

CORPORATE SOCIAL RESPONSIBILITY

In 2007, we continue to move our businesses towards more environmentally and socially responsible practices.

This report details Sembcorp's environmental and socially responsible practices and performance for the year.

As our listed Marine & Offshore Engineering business separately reports such activities in its own annual report, the scope of this report covers our wholly-owned Utilities, Environmental Management and Industrial Parks businesses. We have focused in particular on our Singapore operations, which substantially account for our Group profit and turnover. Information from our operations in the UK has also been included.

Where possible, information on our overseas industrial parks' community efforts has also been included. These operations are held through minority-owned joint ventures which are responsible for their individual on-site health, safety and environment programmes and indicators.

This report is focused primarily on our efforts with respect to health, safety and environment (HSE) as well as community involvement. People development initiatives and practices are separately

SEMBCORP CORPORATE SOCIAL RESPONSIBILITY POLICY

Sembcorp, as a member of the international business community, recognises that our business activities have varying direct and indirect impacts on the societies in which we operate. We commit to manage these in a responsible manner, believing that sound and appropriate performance in this area is linked to business success. For Sembcorp, being a responsible corporate citizen is reflected in the following principles:

■ **Standards of business conduct**

We ensure that our business is conducted according to rigorous ethical, professional and legal standards, through maintaining robust corporate governance and an Employee Code of Conduct for staff.

■ **Health, safety and the environment**

Management of our health, safety and environmental (HSE) responsibilities is our first priority. We are committed to continuously improving our HSE performance and managing health, safety and environmental risks associated with our activities, products and services. We integrate HSE considerations into all aspects of our business operations and processes with the aim of preventing accidents, injuries, occupational illnesses and pollution and conserving natural resources.

■ **Employees**

We aim to be a fair and caring employer offering our staff equitable opportunities to develop and grow.

■ **Community**

We act as a responsible corporate citizen through support for community care initiatives, community partnerships and philanthropic and charitable causes, in particular causes supporting children and youth, education and the environment.

Sembcorp's operations throughout the world are committed to these principles. The stage and level of implementation varies according to each operation area and maturity of business.

covered in the Human Resources & Employee Welfare section of this Annual Report.

OUR COMMITMENT

Sembcorp recognises that in order for us to be a truly successful company, we must behave as a responsible corporate citizen and be committed to improving the world around us. This commitment shapes our present and future actions. We aim to safeguard the health and safety of our employees, manage our impact on the environment and contribute to the communities in which we operate.

In line with this, Sembcorp believes that integrating HSE considerations into our business practices is not only the right thing to do, but also good for our business. It helps us to manage risk better, lower costs through improved efficiency, increase our value as an investment and grow our business in an ethical and sustainable manner.

This commitment is summed up in Sembcorp's Corporate Social Responsibility (CSR) and HSE policies on pages 94 and 95. In line with Sembcorp's efforts to continually move forward in this area as a whole Group, these policies were reviewed and updated in 2007, and aligned and applied across our separate business units.

OUR APPROACH

Sembcorp's approach to incorporating HSE considerations into our business operations is based on four principles.

Firstly, we actively invest in green business lines, which form a part of our core operations. We do not see these as mere add-ons, but as financially viable businesses that will give us a competitive edge in an increasingly resource-scarce world.

Secondly, we implement sound and internationally recognised HSE management systems. Each of our businesses is responsible for managing its own HSE performance and initiatives. When possible, we integrate our environmental, quality and safety measurement systems and have achieved certification under ISO 9001, ISO 14001 and Occupational Health & Safety Assessment Series OHSAS 18001.

SEMBCORP HEALTH, SAFETY & ENVIRONMENT POLICY

Sembcorp manages health, safety and environmental (HSE) responsibilities as its first priority. Sembcorp is committed to continuously improving its HSE performance and managing HSE risks associated with its activities, products and services.

Sembcorp has established and will maintain a HSE management system, and integrate HSE considerations into all aspects of its business operations by implementing the following policy which aims to prevent accidents, injuries, occupational illnesses and pollution as well as conserve natural resources:

- Stress to all employees and contractors their responsibility and accountability for safe performance and set appropriate objectives and targets to continually improve HSE performance.
- Educate employees to be aware of and understand the safety risks and health hazards associated with their job and the potential impact on the environment.
- Make available this policy to all interested parties upon request.
- Build, design, operate and maintain facilities and conduct operations in a manner that safeguards people, property and the environment, and minimises waste.
- Comply with all HSE laws and regulations and other HSE requirements applicable to Sembcorp's activities, products and services.
- Offer assistance to and influence suppliers, contractors and other interested parties to improve their HSE performance where necessary.
- Review and evaluate operations to measure progress and ensure compliance with this policy via periodic system audits and management reviews.
- Prepare for, and respond quickly to, accidents or other emergency situations to mitigate adverse impact to people, property and the environment.

CORPORATE SOCIAL RESPONSIBILITY

CERTIFICATION SYSTEMS IN PLACE AT OUR UTILITIES, ENVIRONMENTAL MANAGEMENT AND INDUSTRIAL PARKS BUSINESSES

ISO9000 ISO9001 ISO14001 OHSAS18001

Sembcorp Industries (SUT Division – Sakra)			X	
Sembcorp Gas	X			
Sembcorp Environmental Management		X	X	X
Sembcorp Parks Management	X			

Thirdly, mindful of key concerns with respect to our business' impact on health and the environment, we continually aim to enhance the environmental friendliness and safety of our processes, products and services through integrating HSE measures into our business processes, as well as through ongoing feedback and innovation. Audits are incorporated into our operations to strengthen the functioning of the HSE management systems. To drive staff commitment and build an organisation-wide safety culture, employees are assessed on their HSE performance. Staff at all levels are also encouraged to contribute ideas and suggestions from an operational perspective to improve workplace practices and products and services, including employee safety and health. Outstanding solutions are rewarded at our annual intra-Group Innovate, Discover, Engineer and Achieve (IDEA) Awards.

Fourthly, we work closely with our partners and suppliers for mutual HSE improvement to effect a far-reaching positive impact.

Aside from these core principles, Sembcorp also participates actively in local CSR bodies and other industry-based sustainability initiatives as a means of sharing best practices and further contributing to the community. We are a founding member of the Singapore Compact for CSR, Singapore's first local CSR body. This is a national society initiated by the

National Tripartite Initiative on CSR, which provides a multi-stakeholder platform to broaden CSR dialogue, collaboration and programmes for implementation. We are also a Green Partner and Friend of the Singapore Environment Council, an independent national society promoting environmental awareness and programmes.

In January 2008, Sembcorp's Utilities operations in Singapore became a signatory of Responsible Care, the chemical industry's global voluntary initiative under which companies, through national associations such as the Singapore Chemical Industry Council in Sembcorp's case, work together to continuously improve their health, safety and environmental performance and to communicate with stakeholders about their products and processes. In line with this commitment, our Utilities operations in Singapore pledged to adopt and apply Responsible Care's Guiding Principles through the six management practices of product stewardship, process safety, pollution prevention, distribution, employee health and safety as well as community awareness and emergency response.

SEMBCORP'S GREEN BUSINESS LINES

Renewable energy

- A 30-megawatt wood-fuelled power station, one of the UK's largest renewable energy projects

Power generation

- Efficient combined heat-and-power (cogeneration) plants in China, Singapore, the UAE and the UK

Natural gas

- First commercial importer and retailer of natural gas in Singapore
- Supplier of compressed natural gas to Singapore's transport sector

Water and wastewater treatment

- Industrial water reclamation, wastewater treatment and recycling plants in China and Singapore

Waste-to-resource

- Recycling & recovery
- Alternative fuel

OVERVIEW OF KEY SUSTAINABILITY DEVELOPMENTS IN 2007

Sembcorp has taken significant steps in the last few years to sharpen its business focus on Utilities, Marine & Offshore Engineering, Environmental Management and Industrial Parks Management. In the wake of these important changes to our organisation, we carried out an exercise in 2007 to review and update our CSR and HSE policies and align these across the various business units. A Chief HSE Officer was also appointed in January 2008 to oversee our group-wide HSE efforts and initiatives, including application of these policies.

At the same time, Sembcorp took steps in 2007 to move our businesses towards more environmentally and socially responsible practices. We continued to invest in our green business lines, growing these as components of our core businesses. In particular, we continued to increase investment in our wastewater treatment business, which helps our customers to treat even high concentration and high salinity industrial wastewater to meet environmental limits. In Singapore, we opened a new 1,300 cubic metres per day high salinity wastewater treatment plant and in China we began construction of a 30,000 cubic metres per day expansion to our existing wastewater facility in Nanjing. In addition, we also commenced construction of a 15,000 cubic metres per day expansion of our wastewater treatment plant in Zhangjiagang, China, which will be the first facility in the country capable of treating high concentration wastewater directly from customers without initial pre-treatment by the customers in-house.

We also made progress in greening our operations through more efficient and environmentally friendly power and steam facilities. In the UK we built a new gas turbine and steam recovery plant and officially opened a wood-fired biomass power plant which is deemed carbon neutral. On the Environmental Management front, we developed and commenced operation of a pre-disposal solid waste treatment plant in Singapore which will reduce landfill and increase recyclable yield. Our Environmental Management joint

venture in Australia also acquired a waste-to-energy facility in Adelaide.

In the area of health and safety, our ongoing internal programme at our Singapore utilities operations aiming at reducing injuries, spills, hazardous releases, instances of non-compliance and unplanned shutdowns to zero, continued to show positive results.

Apart from our HSE efforts, Sembcorp also continued to contribute actively to the community in 2007. Core to these were the efforts of our company's Trailblazer-Wong Kok Siew Fund in aid of children, education and stroke research. In addition, we sponsored two employees to participate in a seven-day footrace across the Sahara Desert, as part of a group-wide campaign to raise funds for a non-profit counselling centre working with children and youth in Singapore. Furthermore, during the course of the year Sembcorp companies also contributed significantly to the arts and local charitable causes in their various communities.

In 2007, Sembcorp was awarded the Merit Award for Best Environmental Reporting in the ACCA Singapore Environmental and Social Reporting Awards.

MANAGING OUR KEY CONCERNS

Sembcorp continues to focus on its key HSE concerns identified based on an evaluation of the greatest potential impact of our main business operations, particularly operations which are wholly- or majority-owned. Focus is particularly on the HSE impacts of our wholly-owned Utilities and Environmental Management operations, as our wholly-owned Industrial Parks unit is essentially a corporate marketing and business development office for minority-held overseas industrial parks responsible for their own HSE programmes.

Our identified key concerns are: clean air and climate change, water, waste as well as health and safety. Our initiatives to monitor and manage these key concerns are discussed in the paragraphs below. Along with these, we also maintain an ongoing commitment towards charity and the community.

CORPORATE SOCIAL RESPONSIBILITY

CLEAN AIR AND CLIMATE CHANGE

As Sembcorp is in the power generation business, our impact on climate change and clean air is a key concern for us. We strive to limit and manage our environmental impact in this regard through improving the efficiency and environmental friendliness of our power plants and fuels and also through monitoring our emissions and energy use.

Efficient power generation

In carrying out our power generation business, we leverage on technology for greater efficiency and lower emissions.

Our plants in China, Singapore, the UAE and Vietnam make use of combined cycle gas turbine technology, where waste heat from gas turbines is used to make steam to generate additional electricity via steam turbines. This enables us to generate more electricity from the fuel input.

In addition, we operate combined heat-and-power or cogeneration plants in China, Singapore, the UAE¹ and the UK. Cogeneration refers to the production of both electricity and heat from a single fuel at a facility located near the consumer. Considered the most efficient use of fuel, cogeneration further improves the overall recovery of heat and also saves the fuel that would otherwise be used to produce heat or steam in a separate unit. Cogeneration plants also generate substantially lower emissions compared to conventional power plants.

In 2007, our utilities operations in the UK began construction of a new combined heat and power plant capable of generating 42 megawatts of electricity and 162 tonnes per hour of steam. The plant is expected to be operational by end of 2008.

Natural gas

Sembcorp is Singapore's first commercial importer and retailer of natural gas. Considered the cleanest of all fossil fuels, natural gas produces virtually no particulate waste when combusted and less greenhouse gases per unit of energy released compared to coal or oil.

All boilers in Sembcorp's Utilities operations in Singapore run on natural gas as a primary fuel, with fuel oil as a backup. In the UK, our new combined heat and power plant currently under construction will also run on natural gas.

2007 saw Sembcorp announcing its plan to offer retail Compressed Natural Gas (CNG) on mainland Singapore as an alternative fuel for motorists for the first time. Our CNG pump, located within Singapore Petroleum Company's Jalan Buroh petrol station, began operations in February 2008. We hope our efforts will encourage more CNG vehicles on the roads of Singapore.

Energy from renewables

In 2007, we made a significant entry into the renewable energy business with the official opening of our wood-burning biomass plant in the UK in November. Our renewable energy business is financially viable and allows us to use alternative fuels. This is a step towards reducing our dependence on fossil fuels and gives us an edge in an increasingly resource-scarce world.

The Sembcorp Biomass Power Station produces clean, green, renewable energy using naturally sustainable wood for fuel. The UK's first fully wood-fuelled power plant, it uses 300,000 tonnes of recycled wood, sawmill chips, forestry discards and energy crops a year to generate 30 megawatts of electricity – enough to power 30,000 households.

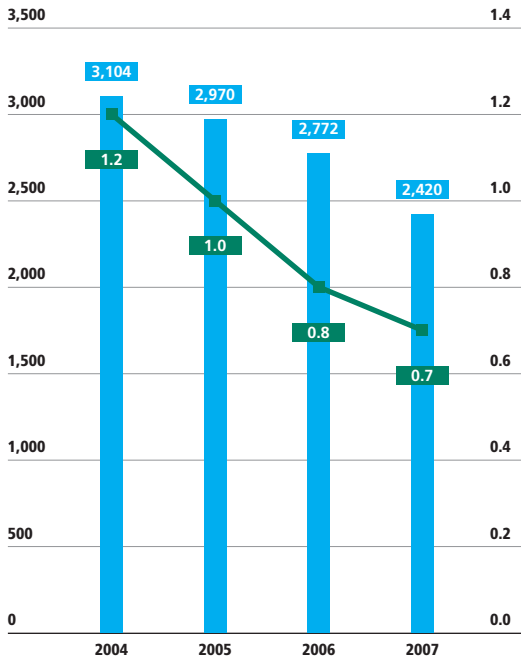
The plant will save an estimated 200,000 tonnes of carbon dioxide emissions a year compared with a conventional power station – the equivalent in greenhouse gas reduction terms of taking 67,000 cars off the road. Its operations are also classed as carbon neutral because the carbon dioxide released during the generation of energy is balanced by that absorbed by plants during their growth.

In 2007, our Environmental Management business' joint venture in Australia also acquired a waste-to-energy facility in Adelaide. The 220 tonnes per annum facility produces refuse-derived fuel, and has been operational since 2006.

¹ In our UAE plant, extracted heat in the form of steam is further used for seawater desalination.

UTILITIES' CO₂ EMISSIONS

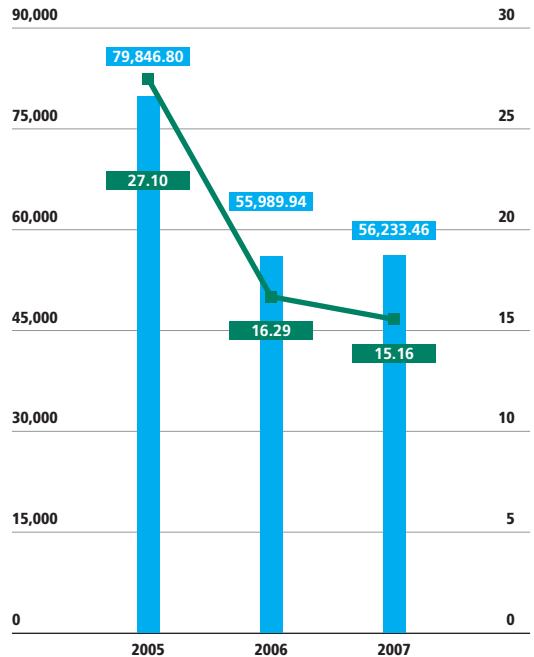
- Total CO₂ (Ktonnes)
- CO₂ emissions per million dollars of revenue (Ktonnes/\$ million)



Data covers operations in Singapore and the UK

UTILITIES' ELECTRICITY CONSUMPTION

- Total electricity consumed (MWh)
- Electricity used per million dollars of revenue (MWh/\$ million)



Data covers operations in Singapore and the UK

Emissions & energy usage monitoring

In 2007, we continued tracking the absolute amount of carbon dioxide emitted by our Utilities facilities in Singapore and the UK. We are glad that even with a 7.9% increase in revenue, we were able to reduce our absolute carbon dioxide emission for 2007 by 12.7% and also reduce our carbon dioxide emission per million dollars of revenue by 12.5% (see chart above). We will continue to track our emissions going forward as a key concern, and work towards controlling and reducing them.

At Sembcorp, we also recognise that reducing

our energy usage can contribute to reducing our climate change impact. For our Utilities operations in Singapore and the UK, we managed to reduce our electricity use per million dollars of revenue, as shown in the chart above.

In addition to electricity consumption, we also reduced our consumption of most types of primary energy sources at our Singapore and UK Utilities operations during the year. We will continue to track our primary energy sources consumption and work at reducing our dependence on fossil fuels.

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UTILITIES' PRIMARY ENERGY SOURCES CONSUMPTION

		2005	2006	2007	Change (%)
Natural Gas	MWh	11,367,754.7	11,492,885.8	10,938,608.4	(4.8)
Coal*	MWh	1,920,714.72	1,663,529.17	1,686,285.28	1.4
Diesel#	m ³	2,723.78	924	343.17	(62.9)
Fuel Oil	m ³	1,219,323.62	37,160.61	6,021.96	(83.8)

* Only used in the UK

Only used in Singapore

WATER

At Sembcorp, we tap on recycled effluent as a renewable source for the production of industrial water products for our customers. We also limit our customers' negative impact on water resources through our business of industrial wastewater treatment. In addition, we monitor our consumption of potable water for our utilities operations, operating a closed-loop system in our Singapore operations for the most efficient use and reuse of water.

Production of industrial process waters from recycled industrial effluent

Sembcorp's Utilities arm provides a full range of water-related utilities services to predominantly industrial clients. In providing our clients with industrial process waters, we reuse and recycle water in order to reduce the total withdrawals made on fresh water supplies and lessen discharges to sewerage systems and waterways. Today, our demineralised water supply is substantially derived from recycled water, as is the output from our high grade industrial water plant, which produces one million cubic metres of water per month. The latter satisfies roughly 40% of the industrial requirement on Jurong Island, and is equivalent in volume to over 8% of Singapore's total water needs. In 2007, we further increased our volume of water reclaimed by our effluent recovery plant to produce demineralised water. This was achieved through improvements to the plant resulting in it achieving 105% of the design nameplate capacity, or production of 5,233 cubic metres of demineralised water per day.

In January 2008, we announced that we had been awarded a S\$180 million contract by Singapore's Public Utilities Board to build, design, own and operate Singapore's largest NEWater recycled water plant, with a capacity of 50 million gallons, or 228,000 cubic metres per day. When operational, the plant will add NEWater to Sembcorp's range of products derived from recycled water, while significantly increasing the volume of water recycled by Sembcorp in Singapore.

QUICK FACTS ON SEMBCORP'S WATER RECYCLING IN SINGAPORE

- Sembcorp's Utilities operations in Singapore recycle 40,000 cubic metres of water per day
- This is roughly 13% of Singapore's total recycled water demand
- Sembcorp has grown the volume of water it recycles in Singapore by a significant 25% in the last two years alone

Industrial wastewater treatment

In addition to providing water products derived from recycled water, Sembcorp's wastewater treatment activities also reduce our customers' water-related environmental impact. Industrial wastewater is traditionally considered difficult to treat due to its dynamic complexity. Sembcorp, with its industrial wastewater treatment plants in Singapore's Jurong Island, as well as Nanjing, Tianjin and Zhangjiagang in China, has the specialised expertise needed to treat such effluents to meet environmental limits.

These solutions have reduced the impact of effluent discharge into the sea, thereby benefiting the environment.

In addition, Sembcorp is one of the pioneers in the industry to use high efficiency anaerobic biogranulation technology to treat high concentration chemical wastewater. Anaerobic biodegradation has many environmental advantages in that it offers a high degree of removal of organic material, low biosludge production and low energy consumption along with energy production in the form of biogas.

In Singapore, we opened a new 1,300 cubic metres per day high concentration wastewater treatment plant in 2007. The treatment process of this new wastewater treatment plant is unique in the world. It also enabled our customer to operate in Singapore despite its stringent effluent discharge requirements and was a critical factor in our customer's decision to locate its operations in Singapore.

In China we began construction of a 30,000 cubic metres per day expansion to our existing wastewater facility in Nanjing. In addition, we also commenced construction of a 15,000 cubic metres per day expansion of our wastewater treatment plant in Zhangjiagang, China, which will be the first facility in China allowed to treat high concentration wastewater directly from customers without initial pre-treatment by the

customers in-house. Both facilities are expected to be completed in 2008.

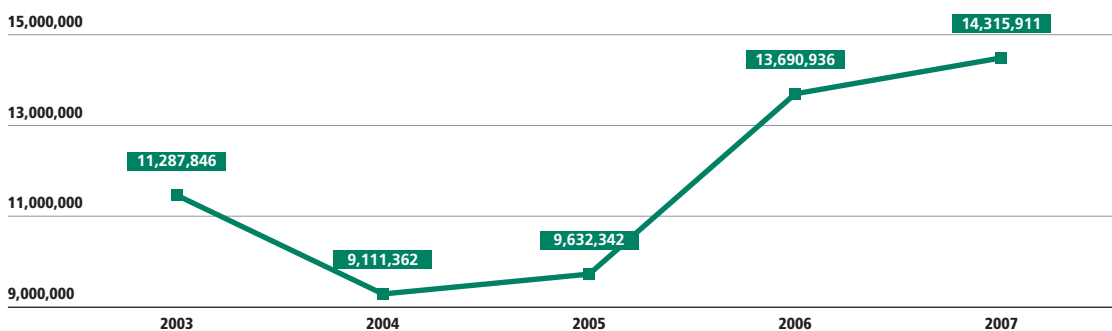
Desalination

In addition to recycling wastewater, Sembcorp has strong capabilities in the desalination of water. In the UAE, Sembcorp's Utilities business co-owns a combined water and power plant in Fujairah. This encompasses a desalination plant, which at 450,000 cubic metres per day is one of the largest in the world. In arid regions such as the Middle East, desalination provides a renewable source for both industrial and potable water. In Fujairah, our desalination activities also mean that the water necessary for our on-site power generation facilities is obtained from renewable sources.

Water usage

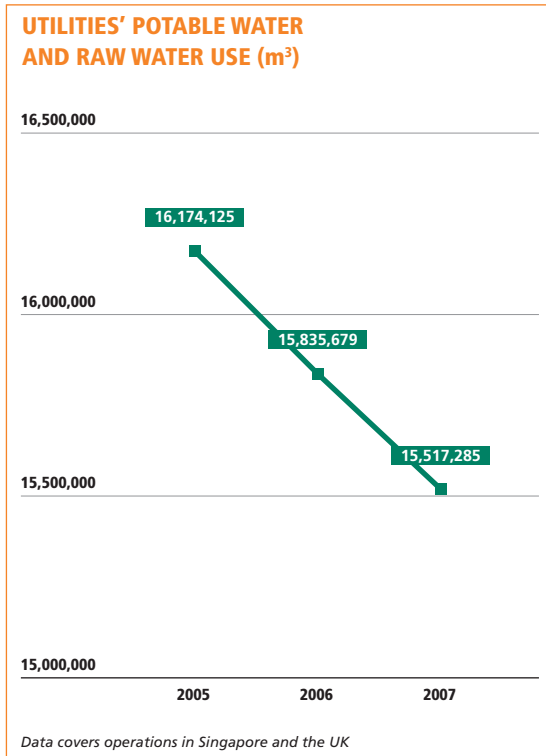
Sembcorp is mindful of the impact of our potable water consumption for business use and of the need to monitor and limit this. Our Utilities business in Singapore operates a closed-loop cycle model, which enables us to reuse and recycle water. Our continued efforts to reuse and recycle water have resulted in reduction of our potable water usage in the past two years. We reduced our potable water usage by 22% in 2006 and 50% in 2007, despite an increase in the volume of industrial process water supplied to our customers.

UTILITIES' REUSED AND RECYCLED WATER (m³)



Data covers operations in Singapore

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WASTE

At Sembcorp, we endeavour to reduce waste disposed at the incineration plant and landfill through the active promotion and practice of recycling and reducing waste, as well as by implementing measures to reduce waste produced in the course of our businesses' operations.

Supporting national recycling efforts

Our Environmental Management arm, which is Singapore's largest environmental management player, supports national recycling goals. Since 2001, Sembcorp has played an instrumental role in the National Recycling Programme spearheaded by the National Environment Agency (NEA), serving four out of nine municipal sectors in Singapore. Aside from providing regular door-to-door recyclables collection

for these sectors, we also operate a materials recovery facility where recyclable items are sorted, baled and traded for reuse into new products. In addition, we also operate a plant for the recovery of construction and demolition waste, thereby diverting more than 100,000 tonnes of debris from landfilling.

Besides this, Sembcorp is actively involved in initiatives to further encourage Singaporeans to recycle. In February 2007 we began deploying centralised recycling depository bins to cater to residents in Housing & Development Board (HDB) estates who have additional or bulky items to recycle in between the regular fortnightly door-to-door collection of recyclables. The bins, located at void decks and other central and accessible locations in HDB estates, are cleared weekly. By November 2007, we had deployed about 800 centralised recycling depository bins around the island.

In December 2007 we completed a 12-month pilot trial for the first-of-its-kind Recyclables Intermediate Chute Storage System (RICH), a dedicated chute system for co-mingled recyclables which may be retrofitted to existing HDB flats, condominiums, offices and other high-rise buildings. We received very positive response from residents, with RICH collecting an average of over 520 kilogrammes of recyclable items per month, more than five times higher than the national average of 100 kilogrammes per month. In addition, Sembcorp has been appointed by HDB to install the RICH system at four blocks of flats in the Sengkang N4C7 development, which is expected to be completed in 2009/2010.

Sembcorp also actively promotes the benefits of recycling through community engagement programmes throughout the year. These included rewards exchange programmes during community and school events, as well as support for seven secondary schools and tertiary institutions in their student environmental promotion projects under the NEA's Adopt-a-school Programme. Under the banner of the NEA's Clean & Green Singapore, a month-long festival of events and activities to raise public awareness of key green issues, Sembcorp also contributed in cash and in kind, towards the Schools'

Carnival event which was held in November. The campaign culminated in Singapore's National Recycling Day on November 27, when our Environmental Management business organised a carnival at Punggol Community Centre. Graced by Mr George Yeo, Minister for Foreign Affairs and Member of Parliament for Aljunied GRC, the carnival attracted some 500 residents and collected in excess of 1.5 tonnes of recyclables.

Practicing recycling

In addition, to reduce the waste generated from our business operations, Sembcorp practices recycling both in our offices as well as at our operations sites. For instance, at Sembcorp's offices in Singapore, paper recycling bins are placed in convenient locations such as common areas between workstations and near printers and paper shredders to raise employee awareness and encourage paper recycling. Meanwhile, our Utilities operations in the UK recycles items from its sites such as commercial and industrial waste, fluorescent tubes, heavy fuel oil and waste electrical and electronic equipment items.

Reducing our production of waste

Sembcorp has continued efforts to reduce the generation of waste from our industrial operations that would go to landfill or incineration.

In 2007, our Utilities operations in Singapore developed a membrane cleaning and test skid for the reverse osmosis system in its high grade industrial water plant. The regular industrial practice is for reverse osmosis membranes to be replaced progressively at fixed intervals. However this approach cannot identify problematic elements in the vessel and is unable to differentiate reusable membranes from those damaged or reaching the end of their life span. Sembcorp's membrane cleaning and test skid is able to test the membranes to determine their suitability of usage, ensuring that the right membranes are replaced. It also allows for better offline cleaning. As a result, the business has been able to significantly reduce the wastage of membranes. The skid also led to lower energy consumption by the reverse osmosis system.

Meanwhile, in the UK, our operations installed a common recovery system for hydrochloric acid and caustic soda for its water treatment plant. Commissioning trials were first carried out in December 2005. Once proven successful, the process was rolled out in the first half of 2006 to a second plant, utilising lessons obtained from the first trial. The system started reaping benefits in 2007, demonstrating a reduction of 25% of acid and caustic soda to be disposed. Cost savings in 2007 from the system amounted to GBP170,000.

Reducing landfill

In December 2007, Sembcorp's Environmental Management arm began commercial operations of an innovative solid waste pre-treatment and recycling facility in Singapore to increase the recyclable yield from waste collected from our customers. A first in Singapore, the facility is capable of recovering recyclable materials, such as plastics, ferrous and non-ferrous metals, and other resources from solid waste. The increased rate of resource recovery results in less waste being disposed at the incineration plant.

HEALTH AND SAFETY

At Sembcorp, we recognise that promoting health and safety is part of our responsibility to our employees and to the community. Key concerns are on-site safety for our Utilities operations and on-site safety and road safety for our Environmental Management operations.

On-site safety

Efforts continued to improve the on-site safety for Sembcorp's operations. In 2007, the SCU 5/0 campaign, encompassing the five goals of zero injury, zero spill, zero non-compliance, zero hazardous release and zero unplanned shutdown as well as a tracking and accountability mechanism for these indicators, continued to see results after a year of implementation across our Utilities operating sites in Singapore. The total incident count for the five indicators dropped from 44 in 2006 to 38 in 2007. The "price of non-conformance", our internal measure for the imputed monetary cost of lapses relating to

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the five indicators, also saw an improvement. These improvements are attributable to the high awareness amongst employees of the 5/0 campaign, which requires them to identify hazards and gaps in activities carried out at their workplaces and eliminate them.

We have also captured our Environmental Management operations' safety performance in our reporting this year. The following two charts show the number of total recordable cases and the severity rate in terms of days away from work per million man hours' work for our Utilities and Environmental Management operations in 2007.

Figures reported against both safety performance

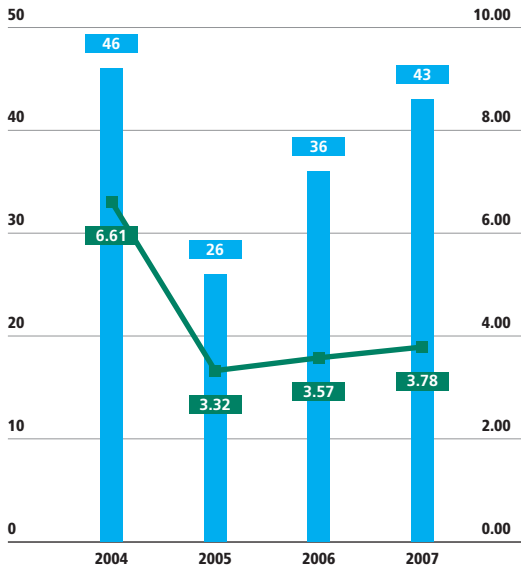
indicators were slightly higher in 2007 due to two reportable incidents which occurred on Jurong Island that resulted in a total of 120 days away from work. Thorough investigations were carried out for both incidents to establish their root causes, and measures were implemented to prevent recurrence. Lessons learnt from these incidents were also shared among operations staff globally.

Road safety

With our Environmental Management vehicles travelling more than 15.4 million kilometres in 2007, road safety is a key concern for the business.

TOTAL RECORDABLE CASE FREQUENCY

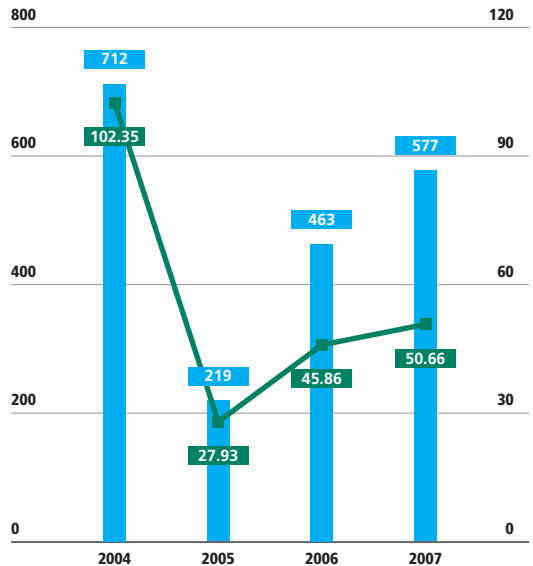
- Number of incidents resulting in days away from work
- Number of incidents resulting in days away from work per million man hours' work



Data covers Utilities (Singapore and the UK) and Environmental Management (Singapore)

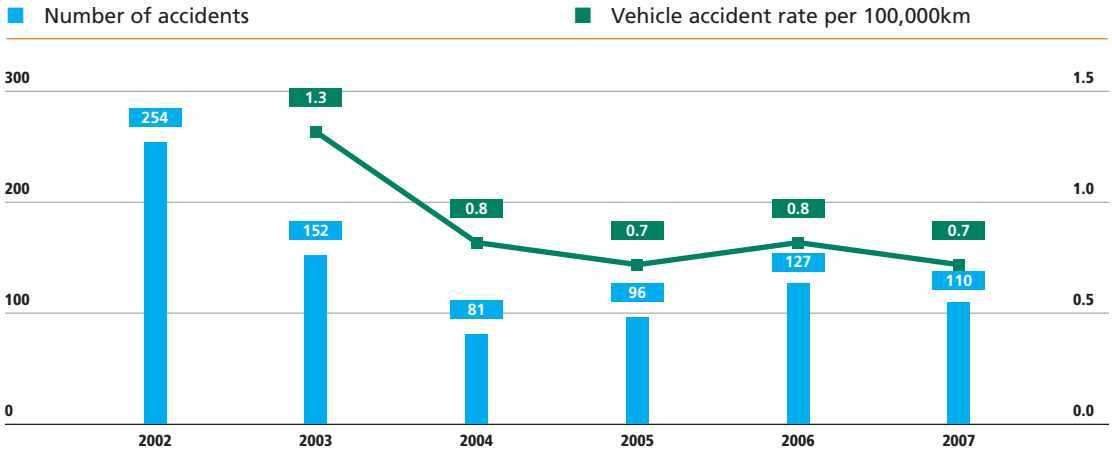
SEVERITY RATE

- Number of days away from work due to injury
- Number of days away from work due to injury per million man hours' work



Data covers Utilities (Singapore and the UK) and Environmental Management (Singapore)

ENVIRONMENTAL MANAGEMENT'S VEHICLE ACCIDENT RATE



Data covers operations in Singapore

To reduce the unit's accident rate, we have conducted safety awareness exercises and training sessions for our workers. Our continued efforts with regard to road safety saw our vehicle accidents reduced by a further 13.4% in 2007, bringing the vehicular accident rate per 100,000 kilometres to 0.7. We continue to work with the Singapore Traffic Police on yearly educational programmes for our drivers, supplementing our in-company continuous improvement programmes, to further improve our vehicular safety.

Employee health

Sembcorp believes that with regular health screening and proper medical advice, employees will be able to avert diseases and illnesses; and lead a healthy lifestyle. We ensure flexibility in our medical benefits to allow staff to choose from a variety of healthcare professionals. Health checks are made available to all employees on a regular basis. In addition to health checks, the company also provides additional medical benefits such as influenza jabs and organised health talks to keep staff informed of various common health concerns.

Emergency readiness

Emergency readiness is an important component of protecting our employees' health and safety, as well as health and safety within the community. All of Sembcorp's businesses carry out annual fire and safety drills.

With the ongoing concern relating to avian influenza outbreaks in recent years, our Environmental Management business is retained by the Agri-Food & Veterinary Authority of Singapore to provide manpower and logistical support for culling exercises in the event of an outbreak. In relation to this, we carried out a desktop exercise in November 2007 to prepare our Environmental Management staff who would be on the "front line" in the event of such an outbreak. This exercise enabled us to assess the comprehensiveness of our existing business continuity plan as well as our operational readiness in response an orange alert issued by the Ministry of Health. The exercise covered scenarios of handling dead birds found in refuse bins, as well as dealing with queries on compensation for workers deployed to perform avian culling, vehicle breakdowns and managing media queries.

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY

At Sembcorp, we recognise that sustainability is primarily about carrying out our business operations responsibly and managing our HSE impacts. However, aside from this, we also recognise that companies can make a positive impact in the community by giving financial and other resources towards meaningful causes. In 2007, the Sembcorp Group contributed a total of over S\$2.1 million to causes including children, education, sports & fitness and the arts.

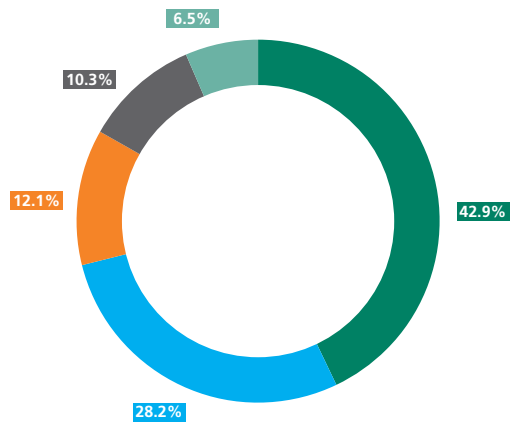
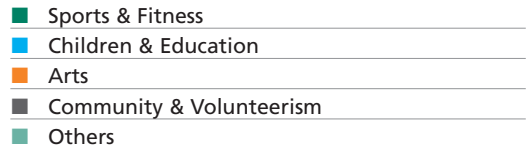
The Trailblazer-Wong Kok Siew Fund, the charitable fund we administer in aid of children, education, medical research and stroke assistance, continued to be central to our community efforts. Started in 2005 with an initial S\$1.2 million, the fund is supplemented by ongoing donations from Sembcorp companies.

On the education front, the Trailblazer-Wong Kok Siew Fund disbursed a total of S\$335,150 in 2007. This included its continued support for ongoing programmes such as Sembcorp Marine's School Book Assistance Grant (SchoolBAG) scheme and St Joseph's Institution's Wong Kok Siew-St Vincent de Paul Fund in 2007, both initiatives in aid of needy students. Other significant initiatives supported in aid of education in 2007 included the launch of the Trailblazer-Wong Kok Siew Scholarship for Sports in partnership with the Football Association of Singapore and the Singapore Badminton Association, to fund tertiary education for young aspiring sportspersons in Singapore.

In area of stroke assistance medical research, in 2007 the Fund made a three-year commitment of S\$150,000 to launch the Wong Kok Siew Fund for Stroke Research and Rehabilitation with the Singhealth Foundation. The Fund also supported the Home Nursing Foundation's work with home-bound stroke patients and contributed towards a clinical database analysis system for the National University of Singapore Endowment Fund for Neurosurgery & Medical Studies' Medical Centre.

Aside from our efforts through the Trailblazer-Wong Kok Siew Fund, Sembcorp also supported a range of community contributions at the group level, the individual business unit level, and the local operations level.

SEMBCORP'S COMMUNITY GIVING IN 2007



Contributions at the group level included a S\$250,000 commitment as Season Presenter of Singapore Season in China 2007, a month-long arts festival in Beijing and Shanghai from October to November, organised by the National Arts Council to showcase Singaporean talent overseas. Other worthy causes supported included the Singapore Cancer Society's Hope for Tomorrow Fund and the Inaugural Corporate Environmental Outreach run. Group-wide contributions to education included support for the new S Rajaratnam School of International Studies at the Nanyang Technological University as well as donations to the Lee Kuan Yew School of Public Policy.

In addition, in 2007, Sembcorp sponsored two of its employees to take part in the Sahara Race, a seven-day, 250 kilometre race across the Sahara Desert with participants from all over the world, in line with the company's belief in work-life balance.

Sembcorp then launched a group-wide effort in conjunction with this participation in the race, to raise funds for the WINGS Counselling Centre. WINGS is a non-profit organisation that pioneered the concept of school-based counselling in Singapore, and is one of the very few centres to offer medical and psychiatric consultation for children locally. Our two representatives successfully completed the Sahara Race in November 2007, and through pledge cards issued to staff, direct donations from customers and partners as well as funds-matching by Sembcorp companies, a total of S\$250,000 was raised.

At the business unit level, our Utilities business continued its sponsorship of the Woodlands Wellington Football Club, while our Environmental Management arm renewed its adoption of the Tree Frog exhibition at the Singapore Zoological Gardens.

In line with Sembcorp's commitment to contribute to local communities where we operate, during the year our units overseas actively participated in initiatives in aid of their local communities. For instance, our Utilities operations in the UK saw four employees completing the "Race the Sun Challenge", an annual triathlon event which includes scaling England's second-highest mountain, to raise more than GBP2,000 for Action Medical Research. Also in the UK, Sembcorp's Wilton International-based call centre supported British charity Comic Relief's Red Nose Day for a third year by taking public pledges from the public and helping to raise millions of pounds to alleviate poverty in the UK and Africa. Other efforts in the UK during the year included the donation of a specially tailored fire safety vehicle to the Cleveland Fire Brigade and the sponsorship of the Sustainable School Award, a regional award recognising achievements by schools in Northeast England to be more environmentally friendly.

Responding to the devastating floods in Jakarta and the surrounding areas in February 2007, Sembcorp's Industrial Parks business, which holds indirect stakes in industrial parks in Indonesia, provided medical aid and other essential supplies to Islamic organisation Muhammadiyah to support their relief efforts. Sembcorp's Industrial Parks business also continued its

support of the Autism Resource Centre through direct donation and staff contributions through pledge cards

In Vietnam, the operating companies for Sembcorp's Vietnam Singapore Industrial Park (VSIP) and Phu My 3 power plant were recognised for their contributions to the Vietnamese community through their inclusion in the Saigon Times Top 40 FDI Awards for 2007. Organised by the two English-language publications of Saigon Times Group in coordination with the Departments of Planning and Investment in Ho Chi Minh City, Dong Nai, Binh Duong and Ba Ria-Vung Tau provinces, the awards honour foreign direct investment enterprises making significant contributions to community development. In addition, VSIP was conferred the Golden Dragon Awards which honour the achievements of foreign enterprises in Vietnam and their contribution to economic development as well as to the local community. VSIP also organised a fifth VSIP Charity Day in 2007, an annual charity event benefiting the local community. With the generous support of its customers, VSIP raised US\$100,000 towards the refurbishment of a primary school in one of the poorest local communities in Binh Duong province, where VSIP I and II are located.