

Sustainability at Sembcorp is about striving for excellence and continuous improvement in identifying, understanding and responding to evolving environmental, social and governance challenges facing our businesses today.

Managing Sustainability

Sembcorp's priority is to deliver long-term value and sustainable returns to its 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 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' by society and our stakeholders.

This widening role of business is taken seriously and is reflected in Sembcorp's commitment to excellence and continuous improvement. In late 2011, we established a Sustainability Steering Committee to drive Sembcorp's sustainability performance and to develop our priorities across the Group. The Committee will also review our sustainability roadmap and make strategic recommendations to improve sustainability performance across the organisation. The Committee is chaired by the Chief Health, Safety and Environment Officer and Executive Vice President of Group Asset Management.

Material risks and opportunities

Sembcorp's management and monitoring of sustainability issues is based on a risk management approach. Issues that are material to Sembcorp and our stakeholders are reviewed on an ongoing basis as the company continues to expand. In late 2011, a materiality review was conducted by an independent consultant to identify the company's key sustainability issues. This involved identifying potential issues

and prioritising them based on a Materiality Matrix approach, which charts their level of importance to Sembcorp and our stakeholders, using clearly defined materiality criteria. The initial findings of the review identified key sustainability issues such as environmental protection and safety. We will be taking steps to engage our key stakeholders on the findings of this initial review.

Scope of report

Sembcorp is an international company with customers and operations around the world. In 2011, we focused on enhancing our sustainability data management systems and as a result, we have been able to broaden the scope of our sustainability reporting this year. The data in this year's report covers all our Utilities business units where Sembcorp has either operational control or majority ownership in Singapore, China, the UAE, UK and Vietnam. We have also been able to include data from our China and UK municipal water operations which we acquired in 2010.

Our Marine business is excluded from this report, as it is separately listed in Singapore and reports its activities separately. Our target for our ongoing reporting is to incorporate data from all businesses in which Sembcorp has a majority stake or operational control.

Data and activities for key performance indicators for the included operations have been tracked and reported in the areas of:

- Health, safety and environment
- Human resource and employee welfare
- Wider community

Where data is unavailable or has been excluded, this has been clearly stated. All data measurement is in line with Global Reporting Initiative (GRI) G3.1 recommendations for our chosen indicators.

Further information on the company's corporate governance, risk management & mitigation strategies and investor relations, all of which are part of our wider remit of sustainability, can be found in the relevant chapters under the Environmental, Social & Governance Review section of this annual report.

Sembcorp has included aspects of sustainability in our annual report since 2001 and was one of

the first companies listed on the Singapore Stock Exchange to publish a voluntary sustainability report using the GRI G3 guidelines. We continue to use the reporting principles and framework of GRI and have considered its principles in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, accuracy and comparability. This report is checked against the GRI G3.1 Framework as Application Level B and addresses activities and data that fall within the company's financial year for the period from January 1 to December 31, 2011.

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.
- **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 HSE 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 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.



This report fulfills the requirements of GRI Application Level B. The GRI Application Level Check Statement as well as the index of GRI G3.1 performance indicators covered can be found on our website at www.sembcorp.com.

development of sustainable or green business lines has become a growing part of our ongoing business. Our sustainable products and services deliver an additional competitive edge to our customers, enabling them to achieve their sustainability and environmental goals. Our sustainable business operations include the following:

Sustainable and efficient energy solutions Energy-from-waste, renewable energy

In December 2011, Sembcorp commenced operations of our woodchip-fuelled biomass steam production plant on Jurong Island, Singapore. The plant produces up to 20 tonnes of steam per hour

Sustainable Sembcorp: Our Green Business Lines

In line with our continuous drive for innovation and to widen our sustainable business portfolio, the

Energy-from-waste Solutions for a Sustainable Future

As the needs of the world grow, Sembcorp recognises that there are tremendous opportunities to actively invest and grow sustainable businesses. Using our integrated group strength, we apply proven technologies to produce energy in greener ways, create innovative solutions for clean sustainable water and help to manage resources through the treatment and recovery of recyclables from waste. Producing energy from waste is an opportunity as well as a platform for Sembcorp to move towards a more sustainable future.

In December 2011, we commenced operations of our new woodchip-fuelled biomass steam production plant on Jurong Island, Singapore. The plant is the first of such energy-from-waste facility in Singapore to produce process steam for third-party commercial customers on Jurong Island. The facility is capable of taking up to 150 tonnes of waste wood per day to produce 20 tonnes per hour of steam with only a very small amount of ash (2%) generated during the woodchip combustion process. Stack emissions data is continually provided to the National Environment Agency through a direct communication link to monitor and ensure that the plant complies with the national emissions guidelines.

Sembcorp also leverages our expertise in solid waste management to manage the entire energy-from-waste process. Our solid waste management arm in Singapore collects and recovers recyclables from industrial and commercial waste from over 3,000 customers that are otherwise sent for incineration and disposed of in landfills. Our integrated construction and demolition materials recovery facility in Lim Chu Kang, Singapore, is capable of processing 300,000 tonnes of construction and demolition waste per year, recovering timber hardcore and fines during the sorting process. The recovered wood waste from the above two sources are then processed efficiently into woodchip to fuel the biomass steam production plant. The biomass plant, designed to the Building and Construction Authority's Green Mark Gold standard, incorporates natural ventilation and lighting, solar power and recycled building materials, and is also highly automated to ensure safety and efficiency.

for customers using waste wood collected from industrial and commercial waste and processed by our solid waste collection business. For more details on the plant, please refer to the write-up on energy-from-waste solutions on page 90.

Meanwhile, in the UK, the Sembcorp Biomass Power Station in Teesside uses sustainable wood for fuel. The 35-megawatt combined heat and power plant is the first large scale wood-fired renewable energy plant in the country and saves 200,000 tonnes of carbon dioxide emissions a year.

Natural gas

Sembcorp is Singapore's first commercial importer and retailer of natural gas, considered the cleanest

of all fossil fuels. Since 2001, we have been importing 341 billion British thermal units of natural gas per day from West Natuna in Indonesia and supplying it to major power generators and petrochemical companies. From the fourth quarter of 2011, we started importing an additional 90 billion British thermal units of gas per day.

Energy efficiency

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 below.

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.	Singapore, China, UK, Vietnam, UAE and Oman
Cogeneration – In addition to the CCGT process, steam is further recovered from the steam turbine to meet customers' demand, making the entire combined production of electricity and steam 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 recovered to produce steam from the heat recovery steam generator to generate power and for use in seawater desalination, allowing for greater efficiency.	UAE and Oman

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 Andhra Pradesh, 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 substantially fuelled by low sulphur non-coking coal.

Sustainable water solutions

Sembcorp's water business is actively playing a part in providing sustainable water solutions to meet the growing needs of industries and communities and support ongoing development 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 industrial companies while reducing their impact on the environment.

Wastewater treatment and reclamation

Sembcorp owns and operates facilities capable of treating high organic concentration and high salinity industrial wastewater. Our industrial wastewater treatment 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. By treating our industrial customers' wastewater to meet discharge standards, we help industries limit their impact on the environment.

In Singapore, our largest industrial wastewater treatment plant on Jurong Island is expected to commence operations in the second half of 2012. The 9,600 cubic metres per day plant is capable of treating multiple streams of complex industrial wastewater and will more than double our current capacity on the island.

We were the first company in China to be allowed to treat highly concentrated industrial wastewater directly from source without requiring our customers to invest in pre-treatment facilities. Chinese government regulations require industrial companies to pre-treat their wastewater to the standard of municipal sewage before discharging the wastewater to a standard sewage treatment plant. The decision to permit industrial companies to discharge effluent directly to our wastewater treatment facility signifies a new milestone for advanced wastewater management in China.

Beyond treating wastewater, Sembcorp also reclaims water from treated effluent. This integrated closed loop approach minimises liquid discharge, conserves precious water resources and offers a sustainably-sourced alternative water supply to industries and households. In Singapore, we are a pioneer in reclaiming industrial effluent on Jurong Island. In China, we opened our first industrial water reclamation plant in the Zhangjiagang Free Trade Port Zone which is capable of reclaiming industrial water from treated effluent for reuse by industries. Our industrial wastewater treatment and water reclamation facilities in the area have been selected by the governments of Singapore and China as Government-to-Government showcases for bilateral cooperation in water management, and won prestigious Honour Awards at both the East Asian and Global International Water Association Project Innovation Awards in 2010.

Our NEWater plant in Singapore, capable of producing 228,000 cubic metres per day of water, is one of the largest water reclamation plants in the world and plays a significant part in Singapore's water sustainability journey. It won the Water Reuse Project of the Year at the Global Water Awards 2010, which recognises the water reuse project that represents the most significant achievement for the industry internationally.

Desalination

We provide sustainable water supply through desalination to meet growing water demand. Our

US\$1.7 billion plant in Fujairah, UAE and our upcoming US\$1 billion plant in Salalah, Oman, have a water capacity of 100 million and 15 million imperial gallons per day of desalinated water respectively. Both integrated power and desalination plants use various desalination technologies such as multi-stage flash and reverse osmosis.

Waste-to-resource

Through Sembcorp's range of services, waste that would usually be disposed of in landfills and incineration facilities is diverted for recycling. Within the Sembcorp Group, we have capabilities in advanced waste treatment and resource recovery, including composting and waste-to-resource. Our waste-to-resource facilities in Singapore extract recyclables from waste collected through our waste collection arm, which is the leading operator in Singapore serving five out of the nation's nine municipal sectors. Sembcorp also operates a construction and demolition materials recovery facility in Singapore recovering timber, hardcore and fines, as well as ferrous and non-ferrous metals. Waste wood collected is processed and used to fuel our new woodchip-fuelled biomass steam production plant to produce steam for our customers. Furthermore, a comprehensive range of waste paper recycling services is offered from collection, sorting and baling to bulk supply of recovered paper to paper manufacturers.

Sustainable integrated urban development

Sembcorp develops self-sufficient integrated urban developments comprising industrial parks as well as business, commercial and residential space. The business' integrated approach to delivering urban work and living environments attracts local and international investments which facilitate development, promotes a conducive business environment and creates jobs for locals.

Sembcorp manages integrated urban developments with a total gross project size of

7,687 hectares. The integrated developments are master planned with proper zoning of industrial, commercial and residential areas, and have strict effluent discharge guidelines to prevent toxic discharge into the environment. In addition, on-site sewage treatment plants treat the effluent before discharge. Where possible, conservation of the natural environment and preservation of greenery are incorporated into the master plans.

Our fourth Vietnam Singapore Industrial Park development in Hai Phong, Vietnam, incorporates conservation considerations into its master plan, with 30% of the land within the development reserved for green space and preservation of local flora and fauna. Existing wetlands on the site as well as tributaries from the Cam River running through the property will be preserved and made a feature of the development, while two large retention ponds will be created to aid water flow during the monsoon season. These ponds integrate with the community's leisure space, while providing a source of water for landscaping.

Our joint venture project in China, Sino-Singapore Nanjing Eco Hi-tech Island, is envisioned as a world-class integrated urban development on a green island which will have more than 50% of its area preserved for eco-tourism. It will also feature an exhibition centre and a research and development park with green roofs to alleviate urban heat effect as well as rain collection canopies. Wetland biofilters and park connectors are also incorporated into the integrated development's overall design plan.

In 2011, we added a new development to our portfolio, the 1,000-hectare Singapore-Sichuan Hi-tech Innovation Park in China. With the promotion of research and development, high-tech upgrading and environmental protection among the central government's twelfth "Five Year Plan" objectives, the park will focus on technology-driven, knowledge-intensive industries and showcase a modern, innovative and low carbon emission city.

Research and Development

Research and development plays an important role in strengthening Sembcorp's sustainable capabilities. As a business, our continuous 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 and our Group Technology Committee which is headed by Sembcorp's Chairman. Members of the Committee include external academics and industry experts such as Tan Gee Paw, Chairman, Public Utilities Board, Dr Josephine Kwa, ex-CEO, NSL and Dr Ng How Yong, Associate Professor, Faculty of Engineering, National University of Singapore.

The Committee meets three to four times a year to oversee the direction of Sembcorp's research and technology programmes, providing vision and strategy to meet Sembcorp's growth. The Committee reviews emerging technologies and trends in the industry, and facilitates research and development linkages with academic and research institutions, technology suppliers and end users. An example of such a partnership is our ongoing collaboration with Nanyang Technological University's Nanyang Environment and Water Research Institute to jointly develop a computerised tool to optimise plant operation. This 'Virtual Brain' technology will be capable of identifying process deviations which will alert our operators to initiate changes to the process, saving time and cost.

Sembcorp is also working closely with one of our customers in Singapore to run a pilot plant test using Oxidation Flocculation Reactor technology, a technology patented by Sun Yat Sen University, China. This innovative solution significantly reduces the treatment cost of industrial wastewater containing recalcitrant organic substance.

In 2011, Sembcorp secured a research grant from the Energy Market Authority to explore an innovative energy-from-waste technology. The technology developed will help convert organic waste into biogas.

Pulling together these extensive intellectual resources, our continuous push for technology and innovation helps to build our competitive advantage and support the sustainable growth of the Group.

Stakeholder Engagement

Sembcorp recognises that its business operations are intertwined with various stakeholders. In early 2012 we conducted a stakeholder engagement planning exercise in line with AA1000 Stakeholder Engagement Standard with the help of an independent consultant to review and identify our key stakeholder groups.

Sembcorp's key sustainability stakeholder groups have been identified as shareholders, financial institutions, the investment community, government, regulators, customers, employees and members of communities where we have operations.

Our internal stakeholders are 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 as appropriate. Further information on employee engagement can be found in the Human Resource section on page 105.

Sembcorp maintains open communication channels with the investment community including shareholders, analysts and potential investors. We actively engage our stakeholders through various platforms such as one-to-one meetings, group meetings, presentations and site visits. In 2011, we had over 130 meetings with the investment community. Further information on such communication can be found in the Corporate Governance and Investor Relations chapters on pages 68 and 85 respectively.

We engage in regular dialogues with the government, regulator and community through different platforms such as meetings, briefings and presentations. For example, our solid waste management operations in Singapore hold monthly meetings with the respective town councils of every municipality that we serve.

We proactively engage with customers to find out how we can improve our services. In the UK, focus groups and internal surveys are conducted annually to find out how our municipal water operations can enhance or improve our service offering. These also help identify key drivers of satisfaction, so we know where to focus our efforts and investment. All feedback is used to make improvements either via training of advisors, enhancements to existing processes or the development of new service enhancements. Our operation in Bournemouth, UK, is currently developing a framework to form a customer engagement panel for the next review of prices by the regulator. In Singapore, our Utilities operations conduct a bi-annual survey with its gas, power and utilities customers. The online survey is sent to all customers, and in 2010, the overall customer satisfaction rate was 95%. Aside from the survey, customers have access to an online portal to retrieve their consumption information, and they can provide further feedback via email or a hotline telephone number. Our solid waste management operations also conduct an annual online survey with its

customers, and provide a hotline number as well as an email address for further feedback.

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

Supply Chain

Sembcorp has a complex supply chain and our actions influence many businesses along the value chains we operate in. Many clients are in the process of developing their own sustainability programmes. As a provider of essential solutions, we aim to assist our customers to improve their HSE performance, limit their environmental impact and conserve resources.

Contractors

As a provider of utilities, Sembcorp directly consumes primary resources, produces waste and emissions and manages people, buildings, treatment processes and machinery. As such, we work closely with our suppliers, business partners and contractors to ensure adherence to our Group HSE guidelines. All suppliers are subject to a vendor pre-qualification review that includes checks on its HSE provisions. We ensure that the appointment of all vendors and contractors comply with the applicable government certification requirements as well as our guidelines and policies. Platforms such as safety induction programmes and contractor HSE engagement help to actively identify gaps and improve performance.

In Singapore, where over 70% 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 HSE training before any work is started.

External Initiatives and Memberships

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.

Our Group President & CEO also serves as a member of Singapore's Climate Change Network, a forum started by Singapore's National Climate Change Secretariat. The network serves as a platform for representatives from various sectors to nurture dialogue on climate change matters and to exchange information on climate change issues.

At the industry level, Sembcorp participates in the Responsible Care voluntary initiative, endorsed by the Singapore Chemical Industry Council (SCIC). 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. Our Utilities business in Singapore has actively participated in a number of industry workgroups organised by the SCIC looking at issues such as capacity building on process safety and drafting new quantitative risk assessment guidelines.

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 Jurong Island. Similarly, our Teesside, UK operations are active in the North East of 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 are part of the Abu Dhabi Water & Electricity Authority's task force in formulating HSE procedures and guidelines for the energy sector.

External Recognition and Awards

In 2011, Sembcorp received both national and global recognition and a number of awards for its efforts to promote and practise sustainability.

Dow Jones Sustainability Asia Pacific Index

Sembcorp has been selected as an index component of the Dow Jones Sustainability Asia Pacific Index for 2011. The index represents the top 20% of the largest 600 companies in the Asia Pacific developed region based on long-term economic, environmental and social criteria. Sembcorp is honoured to be one of only four Singapore companies selected for the index.

Singapore Corporate Awards

Sembcorp clinched the coveted Gold award for Best Annual Report (for companies with S\$1 billion and above in market capitalisation) at the Singapore Corporate Awards 2011 for our Annual Report 2010, in recognition of our excellence in reporting and disclosure. The prestigious awards showcase excellence in corporate governance and shareholder communication, and the Best Annual Report award was introduced to encourage social responsibility reporting as well as increase the awareness of the organisations' responsibility to the community.

Frost & Sullivan Asia Pacific Awards

Sembcorp won the Frost & Sullivan Asia Pacific Waste Recycling Company of the Year award in 2011, in recognition of our excellence in solid waste recycling, waste treatment support and applying environmentally-friendly waste recycling technologies in our businesses. The award also recognises the company's position as a major

industry player providing waste recycling services across customer verticals, and our ability to successfully respond to our customers' needs with a business strategy that incorporates best sustainable practices.

Securities Investors Association (Singapore) Investors' Choice Awards

Sembcorp was named the Most Transparent Company (multi-industry / conglomerates category) at the Securities Investors Association (Singapore) Investors' Choice Awards 2011 for the third year running. This recognises our continuous drive towards transparency and good governance, and our efforts to give stakeholders an accurate, coherent and balanced account of our company and performance.

Singapore Sustainability Awards

Sembcorp was conferred top honours at the Singapore Sustainability Awards 2011, winning the Sustainable Business Award (Enterprise category). The awards, presented by the Singapore Business Federation, recognise local enterprises with outstanding sustainable business practices. Companies are assessed on their innovation, corporate social responsibility, commercial potential and sustainable business growth, as well as their environmental, health and safety and production process management systems.

Responsible Care Awards

Sembcorp was honoured by the SCIC with gold awards in the categories of Community Awareness and Emergency Response and Pollution Prevention, and three achievement awards in Distribution, Employee Health and Safety and Process Safety at the Responsible Care Awards 2011. The awards honour companies who have incorporated Responsible Care management practices into their operations and recognise those with exemplary performance in maintaining high HSE standards.

South African Blue and Green Drop Status

In recognition of our continuing efforts to provide water and sanitation services of the highest quality, both Sembcorp's South African operations were awarded the prestigious Blue Drop and Green Drop status in 2011 by the Department of Water and Environmental Affairs. Only 7.2% of all water systems in South Africa were awarded the Blue Drop (drinking water quality management) status in 2011, while the Green Drop (wastewater quality management) status was achieved by only 4.7% of South Africa's wastewater systems. In addition, one of our operations was conferred the Platinum status for achieving the Blue Drop status for three consecutive years, making it among just 10 operations in the country to be awarded Platinum.

Health, Safety and Environment

Managing our material issues

HSE issues are clearly linked to Sembcorp's long-term success and have been identified as material factors in terms of their potential impact on our business operations. 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 OHSAS 18001:2007
- Actively investing in financially viable sustainable business lines, which form part of our core operations
- Using 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

Sembcorp's operations are in various phases of development. They include facilities that are under construction, newly commissioned as well as recently acquired. As such, our priority continues to be on aligning and improving standards across the Group

and proactively managing HSE performance throughout the asset management life cycle, from business development and project conception, to operation and the end of the asset life.

Management of HSE efforts within Sembcorp and HSE progress

With operations that spread across six continents, our Group HSE department is the driver of our management systems and coordinates our global HSE efforts. Management committees and reporting structures have been established with regional coordinators working closely with the department. This ensures the effective management of HSE issues with the purpose of setting long-term HSE objectives and targets and complying with regulatory requirements, voluntary group guidelines, standards and initiatives. Reporting to the Board Risk Committee (BRC) was formalised in 2011, and HSE issues have been incorporated into regular reports to the board with key HSE risks and controls also presented to the BRC.

The key goal for the Group HSE department in 2011 was to strengthen overall Sembcorp Group HSE culture, create more HSE awareness and shape the development of the HSE management framework across the Group. The framework outlines the roles and responsibilities of various relevant departments and business units, in line with the Group HSE policy. The Group HSE policy can be viewed on our website at www.sembcorp.com.

The framework was endorsed by the BRC and implemented across all Utilities businesses in the Group. Periodic HSE assurance audits help to ensure that HSE matters are managed professionally in order to meet legal compliance and ensure continuous improvement in all our activities.

HSE reporting to management

In an effort to standardise HSE guidelines and reporting, Group HSE has reviewed and developed a standardised set of reporting parameters to track

and monitor key HSE statistics across the Group. The new parameters and template are based on the Sembcorp 4/0 targets. The 4/0 targets refer to: zero harm to people, zero damage to the environment, zero damage to assets and zero non-compliance to legal and regulatory requirements. Along with the Group HSE guidelines, the 4/0 targets and reporting parameters were approved by the BRC in February 2011.

It is compulsory for all business units under the operational control of the Sembcorp Group to follow these guidelines.

HSE workshops and training

A Group HSE workshop is conducted annually where employees from our operations around the world will meet and contribute 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.

In addition, in 2011, Group HSE also conducted an inaugural HSE workshop for Sembcorp's China operations, with the objective of promoting HSE awareness and best practice. This resulted in the establishment of a China HSE Committee comprising representatives from each site, providing a platform for HSE colleagues in China to communicate, share best practices and support improvements in HSE. Moving forward, Group HSE and Group Asset Management will support the coordination of a regular asset management and HSE workshop to support China's operations and its HSE performance improvement.

HSE audits

Group HSE conducts regular HSE audits for the operations to achieve continuous improvement. In 2011, we covered our operations in Fujairah, UAE, and three facilities in China. The audits were conducted in accordance with Group HSE guidelines, to help identify and bridge gaps so that these business units can improve on their HSE

performance. Our water operations in China have also embarked on automating their reporting of HSE and operational statistics through collaboration with the Group HSE and Group Performance Management departments.

Sembcorp's two greenfield projects in India and Oman are in the construction and commissioning phases respectively. Group HSE works closely with their counterparts at the new plants to share and communicate Group HSE guidelines and requirements. The team visited the plant in Oman for a two-day HSE review in November 2011, and established an understanding of the plant's HSE management system framework and existing HSE practices. Potential areas for improvement were identified and recommendations were made for establishing HSE procedures and processes.

HSE management certifications

We continue to work towards implementing internationally recognised HSE management systems across our operations.

In early 2012, Sembcorp Gulf O&M Company in the UAE underwent a certification audit for both ISO 14001 and OHSAS 18001 and was awarded both certifications with zero non-conformities. Following these certifications, we will be working towards the additional requirement of attaining the Abu Dhabi Environment, Health and Safety Management System qualification, for which assessments will conclude by end 2012.

Meanwhile, Sembcorp Utilities Singapore obtained the integrated OHSAS 18001 and ISO 14001 Environmental Management System in March 2011.

Certifications Achieved by Sembcorp's Businesses

Unit	ISO 9001	ISO 14001	OHSAS 18001
Sembcorp Utilities (Singapore)	✓	✓	✓
Sembcorp Gas	✓	✓	✓
Sembcorp Environment	✓	✓	✓
Sembcorp Bournemouth Water	✓	✓	✓
Zhangjijagang Free Trade Zone Sembcorp Water	✓		
Fuzhou Sembcorp Water	✓	✓	✓
Qitaihe Sembcorp Water	✓		
Sembcorp Xinmin Water	✓		
Sembcorp Sanhe Yanjiao	✓	✓	✓
Subic Water and Sewerage	✓	✓	✓
Sembcorp Silulumanzi	✓	✓	
Sembcorp Siza Water		✓	
Sembcorp Gulf O&M Company		✓	✓

Environmental management

As a key player in the energy and water sector, we are keenly aware of global climate change issues. We aim to limit and manage the impact of our operations on the environment by enhancing our efficiency and investing in assets which apply technologies to manage and reduce emissions. For example, our new woodchip-fuelled biomass steam production plant in Singapore produces process steam for third-party commercial customers. The plant was designed to the Building and Construction Authority's Green Mark Gold standard, and incorporates natural ventilation and lighting, solar power and recycled building materials.

Environmental studies including environmental impact assessments are a part of Group HSE's requirements for new major projects and expansions. Environmental impact assessments are carried out in accordance with national and / or international standards and methodologies. All recommendations put forth from the assessments form part of our management of HSE risks and are incorporated in the planning, design, construction and commissioning of the new plants. Other environmental assessments such as environmental baseline studies and pollution control studies are conducted as required in the relevant countries.

Energy and carbon

In 2011, we have included data on our environmental management from our operations in Singapore, China, the UAE, UK and Vietnam. We continued to track our primary energy sources usage. Natural gas still accounts for the largest proportion of our fuels used. We also monitored indirect energy usage in the form of electricity consumption by our operations within the scope of the report.

We are proactive in seeking to reduce our energy consumption and corresponding greenhouse gas emissions through investing in energy efficient and renewable energy technologies. In Singapore, our energy-from-waste technology, which converts

Utilities' Energy Sources Consumption

Fuel Type (in gigajoules)

Primary energy sources	
Natural Gas	109,327,532
Fuel Oil	435,894
Diesel	3,974,042
Coal	4,475,256
Biomass	2,924,763
Total Primary Energy Source Consumption	121,137,488
Indirect Energy Consumption	
Electricity	703,016 MWH
Steam	933,340 tonnes

Data covers Utilities operations in Singapore, China, the UAE, UK and Vietnam
MWH: Megawatt-hour

organic waste into biogas, has led to a reduction in the consumption of over six million megajoules of natural gas. In Bournemouth in the UK, our operations used 244 megawatt-hours less of grid electricity compared to the previous year. Standby generation was also reduced, saving 6,028 litres of gasoil which led to a reduction of over 150 tonnes of carbon dioxide emissions. Photovoltaic cells will be installed to generate clean electricity for the plant. In addition, pumps will be refurbished to ensure efficiency during operation. Page 91 provides a summary of the energy efficiency technologies which we apply in our operations.

Our carbon dioxide emission estimate¹ is derived from stationary fuel combustion and does not cover process emissions. In 2011, our carbon dioxide emission amounted to over 6,500 kilotonnes as compared to over 7,600 kilotonnes in 2010. Our emissions estimate is based on the World Resource Institute / World Business Council for Sustainable Development Protocol as well as site specific data.

¹ Emission data excludes plants in China which are not stationary fuel combustion plants

Utilities' Direct and Indirect Greenhouse Gas Emissions

	Tonnes	CO ₂ Equivalent in Tonnes
Carbon dioxide (CO ₂)	6,578,944	6,578,944
Methane (CH ₄)	257	5,392
Nitrous oxide (N ₂ O)	129	39,928
Total CO₂ equivalent		6,624,264

Calculated using Defra conversion figures published in August 2011

Atmospheric Emissions

In addition to carbon dioxide and greenhouse gas emissions, we monitor emissions of sulphur oxides (SO_x) and nitrogen oxides (NO_x). The data tracked is from our energy generation operations in Singapore, the UAE and UK. Our operation in Teesside is the main contributor of SO_x and NO_x due to its use of coal.

Utilities' Atmospheric Emissions

	Tonnes
SO _x	1,997
NO _x	1,989

Data covers Utilities operations in Singapore, the UAE and UK

Water use and quality

Our water business has grown significantly over the recent years through acquisitions and organic growth. We provide services ranging 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 seven million cubic metres of water and wastewater daily and serves over five million people worldwide. Through innovation, we make every effort to ensure the efficient use and reuse of water resources.

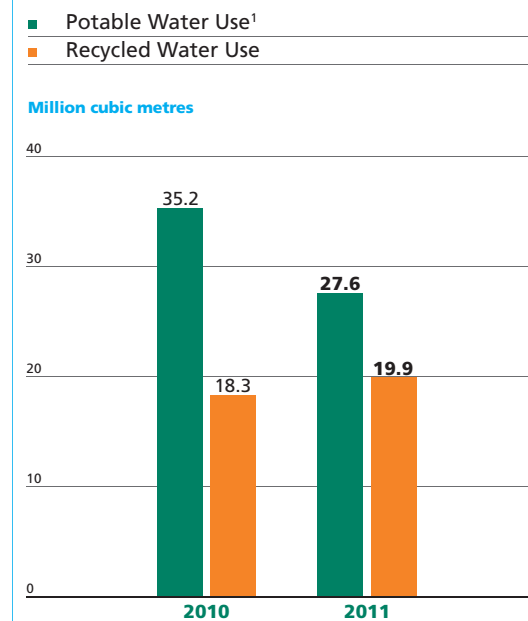
As part of the water solutions we offer to our customers, we treat and supply water extracted

from surface water, groundwater (including lakes, rivers, oceans and aquifers) as well as public utilities (including wastewater). In 2011, our operations in Singapore, China, the UAE, UK and Vietnam extracted over 1,500 million cubic metres of water primarily for treatment, supply to our customers and use in our operations. Out of the total water extracted, 91% was surface water, 4% was groundwater, 3% was wastewater and 2% was water from public utilities.

In 2011, Sembcorp recycled almost 20 million cubic metres of water, or over 1% of our total volume used, for supply to our customers and use in our operations, reducing the intake of potable or raw water supplies and also helping our customers to reduce the amount of raw water needed for their operations.

The graph below shows our potable water use and the amount of water recycled.

Utilities' Potable and Recycled Water Use



Data covers Utilities operations in Singapore, China, the UAE, UK and Vietnam

¹ Potable water refers to water from public utilities

Sembcorp received numerous awards in 2011 for its water services, including being named Water Company of the Year at the prestigious Global Water Intelligence's Global Water Awards. This award recognises Sembcorp as the water company that has made "the most significant contribution to the development of the international water sector in 2010". Further information on the awards won by Sembcorp in 2011 can be found on page 96.

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 energy-from-waste capabilities. Our woodchip-fuelled biomass steam production plant began full commercial operations in late 2011, and is the first such energy-from-waste facility in Singapore to produce renewable process steam for third party commercial customers on Jurong Island.

Pollution

Our Group HSE guidelines require that any uncontrolled and / or unauthorised discharge of substances or any spill and / or leak of 500 litres or more without secondary containment is reported. There were no reportable spills or leaks in 2011.

Accident and injury rate

An enhanced set of HSE reporting parameters including the Sembcorp 4/0 targets was agreed upon in February 2011 for application across all business units in Singapore and overseas.

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, China, the UAE, UK and Vietnam has been recorded.

Accident Statistics for the Utilities Business (excluding Solid Waste Management)

	2011
Accident Frequency Rate ¹	2.05
Accident Severity Rate ²	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

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

Our Utilities operations, excluding solid waste management, reported 14 lost time injuries and 19 first aid cases in 2011, plus 166 man-days lost in 2011 (0.01% of the total man-hours worked) due to injuries sustained by our employees and contractors during operations.

Our employees are monitored for noise induced hearing loss and dermatitis and no case of either incident was reported in 2011.

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.

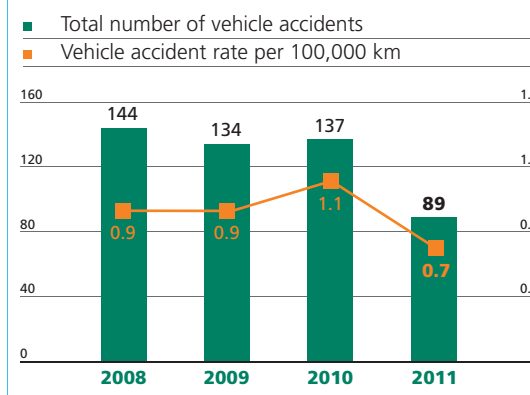
Our solid waste management business in Singapore saw an increase in the AFR from 6.4 in 2010 to 10.6 in 2011. However, its ASR decreased from 346.9 in 2010 to 148.3 in 2011. Safety remains important to us and our solid waste management business has taken preventive action to improve its AFR and ASR levels. This includes 'toolbox meetings' with management and employees to cover the importance of health and safety and spot inspections at operational sites. In addition, monthly briefing sessions are organised to allow employees to share their lessons learnt in managing safety in their work.

Vehicle accident rates

Sembcorp's solid waste management business

in Singapore operates a fleet of 200 commercial vehicles and our staff undertake a considerable amount of driving each year. One of our key safety indicators for this business is vehicle accidents. In 2011, there was a substantial decrease in the accident rate both in terms of absolute numbers (89 in 2011 compared to 137 in 2010) and number of incidents per 100,000 kilometres driven (0.7 in 2011 compared to 1.1 in 2010).

Solid Waste Management's Vehicle Accident Rate



In January 2011, in addition to the stringent selection process in the recruitment of drivers, the company also commenced a safety training programme for our waste collection truck drivers in Singapore. This has improved their road safety awareness and defensive driving ability to reduce accident rates.

Health and safety life cycle assessments

All our products and services are assessed according to internationally recognised HSE and quality management systems. HSE and quality internal audits are conducted regularly to ensure that the quality of our water supply meets legal and product specifications. For the list of certifications achieved by Sembcorp's businesses, please refer to page 99.

Human Resource and Employee Welfare Management approach to human resource and employee welfare

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

Diversity and fair employment approach and statistics

Sembcorp strives to maintain a fair, diverse and inclusive workplace for all its employees. At the end of 2011, there were over 5,000 permanent employees in the entire Sembcorp group, excluding employees from the Marine business. 11% of our total headcount were contract employees. Please see the charts on the following pages for the distribution of all Sembcorp's permanent employees, excluding employees from the Marine business, by age, geographical region, gender and education. Any deviation from this scope is noted under the individual sections.

With our 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 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

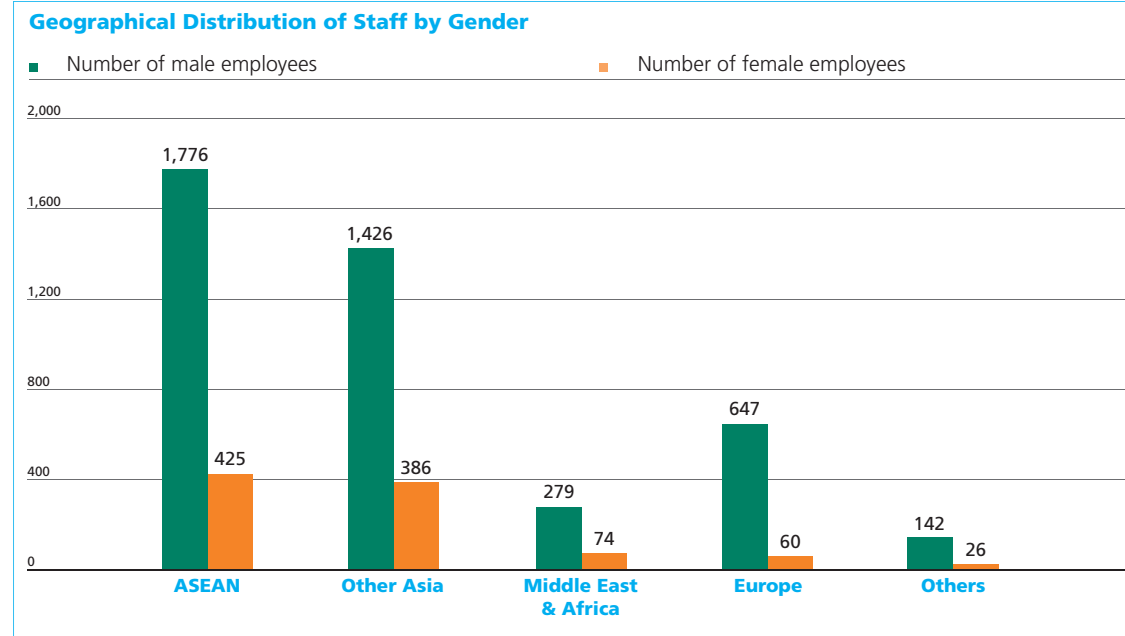
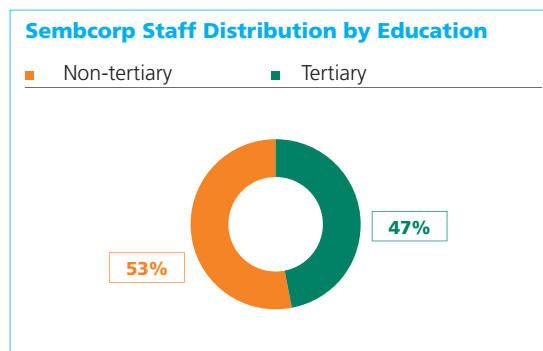
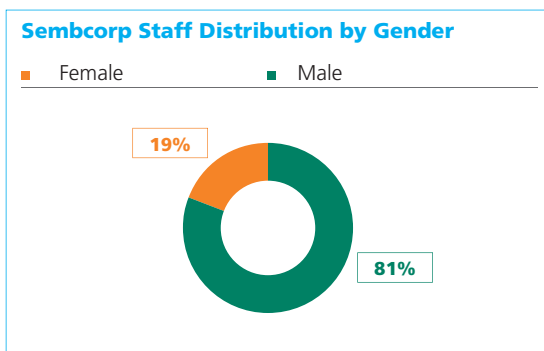
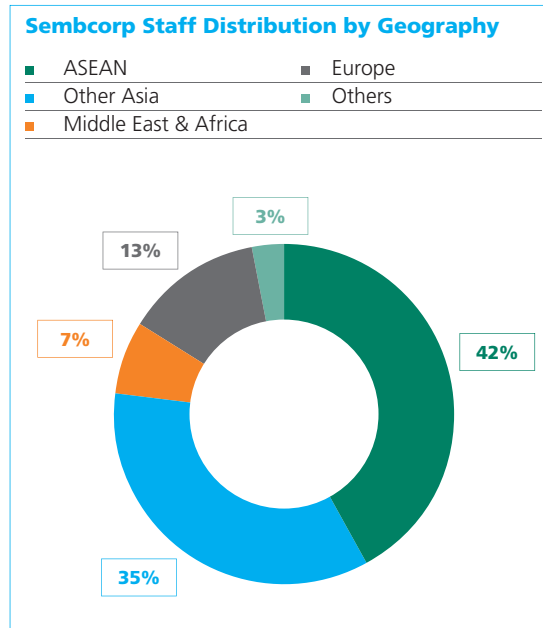
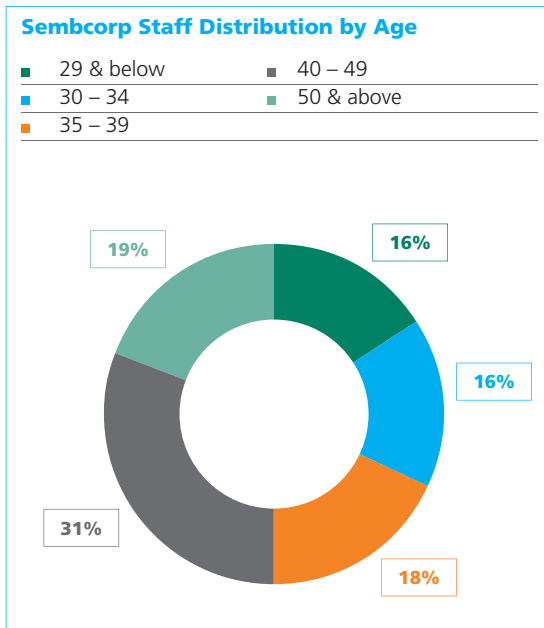
The significantly higher proportion of male employees in Sembcorp's headcount is consistent with industry norms, where the nature of work required in plants involves more physically demanding tasks. Sembcorp ensures that equal opportunity is given to all female employees across the Group.

The staff distribution of non-executive staff by gender is 12% female and 88% male. The distribution of staff by gender for executives is 28% female and 72% male.

Annual Employee Turnover (%)

	2009	2010	2011
Turnover	12	12	12

2009 and 2010 data does not cover our municipal water businesses acquired in 2010.



Human rights

Sembcorp fully supports the 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.

A key tenet of Sembcorp's business ethics is strict respect for labour laws within each of the countries we operate in, all of which preclude forced or child labour, and is further supported through our policies and employment practices. The technical nature of our operations requires an experienced workforce, both within the organisation and in our supply chain, as specialist skills are required.

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

activities throughout the year, including community outreach and volunteering initiatives, team sports events, talks, gatherings and employee family days. Some of these activities welcome employees to participate with their family members, such as our Sembcorp Family Day in Singapore and Fujairah.

Sembcorp also organises an annual Health Week, a company-funded health education initiative that helps equip employees in Singapore with essential health knowledge and personal lifestyle skills.

Employee engagement

We recognise the importance of engaging with our employees and have various platforms through which we communicate with and receive feedback from our staff. We provide information on our financial and business performance as well as on applicable company standards and policies to our staff. Interactive staff communication sessions with management are in place to ensure two-way communication between the company and its employees.

Staff communication

In 2011, we continued to hold employee briefing sessions in conjunction with the company's quarterly financial reporting cycle. At these sessions, senior management provides employees with information on the company's performance and key developments. Presentations are also held to brief employees on topics such as corporate social responsibility or specific company policies such as fraud management.

We continue to hold an annual communication forum in Singapore for managers from Sembcorp offices all over the world, with detailed briefings from top management and external 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 hold quarterly learning and sharing sessions, senior manager briefings and staff consultation group sessions. At Sembcorp Bournemouth Water in the UK, there is also a staff consultative group made up of elected staff representatives and management representatives, which meets quarterly to discuss relevant employee issues.

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

Other forms of engagement

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

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

People development

Labour and union relations

Within the boundaries of each of the jurisdictions under which we operate, Sembcorp employees are entitled to practise freedom of association in the workplace. Sembcorp's operations span six continents where labour relations, regulations and practices differ widely. In 2011, 42% of Sembcorp's employees were union members.

Sembcorp maintains excellent labour management relations with its unions, and holds constructive ongoing exchanges with employee unions in its various locations. In Singapore, Sembcorp is committed to working closely with the Building Construction and Timber Industries Employees Union (BATU) as well as the Union of Power and Gas Employees (UPAGE). Our re-employment policy, endorsed by BATU and UPAGE, gives medically fit employees the option of continuing on their jobs beyond the statutory retirement age. In an event organised by BATU and Sembcorp, the Prime Minister of Singapore visited our Bukit Merah Depot on the first day of Lunar New Year in 2011 to show appreciation to the workers who continued to work tirelessly and perform vital duties on this public holiday.

In the UK, Sembcorp Bournemouth Water has a long standing relationship with its recognised unions GMB and Unison. Both unions sit on Sembcorp's staff consultative group and the health and safety committee, where they also participate in safety inspections. At our Teesside operations, discussions with Unite (the UK's biggest union) are conducted in

line with our collective 'Together Agreement' which covers over 90% of our employees at this operation. Formal joint consultation meetings with employees and unions are conducted three times a year, and meetings between management and the company's senior union representatives are held bi-monthly.

Personal and professional development opportunities

Sembcorp's success is driven by the calibre and performance of its 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 2011, the Group continued to invest in competency building for our employees, spending over S\$1.5 million on training for employees within our operations in Singapore, China, the UAE and UK.

It is a priority for us to enhance the skill level of our employees to ensure smooth succession. Sembcorp's learning and development programmes factor in issues such as succession planning and addressing skill gaps with relation to core competency requirements.

Around 5% of our non-executive staff worldwide are due to retire in the next five years, and a further 7% in the next six to 10 years. Around 2% of our executive staff worldwide are due to retire in the next five years, and a further 5% in the next six to 10 years.

Executive and leadership development

The Sembcorp Leadership Competencies programme is our unique talent management and development system that defines the qualities and performance expectations of a Sembcorp leader. Capable leaders are crucial in achieving business success and the Sembcorp Leadership Competencies

detail 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 to them at prestigious institutes such as the Harvard Business School, INSEAD and the Temasek Business Leadership Centre.

Attachments, job rotations and working tours

We offer employees the opportunity to experience different cultural and operational settings through job rotations and attachments. 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 while they undergo their studies.

Professional and on-the-job training

We send our employees for professional training to allow them to develop skill sets that better equip them for their roles. Working with local educational institutions in Singapore, we send our engineers to specialised technical competency courses. Our employees are also sent 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.

In Singapore, staff are also encouraged to pursue higher qualifications which are sponsored by the company.

In the UK, our operations are signed up to the 'Investors in People' standard, the UK's leading people management standard. This provides a business improvement tool to help organisations develop performance through their people. Both our

operations aim to provide education and training for all employees to carry out their duties and provide them with appropriate opportunities for development. This involves identifying skill gaps in accordance with core competencies. Sembcorp is also helping to shape the future of the industry by proactively engaging in training and skills development throughout the northeastern region, as well as raise the performance bar of apprentices and other workers in the industry.

Knowledge sharing

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. In the UK, our Senior Vice President of Regional Human Resource sits as the Chairman of the North East Regional Skills Board for the National Skills Academy for the Process Industries and uses his expertise to improve the skills of the existing workforce as well as attract and retain new entrants to the industry.

Performance management

Sembcorp has implemented a system for performance appraisals across its operations in all countries. The appraisal system allows all employees to comment on their personal contribution throughout the year and to jointly identify areas for further career development and learning with their supervisors on a regular basis. 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 lead their teams successfully and enhance their professional performance.

Remuneration, benefits and rewards

Rewarding performance is the key component of Sembcorp's employment 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 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 shares. This Restricted Share Plan applies to employees of the Group, while the Performance Share Plan is primarily for 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 and dental 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 expenses.

Wider Community

Sembcorp maintains an ongoing commitment to support the local communities in which we operate through supporting social development and community investment projects. In 2011, Sembcorp contributed over S\$1.3 million in cash and in-kind support 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, the environment and sports and fitness. Our employees are active volunteers in the community, providing helping hands as well as management expertise. 48% of our operations have local community engagements and development programmes.

Volunteering

Our employees offer their time to volunteer in a number of initiatives that the company organises. For example:

- Sembcorp has been a supporter of Singapore's Assisi Hospice (which provides palliative care for people with life-limiting illnesses) since 2008. Sembcorp volunteers help with the running of the charity's Fun Carnival, which generated more than S\$800,000 in donations in 2011, as well as its Christmas carnival, bringing goodwill and cheer to the patients.
- For the third year running, Sembcorp has partnered with the Sunshine Welfare Action Mission (SWAMI) in Singapore to bring festive cheer to needy elderly households. SWAMI is a non-profit organisation providing nursing care and shelter for the sick, aged and handicapped from needy backgrounds. In the run-up to the Lunar New Year in 2011, SWAMI identified 23 households whose residents do not have the ease of movement, to benefit from volunteers spring cleaning their homes.

- In the UK, Sembcorp employee Jane Atkinson was granted an honorary doctorate in Business Administration by Teesside University, one of the leading UK universities for engineering, in recognition of her work in championing engineering education among youths.

Community outreach activities

Sembcorp supports projects that help communities, such as:

- In 2011, Sembcorp, through its joint venture in the Vietnam Singapore Industrial Park, launched the first community clinic in Binh Duong. With a medical team from My Phuoc Hospital, this clinic provides free first aid, medical consultation and counselling services for the medically underserved populations of Binh Duong province.
- In China, our Yancheng operations organised their fifth 'Water Services For The Community' event in the Chaoyang district to promote the accessibility of municipal water for all. The event helped facilitate water maintenance and repair services for the residents, and also generated greater awareness on water conservation, quality and pricing.
- In South Africa, Sembcorp Siza Water donated an immune haematology test machine to a local non-governmental organisation HIV / AIDS centre to help overcome traveling and cost barriers to getting tested.

Sembcorp Water Technology Prize

In 2011, Sembcorp presented the Sembcorp Water Technology Prize to winning teams from three schools. The first such competition of its kind in Singapore, it exposes secondary and junior college students to the challenges facing the water industry, spurring them to develop solutions to those challenges. Students attend site visits as well as hands-on training sessions, and are mentored by top researchers as well as lecturers for their projects. By giving students an insight into the latest water technologies, as well as access to resources and materials for their projects, the competition inculcates an interest in water technology and environmental issues to help develop Singapore's pool of water and environmental specialists.

The competition is co-organised by Singapore's national water agency PUB, the Nanyang Technological University's Singapore Membrane Technology Centre and Singapore Polytechnic.

SUSTAINABILITY

- Sembcorp Bournemouth Water has been a supporter of international charity WaterAid. In 2011, Sembcorp Bournemouth Water received The President's Award, endorsed by WaterAid's President, His Royal Highness The Prince of Wales, for its support over the last 30 years.
- Our operations in Teesside extended their professional expertise to a neighbouring village to help secure lower costs with the building suppliers for the renovations of their historic village hall.
- Sembcorp Utilities Chile worked with local community leaders to pilot a campaign in two Santiago regions, entitled '*Yo cuido mi grifo*' (I take care of my fire hydrant), to educate the local community about the importance of fire hydrants. The project also saw the opening of two children's water parks. The project resulted in savings of over 600,000 litres of water a day.

Wildlife and biodiversity

Sembcorp also contributes to programmes supporting wildlife and biodiversity. We continue to support the Sembcorp Forest of Giants in the Southern Ridges through donations to the Singapore National Parks Board's registered charity, the Garden City Fund. In 2011, we further developed the programme to promote greater awareness and appreciation of nature. Sembcorp volunteers were trained to be guides of the Southern Ridges, which span the hills of Mount Faber Park in Singapore.

Sembcorp's municipal water operations in Bournemouth, UK, continues its long-standing support of the Dorset Wildlife Trust which manages more than 40 nature reserves in the county. In 2011, Sembcorp Bournemouth Water provided support to the charity to restore areas of chalk streams that have been affected by human intervention. The crystal clear waters of chalk streams support more wildlife than any other waters in Britain, with a huge range of aquatic insects, spawning sites for trout and salmon and food for predators.

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's woodchip-fuelled biomass steam production plant on Jurong Island, Singapore