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# Letter from the Managing Director

#### Dear Stakeholder,

Corporate social responsibility and sustainable development are key activities that are very close to my heart, thus it has been a core issue at YTL for many years now. It is not a "cause" that we simply adopted, but instead a commitment that hinges on our responsibility as one of the leading infrastructure conglomerates in Asia.

As a responsible corporate citizen, we strongly believe that social inclusion and environmental protection is a moral issue, not a political one, a sentiment profoundly stated by former US vice-president Al Gore. Going further, we feel that the environment is an *ethical responsibility*, hence our long term commitment and passionate involvement in its conservation through the years.

We are pleased there are many major initiatives that YTL has been undertaking across the Group to cut carbon emissions, conserve energy, and protect natural resources. Maintaining good work ethics and culture within our organisation is equally important.

Apart from our commitment to running socially responsible and environmentally sound operations across the YTL Group, there is another area that I feel is crucial to the promotion of environmental protection, that is, *advocacy*.

As business leaders, there are ethical obligations we have to face to be part of the solution. We understand we have a great opportunity to use our positions, influence, and connections to affect changes at a higher level, including policy decisions and enabling important conservation efforts within and beyond our borders.

I have always felt that we have a personal responsibility to get involved where possible, especially since we have received a bounty of God's blessings over the years, and observing how we were fortunate to have prospered from a small construction company to an infrastructure conglomerate with reach across the globe.



TAN SRI DATO' (DR) FRANCIS YEOH, CBE Managing Director, YTL Corporation Berhad





Sentul Park, Kuala Lumpur

Wessex Water, UK

As a keen supporter of the Arts, I am proud to be the honorary advisor of The Kuala Lumpur Performing Arts Centre (KLPac). Here, my fervent passion for the environment and for the Arts has been realised through bringing nature and the artistic community together in Sentul Park, a 35-acre park in the heart of the city.

I am also proud to serve in several nonprofit organisations that make this possible, namely The Nature Conservancy (TNC), the International Business Leaders Forum (IBLF) and the Institute of Corporate Responsibility Malaysia (ICRM).

As a long time member of TNC, one of the largest conservation groups in the world committed to protecting nature's most precious ecosystems, I had the privilege of working alongside people like Henry M. Paulson, Jr., the current US Treasury Secretary, to strategise, build partnerships and projects, as well as open doors to resources. In fact, YTL recently donated USD500,000 to support conservation efforts on forest protection and on coral reef conservation in South East Asia, primarily Indonesia.

This year, we have donated a further USD100,000 each to WWF-Malaysia and Rare Conservation, two internationally established non-governmental organisations dedicated to environmental protection and wildlife conservation.

Personally, it is indeed an honour to be invited to sit on IBLF's International Advisory Board, alongside top leaders including James Wolfensohn, former President of the World Bank. Apart from being immensely honoured to work with such luminaries, I am particularly excited because this role allows me to champion responsible business in developing economies. With financial incentives to prevent further environmental degradation, I truly hope to convince these nations that saving the environment not only makes good common sense, but good economic sense as well.

My involvement with all these fine organisations has been tremendously eyeopening, as I have seen what can be achieved when like-minded parties work together for a solution to global warming.

In fact, when I attended the 2006 Clinton Global Initiative (CGI) in New York, an annual meeting of top leaders to work on issues such as Energy and Climate Change, my confidence and hope was bolstered in seeing the progress being made. Following the CGI, I was honoured to be invited by CNBC to participate in their Global Players special feature on Business and Climate Change. Here, I discussed the effects, solutions and business of climate change, alongside a top panel of experts including Jeffery Sachs, Dean of Columbia University's Earth Institute, and Professor James Hansen of NASA's Goddard Institute, considered the world's leading expert on global warming.

The consensus was simple - the world has to act now because, let me assure you, the cost of not acting will be devastating for current and future generations. To highlight a frightening implication, if temperatures rise by a mere one degree Celsius, we'll see rising sea levels of a few metres, not centimetres. Simply put, coastal cities like Shanghai, New York, London, and Tokyo, will be submerged in water. It is unthinkable to imagine the loss of human lives, as well as economic implications.

# Letter from the Managing Director







Sentul Park, Kuala Lumpur

YTL Corporation was also invited this year to be a participant at both the Asia Pacific Economic Cooperation (APEC) conferences in Sydney and Forbes Global CEO Conference 2007, where climate change and energy security were top of the agenda for both conferences. We have this year also participated in many conferences to raise further climate change awareness in our nation, having supported the British High Commission (Malaysia) in their Cutting Carbon to Increase Profits Conference and The Star newspaper in their Green Every Day Festival held at the Forest Research Institute Malaysia (FRIM).

For years, YTL has been working hard to innovate on ways we can use clean technology because we believe it is better to develop adaptive technologies rather than preventive ones. In fact, as a utilities player, we insist that our equipment suppliers must continuously work to improve their technology, not just because we demand it, but also due to the big consumer push for it. If you look at our Express Rail Link (ERL) project, imagine the reduction of carbon emissions saved as a result of the millions of cars it will replace. The fact is, in the long run, the ones left behind will be the companies that refuse to accept that green technology is no longer a mere catchphrase, but a reality.

Going further, we are investors of The Asian Renewable Energy and Environment Fund (AREEF), a vehicle that allows us to invest in and encourage companies that innovate in clean technology and the renewable energy sector.

In 2007, milestones of our corporate social responsibility achievements include winning the Best Social Reporting in an Annual **Report** at the ACCA Malaysia Environmental and Social Reporting Awards 2006. YTL also organised a hugely successful Climate Change Week in March 2007, designed to raise public awareness and education towards the critical issue of global warming. We have also taken things a step further with our Bird Island Green Homes Competition, a project which promotes sustainable development and energy efficient homes in Malaysia. Here, eight of the world's leading names in architecture and environmental engineering will compete for the opportunity to design six eco-friendly homes on Bird Island at our 35-acre Sentul Park, part of YTL Land's iconic urban renewal development in Sentul, Kuala Lumpur. These accomplishments are certainly testimony to our ongoing commitment to safeguard humanity and the environment, for us and for future generations.

We have structured our report this year to include both corporate social responsibility and environmental responsibility, merging them into one report, because, in effect, we believe they are symbiotic to our core values and purpose.

Looking at the bigger picture, this is not just about YTL or about what we've done over the years. It is about spreading awareness and inspiring action, by both individuals and companies alike, so that they start thinking and start acting in the fight against global warming.

Addressing corporate social responsibility, environmental responsibility and climate change is a long-term commitment, one that YTL is certainly proud to make.

Our journey continues.

May God Bless each and everyone of you,

# TAN SRI DATO' (DR) FRANCIS YEOH

# **Corporate Social Responsibility**



The Maple at Sentul Park, Kuala Lumpur

YTL Corporation Berhad ("YTL Corp") and its subsidiaries ("YTL Group") touch millions of lives because of the nature of the industries in which we do business. We employ more than 6,200 people around the world and have developed a global customer base, hence the big influence we have on the lives of millions of people. We have responsibilities to our colleagues, customers and suppliers, the environment and the communities where we live and work.

We strive to improve lives everywhere we operate, aiming for a healthy, safe and sustainable environment. Considering the needs of the present generation whilst, at the same time, anticipating the needs of future generations are milestones of our achievements, and the forefront of our future developments. Social responsibility is one of the YTL Group's key values and something we take very seriously. Acting responsibly should be fundamental to how we carry out every aspect of our business. We demonstrate this with passion to our employees, our customers, the environment and society as a whole in a wide range of ways.

#### **CORPORATE AND PERSONAL CONDUCT**

We expect all our staff to maintain the highest standards of propriety, integrity and conduct in all their business relationships. Intellectual integrity is encouraged. We apply a similar requirement to our conduct as a company, and undertake to comply with all applicable legal and regulatory requirements.

#### **RESPONSIBILITY TO EMPLOYEES**

We acknowledge our employees are the key to unlocking our potential to make a good business great. We know the value of our intellectual capital and show this by encouraging development, by recognising achievement and by looking after all aspects of their wellbeing. We are committed to ensuring equality of opportunity, and the health, safety and wellbeing of our employees in the workplace. All are encouraged to play a full part in guiding their own development.

#### **RESPONSIBILITY TO SHAREHOLDERS**

We believe effective corporate social responsibility can deliver benefits to our businesses and, in turn, to our shareholders, by enhancing:

- Good management practices
- Internal control systems
- Risk management performance
- Relationships with regulators
- Staff motivation and attraction of talent
- Customer preference and loyalty
- Goodwill of local communities
- Long-term shareholder value
- Investor protection
- Shareholder action
- Corporate leadership
- Social duty
- Accountability
- Sustainable development
- Information and transparency
- Reputation, business trust and integrity

YTL Corp's statements on corporate governance and internal control are also included in this section of the Annual Report.





# SOCIALLY RESPONSIBLE BUSINESS: THE ROOTS OF YTL'S GROWTH

**Corporate Social Responsibility** 

The YTL Group has embraced corporate social responsibility, ever since our humble beginnings in 1955. Starting out as a small construction company, our core competencies have expanded since then to include utilities, cement manufacturing, construction contracting, property development, hotel development and management, IT, e-commerce and technology incubation.

Our group understands that today, the increasingly competitive and challenging business environment means that we will need to work harder to ensure our people and stakeholders are not only rewarded but protected by the risks these challenges bring. This shared wisdom fuels our intention to perform in this area of corporate responsibility even more as we realise giving back to society and the people helping us on our journey becomes an imperative.

#### **Timeline of Socially Responsible Growth**

1955 - 1990 1990 - 2000 2000 - Today

- First Turnkey Contractor in Malaysia
- Construction roots
  - Defence & Security post-colonial era/Cold War
  - New designs to make low-cost housing more attractive/spacious
  - Nucleus Hospitals
  - Schools & Universities

- Power, first IPP in Malaysia, borne of the power crisis in the early 1990s
- High Speed Rail, from KLIA to KL city center
- Cement, first ready-mixed concrete company in Malaysia
- Hotels and Resorts, award winning luxury hotels, resorts and shopping centres

- · Global expansion
  - ElectraNet, transmission and distribution in South Australia
  - Wessex Water, water and wastewater company in UK
  - Jawa Power, Paiton II Indonesian IPP
  - Jurong Cement, cement company with interests in Singapore and China



**Humble Beginnings** 



Contributing to Malaysia's Growth



**Building a Global Presence** 

#### **AWARDS & ACCOLADES**

#### **ACCA MESRA Awards 2006**

"CSR is beginning to have a profound effect on the conduct of businesses not only in Malaysia, but also across the world. We are already seeing many companies actively pursuing CSR initiatives as they believe in the value good CSR brings, such as better access to a growing pool of capital and the ability to attract quality investors."

 Dato' Yusli Mohamed Yusoff, CEO, Bursa Malaysia Berhad, The Sun, 7 May 2007



Ruth Yeoh, Director of Investments, YTL Corp, accepting the award from Bursa Malaysia Berhad's Chief Executive Officer, Dato' Yusli Mohamed Yusoff at the awards ceremony

YTL Corp has a long-standing commitment to operating socially responsible businesses and began comprehensively reporting on its CSR activities and initiatives for the first time in its 2006 Annual Report.

In May 2007, YTL Corp won the award for 'Best Social Reporting in an Annual Report' at the ACCA Malaysia Environmental and Social Reporting Awards (MESRA) 2006.

The ACCA-MESRA recognises companies for excellence in environmental, social and sustainability reporting, with the aim of identifying and rewarding innovative attempts to communicate corporate social responsibility (CSR) performance. Ultimately, the awards help to underline the business case for sustainable practices and development.

The Awards are endorsed by Bursa Malaysia Berhad, the Department of Environment, the Ministry of Natural Resources and the Malaysian Institute of Integrity, supported by The Edge business & investment weekly and The Sun.

The distinguished panel of judges for ACCA-MESRA 2006 represents a broad range of stakeholders' interests. The report of the judges can be accessed at <a href="http://www.accaglobal.com">http://www.accaglobal.com</a> and the judges' notes on YTL Corp's CSR Report 2006 are as follows:

#### The report:

- Has a separate section dedicated to its CSR performance.
- Includes a statement on responsible and personal conduct.
- Identifies its key stakeholders and explains plans to enhance stakeholders' value.
- Uses an interesting diagram to illustrate issues to incorporate in sustainable development for its water and sewerage services.
- Explains its CSR initiatives for each sector of business, giving performance data where applicable.
- Includes social investments and clearly articulates the purpose of these investments.
- Reveals top management's commitment to corporate citizenship.
- Indicates how social responsibility policies are integrated into employee development and engagement.
- Has excellent layout and relevant photos accompanied by concise text to enhance readability.
- Makes reference to other websites www.wessexwater.co.uk for information sharing and awareness purposes.

YTL's winning report can be read and accessed at www. ytlcommunity.com/climatechange. The company's Corporate Social Responsibility statement can be found on pages 40-51 of the report.

#### **RESPONSIBILITY TO THE COMMUNITY**

The YTL Group recognises our duty to be a good neighbour. We are an active partner of cities and communities, working closely with schools and charitable organisations to educate, support and engage with projects across Malaysia. From tackling poverty to helping children lead healthy and energetic lifestyles, we endeavour to build a better future for everybody.

#### **Disaster Victims Assistance Funds**



YTL Managing Director Tan Sri (Dr) Francis Yeoh (centre) presenting a mock cheque for RM3 million to New Straits Times Press (M) Bhd Deputy Chairman Datuk Kalimullah Hassan (left) and Chief Executive Officer Datuk Syed Faisal Albar.

# Corporate Social Responsibility

The geographical diversity of our operations requires a heightened awareness of the social and economic conditions in the countries in which the Group operates. Our presence in Indonesia brought the Aceh tsunami that devastated swathes of the Asian region in December 2004 much closer to home and the Group contributed RM2.0 million to the Malaysian Government's RM12.95 million fund to assist with the relief efforts of the Indonesian Government.

The Group also contributed Rp3.75 billion to the Indonesian Red Cross to assist with its various humanitarian programmes for Indonesian migrant workers returning home under the amnesty granted by the Malaysian Government.

Together with Jawa Power, our associate company in Indonesia, YTL contributed to relief efforts in Indonesia following the earthquake that hit Yogyakarta in May 2006, donating funds to purchase basic necessities, such as rice, baby food, milk, antibiotics, first-aid packages, tents and candles.

In January 2007, YTL Corp subsequently donated RM3 million to the NST Flood Victims Assistance Fund, the single largest donation by a corporate body, to lend a helping hand to the thousands of victims devastated by the floods in Johor.

#### The PRIDE Foundation

Amongst the many charities that we support, the ones that are closest to YTL's heart include Pink Ribbon Deeds (PRIDE) which increases awareness and raises funds to support breast cancer survivors and improves standards of diagnosis, treatment and care of breast cancer patients in Malaysia.

YTL supported and sponsored the "Bond with PRIDE" programme held in June 2007, where breast cancer patients were treated to a day of pampering at our hotel spas and an empowerment workshop organised by PRIDE on topics such as wellness, beauty and financial planning. "Bond with PRIDE" aspires to raise awareness and empathy on post-surgery issues through the bonding and sharing of experiences during the programme.

YTL Director of Investments, Ruth Yeoh, recently contributed to PRIDE's "BOND WITH PRIDE" book, sharing her family's experiences with her mother, who was a breast cancer patient. The project is aimed to inform and inspire hope in all breast cancer patients and families of loved ones affected by breast cancer.

#### 'Toys for Tots' Campaign



Dato' Yeoh Soo Min, YTL Corp Executive Director (second from left) and JW Marriott management with underpriviliged children at the Christmas tree in the JW Marriott Hotel lobby.

The annual 'Toys for Tots' Christmas charity campaign held at JW Marriott Hotel which YTL supports also enables guests and visitors at the Group's hotels to donate toys and gifts to benefit underprivileged children.

The 'Toys for Tots' programme is one of the hotel's continuing efforts in reaching out to the society, in line with the "Spirit to Serve" tradition practised by Marriott properties worldwide. JW Marriott Hotel Kuala Lumpur appeals to the public to join in the spirit of sharing and caring for the underprivileged during Christmas by donating toys and gifts to children from selected homes.

YTL is proud to be an active supporter of all these associations and, in addition to donations, we offer the use of our hotels, restaurants and shopping centres to serve as venues for fundraising events for these charities.

#### **COMMITMENT TO ARTS & CULTURE**

YTL Corp is a passionate supporter of the arts and culture in Malaysia. We are a founding partner of the **Kuala Lumpur Performing Arts Centre (KLPac)**, together with Yayasan Budi Penyayang Malaysia and The Actors Studio. KLPac is the home for the performing arts in Malaysia, which is located in The Park at our Sentul development. This is a USD7 million (RM25 million) effort from our part.

We take every opportunity to support productions that tap the potential of local talent and to encourage the development of our own arts and cultural scene in Malaysia to showcase the uniqueness of our heritage and also providing the people of the city an alternative medium of expression and communication.

YTL Corp is also passionate about music and believes in harvesting talent to foster appreciation of musical talent. Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping was the President of the **Kuala Lumpur Symphony Orchestra Society**, an orchestra comprised of local young talented classical musicians, for six years. YTL Corp has also been sponsoring the **YTL-Penang Arts Festival** since 2000.

#### **YTL Concerts of Celebration**



Perhaps our most unique efforts are our **Concerts of Celebration** which have been held at many different locations and free tickets were usually given to the public to attend. In September 2002, a momentous concert was held at our resort island of Pangkor Laut, where world renowned tenor, the late Luciano Pavarotti, was invited to sing to a global audience to foster peace and understanding, after the tumultuous events of 11th September 2001.

On the global front, YTL Corp orchestrated a performance by three famed tenors – Pavarotti, Domingo and Carreras – for the city of Bath, in Wessex County in the United Kingdom, to an audience of 50,000, in August 2003. This was done as a gesture of thanks to the people of Britain who welcomed our investments.

In December 2005, the YTL Corp Group celebrated its 50th Anniversary by staging a free concert at our Sentul Park development in Kuala Lumpur, featuring Britain's top tenor, Russell Watson, accompanied by the acclaimed Adelaide Symphony Orchestra.



The cast of "Tunku – The Musical" with Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and special guest Mel Gibson.

YTL Corp sponsored "Tunku – The Musical" at the Kuala Lumpur Performing Arts Centre (KLPac) from 12–15 September 2007 with free tickets given out to the public for all performances. Created and directed by Joe Hasham, KLPac's Artistic Director, the musical pays tribute to Malaysia's founding leader, Tunku Abdul Rahman, and played to full houses throughout its run during Malaysia's National "Merdeka Day" Celebrations.

#### Harnessing Creativity through Workshops and the Arts

YTL understands the need to appreciate, encourage and reward artistic talent and we do this in several ways.

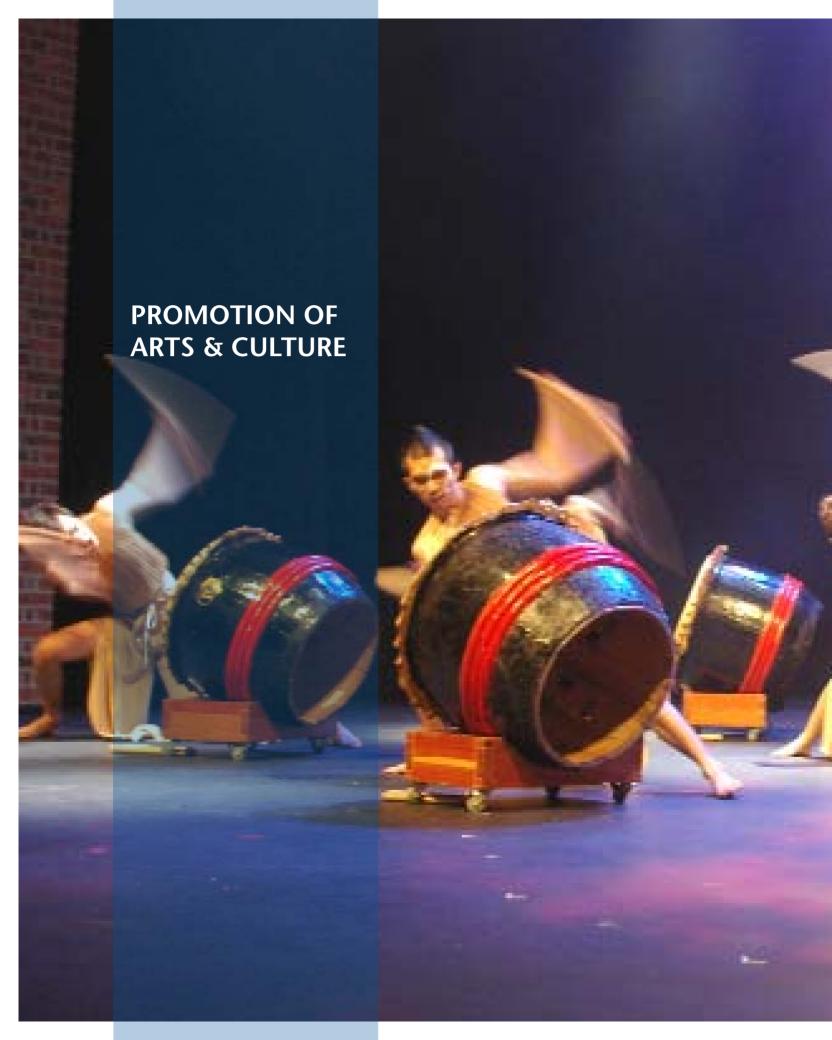
In September 2007, YTL Corp sponsored the **Datin Paduka Seri Endon Mahmood Award for Performing Arts Excellence**, which was awarded to freelance artist and dance choreographer Aris Kadir. The winner received a RM50,000 scholarship fund to further his education in his chosen discipline.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (centre), Managing Director of YTL Corp, presents freelance artist and dance choreographer Aris Kadir (left) with the inaugural Datin Paduka Seri Endon Mahmood Award for Performing Arts Excellence.

Within the same month of September, the entire "Muse" floor of the Starhill Gallery was refurbished and converted to showcase works from local Malaysian artists and designers, timed in conjunction with the Malaysian National Day ("Merdeka Day") Celebrations. Starhill Gallery celebrated the commemoration of "Malaysia's 50 Golden Years of Merdeka" with a tribute to the spirit, progress and quality of Malaysian Arts, and an exhibition was held to showcase "Malaysian Maestros in Motion", a Live Art Exposé showcasing artworks of "Peoples of Malaysia", which drew a large crowd and admirers.

Tan Sri Dato' (Dr) Francis Yeoh officiated the event and expressed that "each art piece is an independent experience. In the awesomeness of movement and power, you get not only three minutes of energy but three minutes of a masterpiece in the making."





# Corporate Social Responsibility



# Malaysian Maestros in Motion: "Peoples of Malaysia" Live Art Exposé

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corp, with artists Jack Ting, Yusri Sulaiman, Fauzul Yusri, Eric Quah and Yusof Ghani at The Gallery @ Starhill Gallery which hosted the Live Art Expose entitled "Peoples of Malaysia" performed by the six artists.

Tan Sri (Dr) Francis Yeoh with Photographer Jeffry Lim and artist Yusof Ghani



(From left to right) YTL Corp Executive Director Dato' Yeoh Sock Hong and his wife YTL Corp Group Legal Adviser Datin Kathleen Chew Wai Lin, their son Yeoh Keong Yuan; Yeoh Keong Junn, son of YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Tan Sri Dato' (Dr) Francis Yeoh; Tan Chien Yih, and parents YTL Corp Executive Director Dato' Yeoh Soo Min and Dato' Robert Tan. Yeoh Keong Junn, Yeoh Keong Yuan and Tan Chien Yih graduated from Harrow School UK with flying colours in 2007.



YTL also strives to encourage the creativity of children through a rich variety of programmes which offer not only memorable experiences but which also broadens their learning capacities. We believe learning and creativity are imperative in incubating talent, and the best means is to provide a platform which children and young adults can interact.

YTL has historically sponsored numerous musical performances of which most are tailored to families and have also initiated several activity workshops at KLPac at our Sentul Park development. Visit www.klpac.com to find out more.





#### **FOR THE NEXT GENERATION**

At YTL, we believe that effective human resource utilisation and efficient teamwork are vital in achieving our aspirations. With the various businesses we are in, we do offer a wide range of career paths for those with the ability and desire to excel. Visit www.ytl.com.my/jobs.asp and www.ytlcommunity.com for more details on recruitment.

The YTL Group continues to play a strong role in growing and safeguarding the potential of our future generation of leaders and supporting local communities by offering scholarships to deserving individuals and through participation in adopt-a-school programmes.

#### The YTL Scholarship Foundation

We believe education plays a strong role in growing and safeguarding the potential of our future generation of leaders. The YTL Scholarship Foundation was established in 1995 with the objective of promoting higher education in Malaysia by offering scholarships to deserving individuals who would otherwise be denied of higher education due to financial constraints. Given the opportunity, we believe such individuals will be able to achieve their full potential and assume leadership positions to contribute towards the nation's economic development.

YTL Corp also remains committed to improving educational

standards of Malaysia's next generation of leaders. This

commitment is carried throughout the organisation to reiterate the

message that educational development begins at home.

#### The YTL Power International Berhad Scholarship Fund



The YTL Power International Berhad Scholarship Fund was established to complement the YTL Scholarship Foundation with the objective of promoting higher education by offering scholarships to qualified students who are pursuing full-time foundation and degree courses at University Tenaga Nasional (UNITEN), a local university in Malaysia offering courses in Engineering, IT & Accounting. Visit www.ytlcommunity.com/scholarship for more details.

#### The University of Nottingham in Malaysia

In line with our plans for educational expansion, we have fostered a joint partnership with The University of Nottingham in Malaysia. Nottingham is declared one of the ten best universities in the United Kingdom, alongside institutions which include Oxford, Cambridge, Imperial College London and the London School of Economics. In 2006, the University of Nottingham was confirmed in the top 1% of more than seven and a half thousand higher education institutions anywhere in the world.

The University of Nottingham also undertakes world-changing research, provides innovative teaching and a student experience of the highest quality. Ranked by Newsweek in the world's Top 75 universities, its academics have won two Nobel Prizes since 2003. Last year, The University of Nottingham again rose in world rankings and was declared Britain's 'University of the Year' 2006/7, receiving the 'Times Higher Awards 2006' for education.

The University of Nottingham has opened pioneering campuses in Asia, with the establishment of a multi-million pound campus in Malaysia, followed by the official opening of the first foreign university campus inside the People's Republic of China. Since opening its doors in Kuala Lumpur in September 2000, with just over 90 students, the student population has now grown to an international population of 1,300 students from more than 30 countries.

The University of Nottingham Malaysia Campus has a joint partnership with two local partners. The new campus (which opened early in 2005) sits on a 101-acre site close to Semenyih, 30km south of Kuala Lumpur, and is the first purpose-built campus of a British university outside of the United Kingdom. Built at a cost of RM120 Million, it offers a high quality learning and living environment. Facilities include laboratories, library, sports complex, and Student Association building, bookshop, café and convenience stores, amongst others.

#### The University Malaysia Sabah

Our Chairman, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, is the current Pro Chancellor of The Universiti Malaysia Sabah (UMS) and attends convocations at this university annually, awarding certificates to its thousand-strong Graduates.

UMS was the first local university to be built in the town of Beaufort, Sabah. As the ninth university to be established in Malaysia, it has expanded rapidly since the early days of its inception, and is a great asset to the community and development of Sabah.



Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Chairman of YTL Corp and Pro Chancellor of Universiti Malaysia Sabah

Since its inception on 31st January 1994, the development of the UMS has been progressing at a tremendous pace. The physical development of a permanent campus on a 999-acre piece of land began on August 1995 and was completed in 2000, with the university's occupation of the permanent campus beginning in 1999. The Malaysian Government then granted approval to UMS to set up a branch campus in the Federal Territory of Labuan. Years that followed the acquisition of building facilities for teaching, learning and research have witnessed the emergence of an increasing number of schools, centres and units at the university.

The university is now fully committed to achieving the highest standards of quality in both academic and non-academic activities.

In line with the development of Malaysia as a Centre of Educational Excellence, YTL Corp donated RM2.5 million to the Universiti Malaysia Sabah (UMS) Foundation in June 2004.

#### **FOR OUR PEOPLE**

As a Group, YTL understands the immense contribution of our people towards our growth and success, and we organise workshops, gatherings and teambuilding ("offsite") events to enhance and foster unity within our people. On top of our Employee Welfare provisions, we also aim to inspire employee and leadership skills through our YTL Leadership Conferences, held annually. Technology also plays a crucial role in the social inclusion element of our organisation.

#### **Employee Welfare**

Providing a healthy and safe working environment is of utmost importance at our organisation. We have a Group Hospitalisation and Insurance Plan which ensures the health and safety of our workforce. We also provide our employees with access to Optional Saving Schemes at preferential rates, 13-month wage supplements to supplement higher costs of living, and an Employees' Share Options Scheme.

# Corporate Social Responsibility

#### **YTL Leadership Conferences**

The YTL Leadership Conference is an annual gathering of more than 500 senior managers and directors ("leaders") from all the major subsidiaries of the Group, who attend a 2-day Forum for discussion on leadership issues. Leaders are invited to present progress of their management and share key wisdoms on leadership strategies, according to their responsibilities and the theme of the conference, which is different for every year it is held. Last year's YTL Leadership Conference 2006 was themed "Towards a Culture of Excellence: World Class Service Challenge" and discussions are underway for this year's theme to be on multiplying turnover and profits as well as sustainability.

Our Chairman, Tan Sri Dato' (Dr) Yeoh Tiong Lay, our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh, and fellow members of the Board normally chair and moderate these sessions, contributing to the dialogue on leadership. The conferences are very open and every colleague of ours is invited to share their views and ask questions, creating a forum for ideas exchange, inspiration, interaction, collaboration and communication.

#### **Technology and Social Inclusion**





Technology incubation is a business that YTL dedicates time to developing because we understand that developing our intellectual capital and communications in turn helps to develop our innovation potential of our Group. YTL e-Solutions becomes the bridge connecting our people and stakeholders, communicating the most up-to-date business and company-related matters to our people whom, in effect, make up our "YTL Community".

It is an incubator and investor in high growth, knowledge intensive companies that leverage on new technologies which enhance and integrate with the Group's existing businesses. YTL e-Solutions' stable of businesses currently comprises Extiva Communications Sdn Bhd ("Extiva"), Infoscreen Networks Plc ("INP") and its wholly-owned subsidiary, YTL Info Screen Sdn Bhd ("YTLIS"), Intellectual Learning Sdn Bhd, PropertyNetAsia (M) Sdn Bhd and Y-Max Networks Sdn Bhd. Extiva provides value-added AVSP and telephony solutions and services and YTLIS is a leading plasma-based digital media networks in Malaysia with high quality "in-house" digital content.

The Group was also recently awarded with one of three WiMax licenses in West Malaysia and it is anticipated that the deployment of WiMax will significantly improve Malaysia's broadband penetration rate and provide high speed broadband access to the masses.

Through leveraging on these technologies, the media and online communication tools, we enhance the community aspect through social inclusion, updating our stakeholders and customers on YTL's latest developments thereby encouraging transparency and knowledge towards our operations, products and services.

YTL e-Solutions also powers the YTL Community website, which provides the latest news and information not only on YTL but on the world at large. It is also includes announcements of social events and connects to other related websites of the other YTL subsidiaries. There is also a channel available for customers who frequent our properties to interact with each other through the YTL Platinum Plus membership. The YTL Platinum Plus lounge and concierge service has been set up at Starhill Gallery purely to provide customer service and to inform customers of upcoming YTL social events. We invite you to visit www.ytlcommunity.com and www.ytlplatinumplus.com to sign up to our e-mailing list and to find out more about us. Come join us in our journey.

#### **MEMBERSHIPS**

#### The International Business Leaders Forum

YTL is a principal supporter of the International Business Leaders Forum (IBLF). Our Group Managing Director, Tan Sri Dato' (Dr) Francis Yeoh, sits on IBLF's International Advisory Board which advises IBLF on its international growth and leadership strategy.

The IBLF is an independent, not-for-profit organisation which works with business, governments and civil society to enhance the contribution that companies can make to sustainable development.

It is currently supported by 100 of the world's leading businesses and provides strategic counsel to companies to enable them to understand and respond to the development challenges that they face, particularly when operating in transition and emerging economies. As well as managing a number of programmes that provide businesses with opportunities to directly enhance their impact on society, IBLF helps businesses connect with other organisations and develop successful cross-sector partnerships.

IBLF works with its corporate partners to encourage vision, innovation and international leadership in corporate citizenship, working on corporate strategy and implementation, managing hot spots, building management capacity, communicating and benchmarking.

Since 1990, and with the support of its President, HRH The Prince of Wales, the IBLF has worked in over 90 countries. Their work benefits from long-term relationships with regional networks across the world, many of which IBLF has helped to establish or strengthen. Current areas of work include raising sustainable business standards, improving prospects for enterprise and employment, and enabling companies to contribute to health and human development issues.

According to IBLF, corporate social responsibility includes themes such as:

- Human rights, labour and security
- Enterprise and economic development
- Business standards and corporate governance
- Health promotion
- Education and leadership development
- Human disaster relief
- Environment

YTL addresses and responds to these themes on an ongoing basis, as we realise the benefits and necessity of being a socially responsible organisation. We also meet with key representatives from the IBLF occasionally, who assist us in our strategies for sustainability.

The IBLF website can be accessed at <a href="http://www.iblf.org">http://www.iblf.org</a>.

"CSR – or corporate social responsibility – means open and transparent business practices that are based on ethical values and respect for employees, communities and the environment. It is designed to deliver sustainable value to society at large, as well as to shareholders."

- The International Business Leaders Forum (IBLF)

#### The Institute of Corporate Responsibility Malaysia

YTL Corp is an active member of the Institute of Corporate Responsibility Malaysia (ICRM), a unique network of corporate and academic institutions committed to advancing responsible business philosophy and practices that will have positive impacts on people, environment and society. The main objective of ICRM is to promote the development of socially responsible business practices.

ICRM's Business Panel comprises government linked companies, local and multinational companies. As a Business Panel member, YTL's responsibilities include:

- Promoting, supporting and sponsoring capacity building programmes such as development of guidelines, workshops and conferences
- Sharing experiences on CSR agenda with other members through talks and articles
- Providing the Academic Panel ideas for research on CSR issues which are of relevance to local businesses
- Considering and commenting on any significant CSR or sustainability trends and issues
- Attending review meetings on a quarterly basis

More information on ICRM can be found on its website: http://my-icrm.org.



"We must not stop at just harnessing our imaginative minds; we must also begin to harness our hearts to re-engineer the world of man. We must bring it back to sanity and productive endeavour... Looking ahead, I wish all of you the imagination and will to create what you wish to create, and I pray with a warm and passionate heart. I urge you to keep running the good race alongside us, for we will be running too."

 Speech by Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, at YTL's 50th Anniversary Concert of Celebration 2005 at Sentul Park on 17 December 2005





# **Environmental Responsibility**

#### THE YTL GROUP'S ENVIRONMENTAL VISION

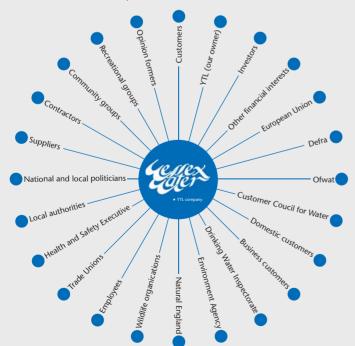
We are fully committed to being a responsible corporate citizen. Energy plays an essential role in ensuring quality of life for people everywhere, for us and for future generations. Supplying energy efficiently is critical to helping people maintain and improve their standard of living. However, this brings with it significant challenges – for example, the very real threat of climate change means that we need to continue to provide and deliver energy in a way that minimises the impact our emissions have on the environment. We recognise the importance of sustainable development, setting targets to reduce the carbon footprint of our operations on society and understanding the dire consequences of global warming.

#### **ENERGY SAVING AND SUSTAINABLE PLANNING**

#### Water & Sewerage Services

"We are committed to giving all our customers excellent standards of service by providing high quality water and environment services that protect health, improve the environment and give customers good value for money."

#### - Wessex Water website, 2007



Source: Stakeholders, Wessex Water Stakeholder Report 2007

Wessex Water, our subsidiary in the UK, operates under a stringent set of environmental directives and regulations with a key long term goal of becoming a sustainable water company. Wessex Water's comprehensive programme to achieve this goal has ensured that all compliance rates for drinking water, sewage treatment and bathing water have not only been met but are amongst the best in the United Kingdom.

It can be observed that water companies in the UK readily incorporate corporate social responsibility (CSR), and environmental and social reporting, through a mixture of legislation, regulation and good practice. They are leading the way in the utilities industry through their responsible action. Because water is such a necessary commodity, CSR was placed on the agenda to give fair returns to owners and stakeholders, on top of regulation.

Wessex Water is currently recognised by the water industry regulator, Ofwat, as the most efficient operator in England and Wales. Advanced treatment techniques, automation, state-of-the-art control and monitoring systems ensure consistently high standards at a low cost. The company has a high 99.93% compliance rate in accordance with EU standards and has adopted the ISO 9000 quality assurance for its water production and control systems.

In terms of sewage treatment standards, the company has obtained greater than 99% compliance with discharge standards and almost 100% compliance with bathing water standards, as well as maintaining some of the best rivers and bathing waters in the country.

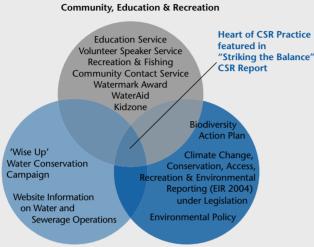
Reports are made to subsidiary level boards and communicated up to the company's Board. The Board of Wessex Water Services Ltd (WWSL) includes a Director of Compliance and Sustainability.

Wessex Water's approach to CSR covers these four key areas:

- Investing in the community
- · Promoting health and safety
- Working towards sustainability
- Empowering employees

The company has developed numerous CSR, environmental and sustainability initiatives as outlined in the diagram. Here, the programmes often overlap with each other and work together to incorporate wider issues:

#### **Wessex Water's CSR Engagement Programmes**



Water & Sewerage

**Environment** 

In 1996, Wessex Water committed itself to becoming a sustainable water company. Since then, it has experienced at first hand some of the business reasons for putting sustainability principles into practice. These include the services to society and the environment that make up its operating license, the growth of environmental taxation, the interest that employees have in being part of a business that takes sustainability issues seriously, the accountability demanded by all its stakeholders and the priorities of ethical investors when the company was listed.

Its progress has been helped by its links with Forum for the Future, a sustainable development charity whose work with business partners shows how sustainable development is of critical importance in the private sector. Wessex Water also has a Sustainability Panel that meets three times a year, chaired by Jonathon Porritt CBE, a non-executive director who is currently chairman of the UK Sustainable Development Commission and Founder Director of Forum for the Future.

For Wessex Water, it is clear that a water company can not be sustainable on its own. Regulators, the Government, customers, interests groups and indeed all stakeholders, have a part to play.

The Wessex Water Sustainability Vision is based on the Five Capitals Model. This includes natural, human, social, manufactured and financial capital - the resources from which society gets the goods and services it needs to improve quality of life. A sustainable society would look after these capital assets, rather than eroding them.

#### The Five Capitals Model



Source: Wessex Water, Discussion Papers, November 2006

With the help of people inside and outside the company, Wessex Water has gained a clearer understanding of what being a sustainable water company would entail. The Vision has two sections:

- 1 Outcomes: a description of what would constitute a
  - sustainable position
- 2 Mechanisms: the measures that would be needed to move in the right direction, probably over 30 years; i.e. the

sustainable development priorities for each capital.

For Wessex Water to operate in a genuinely sustainable way, it would mean:

- Helping to protect or enhance all natural resources and ecosystems used or affected by its operations
- Positively contributing to the health, skills, knowledge and motivation of all its employees
- Having relationships with all its stakeholders that are responsible, clear and cooperative, with governance structures and policies that support sustainability outcomes
- The elimination of materials from all its construction operations and asset maintenance programmes that used inappropriately can result in damage to human health or the environment
- Maintaining a robust balance sheet and long term stable relationships with shareholders and creditors who share the company's commitment to sustainability.

Wessex Water publishes a yearly Sustainability Report reporting on environmental indicators and sustainability issues. The company also publishes Sustainability Discussion Papers regularly which is in effect a dialogue on the growing importance of sustainability. Wessex Water's "Striking the Balance" report, which provides a wealth of information on these important areas, can be accessed at www.wessexwater.co.uk/strikingthebalance2006.

Further details and information are available on www. wessexwater.co.uk/sustainability.

# **Environmental Responsibility**

#### **Power Generation & Transmission**



(Pictured) Power plant run by YTL Power. Energy experts claim cleaner technologies help power plant owners save money on fuel, operations, maintenance and other related items.

Environmental protection has been at the forefront of our planning from our first foray into utilities businesses. YTL Power has been instrumental in changing the Malaysian Government's policy to use clean fuel like natural gas instead of sticking to their four fuel policy which includes abundant use of coal and crude oil.

YTL Power was the first Independent Power Producer in Malaysia and we were very careful from the outset that our gas fuelled combined cycle power plants would not cause environmental damage. The potential damage involves the emissions of nitrogen dioxide (NOx) into the atmosphere and the discharge of hot water back into the sea. The Paka Power Station is designed to minimise these emissions.

The water cooling system uses submarine pipes laid out into the sea at different distances to carry cold sea water into the station and hot water out into the sea. This design has minimised hot water recirculation and we further ensured that the elevated sea water temperature would have a minimum impact on marine life by extending the length of the hot water discharge pipes by 10% further than required in the engineering by-laws.

Our power stations in Paka and Pasir Gudang are designed to comply with the Malaysian environmental quality regulations with regard to emissions. These plants incorporate a range of measures to eliminate or reduce operational releases, including oil interceptors fitted to the site drainage systems and effluent treatment facilities to treat waste water prior to discharge. Another specific design feature is the burners of the gas turbines. These gas burners produce very low NOx levels during operation and thus help to mitigate the amount of emissions into the atmosphere. The NOx emission levels achieved are well within World Bank standards.

In September 2007, YTL Power scored highly in CLSA's Corporate Governance Watch 2007, an annual review of the corporate governance practices of Malaysian corporates. YTL Power was ranked No.1 in terms of "Clean & Green" scoring in Malaysia, with an overall score of 55%.

C&G scores	%
YTL Power	55
Lafarge MC	55
IJM	50
Resort World	45
Genting	45
WCT	45
Tanjong	40
Plus Expressway	40
Kuala Lumpur Kepong	35
Zelan	35
Malaysia Airlines	30
Star Cruise	30
Top Glove	30
IOI	25
Bumiputra-Commerce	15
Gamuda	15
Naim Cendeara	10
Malayan Banking	5
SP Setia	5
Media Prima	5

Source: CLSA Asia-Pacific Markets

Our 35%-associate, **P.T. Jawa Power** in Indonesia, has received ISO14001 certification for Environmental Management Systems for its 1,220 MW power station and we are currently pursuing this for our Malaysian power stations as well.

Jawa Power remains the only Indonesian energy company to receive a *Green Rating* under the government's Environmental Training Programme and has been awarded this rating for the 3rd consecutive year by the Indonesian Ministry of Environment under its *Environmental Rating Programme* (PROPER) for 2006-2007. The Green Rating indicates that the company has implemented effective pollution control programs and has successfully exceeded the requirements of environmental laws and regulations.

YTL Power's **ElectraNet** operation in Australia operates in line with a *Code of Sustainable Practice*. Its environmental policy provides a framework to ensure that environmental considerations are included in the planning, design and construction and operational phases of all business activities.

The business is also pro-active in its general environmental responsibilities and conducts environmental audits on its substations and equipment on a regular basis. Amongst other initiatives, the Australian Federal Government's Greenhouse Challenge programme and Aboriginal Heritage issues are key considerations in ElectraNet's drive to maintain sound management practices and procedures.

CORPORATION BERHAD

ElectraNet's procedures and systems for the management of potential environmental impacts are incorporated in the company's guide, accessible on their website: www.electranet.com.au.

#### **Property Development**

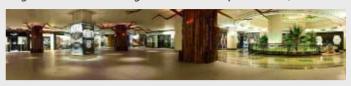


In our Sentul project, we made the decision to maintain a 35-acre green lung in the heart of Kuala Lumpur as a park for the use of our residents because we believe that this will enhance the quality of life of the people who buy our properties. We have adopted this philosophy throughout all our current residential property developments, such as Lake Edge in Puchong, Lake Fields in Sungei Besi and Pantai Hillpark. We have placed the focus on reducing the number of units in favour of maintaining a balance between nature and development, and have adopted building and design techniques that make the most of natural sunlight and improve airflow to reduce the need for artificial light and air-conditioners.

Both our SPYTL Design team for Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd (SPTYL), a wholly-owned subsidiary of YTL Corp, and property development team have attended *Leadership in Energy and Environmental Design* (LEED) workshops in the past and are currently actively pursuing LEED certification and environmental surveillance for our future building projects. LEED programmes are sponsored by the US Green Building Council.

In the past, YTL has also been responsible for transforming the city landscape, planting trees in urban spaces and ultimately creating "Bintang Walk", a pedestrian and shopping stretch in Bukit Bintang, the heart of the city. Our Starhill Gallery and Lot 10 shopping malls readily incorporate sustainable design elements into the buildings. Most notably, the special glazing used for the dome at the Starhill shopping gallery was fitted to increase energy efficiency through maximising penetration of sunlight and minimising heat loss thus increasing energy efficiency. Visit www.starhillgallery.com and www.lot10.com.my for more information on these properties.

'Organic' architectural design at Starhill Gallery and Lot 10, KL







Our Pantai Hillpark development has celebrated winning the International Real Estate Federation (FIABCI) Award 2006 in recognition for "Best Residential Development - High Rise" (see www.propertynetasia.com.my/newdevelopment/Centrio/home.html).

Furthermore, our **Sentul Urban Revitalisation** scheme also saw an abandoned golf course transformed into a total green lifestyle concept development including a park, green homes, performing arts centre, koi farm and integration with the urban transportation system. To find out more about our Sentul Park development and KLPac centre, please visit www.maple.com.my and www.klpac.com.

#### The Bird Island Green Homes Competition



(From left to right) Stephen
Pimbley, Partner at SMC Alsop,
the project's advisor and master
planner and the moderator of the
judging panel for the Bird Island
Green Homes Competition, Tan
Sri Dato' (Dr) Francis Yeoh Sock
Ping, Managing Director of YTL
Corp and chairman of the judging
panel, and Dato' Yeoh Seok Kian,
Deputy Managing Director of YTL
Corp, at the launch of the
competition at Sentul Park.

The practice of sustainable architecture has gained momentum worldwide thanks to its role in minimising the negative environmental impact of buildings, through efficient use of materials, energy and space. Which is why in July 2007, the Group launched the Bird Island Green Homes Competition, the first 'green' architectural competition of its kind in the world, stemming from the recognition that energy-efficient buildings are the future of sustainable architecture and building design.

### **Environmental Responsibility**

"Seeking Zero" is the aim of the project, calling for designers and everyone to play their part for a more sustainable society through striving for zero energy emissions. While achieving zero energy emissions might seem impossible, the ambition is that society would make a conscious effort to consume less and be more efficient with our environment's limited resources.

For the competition, the Group has partnered with Stephen Pimbley, partner at SMC Alsop, one of the UK's leading international award-winning architectural practices, who will serve as Master Planner & Project Advisor of the competition. The competition brings together eight of the world's leading names in architecture and environmental engineering, who are vying for the opportunity to design six eco-friendly homes on Bird Island, a green haven located in the 35-acre Sentul Park, part of YTL Land's iconic urban renewal development in Sentul. The three-acre Bird Island site has been divided into six plots, each with a notional area ranging from 385 to 516 sq.m., with each team submitting two designs for a three-bedroom villa, in accordance with designated requirements and criteria.

Hailing from all over the globe, the participating architects, are Atelier Ten (UK), Grant Associates (UK), GRAFT (Germany), Innovarchi (Australia), KplusK Associates (Hong Kong), MAD (China), Plasma Studio (UK), and Zoka Zola (USA).

Judging took place on September 2007 and the winning designs will be announced later on in the year. Visit www.birdisland.com.my for more information on this unique sustainability project.

#### **Express Rail Link**



Source: www.railway-technology.com

YTL Corp is a major shareholder of Express Rail Link Sdn Bhd (ERLSB), a railway development company which was awarded a concession on 25 August 1997 to finance, design, construct, operate and maintain the KLIA Ekspres, KLIA Transit and other ancillary activities related to railway services.

The ERL/CRS system is a modern electrical rail system, operating between Kuala Lumpur Sentral Station and Kuala Lumpur International Airport. The trains' operation and maintenance is efficiently managed by ERLSB's wholly owned subsidiary, ERL Maintenance Support Sdn Bhd (E-MAS). E-MAS recognises the need to be as environmentally friendly as possible and as a company, is looking into a number of initiatives to improve the environmental impact of their business activities. E-MAS is entrusted with the responsibility to provide environment-friendly high speed rail services on a day-to-day basis to, and from, the airport and city, besides ensuring that these services are safe, reliable and economical.

The fleet therefore consists of twelve state of the art, high speed trains which have no direct emissions of pollutants and have "built in" energy savings by design. E-MAS acknowledges that environment friendliness does not end with the trains. There is an Energy Saving Programme for trains that was implemented in 2003. Drivers were trained to operate the trains using energy saving techniques, which EMAS named the "MAKAN" principle:

- Make sure that trains are switched off during stabling
- As much driving as possible in coasting mode
- Know to brake early and with not more than 40% braking force
- As much as possible using the electrical brake
- No traction effort more than 80%

With this programme, E-MAS was able to reduce the energy cost per trip from RM65.59 in 2003 to RM62.11 in 2005, translating into a total saving of approximately RM300,000 for the year 2005. In 2006, E-MAS's target is to reach an energy cost per trip of RM67, despite the 12% increase of electricity cost in June 2006. E-MAS also launched a Building Facilities Energy Saving Programme, with targets to achieve savings of energy costs of RM100,000 per year by modifying the existing installations. The objective for this project was to reduce building facilities power supply consumption. The project had to be done at the most minimal modification cost without affecting daily operation standards. Results were therefore achieved by introducing the following steps:

- Reduce amount of lighting in an area with new lighting arrangements
- Reduce time of operation for lighting and air conditioning system, controlled by timer.
- Switching to energy saving lighting without affecting existing designed brightness.

E-MAS also distributes an e-newsletter highlighting energy efficiency issues, as well as ideas on energy conservation to encourage and continue dialogue in this growing area of importance.

Visit www.kliaekspres.com for more information and details.

#### **NATURE CONSERVATION**

#### **Power Generation**



Paka Power Plant in Terengganu run by YTL Power

At our power stations in Paka and Pasir Gudang, we have employed the technology necessary to maintain the ambient temperature of the bodies of water that border the stations, thereby ensuring the sustainability of marine life in these areas.

Emissions of carbon dioxide (CO2) and nitrogen oxide (NOx) are monitored continuously using automated equipment. If levels of these contaminants rise above their normal levels, then steps are taken to correct the problems, since these changes are also an indication that the plant is not running at optimum conditions. Similarly, the temperature and chemical composition of liquids discharged to the marine environment are monitored regularly to ensure that the discharges will cause minimum disturbance to the marine ecosystems near to the plants. All of the emission levels are reported regularly to the Department of Environment.

#### Hotel Development & Management



Jungle trekking and guided rainforest tours at Pangkor Laut Resort, Malaysia

The importance of preserving the natural environment has also been the key to the design of our hotels and resorts, particularly at our Pangkor Laut, Tanjong Jara and Cameron Highlands resorts. Serious efforts have been made to ensure the development of the resorts contribute to conservation efforts and integrates environmental aspects into the design, which includes the types of building materials used, location of the buildings, forest conservation, sustainability and waste disposal.

The rainforest that covers much of Pangkor Laut Resort's island is millions of years old and is faithfully protected. On this island, natural habitats and the environment have been meticulously preserved. The draw card of Pangkor Laut has always been its natural beauty, a fact that has never been lost to our planners.

Visitors to the island are encouraged to participate in guided tours to experience this majestic environment first-hand. There are resident ecologists on these 3 resorts, passionately dedicating their time to researching the biodiversity and ecology of the rainforest, wildlife and marine life which thrives on the island, and our Senior Ecologist, Yip, has published a book and several articles on the biodiversity, plant and wildlife found on the island of Pangkor Laut.

Visit www.pangkorlautresort.com/forest.htm for details of jungle trekking excursions on the island. The walks are free of charge to guests and offer a fascinating insight into the spectacular virgin rainforest that is estimated to be over 2 million years old. Some of the interesting wildlife that can be spotted on the island include crab-eating macaque monkeys, tropical monitor lizards and yellow pied hornbills.

### **Environmental Responsibility**

#### The Nature Conservancy

YTL has made a significant donation of USD500,000 to The Nature Conservancy (TNC), a leading conservation organisation working to protect the most ecologically important lands and waters around the world for nature and people. Since its founding in 1951, TNC has accomplished the following:

- Protected more than 117 million acres of land and 5,000 miles of rivers worldwide - operating more than 100 marine conservation projects globally.
- Has support of more than 1 million members.
- Worked in all 50 US States and more than 30 countries protecting habitats from grasslands to coral reefs from Australia to Alaska to Zambia.
- Addressed threats to conservation involving climate change, fire, fresh water, forests, invasive species, and marine ecosystems.

TNC has also set an ambitious goal of ensuring the effective conservation of places that represent at least 10% of every Major Habitat Type on Earth by 2015.

YTL Corp's Managing Director, Tan Sri Dato' (Dr) Francis Yeoh, is a long-time member and Trustee of this organisation, joining the likes of Henry M. Paulson, Jr. (the current US Treasury Secretary) and John P. Morgridge (the current Chairman of the Board at the Nature Conservancy and Chairman Emeritus at Cisco Systems, Inc.) to support work on forest protection and on coral reef conservation in South East Asia, primarily Indonesia.

TNC used these funds to combat illegal logging in Indonesia, in partnership with the government and industry, and local communities. This resulted in development of new tools for verification of legal and illegal timber based on bar-coding of logs, and tracking them from the forest through the production and export processes. This pioneering effort, which had previously never been tried anywhere else, became a success and is now being adopted by companies across Indonesia. A series of major new projects are unfolding, using international foreign assistance and private funds to help the Indonesian government to roll the system out nationally. Cooperation from Malaysia's government was paramount in this effort to help stem the flow of illegal logs moving from Indonesia to Sarawak and Sabah.

YTL's contribution is now being used to help establish a Tropical Forest Center to be developed in Borneo consisting of a small group of TNC staff expert in forestry, forest ecology, training and communications.

The USD500,000 donation enables continuity of this work and identifies important forest habitats throughout the island of Borneo, including the four Indonesian provinces and Malaysian Sabah and Sarawak.

#### Map of Indo-Malay region to be developed



Source: The Nature Conservancy

#### **Allocation of Funding**

Project Activity	Request (US\$)
Establish and manage a Tropical     Forest Center for Indo-Malaya	
Assessment of important forest habitat (HCVF) island-wide throughout Borneo.	150,000
Conduct training programs that strengthen partners, provide support to ongoing projects, and create a supportive and enabling environment for on-site conservation in Indonesia and at sites throughout Indo-Malaya	150,000
Support for policy initiatives increasing accepta of Sustainable Forest Management in various countries throughout the Indo-Malaya region	nce 100,000
Support for TNC site based initiatives in Borneo and Sulawesi	100,000
Total	\$500,000

Source: The Nature Conservancy

TNC's work on coral reef conservation is also continuing to grow from strength to strength. The Coral Triangle Center (CTC, www.coraltrianglecenter.org) for marine conservation has been established in Bali and is now the hub for expansion of TNC's tried and tested tools to many sites around the region, combining improved enforcement methods to combat illegal and destructive fishing, with support to communities to find alternative sources of income, and use more sustainable fishing techniques. The Coral Triangle harbors the most diverse reefs on Earth and has been identified by major international biodiversity conservation organisations (TNC, WWF, WRI and CI) as a global priority conservation area. The World Resources Institute estimated that 88% of these reefs are under threat from human activities, with over-fishing and destructive fishing being the most pervasive threats. TNC's goal is therefore to establish and strengthen resilient networks of Marine Protected Areas (MPA) within priority ecoregions of the Coral Triangle area in Southeast Asia.

More information on TNC can be obtained from their website: www.nature.org.

#### YTL's Commitment to WWF-Malaysia and Rare Conservation



(From left to right) Nigel Sizer, Rare Vice President for Asia-Pacific, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, YTL Corp Managing Director, Dr. Dionysius Sharma, Executive Director & CEO of WWF-Malaysia, Ruth Yeoh, YTL Corp Director of Investments and Dato' Yeoh Soo Min, Executive Director of YTL Corp, at the grant presentation



(From left to right) Dr. Dionysius Sharma, Ruth Yeoh, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Nigel Sizer at the press conference

In October 2007, YTL donated a total sum of USD200,000 (USD100,000 each) to fund conservation efforts and sustainability projects at both *WWF-Malaysia* and Rare Conservation.

*WWF-Malaysia* is a national conservation trust that currently runs more than 75 projects covering a diverse range of environmental protection and nature conservation work in Malaysia. Since 1972, WWF-Malaysia has worked on important conservation projects, from saving endangered species such as tigers and turtles, to protecting highland forests, rivers and seas. WWF-Malaysia is able to leverage upon conservation expertise worldwide as part of WWF, the global conservation organisation. It is anticipated that YTL's contribution will be used to develop a *Human-Wildlife Conflict Mitigation Model* in the Jeli District of Kelantan. This is one of the poorest districts in Peninsular Malaysia and yet it has one of the highest incidences of human-wildlife conflict.

Rare Conservation, a US-based conservation organisation, works globally to equip people in the world's most threatened natural areas with the tools and motivation they need to care for their natural resources. Because Rare offers a suite of replicable tools and a training program in three languages (including Bahasa Indonesia/Malay), its partnership is often sought by large international conservation groups and coalitions that need a strong outreach component to their broader strategy. Recognised by Fast Company magazine as one of the "Top 25 Social Capitalists" for 2005, 2006 and 2007, Rare's signature "Pride" program and conservation toolkit is being used by everyone from *The Nature* Conservancy, World Wildlife Fund, and Wildlife Conservation Society to the United Nations Environment Programme, Earthwatch, and more than one hundred local NGOs around the world. YTL's contribution to Rare will be used to establish a cadre of effective local conservation leaders in Malaysia using social marketing tools and Rare Pride to (1) measurably enhance local support for conservation; (2) achieve measurable threat reduction for at least three major threats to biodiversity in Malaysia, i.e. mangrove and coastal habitat degradation, destructive near shore fishing, and forest clearing by local communities; and (3) in the longer term, shift broad perceptions of and enhance support for conservation in Malaysia using broader mass media approaches (radio, local TV and other channels) integrated across the proposed partnerships and campaigns.

Visit www.wwf.org.my and www.rareconservation.org for more information on these organisations.

### **Environmental Responsibility**

#### **CLIMATE CHANGE**

YTL, an advocate of environmental protection and promoting energy efficiency, have been consistently 'Seeking Zero' (carbon emissions) by working with partners who use clean technology, educating employees, supporting R&D for clean technology, investing in more efficient processes and systems while educating the public through initiatives like *Climate Change Week* and the *YTL Bird Island Green Homes Competition*.

We recognise the impact of global warming and climate change on our community, not just locally, but globally. We regard climate change as a clear risk and have taken measures to reduce Green House Gas (GHG) and noxious emissions in all our activities, from our utilities and cement manufacturing plants to property and hotel operations.

Furthermore, we understand that a company that adopts strategies to manage risks and opportunities associated with climate change in the face of uncertain regulations stands to realise significant gains. These gains come from a variety of factors including regulatory compliance, risk mitigation, cost reduction, development of a competitive advantage, and the creation of new products and markets. The three governance practices the YTL Group has adopted, and as outlined by Ceres<sup>1</sup>, include:

- Boards of directors and senior executives working together to address climate change and other sustainability issues
- CEOs embracing climate change as a near-time priority
- Management teams pursuing practical solutions to climate change

Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping attended the 2006 Clinton Global Initiative (CGI) in New York, an annual meeting where top leaders meet to focus on issues such as Energy and Climate Change. He was further invited by CNBC to discuss the effects, solutions and business of climate change, alongside a top panel of experts on their "Global Players" special, a follow up programme of the CGI. The panel included top academics and business personalities such as Jeffrey D. Sachs (Dean of the Earth Institute, Columbia University), Jim Hansen (Head of the Goddard Institute), Jeremy Leggett (CEO Solarcentury) and Fred Smith (President of the Competitive Enterprise Institute). Tan Sri Dato' (Dr) Francis Yeoh was the only Asian businessman chosen to represent Asian perspectives on climate change.

<sup>1</sup>Ceres (pronounced "series") is a national network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges such as global climate change. More information on <a href="http://www.ceres.org">http://www.ceres.org</a>

YTL Corporation was also invited this year to be a participant at both the Asia Pacific Economic Cooperation (APEC) conferences in Sydney and Forbes Global CEO Conference 2007, where climate change and energy security were top of the agenda for both conferences. We have this year also participated in many conferences to raise further climate change awareness in our nation, having supported the British High Commission (Malaysia) in their Cutting Carbon to Increase Profits conference and The Star newspaper in their Green Every Day Festival held at the Forest Research Institute Malaysia (FRIM). For the latter event, YTL sponsored seed packets which were distributed to the thousands of people who attended the event.

We are also a main investor of The Asian Renewable Energy and Environment Fund (AREEF), a vehicle that allows us to invest in and encourage companies that innovate in clean technology and the renewable energy sector.

The YTL Group is thus actively searching for innovative ways to encourage energy saving and to minimise the risk and glaringly visible effects of climate change. We therefore anticipate our future projects to integrate technology, policy and positive action to steer our company towards being not only clean and green, but also secure, in trust for future generations.

#### Climate Change Week, 6 - 9 March 2007





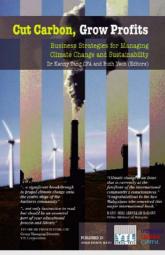
YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh; YTL Corp Group Executive Chairman Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay; and Ruth Yeoh, YTL Corp Director of Investments, at the official launch of Climate Change Week 2007

In March 2007, YTL Corp organised a Climate Change Week 2007 aimed at bringing more focus to the critical issue of global warming.

The Group sponsored **free screenings** of Al Gore's Oscar-award winning documentary *An Inconvenient Truth*, with over 5,000 free tickets distributed to the public. Sign-up for the movies tickets were so heavily oversubscribed that the Group decided to hold four extra screenings to satisfy popular demand.

Other events included a **one-day business conference** designed to educate on how companies can pursue sustainable business practices that benefit the bottom line, and the **global book launch of** *Cut Carbon, Grow Profits*, co-edited by Dr. Kenny Tang and Ruth Yeoh, Director of Investments at YTL Corp.





The Movie

The Book



The Conference

More information on this inaugural awareness-raising event can be found on <a href="www.ytlcommunity.com/climatechange">www.ytlcommunity.com/climatechange</a> where news, information and updates on Climate Change Week, climate change and the environment are updated regularly. YTL's CSR Reports are also available to download from the website, recording the company's efforts in social responsibility and sustainability.

#### Global Book Launch of Cut Carbon, Grow Profits



From left: Ruth Yeoh, Dr Kenny Tang, Dato' Seri Azmi Khalid and Tan Sri Dato' (Dr) Francis Yeoh at the launch of the 'Cut Carbon, Grow Profits' book

The global book launch of Cut Carbon, Grow Profits, co-authored by Dr. Kenny Tang and Ruth Yeoh (Director of Investments at YTL Corp) was held in conjunction with *Climate Change Week 2007*, sponsored by YTL Corp and officiated by Dato' Seri Azmi Khalid, the Minister of Natural Resources and the Environment.

The book notably contains forewords from the honourable Prime Minister of Malaysia, Dato' Seri Abdullah Ahmad Badawi, UK Foreign Secretary Margaret Beckett, UK Conservative Leader, David Cameron, and Virgin boss Sir Richard Branson among others. YTL Corp's Managing Director, Tan Sri Dato' (Dr) Francis Yeoh contributed to the postword of the book. With contributions from international experts, Cut Carbon, Grow Profits shows the benefits of incorporating strategic aspects of carbon thinking into the business strategies of companies, their customers and suppliers, in order to create sustainable shareholder value, cut costs, increase revenues, build powerful corporate reputations, develop new low-carbon products and services, engage employees, and create powerful brands in the process. Bringing together 20 case studies taken from cutting-edge international companies in a variety of sectors, such as YTL, Siemens, BT, Ford and Ernst & Young, it is essential reading for business executives at every level.

Post-Climate Change Week, books were donated to the libraries of several national and international universities in Asia and worldwide, in a conscious effort to contribute resources to the educational sector to open up knowledge of the growing importance of climate change and its available solutions. YTL realises the importance of education and educational establishments in influencing scholars and students whom will ultimately determine the fate of our future. It is for this reason that we have set up a YTL Scholarship Foundation which plays a strong role in growing and safeguarding the potential of our future generation of leaders (See "For The Next Generation" on page 14 of this report).

# **Environmental Responsibility**

#### Cut Carbon, Grow Profits Business Conference

In conjunction with Climate Change Week, a one-day *Cut Carbon, Grow Profits* business conference was held, designed for forward-looking corporate leaders who want to seize the challenges and profit from the impending challenges of climate change and the transition to a Low-Carbon Economy.

Open to members of the public, the conference brought this subject alive through its presenters, comprising selected global experts who contributed to the book, including Tan Sri Dato' (Dr) Francis Yeoh, Dr. Kenny Tang and Ruth Yeoh themselves. The conference chairman in attendance was Sir Paul Judge of The Judge Business School, Cambridge University. Corporate speakers included HBSC, EcoSecurities and Mitsubishi UFJ Securities Co. Ltd among others, with support from leading conservation organisations including The Nature Conservancy, the World Wide Fund for Nature (Malaysia) and Rare Conservation, to name a few.

The conference was oversubscribed but students of local universities were charged a half-price admission fee and allocated seats despite the conference's overwhelming popularity.

Overall, the conference illustrated how businesses could create sustainable shareholder value, cut costs, increase revenues, build formidable corporate reputations, develop new low-carbon products and services, engage employees, and create powerful brands, through incorporating strategic aspects of carbon thinking into their business strategies and those of their customers and suppliers as they begin their low carbon journey.

YTL staff were also invited to a follow-up "Carbon 101" workshop in the same week conducted by Dr. Kenny Tang to offer practical solutions towards YTL's vision of becoming a globally sustainable company.



Dr. Kenny Tang & Ruth Yeoh with invited speakers at the Climate Change Week *Cut Carbon, Grow Profits* Business Conference 2007.

#### **Power Generation & Transmission**



YTL's Paka Power Plant – a gasfired power station - is one of three plants that generate some 2,500MW of electricity for the state of Terengganu.

YTL Power obtained ISO 14001 Environmental Management Systems ("EMS") certification for its power stations in Paka and Pasir Gudang in Malaysia in September 2007 and mechanisms are also being implemented for the management of power plant gaseous emissions, waste effluent, discharge cooling water and industrial scheduled waste.

Recent modifications made to two of the Paka Power Station's gas turbines have reduced the amount of nitric oxide and nitrogen dioxide (the combination of which is commonly referred to as NOx) in the gas turbines' exhaust gases by around 50%. The same modifications are also planned for the stations' other gas turbines. Efforts have also been made to reduce the water consumption of the power stations by stopping blowdown on the heat-recovery boilers and reducing and eliminating, where possible, leaking valves on water-stream systems.

The Jawa Power station, which is operated by Jawa Timur, a wholly-owned subsidiary of YTL Power, continues to seek ways to reduce its carbon footprint. The station has a daily fuel consumption of approximately 12,000 tonnes of coal, which in turn generates about 400 tonnes of ash per day. The bulk of this is "fly ash" – smaller, lighter particles of ash that are separated from boiler exhaust gases in the electrostatic precipitators. With the consistency of very fine power, fly ash has the potential to pollute the air and groundwater as it contains traces of salts and metals, and the conventional method used to dispose of fly ash is to convert it into slurry and pump it into specially-built ash lagoons.

In 2002, however, Jawa Power embarked on efforts to find a safer and more environmentally-friendly use for the station's fly ash, and in 2003, the company began sending its fly ash to a nearby cement processing plant for testing. Fly ash reduces the cost of manufacturing concrete as it is only mixed with the cement in the final stages of production, making it an inexpensive replacement for cement used in concrete. In addition, fly ash actually improves the strength of the final product. After successful trials, the cement plant invested in additional facilities to enable it to use Jawa Power's fly ash, resulting in the utilisation rate of Jawa increasing from only 26% in 2003 to 78% in 2006.

#### Hotel Development & Management





**IW Marriott Hotel** 





The Ritz Carlton & The Ritz Carlton Residences, KL

At both our Ritz-Carlton Hotel and Ritz-Carlton Residences in Kuala Lumpur, "Green Meetings" are held frequently with senior managers to exchange ideas on "green operations" which are inline with YTL's serious efforts in creating sustainable environments.

The Ritz-Carlton Green Meeting's vision is to develop a brand-wide green meetings initiative that is adoptable regardless of hotel age, layout, architecture or location. The objectives of these meetings are to:

- Minimise the environmental footprint of each hotel's group and catered event activity
- Reduce event resource consumption by hotel and group clients
- Adjust hotel procurement Local Services Ordering and Provisioning Committees (LSOPs) to include sustainability criteria
- Conserve water and energy while still protecting the group luxury experience
- Reduce pollution and water generated by group and catering events
- Utilise meeting by-products to broaden local Community Footprints outreach

#### Water & Sewerage Services

Climate change is the biggest long-term issue for water utilities and is covered by **Wessex Water's Sustainability Vision** as follows:

#### Outcomes (what a sustainable Wessex Water would mean)

- Aiming for the company's combined activities to be carbon neutral, and using energy as efficiently as possible.
- Being in a position to adapt to weather events caused by climate change, without harming levels of service and standards.

#### Mechanisms (action for moving towards sustainability)

- An active programme to ensure that energy is used efficiently to minimise consumption
- Steadily increasing the proportion taken from renewable sources
- Reducing greenhouse gas emissions equivalent to a 60% cut between 1997 & 2050.

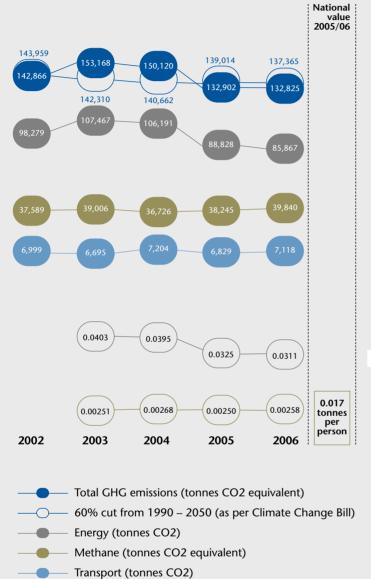
Two broad issues that are considered are:

- Adapting to climate change more turbulent weather patterns will make it harder to achieve the customer and environmental standards expected of water companies.
- **Reducing emissions** water companies' heavy energy use and sizeable process emissions make the aim of carbon neutrality extremely challenging.

Climate change awareness and carbon management have been at the forefront of Wessex Water's developments. Its environmental impacts - for example, quantities of water taken from the environment, effluent released into rivers, re-use of sludge and greenhouse gas emissions (mainly carbon dioxide and methane) - are closely monitored through environmental regulation. It is important to note that tighter environmental regulation has consequently benefited the water industry more. Wessex's carbon dioxide emissions are now lower than in 1990 because of technological advancements enabling the carbon content of an average kWh of electricity from the national grid to be lower.

### **Environmental Responsibility**

#### Greenhouse Gas (GHG) Emissions



Source: Wessex Water Sustainability Indicators 2007 Report

Energy (tonnes/person CO2)

Transport (tonnes/person CO2)

This year, Wessex Water's total level of greenhouse gas emissions was the second lowest since detailed data collection began over 10 years ago. This is as a result from the increased use of renewable energy. Emission calculations for this year were calculated using updated conversion factors from *Defra*.

The water company is currently meeting its target path of reducing emissions by 60% between 1990 and 2050. However, it will face further challenges in the area of carbon management due to increasing treatment standards requiring more energy intensive methods.

Wessex Water's energy consumption has climbed through increase of sewage treatment to meet environmental regulation. The company's carbon dioxide emissions, 95% of which came from consuming energy, has increased significantly in the last few years. The Royal Commission of Environmental Pollution published a report in 2001 that lobbied for a 60% decrease in carbon dioxide emissions from energy use by 2050 to avoid escalating damage to the earth's environment.

#### **Emissions Forecast**

Reduction of Emissions		
		Carbon Dioxide
	Carbon	& Methane
(tonnes)	Dioxide	Combined
What we emitted in 1997	101,108	168,224
What we would need to emit	40,423	67,312
in 2050 (60% less than 1997)		
Annual reduction needed from	1,145	1,904
1997 levels		

Source: Wessex Water Website, 'Climate Change and Carbon Management'

Wessex Water's energy use also increased by 35% - from 200m kWh to 270m kWh - between 1995 and 2005, mainly due the technologies required to meet tight water and effluent quality standards.

The current options for reducing the company's impact are set out below:

#### 1. Improving efficiency of water & sewage treatment

Wessex Water already monitors sites to identify those whose energy use is higher than benchmark levels. While the company is already considered a leader in this activity, further work could become more attractive if energy prices continue upwards.

#### 2. Renewable energy

Wessex Water met its target for 20% of energy to come from renewable sources by 2005. The next target is for 50% of energy to come from renewable sources by 2020, and ultimately 100%.

#### 3. Process Emissions

The main greenhouse gases process emissions are methane and nitrous oxide. These are, respectively, 23 and 310 times more potent as greenhouse gases than carbon dioxide.

#### Methane

Water regulation brought about more sewage treatment and thus cleaner rivers and coastal waters, but it also meant more sludge (and therefore more methane) being produced. In recent years, Wessex Water has significantly reduced methane emissions by virtually ending the landfilling of sludge, but it is estimated that its emissions remain at least double that of the 1990 level.

#### Nitrous oxide

These emissions arise principally from ozonation (used to treat drinking water), denitrification within sewage treatment and spreading sludge on land. The UK industry has started to develop systems for estimating nitrous oxide emissions.

Reducing emissions of methane and nitrous oxide to zero is not practicable, given the scale of Wessex Water's sewage and sludge activities. In the long term, carbon offsets might be the only way of completely neutralising these impacts.

#### 4. Transport

Wessex Water's transport fleet – dominated by vans, pickups and tankers - mainly runs on diesel. The carbon dioxide produced is about one twelfth of the carbon dioxide from energy use. While smarter scheduling of vehicle movements can bring about some mileage reductions, the ideal long term solution would be to have the entire fleet running on non-fossil fuels. This is dependent on both the availability of both suitable vehicles and carbon neutral fuels.

To further encourage proactiveness, Wessex Water has signed up to Fair Shares, Fair Choice (FSFC), a growing movement of people who are choosing to live and work within a fair share of carbon. Launched in March 2007, FSFC has already attracted over 400 supporters – individuals, businesses, organisations and groups who have signed up to the principle of 'a globally fair and safe carbon share for everyone'. FSFC offers services such as a carbon footprint calculator, a personal carbon budget and a carbon lifestyle coach.

#### **Cement & Construction**



A YTL Cement Plant

YTL Cement is the second-largest cement company in Malaysia with a cement production capacity of 6.1 million tonnes p.a. It is the largest ready-mix concrete company in Malaysia, with fully integrated operations across the complete manufacturing value chain, from quarry operations to clinker and cement production, sales and distribution, logistics and ready-mixed concrete.

Its Pahang Cement plant has obtained **ISO14001** (Environment Management System) Certification since 2001 and is rated **4 Stars** by the Independent Cement Producers Association (ICPA) in London based on the plant's comparative performance in:

- Safety & manpower productivity
- Energy efficiency
- Environmental performance

The EMS programme is intended to fulfill a number of objectives, including carrying out the Group's responsibilities as a good corporate citizen by taking a proactive role in adopting environmentally-friendly practices and improving employees' health and safety through the provision of a cleaner and more conducive working environment.

The Group is striving to inculcate a continuous improvement culture within the organisation so as to reduce costs and improve quality, whilst ensuring protection of the environment. These measures were successfully implemented and MS ISO1400:2004 certification was subsequently officially awarded to its Perak-Hanjoong cement plant in November 2006.

# **Environmental Responsibility**

At the Perak-Hanjoong plant, YTL Cement embarked on a number of Operations Improvement Projects with a view to increase production, improve product quality, and reduce costs. All of these projects also improved the energy efficiency of the plant and reduced CO2 emissions. The modernisation and improvement projects completed at Perak-Hanjoong works include:

- Optimisation of the raw material sources and quality which improved the stability of kiln operation and increased annual clinker production.
- Modern high efficiency separators have been installed on the raw and coal mills, resulting in increased production, improved burnability and reduced electrical power consumption.
- Static inlet grate installed on the PL2 clinker cooler improved the clinker quality and significantly reduced the fuel consumption of the kiln.
- The clinker cooler and its ancillary equipment at PL1 line is being replaced with a modern, efficient and low maintenance design.
   When the new cooler is commissioned before the end of 2007, the fuel consumption of the kiln will be significantly reduced, clinker quality optimized, maintenance costs reduced and the run factor increased resulting in higher annual clinker production.

The company has regional expansion plans and is currently evaluating investment opportunities in Singapore, China, Middle East & Indonesia. The acquisition of the Zhejiang Lin'an Jin Yuan Cement Co., Ltd. in China will further complement YTL Cement's existing core business activities and is in line with its expansion strategy. What is attractive in this investment is its potential to generate carbon credits and Certified Emissions Reductions (CERs).

#### **Express Rail Link**

This year, E-MAS has embarked on a "3R Project" jointly with ERLSB to play a part in YTL Corp long-standing involvement and commitment to environmental protection. It is designed to raise the level of environmental consciousness amongst the staff, as well as inspire everyone in joining the fight against global warming.

#### The 3R Project

- **Reduce** Minimise the usage resulting in a smaller amount of waste, or using natural resources wisely through conservation
- **Reuse** Use materials in their original form or pass them to others to use
- **Recycle** Reusable material can be remade into either the same product or new products rather than disposed.

E-MAS has already initiated and embarked in some 3R projects as highlighted below:

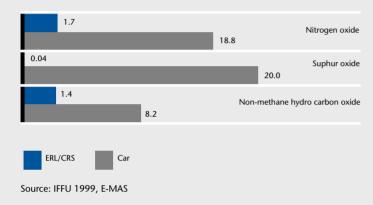
- Modification of station lighting control Changing station lighting control from a sensor-based to a timer-based one. Timers are also set to turn off lights during non-operational hours and plans have been made to switch to energy saving lighting.
- Optimising Building air-condition systems Identified rooms are fitted with fans and Air-Conditioning operations are limited.
- Train driving based on Energy Saving Profile (ESP) Train Drivers (OTDs) to drive train based on ESP driving profile.
- Recycling of consumables Train tickets, used papers, and disposed items, are recycled.

From an environmental perspective, the emission of greenhouse gases (GHGs) is a critical issue for all modes of transport. The following diagrams show a comparison of emissions between the REL/CRS system and a car over a distance of 60 kilometres, approximately the distance between KL Sentral Station and the Kuala Lumpur International Airport (KLIA). It therefore makes sound common sense as well as environmental sense to take the trains to KLIA as they emit less carbon dioxide and are thus less polluting.

The following chart shows the emissions for:

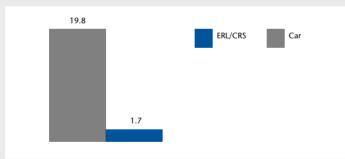
- Nitrogen Oxide
- Sulphur Oxide
- Non-Methane Hydro Carbon Oxides

#### g/person/trip



The following chart shows the emissions of carbon di-oxide

#### Emissions of Carbon Di-Oxide kg/person/trip



Source: IFFU 1999, E-MAS

Visit www.kliaekspres.com for more information.

#### **Future Projects**

Proposed Klang River Clean-up, Kuala Lumpur

The Federal Territory of Kuala Lumpur currently has no comprehensive central sewerage system. Water pollution in the Federal Territory of KL arises from discharges of domestic waste, sullage (water from baths and sinks), septic tank effluent and industrial waste, as well as solid refuse and material from soil erosion. Sewage continues to represent a significant amount of the pollutants discharged in the Federal Territory of Kuala Lumpur and the Klang valley. It accounts for about 26% of the total organic waste generated in the country.

Inadequate sanitation and sewage treatment because of the lack of centralised sewage collection and treatment facilities remains the main problem faced by the City. Survey work carried out by YTL in the river stretch Jalan Jelatek to Masjid Jamek has shown that, daily, up to 50ML /d of contaminated effluents enter the river in dry weather conditions. This flow and the associated contamination is equivalent to almost half the total organic load measured in this river stretch.

In recognising that problem, a master plan for sewerage and sewage disposal in Kuala Lumpur and its environs was devised and approved as far back as 1974. An environmental sanitation programme was developed for upgrading the existing system in those areas not served by the central sewerage system. YTL has therefore proposed a rehabilitation of the Sungai Klang (Klang River), with the faith that river and water supplies and services can improve through undertaking this challenge. The eventual goal is to develop every river in Malaysia to Grade Two level, which means they can become potential water sources.

#### Be Part of The Solution

YTL believes everyone has a part to play in protecting our earth and the environment.

Want to do something to help stop global warming? Here are 10 simple things you can do and how much carbon dioxide you'll save by doing them.

#### 1. Change a light.

Replacing six regular light bulbs with compact fluorescent light bulbs will save 400kg of carbon dioxide a year.

#### 2. Drive less.

Walk, bike, carpool or take public transport more often. You'll save 1.5kg of carbon dioxide for every 5km you don't drive!

#### 3. Recycle more.

You can save 1,000kg of carbon dioxide per year by recycling just half of your household waste.

#### 4. Check your tyres.

Keeping your tyres inflated properly can improve your car's fuel efficiency. Every litre of petrol saved keeps 2.5kg of carbon dioxide out of the atmosphere!

#### 5. Use less hot water.

It takes a lot of energy to heat water - use less hot water by installing an energy efficient triple A rated showerhead (3 tonnes of carbon dioxide saved per year) and washing your clothes in cold or warm water (225kg saved per year).

#### 6. Avoid products with a lot of packaging.

You can save 545kg of carbon dioxide if you cut down your garbage by 10%.

#### 7. Keep your car tuned up.

Regular maintenance helps improve fuel efficiency and reduces emissions. When just 1% of car owners properly maintain their cars, nearly a billion pounds of carbon dioxide are kept out of the atmosphere.

#### 8. Plant a tree.

A single tree will absorb one tonne of carbon dioxide over its lifetime.

#### 9. Turn off electronic devices.

Simply turning off your television, DVD player, stereo, and computer when you're not using them will save you thousands of kilograms of carbon dioxide a year.

#### 10. Be a part of the solution.

Learn more and get active at www.ytlcommunity.com/climatechange

#### **Our Websites**

**Find out More** 

Be Part of Our Community www.ytlcommunity.com www.ytlplatinumplus.com

Supporting the Arts www.starhillgallery.com/muse.asp

Education & the Next Generation www.ytl.com.my/jobs.asp www.ytlcommunity.com/scholarship

Water & Our Business www.wessexwater.co.uk/sustainability www.wessexwater.co.uk/strikingthebalance2006

Energy & Our Business www.electranet.com.au.

Sustainable Planning & Design
www.birdisland.com.my
www.maple.com.my
www.starhillgallery.com
www.lot10.com.my
www.propertynetasia.com.my/newdevelopment/Centrio/home.html

Express Rail Link & Our Business www.kliaekspres.com

Jungle Trekking & Our Resorts www.pangkorlautresort.com/forest.html

Climate Change Week www.ytlcommunity.com/climatechange

Our Environmentalist Friends www.nature.org www.wwf.org.my www.rareconservation.org

Our Memberships http://www.iblf.org http://my-icrm.org

Our CSR Report 2006 www.ytlcommunity.com/climatechange

ACCA MESRA 2006 Awards http://www.accaglobal.com





#### www.ytlcommunity.com

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