect real change. The Chairman's successors, Tan Sri Lim Hock San and his brothers, have taken this vision and evolved it through three ways:

1. Firstly, LBS believes in building and nurturing the community in its organization.

LBS endeavours to hone and grow its existing talents because it believes that employees need to grow in strength and stature along with the Company. LBS believes that in order to affect any community, LBS first needs to reflect the change.

2. Secondly, LBS values long-term partnerships.

In pursuing their vision, LBS worked, pushed and stretched the strength of their partners with progressive innovation that resulted in sustainability growth for the Company and best value to the stakeholders. Many of these partners today were with LBS from the beginning. At LBS evolved in strength, so did the extended LBS community.

3. Thirdly, LBS is committed to improving the community where they are developing.

As the Company grows, so does its social responsibilities. Being a responsible developer, LBS believes in enriching life experiences. LBS always support many charities and communities around the development areas in the form of sponsorship on education, sports and religion, to natural disaster relief.

In LBS we continue to maintain the family environment. When the employees join LBS, they are part of the LBS family, from which the motto of the founder still lingers.

Nurturing and Retaining the Talents

In order to have a strong-based workforce and ensure the Group remains competitive and continues to attract and retain the right talents, the Group had engaged external consultants to benchmark the Company's compensation packages against peers and other comparable industry. LBS motivates and rewards employees with comprehensive and competitive benefits programmes including short-term cash bonus and long-term equity based rewarding plan. Employees' Share Option Scheme is an attractive long-term incentive offered to employees to provide them with a personal stake in the Company. Employees who wish to purchase properties developed by the Group are also entitled to participate in the property purchase discount scheme.

In line with the Company's drive for continuous improvement, the focus on human capital development is critical. To enable this, LBS encourages each employee to undergo learning to support their career development and performance enhancement. The learning can be inclusive of functional, on-the-job or people skills that are relevant to current or future job function. In this regard, the Group has a comprehensive appraisal review system which allows the Management to evaluate the performance of employees against Company's expectations and identify their development needs. At the same time, the employees are encouraged to drive their own learning needs and career advancement opportunities.

“Regardless of the distance of our travel or the heights of which we scale, we must not forget our roots”

Dato' Seri Lim Bock Seng
Chairman



Channel for Communication and Interaction

The Group communicates with its employees, amongst others, through LBS Annual Internal Communication, dialogue sessions held by Executive Directors and Senior Management, its quarterly magazine named '*Journey with LBS*', intranet, e-mails and Social Medias. The LBS Annual Internal Communication is a good channel that allows all staff from different ranks and subsidiaries to interact with the Management. Besides that, it also helps in sharing important information with the staff on the latest management strategies and corporate developments.



Orientation programme is designed to familiarize new employees with LBS organization structure, its policies and procedures, corporate culture and ethics to ease their transition into the LBS workplace.



The Group recognises the importance of non-work related activities amongst colleagues. To foster interaction amongst employees and build-up strong team spirit, LBSclub was delegated with the responsibilities to organise various activities in achieving these objectives. With initiatives from LBSclub, various activities have been carried out during 2016, which included monthly staff birthday celebration, LBS Sports Day-7th Bowling Tournament, 5th LBS Treasure Hunt, 'Caligraphy CNY Contest', 'Valentine Word Search Fun Game', 'Eggshell Pot

SUSTAINABILITY REPORT

(CONT'D)

Contest', 'Raya Cookies Jar Contest', 'Fastest Ketupat Wrappings', 'The Map Fun Game', 'Malaysia Flag Contest', 'Lights on Diwali Fun Game', 'Holidays Seasons Fun Game' and 'Joyful Green Christmas Contest'.

Harmony Work Place in Overseas Operations

Apart from local operations, Zhuhai International Circuit has hosted various activities such as Staff Birthday Celebration (员工生日会) and ZIC Family Day (ZIC员工家庭活动日和家庭日) to promote the employees' welfare and enhance the communication and interaction amongst the employees.



SUSTAINABILITY REPORT (CONT'D)



Making LBS a secure and comfortable place continues to be an important focus in business strategy for health and safety improvements and ultimately deliver benefits to employees, contractors, purchasers, investors as well as general public.

We understand the inherent risk of our operations, especially in our Construction Division. Therefore, as an integral part of risk management strategy to meet and comply with all applicable Health & Safety legislations and instil the best practices to manage operational health and safety risks as well as improve performance, the Division has a stringent Health & Safety Management system in place that is aligned with international standards of best practice and was accredited with OHSAS 18001:2007 from Worldwide Quality Assurance (WQA), United Kingdom, a body providing various management system certifications to companies around the world. The said Health & Safety Management system was designed to prevent and respond to accidents and emergency situations, to mitigate consequences that may be associated with them, protects our workforce and helps to reduce disruption to our operations.

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Besides that, we have also obtained certification of ISO-9001:2008 from WQA for its quality management system where it has demonstrated ability to consistently provide quality, reliable, healthy, safe and environmental friendly products and services to the community.

Overall, responsibility for occupational health and safety lies with the Board of Directors. They are supported by Health & Safety Department which is led by the Managing Director of Construction Division, Datuk Richard Lim with the assistance of Health & Safety Committee. The Health & Safety Committee has divided into 6 teams each taking care of different area: legal, emergency response, internal audit, promotion publicity & awareness, HIRADC and machine. The Health & Safety Department reviewed health and safety policy and procedures, performance at sites, lessons learned and shared best practice periodically. The outputs from the Health & Safety Department, along with relevant health and safety reports, were reported to the Board. Health & Safety Committee also carries out active dialogue with our

contractors, suppliers and employees periodically to improve practices and bolster mutual learning. Leading by example, our Group Managing Director Tan Sri Lim Hock San and Executive Director Datuk Wira Lim Hock Guan have been actively visited the project sites at least twice monthly.

In the calendar year 2016, a total of 25 staffs (representing 664 hours of training) were attended training and seminars according to the requirement and necessity in enhancing their knowledge in discharging their duties at work. Below are the trainings attended by staff and Health & Safety Committee members:

- a) Site Safety Supervisor Certification Programme
- b) Scaffolding Competency Certification Level 2
- c) 12th MOSHPA OSH National Conference 2016
- d) 19th Conference and Exhibition on Occupational Safety and Health
- e) MBAM Annual Safety and Health Conference 2016
- f) NIOSH-Tenaga Safety Passport (NTSP)

SUSTAINABILITY REPORT (CONT'D)

For the past three reporting years 2013/2014, 2014/2015 and 2015/2016, there was no work-related fatalities for staff and contractors, and also recorded zero lost-time incident at all job sites. In the reporting year 2015/2016, a total of 7.082 million man hours worked in all sites, only 5 accidents recorded which required in-house first aid support. Despite all these incidents are minor in nature, the Health & Safety Committee viewed that it signals the need for further diligence in ensuring robust accident investigation leading to the identification of probable root cause and the implementation of an action plan, if appropriate, to ascertain that we take the opportunity to learn from the incidents. Consequential thereto, Health & Safety Committee had taken various steps to improve the situation, including tool box meeting, safety induction programme provided to new workers and revision class for existing workers, and more safety signages/posters/banners placed at site.

The health and safety data was collected on a monthly basis and the reports are submitted to Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP)(Department of Occupational Safety and Health). All the data is subject to the audit of the independent certification body WQA at its yearly auditing work.

The health and safety management system established within the Group enables us to monitor and assess the risk performance and maintain a high level of health and safety culture embedded within operations. In 2016, all the job sites (100%) have implemented/practised OHSAS 18001 standard. For year 2016 certificate renewal, we have used SKYVILA project site at *D' Island Residence*, Puchong as sample site.

The Gold Award 2016 garnered under the 12th MOSPHA OSH Excellent Award 2016 from the Malaysia Occupational Health & Safety Practitioner's Association was not only serves an attestation to our endeavors and efforts, but also a strong encouragement to the team.



MARKET PLACE

The Group recognises the importance of building and maintaining positive relationships with its customers, suppliers and contractors.

To ours customers, the Group continues to maintain an open communication with its purchasers via Customer Care Center, email at cs@lbs.com.my or Social Medias such as Facebook, Twitter, Instagram, Youtube and WeChat. Immediate reply and/or action would be taken for enquires or complaints received to ensure customers' satisfaction.



SUSTAINABILITY REPORT (CONT'D)



Supply Chain Management

The Group has set out standards and ethics by which the business is conducted. It ensures that there is no bias and all suppliers will be treated fairly without prejudice. The Group values and derives considerable and competitive advantage from active cooperation with its established suppliers in terms of innovation and product development. Tender procedures have been made clear to the contractors so that the awards of contract are done in a fair and just manner.

The Group has an enviable reputation for healthy relationship with our supply chain. Many of our business associates are long term in nature as this close relationship allows us to specify and source materials and products that we know and from responsible source. We believe that the development of long term relationship with our supply chain partners helps to maintain our reputation and brand. We aim to provide sites with local supplies wherever possible, helping to reduce carbon emissions from transporting materials and to engage human resources from local communities.

ENVIRONMENT

In March 2017, our Construction Division was awarded the certification of ISO 14001:2005 from WQA. This internationally recognised standard provides requirements for the design,

implementation and certification of an environmental management system that helps the organisation to set and achieve an environmental policy and environmental objectives in accordance with legal requirements applicable to work performed by the Company.



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SUSTAINABILITY REPORT (CONT'D)

LBS recognises protection of the global environment. In response to the global environmental conservation responsibility, the Company looks toward in putting green elements in its projects.



Green Elements

LBS recognises protection of the global environment. In response to the global environmental conservation responsibility, the Company looks toward in putting green elements in its projects. *D' Island Residence* is the first project incorporated with the Rainwater Harvesting system that harvests the water from the roof for the usage of landscape watering, toilet flushing and car washing. On average, a household can save up to 15%-20% of water based on the designed rainwater usage. It is estimated to save up to 100,000 liters of water per household per year. Besides, our projects in *D' Island Residence* and *Bandar Saujana Putra* have also featured more environmentally friendly and energy efficient systems like LED street lights and these would apply on other projects in the near future.

Waste Management

During the year, we continued to improve our building design so that they are simple and yet comfortable with minimum unique design that are highly cost on the space and materials utilization without compromising on the quality and customer satisfaction. Design methodology is not only reduced operation cost of construction, it also reduces energy consumption by minimising energy inputs for heat while maximising air ventilation and natural light. As a result, this helps to save energy and also save money for the residents. We are glad that our supply chain partners have granted much support and co-operation in working towards this direction.

At site, the Construction Division has also introduced a series of practices to recycle some of the waste so as to reduce the amount of waste generated. Practices implemented such as brick and block waste is re-used at site in walkway, car porch, roads as bases for hard standings; paint cans recycling and so on.

Another success in reducing the concrete/rebar wastages was the introduction for use of aluminium or metal formwork system for our building structure. This engineered formwork is much cheaper and quicker to use than traditional formwork. The frames are extremely strong and rarely need replacing, thus reducing costs. Due to the formwork systems being engineered, their construction is faster and requires less manpower and therefore saving money.

At offices, we implemented practices to reduce waste and have paper, card and print cartridge recycling facilities. Electronic communications continues to reduce dependency on printing and recycled paper is used throughout the Group. The eBook and slide presentations used at each meeting including Board and Board Committees in all offices had reduced at least 15,000 sheets of papers in the year 2016. Policies have been set for efficient usage of water and electricity arising from daily operations.