

Corporate Citizenship

At SembCorp Industries, we recognise that to be a truly successful company we must have a strong social commitment to improving the world around us. We see corporate citizenship as an integral part of every decision and action we take. This directly influences how we conduct our business and how we interact with the world at large.

This means:

- Aiming to make a difference in the world and the communities we operate in
- Protecting and enhancing the environment we live in

AIMING TO MAKE A DIFFERENCE IN OUR WORLD

Community & Volunteerism

Businesses can only be as successful as the communities and the world they exist in. We take this commitment seriously and participate actively in the communities where we live and work.

We believe that a true commitment to our communities goes beyond just financial aid. That is why we encourage and support our employees in their desire to make a difference in their communities through their contributions of time and business experience.

Our staff started 2002 with a visit to the Chen Su Lan Methodist Children's Home, bringing gifts, food and entertainment to the children at the Home as we celebrated the new year with them.

SMOE of Utilities raised some S\$85,000 at their annual SMOE Singapore Oil Patch Charity Golf Tournament in aid of the Singapore Children's Society, while SembCorp Environmental Management (SembEnviro) launched its first major corporate philanthropy programme for needy children with a donation of S\$20,888 to the Jamiyah Children's Home for its operating needs.

Relying on simple yet meaningful efforts such as collecting newspapers and Christmas carolling, SembCorp Engineers and Constructors collected over S\$27,000 for the ASPN Katong Special School, Yishun

Students Care Service, the Singapore Cheshire Home, and the MINDS (Movement for the Intellectually Disabled of Singapore) Tampines Home, and another S\$31,000 for the Community Chest of Singapore.

Believing that we should also make a difference in our communities using our business expertise, SembCorp Logistics joined the Boys' Brigade Sharity Gift Box Programme as its logistics consultant. We helped collect gifts and food from Sharity Gift Boxes across the island and transported them to our warehouse where items were sorted for distribution to more than 110 charities. We provided warehouse space and storage pallets for these gifts, while our staff spent much of their personal time sorting out the gifts.

Education

As an engineering services group, we understand how important quality education is to prepare our children for the future. In particular, the less privileged and needy children have a particular place in our hearts.

In 2002, SembEnviro launched its Environmental Management Scholarship, an annual scholarship scheme to provide tertiary education to all children residing in homes. The first corporation to offer a local tertiary scholarship that extends to all 15 of our nation's homes for children, the scholarships are worth some S\$50,000 annually. Apart from the financial help, SembEnviro will also offer the scholars job positions in the company on completion of their scholarships. A programme similar to the Environmental Management Scholarship will also be made available to the children of SembEnviro's staff who are in need of financial assistance.

SembCorp Gas (SembGas) and SembCorp Power (SembPower) were the main sponsors for the National University of Singapore's Engineering Club orientation programme, while SembCorp Marine (SembMarine) set aside S\$250,000 in subsidies to help low-income families to buy school essentials. A School Book Assistance Grant was provided to families living in areas near Jurong Shipyard and Sembawang Shipyard

as part of our Community Responsibility and Care Programme. This was set up specifically to help families in the surrounding areas in times of need.

Apart from supporting the education of our next generation, we also believe that as part of corporate transparency, it is important for our shareholders to have the right tools and skills to be able to hold us accountable. To this end, we believe that investor education is of great importance and we are sponsors of the Securities Investors Association Singapore which provides education, information and research for retail investors in Singapore.

Arts & Culture

Arts and culture are the living and breathing building blocks to the quality of life in our communities. We support the arts to ensure that it keeps playing that important role in peoples' lives.

In recognition of SembCorp Industries' on-going support of the Arts, we received the Arts Supporter Award 2002 at the Patron of the Arts Awards. This recognised our sponsorship of a recording of works by the local composer, the late Tsao Chieh, who was a member of the management team which founded Pacific Internet.

SembMarine also sponsored the National University of Singapore's Raffles Hall production of the musical "Merson's Gift Shop", and contributed towards efforts in the "Peace Initiative", the Singapore American School's annual concert that raises funds for the education of children in developing countries.

Sports & Fitness

Team Spirit, Endurance, Speed and Perseverance - these are the values we see in athletic commitment, and values we would like to pass on through our brand sponsorship of sports.

As part of our on-going support of sports in Singapore, SembGas and SembPower are official sponsors of the Football Association of Singapore's S League and the Woodlands Wellington Football Club in Singapore. Apart from the sponsorship which amounted to

S\$330,000 per year, the two Utilities units also held a charity football game, the SembCorp Charity Kick, and raised a total of S\$122,000 for Club Rainbow, a non-profit organisation that supports children with chronic illnesses. SembGas and SembPower were also sponsors of the 8th Singapore Straits Regatta held in January.

PROTECTING AND ENHANCING THE ENVIRONMENT

Not only are we committed to maintaining high standards of health, safety and environment (See Health, Safety and Environment section), but protecting and preserving the environment we live in is something we hold very close to our heart.

As a responsible member of the global community, we do what we can to protect and enhance the environment and the world we live in. In fact, the very nature of our business aims to help reduce adverse environmental impacts. Key to this is the contribution made by our Environmental Engineering business.

In this year's report, we share with you an essay from Loh Wai Kiew, President & CEO of our Environmental Engineering business. Wai Kiew, who is also the Chairman of the Waste Management and Recycling Association of Singapore, plays an important role in creating environmental awareness in Singapore. She shares here about how all of us at SembCorp Industries see our role and responsibility to the environment and the solid steps we have taken to meet environmental challenges with innovation and determination.

Dear Shareholder,

As a leading environmental services provider, we at SembCorp Environmental Management (SembEnviro), see our role as that of providing leadership in meeting the challenges of a sustainable future for the whole SembCorp Industries Group. Strongly committed to environmental care, we work in close partnerships with communities, industries and governments towards the sound management of social, economic and environmental responsibilities. This is referred to as "the triple bottom line".

Our efforts in promoting resource conservation include:

- Teaming up with one of the world's leading recycling companies – Australia's VISY Recycling – to set up an automated materials recovery facility (MRF) in Singapore. The MRF sorts and recovers paper, plastics, glass and metals. Since its inception in August 2002, the volume recovered has grown 142 per cent due to the efficiencies at the MRF while achieving a recovery rate of 80 per cent. The facility currently recovers 25 tonnes per shift and is targeting to recover 100 tonnes per shift by the year's end with Phase Two in place and with growing participation from other recycling collectors who bring their recyclables to the MRF. (Figure 1.0)
- Pioneering the use of environmentally-friendly crates for the storage of recyclables. The household participation rate and volume of recyclables collected have improved in the precincts that we serve.
- Investing in a pilot recovery facility to mine construction and demolition waste. Since the start of operations, the volume of construction and demolition waste recovered at the trial plant has grown 30-fold, rising from 310 tonnes in January 2002, when it was first set up, to 9300 tonnes in December 2002. Encouraged by the results, we are now developing a full-fledged 600,000 tonnes per year automated facility which is expected to be ready by mid-2003. (Figure 2.0)
- Employing conversion technologies specific to the markets that we operate in. For example, we invested in a joint venture plant with a leading Malaysian conglomerate to convert palm oil waste to green energy. The facility in Malaysia will save 500 tonnes of empty fruit bunches per day from being otherwise disposed of.

**SEMBVISY MRF:
VOLUME RECOVERED IN 2002
(Tonnes per month)**

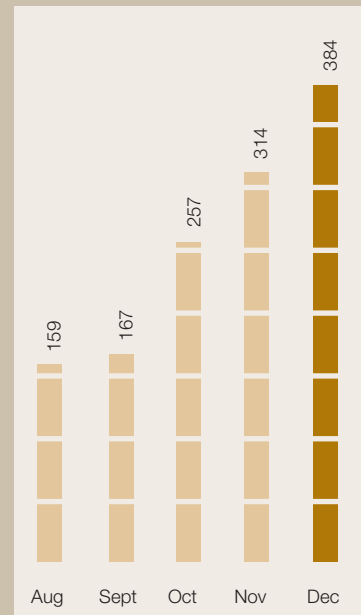


Figure 1.0

Corporate Citizenship

CONSTRUCTION & DEMOLITION WASTE: VOLUME RECOVERED IN 2002 (Tonnes per month)

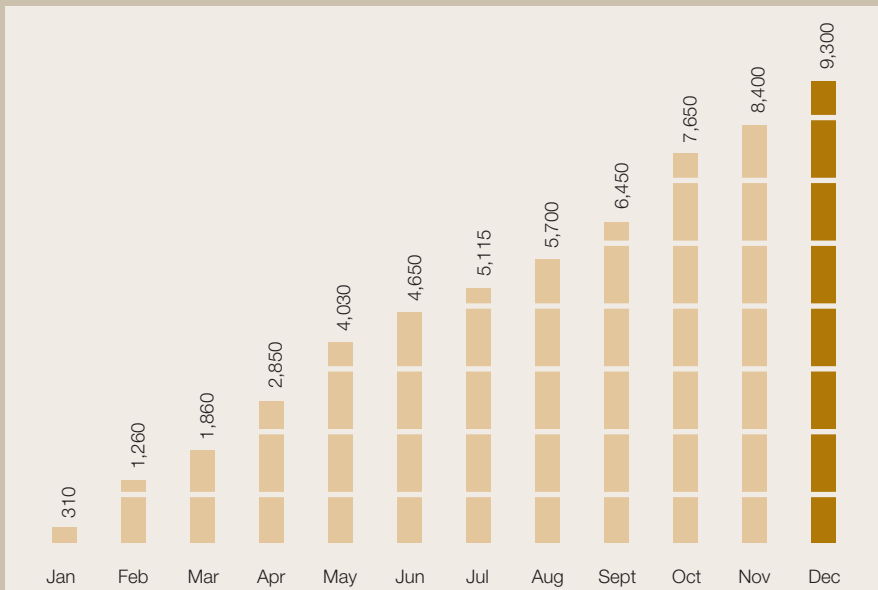


Figure 2.0

- Working closely with the community and city councils in Australia towards zero waste by progressively reducing the volume of waste disposed of at the landfills.
- Expanding into industrial biologics – an environmentally friendly liquid waste treatment using micro-organisms.
- Holding community roadshows and talks in schools and welfare homes to share our 3Rs philosophy "Reduce, Reuse, Recycle". We are also committed to supporting national events such as Clean and Green Week, sponsored community events with recycling themes such as the Hong Kah North's Environmental Awareness Programme and the ZhengHua CCC Go Green Family Day, and even jointly attempted to break the Guinness World Record for the longest aluminum can chain with the students of the Singapore Management University.
- Offering an environmental management scholarship scheme for needy children so that they may realise their full potential and

do their bit for the environment and adopting the Jamiyah Children's Home.

- Adopting endangered tree frog species at the Singapore Zoological Gardens.

Operationally, we are committed to pursuing a high standard of environmental performance. This commitment is best demonstrated in our certification to international quality standards. Four of our businesses are certified to ISO 9001:2000 standards and two of our medical businesses are certified to ISO 14001 standards. This year, we will be working towards certifying the entire SembEnviro stable of companies to ISO 14001 standards.

At the industry level, we are working closely with the Waste Management Recycling Association of Singapore towards the long-term challenge of sustainable development. The Association was set up in August 2001 to raise the level of professionalism and the image of the industry and its workers. It is presently chaired by SembEnviro.

Environmental enhancement and good businesses can and do co-exist. This is what

we at SembCorp Industries hope to show as SembEnviro moves forward towards higher levels of environmental responsiveness and performance.



Loh Wai Kiew
President & CEO
SembCorp Environmental Management