

SUSTAINABILITY

Our management of material issues of health, safety and environmental performance as well as corporate governance and risk management and mitigation contributes to enhancing and preserving the value of our business.

Managing Sembcorp's Sustainability

Sembcorp's priority is to deliver long-term value and sustainable returns to our shareholders. As a multinational enterprise and a public listed company, we understand that there is a complex value chain to which Sembcorp belongs and that our wider responsibility incorporates sustainability issues. We fully recognise that these issues may be outside the traditional view of corporate activity, but as the global business landscape evolves, managing these issues is increasingly viewed as vital in maintaining a company's 'licence to operate' from society and their stakeholders.

This widening role of business is taken seriously and is reflected in Sembcorp's commitment to excellence and continuous improvement. In our management approach to sustainability and governance, many issues are directly addressed at the Group level with the support and input of the business units. Our management of material issues of health, safety and environmental (HSE) performance as well as corporate governance and risk management and mitigation contributes to enhancing and preserving the value of our business. In addition, we continue to maintain an ongoing commitment to community investment initiatives.

Scope and development

With customers and operations around the world, Sembcorp is an international company. Our three main operating units comprise our Utilities business (which now includes the solid waste management business), as well as our Marine and Industrial Parks businesses. As our Marine business is separately listed in Singapore and reports its activities in a separate annual report, this report will primarily cover the other two business units (BUs). Data for key performance indicators for these BUs has been tracked and reported in the areas of environment, health and safety, human resources and community investment. Aside from

this chapter, information on the company's corporate governance, risk management and mitigation strategies, and investor relations which are part of the wider ambit of sustainability issues, may be found in the relevant chapters under the Environmental, Social & Governance (ESG) Review section of this annual report.

The following sustainability report addresses the activities and data that fall within the company's financial year for the period from January 1 to December 31, 2010. Sembcorp has included aspects of sustainability in our annual report since 2001, and sustainability issues were last reported in our annual report for the financial year 2009 published in 2010, which applied the Global Reporting Initiative (GRI) G3 reporting principles and framework and aspects of the GRI Electric Utility Sector Supplement on a voluntary basis. Sembcorp was one of the first companies listed on the Singapore Stock Exchange (SGX) to publish a voluntary sustainability report using the GRI G3 guidelines as a reporting framework. This year, we have continued to use the reporting principles and framework for the GRI G3 and considered the principles of the GRI in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, accuracy and comparability.

Our aim is to work towards providing readers with an accurate, complete and reliable report that contains meaningful information on how we manage sustainability issues in our specific business sectors. We have tried to incorporate as much data as possible from our ongoing operations and the scope of this report includes reporting on our majority owned business units, particularly our operations in Singapore and the UK. This year, we have been able to include some additional information from our Utilities operations in China, Vietnam and the UAE. In 2010, Sembcorp acquired a 97.66% stake in Cascal, a provider of water services to the municipal market with operations in China, Indonesia, Philippines, South

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Africa, the UK, the Caribbean, Chile and Panama. The data presented in this report excludes our newly acquired operations under Cascal as well as Shanghai Cao Jing Co-generation in China where we hold a minority stake. Where data is unavailable or has been excluded, this has been clearly stated, and data measurement is in line with GRI G3 recommendations for our chosen indicators. Sembcorp is committed to continuous improvement and aims to expand the scope of the report in the future. Our target for our ongoing reporting development is to incorporate reporting on BUs in which Sembcorp has a majority stake.



An index of GRI G3 performance indicators covered in this report can be found on our website, www.sembcorp.com. This report has been self-declared at GRI G3 Level B incorporating all the Standard Disclosures and material key performance indicators under Level B.

Our Sustainability Approach: Risk, Opportunities and Engagement

Issues that are material to Sembcorp and its stakeholders are reviewed on an ongoing basis as the company continues to expand in terms of size and geography. In general, Sembcorp's management and monitoring of sustainability issues is based on a risk management approach. We have also identified the AA1000 five-part materiality test as a useful tool to identify material areas to address and have begun using feedback obtained through a pilot stakeholder survey in line with AA1000 to better understand the Group's sustainability risk profile.

In addition, we recognise that there are tremendous opportunities to actively invest in sustainable business lines. Using our integrated group strength, we apply proven technologies to produce energy in greener ways, create innovative solutions for clean, sustainable water and help manage resources through the treatment and recovery of recyclables from waste. In this way, we not only do our part to limit the impact of our activities on the environment while staying competitive, but also help our customers to do the same.

At Sembcorp, we recognise the importance of being an active player within our industry and engaging

with our peers and the wider business community on sustainability issues. Sembcorp is a founding member and supporter of the Singapore Compact for Corporate Social Responsibility, a national society promoting sustainability issues in Singapore.

At the industry level, Sembcorp participates in the Responsible Care voluntary initiative, endorsed in Singapore by the Singapore Chemical Industry Council. This encourages members to adopt 10 guiding principles for a safer chemical industry through the six management practices of employee health and safety, distribution, pollution prevention, process safety, product stewardship and community awareness and emergency response. In Singapore, Sembcorp is also a member of the Sakra Island Community Awareness Group, which seeks to promote community awareness and a standardised management practice code for emergency responses among companies located in the Sakra district on Singapore's Jurong Island. Similarly, our Teesside UK operations are also active in the Northeast England Process Industry Cluster which serves as a unified voice for the process industry in northeast England, where a substantial part of the UK's chemical, petrochemical, speciality chemical, pharmaceutical, polymer and biotechnology industries are based. In the UAE, our operations in Fujairah participated in the Abu Dhabi Water and Electricity Authority's task force in formulating HSE procedures and guidelines for the energy sector.

Our internal stakeholders are also crucial in our day-to-day practice of sustainability and in determining our sustainability-related risks and identifying areas for future improvement. As part of our efforts to create a culture of open, two-way communication, employees are encouraged to contribute ideas on improving workplace practices and the delivery of products and services. This includes feedback on issues such as dishonesty and fraud via our whistle-blowing scheme and confidential feedback channels. To further promote sustainability as a part of Sembcorp's corporate culture, employee appraisals take into account HSE performance.

Sembcorp's Supply Chain

Sembcorp's supply chain is a complex one and our actions influence both our own businesses and others along the value chains we operate in. Many of our

Sembcorp's Sustainability 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 important for 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

We place the management of our health, safety and environmental (HSE) responsibilities as 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 health, safety and environmental 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 those 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 and the maturity of the business.

multinational clients are in the process of developing and integrating their own sustainability programmes and Sembcorp aims to be a key provider in assisting them to improve their HSE performance, limit their environmental impact and conserve resources.

As a provider of utilities, Sembcorp directly consumes primary resources, produces waste and emissions and manages and maintains buildings, people, treatment processes and machinery. As a result, we must work closely with our suppliers, business partners and contractors to promote sustainability. Our commitment to aspects such as HSE performance, pollution control at source and waste management, ensures that our policies and practices deliver wider benefits to relevant stakeholders groups. For example, Sembcorp assesses general contractor capability to ensure that projects carried out are in line with our HSE policy. Through platforms such as contractor HSE

committee meetings, safety induction programmes as well as vendor performance audits, we also work alongside suppliers to actively identify and improve performance.

Stakeholder Engagement

Our company's main stakeholder groups have been identified as regulators, financial institutions, shareholders and the investment community, suppliers, customers, members of communities where we have operations as well as our employees. To better understand our internal and external business environment, Sembcorp actively engages with its stakeholders.

Between 2009 and 2010, we carried out a pilot stakeholder engagement project applying the AA1000 Stakeholder Engagement Standard to seek the views of stakeholder groups such as investors, customers,

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suppliers and employees, as well as a Singapore non-governmental organisations, to better understand their expectations for Sembcorp's practice of sustainability. Questionnaires and telephone interviews were used to gather data and to ensure neutrality and openness in the engagement process, external consultants were appointed to undertake the project and report on its findings.

The top issues which internal stakeholders felt were important were health and safety, corporate governance, labour rights and continued development of green business lines. A need for training to further enhance knowledge in the sustainability domain was also identified. There was also a consensus amongst external stakeholders that Sembcorp's reputation for sustainable practices and sustainability reporting is important. HSE performance and compliance with regulatory requirements were high priorities. Suppliers highlighted the importance of working collaboratively to anticipate and comply with future regulations, achieve efficiency in energy and water usage, and reduce the carbon footprint of our operations. Investors identified a number of issues important for companies' sustainability in general and also specifically for Sembcorp. These included identification of material issues, ESG targets and performance in identified areas, and the use of external guidelines such as GRI guidelines, amongst others.

Through this and other formal engagement processes, we aim to continue to align relevant stakeholder issues with our overall strategy.

Sustainable Sembcorp: Our Green Business Lines

In line with our continual drive for innovation and to widen our sustainable business portfolio, the development of sustainable or 'green' business lines has become a growing part of our ongoing businesses. We foresee sustainable products and services delivering an additional competitive edge and enhancing our reputation as a responsible and responsive company. Sembcorp's sustainable business operations include:

Renewable energy

Sembcorp runs a 35 megawatt power station that uses sustainable wood for fuel, the Sembcorp Biomass Power Station, as a core part of its energy operations at the Wilton International site in Teesside, UK. The plant was the first large-scale wood-fired renewable

energy plant in the country. To further improve efficiency of the station, work is underway on a S\$10 million (£5 million) modification to convert the facility into a combined heat and power facility, which will make the power station even more environmentally friendly.

Natural gas

Sembcorp was Singapore's first commercial importer and retailer of natural gas, considered the cleanest of all fossil fuels. We import 341 billion British thermal units of natural gas per day from West Natuna in Indonesia and supply major power generation and petrochemical companies. Starting in late 2011, we will import an additional 90 billion British thermal units of gas per day.

Efficient power and steam generation and combined power and desalination

Sembcorp aims to apply technology to achieve greater efficiency and lower emissions in our power, steam and desalination operations. A summary of our use of such technologies may be seen in the table on the right (page 85).

Supercritical technology

In May 2010, Sembcorp announced a joint venture agreement with Gayatri Energy Ventures to build, own and operate a 1,320 megawatt coal-fired power plant in Krishnapatnam, India. While the plant will be fired by coal, it will utilise supercritical technology which reduces emissions of carbon dioxide and other pollutants by consuming less fuel per unit of electricity generated, reducing its associated environmental impacts. Sembcorp expects the power plant to be 70% fuelled by low sulphur non-coking coal sourced from within India.

Waste-to-resource

Through Sembcorp's range of services, waste that would usually be disposed of in landfill and incineration facilities is diverted for recycling. We also have capabilities in advanced waste treatment and resource recovery, including composting and waste-to-energy recovery. In Australia, Sembcorp's solid waste management arm, SITA Environmental Solutions, is a leader in the development and operation of advanced resource recovery facilities.

| Sembcorp's technologies for more efficient power, steam and desalination operations | Where Sembcorp has applied it |
|--|---|
| Combined cycle gas turbine technology (CCGT) – Refers to the production of electricity using a gas turbine where waste heat from the gas turbine exhaust is used to produce steam to generate additional electricity via a steam turbine. This technology allows Sembcorp's plant to operate more efficiently per unit of fuel input. | China, Singapore, UK, Vietnam, UAE (and Oman from 2012) |
| Cogeneration – In addition to the CCGT process, steam is further recovered from the steam turbine to meet steam customers' demand, making the entire combined production of electricity and steam making more fuel efficient and further reducing carbon dioxide emissions. | Singapore, China and UK |
| Combined power and desalination – Refers to the production of electricity and water where heat which might otherwise have been lost in the form of flue gas, is used to generate steam from the heat recovery steam generator for use in seawater desalination, allowing for greater efficiency. | UAE (and Oman from 2012) |

Our waste-to-resource facilities in Singapore extract recyclables from waste collected through our municipal waste collection arm, which is the leading operator in Singapore, serving four out of the nation's nine municipal sectors. Sembcorp also operates a construction and demolition materials recovery facility in Singapore capable of processing 300,000 tonnes of construction and demolition waste per year. Timber, hardcore and fines, as well as ferrous and non-ferrous metals are recovered during the sorting process. Furthermore, the complete range of waste paper recycling services is offered from collection, sorting and baling to bulk supply of recovered paper to paper manufacturers. With more than 20 years of experience in waste paper recycling, we have an extensive network collecting some 300 tonnes of waste paper each day.

Wastewater treatment and water reclamation

Sembcorp is a pioneer in industrial wastewater treatment and water reclamation in Singapore and China. Our industrial wastewater facilities in China and Singapore are capable of treating wastewater up to 20 times more concentrated than municipal sewage and up to 1.5 times more saline than seawater, and help to limit the impact of industries on the environment by treating their effluent to meet environmental limits.

In 2010, Sembcorp successfully expanded our

high concentration industrial wastewater treatment business with the completion of a second plant in China capable of treating concentrated industrial wastewater from source, located at the Nanjing Chemical Industrial Park. The new facility is capable of treating up to 12,500 cubic metres of effluent per day without customers having to pre-treat it first. This saves customers the need to invest in pre-treatment facilities for their wastewater, and at the same time, also supports local authorities in their goal of environmental protection. Meanwhile, in Singapore, we announced the upcoming development of a new integrated wastewater treatment plant to serve growing customer needs in the newly developed area of the Jurong Island petrochemical manufacturing cluster. Capable of treating multiple streams of complex industrial wastewater, the plant will more than double the current industrial wastewater treatment capacity on Jurong Island with its initial capacity of 9,600 cubic metres per day.

Beyond treating wastewater, Sembcorp also reclaims water from treated effluent, conserving precious water resources and offering a sustainably-sourced alternative water supply to industries and households. In Singapore, the company was the first company to reclaim secondary effluents from wastewater, applying dual-media filtration, microfiltration, reverse osmosis and ion exchange technologies to produce high purity demineralised water and high grade industrial water

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for supply to its customers. Today, Sembcorp's supply of demineralised water and high grade industrial water to customers in Singapore is substantially derived from reclaimed water. Our ability to integrate wastewater treatment, water reclamation and water supply in a 'closed loop' minimises liquid discharge, conserves potable water supplies and promotes a sustainable water supply.

In 2010, Sembcorp officially opened its Sembcorp NEWater plant, one of the largest water recycling plants in the world, with a capacity of 228,000 cubic metres per day. The plant's completion marked a major step in Singapore's water sustainability journey. It is one of the few water reuse plants in the world to be built on top of another water reclamation treatment plant, minimising its plant footprint in a land-scarce country. The facility's state-of-the-art microfiltration and reverse osmosis systems are also designed for optimum energy consumption.

Sustainable industrial parks and integrated townships

Sembcorp's Industrial Parks business applies an integrated approach to township development, providing world-class manufacturing space coupled with an environmentally sensitive approach to development.

In January 2010, we held a groundbreaking ceremony for our fourth Vietnam Singapore Industrial Park (VSIP) development in Hai Phong, Vietnam. Integrating conservation considerations in its masterplan, 30% of land within the development is reserved for green space and the preservation of local flora and fauna. Existing wetlands on the site as well as tributaries from the Cam River that run through the township will be preserved and made a feature of the development. Vietnam, with its growing trend of urban migration, requires sustainable urban solutions. With its environmentally sensitive approach to development, VSIP Hai Phong has potential to be a showcase of such sustainable urban development in the country.

Sustainable Water Solutions

Sembcorp is actively playing a part in providing sustainable water solutions to meet the growing needs of industries and communities, particularly in emerging economies. We supply water to over five million people worldwide through our municipal water operations, and also support the specialised water needs of industries while reducing their impact on the environment.

We have introduced sustainable wastewater treatment, water reclamation and industrial water supply solutions in China, one of the world's fastest-growing and fastest-industrialising economies. These solutions are backed by our track record in Singapore where we have treated multiple streams of industrial wastewater centrally for over a decade and also integrated this with water reclamation and industrial water supply.

In Zhangjiagang, we were China's first to be allowed to treat highly concentrated industrial wastewater directly from source without companies needing to pre-treat the effluent beforehand. Chinese government regulations currently require industrial companies to pre-treat their high concentration wastewater before discharging. The decision to permit industrial companies to discharge effluent directly to a wastewater treatment facility without needing these companies to first carry out pre-treatment signifies a new milestone for advanced wastewater management in China.

We also provide sustainable water supply through desalination to serve growing water demand in the Middle East. Our plant in Fujairah, UAE and our upcoming plant in Salalah, Oman, have a water capacity of 100 million and 15 million imperial gallons per day of desalinated water respectively.

Furthermore, Sembcorp's water reclamation business conserves precious water resources and offers a sustainably-sourced alternative water supply to industries and households. We were a pioneer in reclaiming industrial effluent from Jurong Island in Singapore and today our NEWater plant in Singapore is one of the largest water recycling plants in the world. We are now constructing a water reclamation facility, which will be integrated with our Zhangjiagang wastewater treatment facilities in China, to reclaim industrial water from treated effluent for reuse by industries. This will close the water loop on the site and preserve precious water resources.

In 2010, we also completed the conceptual masterplan for the 1,500 hectare Sino-Singapore Nanjing Eco High-tech Island (SNEI) in China's Jiangsu province. Leveraging on the central government's long term goal of creating a sustainable economy with environmental preservation, 870 hectares of the SNEI's gross land area will be preserved for eco-tourism. The remaining 630 hectare development area will feature eco-friendly residential designs and knowledge industry development. The SNEI is envisioned to render the Jiangxinzhou island on which it resides as a model for sustainable growth characterised by eco-styled urbanisation.

Research and development

Research and development plays an important role in strengthening Sembcorp's sustainable capabilities. As a business, our continued drive for technology and innovation allows us to optimise existing facilities and processes and use energy more efficiently. This means better use of resources, lower costs, better safety performance and reduced environmental impact.

Sembcorp's operations are supported by our in-house Technology department, as well as the collective expertise of our entire Group. In addition, in 2010, we also set up a Group Technology Committee that is headed by Sembcorp's Chairman and Group President & CEO. We also form research arrangements and collaborations with local tertiary research institutes and water technology companies. An example of such a partnership is our ongoing collaboration with Nanyang Technological University's Nanyang Environment and Water Research Institute, to jointly explore new technology to remove recalcitrant organic materials from complex industrial wastewater. Pulling together these extensive intellectual resources, our continued push for technology and innovation helps to build our competitive advantage and support the sustainable growth of the Group.

Sustainability Awards and External Recognition

In 2010, Sembcorp received both national and global recognition and a number of awards for its efforts to promote and practise sustainability.

Global Water Awards 2010 Water Reuse Project of the Year and WateReuse Association's WateReuse International Award

The Sembcorp NEWater Plant was recognised for its contribution to the international water reuse industry, winning the 2010 Global Water Awards Water Reuse Project of the Year, as well as the WateReuse Association's WateReuse International Award. One of the largest water reuse plants in the world, the plant uses state-of-the-art technology to optimise land use, has a compact plant footprint and strengthens Singapore's supply of NEWater, an ultra-clean, high-grade reclaimed water which is a key pillar of the country's water sustainability strategy.

Responsible Care Awards

Sembcorp received Responsible Care Achievement Awards from the Singapore Chemical Industry Council in 2010 for Responsible Care's Employee Health & Safety, Pollution Prevention and Process Safety codes. The awards honour companies which incorporate Responsible Care Management Practices in their operations, and maintain high health, safety and environmental standards.

Securities Investors Association (Singapore) Investors' Choice Awards Most Transparent Company

Sembcorp was ranked Singapore's Most Transparent Company in the multi-industry / conglomerates category at the Securities Investors Association (Singapore) Investors' Choice Awards. The awards recognise companies that adopt good corporate governance practices through their efforts towards excellent financial reporting and extensive disclosure of information.

Singapore Workplace Safety and Health Council's bizSAFE 'Star' Status

The bizSAFE programme, initiated by the Workplace Safety and Health Council in Singapore, promotes workplace safety and health through recognition of companies' safety efforts. Sembcorp Cogen and Sembcorp's Singapore solid waste management unit achieved the highest level, or 'star' status in 2010.

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Singapore Workplace Safety and Health Performance Award 2010

Sembcorp won three silver awards at the Singapore Workplace Safety and Health Performance Awards 2010. The annual awards are presented to organisations that have performed well by implementing sound health and safety management systems. The three silver awards were received by Sembcorp Gas, Sembcorp Cogen and our propylene purification operations.

Singapore Minister for Defence Award 2010

Sembcorp's solid waste management subsidiary SembWaste clinched Singapore's top Total Defence Award, the Minister for Defence Award, for its outstanding contributions to total defence, especially for its medical waste collection services during the outbreak of Influenza A (H1N1) in Singapore in 2009.

Ofwat's Number One Water Company

The UK Water Services Regulation Authority (Ofwat) ranked Sembcorp's municipal water operations in Bournemouth in UK, as the joint top performing water company for service delivery in England and Wales, maintaining the unit's number one ranking for the second year in a row. The company achieved its best ever performance by scoring 288 points, the maximum possible in the regulator's assessment of the overall quality of service, including reliability and continuity of water supply, drinking water quality, and management of leakage provided by water companies.

United Kingdom National Training Awards 2010

Sembcorp's operations in Teesside in UK were honoured twice at the prestigious UK National Training Awards 2010. The vastly experienced Protection Team won both a Regional and National Training Award in recognition of Sembcorp's outstanding contribution and commitment to training, learning and development in the workplace. Sembcorp was the first in UK to put its entire industrial fire-fighting force of almost 100 site protection officers through a new Level 3 National Vocational Qualification designed specifically for professionals in the fire-fighting and rescue sector.

Saigon Times Top 40 Awards

In 2010, Sembcorp's VSIP was presented a Saigon Times Top 40 Award by The Saigon Times and the local

Department of Planning and Investment. This prestigious award recognised the best performing foreign direct investment enterprises and their efforts towards environmental conservation and sustainability, as well as their contributions to the economy and community.

Vietnam Association for Conservation of Nature and Environment's Greentech Certificate

VSIP's efforts have been endorsed by the Vietnam Association for Conservation of Nature and Environment, who awarded VSIP with its Greentech Certificate in recognition of its proactive efforts in managing environmental issues and implementing measures for environmental sustainability.

South African 'Blue Drop' Status

Our operations in Mbombela, South Africa, were amongst the only 5% of the country's water networks to be given 'Blue Drop' status by the Department of Environment and Water Affairs, in recognition of their provision of high quality water services. The Blue Drop scheme is meant to build public confidence in the quality of the drinking water and to ensure that proper monitoring measures are taken to ensure safe drinking water.

Health, Safety and Environment

Managing our material issues

HSE issues are clearly linked with Sembcorp's long-term success, and have been identified as material factors in terms of their potential impact on our business operations, as reflected in feedback from our stakeholder engagement survey. Expectations of our key stakeholder groups continue to increase in this area and our HSE performance is an important component of assessment for the Group as a high quality investment, business partner and supplier. The Group HSE policy can be viewed on our website at www.sembcorp.com. In managing our HSE issues, we continue to be guided by four main principles:

- Implementing internationally recognised HSE management systems such as ISO 14001:2004 and OSHAS18001:2007.
- Actively investing in financially viable sustainable business lines, which form part of our core operations.
- Pursuing continuous improvement to enhance HSE performance of our processes, products and services.
- Working closely with our business partners and

seeking active engagement to promote mutual HSE performance improvement and positive impacts.

Scope of the section

This section of the report provides information on how the Group proactively manages HSE impacts arising from its operations. It covers key issues including clean air and climate change, water, waste and the health and safety of our employees and business partners.

This 2010 report includes data from not only Singapore and the UK, which were the main focus of the 2009 report, but also from operations in Vietnam, the UAE and China (excluding newly acquired operations from Cascal as well as Shanghai Cao Jing Co-generation where we hold a minority stake). In the case of some indicators, this broader scope of reporting may mean that there is no meaningful comparable year-on-year data.

HSE management, committees and structures

With operations that spread across six continents, our Group HSE department is the driver of our management systems and co-ordinates our global HSE efforts. Management committees and reporting structures have been established with regional co-ordinators working closely with the Group HSE department. This ensures the effective management of HSE issues with the purpose of setting long-term HSE objectives and targets and complying with the regulatory requirements, voluntary group guidelines, standards and initiatives. From early 2011, HSE issues have been incorporated into regular reports to the board and key HSE risks and controls have also been presented to the board's Risk Committee.

In 2010, Sembcorp's growth presented the challenge of aligning HSE policies and standards throughout the company, particularly in our newer operating sites. Going forward, our priority continues to be on aligning and improving standards across the Group and proactively managing HSE throughout the entire asset management life cycle, from business development and project conception, through to operation until end of the life of the asset.

The HSE culture at Sembcorp is one of shared responsibility, involving everyone associated with the company. With this approach, employees, business partners and contractors take ownership of day-to-

day health, safety and environmental performance, and meet expected standards. We continue to work with our partners and suppliers towards mutual HSE improvement. In Singapore, the Sembcorp Contractor HSE Committee continues to promote co-operation with our contractors in achieving and maintaining HSE performance on Jurong Island.

Clean air and climate change

As a key player in the energy sector, we are keenly aware of global climate change issues. We aim to limit and manage the impact of our operations on climate change by enhancing our efficiency and investing in assets applying technologies which manage and reduce emissions.

Data shown in this section is from operations in Singapore and Teesside in the UK unless otherwise stated. Compilation of our emissions data is in accordance to the World Resource Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol for Stationary Combustion (Version 4).

Carbon dioxide emissions

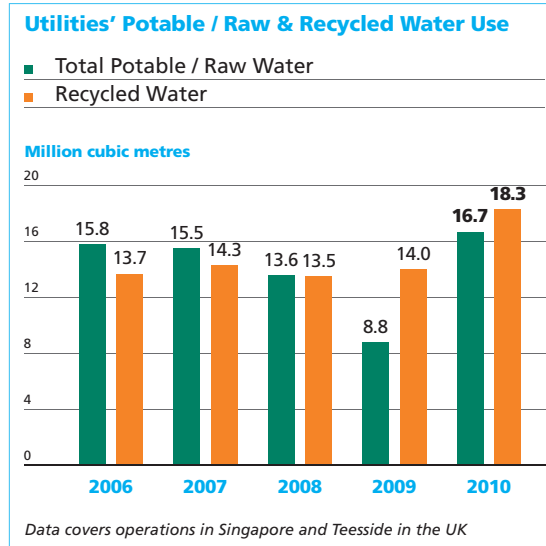
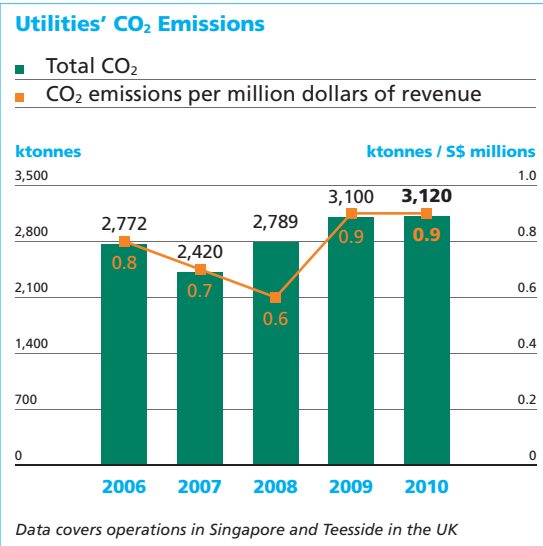
In our Singapore and Teesside UK operations, carbon dioxide emissions have remained at around the same levels as in 2009 at around 2,330 kilotonnes and 790 kilotonnes respectively.

Other emissions

In addition to carbon dioxide emissions, we have begun to widen the scope of our data to include other sources of emissions.

In 2009, due to a natural gas curtailment by our suppliers, our Singapore operations substituted natural gas with fuel oil and emitted 85 tonnes of oxides of sulphur (SOx). SOx emissions have since decreased by more than 60% to 30 tonnes in 2010. In Teesside, UK, SOx emissions were also reduced by more than 40%, from 978 tonnes in 2009 to 564 tonnes in 2010. Total emissions of oxides of nitrogen (NOx) for our operations in Singapore and Teesside in UK in 2010 decreased by more than 50% as compared to 2009. In Singapore, NOx emissions decreased by more than 70%, from 1,707 tonnes in 2009 to 461 tonnes in 2010 due to lower utilisation of boilers as a result of an increase in the export of steam by our cogeneration plant. In Teesside, UK, NOx emissions also reduced by more than 20%, from 1,135 tonnes in 2009 to

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Utilities' Energy Sources Consumption

| Fuel Type (in gigajoules) | 2010 |
|--|--------------------|
| Primary Energy Sources | |
| Natural Gas | 96,135,371 |
| Diesel | 2,771,801 |
| Biomass | 2,956,236 |
| Fuel Oil | 1,621,240 |
| Coal | 2,058,265 |
| Total Primary Energy Source Consumption | 105,542,915 |
| Indirect Energy Consumption | 2,394,754 |

Data covers operations in Singapore, Teesside in the UK, Vietnam and the UAE

859 tonnes in 2010. Reduction in SOx and NOx emissions from operations in Teesside in the UK was due to the lower utilisation of coal boilers during the year.

Energy sources consumption

We continued to track our primary energy sources usage in 2010. Natural gas continued to account for the largest proportion of our fuels used. We also continued to monitor indirect energy usage in the form of electricity consumption by our operations

within the scope of the report; this was over 2.3 million gigajoules for 2010.

Water

Our water business has grown significantly over the last five years through acquisitions and organic growth. We provide a range of services from specialised industrial wastewater treatment to water reclamation, desalination and the supply of potable and industrial water. Sembcorp manages facilities capable of producing and treating over six million cubic metres of water and wastewater daily and serves close to five million people worldwide. Through innovation, we make every effort to ensure the efficient use and reuse of water resources.

As part of our water solutions to our customers, we treat and supply water extracted from surface water and groundwater (including lakes, rivers, oceans and aquifers). In 2010 for our operations in Singapore, Teesside in UK, China (excluding newly acquired operations from Cascal as well as Shanghai Cao Jing Co-generation), Vietnam and the UAE, we extracted 815 million cubic metres of surface water and groundwater, primarily for treatment and supply to our customers and for use in our operations.

In 2010, our Teesside operations consumed over 16 million cubic metres of potable and raw water,

including raw water consumption used to produce demineralised water for our customers and for use in our operations. Sembcorp also recycled 18 million cubic metres of water for supply to our customers and for use in our operations in Singapore and Teesside in UK, reducing the need to draw on potable or raw water supplies and also helping our customers to reduce the amount of raw water needed for their operations.

Waste

As one of the largest solid waste management players in Singapore, Sembcorp provides services that aim to reduce waste going to incineration or landfill facilities. We also promote waste reduction by encouraging recycling. In line with our business focus to reduce waste for disposal, we are actively developing differentiating know-how including waste-to-resource capabilities.

Accident and injury rates

In previous years we have reported on Sembcorp's internal *SCU 5/0* campaign, which tracks the five goals of zero injury, zero spill, zero non-compliance, zero hazardous release and zero unplanned shutdown and imputes a monetary cost to lapses (termed the 'price of non-conformance') which is monitored over time. This internal campaign was initially started in Singapore for our Utilities operations and has contributed to a substantial improvement in our performance since its inception. As part of our efforts to improve HSE performance across the Group we are currently reviewing this to see how we can formulate an enhanced standardised set of HSE reporting parameters for application across all business units both in Singapore and overseas.

For 2010 we have been able to extend the scope of our accident and injury rate reporting. Using indicators of accident frequency rate (AFR) and accident severity rate (ASR), in accordance with the tracking criteria set by Singapore's Ministry of Manpower, the safety performance from our Utilities operations in Singapore, UK, China and the UAE has been recorded (China operations recorded data from February to December 2010 only). In 2010 for the first time, we have included data from our operations in China (excluding newly acquired operations from Cascal as well as Shanghai Cao Jing Co-generation) and the

UAE. The solid waste management business' safety performance in Singapore is reported separately from the performance of the rest of our Utilities operations. This is due to the fact that the solid waste management business' waste collection operations employ manual labour to a greater degree and therefore have a different risk profile from our energy, water and on-site logistics operations.

Our Utilities operations excluding solid waste management reported four accidents in 2010 – three in the UK, including a case involving a contractor, and one in China, with zero reportable accidents in Singapore and the UAE. Our Utilities operations reported 121 man-days lost in 2010, a substantial improvement compared to 194 days in 2009.

For our solid waste management business in Singapore, we saw an increase in the AFR from 4.4 in 2009 to 6.4 in 2010. Its ASR also increased from 92.6 in 2009 to 346.9 in 2010. The increase in its accident rates was mainly due to two accidents which accounted for more than 50% of the lost work days, with one case involving an employee breaking his wrist while the other saw the employee concerned hurting his back in the course of work.

Safety remains important to us and our solid waste management business has taken preventative action to improve its AFR and ASR levels. This includes additional 'toolbox meetings' with management and employees to cover the importance of health and safety and spot inspections at operational sites.

Accident Statistics for the Utilities Business excluding Solid Waste Management

| | 2008 | 2009 | 2010 |
|--|------|------|------|
| Accident Frequency Rate ¹ (AFR) | 0.5 | 0.9 | 0.8 |
| Accident Severity Rate ² (ASR) | 1 | 44 | 24 |

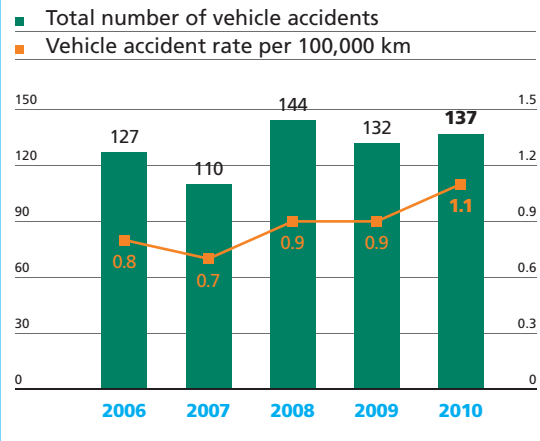
1. Number of workplace accidents per million man-hours worked
2. Number of man-days lost to workplace accidents per million man-hours worked

For 2008 and 2009, data covers operations in Singapore, Teesside in the UK and the UAE only

For 2010, data covers operations in Singapore, Teesside in UK, the UAE as well as China (excluding newly acquired operations from Cascal as well as Shanghai Cao Jing Co-generation)

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Solid Waste Management's Vehicle Accident Rate



Vehicle accident rates

Sembcorp's solid waste management business operates a fleet of 170 commercial vehicles and undertakes a considerable amount of driving each year. One of our key indicators for this business for safety is vehicle accidents. In 2010, there was a rise in the accident rate both in terms of absolute numbers and number of incidents per 100,000 kilometres driven. The company has commenced a programme of safety training for its drivers starting January 2011, and will continue to track and aim to reduce its vehicle accident rate.

HSE progress in 2010

Progress in HSE management certifications

In 2009, we embarked on an initiative to pull together our different facilities and operations on Jurong Island for an integrated ISO14001 Environmental Management System (EMS) certification, as an effort to align the HSE management certifications. Backed by strong support from senior management, we successfully underwent an independent audit and achieved certification in May 2010. Moving forward, we have committed to an improvement target to obtain an integrated certification of the OHSAS18001 Occupational Safety and Health Management System and the ISO14001 EMS certification for our Singapore Utilities operations by 2011.

In Singapore, our solid waste management business under our Utilities business unit received the Flu Pandemic Preparedness Verification Certificate which is part of the Singapore Business Federation's National Business Continuity Management Programme launched in 2010.

From 2009 to the end of 2010, we worked to strengthen our HSE standards at our operations in Fujairah, UAE. We formalised and enhanced the HSE management system on the site and completed a written submission to the local authorities documenting this enhanced system. Going forward, we aim to work towards full implementation of the management system, and to obtain certification to ISO14001 EMS and OHSAS18001.

In 2010, Sembcorp's VSIP also obtained the ISO14001 EMS certification for its environmental efforts. It is the first industrial park in Vietnam to receive this certification awarded by Société Générale de Surveillance (SGS), a leading inspection, verification, testing and certification company recognised as the global benchmark for quality and integrity.

Global Group HSE workshop and HSE performance review

Updating our standards and seeking continuous improvement is part of our Group HSE department's mandate. In 2010, a Group HSE workshop was held where employees from our operations around the world contributed ideas towards the formulation of key HSE initiatives as well as a set of global mandatory HSE guidelines for all business units under our operational control.

The HSE performance of each business unit was also presented at the Annual Asset Management and HSE Workshop in September 2010. HSE incident data including statistics on injuries, AFR and ASR, spills, non-compliance, hazardous releases, waste and disposal and emissions were reported. Significant achievements and areas for enhancements were also shared for learning amongst the business units.

HSE audits and gap analysis

In 2010, our Group HSE department continued with its programme to monitor, review and audit each business unit's HSE management system and performance. In January 2010, a five-day internal audit for our operations in Fujairah was conducted.

Certifications Achieved by Sembcorp's Businesses

| Unit | ISO9001 | ISO14001 | OHSAS18001 |
|------------------------------|---------|----------|-------------|
| Sembcorp | | | |
| Utilities Singapore | ✓ | ✓ | In progress |
| Sembcorp Gas | ✓ | ✓* | In progress |
| Sembcorp Environment | ✓ | ✓ | ✓ |
| Sembcorp Industrial Parks | ✓ | ✓ | |
| Sembcorp Bournemouth Water | ✓ | ✓ | ✓ |
| Zhangjiagang Free Trade Zone | | | |
| Sembcorp Water | ✓ | | |
| Fuzhou Sembcorp | ✓ | ✓ | ✓ |
| Qitaihe CWC | ✓ | | |
| Xinmin Sembcorp | ✓ | | ✓ |
| Sanhe Yanjiao CWC | ✓ | ✓ | ✓ |
| Subic Water and Sewerage | ✓ | ✓ | ✓ |
| Sembcorp Silulumanzi | ✓ | ✓ | ✓ |
| Siza Water | | ✓ | |

* Covered under Sembcorp Utilities Singapore's integrated certification

The results of this audit were fed into the unit's efforts to implement improvements for alignment to the new UAE Code of Practice, a framework for the HSE management system. HSE reviews were also conducted during the year at our water operations in Nanjing and Zhangjiagang to assess the implementation of HSE management systems at the two China sites. Detailed findings and corrective and improvement actions were presented in a report to facilitate improvement.

In-house training and workshops

In 2010, the Group HSE office was involved in site inspections, HSE workshops and events conducted by the business units as well as training and workshops to improve HSE performance and manage health, safety and environment risks associated with our activities, products and services.

In 2010, training courses on HSE, asset management and operations and maintenance were held for selected employees from our China operations, with tailored

training materials and presentations conducted in Mandarin. Similar training was also conducted for selected employees from Indonesia. The Group HSE team also conducted a half-day HSE breakout session during the Group Asset Management and HSE workshop held for officers from our global operations in Singapore. This annual event encourages HSE representatives to network, share best practices, and contribute to improving our HSE programmes. Ideas and suggestions contributed by the participants were collated and considered for incorporation into the annual Group HSE work plan.

External HSE sharing: Responsible Care good practices workshop

Sembcorp is a signatory of Responsible Care in Singapore. This is a voluntary initiative of the global chemical industry for environmental protection, occupational health and safety, process safety, product stewardship, distribution, community awareness and emergency response. In 2010, the Singapore Chemical Industry Council invited Sembcorp to present on Responsible Care's Emergency Response code at its Responsible Care Good Practices Workshop in August, where industry players shared good practices with respect to Responsible Care's Code of Management Practices.

Human Resource and Employee Welfare

At Sembcorp, we recognise that our employees are our most vital assets and a key stakeholder group. We remain committed to providing a fair, diverse and inclusive workplace, and to continuous improvement in our human resource and people development practices.

Scope of the section

This section of the report covers the activities of Sembcorp Industries' head office, the Utilities business unit (which now includes the solid waste management business), as well as the Industrial Parks, Design and Construction and Mint business units. We have expanded data coverage to include operations in all countries we operate in. Any deviation from this scope is noted under the individual indicator.

Diversity and fair employment practices

Sembcorp strives to maintain a fair, diverse and inclusive workplace for all employees. With its

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headquarters based in Singapore, the Group subscribes to The Principles of Fair Employment formulated by the Singapore Tripartite Alliance for Fair Employment Practices, and has endorsed the Tripartite Alliance's Employers' Pledge of Fair Employment Practices. These principles, embedded into our human resource practices and implemented by Sembcorp on a global level, include a commitment to:

- Recruit and select based on merit, such as skills, experience and ability, regardless of age, race, gender, religion or family status.
- Treat employees fairly and with respect and implement progressive human resource management systems.
- Provide equal opportunities for training and development based on employees' strengths and needs, to help them achieve their full potential.
- Reward fairly based on ability, performance, contribution and experience.
- Abide by labour laws and adopt tripartite guidelines which promote fair employment practices.

Permanent headcount increased in 2010 with the acquisition of Cascal and its international municipal water business. At the end of December 2010, there

were about 9,100 permanent employees in the Sembcorp Group. The Group had a further 5,900 employees working on a contract basis, 80% of whom work for the Marine business. Please see charts below for the distribution of Sembcorp's permanent employees by geographical region, gender and education.

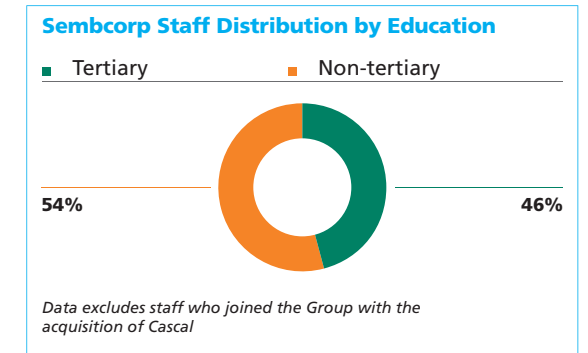
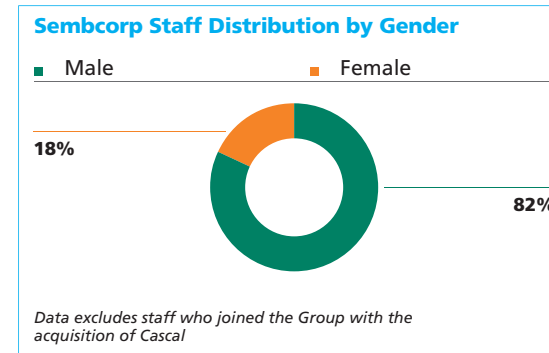
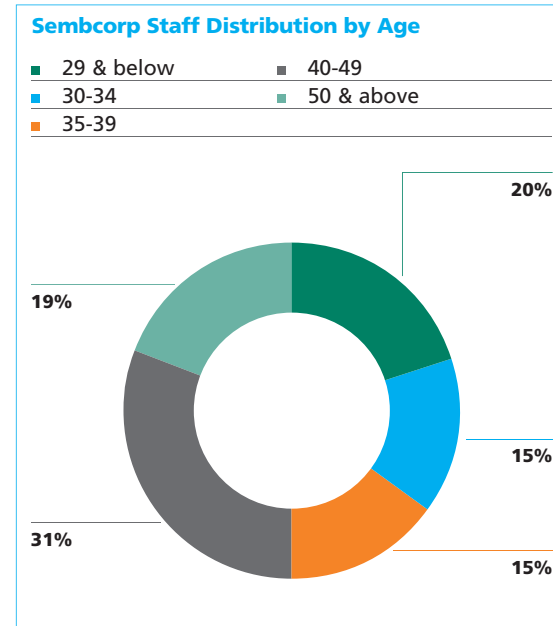
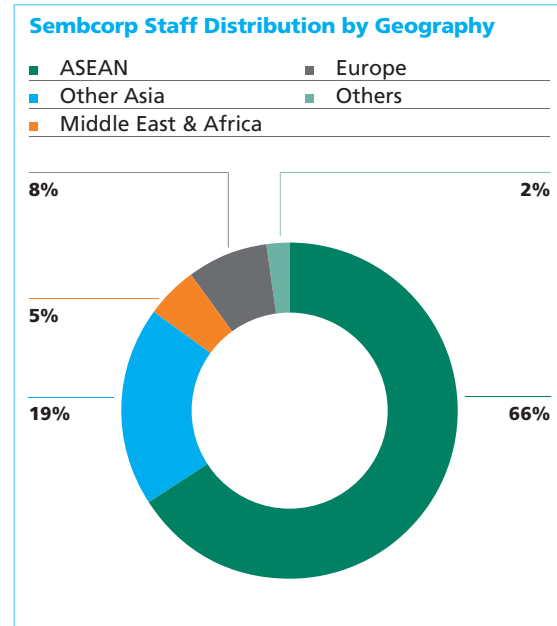
Human rights

Sembcorp fully supports basic principles of human rights and has implemented a number of policies throughout the Group in support of these principles, including fair employment practices and a grievance and harassment policy. We also offer equal opportunities with respect to recruitment and selection.

A key tenet of Sembcorp's business ethics is strict respect for labour laws within each of the countries we operate in. Through our policies and the planning and administration of our employment practices, we are confident that our operations are not exposed to issues such as child or forced labour.

Labour and union relations

Within the boundaries of each of the legal and



regulatory jurisdictions under which we operate, every Sembcorp employee is entitled to practise freedom of association in the workplace. At the end of 2010, there were over 3,000 unionised members in Sembcorp (including workers under the Marine business), covering over 30% of our total workforce.

Sembcorp maintains constructive ongoing exchanges with employee unions in its various locations. For instance, in the UK, discussions with Unite, the UK's biggest union, are conducted in line with our collective agreement, the 'Together Agreement' which covers over 90% of employees at our Teesside operations. Also in the UK, our municipal water operations, Sembcorp Bournemouth Water, has had a long-standing positive relationship with its recognised unions, GMB and Unison. Both unions are represented on the unit's Staff Consultative Group and Health and Safety Committee, and also participate in safety inspections. In Singapore, Sembcorp's various business units hold regular meetings with the two main unions, the Union of Power and Gas Employees, as well as the Building Construction and Timber Industries Employees' Union (BATU) to discuss various issues to help our employees stay competitive. Collective discussions in 2010 involved annual increments, variable bonuses and worker skills in specific sectors.

Engaging and communicating with our people

Sembcorp recognises the importance of engaging our employees. We operate a number of channels through which we communicate with and receive feedback from our employees. We provide information on our financial and business performance, as well as on applicable company standards and policies to our staff. Interactive

staff communications sessions with management are in place to ensure two-way communication between the company and its employees.

In 2010, we continued to hold employee briefing sessions in conjunction with the company's quarterly financial reporting cycle. At these sessions, held in an interactive setting, senior management provides employees with a first-hand account of the company's performance and key developments for the quarter. In addition, we continued to hold an annual communication forum in Singapore for managers from Sembcorp offices all over the world, with in-depth briefings from top management and invited experts on our Group's operating environment, performance, outlook and strategy. This forum incorporates an interactive networking and question-and-answer session. Furthermore, at the country level, some business units also held quarterly learning and sharing sessions, senior manager briefings, and staff consultation group sessions.

Over the course of the year, we continued to communicate corporate updates and business milestones to all staff through employee email blasts and our employee e-newsletters. Relevant and up-to-date information on staff welfare and benefits was also publicised to employees via the company intranet.

Sembcorp welcomes feedback from its employees and provides confidential channels through which employees can submit feedback and staff suggestions, including an easily-accessible online form on the employee intranet. All feedback is sent to the Group Human Resource department, and is also automatically copied to the Director for Group Human Resource and to the Group President & CEO's office if sent via the staff intranet.

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In line with our commitment to high ethical standards and good corporate governance practices, we operate a group-wide whistle-blowing policy and encourage all employees to report any possible perceived improprieties on a confidential basis and without fear of recrimination. We have an easily-accessible whistle-blowing link on our company intranet, and employees may also provide whistle-blowing feedback via channels including mail, email and fax.

Employee health and welfare

Sembcorp continues to promote a holistic and balanced lifestyle for our employees, which we believe is good for both their physical and mental health. We encourage employees at our various business units to participate in employee recreation events

Employee Communications for the Integration of Cascal into the Sembcorp Group

In 2010, the Group marked a major milestone for its Utilities business in the water sector with its acquisition of Cascal, a water company serving the municipal market in different countries across Asia, Europe and the Americas.

Upon the completion of our acquisition of a majority stake in the business in July, we immediately began to engage management and employees in its various operating sites. Efforts were made to keep staff abreast of developments via CEO letters and an integration newsletter. Roadshows and visits by key Sembcorp management to the different sites were held and an orientation kit was developed for the staff joining the Sembcorp Group. Every opportunity was taken to address possible employees' concerns, and management was provided with further background information to address staff concerns.

Later in the year, representatives from the newly acquired operations joined managers from Sembcorp's international operations at our Group's annual strategy meeting, staff conference and Group Asset Management Conference in Singapore. Representatives from the newly-acquired units also addressed the Group in these meetings to share more about their businesses and went on site tours of Sembcorp's Singapore assets.

throughout the year, including community outreach and volunteering events, team sports events, talks, gatherings and employee family days. We also opened up some of these activities to include employees' family members, such as our Family Day for employees from Singapore operations. In 2010, we spent over S\$100,000 on wellness programmes for employees in Singapore.

In Singapore, we are also part of the iCare Mental Health Alliance, which seeks to promote workplace mental health and offers employees access to counselling and assistance programmes, including retirement preparation and workplace accident-related trauma counselling.

People development

Our shared success at Sembcorp is driven by the calibre and performance of our people. We recognise that it is essential to equip our employees across all levels of seniority to meet the changing needs of the marketplace. Sembcorp offers employees a range of personal and professional development opportunities including career development, education, talent management and leadership programmes.

Competency building and succession planning

In 2010, the Group continued to invest in competency building for our employees, spending S\$1.6 million on training for employees in Singapore alone. It is a priority for us to enhance the skills levels of our employees to ensure smooth succession. Sembcorp's learning and development programmes factor in issues such as succession planning and addressing skills gaps with relation to core competency requirements. About 1.7% of our employees in Singapore are due for retirement in the next five years.

Our training and development programmes include:

■ Executive and leadership development

The 'Sembcorp Leadership Competencies' is our unique talent management and development system that defines the qualities and performance expectations of a Sembcorp leader. Capable leaders are a crucial component in achieving extraordinary business success and this set of competencies details the ways in which Sembcorp leaders should act and respond. Managers also attend courses to enhance their presentation, negotiation, communication and coaching skills, as well as courses on building and leading high-performance teams.

Senior executives are expected to undertake regular training to update and upgrade their skills, and education programmes are accessible for them at prestigious institutes such as the Harvard Business School, INSEAD and the Temasek Business Leadership Centre.

■ Attachments, job rotations and working tours

At Sembcorp, we offer employees experience in different cultural and operational settings through job rotations and attachments. For instance, we currently have more than 50 employees of different nationalities posted from our Singapore office to various overseas businesses. Internships and industrial attachments also provide students and Sembcorp scholars with practical experience and exposure to our operations whilst they undergo their studies.

Overseas site visits are also useful in offering employees exposure and in promoting the sharing of expertise across Sembcorp's international operations. For instance, in 2010 we held a series of working tours and development visits for China-based employees at our facilities on Jurong Island, Singapore.

■ Professional and on-the-job training

At Sembcorp, we send our employees for professional training to allow them to develop skill sets to equip them to better perform their jobs.

Working with local educational institutions, Sembcorp has developed and conducted specialised technical courses for the Utilities business, including a certified energy manager course by the Institute of Engineers in Singapore and a basic boiler and cooling water treatment course by Nalco, a leading process improvement company serving the industrial water and energy industries. Sembcorp also sends many of our employees for professional training related to the industry, including courses under Singapore's National Skills Recognition Scheme and Workforce Skills Qualification scheme under the Workforce Development Authority.

Overseas, our employees also continued to receive training. For example, selected employees at our operations in Mbombela, South Africa, underwent Adult Basic Education and Training to equip them with foundation skills in areas such as English, mathematical and computer literacy.

In addition, we also run on-the-job training for our employees.

Annual Employee Turnover (%)

| | 2008 | 2009 | 2010 |
|----------------------------|------|------|------|
| Annual Turnover Statistics | 17 | 12 | 12 |

* Data exclude employees who joined the Group with the acquisition of Cascal

■ Sharing knowledge

As an industry leader in various sectors, Sembcorp encourages our employees to share and exchange best practices through platforms such as seminars and conferences on a local and international basis.

Performance management, rewards and recognition

Sembcorp has implemented a standard system for performance appraisals across our operations in various countries. The appraisal system allows employees to comment on their personal contribution throughout the year and to jointly identify areas for further career development and learning with their supervisors. It enables constructive discussion and uses the feedback process to ensure that employees share the responsibility for managing their career and goals. The appraisal process incorporates shared future objectives to ensure that employee outputs are also aligned to the needs of the business.

Selected senior managers are also assessed using a 360-degree appraisal system where feedback is sought from a range of superiors, peers and colleagues and other partners. The profile of essential competencies for the job function compiled from this process is also incorporated into these managers' development plans, helping them to lead their teams successfully and enhance their professional performance.

Benefits and rewards

Rewarding performance is a cornerstone of Sembcorp's employee retention strategy. The Group offers competitive base pay packages throughout our global businesses that are based on country-specific conditions. Rewards include annual salary increments and annual performance bonuses, as well as longer-term incentives linked to sector practices and based on the performance of the Group, the company and the individual.

Share-based incentives, administered by a

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board-nominated committee, remain a key component of the Group's pay structure and are deliberately aligned to long-term Group performance objectives. Since 2007, share options granted to staff have been replaced with restricted stocks of equivalent fair value. This Restricted Share Plan applies to employees of the Group, while the Performance Share Plan is aimed primarily at key executives of the Group.

All employees are eligible for comprehensive insurance coverage on a global basis. They can join the company's private medical insurance scheme, under which the company meets the cost of employee membership and allows employees to include eligible dependants. The company also provides additional insurance cover for life, travel, personal accidents, workers' compensation and hospitalisation and surgical requirements.

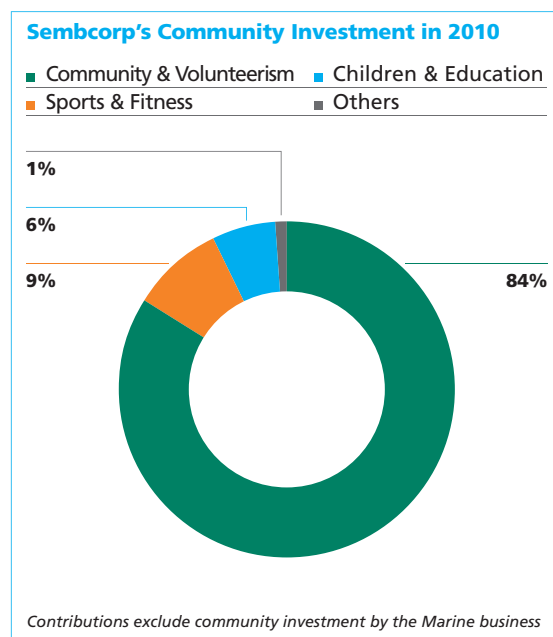
Contractors

In Singapore, where 86% of Sembcorp's contract workers are employed, we require contractors to comply with all requirements stated in a Permit to Work application issued by the Ministry of Manpower, before they can work in our facilities or operating sites. This includes requirements for health and safety provisions and the submission of proper paperwork to demonstrate the presence of adequate workers' compensation insurance coverage, as well as relevant resident visa and work permits. Employees of our contractors must also attend health, safety and environment training before any work is started.

Community investment

As an active corporate citizen, Sembcorp maintains an ongoing commitment to contribute to the local communities in which we operate through supporting social development and community investment projects. In 2010, Sembcorp contributed over S\$1 million in cash and in kind to its communities, excluding community investment initiatives by our separately-listed Marine business. We took part in many initiatives in our communities in support of children and the elderly, education, sports and fitness and the environment, amongst others. We also provided management time and support for volunteer programmes.

Our employees actively participate in volunteerism initiatives that the company organises. For example, in



Singapore, our employees participated in fundraising activities organised by the Assisi Hospice and volunteered to help clean the homes of the needy elderly under the care of Sunshine Welfare Action Mission. In Singapore, our employees spent more than 1,800 hours on volunteerism in 2010. Our employees overseas also participated in volunteerism initiatives. For instance, employees from our operations in Bournemouth in the UK support and promote the work of international water charity, WaterAid, through giving presentations to schools, groups and clubs in their local area on WaterAid's work.

Sembcorp supports projects that help to support outreach activities to the communities. For instance, in Singapore, Sembcorp supported the National Parks Board's initiative to enhance and promote appreciation of biodiversity through the launch of the Sembcorp Forest of Giants.

During the year, Sembcorp also continued to contribute to programmes in aid of sports and in support of young sportsmen pursuing their dreams. In Singapore, we sponsored S\$50,000 worth of scholarships and bursaries for promising young badminton players through an ongoing programme jointly administered by

The Sembcorp Forest of Giants

In April 2010, Sembcorp committed S\$1 million to Singapore's National Parks Board's registered charity, the Garden City Fund, to plant the Sembcorp Forest of Giants, a living gallery of endangered indigenous giant tree species, over the next 10 years. As a leading company providing energy, water and sustainable urban solutions, Sembcorp made the contribution in line with our strong commitment to environmental responsibility and to contribute to communities where we operate.

The launch of Sembcorp Forest of Giants is part of the National Parks Board's initiative to enhance biodiversity within urban areas and also a key event in celebration of the International Year of Biodiversity. As part of a nine kilometre chain of green spaces, the trees will eventually grow to great heights far above the existing forest canopy, and allow park visitors to view and experience rare and majestic reminders of the biodiversity which once thrived in the regional landscape before the advent of urbanisation. Comprising over 600 trees, the project will better enable researchers to identify suitable species for future urban planting along our roads and in our parks.

Part of Sembcorp's contribution will also be used to establish the Sembcorp Education and Conservation Fund which will support outreach activities to promote Singaporeans' appreciation of the Sembcorp Forest of Giants and other environmental education projects.

the company and the Singapore Badminton Association. In addition, we also pledged S\$300,000 over three years to the Singapore Table Tennis Association towards support of the national table tennis team as well as the association's efforts to raise the level of the game locally and help to nurture more table tennis talents. Siza Water, our operations in South Africa, administers a Youth and Community Development Fund which sponsors schools with sports equipment and gear to support students at sports games.

We have taken part in many initiatives supporting children and education. For instance our operations in Teesside in the UK helped organise educational visits to our facilities at Sembcorp's Wilton International, a chemical manufacturing site at Teesside.

Sembcorp also contributed to programmes supporting wildlife and biodiversity. For instance, Sembcorp municipal water operations in Bournemouth, UK continued to maintain its long-standing support of Dorset Wildlife Trust, which has more than 40 nature reserves covering 1,300 hectares of wildlife habitat and five education centres in the local area. In addition, during the year the unit donated one of its former vans to local volunteer wildlife aid group Dorset Wildlife Rescue (DWR) to be used as an ambulance for transporting injured, sick or orphaned wild mammals and birds of prey across Dorset, Hampshire and Wiltshire.

Sustainability Contact

For further information on sustainability at Sembcorp Industries, please visit our website at www.sembcorp.com. If you have any comments or wish to discuss any of the contents of this report or other sustainability issues, please contact:

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Sembcorp and Children Challenging Industry

Sembcorp has been praised by organisers of the Children Challenging Industry (CCI) science initiative for our support in arranging interactive visits for young students to Sembcorp's Wilton International, a leading chemical manufacturing site at Teesside in the UK. Aimed at stimulating interest in science among the young, Sembcorp UK and companies at Wilton have coordinated the visits for groups aged nine to 11. In the last five years, more than 700 pupils have visited the Wilton site as part of the CCI project.

CCI said interesting visits to facilities such as the site's water treatment plant, renewable power plant, laboratory area and on-site fire station and emergency response facilities play an important part in helping the youth to develop and maintain an interest in science. The initiative shows youth how science touches the lives of everyone every day by linking classroom-based science activities on curriculum topics such as water, energy and plastics to real industrial applications.