




A member of **UEM** 



# SUSTAINABILITY REPORT **2011**

# ABOUT THE REPORT

In 2011, Faber embarked on its first Sustainability Report ("SR") to demonstrate our commitment to our stakeholders and the environment. This SR is aligned to the Global Reporting Initiative's ("GRI") G3.1 Sustainability Reporting Guidelines, which provides a more substantive communiqué than previous sustainability information, which had been incorporated in Faber's Annual Report since 2008. This report makes no re-statements to our previous sustainability information.

Our report is available on our corporate website at [www.fabergroup.com.my](http://www.fabergroup.com.my).

We welcome your feedback about our 2011 Sustainability Report. Please contact us at:

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## REPORTING PERIOD AND SCOPE

In developing this SR, we have consulted with sustainability practitioners. The report covers our operations' activities for the full financial years of 2009 to 2011, ending December 31st.

The SR 2011 reporting encompasses, the following indicators and coverage.

Indicators	Coverage
Economic	Faber Group of Companies*
Social	Faber Group of Companies**
Environment	Faber Medi-Serve Sdn. Bhd.

\* Malaysia, India and UAE  
\*\* Malaysia Only

## REPORTING CYCLE

We intend to produce our SR biennially on our website with consideration for annual reporting in the longer term.

We would also like to thank everyone who participated in the compilation of this report, without whose assistance and input this report could not have been completed.

# Our Vision

- to be the no. 1 partner in Integrated Facilities Management
- to be a niche Property Developer

# Our Mission

- to continuously raise the standards in Integrated Facilities Management
- to deliver valued realty

# Our Core Values

Professional  
Passionate  
Caring  
Innovative  
Trustworthy

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## WHO WE ARE



Faber Group Berhad ("Faber" or "the Group") is listed on the Main Market of Bursa Malaysia Securities Berhad. From a Malaysian hospitality concern over 49 years ago, Faber has evolved into a leading player in the Integrated Facilities Management ("IFM") and Property Development sectors.

Faber's core businesses are made up of two primary Divisions – the IFM and Property Development.

### IFM DIVISION

In Malaysia, IFM operations are undertaken by two wholly owned subsidiaries, Faber Medi-Serve Sdn Bhd ("FMS") and Faber Facilities Sdn Bhd ("FFSB"). FMS is principally focused on the provision of Hospital Support Services ("HSS") to Government hospitals while FFSB provides IFM services for commercial and residential properties. The IFM Division also focuses on private hospitals in Malaysia, India and UAE.

### IFM Concession

#### Faber Medi-Serve Sdn Bhd ("FMS")

FMS is one of the largest companies in Malaysia providing IFM services to Government hospitals since 1997. The HSS covers the following:

- Facilities Engineering Maintenance Services ("FEMS")
- Biomedical Engineering Maintenance Services ("BEMS")
- Cleansing Services ("CLS")
- Linen and Laundry Services ("LLS")
- Clinical Waste Management Services ("CWMS")

The HSS concession covers 81 Government hospitals including 2 laboratories supported with 13 incinerator facilities, and 13 laundry facilities in the states of Perak, Kedah, Penang, Perlis, Sabah and Sarawak.

The concession was awarded by the Ministry of Health ("MoH") under a 15-year term which expired on 28 October 2011. FMS has been notified by the Unit Kerjasama Awam Swasta ("UKAS") that the HSS concession agreement would continue under the prevailing terms and conditions until contractual negotiations are completed.

FMS also undertakes CWMS for more than 820 private clinics and private hospitals throughout the country.



**IFM Non-Concession  
Faber Facilities Sdn Bhd ("FFSB")**

**Malaysia**

FFSB manages IFM services for eight commercial properties and five residential properties in Malaysia.

**India**

FFSB provides CLS, BEMS and FEMS for private hospitals and commercial properties in India through its subsidiaries: Faber Star Facilities Management Limited and Faber Sindoori Management Services Private Limited.

**United Arab Emirates  
Faber L.L.C.**

In UAE, Faber L.L.C., a subsidiary company incorporated in Dubai, provides FEMS for Sheikh Khalifa Medical City and Al-Rahbah Hospital under the auspices of the General Health Authority in the Emirate of Abu Dhabi.



**PROPERTY DEVELOPMENT DIVISION**

Property Development, undertaken by Faber Development Holdings Sdn Bhd ("FDH"), remains one of Faber's core businesses. Backed with 40 years of experience, the Division's strategic shift towards innovative, niche property developments in the past two years has contributed positively to the Group's results.

Faber's flagship development projects in Taman Desa and Taman Danau Desa in Kuala Lumpur rank among the preferred neighbourhoods in Klang Valley with an ideal blend of landed residential units, high rise condominiums, commercial properties and comprehensive amenities.

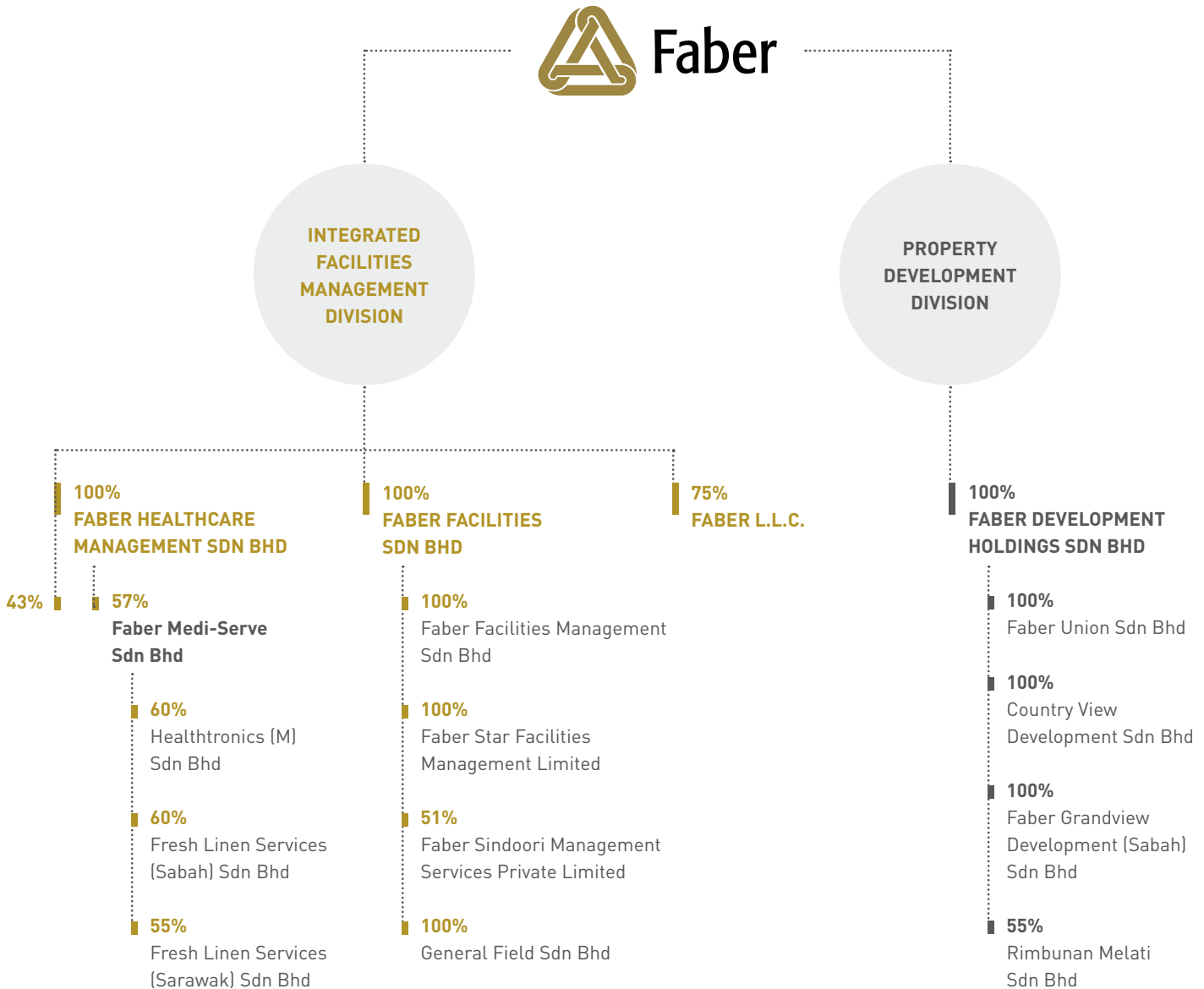
Faber's mixed development projects in Laman Rimbunan, Kepong, Kuala Lumpur comprising landed residential units, commercial properties have transformed what was once an unregulated development into a well-planned residential enclave.

In East Malaysia, Faber has also established its presence as a niche property developer with housing projects in Taman Hilltop Perdana in Kota Kinabalu and Taman Grandview in Sandakan, Sabah.



# CORPORATE STRUCTURE

## GROUP'S KEY OPERATING COMPANIES



## GROUP ECONOMIC PERFORMANCE

### ECONOMIC PERFORMANCE DATA

GROUP			
RM MILLION	2009	2010	2011
<b>VALUE ADDED</b>			
Revenue	805	889	<b>880</b>
Other Income	2	1	<b>2</b>
Interest Income	5	8	<b>8</b>
Operating Expenses	(486)	(567)	<b>(558)</b>
Community Care & Donations	(1)	*	*
Finance Cost	(7)	(7)	<b>(6)</b>
<b>Value added available for distribution</b>	<b>318</b>	<b>324</b>	<b>326</b>

DISTRIBUTION			
Employee cost	156	172	<b>182</b>
Taxation	35	26	<b>48</b>
Dividend	11	16	<b>22</b>
Non-Controlling interests	23	25	<b>12</b>
Depreciation, amortisation	21	22	<b>23</b>
Retained earnings	72	63	<b>39</b>
<b>Total distributed</b>	<b>318</b>	<b>324</b>	<b>326</b>

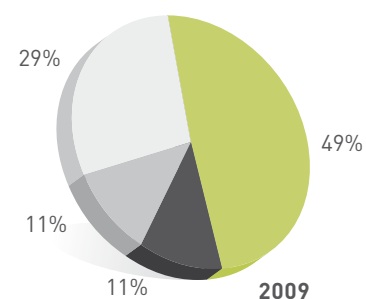
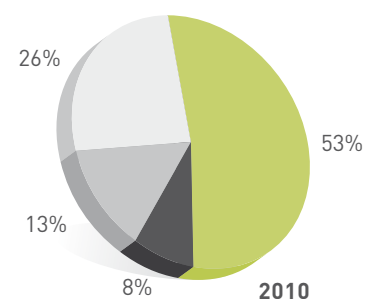
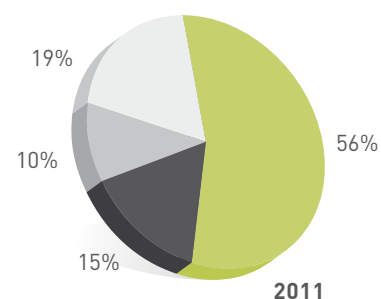
\* 2010 contribution was RM0.5 million, 2011 contribution was RM0.4 million

### GROUP FINANCIAL HIGHLIGHTS

RM MILLION	2009	2010	2011
Shareholders' Funds	389.2	448.9	<b>488.0</b>
Profit Before Tax	141.2	129.2	<b>121.7</b>
Total Assets	890.5	989.6	<b>1,103.3</b>
SEN	2009	2010	2011
Earnings Per Share	23	22	<b>17</b>
Net Tangible Assets Per Share	97	114	<b>127</b>

Note: Please refer to Faber's Annual Report 2011 on other financial performance of the Group

### DISTRIBUTION OF VALUE ADDED



- Employee cost
- Taxation
- Dividend & Non-controlling interests
- Depreciation, amortisation & retained earnings

## MESSAGE FROM THE MANAGING DIRECTOR

Welcome to Faber's first Sustainability Report. With this 2011 report, we have taken a huge step forward in the way we communicate our journey towards a sustainable business.

The process of reporting has been enlightening and enabled us to appreciate the many dimensions of sustainability. More pertinent however, is that we have come to realise that there are opportunities for us to pursue further to operate more sustainably in the future. These are areas that we intent to tap into over the long term on sustainability.

### OUR SUSTAINABILITY RECORD

At Faber, our aim has always been to create long-term value for our stakeholders encompassing customers, investors, suppliers, employees and the community in the areas where we operate. In the past few years, we have developed several programmes focused on development of our employees and vendors who forms the backbone of the Group. The most significant commitment to our employees has been to boost the average training hours per employee of between 41% - 59% since 2009 based on employee category. We are also pleased to report gender parity in the areas of management pay level and average training hours per employee. We have an ongoing Vendor Development Programme ("VDP") which will be further augmented with sustainability aspects in the future.

We have made some modest achievements in reducing our environmental impact. For example, over a span of 6 months, we have reduced electricity consumption at Faber's Head Office by 24% with very basic changes in lighting items and users' behaviour. We are also delighted with employees initiatives in material cost savings and would look to more of such involvements from our employees.

### LOOKING AHEAD

We will continue to build on these successes and create more specific targets particularly in the environmental indicators. To ensure that we have strong fundamentals to facilitate the transformation on sustainability, we will build up internal teams and data management systems.

We are well aware that our core businesses in IFM and Property Development are a crucial societal need for the growing human population but we also realise that operating sustainably and responsibly will be the key to ensuring that we continue our businesses as a responsible corporate citizen.

We are therefore excited about the prospect of becoming a business entity that will look beyond just on profit driven perspective. Our Corporate Responsibility Policy slated for release in the 4<sup>th</sup> quarter of 2012 will underpin this commitment.

We invite you to share our journey in the years to come as we set about achieving our sustainability goals.



“

The business environment is very challenging but we believe that pursuing sustainability will make us a more efficient company with competitive long-term prospects without compromising on people and the planet.”

**ADNAN MOHAMMAD**  
Managing Director



## SUSTAINABILITY IN PERSPECTIVE

We have in the last several years made a number of important commitments to sustainability by establishing several group policies in Energy, 5S, Safety and Health, Environment and a soon-to-be released Corporate Responsibility Policy.

We realise that these policies need structured accountability systems to deliver the excellence that is promised. We have done this by implementing integrated management systems certified to international standards, and adopted industry guidelines.

### CREATING VALUE FOR STAKEHOLDERS

We have been working with various employee groups and suppliers to improve our products, services and processes, inculcate a quality culture and nurturing employees' creativity in continual improvement and problem solving.

Our business continues to grow albeit, at a moderate pace. In 2011, two more hospitals were added to our HSS concession list and we expanded our laundry plant capacity with the opening of Bukit Beruntung Laundry Plant ("BBLP") in mid 2011.

### BUSINESS EXCELLENCE

Faber has conducted a Business Excellence Framework Gap Assessment and established action plans to improve our business excellence ("BE"). We have trained Internal BE Assessors to carry out the assessment with the assistance from Malaysia Productivity Corporation ("MPC"). Our assessment score is in the category of Good Practice Achiever (600 – 699 points out of 1,000) and we aim to achieve "Best in Class" category in 2012. We have also been short-listed by MPC for the final phase of assessment for the Quality Management of Excellence Award 2011 in the Large Company Category.

### AWARDS AND RECOGNITION

In 2011, two major awards: "Best Practices-Healthcare Asset Management Award 2011" by Institute for Infrastructure Asset Management ("IIAM"), New York, United States of America and "Facilities Management Company of the Year 2011" by Frost & Sullivan Malaysia attested to the calibre of our IFM services.

Faber also received recognition when the Group received the Starbiz-ICR Malaysia Corporate Responsibility Award 2010 for Marketplace Category for companies below RM1 billion market capitalisation.



# SUSTAINABILITY IN PERSPECTIVE

(CONTINUED)

## INTEGRATED MANAGEMENT SYSTEMS

As an IFM company, Quality, Safety, Health & Environment are important elements in fulfilling our responsibilities in our daily works and functions. For this, Faber has made great strides in implementing Integrated Management Systems covering Quality, Safety, Health & Environment at various facility locations. The management systems are certified to internationally recognised standards. We will continue to pursue full certification throughout the Group.

Certifications awarded to Faber Group of companies:





# SUSTAINABILITY IN PERSPECTIVE

(CONTINUED)

## BEST PRACTICES

Faber has incorporated relevant world best practices and guidelines in our products and services provision. In ensuring our customers' requirements are met, Faber has undertaken numerous improvement initiatives and regularly reviewed our processes and procedures to improve service and product performance.

Best practices and international guidelines implemented in Faber include:

BEST PRACTICES/GUIDELINES	SERVICES
American Society for Hospital Engineering ("ASHE")	Facilities Engineering Maintenance Services
American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE")	Facilities Engineering Maintenance Services
AS/NZS 4146:2000	Linen and Laundry Services
British Institute of Cleaning Service ("BICS")	Cleansing Services
Emergency Care Research Institute ("ECRI")	Biomedical Engineering Services
European Union Emission Standards	Clinical Waste Incineration
International Electrotechnical Commission ("IEC")	Biomedical Engineering Maintenance Services
Institute of Healthcare Engineering and Estate Management ("IHEEM")	<ul style="list-style-type: none"> <li>• Biomedical Engineering Maintenance Services</li> <li>• Facilities Engineering Maintenance Services</li> </ul>
Quality Assessment System in Construction ("QLASSIC") – Construction Industry Development Board ("CIDB")	Property Development
UK Health Technical Memorandum ("UKHTM")	Facilities Engineering Maintenance Services
World Health Organisation ("WHO")	Clinical Waste Management Services



**2** **3** offices and  
laundry plants  
certified  
ISO14001/  
OHSAS 18001

**6** laundry/  
incineration  
plants certified  
to ISO 9001

#### IMPROVING WORKPLACE ENVIRONMENT WITH 5S HOUSEKEEPING

The implementation of the 5S housekeeping system has helped Faber improve its operational efficiency, productivity, safety and health performances and ownership of processes.

As of 2011, 24 sites have received 5S certification by MPC. The Head Offices of Faber and its subsidiaries in Faber Towers also received the 5S certification in October 2011.

**24** sites  
certified to 5S  
by the Malaysia  
Productivity  
Corporation

#### SUSTAINABILITY FRAMEWORK

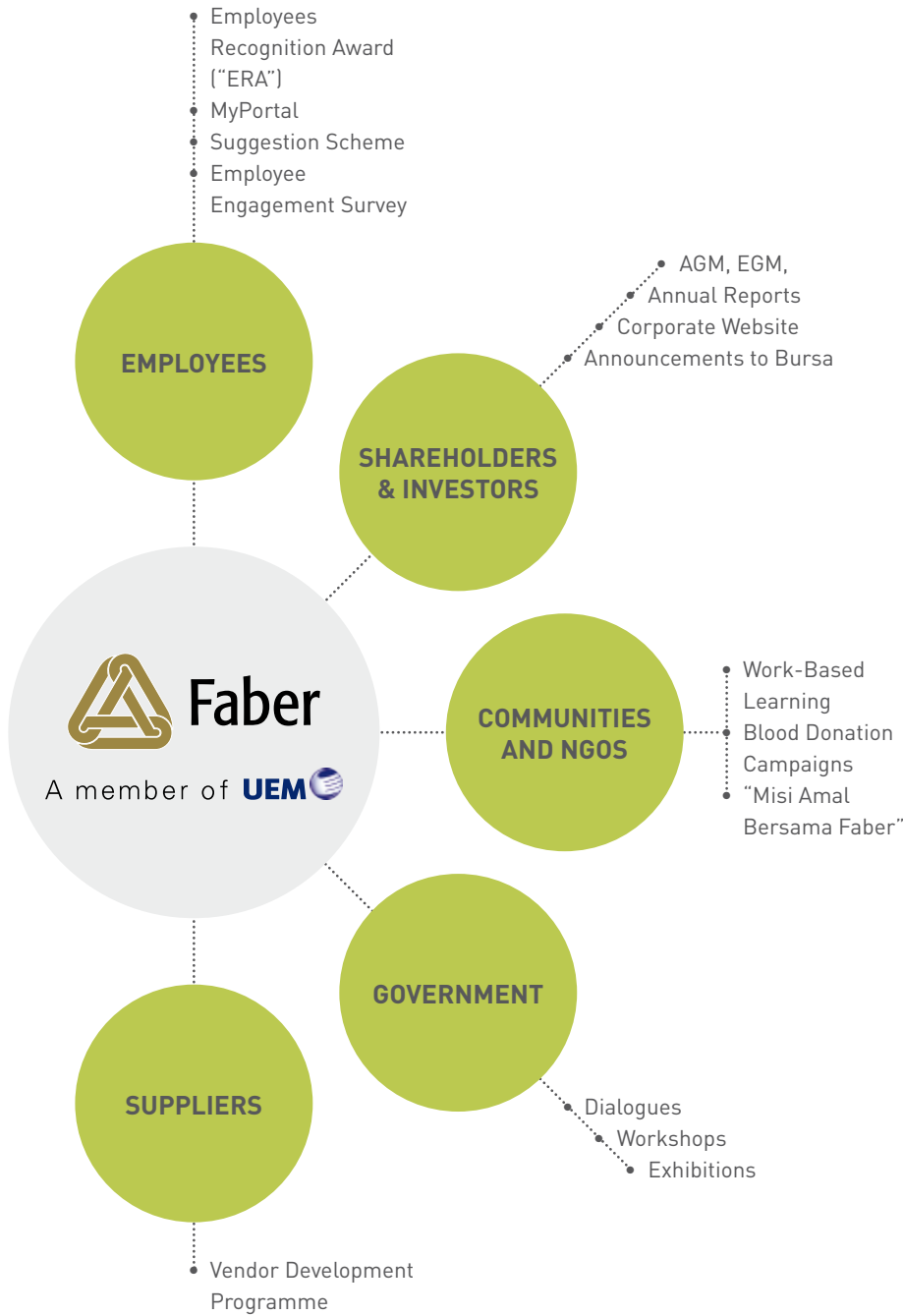
The formal framework to define our sustainability direction is presently being developed. We realise that this framework is necessary in order for us to have continuity in the basis of our sustainability goal setting and reporting. The framework will incorporate the guidelines on defining report content as set out by the GRI.

In the future, we will build sustainability depth by expanding our sustainability framework to cover more indicators and more inclusive reporting across the Group. We also intend to harmonise our data collection systems from across the regions for comparability and reliability.

To drive the transformation, we will establish a Sustainability Team comprising representatives from various departments in Faber's Head Office and representatives from the Group's operating companies. The Sustainability Team will work to ensure the timely reporting of our efforts and will apply the reporting principles in the GRI's 'Guidance on Defining Report Content,' and the Technical Protocol: 'Applying the Report Content Principles.'

# SUSTAINABILITY IN PERSPECTIVE

(CONTINUED)



## STAKEHOLDER ENGAGEMENT

At Faber, we seek to engage with our stakeholders to ensure we address key issues in our journey to be a sustainable organisation. We acknowledge that in this area, our engagement has been very much focused on our key customers and employees. Moving forward, we will expand the range of stakeholders engagement through communications and dialogues to obtain a broader view of their perspectives and to align our goals with their aspirations.

In the meantime, we have been conducting the Employees' Engagement Surveys ("EES") once in every two years. The objective of the EES is to provide a channel for the employees to identify issues that are of concern to them. With the feedback given, the Group is able to gauge the employees' expectations and needs and to direct resources to meeting these needs.

We are also keenly aware that our investor community is very much interested in our sustainability performance. In May 2011, The Minority Shareholders Watchdog Group ("MSWG"), notified us of their hope for Faber to publish an independent sustainability report. In addition, we are conforming to UEM Group's guideline for all subsidiaries to publish sustainability reports.

## CHALLENGES

For the IFM concession, we have received a notification from UKAS that the existing HSS Concession Agreement ("CA") shall in the interim continue until the signing of a new HSS CA with MoH. We have taken all necessary steps and actions to secure the extension of the HSS CA and are now awaiting the decision from the Government.

# SOCIAL

## PEOPLE

Engaging employees has always been one of our key priorities. Faber encourages an open door policy and have in place various channels for communication between employees and management. We continue to invest in our employees because we believe that employees, regardless of their position in the organisation are the core of a sustainable business entity.

In the reporting of the social indicators, the data is presented for Faber covering both the IFM and Property Development Divisions in the Malaysian operations.



## WORKFORCE

Faber's total employees in Malaysia is 3,839 in 2011 compared to 4,011 in 2009. The employee headcount also includes a number of trainees who serve in Faber for their internship every year.

FMS, which provides HSS to the Government hospitals, employs more than 93% of the total employees in the Group.

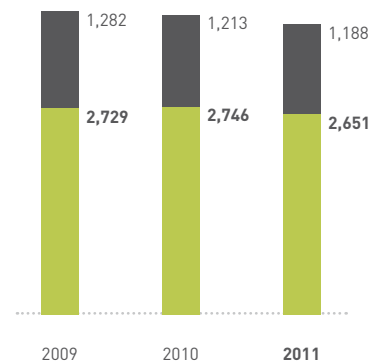
## GENDER DIVERSITY

In Malaysia, there is an increasing number of women entering higher institutions of learning, and Malaysia has achieved better than parity at the university level. This large pool of employable women is a significant human resource for Faber to tap into not only for the benefit of Faber but also for the benefit of the nation as it has been shown that a higher percentage of women in the workforce will correlate with a higher gross domestic product "GDP".

In Faber, the female employee representation hovers at around 31% which is below the national average of 36.3% and below the population female to male ratio of 49.2% (2010 UN country profile – Malaysia). As a comparison, in a number of developed economies, females in the workforce exceed 50%.

**31%**  
females  
in Faber's  
workforce  
(Malaysia)

**TOTAL EMPLOYEES BY GENDER**



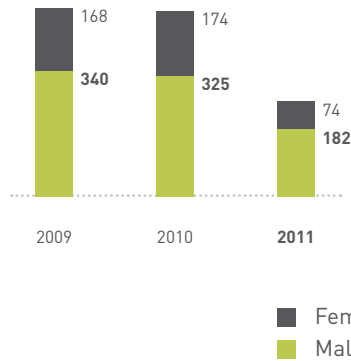
■ Female  
■ Male

# SOCIAL

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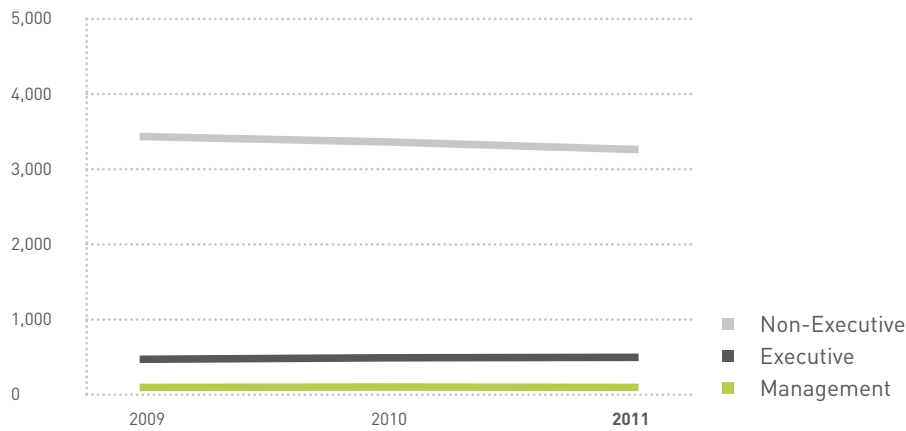
The employee gender balance is likely to be maintained in the near future as the hiring rate of males continues to be higher than for females. The rate of new hires in this 3-year period has been between 5 - 8% for males and 2 - 4% for females. The slight difference between the gender hiring rates arises because most of the available vacancies are in the non-executive technical areas which has been traditionally a male-dominated segment.

### NEW HIRES BY GENDER



In addition, an average of 10 polytechnic students per year are trained based on a structured one year Work Base Learning programme at FMS regional offices through a collaboration with the Ministry of Higher Education ("MoHE").

### NUMBER OF EMPLOYEES BY CATEGORY



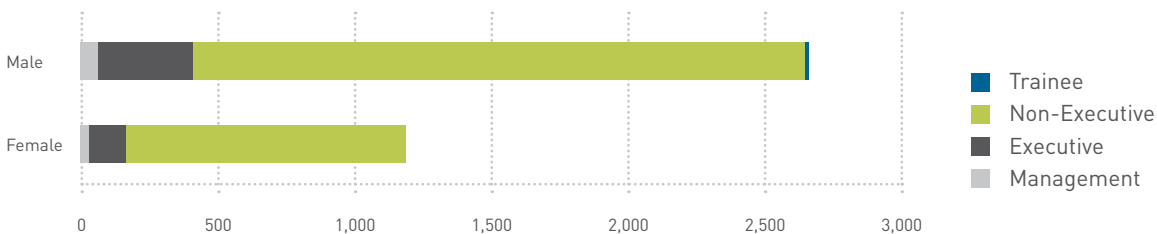
### EMPLOYMENT CATEGORIES

Faber's employees are classified in 3 primary groups i.e. Management, Executive and Non-Executive. The bulk of the workforce is in the Non-Executive category, comprising nearly 85% of the total employees. Employee numbers in each of these 3 categories has generally remained stable except for a 5% decrease in the Non-Executive category from 2009 to 2011, reflecting the trend towards a leaner workforce.

Faber also welcomes a number of industrial interns / trainees each year for internships of up to six months. The short-term interns are mentored by Faber employees for the duration of the programme.

Note: The headcount of the polytechnic students is not included in the employment statistics.

### EMPLOYEE CATEGORY - GENDER DISTRIBUTION 2011





### PERMANENT VERSUS CONTRACT STAFF

Faber employs both permanent and contract staff. The proportion of contract staff to the total workforce has risen from 20% in 2009 to 25% in 2011 reflecting the increased number of projects where staffs are recruited on a project renewal basis.

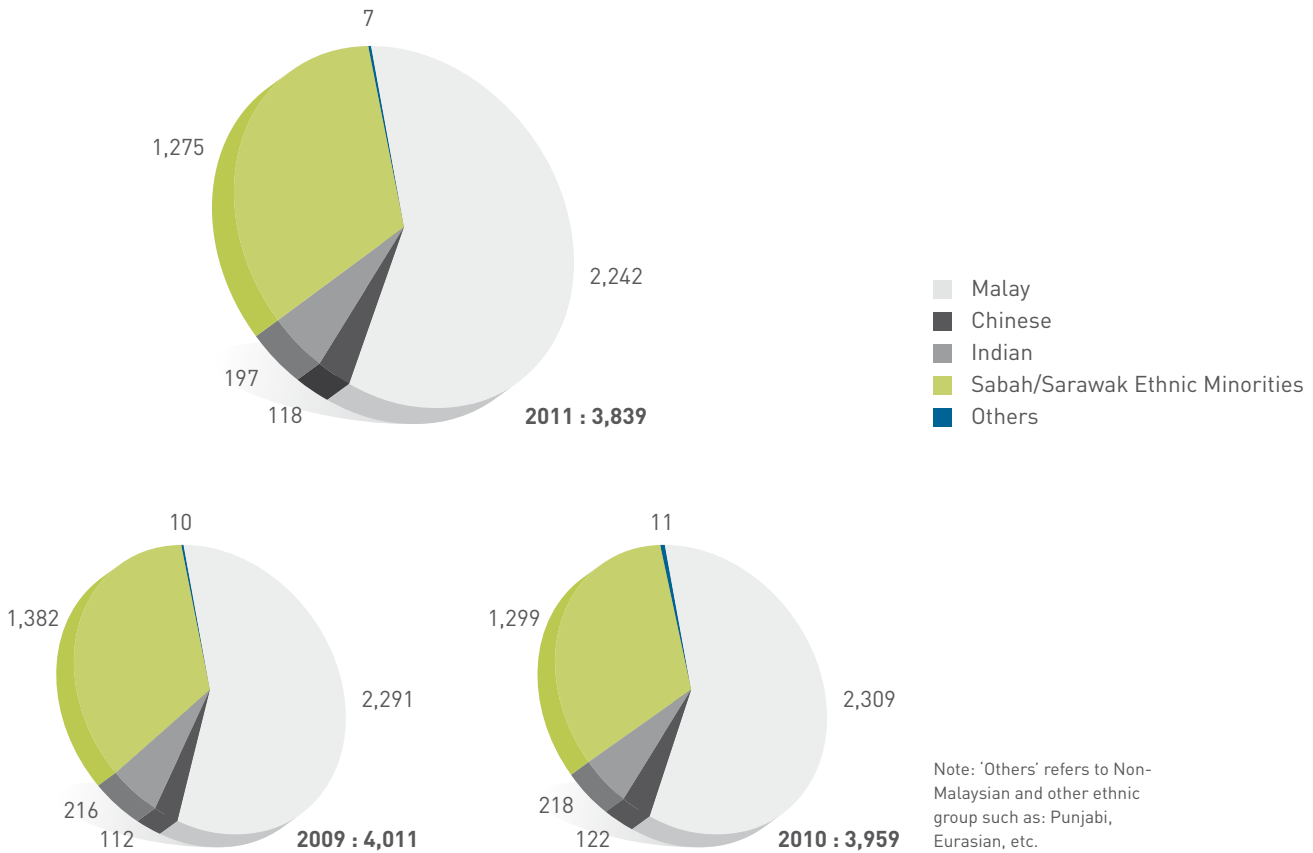
2011	PERMANENT		CONTRACT		GRAND TOTAL
	MALE	FEMALE	MALE	FEMALE	
Management	60	31	6	0	97
Executive	312	124	33	10	479
Non-Executive	1,626	741	612	282	3,261
Trainee	1	0	1	0	2
<b>TOTAL</b>	<b>1,999</b>	<b>896</b>	<b>652</b>	<b>292</b>	<b>3,839</b>

2010	PERMANENT		CONTRACT		GRAND TOTAL
	MALE	FEMALE	MALE	FEMALE	
Management	60	34	8	0	102
Executive	316	123	38	14	491
Non-Executive	1,736	775	585	266	3,362
Trainee	0	0	3	1	4
<b>TOTAL</b>	<b>2,112</b>	<b>932</b>	<b>634</b>	<b>281</b>	<b>3,959</b>

2009	PERMANENT		CONTRACT		GRAND TOTAL
	MALE	FEMALE	MALE	FEMALE	
Management	60	30	7	0	97
Executive	310	116	34	11	471
Non-Executive	1,837	853	468	277	3,435
Trainee	0	0	6	2	8
<b>TOTAL</b>	<b>2,207</b>	<b>999</b>	<b>515</b>	<b>290</b>	<b>4,011</b>

SOCIAL  
(CONTINUED)

EMPLOYEE COMPOSITION BY ETHNICITY IN MALAYSIA



EMPLOYEE ETHNIC DIVERSITY

Faber employs a diverse range of people from the ethnic groups which are represented in Malaysia. Faber has been able to incorporate a high number of employees from the native ethnic groups based in Sabah and Sarawak for its East Malaysia operations. Sabah and Sarawak ethnic groups are classified into a single category to facilitate the statistical representation as there are 32 ethnic groups in Sabah and 27 ethnic groups in Sarawak.

However, the proportionate ratios of the various ethnic groups for Faber when compared with national population statistics indicate that some ethnic groups are under-represented. In meeting its social responsibility, Faber will seek to raise the proportion of the under-represented ethnic groups in the future.

>12  
ethnic groups  
in our people  
mix

The ethnic representation is further demonstrated in the three employment categories appended below tables.

2011	MANAGERIAL	EXECUTIVE	NON-EXECUTIVE	TOTAL
Malay	73	303	1,866	2,242
Chinese	11	53	54	118
Indian	5	25	154	184
Sabah/Sarawak Ethnic Minorities	5	84	1,185	1,274
Others	3	14	4	21
<b>TOTAL</b>	<b>97</b>	<b>479</b>	<b>3,263</b>	<b>3,839</b>

2010	MANAGERIAL	EXECUTIVE	NON-EXECUTIVE	TOTAL
Malay	75	309	1,926	2,310
Chinese	12	51	59	122
Indian	6	29	166	201
Sabah/Sarawak Ethnic Minorities	4	83	1,211	1,298
Others	5	19	4	28
<b>TOTAL</b>	<b>102</b>	<b>491</b>	<b>3,366</b>	<b>3,959</b>

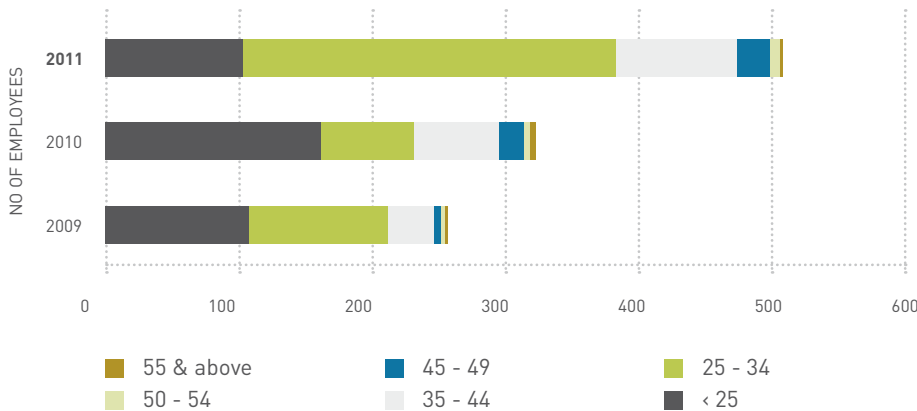
2009	MANAGERIAL	EXECUTIVE	NON-EXECUTIVE	TOTAL
Malay	72	283	1,936	2,291
Chinese	11	46	55	112
Indian	6	29	173	208
Sabah/Sarawak Ethnic Minorities	5	89	1,274	1,368
Others	3	24	5	32
<b>TOTAL</b>	<b>97</b>	<b>471</b>	<b>3,443</b>	<b>4,011</b>

# SOCIAL

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## NEW HIRES

NEW HIRES BY AGE GROUP



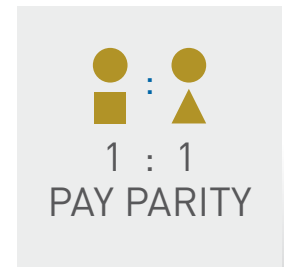
As described earlier, the recruitment numbers have in general trended lower for both genders from 2009 to 2011.

The bulk of the hiring is in the under 45 age group, comprising approximately 93 - 96% between 2009 and 2011.

## GENDER EQUALITY IN PAY

The Group demonstrates a progressive treatment of its employees having made continuous progress towards gender equality in pay in the last 3 years. Significantly, Faber has achieved gender pay parity for the Management category of employees in 2011, rising from a ratio of 1:0.89 in 2009.

For the Executive and Non-Executive categories, the gender pay gap is small and trends towards parity. Executive pay for women is closing the gap compared to pay for men from a ratio of male vs female 1:0.9 in 2009 to 1:0.94 in 2011. Non-Executive pay for female versus male employees has risen from a ratio of male vs female 1:0.82 in 2009 to 1:0.88 in 2011. The gender disparity at the Non-Executive level can be attributed to the large numbers of males in the technical support group, whose pay scales are generally higher than the administration and support staff.



Overall, these numbers are averaging better than the national profile of 1:0.81 for male-to-female ratio in wage equality for similar work.

YEAR	GENDER	MANAGEMENT		EXECUTIVE		NON-EXECUTIVE	
		AVERAGE SALARY (RM)	RATIO	AVERAGE SALARY (RM)	RATIO	AVERAGE SALARY (RM)	RATIO
2011	Male	11,173	1 : 1	4,129	1 : 0.94	1,605	1 : 0.88
	Female	11,185		3,884		1,412	
2010	Male	10,635	1 : 0.90	3,797	1 : 0.90	1,438	1 : 0.87
	Female	9,527		3,418		1,245	
2009	Male	10,488	1 : 0.89	3,757	1 : 0.90	1,393	1 : 0.82
	Female	9,354		3,355		1,142	

**56%**  
increase in  
training hours  
per employee  
in 2011 compared  
to 2009.

### EMPLOYEE DEVELOPMENT

Faber invests significantly in training and development of its workforce because it believes that building employees' competencies not only delivers results for the Group but also creates employee satisfaction and loyalty. The commitment from Faber is most evident in the average employee training hours recorded for 2011, which has increased by 56% since 2009 for total employees.

FABER GROUP 2011	EMPLOYEE COUNT	TRAINING HOURS	AVERAGE TRAINING HOURS PER EMPLOYEE
Management	97	4,190.34	43.20
Executive	479	20,669.36	43.15
Non-Executive	3,261	43,196.92	13.25
Trainee	2	66.20	33.10
<b>Total</b>	<b>3,839</b>	<b>68,122.82</b>	<b>17.75</b>

FABER GROUP 2010	EMPLOYEE COUNT	TRAINING HOURS	AVERAGE TRAINING HOURS PER EMPLOYEE
Management	102	4,785.44	46.92
Executive	491	25,634.56	52.21
Non-Executive	3,362	46,219.76	13.75
Trainee	4	158.48	39.62
<b>Total</b>	<b>3,959</b>	<b>76,798.24</b>	<b>19.40</b>

FABER GROUP 2009	EMPLOYEE COUNT	TRAINING HOURS	AVERAGE TRAINING HOURS PER EMPLOYEE
Management	97	3,300	34.02
Executive	471	13,836	29.38
Non-Executive	3,435	28,532	8.31
Trainee	8	0	0.00
<b>Total</b>	<b>4,011</b>	<b>45,668</b>	<b>11.39</b>

Note: The training hours include trainees/interns or polytechnic students on the Work Base Learning programme except for 2009.

SOCIAL  
(CONTINUED)

TRAINING HOURS PER EMPLOYEE



The training hours per employee based on gender is generally balanced between both groups with slightly more female participation in 2011. Training hours for employees has risen from an average of 11.39 hours in 2009 to 17.75 hours in 2011 while for female employees it has climbed from an average of 10.62 to 18.80 hours in the same period.

EMPLOYEE PERFORMANCE REVIEW

Another component of Faber’s commitment to employee development is in the annual performance reviews for its employees. The data indicates that more than 99% of all employees undergo a performance appraisal every year. The few who have not been appraised are generally those who have been hired in November and December and are not required to submit their performance appraisal as the evaluation period is too short. Interns and trainees are evaluated using a different appraisal method.

YEAR	TOTAL EMPLOYEES	TOTAL PERFORMANCE REVIEW	REVIEW RATIO
<b>MALE</b>			
2011	2,649	2,636	99.51%
2010	2,743	2,741	99.92%
2009	2,716	2,712	99.55%
<b>FEMALE</b>			
2011	1,188	1,185	99.75%
2010	1,212	1,211	99.92%
2009	1,287	1,256	99.92%

> 99%  
 employees  
 undergo  
 performance  
 appraisals  
 every year

## EMPLOYEE BENEFITS

Faber continues its commitment to employee care by offering a competitive salary and benefits package. Aside from the benefit of attracting and retaining talented people, we want to ensure that our employees are able to cope with the costs of living and rising inflation while being rewarded for their contribution. Our benefits package is designed to help employees balance their work and home lives, and encourage them to have long careers with us.

Our rewards and recognition schemes are aimed at shaping a high performing culture with the employees. Bonus payouts are given to high performers who produce excellent results.

In 2011, we have invested RM182.0 million in salary and benefits including training and development, which comprises 32.6% of the Group's operating expenses. Examples of the benefits for confirmed employees and eligible staff based on their job grades is interest free study loans and medical support.

## EMPLOYEE COMMUNICATIONS

Faber conducted Employee Engagement Surveys ("EES") in 2008 and 2010 to gauge their perceptions and expectations of the workplace. Overall, the employees have been responsive and their rate of participation is comparable to the industry average of 70% to 80% with 85% as the benchmark.

COMPANY	2008 RESULT	2010 RESULT	2010 ENGAGEMENT INDICATOR
FGB/FFSB/FDH	79%	81.3%	B+
FMS	76%	77.9%	B
OVERALL	77.5%	79.5%	B

**1,662**  
employee  
suggestions  
in 2011

The EES covers seven key dimensions namely Career Development, Communication, Job Satisfaction, Leadership & Values, Supervision, Teamwork and Work Environment.

Overall, the EES results indicated that the employees have gained more awareness for participation in the survey and they have realised that their feedback had positively impact the organisation's human resource plans. Moving forward, Faber will continue to undertake the EES because it has been successful in connecting the employees and management with the common goal of creating a value-based company. The EES will also be expanded to include sustainability issues as a starting point to get employees to share their concerns and sensitivity towards sustainability.

1,662 suggestions were received in 2011 and 56% of the suggestions were accepted by the Management.

## SOCIAL

(CONTINUED)

### COMMUNITY CARE

At Faber, we recognise that our business has an impact on the communities and societies in which we operate. As one of the leading IFM company, our focus is in ensuring continuity in the development of skills and knowledge in this discipline. We developed Faber's flagship Corporate Responsibility ("CR") programme with emphasis on Education and Human Capital Development.

We also proactively contribute to the community by supporting programmes such as fund raising, monetary assistance, provision of food supplies and benefit-in-kind to the needy and the underprivileged. Our CR programmes are an extension of our corporate culture, to be caring and to participate in the development of a progressive yet compassionate society. Together with the support and involvement of our employees, we will expand our involvement in the local communities where we operate.

### CHAMPIONING EDUCATION THROUGH WORK-BASED LEARNING ("WBL")

WBL is a form of pedagogy that blends classroom instructions with structured real-life working experience to prepare students for a competitive edge in today's workplace. This is an ongoing collaboration with the Ministry of Higher Education ("MoHE") that started in 2007 to transfer our knowledge, expertise and experience in the IFM sector, especially in FEMS and BEMS. Faber's initiatives in the WBL programmes reflect our commitment towards helping to produce industry-relevant and industry-ready graduates.

To ensure that the programme succeeds, the Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA") has organised a Pedagogy Course for mentors from FMS. The Pedagogy Course is designed to familiarise the mentors to the "Teaching Methods and Outcomes" which is a requirement by MoHE for all lecturers and mentors of the programme.

### DIPLOMA IN FACILITIES MANAGEMENT AND MAINTENANCE ("DFMM")

Faber and MoHE developed a joint curriculum for a one-year WBL programme for the Diploma in Facilities Management and Maintenance ("DFMM") with Community College Hulu Langat ("CCHL") in October 2007. To date, 40 CCHL students have successfully graduated and obtained their DFMM following attachments at FMS offices at various locations throughout Malaysia in 2009 and 2010.

The DFMM programme that was initially facilitated by the MoHE's Community College Education Division was transferred to the Polytechnic Education Department in 2010 which is now being coordinated with the PSA to upgrade the syllabus from the DFMM level to the Advance Diploma in Facility Management. The first batch of students intake for the Advance Diploma is in June 2012.

### ADVANCE DIPLOMA IN ELECTRONICS ENGINEERING (MEDICAL)

In November 2008, Faber and MoHE together with the PSA developed the first Advance Diploma in Electronics Engineering (Medical) focusing on Biomedical Engineering Maintenance Services.

Through this collaboration, Faber aims to share its expertise in developing a specialised skilled workforce to meet the increasing demand for BEMS in the IFM Healthcare Sector. This programme includes a one-year WBL industry attachment based on the structured curriculum with strict adherence to the Malaysian Qualification Agency requirements comprising both academic and on-the-job training.

To date, two batches of students totalling 20 PSA students have successfully graduated under this programme with 18 of the graduates being absorbed into FMS as full time employees by end of 2011. The third intake comprising 12 PSA students commenced in January 2012 where they are currently under-going the WBL attachments at FMS offices.



### HELPING THOSE IN NEED THROUGH “MISI AMAL BERSAMA FABER”

“Misi Amal Bersama Faber” is a community outreach programme that runs throughout the year to contribute to the various community needs in locations where the Group operates. Faber employees take an active role in identifying these needs and this has resulted in aid programmes such as fund raising, monetary assistance, provision of food supplies and benefit-in-kind to the needy and the underprivileged.

Some of the key programmes for the community include the following:



#### West Malaysia

- Faber provided RM16,000.00, a combined contribution from Company, Management and staff to the Hidayah orphanage of Madrasah Al-Taqwa, Hulu Langat, which was hit by a tragic landslide on 21 May 2011.
- Four poor families in Negeri Sembilan and one in Serendah as well as Pusat Harian Kanak-Kanak Spastik in Ipoh were amongst the recipients from the RM4,042.00 proceeds of the Charity Sale during the Quality, Safety, Health and Environment Campaign organised by Faber throughout the month of May 2011.
- Faber employees visited the Rumah Titian Kasih, a home for orphans, single mothers, the physically disabled and old folks, which is located in Kuala Lumpur. During this visit, food supplies and money in kind totaling RM6,850.00 were distributed to the home.
- Faber provided RM9,000.00 donation in cash and in-kind to the needy and poor community comprising old folks, single mothers and physically disabled residents from the Persatuan Satu Penduduk Lorong-Lorong Kiri Datuk Keramat, Kuala Lumpur.
- Faber held a community clean-up campaign at the Seroja Apartments in Laman Rimbunan, Kepong. The employees of FDH teamed up with the residents to clean up the surrounding areas.

#### East Malaysia

- In Sabah, FMS contributed RM50,000.00 for the repair and maintenance works for four mosques and “surau” in Membakut (Kampung Binsuluk, Kampung Mawau, Kampung Brunei Laut and SMK Saga-Saga) as well as for the Queen Elizabeth Hospital in Kota Kinabalu.
- FMS organised the “1001 Green” campaign at the Pusat Jantung Hospital Umum Sarawak (“PJHUS”). The “1001 Green” is the symbolic name given for this project signifying Faber’s continuous commitment towards conserving the environment through the planting of trees and other greeneries.



## SOCIAL

(CONTINUED)



# 3,717

Successful donors have participated in Faber's Blood Donation Campaigns since 2009

### THE COMMUNITY AROUND THE HEAD OFFICE

Faber is also involved with the community within the vicinity of our Head Office located in Taman Desa, which include:

- We provided a venue for the Taman Desa Women Community Club ("TDWCC") to conduct a charity sale to collect funds for a critically ill cancer patient to undergo further treatment. During the two-day Charity Sales, TDWCC has collected RM4,450.00 proceeds from the Charity Sales.
- We organised a Safety Awareness and Crime Prevention Talk by the Police to the representatives of the Taman Desa Residents Association to create awareness on crime prevention and to create rapport between the Police and the local community. Seventy representatives from ten Taman Desa Residents Associations attended in the above event.
- We organised a "Majlis Tazkirah and Breaking of Fast" with the students of the Al-Muhsinin mosque during the month of Ramadhan.

### FABER BLOOD DONATION CAMPAIGNS

Having our core business in the Healthcare Sector, Faber is well aware on the importance of blood supply to patients in need. Faber has been championing blood donation campaigns over the years by organising "Faber Blood Donation Campaigns" aimed at promoting the spirit of giving with themed such as "Live Life, Save Life" and "Living Is Giving".

Various blood donation campaigns have been organised by Faber between 2009 and 2011, with the support from the National Blood Bank. In 2011, the blood donation drive was at a single venue in Kuala Lumpur resulting in a drop of blood donors for that year.

#### Blood Donation Drive Year 2009 – 2011

	2009	2010	2011
No of Locations	25	29	1
Participants	2,609	2,428	138
Unsuccessful Donors	768	670	20
Successful Donors	1,841	1,758	118

## VENDOR DEVELOPMENT PROGRAMME

The Vendor Development Programme (“VDP”) is an outsourcing programme by Faber to facilitate the development of local vendors through a 3-year incubation period. The objective is to develop local vendors into capable and competent entrepreneurs to meet our extensive sourcing and supply demands and remain sustainable in competitive businesses.

Generally the areas of outsourcing are as follows:

- Supply of products – consumables for provision of housekeeping and engineering services, consumables for administrative purposes.
- Supply of services – relevant components of housekeeping and engineering services.
- Supply of manpower – labour intensive services e.g. cleansing, ground maintenance services.

The development of local vendors includes provision of training and guidance in service requirements, crisis management, quality management, communications and financial management.

Faber through FMS currently works with more than 2,500 vendors, who are mainly suppliers and contractors or service providers for HSS.

Faber also recognises high performing vendors in four areas of performance i.e.

- E- **E**ntrepreneur  
Effort and reliability of the vendors to transform into a reputable business entity
- M- ber**M**utu  
Continuous and high quality of services or products for customers/clients
- A- **A**manah  
Integrity of vendors in managing the business and delivering their services or products to customers/clients
- S- **S**istematik  
Systematic service delivery and management of the business or company

Faber being part of UEM Group, supports the Procurement Guidelines for Government Linked Companies (“Red Book”) introduced by Khazanah Nasional Berhad and our VDP is one of the many programmes which we have implemented in line with the Red Book guidelines.

## ENVIRONMENT

We are in a business that has measurable impacts on our environment. We utilise energy for CWMS and LLS, we have a fleet of diesel and petrol service vehicles, water is necessary for the laundry services and chemicals for building and facility maintenance. We understand and care on the impacts to the environment and are developing ways and methods to minimise these impacts.

For 2011 SR, we focused on collecting data on our direct energy, indirect energy and water consumption. We also reported these data in line with the materiality and prioritisation principles of the Global Reporting Initiative (GRI).

For reporting direct energy, indirect energy and water consumption, the data is derived from information collected from the Regional plants for both CWMS and LLS.

The regional CWMS plants identified are independent facilities located in Kamunting (Perak), Lok Kawi (Sabah) and Sibu (Sarawak).

For the regional LLS facilities, data is reported for the independent facilities at the following sites – Bukit Beruntung (Selangor), Kamunting (Perak), Kuala Ketil (Kedah), Kota Kinabalu (Sabah), Bintulu (Sarawak) and Sejingkat (Sarawak).

The other locations for the FMS operations in its four regions – Perak, Kedah / Perlis / Penang (KPP), Sabah and Sarawak are as follows:

- 79 service offices located at the hospitals,
- 7 CWMS facilities with smaller capacities located within the hospitals' compounds.
- 2 stand-by CWMS facilities,
- 6 LLS facilities with smaller capacities located within the hospitals' compounds.
- 1 LLS facility with smaller capacity located in a commercial area,
- 2 Public Health Laboratories (MKA),
- 4 Regional Offices (RO) and
- 1 Head Office located in Taman Desa, Kuala Lumpur.

However, these locations are excluded to allow streamlining of data modes. For future reporting, it is one of our goals to include environmental data from all reportable sites.



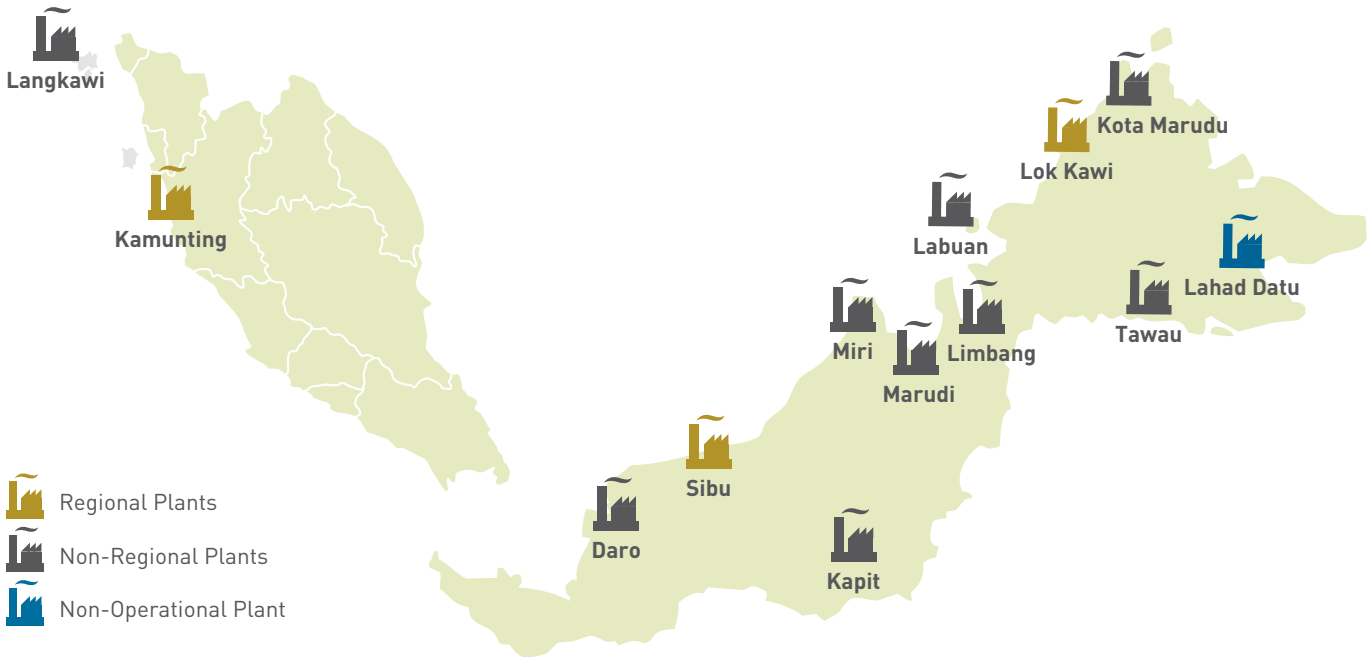
**3** Regional Incinerators



**6** Regional Laundry Plants

**THE CLINICAL WASTE MANAGEMENT (“CWMS”) FACILITIES**

FMS operates 13 incinerators of which three are regional incinerators located in Kamunting, Lok Kawi and Sibiu while the newly built portable incinerator in Lahad Datu is scheduled to be operational by end of 2012.



CLINICAL WASTE INCINERATION PLANTS													
	LANG-KAWI	KAMUNTING	DARO	SIBU	MIRI	LABUAN	LOK KAWI	KOTA MARUDU	LAHAD DATU	TAWAU	LIM-BANG	MARUDI	KAPIT
<b>CURRENT UTILISED CAPACITY (Tonnes/ day)</b>	0.14	12.00	0.05	1.10	0.23	0.09	1.50	0.17	n/a	0.20	0.07	0.07	0.07
<b>FUEL TYPE</b>	Diesel	Natural Gas	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel	Diesel

## ENVIRONMENT

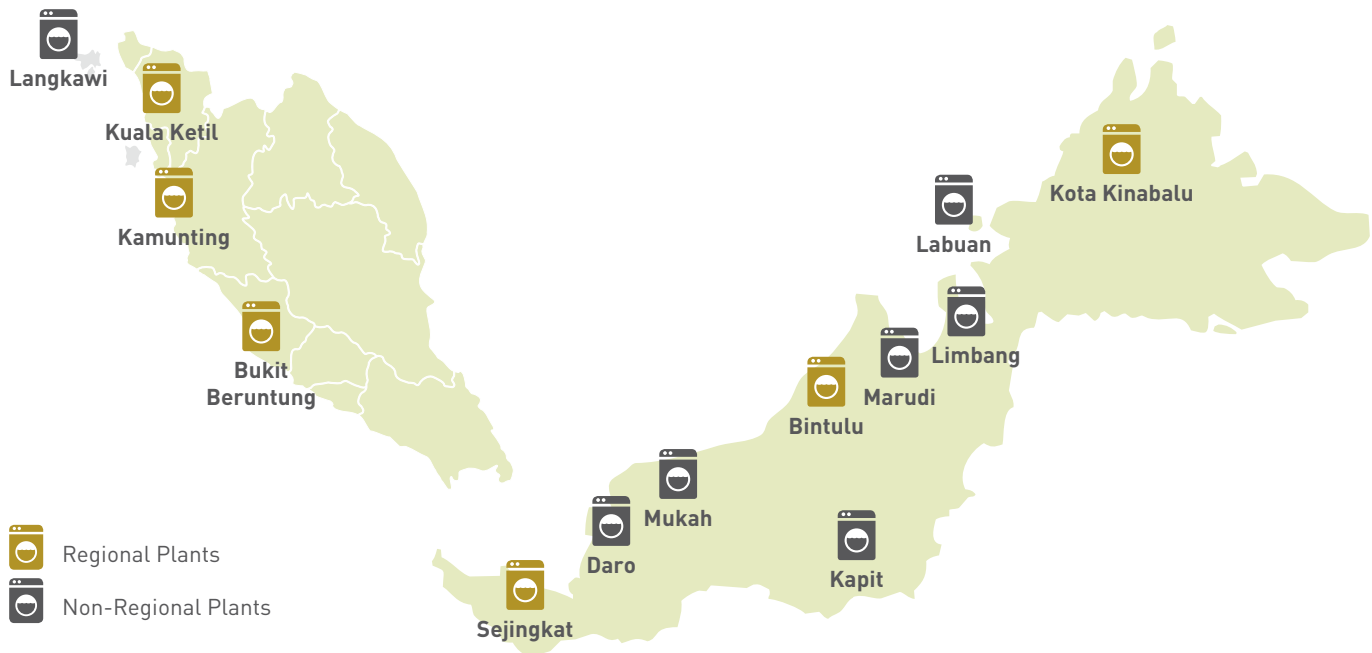
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### THE LINEN & LAUNDRY SERVICES (“LLS”) FACILITIES

FMS has 13 laundry plants located in 5 states namely Selangor, Perak, Kedah, Sarawak and Sabah of which 6 are located within the hospitals compounds (“on-site”) and 7 are located at FMS independent sites (“off-site”).

FMS owns and operates 3 large off-site laundry plants located in Kuala Ketil, Kamunting and Bukit Beruntung and 2 on-site laundry plants in Langkawi and Labuan.

The laundry plants located in Kota Kinabalu, Sabah are owned and operated by Fresh Linen Sabah Sdn Bhd. In Sarawak, the 7 laundry plants located in Sejingkat, Bintulu, Mukah, Kapit, Daro, Limbang and Marudi are owned and operated by Fresh Linen Sarawak Sdn Bhd, both of these companies are subsidiaries of FMS.



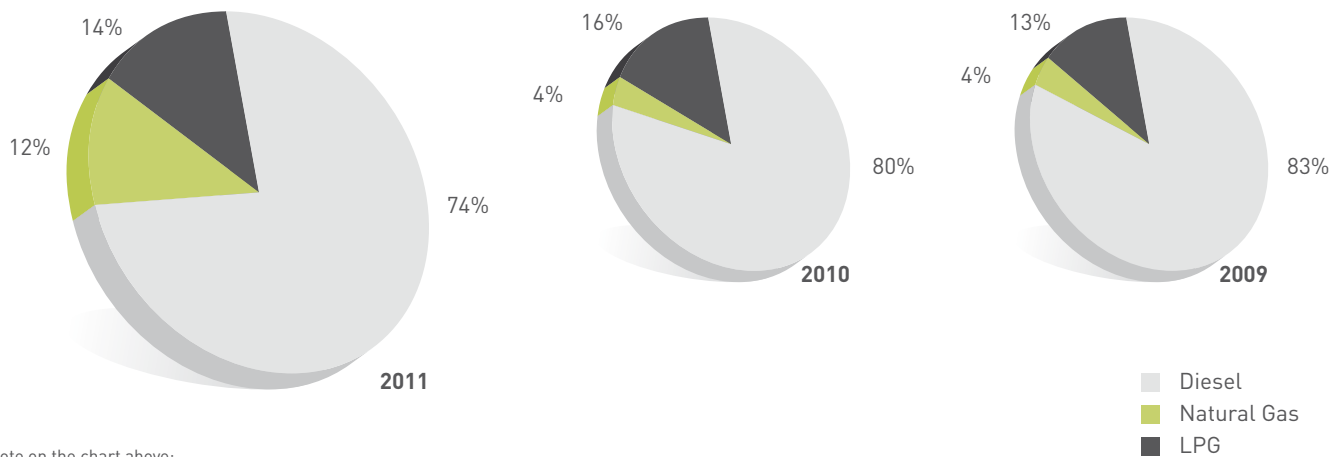
LINEN AND LAUNDRY PLANTS													
	LANG-KAWI	KAMUNTING	KUALA KETIL	BUKIT BERUNTING	SEJINGKAT	BINTULU	KOTA KINABALU	MUKAH	LABUAN	KAPIT	DARO	LIMBANG	MARUDI
<b>CURRENT UTILISED CAPACITY (Tonnes/ day)</b>	0.60	11.50	12.00	2.30	11.30	3.20	9.30	0.24	0.37	0.35	0.90	0.32	0.26
<b>FUEL TYPE (Boiler)</b>	-	NG	LPG, NG (since July 2011)	LPG	Diesel and Woodchip (since Jan 2011)	Diesel	Woodchip (Diesel for standby)	-	-	-	-	-	-
<b>FUEL TYPE (Dryer/ Ironer)</b>	LPG	NG	NG	LPG	LPG and Steam (since 2011)	LPG and Steam (since 2010)	Steam	LPG	LPG	LPG	LPG	LPG	LPG

## ENERGY

### DIRECT FUEL CONSUMPTION

In Faber, we use direct energy in the form of diesel, liquid petroleum gas ("LPG") and natural gas ("NG"). The consumption data reported here is taken from the regional CWMS and LLS facilities.

#### TOTAL DIRECT ENERGY CONSUMPTION BY FUEL TYPES (GJ) 2009 - 2011



Note on the chart above:

- **Diesel:** In 2009 and 2010, Lok Kawi CWMS regional facility reported fixed diesel consumption.

Our direct energy consumption has risen from 218,167 GJ in 2009 to 256,973 GJ in 2010 and then dropped to 176,111 GJ in 2011.

In each of the three years, diesel is the main source contributor to the overall energy consumption contributing between 74% to 83% in the 3 years. The diesel is utilised as fuel for the Lok Kawi and Sibul regional incinerators and also for the two boilers used by the LLS facilities in Bintulu and Sejingkat (up to December 2010).

The remaining contribution was from LPG utilised as fuel by LLS for heat and steam generation for the operations of the steam/ gas dryers at the following sites - Kuala Ketil (up to June 2011), Bukit Beruntung (April 2011 onwards), Sejingkat and Bintulu (up to December 2009).

NG is utilised as fuel for the incinerator (CWMS) and boiler (LLS) operations in Kamunting and for the LLS plant at Kuala Ketil (since July 2011).

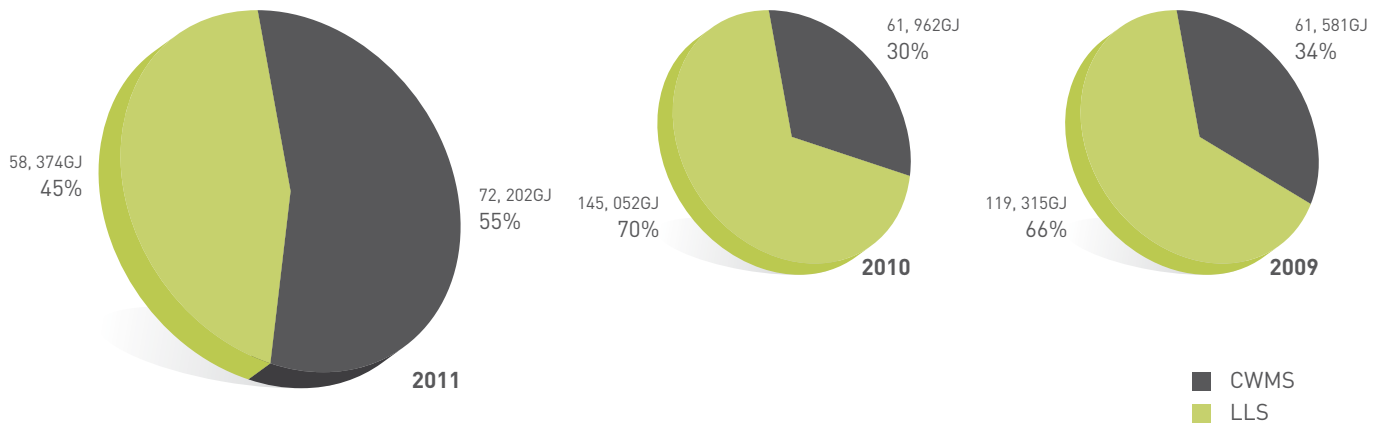
Petrol and diesel are utilised as fuel for vehicular transport (fleet and/ or forklifts) but preliminary indications are that it accounts for less than 5% of our total direct energy consumption.

# ENVIRONMENT

(CONTINUED)

## DIESEL

**DIESEL CONSUMPTION BY SERVICE (GJ) 2009 - 2011**



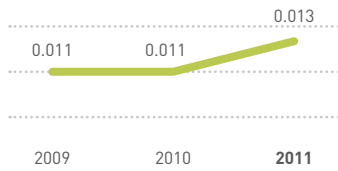
Note on the above charts:  
The woodchip boilers are supplied, operated and maintained by a local supplier.

The amount of diesel consumed by the regional LLS facilities in 2010 increased by 17% from 2009 to 145,052 GJ. In 2011, diesel consumed was reduced by more than half to 58,374 GJ due to the LLS facility in Sejingkat switching its fuel source from diesel to purchased steam from a supplier which operates a woodchip boiler with effect from January 2011.

**60% ↓**  
diesel consumption in 2011 from 2010 in the Regional LLS Facilities

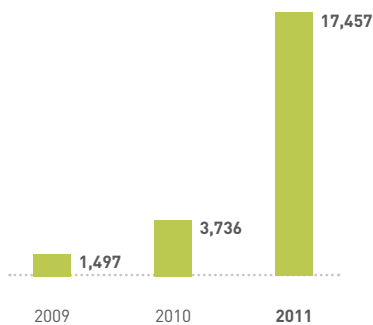


**ENERGY INTENSITY FOR THE REGIONAL CWMS FACILITIES (GJ DIESEL USED/KG WASTE INCINERATED)**



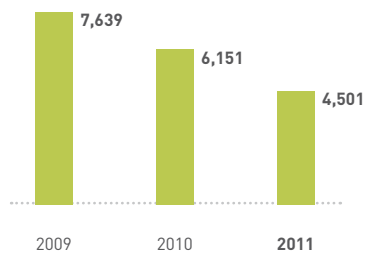
Though the diesel consumption in the regional CWMS facilities has increased from 30% in 2009 to 55% in 2011, our energy intensity has remained fairly steady between 0.011 GJ diesel consumed/kg waste incinerated (2009) and 0.013 GJ/diesel consumed/ kg waste incinerated (2011).

**TOTAL NG CONSUMPTION (GJ) IN THE 6 REGIONAL LLS FACILITIES (2009 - 2011)**



The 367% spike in NG consumption in 2011 for the LLS facilities is mainly due to the Kuala Ketil laundry plant switching its fuel source from LPG to NG in July of 2011.

**TOTAL NG CONSUMPTION (GJ) IN KAMUNTING CWMS FACILITY (2009 - 2011)**

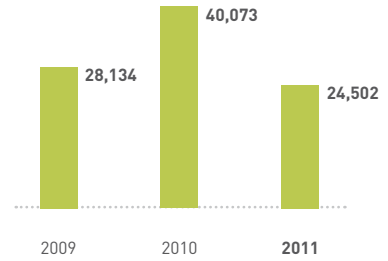


**NATURAL GAS (NG)**

NG is consumed in the CWMS facility as incinerator fuel (Kamunting) while at the LLS facilities (Kuala Ketil and Kamunting) as boiler fuel.

In Kamunting, consumption of NG for incineration declined steadily while the amount of waste incinerated in 2010 (5,513,870 kg) dropped 0.24% from the 2009 amount of waste incinerated (2009 - 5,526,959 kg) then rose 0.14% in 2011 to 5,521,476 kg. The reason for this decline of NG consumption in 2011 from 2010 is due to operational efficiency where there were less breakdown that required use of NG to start-up incineration process. In addition to that, improved piping insulation retains heat transferred from the incineration process to generate steam for laundry operations, hence reduces the need to use NG for the boiler.

**LPG CONSUMPTION (GJ) IN THE REGIONAL LLS FACILITIES (2009 - 2011)**



**LIQUEFIED PETROLEUM GAS (LPG)**

LPG is consumed only in the LLS facilities as boiler fuel source and/ or for operations for the dryer/ ironer in those facilities. LPG used has increased by 42% in 2010 due mainly to a 32% increase in amount of linen processed in the Kuala Ketil laundry plant that year compared to the amount of linen processed in 2009. Although the amount of linen processed at Sejingkat laundry plant also increased in 2010 compared to 2009, the increase was only by 5% as the plant utilised the steam dryers in the drying process instead of gas dryers which requires LPG.

In 2011, the LPG usage dropped 39% to a level lower than the 2009 consumption due to the Kuala Ketil laundry plant switching its fuel source from LPG to NG and also the reduction in usage of gas dryers which uses LPG in regional Sejingkat LLS facility.

## ENVIRONMENT

(CONTINUED)

**TOTAL ELECTRICITY CONSUMPTION FOR 6 REGIONAL LLS FACILITIES (GJ) 2009 - 2011**

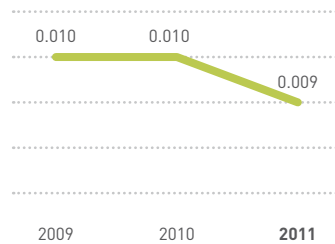


### INDIRECT ENERGY CONSUMPTION (ELECTRICITY CONSUMPTION)

We are reporting our electricity consumption from the three regional CWMS and six LLS facilities. The electricity data from the on-site hospitals' CWMS and LLS facilities, administrative offices, public health laboratories, regional offices and the head office will be reported in the future when we have streamlined the data collection.

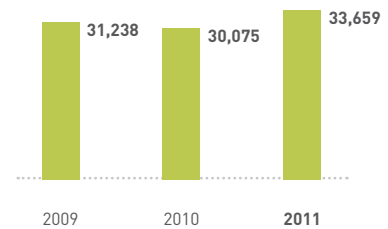
Consumption of electricity in the regional LLS facilities showed a steady increase of 8% per year between 2009 and 2011. The volume of linen processed by these facilities in 2010 also showed an increase of 10% from 2009 and in 2011 climbed to 14% based on the 2010 volume of linen processed. In April 2011, the Bukit Beruntung regional LLS facility started operations which also contributed to the increase in electricity consumption and also on the volume of linen processed in 2011.

**ENERGY INTENSITY FOR THE REGIONAL CWMS FACILITIES (GJ DIESEL USED/KG WASTE INCINERATED)**



Despite the increase in electricity consumed, linen processed and the addition of a regional LLS facility in 2011, the electricity intensity for the regional LLS decreased to 0.009 GJ energy used/ kg linen processed in 2011 from 0.010 GJ energy used/ kg linen processed in 2010. This decrease in electricity intensity can be attributed to the electricity conservation practices being implemented in the facilities especially in Kamunting and Kuala Ketil which are ISO 14001 certified and have an annual electricity reduction target.

**TOTAL ELECTRICITY CONSUMPTION FOR 3 REGIONAL CWMS FACILITIES (GJ) 2009 - 2011**



For the regional CWMS facilities, there is no significant directional trend in the electricity use although electricity consumption in 2010 dropped to 3.87% from the amount of electricity consumed in 2009 and then increased by 10.65% in 2011 compared to the 2010 electricity consumed. The electricity consumption somewhat corresponds to the amount of waste incinerated i.e. there was a 0.24% drop in 2010 compared to the quantity incinerated in 2009 and a 0.14% increase in 2011.

The electricity consumption at the regional incinerator facilities is the total consumption for the incinerator and ancillary buildings.

In 2011, electricity intensity at Regional LLS facilities dropped to **0.009 GJ** energy used/ kg linen processed

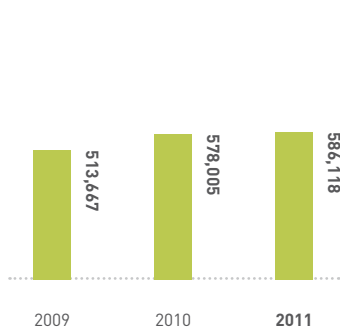
### THE OVERALL ENERGY EFFICIENCY DIRECTION

Faber is aware that the impacts of GHG from hydrocarbon-based energy are cumulative and extend over generations, and in particular, exert a large influence on our climate. The consequences of climate change are already well documented and need little elaboration here suffice to say that we are highly concerned.

In addition, the continued escalation of world oil prices, due to the decline in hydrocarbon field resources in both quantity and quality, coupled with unabated demand, points to a need to shift away from over-dependence on hydrocarbon-based primary fuel and electricity. The energy subsidy in Malaysia notwithstanding, it makes complete environmental and economic sense for Faber Group to begin the shift.

We target to achieve this by conducting energy audits and implementing energy efficiency measures over the short term with potential to diversify into renewable energy in the future. We are already targeting our existing direct and indirect fuel consumption and this will yield early results in the short term.

### TOTAL WATER CONSUMPTION IN REGIONAL LLS FACILITIES (M3) 2009 - 2011



## FUTURE : OUR ENERGY CONSUMPTION

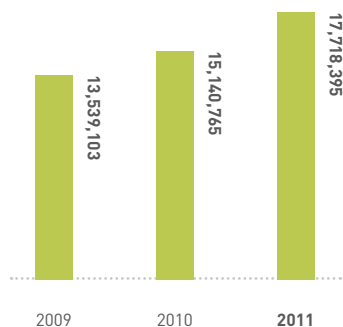
We will progressively establish a more robust data collection system and analysis on the energy consumption to the actual volume of clinical waste incinerated as well as volume of laundry processed.

Our next task as we look to becoming more sustainable in our energy use is to gradually reduce the energy consumption.

### WATER CONSUMPTION

Water is a significant resource input for the LLS operations as the linen and laundry process is water-intensive and is therefore reported for the six regional LLS facilities. In 2009 and 2010, only five regional facilities were operational. A sixth regional facility – Bukit Beruntung – started operations in April of 2011.

### TOTAL SOILED LINEN PROCESSED IN REGIONAL LLS FACILITIES (KG) 2009 - 2011



There has been a 14% increase in the water consumption over the 2009 – 2011 duration which is consistent with the reported increase in the amount of linen being processed by the sites from the various hospitals which Faber services and also the commissioning of the new facility at Bukit Beruntung. The amount of soiled linen processed in 2010 increased by 12% from 2009 and in 2011 there was an increase of 17% from 2010.

Water use in other locations will be reported progressively in future reporting.

## ENVIRONMENT

(CONTINUED)

### MATERIALS SAVINGS AND WASTE REDUCTION

We have had successes in minimising our material consumption for specific activities. We are delighted to highlight two projects which were created at two different hospitals. We hope to reap the significant potential environmental and financial benefits when we replicate these successes to the other hospitals under FMS operations.

#### REDUCING THE USAGE OF CHEMICAL IN SIBU HOSPITAL

When new, concreted areas in the hospital premises need to be water proved, normally, four to five layers of this waterproof membrane are required for every application as recommended by the manufacturer.

A study initiated by Faber demonstrated that just one or two layers of application of the chemical was in fact sufficient to give the glossiness that satisfied all parties yet still maintain the waterproofing properties.

The reduction in amount of the chemical required for waterproofing not only resulted in an estimated savings of RM30,395 per year (approximately 115 drums avoided) but this also means less drums contaminated with chemicals were being disposed of as hazardous waste after each polishing activity and less number of hours were spent by the personnel to apply the coating (a saving of about 90 days per year) and less energy was used in operating the polishing machine.

#### AUTO AIR FRESHENER CONTROLLER AT BALING HOSPITAL

Air fresheners used in the office areas of Baling Hospital require the refill cartridges to be replaced periodically and the AA-batteries to be checked and disposed of (as hazardous waste) once it is depleted.

The air freshener continues to operate after working hours as well which also contributes to the high consumption of this material.

The Facilities Engineering Maintenance Services ("FEMS") team in the Baling hospital saw this as an opportunity for improvement and designed a circuit board that integrates the function of the air freshener device to the existing split air-conditioning unit to ensure that the air freshener operates in tandem with the air-conditioning unit.

Such a simple and straightforward solution has resulted in a reduction of 1,500 units of refill cartridges in 2010 from the 2,500 units purchased in the previous year. In addition, using the circuit board integration to the air-conditioning unit also meant that no AA-batteries were purchased in 2010 for use in the air fresheners. The number of batteries purchased, used and disposed of in 2009 total 840 batteries! That is almost 20 kilos of batteries diverted from the landfill. The financial savings from this solution has been estimated at RM6,000.00

**20**  
**kilograms**  
of batteries diverted  
from the landfill in  
2010

# FUTURE : OUR MATERIALS AND WASTE

We will replicate the successes we have had from the FIP initiatives in as many locations as possible in stages.

We will also collect more comprehensive data about our material consumption and waste generation to establish a baseline before setting our targets for the future.

## ENVIRONMENTAL MANAGEMENT SYSTEM

The Kamunting Incineration and Laundry Plants and the Kuala Ketil Laundry Plant were certified to the Environmental Management System ("EMS") ISO 14001:2004 in 2009 and 2010 respectively. As part of the requirement of this standard, every aspect of the facilities' activities were analysed and determined to identify the impact to its surrounding environment.

Currently, implementing this system allows the respective facilities to control, measure and manage its environmental footprint.

To demonstrate our commitment to the environment, the goal ahead for us is to ensure that all the incineration and laundry plants are certified to ISO 14001:2004 within the next 3 years.

# CORPORATE GOVERNANCE

## GOVERNANCE

The governance structure and function is fully described in Faber’s Annual Report 2011 (“AR2011”) which can be viewed online, and will not be reproduced in this report verbatim. The Board of Directors (“BOD”) are also fully profiled in AR2011.

As a brief summary, the BOD maintains a number of committees to ensure accountability, these include the Audit and Risk Committee, Nomination and Remuneration Committee and Investment Committee. The detailed composition, objectives, roles and responsibilities of the respective Committees are reported in the Corporate Governance Statement in the AR2011.

The BOD engages with its stakeholders via Annual General Meetings, Extraordinary General Meetings, regular briefings and face-to-face meetings with the investment community.

Material litigations and reprimands have been disclosed in AR2011.

“Effective governance and risk management are essential in conducting our business responsibly and sustainably, and benefiting our stakeholders over the long term.”

## BOARD OF DIRECTORS - COMPOSITION

The BOD is a unitary board comprised of ten directors, with diverse professional qualifications and vast experience and expertise in accountancy, banking, economics and finance. Five of the directors are Independent Non-Executive Directors and including the Chairman. The Chairman of Faber is an Independent Non-Executive Director.

The roles and responsibilities of the Chairman and Managing Director are and clearly defined and documented. Each director has a clear scope of duties and responsibilities that ensures equitable distribution of accountabilities. This distinction also reinforces the check and balance proposition.

The independent directors ensure that the strategies proposed by the Management are fully discussed and deliberated, with sufficient focus on risks and opportunities. The interests of the shareholders, employees, customers, suppliers and other stakeholders are taken into serious consideration.

The age and gender distribution of the members of the BOD are presented below.

### BOARD OF DIRECTORS: AGE (YEARS) AND GENDER DISTRIBUTION



### GOVERNANCE COMMITTEES: GENDER RATIO

	INDEPENDENT NON-EXECUTIVE DIRECTORS	NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	MANAGING DIRECTOR
Audit and Risk Committee	●●● ■	● ▲	-
Nomination and Remuneration Committee	●● ■	● ■	-
Investment Committee	●● ■	● ■	● ■

● Male    ▲ Female

The BOD remains committed to ensuring the implementation of effective Corporate Governance in addressing Faber’s stakeholders interests and upholding the Group’s reputation. Our BOD leads and provides stewardship to Faber’s strategic direction and operations to maximise shareholders’ value.

## MOVING FORWARD

# Our Goals

## PEOPLE/ SOCIAL GOALS

Commitments to our people:

- **Gender equality** in workforce – *no erosion of*
  - *female representation in the workforce,*
  - *gender pay parity, and*
  - *gender parity in training hours per employee.*
- **Ethnic diversity** in workforce – *improving the proportion of under-represented ethnic groups.*
- **Employee competency** – *close the competency gaps as identified in the employees' competencies gap analysis.*

## ENVIRONMENTAL GOALS

Some immediate targets we intend to achieve by end 2013 include:

- reduction of 5% in total electricity consumption per tonne linen processed (for metered locations).
- reduction of 5% in diesel consumption per ton linen processed (for metered locations).
- reduction of 5% in diesel consumption per ton clinical waste incinerated (for metered locations).

In preparation for future reporting of environmental indicators, we shall also take the following measures:

- Install meters to measure actual consumption in those locations which reported fixed billings for electricity, water and diesel.
- ISO 14001 certification - all directly managed/ owned incinerator and laundry plants in Malaysia to be certified to within 3 years.
- OHSAS18001 certification – all directly managed/ owned incinerator and laundry plants to be certified within 3 years.

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## REFERENCES

UN World Country Profile – Malaysia 2010

UNDP, Asia-Pacific Human Development Report 2010

World Economic Forum, Global Gender Gap Index, 2011

Mastercard Index of Women Advancement 2012



CORPORATE OFFICE

**FABER GROUP BERHAD**

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# GROUP DIRECTORY

## INTEGRATED FACILITIES MANAGEMENT DIVISION

### CONCESSION

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**FMS REGIONAL OFFICE (PERLIS/KEDAH/PENANG)**

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### NON-CONCESSION

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## PROPERTY DEVELOPMENT DIVISION

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REGIONAL OFFICE

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