UEM ENVIRO

A member of **UEM Group**

Sustainability Report 2009

RESPONSIBLY CREATING VALUE

We define sustainability as protecting and enhancing the state of our environment and making decisions based upon our environmental impact.

Today, more than ever, efficiency and integrity are key values in caring for a company, the environment and society.

Corporate citizenship is the only way forward.

WHAT'S INSIDE

ABOUT THIS REPORT

Our business is about helping others manage their environmental impression. Our customers want more than efficient collection at the lowest cost. They desire help in meeting their sustainability goals. We provide responsible, environmentally sound solutions for the disposal of hazardous waste, and reprocessing of recyclable items such as waste oil, waste solvent, waste metal hydroxide, waste paint, E-waste, and waste acid.



Excellence is strived for; from serving large multi-national customers, to taking care of waste and the collection of recyclables our goal is to run a quality, customer-driven business in an environmentally accountable and financially sustainable manner.

We are essentially making things better for tomorrow by leading by example today; and in turn, creating value and dependability for our shareholders and stakeholders.

Our Social & Environmental Bottom Line

Our mission regarding sustainability has been consistent over the years. We have strived to understand our impact in the communities we touch, and to create positive and sustainable change through our business practices and community outreach.

Material Issues

Our 2009 Sustainability Report includes information on areas in which our company and our stakeholders consider significantly important. We identify these material issues by talking to our stakeholders, tracking media coverage, and assessing our own operations' performance against the policies and standards we have set.

The views and interests of our local stakeholders are communicated through regular engagement activities designed to elicit their views about our operations. If a majority of stakeholders think an issue is critical, then we likewise, consider it to be pertinent. In addition, if several leading global NGOs raise subjects of concern, or if the national or international media frequently report on a topic then we consider this too, to be of vital importance. We also may frequently relate other lower profile points that we consider to be material to stakeholders.

Content

This report addresses :

- The health and safety of our employees, contractors and communities.
- The fair and equitable treatment of our work force.
- The long-term or sustainable contribution our operations make to local communities.
- The protection of the environment throughout our operation's life cycle.
- Other activities and projects sites that may be material to the subject at hand.

Feedback

We welcome your comments. Please e-mail us at: csd@kualitialam.com. Alternatively, you may contact:

Mr Chiew Hai Wah
Manager, Corporate Communications Department
chiew@kualitialam.com
13-1, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

We report to be open and honest and to show that we are attuned as to what is expected of us as a global-thinking company.

This report concentrates on describing how we approach sustainability reporting as well as, the internal and external assurances we seek to validate our reporting. We also share detailed information on the 2009 programmes and performances in the areas of community relations, environment, health and safety, and employee wellbeing.

The present report includes all significant sustainability activities carried out by UEM Environment in all its operations and subsidiaries between 1 January and 31 December 2009. This year, we are reporting an additional subsidiary, Special Builders Sdn Bhd – a fully owned subsidiary under UEME which was established in 2008 to manage the End of Life Vehicle (ELV) programme. There have been no organisational changes in 2009.

Data presented here refreshes our 2008 report – which was published on 23 December 2009 – and is for the 2009 calendar year, with no significant changes in the scope, boundary or measurement method. All financial figures are quoted in Malaysian Ringgit (RM). References to "UEME," "the company," "we" and "our" refer to UEM Environment and/or our affiliates and subsidiaries.

In geographical terms, the area of operations includes Malaysia, and countries where we conduct our affairs, as detailed in our Operations Overview section. The economic, social and environmental indicators contained in this report have been structured to reflect the progress of UEME's Sustainability Policy commitments

Principles for defining the contents

We prepared the 2009 Sustainability Report in accordance with the Global Reporting Initiative (GRI) guidelines (G3). We are therefore, consistent with the overall direction of the ISO 26000 draft guidance standard on social responsibility. We also commissioned Bureau Veritas Certification (BVC) to provide independent assurance on our Sustainability Report, to ensure that it is objective and credible. BVC also verified select data contained in the report as part of its independent assurance process.

MANAGING DIRECTOR'S **MESSAGE**

Sustainability has always been the core around which our business revolves. This year, we are proud to present our fifth consecutive Sustainability Report since 2005. The current Report theme, "Responsibly Creating Value", reflects on the company's 2009 progress in bearing the fruits of its sustainable efforts over the past several years. In spite of the global economic crisis, we managed to increase our revenue by 28% as compared to 2008. This is a result of our holistic approach in managing our business – we make it a point to conduct our trade in an ethical way, earning our customers' business on the strength of our solutions, the expertise of our people and the value we bring. Operating in an ecologically responsible way, and helping our customers do the same is, increasingly, a requirement in the requests of services that we respond to.

We believe in creating value by means of sustainable practices. Being a responsible corporate citizen is not only the right thing to do but the right business thing to do. We recognise the importance of striking a balance when it comes to the triple bottom line. The quality of which we strive to deliver in terms of our service, environmental stewardship, and health and safety standards is defined in our Corporate Scorecard. Sustainability management is intrinsic to every decision we make.

One of the highlights in 2009 include the upgrading of our Old Leachate Treatment Plant (OLTP). Once only capable of treating only storm water, the OLTP can now treat various types of wastewater, and at a higher capacity than before. Operations at this modified OLTP initiated in July 2009, and as of the end of the year it had already generated RM4 million to Kualiti Alam. In addition, it serves to help the Physical Chemical Treatment (PCT) plant clear its waste backlog. It is noteworthy that only a minor upgrade was required for this vast improvement in the OLTP's functions. In fact, the upgrade took only less than two months to complete. We look to continue optimising our resources in a similar manner.

I am also delighted to draw attention to the initiation of our ELV programme in August 2009. Operated by our subsidiary, Special

Builder's Sdn Bhd, and based in Proton City, the ELV programme is the first of its kind in Malaysia to manage the systematic, proper disposal of vehicles. To put it briefly, the scrapping process involves the methodical dismantling and depollution of vehicles, and the subsequent recycling of all recyclable items. As of the end of 2009, we had collected 26,216 cars and scrapped 11,507 cars.

After 15 months since construction work began in July 2008, our Kualiti Alam Modular Incinerator (KAMI) initiated operations in October 2009. Designed in collaboration with our Danish collaborator, Niras A/S, KAMI is the pride of Kualiti Alam. It is a model which improves upon many aspects of our regular rotary kiln incinerator, such as, operational efficiency, versatility in handling various types waste, and the ability to minimise environmental impacts. Overall, there has been a 22% increase in the amount of waste treated by incineration in 2009. We believe that this breakthrough incinerator model can benefit many developing countries in dealing with their waste.

We have made great progress with our associate company, Environment Idaman Sdn Bhd which was awarded the contract to conduct solid waste management and provide public cleansing services in all districts in Kedah. For the benefit of our readers, E-Idaman Sdn Bhd is the holding company for Environment Idaman Sdn Bhd. A signing ceremony for the Takeover of Solid Waste Management and Public Cleansing of Kedah State took place on 25 November 2009 at Wisma Darulaman in Alor Star for the districts of Sungai Petani, Kulim, Pendang, Baling, and Bandar Baharu. While on 27 October 2009, a similar agreement was signed between Environment Idaman and five districts including Alor Star City Council, Kubang Pasu, Sik and Padang Terap district councils, as well as the Kulim Hi-Tech Park local authority.

We are pleased to inform our readers that as of 1 November 2009, customers would be able to call our hotline at 1-800-88-ENVI or 1-800-88-3684 for details of our services or to lodge complaints. We have also established a Skuad Idaman as the First Response Team to look into any complaints raised as of October 2009.

In terms of business expansion in 2009, the company was exploring waste management initiatives in the Middle East, targeting the oil and gas industry. By year-end, we had managed to identify several potential projects of which, ground work is currently in progress. Additionally, two new local contracts were secured within the year. Despite the trying economic times, such positive growth was very encouraging for the organisation as a whole.

We recognise the importance of our people and their development at UEM Environment. In this sense, I am pleased to inform our readers that there has been a 60% improvement in the Proficiency Level and Competency Gap Analysis that was conducted over five departments in 2009, meeting our stretched target for the year's key performance indicator in the area of people and organisation development. We plan to further develop our workforce, as it is the very essence of our business operations.

In 2009, we continued our pursuit for energy efficiency via our Six Sigma programme. On the whole, we managed to save up to 3,011,651 kWh in terms of energy consumption. Concurrently, a 16.8% (RM4.81 million) in cost savings was achieved, far exceeding even our stretched target of 5% in 2009. As of the year-end, several Six Sigma initiatives were still in progress. We shall continue expanding and improving our Six Sigma programme as it not only saves energy and costs, but also helps reduce our carbon footprint.

We spent our first year developing a deeper understanding of our biggest challenges in the corporate social responsibility arena, establishing some benchmarks, and benefiting greatly from the views, advice and straightforward assessments of external experts. Now we need to move on to execution, to tell our people what we envisage, empowering them to develop the programmes and initiatives we require to be the kind of corporate citizen we aspire to be. Safety, environmental and social performance must act in tandem with our business plans.

As much as we have achieved thus far, we recognise that much more can be done to further improve ourselves as an organisation. I have always believed in the saying "It's never too late to be what you might have been". We hope to continue engaging with you and we welcome your feedback. I hereby present to you, our 2009 Sustainability Report: Responsibly Creating Value.

Azmanuddin Haq Ahmad,
Managing Director

UEM ENVIROMENT'S PROFILE

UEM Environment plays a major role in the Malaysian environmental services industry; providing integrated waste management services with one of the most comprehensive scheduled waste management facilities in the South East Asian region. We deliver the full package, from the collection through to the proper treatment, and disposal of hazardous waste.

Our Vision

The Trusted Partner in Environmental Solutions

Our Mission

To provide Innovative Services and Value-Added Solutions for SUSTAINABILITY OF THE ENVIRONMENT

Policy Progress

In 2008 we presented our sustainability policy for the first time. Here in our 2009 Sustainability Report, we present to you the actions taken on this path thus far, in line with our sustainability policy commitments.

Sustainability Policy Commitments	Action To Date
1. To reduce our Green House Gas (GHG) emission through meeting our energy efficiency goals, GHG offsets and new renewable energy initiatives through implementation of the Six Sigma programme.	• Initiation of the versatile, fuel-efficient KAMI plant in October 2009. • Continuation of our tree-tagging initiative. To date, we have tagged 796 trees and planted 43 trees in and around the WMC. • 2009 Six Sigma initiatives include: › Installation of electronic ballasts and energy saving tubes for lighting at the WMC. › Installation of an inverter at the motor drum handling Unit 6 (U6). › Making the switch from R22 to HC 22A as refrigerant for the 11 air-conditioning units in the Admin building. › Overall, as a result of our Six Sigma programme, we managed to reduce the energy consumption (kWh) at our Admin building and at U6 by 50% and 7% respectively, between 2008 and 2009.
2. To integrate sustainability consideration into all our decision-making processes in managing our business, ranging from treatment methods in Kualiti Alam, to recycling waste in Kualiti Kitar Alam.	• Expansion of our office recycling initiative. There is a 760% increase in the total amount recycled from our offices between 2008 and 2009. • We have recovered 187% more waste from the waste stream through Kualiti Kitar Alam in 2009, as compared to 2008.
3. To continually focus on contributing to the well-being of our surrounding communities, and to utilise our resources and expertise to effect positive change, in increasing the biodiversity in our environment.	• Our continued efforts to actively engage our local communities via dialogue sessions and quarterly newsletters. • Development of a programme to assess health risks faced by the local communities – scheduled for 2010. • This year we are reporting the amount of species of flora and fauna surrounding the WMC, listed under the IUCN Red List of Threatened Species and the Malaysian Wildlife Protection Act of 1972.
4. To advance our process safety management systems, to identify and reduce potential process hazards, continuously improve on cleaner technologies and processes and to implement enhanced company-wide occupational hygiene and health standards.	• In 2009, we recorded the lowest amount of accidents / incidents over a time span of eight years, since 2002. • Our man hours with zero LTI have steadily grown to 4.3 million. • Initiation of efforts promoting better access to women health education. • Taking into consideration workplace ergonomics for our staff working in an office environment.
5. To build on our Company culture and capability for growth, provide a stable base for opportunities, jobs and benefits and to commit towards creating a workplace that is healthy, diverse, stimulating and rewarding.	• Practising equal opportunity when it comes to access to employment. • 100% of our staff receive performance and career development reviews. • The value allocated for employee social benefits increased by 29% in 2009. • We have a Whistle Blower Policy in place which ensures a fair and unbiased mode of operation. Integrity is a quality we highly regard.
6. To review annually and to report in a continuous manner, measurable progress of our social investments.	• Every year since 2005, we have been fine-tuning our Sustainability Report to better reflect the progress of our company in terms of the triple bottom line. • Every subsequent report – including the present report – updates its predecessor and expands on new initiatives for continual improvement.

OPERATIONS OVERVIEW

We have been in the business of treating and managing hazardous waste in Malaysia for the past 14 years. Since our humble beginnings in 1996, we have expanded our operations to the following subsidiaries:

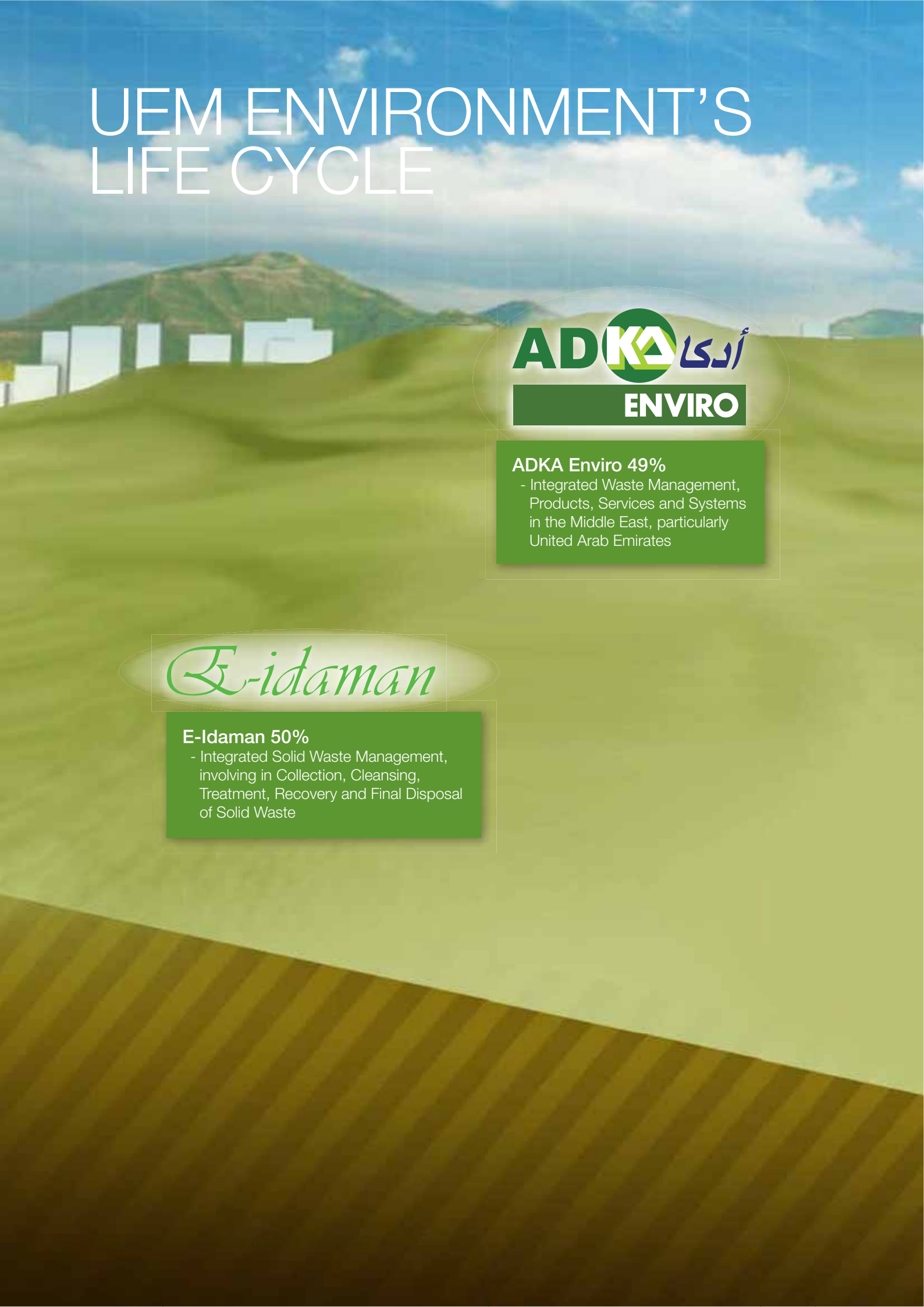
- Kualiti Alam was entrusted by the Government of Malaysia to undertake the Privatisation of Malaysia's 1st Integrated Hazardous Waste Management System on 18 December 1995. To meet these requirements, our Bukit Nanas WMC, commenced operations in 1997; to provide complete management of hazardous waste from "cradle to grave": commencing from collection of waste at the premises of waste generators, the transportation, the treatment, to final disposal.
- Kualiti Kitar Alam is the hazardous waste recycling and recovering arm of UEME. The company completes the service chain provided by our group of companies, in terms of offering a complete cradle to grave service on hazardous waste management solution to its wide customer base. Its facilities are also located at the WMC in Bukit Nanas, Negeri Sembilan. The WMC incorporates the latest technologies and has been especially efficient in recycling and recovering the various categories of hazardous waste based on the 4R concept (recycle, reduce, reuse and recover).
- Kualiti Khidmat Alam is our hazardous waste transportation and marketing services provider. It has a comprehensive network of branch offices located nationwide, and has been in operation for over 10 years. KKA began by serving Kualiti Alam as its sole marketing and logistics agent.
- E-Idaman provides exemplary solid waste management services to the complex needs of towns, businesses and municipalities. At these levels, we promote the 3Rs (reduce, reuse and recycle) and create value for our customers by designing and operating state-of-the-art transfer, recycling and treatment facilities, engineered landfills that meet strict environmental regulations.
- Abu Dhabi Kualiti Alam Environmental Services Limited Liability Company (ADKA) is a joint-venture company registered in Abu Dhabi, United Arab Emirates (UAE) between UEME and Abu Dhabi Commercial Agencies & Companies Representation Est. (ADCAR), a local UAE establishment. ADKA is positioned to provide all the expertise necessary to supply one-stop environmental and waste management solutions efficiently and effectively in a sustainable manner to Gulf Cooperation Council (GCC) Countries, particularly the rapidly growing economy in UAE.
- Special Builders is a full subsidiary under UEME, incorporated in 2008. It manages the ELV programme which commenced operations in August 2009. The ELV programme involves the systematic dismantling, recovery, recycling and proper disposal of discarded vehicles.

AWARDS

In 2009, several accolades were bestowed upon us, in recognition of our performance in various aspects of our industry. The following summarises our achievements for the year.

Date	Award
14 May 2009	UEME's Kualiti Alam and Kualiti Khidmat Alam won the prestigious international 2009 Royal Society for the Prevention of Accidents (RoSPA) Gold Award for the company's Occupational Health and Safety Performance in Birmingham, England. RoSPA, a charitable organization registered in England and Wales is dedicated to the mission of saving lives and reducing injuries at the workplace. It has been conducting the awards since 1956.
7 August 2009	Kualiti Alam received the MSOSH OSH GOLD CLASS I AWARD by the Malaysian Society For Occupational Safety and Health (MSOSH) for its Occupational Safety and Health (OSH) record and practice at its Integrated Scheduled Waste Management Centre in Bukit Nanas, Negeri Sembilan.
7 August 2009	Kualiti Khidmat Alam, the marketing and logistics subsidiary of UEM Environment won the MSOSH OSH GOLD AWARD by MSOSH for its OSH record.
13 August 2009	UEME's 2007 Sustainability Report was awarded the "Best Sustainability Report" at the Malaysia Sustainability Reporting Awards 2009 by ACCA–MaSRA.
30 October 2009	Kualiti Alam won the Sri Cipta Award at Malam Anugerah Kumpulan UEM 2009.
25 November 2009	Kualiti Alam and Kualiti Kitar Alam won Notable Achievement Award in the 2008/2009 PM's Hibiscus Award for best environmental performance.
11 December 2009	Kualiti Alam received its 7th consecutive Institut Kimia Malaysia Excellence Award for excellent laboratory practice and competency.

UEM ENVIRONMENT'S LIFE CYCLE



ADKA أدكا ENVIRO

ADKA Enviro 49%
- Integrated Waste Management, Products, Services and Systems in the Middle East, particularly United Arab Emirates

E-idaman

E-Idaman 50%
- Integrated Solid Waste Management, involving in Collection, Cleansing, Treatment, Recovery and Final Disposal of Solid Waste

CUSTOMER'S GENERATED WASTE

Kualiti Khidmat Alam (KKA) 100%
- Upstream Hazardous Waste Management, involving in Marketing, Transportation of Hazardous Waste

HAZARDOUS WASTE

Kualiti Kitar Alam (KKi) 70%
- Midstream Hazardous Waste Management, involving in Recovery, Recycling of Hazardous Waste

RECYCLING AND RECOVERY

Special Builders (SBSB) 100%
- Deregistration and End of Life Vehicle under Systematic and Environmental Friendly Operations

TREATMENT AND DISPOSAL

Kualiti Alam (KA) 100%
- Downstream Hazardous Waste Management, involving in Treatment & Final Disposal of Hazardous Waste

MANAGEMENT TEAM

Azmanuddin Haq Ahmad
Managing Director

Tan Piew
Business Development (China & Indochina)

Chow Yin See
Finance

Chiew Hai Wah
Corporate Communications

Sulaiman Ahmad
Human Resource & Administration

Abd Rashid Mohamad
Purchasing

Nurulhuda Faisol
Legal

As at 31 December 2009

Suhaimee Mahdar
Chief Operating Officer

Siti Nadzriah Abd Hamid
Environmental Management Services (EMS)

Razali Abu Bakar
Support Services & Facilities Management (SSFM)

Hamdan Osman
Safety, Health & Environment (SHE)

Mohd Zaidi Zakaria
Management Information System (MIS)

Kualiti Khidmat Alam

Nick Chong
Environment Support Services & Logistics

Sathish Kurup
Marketing

Kualiti Kitar Alam

Azman Mohd Yunus
Kualiti Kitar Alam (KKI)

Abd Halim Sharif
Customer Account Management (CAM)

Abd Halim Md Nor
Operational Improvement

Rosman Shaari
Kualiti Alam Modular Incinerator (KAMI)

CORPORATE GOVERNANCE

In a nutshell, the most important safeguards of corporate governance are having people of ethical character, integrity and values. We are confident of our board and the company reflects this.

As of 31 December 2009, the UEM Environment (UEME) Board of Directors (Board) consisted of the following :

1. Tan Sri Nuraizah Abdul Hamid
Chairman

Tan Sri Nuraizah Abdul Hamid is an Independent Non-Executive Director in the UEM Environment Board. Since 30 April 2008, she has served as the Chairman for UEM Environment, and, apart from this, she was appointed as the Chairman for Kualiti Alam on 11 June 2009. She is also the Chairman for AKRiZ Sdn Bhd, a company focusing on total solutions and systems integration in the fields of advanced technologies, defence and communications. She is also Chairman of RAC Development Sdn Bhd, a joint-venture company between AKRiZ and a subsidiary company of the Perbadanan Kemajuan Negeri Perak. Tan Sri Nuraizah also sits as a member in the Advisory Panel of the Cluster Schools Programme of the Ministry of Education.

She served as the Chairman of the Malaysian Communications and Multimedia Commission (MCMC) from 1 November 2000 to 31 October 2003. Prior to that, from 1 June 1996 to 31 October 2000, Tan Sri Nuraizah was the Secretary-General of the Ministry of Energy, Communications and Multimedia (MECM), earlier named as Ministry of Energy, Telecommunications and Posts. Before her retirement in 2000, Tan Sri Nuraizah had served a total of 33 years in the public service in various positions in the Government. Other than as the Secretary-General of the MECM, she had also served in the Prime Minister's Department, the Ministry of Agriculture, the Public Service Department and the Ministry of Education. She was also seconded to the Economic and Social Commission for Asia and the Pacific (ESCAP) to serve as a Programme Officer for two years in its Development Planning Division. During her tenure as Secretary-General of the MECM, she also served on the Board of Directors of Tenaga Nasional Berhad, Telekom Malaysia Berhad, Pos Malaysia Berhad, Multimedia Development Corporation (MDeC) and the Malaysia-Thailand Joint-Authority.

Tan Sri Nuraizah holds a B.A (Hons) from University of Malaya and a Masters of Public Administration from The American University, Washington D.C. She also received an honorary PhD in Management of Technology from University College of Technology Tun Hussein Onn, Malaysia. She attended a Senior Management Training Programme at the New Zealand Staff Training Institute in 1984 and the Advanced Management Programme at the Harvard Business School in 1997.

2. Azmanuddin Haq Ahmad
Managing Director

Azmanuddin Haq Ahmad is the Managing Director of UEME and Kualiti Alam. He also sits on the board of UEME group of companies namely Kualiti Khidmat Alam, Kualiti Kitar Alam, E-Idaman, Environment Idaman and Special Builders. He is also the Executive Vice-Chairman of Abu Dhabi Kualiti Alam Environmental Services LLC based in Abu Dhabi, United Arab Emirates. Azmanuddin holds a BA (Honours) Degree in Accounting and Financial Management from the University of Sheffield, United Kingdom. As the head of company, Azmanuddin is responsible for UEME group's operations and activities; for both scheduled (hazardous) and non-scheduled (non-hazardous) waste industries to achieve its vision in providing the Greener Environmental Solutions. In view of UEME group's active participation in preserving our nation's environment, Azmanuddin has been elected as the Honorary Secretary General for Business Council for Sustainable Development of Malaysia (BCSDM) since 2007. Prior to this, he was the EXCO member of BCSDM for 2 consecutive terms.

Azmanuddin joined UEM Group as Assistant General Manager in the office of Managing Director/Chief Executive Officer (MD/CEO) in November 2001. Subsequently, he was promoted to General Manager in May 2002. He was made the Special Assistant to the Executive Vice-Chairman of Renong Berhad (now known as UEM Land Sdn Bhd) in November 2002 and rose to the position of Director in the office of the MD/CEO of UEM Group on January 2003. He previously served on the boards of Cement Industries of Malaysia Berhad and Faber Group Berhad. Prior to joining the UEM Group, Azmanuddin had 8 years experience as an Investment Banker specialising in Mergers & Acquisitions and Public Listings with Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad).

3. Annuar Marzuki Abdul Aziz
Director

Annuar Marzuki is a Director of UEME and is the Group Chief Financial Officer of UEM Group Berhad. He is a Fellow Certified Practising Accountant of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants. He holds an Honours degree in Accountancy and a Masters degree in Business Administration (Finance) from the International Islamic University. He also holds a Diploma in Comparative Law from the Institute of Islamic Studies.

Annuar started his career in the Audit & Business Advisory Services division of Pricewaterhouse in 1993 before moving to the Audit Department of UMW Corporation Sdn Bhd, a conglomerate involved in the automotive, engineering, and oil and gas industries. He joined the Internal Audit Department of Renong Berhad (now part of the UEM Group) in March 1995. A year later, he moved to the Corporate Finance Department of what was then the Commerce International Merchant Bankers Berhad. Subsequently, in March 1999, he joined the Corporate Finance Department of Renong Berhad.

In July 2003, Annuar was seconded to TIME Engineering Berhad as the General Manager of Corporate Finance. In January 2004, he was transferred to UEM Group as the General Manager in the Office of the MD/CEO. He was the Chief Financial Officer of PLUS Expressways Berhad since June 2006 before being appointed to the current position on 1 September 2009.

4. Harman Faiz Habib
Director

Harman Faiz Habib Muhamad was appointed a Director of UEME on 4 December 2009. He is currently the Senior General Manager, Legal in UEM Group. He holds a degree in Bachelor of Laws (LLB) from International Islamic University Malaysia. He started his career as an advocate and solicitor at Messrs Mohd Khamil & Co and later joined the Projects Division of Messrs Zaid Ibrahim & Co. He served as the Head of Legal Services at Malakoff Corporation Berhad prior to joining UEM Group.

In 2009, two Board members resigned. They were Dato' Ahmad Pardas Senin (Director) who served for 5 years and Mohd Hussein Ab Hamid (Director), who served for 2 and a half years.

The Board governs the identification and management of risk, strategic planning, and establishes standards of ethical conduct. Although we do not have a policy on board member attendance, we are pleased to inform our readers that all our directors take their responsibilities seriously and have attended all meetings required of them. In 2009, it met five times; the following table presents the attendance of each Board member throughout the year :

Name	Tan Sri Nuraizah Abdul Hamid	Azmanuddin Haq Ahmad	Annuar Marzuki Abdul Aziz	Harman Faiz Habib Muhamad
Designation	Chairman	Managing Director	Director	Director
Date of Appointment	30 April 2008	16 October 2003	1 September 2009	4 December 2009
2009	Meeting			
15 January	√	√	-	-
16 February	√	√	-	-
4 May	√	√	-	-
7 September	√	√	√	-
28 October	√	√	√	-
Attendance	5/5	5/5	2/5*	0/5*

*Note that the absence from meetings was because the individual was not appointed yet as of the date of the meetings.

Director fees and meeting allowances were provided as compensation for our highest governance body. Conflicts of interest are avoided through steps determined by the UEM Group, of which UEME is a full subsidiary. One such measure is audits conducted by the UEM Group on the various departments with regards to integrity.

Committees

Safety and Health Committee

We have a dedicated Safety and Health Committee (SHC) which is chaired by our Chief Operating Officer Suhaimee Mahdar. The committee comprises 50% each of executive members and non-executive members. Its responsibilities include strategising and overseeing safety and health programmes organisation-wide, instilling health and safety awareness within the workforce, and investigating any issues arising with regard to health and safety at the workplace. In 2009, we conducted four SHC meetings - March, July, September and November.

Integrated Management System Committee

We have set up an Integrated Management System (IMS) committee since the integration of our ISO9001, ISO14001, and OHSAS18001 management systems. What was once our Safety, Health, Environmental and Quality (SHEQ) policy is now known as our IMS policy. Developed by the IMS committee and endorsed by our Managing Director, it contains among others the statement of intent, objectives and commitment to continual improvement. It was last reviewed on 18 November 2009. The IMS committee is responsible for the overall balance of quality, environmental, and health and safety aspects of the organisation.

Risk Management Committee

UEME's Risk Management committee is led by the Managing Director who is supported by a Chief Operating Officer and four others from the Business Development, Finance, Project & Technical Development and Legal departments. Its scope of responsibilities includes the assessment of business risk and maintenance of the risk registrar framework.

In 2009, a Risk Management Committee meeting was held on 14 July 2009 to review the business risks faced by the company. Arising from this, periodical reviews were performed between July and December 2009 where each department presented its Risk Register. These sessions were facilitated by representatives from UEM Group divisions, such as, the Risk Facilitation and Monitoring Department (RFM), the Group Internal Audit Department (GIA) and the Group Strategic Planning and Business Development Department.

The updated Risk Register applied the following approaches:

- Identification of new risks
- Elimination of non-related risks due to changes in the operational environment
- Reclassification of risks
- Reassessment of risks due to changes in the operational environment

The previous risk review by the Board was conducted on 17 July 2007.

Corporate Memberships

UEME holds several memberships at the organisational level that are considered strategic for the organisation. The list of memberships is as follows:

1. Association of Environmental Consultants and Companies of Malaysia (AECCOM)
2. Business Council For Sustainable Development Malaysia (BCSDM)
3. Chemical Industries Council of Malaysia (CICM)
4. Environmental Management and Research Association of Malaysia (ENSEARCH)
5. Federation of Malaysian Manufacturers (FMM)
6. Malaysian International Chamber of Commerce and Industry (MICCI)
7. Malaysian Society for Occupational Safety and Health (MSOSH)
8. The Association of Scheduled Waste Recyclers, Malaysia (ANSWERS)
9. The Waste Management Association of Malaysia (WMAM)
10. Malaysian Danish Business Council (MDBC)
11. American Malaysian Chamber of Commerce (AMCHAM)

SUSTAINABILITY OVERVIEW

At UEME sustainability can be summarized in four key principles:

1. Economic return must be considered in relation to their respective social and environmental consequences;
2. In using resources, we must consider the needs and expectations of future generations;
3. Government, business and other segments of civil society must act together to balance those needs; and
4. Corporate governance contributes to sustainable economic development, by enhancing the performance of the company, and increasing its access to land and capital.

In maintaining high standards for protecting human health and the environment, and by working with our host communities and governments, we endeavour to create sustainable, long-term economic and social opportunities. UEME's sustainability initiatives are driven by our top management who view these issues as an integral part of our business.

In the following section of our 2009 report, we provide an overview of our management systems, and our approach to managing with sustainability. This section also provides an overview of UEME, including our operating locations, policies and programmes. We share examples drawn from our activities that are the manifestation of our drive towards sustainable development.

53%
less materials were used

46%
decrease in support services and facilities management cost

65%
increase in allocation for environmental management services

Our Sustainability Cost Commitments

At UEME, it is very much about a sustainable business. We recognise the importance of striking a balance when it comes to the triple bottom line. Our approach defines who we are and who we aspire to be. Once again, we are proud to present our sustainability cost commitments.

We managed to cut down on our plant and operations expenditure by almost half between 2008 and 2009. This is very much due to the fact that in 2009, we used up to 53% less materials (e.g. sand, cement, chemicals) in our waste treatment process – a result of our earnest efforts for operational efficiency. Support Services and Facilities Management costs went down 46% in 2009. There was also a decrease of 53% in the amount spent on social contributions, information disclosure and outreach programmes. These reductions were, however, balanced out by the increase in the allocation for our Environmental Management Services (65%) and human resources welfare (29%). It is important to note that it is part of our policy to refrain from making any form of political contributions.

Department	Activity/Scope	Total Expenditure (RM'000)		
		2007	2008	2009
Plant and Operations	• Raw Material • Fuel • Equipment • Internal Waste Disposal/Treatment	11,320	36,910	19,059
Support Services and Facilities Management	• Plant Repairs & Maintenance • Maintenance Personnel • Support/Services Personnel • Facility Management • Repair Works • Motor Vehicle Maintenance • Landscaping • Plant Upgrading • Plant & Machinery	7,730	21,270	11,447
Environmental Management Services	• Lab Facilities Maintenance & Management • Research & Development • Consultancy • Pollution Prevention • Internal waste/disposal	1,530	3,520	5,815
Corporate Communications	• Social contribution • Information Disclosure • Outreach/Awareness Programme	313	521	246
Human Resources, Administration & Security	• Employee Welfare • Employee Uniform • Laundry Charges • Personnel Development • Employee Amenities • Security	858	1,170	1,506

Our Challenges

We are however, not about to rest on our laurels for we still face ongoing challenges:

- Reducing and mitigating our carbon footprint.
- Developing a more systematic stakeholder engagement.
- Reducing our energy usage.
- Communicating clear expectations of conduct to our entire supply chain.
- Supporting diversity in our organization.
- Increasing participation in our workplace charitable programmes.
- Improving our social responsibility metrics.

Performance Review

Once again, we are pleased to report our progress in meeting our Key Performance Indicators (KPI) for the year. The table below is a summary scorecard of our performance in various aspects within the time span of 1 January to 31 December 2009.

Performance Metric	Score Weight (%)	Actual Score (%)	Status	2009 Achievements	2010 Moving Forward
Productivity of Resources	40	33		22% increase in waste treatment by incineration as compared to 2008	• Achieve at least a 10% increase in the amount of waste treated by incineration • Deliver a ROE ex-EI of at least 12% • Maintain the EBITDA margin at no less than 32% • Increase financial revenue by at least 12%
				Achieved a Return of Equity excluding Exceptional Items (ROE ex-EI) of 23%	
				Achieved an incremental EBITDA percentage of 23% compared to 2008, to 43%	
Expansion and Business Growth	20	15		A number of potential projects have been identified in the Middle East. Ground work is currently in progress	• Secure overseas project(s) worth at least RM 2.0 million • Secure new local contract(s) with value of no less than RM 5.0 million
				Secured two new local contracts worth at least RM 5.0 million each	
People and Organisation Development	20	10		60% improvement in the Proficiency Level and Competency Gap Analysis for 5 job families namely, Finance, Business Development, Management Information System, Human Resource, and Corporate Communications	• Achieve at least 5% in the Staff Competencies and Performance Improvement Plan (PIP) • Realise a percentage of at least 40% in the Development of High Potential Talent to Achieve Readiness Level 0 programme
				As of 31 December 2009, the Succession Planning Assessment and Gap Competency programme was still in progress. Result can only be shown in 2010	
System and Process Improvement	10	5		Achieved 17% in cost savings through Six Sigma projects	• Execute at least 3% in cost savings under the Operational Cost Reduction and Improvement Programme
				Development of e-HRMS and Plant Maintenance System with upgrade completed in September 2009 (2-month delay)	
Image and Perception Improvement	10	10		Won 8 industry recognition awards	• Win at least 2 industry recognition awards
Total	100	73			

With reference to the scorecard above, we managed to meet or exceed the 2009 targets for majority of the areas in which the KPIs were assessed. One KPI was however, not met that is, meeting the targeted completion date (31 July 2009) of the e-HRMS and Plant Maintenance System upgrade. This was due to an appointed vendor's delay of 1.5 months in communicating its inability to meet our automated requirements. The current Integrated Financial Management System (IFMS) module was then used instead, with the system coming online in September 2009. Overall, according to our internal performance rating, we scored a total of 73% - a score falling within the range of the Gold rating (65 - 79%). We aim to further improve on our rating and eventually, achieve and maintain, the Platinum rating (80 – 100%) in the coming years.

OUR BUSINESS –
CREATING VALUE RESPONSIBLY

Summary of Year's Performance

RM					
Net Sales		Growth in Net Sales		Dividends Paid	
2008	2009	2008	2009	2008	2009
158,836,069	202,866,784	18%	28%	221,539	2,215,387

UEME generates wealth responsibly, operating in sectors which are critical to the social and economic development and quality of life of many countries, contributing our experience in managing human resources and value-creating materials.

One decisive factor which has placed us at the forefront of the market, is our ability to anticipate, detect and integrate the keys to change and growth. Sustainability comprises crucial challenges, which our Group faces both globally and individually, in each of our sectors of activity.

Brand reputation is an intangible, yet, strategically crucial area for all companies. We address this issue as a group through our annual customer satisfaction survey. In 2009, we are pleased to report that 97.3% of the 1,148 survey respondents (76% of our total number of customers in 2009) rated us as being able to meet or exceed their expectations in terms of our services. This is an improvement from 2008's 96.7% rating. Furthermore, there were no complaints with regard to breaches of customer privacy in 2009.

28%
growth in net sales between 2008 and 2009

Dividends paid in 2009 is
9
times higher than that in 2008

97.3%
approval rating from 1,148 customers in 2009

A detailed table of our performance in delivering value to our customers and shareholders is shown below:

	2008	2009
	RM'000	RM'000
Value Added :-		
Revenue	158,836	202,867
Purchase of goods and services	(68,289)	(80,370)
Provision for development costs	(7,000)	500
Specific provision for doubtful debts	(107)	80
Other Income	2,528	1,989
Admin and sales & marketing	(14,136)	(13,094)
Share of results of associates	(639)	(137)
Value Distributed :-		
To Employees		
- Salaries & other staff costs	21,847	20,808
To Government		
- Income tax (including deferred tax)	7,138	8,892
To Communities and others		
- Corporate donations and sponsorships	521	159

	2008	2009
	RM'000	RM'000
To providers of capital		
- Dividends to preference shareholders of the Company	222	2,215
- Dividends to minority shareholders in subsidiaries		
- Finance costs	542	1,228
Retained for future reinvestment & growth		
- Depreciation & amortisation	34,558	45,350
- Retained profits/(losses)	6,499	33,121
- Minority interest	(134)	62

One of the greatest challenges faced by our Group of Companies, is to consolidate a growing, more diverse organisation in line with the corporate social responsibility criteria. This defines how an organisation's culture is managed, the people who form the Group, and its relationship with society. Sharing values and standards of conduct enhances our capacity for growth, not only from an economic perspective, but also by creating an intangible value, reflected in an atmosphere of trust in which talent can flourish, and benefits may be reaped from the synergies we expect to create.

At present, we have yet to quantify the financial implications of climate change on our business. We however, recognise that climate change may have an impact on our finances. For this reason, we are monitoring our carbon footprint and are finding ways to minimise it every year. We also have not at this point in time, determined our significant indirect economic impacts.

It is important to note that UEME does not receive any sort of financial assistance from the government.

Ethics and Compliance

With a renewed emphasis on ensuring ethical business practices everywhere, the company does business with a Code of Conduct, insisting on 100 percent integrity from all our employees.

The company expects all employees to comply with applicable legal and company requirements. All identified compliance violations are addressed swiftly, consistently and fairly.

In 2009, 51% of our employees went through the Whistle Blower policy training, which includes the Code of Conduct itself and anti-corruption policies. In response to employee misconduct concerning integrity, the company has in place, procedures to appoint a panel to conduct inquiries into such cases. Any action taken as a consequence would be in accordance to the legislation already in place. The company also reserves the right to dismiss an employee after 'due process'.

All business partners, including suppliers and contractors, are selected based on merit, reputation, and their ability to help UEME achieve its business objectives. All must abide by ethical standards and business practices. In addition to criteria such as price, quality and delivery capability, suppliers and contractors are chosen according to their reputation for service, integrity and social responsibility. We do not participate in any form of public policy development, pandering and lobbying.

Management Systems and Compliance

Managing compliance in a high profile industry

Management systems covering quality, environmental and health and safety in place for the Group's activities and our operations, have been externally certified to internationally recognised management system standards. The environmental management systems are aimed at meeting environmental regulations, as well as permitting and maximising the benefits of resource recovery within these set boundaries.

To date, we have not had any issues with regard to compliance. We are proud of this record and aim to retain this throughout our plants' operations.

We have also successfully maintained our certifications to ISO14001 EMS and OHSAS18001 for our WMC and KKA's operations; KKI obtained its Integrated Management Systems in 2008.

Product Responsibility

We strongly believe in the importance of having well-informed stakeholders. Our various avenues of communication include the supply of our Scheduled Waste Management Guide to:

- Our customers during meetings
- The public during exhibitions
- The online community via our website, and
- Upon request

The guide provides its readers with information on substances that can impact the environment, the proper channels for their disposal, and how we responsibly dispose of them via our services. In 2009, we are pleased to report that once again, there were no incidences with regard to product and services labelling. Lifecycle assessments were however, not conducted within the reporting period.

We have managed to maintain the integrity of our business – no legal action has been taken against us for anti-competitive behaviour, anti-trust and/or monopolistic practices to date – thus furthering our already stellar reputation.

Marketing Communications

We do not have a specific programme governing marketing communications. The company does not carry out regular mass media advertising; we make ourselves known primarily via our quarterly newsletter – which has a Home Ministry (KDN) permit renewed yearly – to our customers and other stakeholders, as well as through listing in directories. No incidence of non-compliance regarding marketing communications was recorded, nor did we receive any fines with regards to non-compliance with laws and regulations concerning the provision and use of products and services in 2009.

ENSURING A SAFE CORPORATE CULTURE

We acknowledge that our employees contribute to the accomplishment of our targets and have worked tirelessly for the improvement of their working conditions and general quality of life. This fact adds definition and special value to both our relationship with our employees, and cooperation with customers and suppliers.

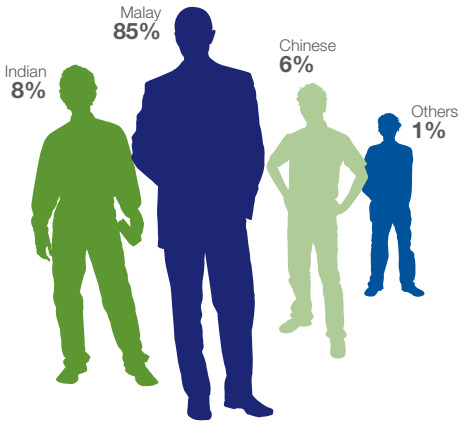
Acknowledging the contribution of our employees in the company's continuous growth, we invest daily in them and strive to enhance a work environment that:

- offers equal opportunities to all, regardless of gender, age, religion and nationality;
- design and implement actions, systems of development and motivation in order to attract, select and retain our human resources, in relation to our developmental needs in Malaysia and abroad;
- offer opportunities and stimuli for professional development and growth, through open communications of our human resources needs; and aim at filling new job positions by giving priority to internal/existing staff;
- invest in the training and skill development of our employees, using modern training methods and specialized tools;
- offer competitive remuneration and compensation;
- promote, apart from the everyday contact, "open" communication by using various channels and means of information and bilateral communication;
- offer programmes of support and active management of the health and well-being of the employees whilst providing a safe work environment; and
- treat people with respect, and fundamentally support and have regard for human rights, employment rights, environmental protection as well as combat against corruption.

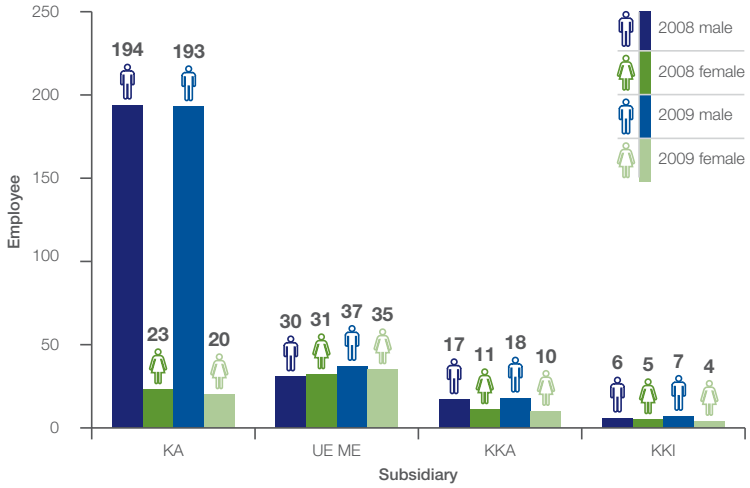
Promoting Diversity and Equal Opportunity

One of the main pillars of our HR policy concerns equal opportunities with regard to employment. Everyone employed by UEME has been selected based on their knowledge, qualifications and skills, and promoted in recognition of their personal performance, and the value they contribute to the Group, regardless of gender, ethnicity, or age. We strive in attracting and retaining a diverse workforce.

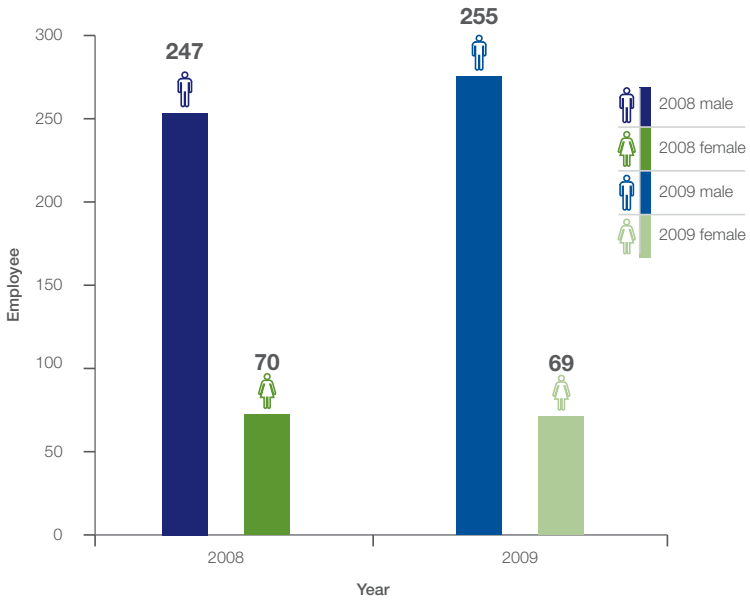
Ethnic Breakdown 2009



Gender Breakdown by Subsidiary

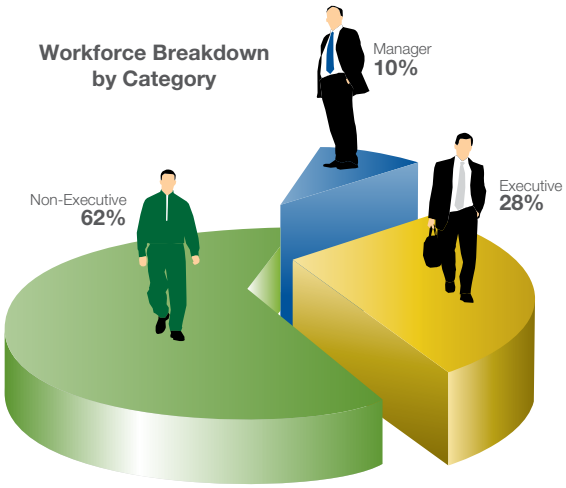


Overall Gender Breakdown

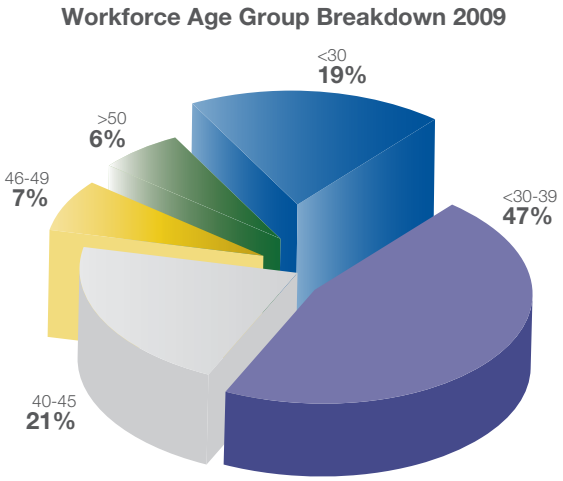


Workforce Breakdown

The majority of our employees are in the non-executive level (62%), primarily working at our WMC. Our executive-and-above level employees only account for 38% of our workforce breakdown. The entire workforce is hired locally and in fact, 12% are from the local communities of Sendayan (10 employees), Chuah (25 employees) and Gadong (3 employees). Of the 38 employees hired from local communities, one is an Assistant Manager (Sendayan), while the rest are non-executive-level employees.

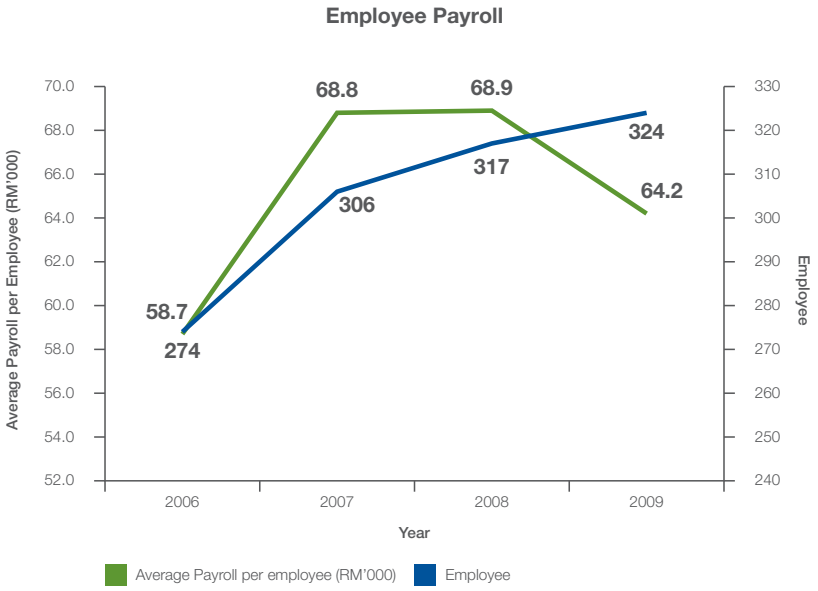


47% of our employees are within the 30-39 year age group, with an average employee age of around 35 years.



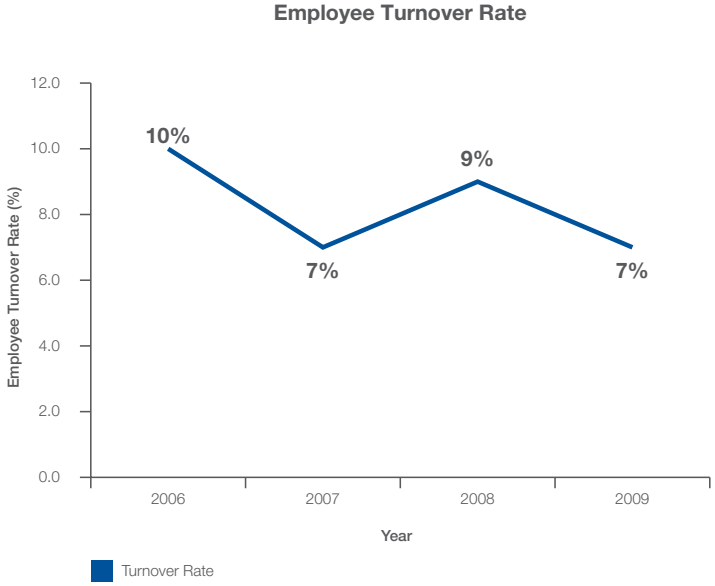
Remuneration and other benefits

Our personnel expenses (due to salaries, wages and other similar items) totaled approximately RM20,808,000 in 2009. This represents a reduction of about 5% as compared to 2008, despite an increase in headcount. The reduction seen in 2009 is due to a spike in total remuneration in 2007 and 2008 as employees exercised their Employee Equity Scheme rights. We are pleased to state that our standard entry-level wage remains above the local minimum wage.



As part of our HR policy, we promote a fair and equal treatment of employee remuneration, responding to the criteria of equality, transparency and recognition. We also offer our staff a social benefit programme to increase their wellbeing and improve their quality of life which in the long run, will lead to greater integration in and commitment to the Group. The value of these social benefits in 2009 stood at RM1,506,000; an increase of 29% as compared to 2008. Benefits offered to all employees include healthcare, disability cover and subsidised loans.

We believe that by ensuring our employees are well managed and treated fairly, we are able to assure total quality delivery to our customers. One way of guaranteeing this is to retain our well-trained employees. This is supported by our low-turnover rate which has generally been below 10%. In 2009, we managed to lower this to 7%.



Employee-Management Communications

Employees are given a specified notice period when it comes to operational changes. There is however, no set minimum for this purpose.

Our Employee Satisfaction Survey is conducted biennially. For this reason, there was no such survey in 2009 as one had been conducted in the previous year, the results of which can be found in our 2008 Sustainability Report. The next survey, which will be known as the Employee Engagement Survey, is targeted for the third quarter of 2010.

On 21 July 2009, UEM Group Berhad Managing Director/Chief Executive Officer Dato' Izzaddin Idris visited the WMC to address UEME staff. This was in an effort to build a stronger relationship between the grassroots of the organisation and management as a whole. The session also included a briefing conducted by UEME Managing Director, Azmanuddin Haq Ahmad. A Q&A session concluded the affair where employees were given the opportunity to communicate directly with both charismatic leaders.

We also have on board, an Employee Relations Officer who engages weekly in order to receive first-hand feedback from the grassroots level. Another channel for our employees to voice out any grievances to management is the Whistle Blower Policy. To ensure a fair and unbiased mode of operation, all complaints made via the Whistle Blower Policy are made directly to the Chairman of UEME.

Human Rights

The following summarises our efforts to uphold the practice of Human Rights in our business in 2009:

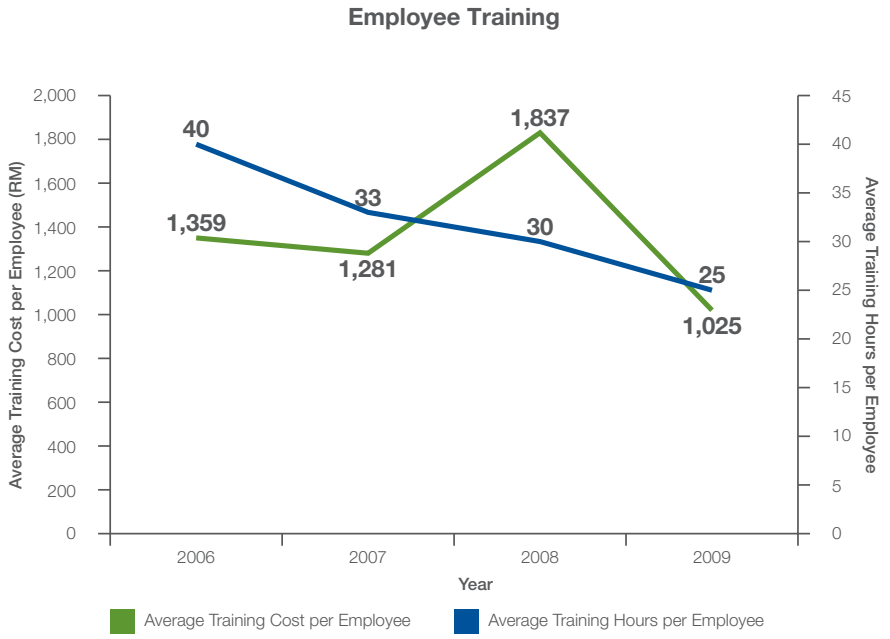
- We recognise the rights of employees to join trade unions/external representative organizations.
- We do not hire child or forced labour in any of our subsidiaries.
- Our employees' rights are consistent with Malaysia's Employment Act of 1955.
- We have made no significant investment agreements that include human rights clauses.
- Our suppliers and contractors fully comply with Malaysian labour law and internal UEME standards.
- 51% of our workforce has undergone approximately 208 hours of training on policies and procedures concerning Human Rights in 2009.
- Our security personnel have been trained in human rights policies for a total of 75 minutes in 2009.
- No incidences of discrimination were reported in 2009.
- Our locations and operations do not impact the rights of indigenous people.

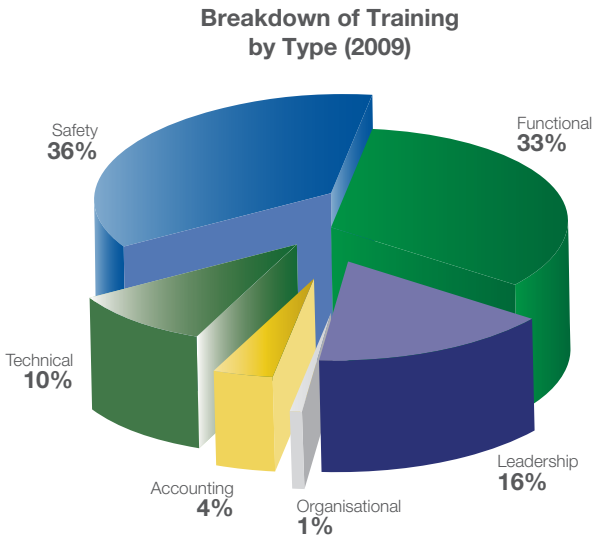
Development of Human Capital and Knowledge Management

- 100% of our workforce receives yearly performance and development reviews through the Performance Management System (PMS) process.
- Employees and superiors meet up twice a year under the PMS process.
- 21 internal promotions in 2009.

Training

We invested RM332,149 in training in 2009, or an equivalent of RM1,025 per employee, representing a decrease of training cost by 43% as compared to 2008. Our number of training hours per employee, also, decreased to around 25 hours for 2009, as compared to 30 hours per employee in 2008. Our training programmes can be divided into the following areas :

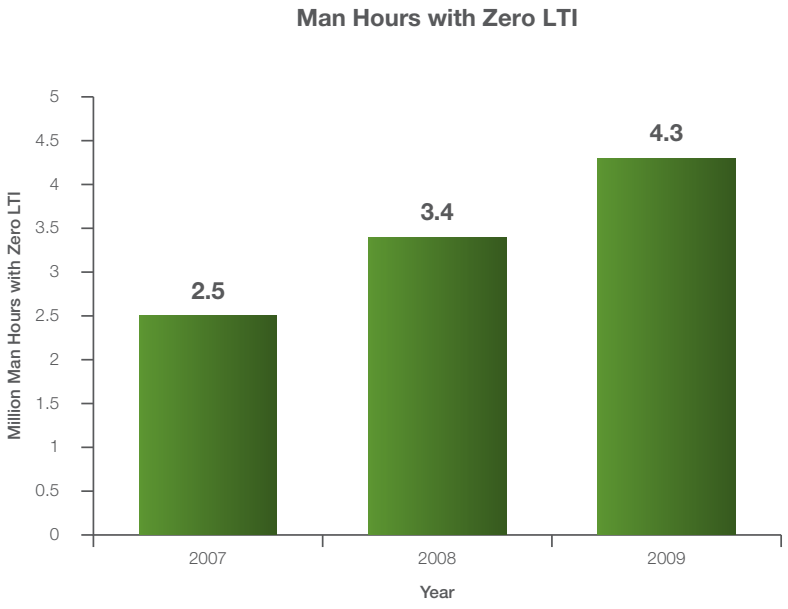




Ensuring a Safe Working Environment

Part of our work culture at UEME has always been to ensure a safe working environment for our employees, contractors and visitors. We remain committed as ever to establishing preventive programmes that promote strong safety performance.

We have a proud tradition of maintaining our lost time injury (LTI) rate at zero, since March 2005 at our WMC. 2009 has been no different, with UEME achieving a total of 4.3 million man hours without lost time injury.



Achieved

4.3

cumulative million man hours with zero Lost Time Injury (LTI)

Total amount of accidents/ incidents in 2009 is

44%

lower than the previous lowest record in 2003

126

office chairs replaced with those of ergonomic design

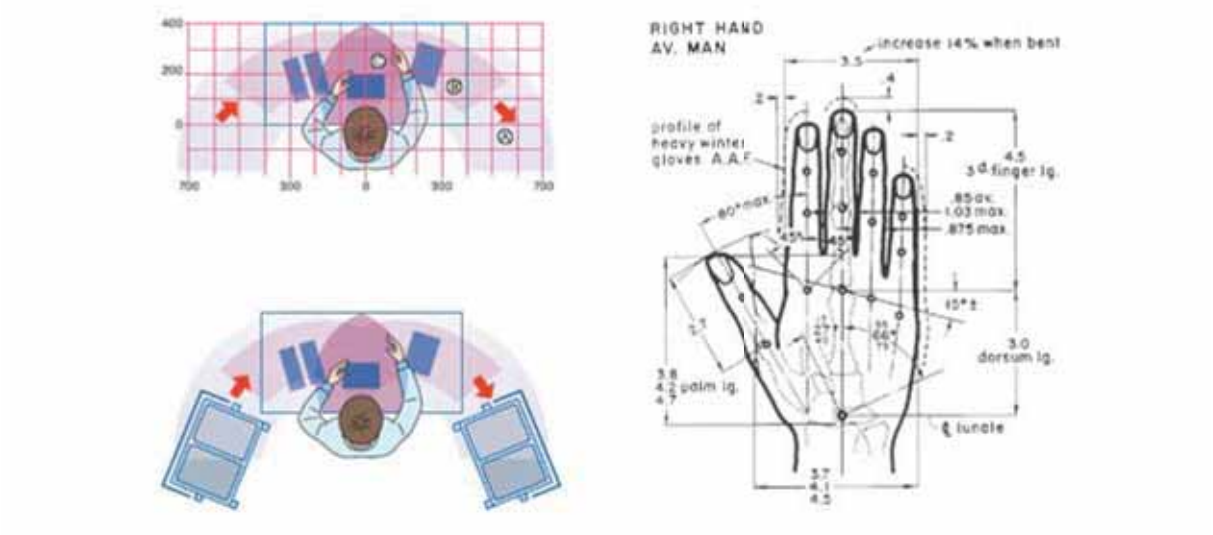
As illustrated in the table below, we have been gradually reducing our accident/incident rates since 2005. We are proud to report that in 2009, we recorded the lowest accident/incident rate in eight years since 2002. There was a 53% decrease in the total amount of accidents/incidents when compared to 2008. In fact, the 2009 total of 27 cases is 44% lower than the previous lowest record in 2003 of 48 cases. In emphasising and ensuring a safe working environment, we hope to continue reducing the number of accidents/incidents in the coming years. The breakdown of the types of accidents/incidents between 2002 and 2009 is as follows :

Accident/Incident	2002	2003	2004	2005	2006	2007	2008	2009
LTI	0	4	9	3	0	0	0	0
Medical Treatment	5	4	3	6	4	6	8	3
First Aid	5	2	1	2	7	6	3	1
Near Miss	7	2	7	16	16	12	12	1
Property Damage	9	6	12	22	18	19	15	6
Spillage	20	7	8	8	4	6	10	4
Fire	6	15	11	16	8	6	6	7
Dangerous Occurrence	3	2	4	0	0	1	0	0
Chemical Release	1	6	6	7	6	3	2	4
Explosion	0	0	1	1	0	1	1	1
Total	**56**	**48**	**62**	**81**	**63**	**60**	**57**	**27**

We recognise that the most significant risk of injury exists at our WMC location. Nonetheless, our staff at our other offices – at Mercu UEM, Faber Towers, ADKA and E-Idaman – also face a certain safety risk level. As such, we have taken into consideration the ergonomical nature of the office working environment. The following sub-section further elaborates our initiative into this aspect.

Office Ergonomics Workshop

Proper ergonomic design helps to prevent repetitive strain injuries which can develop over time, and can lead to long-term disability. Since 2006, we have initiated a programme to replace our office chairs with those with ergonomic designs. To date, a total of 126 such replacements have been made. On 3 and 4 November 2009, a workshop on office ergonomics was held in which 19 employees participated.



UEME'S COMMUNITY STAKEHOLDERS

UEME's stakeholders are defined as groups or individuals who could be impacted by our operations, or (conversely) who could, through their own actions affect our business. They include our customers, suppliers, employees, the government, as well as the local communities around us. Waste and resource management operations are often not popular neighbours, even if they are accepted by society in general as being a necessity, or in some cases, even a benefit. At UEME, we understand this and therefore insist upon maintaining an open and good communication line with our neighbours. The Group also has a positive role to play in promoting recycling and other more sustainable waste management practices to the public and other stakeholders.

We operate an open door policy and encourage visits, by appointment, from local communities and other interested persons. We cannot rely on regulators and internal systems completely when assessing the potential impact of our operations, and it is essential that local opinions and concerns are accounted for. We therefore, try to reflect the guidance and wisdom of our stakeholders, as appropriate, in our actions and policies. As a result, we have at hand complaint and comment tracking as well as response systems. Trends in complaints are tracked with the aim of addressing issues before they become a widespread nuisance for site neighbours. We are more than aware that local perception is a critical factor, which can have a direct effect on site development and success.

We have in place, liaison programmes with our surrounding communities. Our officers conduct regular visits to these communities, getting feedback on any issues or support required, so that we may lend our assistance. This year, we received some minor concerns via our local stakeholders:

Date	Type of Complaint	Description	Corrective Action	Remark
17 April	Air Pollution	The DOE Hotline received an anonymous phone call complaining about a bad odour emanating from the WMC.	1. Tuan Kamaruddin from DOE HQ visited the WMC on the same day to investigate the source of the odour. 2. Our SHE Sr Manager called the complainant for further clarification but there was no answer.	• No evidence of odour was detected by DOE. • Issue Closed.
05 August	Water Contamination	The SHE Dept received a verbal complaint regarding oily water observed at Sungai Tanah Merah after a heavy downpour.	1. A Corrective Action Request (CAR) was raised to SSFM personnel. 2. Oil and grease was not detected in the water quality analysis performed on the discharge from our site. 3. Further investigation indicated that our Silt Trap 3 had an accumulation of silt resulting in overflow during the high rainfall event resulting in the incident.	• Desludging to be carried out more frequently at silt trap No. 3. • Work instructions to be developed to ensure this takes place.
22 September	Water Contamination	Our Security Dept received a complaint regarding dead prawns at a commercial prawn pond in Kg Jimah Lama.	1. The complainant called back to inform us that his pond may have been contaminated with pesticides due to weeding activities conducted nearby. 2. No corrective action taken.	• Issue Closed.

Community Dialogue Session

Our community dialogue session was conducted in November 2009. The communities in attendance were from Taman Gadong Jaya, Kg. Jimah Lama, Kg. Jimah Baru, Kg. Sendayan, Tanah Merah, as well as representatives from the Department of Environment (DOE). The session was chaired by our Human Resource Department General Manager, Sulaiman Dato Ahmad.

Issues raised related to :

- Air quality as residents from Taman Gadong Jaya had been experiencing skin irritations during rainy and windy days.
- Noise levels from our operations.

We clarified that modelling conducted on air emissions emitted from our stacks showed that there was no impact on the village. We also informed the representatives that regular monitoring conducted around the WMC shows that noise levels are within permissible levels. This was confirmed by the DOE representative.

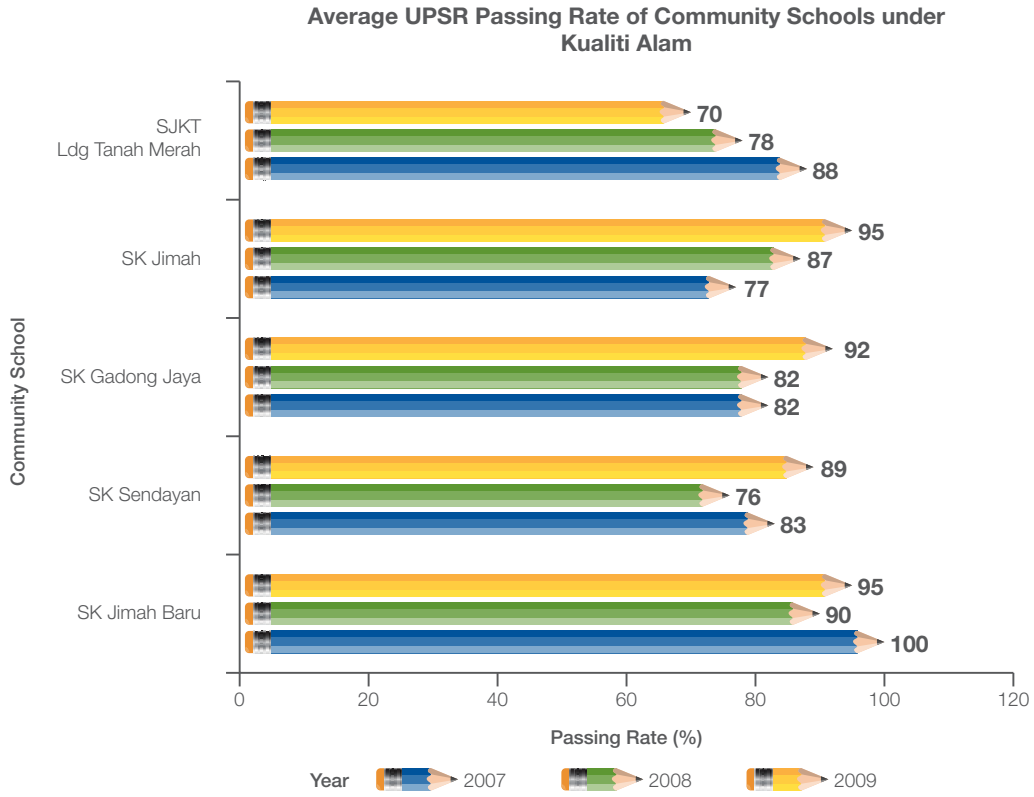
Community Involvement and Sponsorship

We are committed to providing social initiatives to all the communities we are involved in as part of our promise to being global citizens. The following commitments are just the beginning.

We are planning to develop a programme to assess the health risks faced by the local communities. The programme will be conducted by our OSH doctors and it is projected to commence in 2010. The SHE Department did engage Sendayan Clinic to hold a health talk for women on 26 May 2009 at the WMC. The talk was attended by 21 participants and involved such topics as Pap smears and breast cancer. We are happy to announce that stronger health initiatives are in the works for 2010.

Since 2006, we have been supporting the tuition of Ujian Penilaian Sekolah Rendah (UPSR) students from five neighbouring primary schools under the Promoting Intelligence, Nurturing Talents, Advocating Responsibility (PINTAR) programme. In 2009, we contributed a total of RM 15,058 towards the development of these schools. There has been a 5% increase in the overall passing rate among the schools under our care between 2008 and 2009. The following table and chart summarises the student passing rate of each school from 2007 to 2009. We will continue to do our part in supporting the education of our local communities.

School	Student Passing Rate for UPSR (%)		
	2007	2008	2009
SK Jimah Baru	100	90	95
SK Sendayan	83	76	89
SK Gadong Jaya	82	82	92
SK Jimah	77	87	95
SJKT Ladang Tanah Merah	88	78	70
Average	86	83	88



Some of the other stakeholder engagement in which we were involved in 2009 :

1. Adoption of Sungai Unyai by Kualiti Alam (14 January 2009).
2. Kualiti Alam's adoption of the river is part of the company's commitment towards environmental responsibility. A simple ceremony was attended by 40 Kualiti Alam employees to witness the launch of the river adoption programme in which a plaque was erected by the river.
3. Earth Hour 2009 (28 March 2009).
4. UEME observed Earth Hour at its three main offices on 28 March 2009. A photography competition was held amongst our staff in conjunction with this event.
5. River Cleaning Programme, Sungai Unyai (4 April 2009).
6. More than 40 volunteers from UEME came to offer their help in cleaning Sungai Unyai following its adoption back in January 2009. The day started off with the clearing of weeds along the river to ease water flow, which was then followed by the reinforcement of portions of the river bank using crushed rocks.
7. Earth Day Student Excursion (22 April 2009) In conjunction with Earth Day, UEME organised a field trip to Kuala Lumpur City Centre (KLCC) and National Science Centre for Standard Six pupils of five primary schools located within the neighbourhood of the WMC. The participating schools were SJKT Ladang Tanah Merah, SK Jimah, SK Gadong Jaya, SK Sendayan, and SK Jimah Baru. Each school was represented by seven students and a teacher.
8. Reduce, Reuse, and Recycle (3R) Day (28 April 2009).
9. The day was launched with a speech by the Managing Director, Azmanuddin Haq Ahmad promoting environmental protection, by encouraging a 3R lifestyle to all employees. In the next event, UEME staff contributed various old and used items that were still in good condition, such as clothing, shoes, bags, toys, and car accessories amongst others, to be put on sale at Pasar 3R. All the proceeds from this initiative, RM 353.70, was channelled to a neighbourhood orphanage. In addition, the company also launched its 3R bag, which was distributed to all employees in hope of reducing the use of plastic bags.
10. Blood Donation Drive at the WMC (18 May 2009).
11. A blood donation drive was held in aid of the Seremban General Hospital and drew the participation of 80 donors comprising staff and contract workers.
12. Hari Raya and Deepavali Joint Celebration (29 October 2009).
13. More than 600 employees and guests from all walks of life attended the event. Traditional delicacies of both festivals were served. Local musicians J. Sham, Haiza and the Electras were present to jazz up the day.
14. Hari Raya Aidiladha Celebration (27 November 2009).
15. Kualiti Alam contributed four cows to the local communities surrounding the WMC – Kampung Jimah Lama, Kampung Jimah Baru, Kampung Felda Sendayan, and Kampung Gadong Jaya.

OUR ENVIRONMENTAL STEWARDSHIP

As a waste management company, the environment is our business. We manage waste produced by society in an environmentally sound manner and where practical, produce resources from recycling and recovery activities, the benefits of which are fed back to society (please see the 'Recycling and Recovery' section on page 64 and 65). Waste and resource management is bound by a framework of environmental policy and regulation, and the operation of the Group's facilities is strictly controlled by the relevant environmental regulators.

Carbon Emissions

The Malaysian government recently announced its confidence in reducing the nation's carbon dioxide (CO_2) emission by up to 40 % by 2020. We are committed to playing a pro-active role in managing our carbon footprint. We have been working inexhaustibly to refine our carbon emission sources and to reduce our emissions for the past 2 years.

Data was collected from Kualiti Alam and Kualiti Kitar Alam at the WMC in Bukit Nanas, Kualiti Khidmat Alam at Faber Towers in Taman Desa, UEME at Mercu UEM in KL Sentral, E-Idaman in Kota Damansara, and ADKA in Abu Dhabi. Information used in the calculation of UEME's 2009 carbon footprint was obtained from company documents such as fuel records, employees' claim records, utility bills, company invoices, and schematic diagrams. The carbon footprint survey however, excluded the following:

- Impact from suppliers and vendors
- Impact from leased assets and outsourcing activities (with exception to contractor-owned vehicles)
- Volume of waste generated and disposal methods used by waste contractors
- Commuting of employee to and from the work place

This year we are reporting our carbon footprint as according to the Greenhouse Gas (GHG) Protocol's classification of direct and indirect emissions:

Scope 1. Direct GHG emissions. In this report, Scope 1 includes emissions from the direct combustion of fuel in our incineration process and from the use of company-owned vehicles.

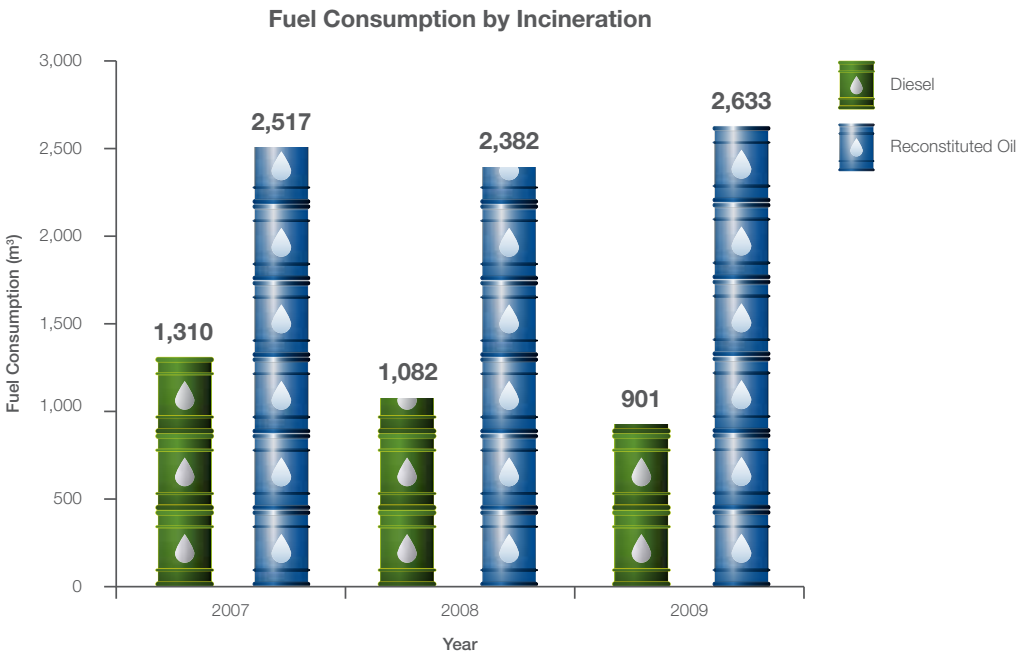
Scope 2. Indirect GHG emissions from consumption of purchased electricity, heat or steam. This report focuses on emissions from the use of electricity only.

Scope 3. Other indirect emissions. In this report, Scope 3 includes emissions from the use of employee-owned vehicles, contractor-owned vehicles, and air travel – modes of transport not owned or controlled by UEME.

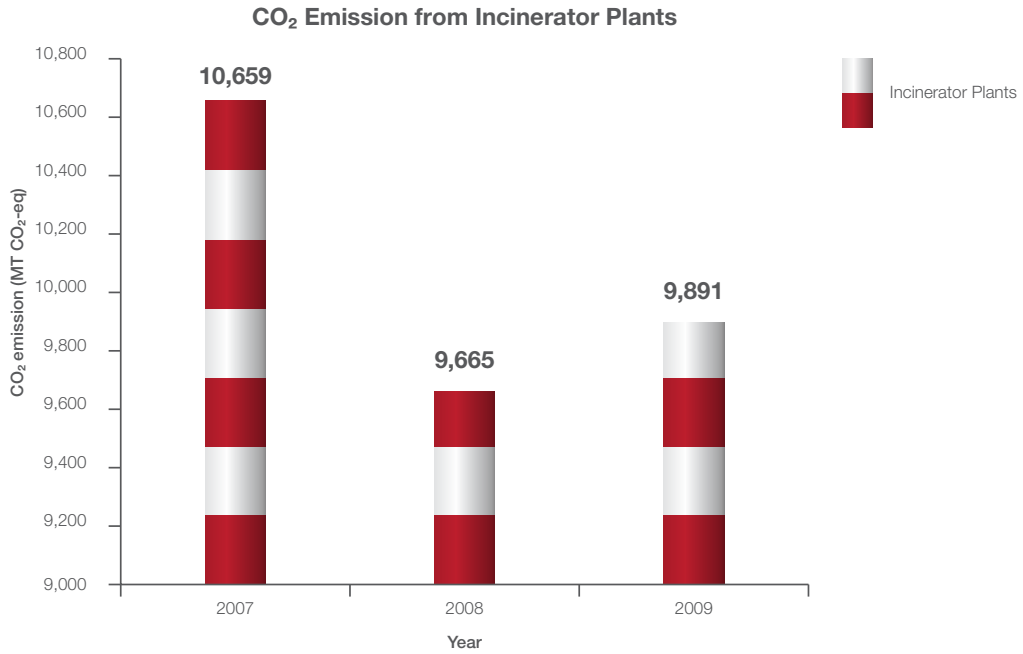
Scope 1 Direct Emissions

Plant Operations

In 2009, 36% of the total 136,266 tonnes of waste treated was by incineration, making it the primary disposal method at the WMC. We have been using reconstituted oil as an alternative fuel to diesel in our incineration process since 2006. This is an effort to optimise our use of resources and at the same time, save cost. To determine the carbon emission from plant operations, data was obtained in cubic meters of diesel and reconstituted oil, used in our incinerators throughout 2009. The following chart illustrates the amount of diesel and reconstituted oil used from 2007 to 2009. Between 2008 and 2009, diesel consumption decreased by 17%, whereas an 11% increase was observed for the use of reconstituted oil in the incineration process.

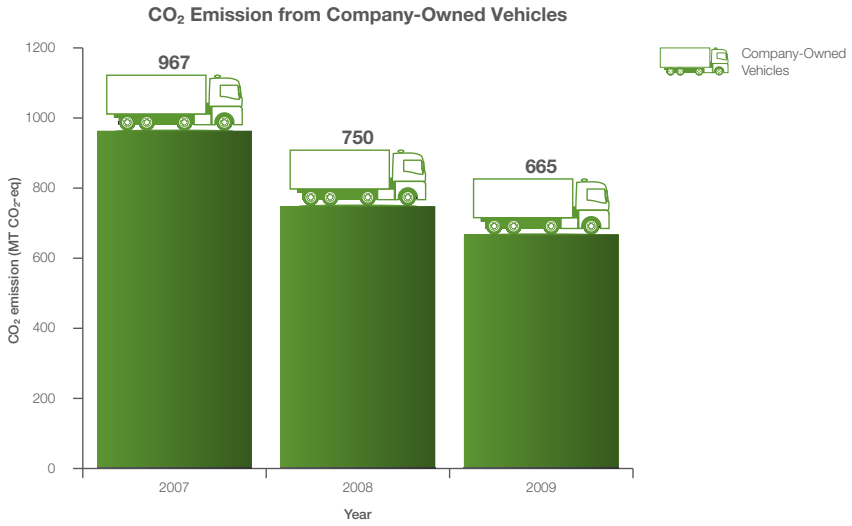


The carbon emissions from our incinerators since 2007 is summarised in the figure below. A total of 9,891 MT CO_2-eq was emitted from our incinerators in 2009. This was a slight 2% increase as compared to 2008's 9,665 MT CO_2-eq. However, there was a 22% increase in the total amount of waste treated by incineration between 2008 and 2009. This translates to a 16% increase in efficiency as the incinerators were emitting 0.0379 MT CO_2-eq less per tonne of waste incinerated in 2009 as compared to 2008. The initiation of KAMI in 2009, is one of the major factors contributing to this improvement in both the capacity and efficiency of our incineration process.



Company-owned vehicles

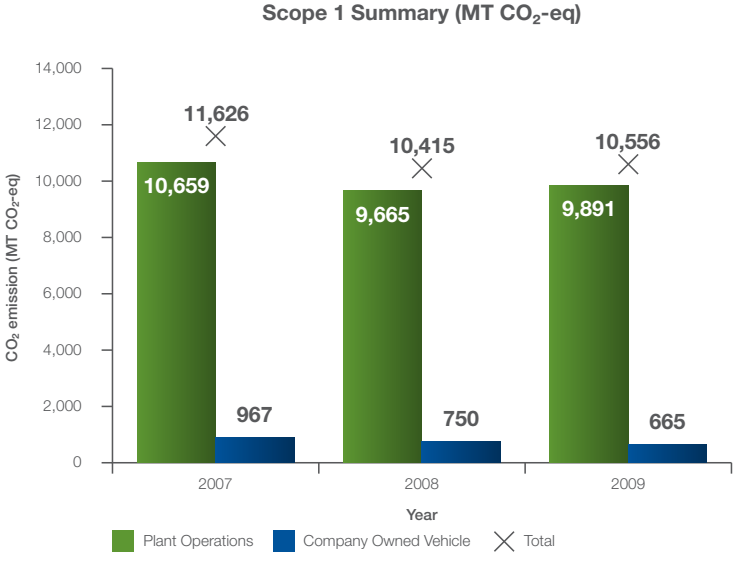
The company-owned vehicles taken into account in this report include cars, motorcycles, vans, four-wheel drives, trucks, and a range of heavy industrial vehicles (used by E-Idaman for its management of solid waste) such as compactors, amrolls and tippers. Data was obtained in litres of fuel consumed throughout the calendar year of 2009. The chart below illustrates the carbon emission from the use of company-owned vehicles.



A gradually decreasing trend is observed over the period between 2007 and 2009. 665 MT CO_2-eq was emitted from the use of company-owned vehicles in 2009. This was an 11% decrease from the previous year's 750 MT CO_2-eq. The vast increase in the use of employee-owned vehicles in 2009 meant less usage of company-owned vehicles. This is further elaborated in the sub-section below on emissions from the use of employee-owned vehicles.

Scope 1 Summary

The chart below summarises UEME's Scope 1 emissions between 2007 and 2009.

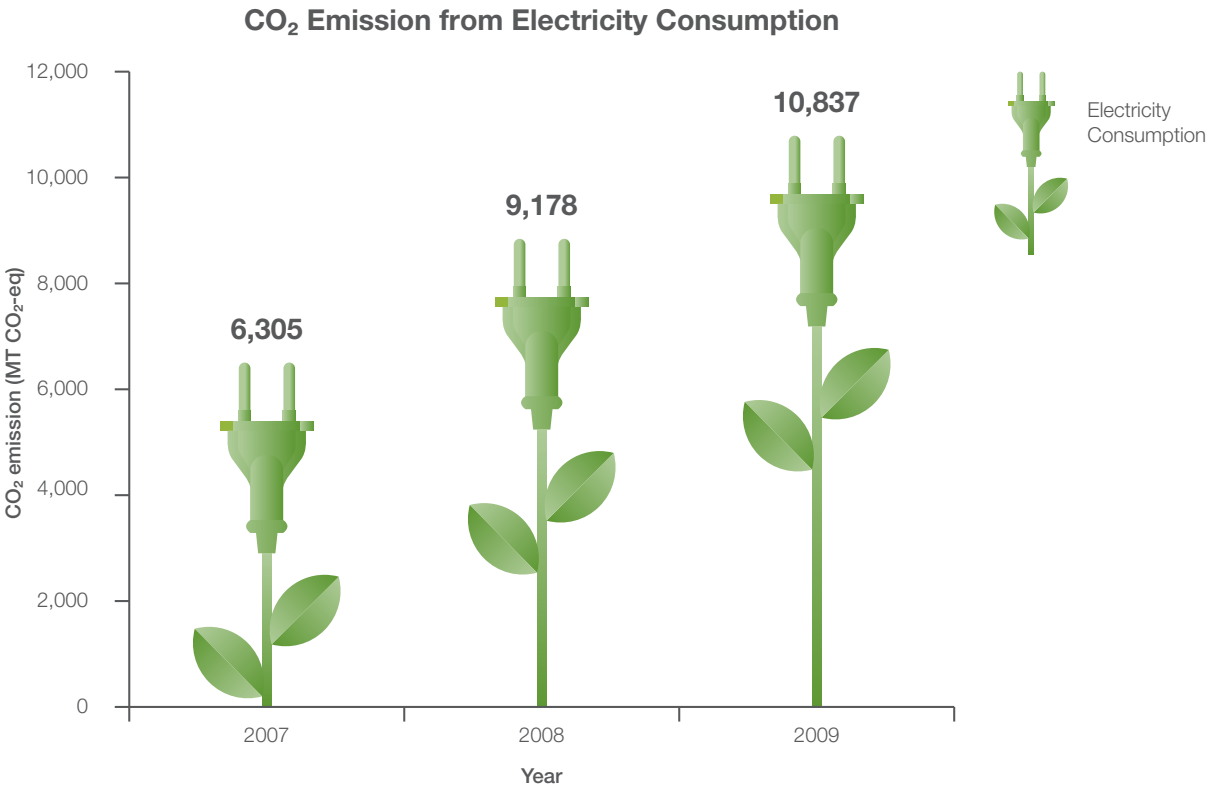


Overall in terms of Scope 1 emissions, there was a slight 1% (141 MT CO_2-eq) increase in 2009. As Scope 1 emissions are those over which we have direct control of as a company, we hope to find new ways to actively reduce or at least, maintain our emissions as we expand over time.

Scope 2 Indirect Emissions

Electricity Consumption

Electricity consumption data was collected in the form of monthly bills from each of UEME's locations i.e. the WMC at Bukit Nanas, Faber Towers at Taman Desa, Mercu UEM at KL Sentral, E-Idaman at Kota Damansara and ADKA in Abu Dhabi. The input of data from each location was in kilowatt hours (kWh), covering the months of January through December 2009. The figure below shows a three-year summary of UEME's CO_2 emission from electricity use (expressed in Metric Tonnes of CO_2 equivalent, MT CO_2-eq).

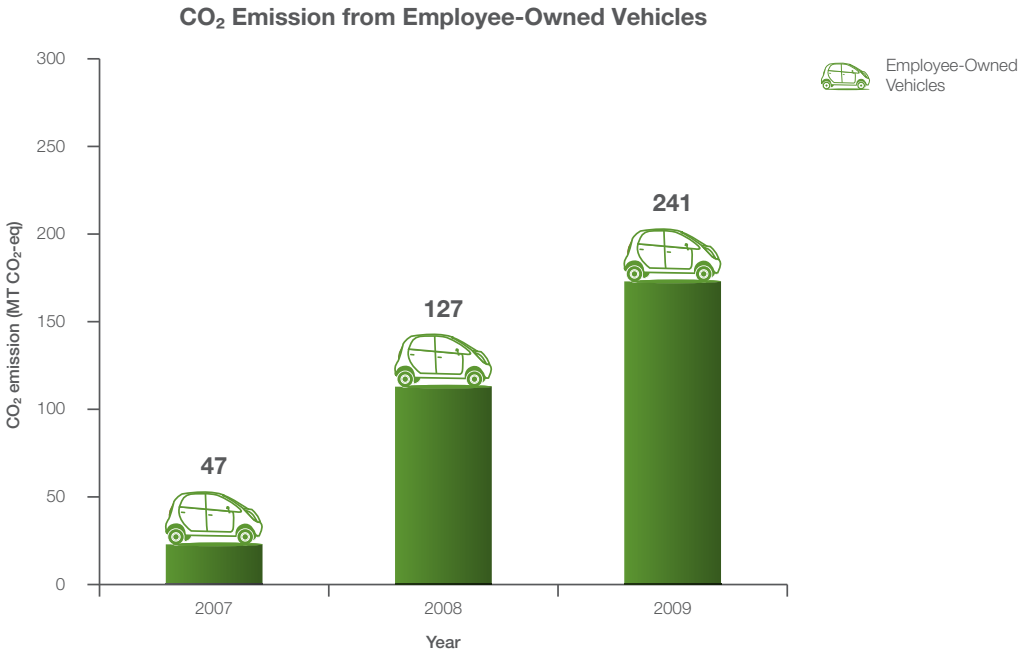


In 2009, the total carbon emission from electricity consumption amounted to 10,837 MT CO_2-eq, an 18% increase from 2008's 9,178 MT CO_2-eq. Electricity consumption was the most significant CO_2 contributor out of all the aspects considered in the 2009 carbon footprint survey, at 40% of the total 26,778 MT CO_2-eq. The 8% increase in the amount of waste treated between 2008 and 2009 was a factor contributing to the higher electricity consumption in 2009. This is more so because 96% of the total consumption of electricity in 2009 was solely from operations at the WMC.

Scope 3 Other Indirect Emissions

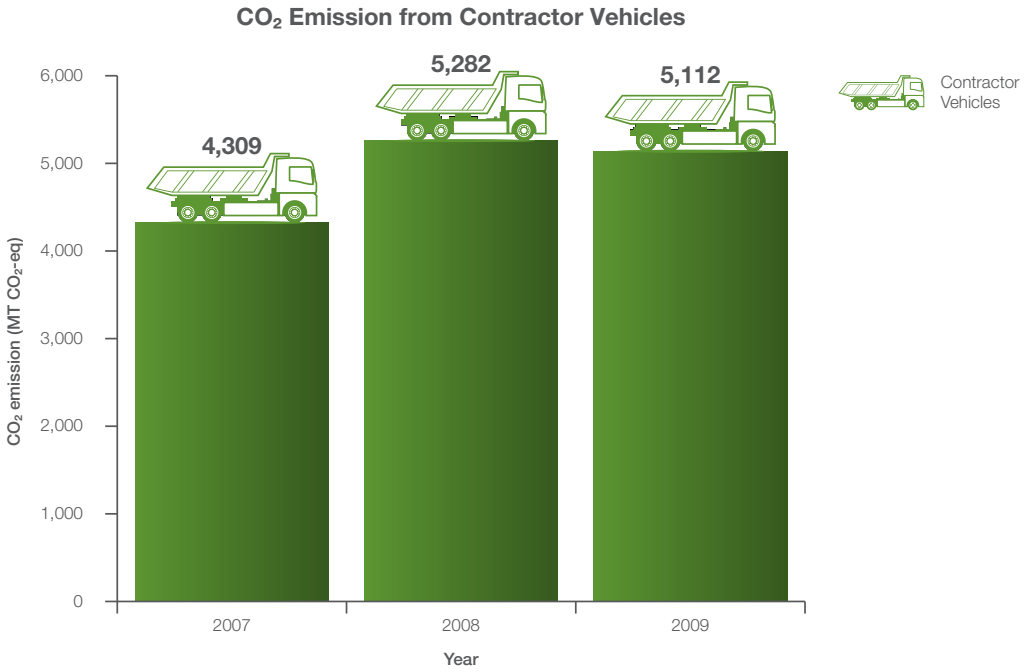
Employee-owned vehicles

For the determination of carbon emissions from employee-owned vehicles, data was collected in litres of fuel consumed between January and December 2009. In 2009, we refined our data collection system to accurately reflect the type of fuel used per vehicle type. The three-year summary of UEME's carbon emissions from employee-owned vehicles, can be seen in the figure below. The total carbon emission from employee-owned vehicles increased approximately 90% between 2008 (127 MT CO_2-eq) and 2009 (241 MT CO_2-eq). This significant increase was due to a new directive for all our sales personnel to provide personalised services to all customers effective from 2009. This is an effort implemented by Kualiti Alam to improve the quality of our services, by engaging our customers directly for better communication. We however recognise that this is taking a toll on our carbon footprint. We hope to find more efficient ways in which to minimise our impact whilst continuing a high quality of service and are exploring options to make more progress in this area.



Contractor-owned vehicles

We took into account all forms of contractor-owned vehicles across all subsidiaries under UEME. This includes among others; Kualiti Alam's landfill vehicles, Kualiti Khidmat Alam's heavy-duty transporters, Kualiti Kitar Alam's forklifts and E-Idaman's solid waste collection vehicles. As with both the employee and company owned vehicles, data on contractor-owned vehicles was obtained in litres of fuel consumed in 2009. The following chart shows the carbon emission from contractor-owned vehicles from 2007 to 2009:



A 3% decrease in carbon emission from contractor-owned vehicles is observed between 2008 (5,282 MT CO_2-eq) and 2009 (5,112 MT CO_2-eq). This may be due to the decrease in the amount of waste collected as compared to 2008. It is significant to note that despite an increase in the amount of waste treated in 2009 (by 8%), there was a decrease in the amount of waste collected in 2009 (by 9%). The following table summarises this.

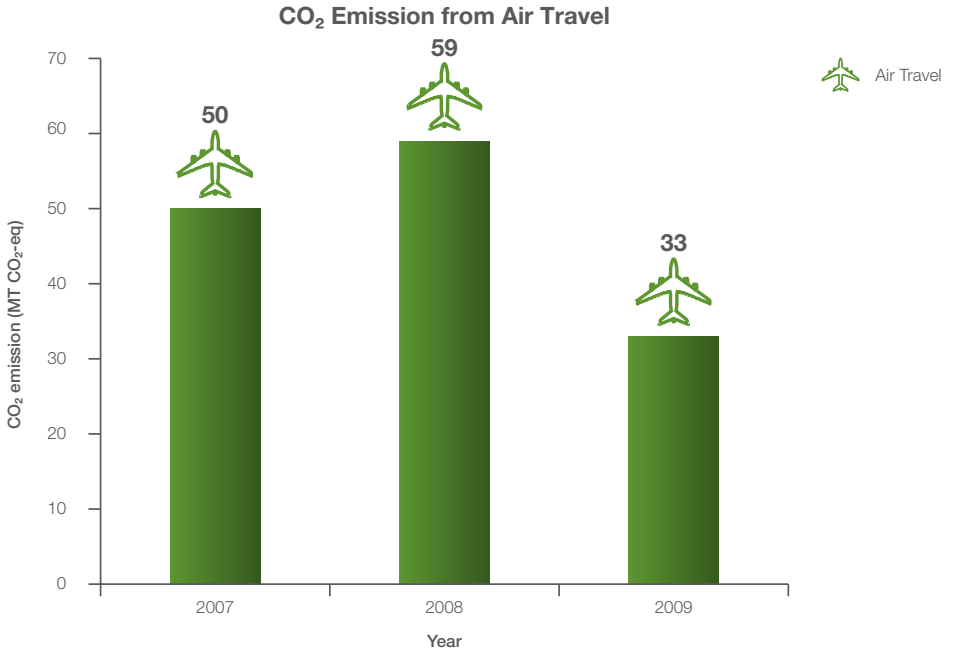
Waste	MT ('000)		
	2007	2008	2009
Collected*	120	138	126
Treated	107	126	136

*All waste received for treatment must be collected and transported by UEME. This controls the incoming flow of waste, ensuring that it is not haphazardly delivered to our treatment plants by external parties. It is also important to note that UEME does not deal with the exportation and/or importation of hazardous waste.

The collection of waste decreased very much as a result of the recent financial crisis. In addition, there has been greater competition in the waste treatment industry as customers are presented with more options. The reason as to why there was actually more waste treated than was collected in 2009 is due to waste backlog accumulated from previous years. This will be elaborated in further detail in the 'Materials Use' Sub-Section.

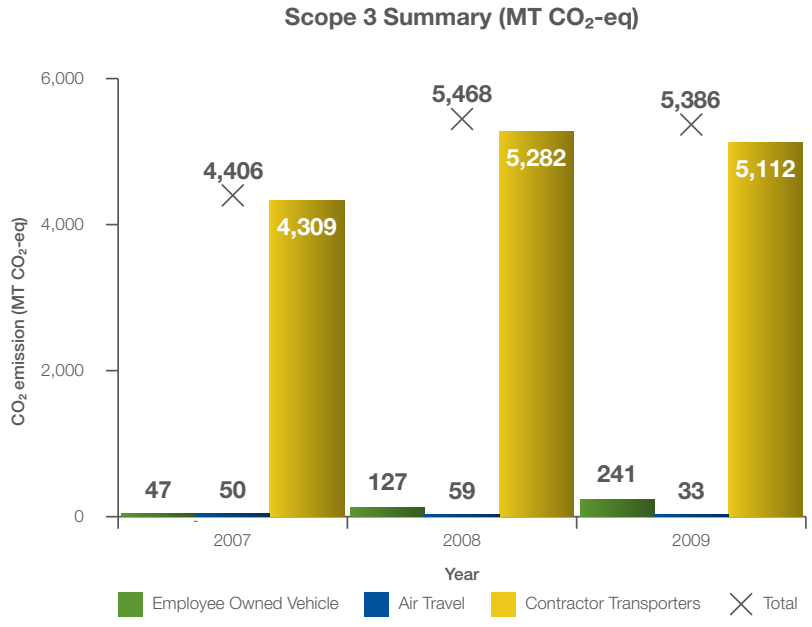
Air Travel

Air travel data was collected as points of departure and destination, including the number of employees onboard each flight in 2009. The data encompasses all business travels made by staff across all of UEME's subsidiaries. The figure below presents the carbon emission from air travels in 2007, 2008 and 2009. A significant 44% decrease is observed between 2008 (59 MT CO_2-eq) and 2009 (33 MT CO_2-eq). This is due to an 86% reduction in long-haul flights between Kuala Lumpur and our other offices in the Middle-East.



Scope 3 Summary

The figure below summarises UEME's Scope 3 emissions for 2007, 2008, and 2009.



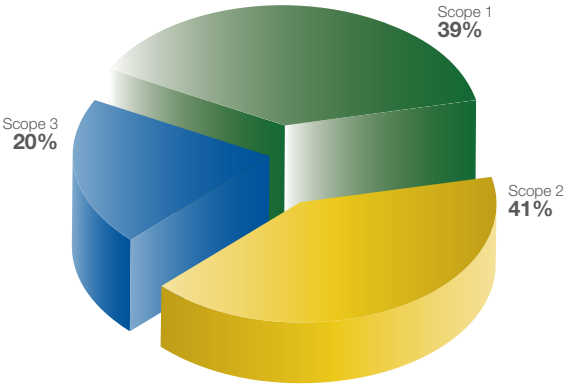
Scope 3 emissions went down by a slight 1% (82 MT CO_2-eq) between 2008 and 2009. Among the three factors considered under Scope 3, only the emissions from employee-owned vehicles increased in 2009, whilst emissions, from both air travel and contractor transporters decreased.

Total Carbon Emissions

The table below shows the overall breakdown of UEME's three-year carbon footprint by scope.

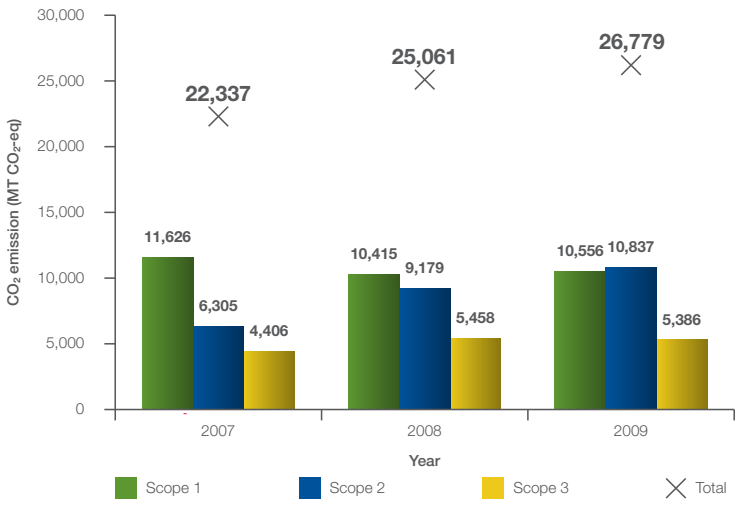
Total Emissions (MT CO_2-eq)				
Scope	**Emission Source**	**2007**	**2008**	**2009**
1	Plant Operations	10,659	9,665	9,891
	Company Owned Vehicle	967	750	665
	Sub Total	**11,626**	**10,415**	**10,556**
2	Electricity Usage	6,305	9,179	10,837
	Sub Total	**6,305**	**9,179**	**10,837**
3	Employee Owned Vehicle	47	127	241
	Air Travel	50	59	33
	Contractor Transporters	4,309	5,282	5,112
	Sub Total	**4,406**	**5,468**	**5,386**
	Total	**22,337**	**25,061**	**26,779**

2009 Breakdown of Emissions by Scope



With reference to the pie chart above, Scope 2 was the major contributor of emissions in 2009 at 41% (10,837 MT-CO_2-eq) despite it only covering the consumption of electricity. This is simply because we are a company which delivers the full range of integrated waste management services. As a consequence, much of the complex treatment processes require the operation of plants and machinery that use large amounts of electricity. This is followed by Scope 1 and Scope 3's 39% (10,556 MT CO_2-eq) and 20% (5,386 MT CO_2-eq) respectively. The following chart shows UEME's total carbon emission for the years 2007, 2008 and 2009.

Overall Emissions by Scope (MT CO_2-eq)



With reference to the figure, there is an increasing trend in UEME's total emissions from 2007 to 2009. A 7% increase is observed between 2008 (25,061 $MTCO_2$-eq) and 2009 (26,779 MT CO_2-eq). The increase can however, be linked to the increasing amount of waste treated at the WMC over the years. We are maintaining the efficiency so far in terms of the amount of carbon emitted per the amount of waste treated at our facility. In fact, we are doing slightly better than in 2008. The table below illustrates this point.

	Total Waste Treated (MT)	Total CO_2 Emission (MT CO_2-eq)	CO_2 Emission per Tonne of Waste Treated (MT CO_2-eq/MT Waste Treated)
2007	107,437	22,337	0.2079
2008	125,708	25,061	0.1994
2009	136,266	26,779	0.1965

UEME was, gradually, emitting less CO_2 per unit waste treated every year between 2007 and 2009. Overall, UEME has emitted about 1% less CO_2 per MT of waste treated in 2009 as compared to 2008. Albeit a small improvement, we consider this a step forward towards our ultimate goal of carbon neutrality. We shall persevere in finding ways to further reduce our carbon footprint in the coming years, especially in the area of energy consumption.

Tree Tagging Project

In 2008, we embarked on a tree planting scheme to help us reduce our carbon emissions. A total of 798 trees were tagged in and around the WMC and an additional 23 trees were planted in 2008. This was estimated to offset up to 17.4 MT of CO_2 per year from UEME's annual carbon footprint. In 2009, another 20 trees were planted along Sungai Unyai located west of the WMC. The number of tagged trees in 2009 however, went down to 796 due to the sudden fall of one tree and the decay of another. Note that only trees that have grown to at least 1.4 metres above the ground surface were tagged. We hope to continue planting new trees, and to nurture and protect the existing greenery as part of our commitment to be an environmentally responsible company.

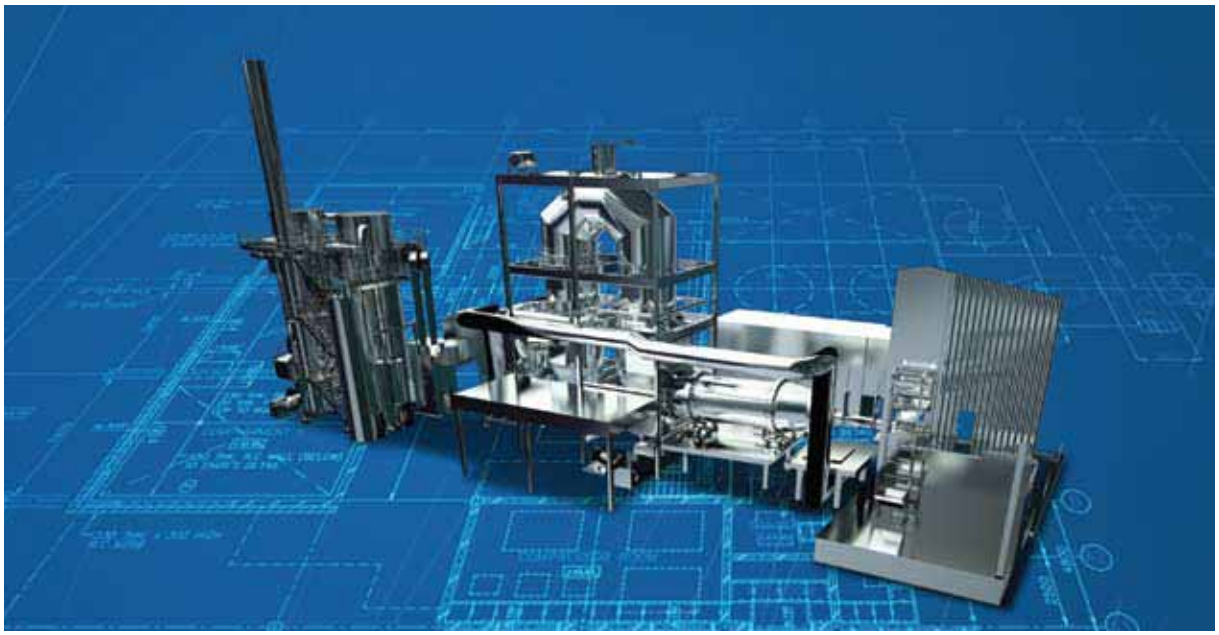
Towards Operational Efficiency

Diversification of the Old Leachate Treatment Plant

Water is a valuable resource that is subject to growing concern and we are working diligently to minimise our water footprint; we hope to have a more comprehensive approach in this area in the near future. In the meantime, we have tried to recycle as much as possible. For more on this area please refer to 'Resource Use' Sub-Section.

Since the commencement of the New Leachate Treatment Plant (NLTP) in July 2009, the Old Leachate Treatment Plant (OLTP) was solely used to treat storm water for reuse as process water in our operations at the WMC. The Wastewater Solutions division – under the EMS department – soon foresaw the potential in the OLTP to treat other types of wastewater with minor modifications to its system.

It only took 1.5 months to upgrade the OLTP, making it a very much more effective and versatile treatment plant. It is now capable of treating wastewater with a Biochemical Oxygen Demand (BOD) concentration of 1,000 mg/L as compared to only 600 mg/L before. In addition, the modified OLTP has four wastewater holding tanks, rendering it the ability to handle multiple types of wastewater simultaneously. The modified OLTP has the capacity to treat up to 300 MT of wastewater per day and has since generated up to RM4 million for Kualiti Alam.



Kualiti Alam Modular Incinerator (KAMI)

KAMI is a product of Kualiti Alam's joint effort with its European technical partner in designing an incinerator model which not only improves the operational efficiency, but also the emissions from the incineration process. The following is a summary of KAMI's cutting-edge design:

- It is versatile in that it can handle a wide variety of waste, solid or aqueous liquid. It is also the only medium-sized incinerator capable of accepting two separate waste streams (hazardous and medical wastes) simultaneously.
- It is capable of higher operating hours, which translates to less down time.
- It has lower operation and maintenance cost due to its incorporation of efficiency-oriented design and technology. Examples include the multiple fuel firing system which optimises fuel consumption, and the integration of kiln technology with the cyclo-drive system which strengthens and hence renders less need for maintenance.
- It has various systems in place to minimise its impact on the environment, such as a heat reduction and recovery system which minimises the formation of dioxin and the accumulation of waste; an air pollution control system which uses less chemical scrubbing agents, and a Continuous Emission Monitoring System (CEMS) which records real time emission data of various pollutants and process parameters.

The KAMI plant initiated operations in October 2009. It has a nominal capacity of 10,000 tonnes per year or 33 tonnes per day. As of the end of the year, the plant had treated a total of 1,735 tonnes of waste – an amount equivalent to approximately 4% of all waste incinerated in 2009. In fact, there was a 22% increase in the total amount of waste treated by incineration between 2008 (40,318 MT) and 2009 (49,014 MT).

Sludge De-Stabilisation Plant

The total amount of waste treated at the sludge de-stabilisation plant was 499 MT in 2009. This is equivalent to a total cost savings of RM 135,603 for the year. As treatment of waste by incineration generally costs more and has a greater impact on the environment, the sludge de-stabilisation plant was set up as a pilot plant to develop new ways in which to treat waste aside from incineration. By lowering the Total Organic Carbon (TOC) and Oil and Grease (O&G) levels of the waste, the sludge de-stabilisation plant enables waste to be treated with alternative methods such as solidification and physical chemical treatment (PCT). This is because waste with high levels of TOC and O&G must be treated by incineration. The sludge de-stabilisation plant thus, provides an avenue for more economical and environmental treatment methods.

Silicon Oil Recovery Plant

The silicon oil recovery plant recovers oil from incoming waste to be used as a fuel source at our incinerators. In 2009, we received and treated 276 MT of waste at the silicon oil recovery plant. The total amount of recovered oil at the plant was 152 m^3, which translates to about a 55% recovery – a rate of recovery 18% higher than that reported in 2008.

Achieved

55%

oil recovery rate - an increase of 18% compared to 2008

Six Sigma

Our Six Sigma programme has entered its third year since it was first implemented in 2007. In 2009, there were three Six Sigma Green Belt Certification initiatives. The following table summarises the savings achieved for each of the initiatives:

No.	Initiative	kWh/month (Mean)		Savings	
		Before (2008)	After (2009)	kWh/ month (Mean)	%
1	Installation of electronic ballast and energy saving tube for all the fluorescent lights within the Administrative building at the WMC	342,697	148,193	194,504	57
2	Making the switch from R22 gas to HC 22A gas as refrigerant, for the 11 air-conditioning units in the Administrative building at the WMC	94,637	72,634	22,003	23
3	Installation of an inverter at the motor drums handling A and B at Unit 5*	482,448	447,984	34,464	7

*Unit 5 is a waste pre-treatment plant at the WMC

Overall, as a result of our Six Sigma programme, we managed to reduce the energy consumption at our Admin building and at Unit 5 by approximately 50% (2,598,083 kWh) and 7% (413,568 kWh) respectively between 2008 and 2009. At the same time, there was an improvement in the energy efficiency (kWh per tonne of waste treated) at Unit 6 by 17%. The total cost savings as a result of our Six Sigma programme amount to RM4.8 million or about 17% in 2009, surpassing our initial cost savings target of 5%.

Unplanned Downtime

Year	2008 (Hours)			2009 (Hours)		
Location	Actual	Target	%	Actual	Target	%
INC1	652	7,404	9	442	8,760	5
INC2	885	6,480	14	1,130	8,760	13
INC3	1,246	6,480	19	1,195	8,760	14
SOLI	321	1,609	20	354	1,486	24
PCT	702	1,477	47	629	2,655	24
TOTAL	3,805	23,450	16	3,749	30,421	12

With reference to the table above, there is an overall decrease of about 2% in the unplanned downtime of our treatment plants between 2008 (3,805 hours) and 2009 (3,749 hours). This is an indication of improved maintenance at our treatment plants in general. We are working to further reduce the unplanned downtime of our operations in 2010.

57%
savings with installation of electronic ballast & energy saving tube

RM4.8Mil
or 17% total cost savings as a result of our Six Sigma programme

Resource Use

Water

Since the initiation of our operations, we have used recycled water in our operations at the WMC and in 2009, 82% of the total amount of water used was recycled water – a 6% increase as compared to 2008. This is through the 100% recycling of water from our storm water and leachate treatment plants. The remainder supply of water is sourced from Jabatan Bekalan Air (JBA). The table below shows the breakdown of water sources at the WMC.

	Source	Water Consumption (m^3)		
		2007	2008	2009
External Water	JBA	76,565	103,765	99,800
Recycled Water	Storm Water Treatment Plant	227,005	277,976	385,612
	Leachate Treatment Plant	41,325	66,297	54,469
	Total Water Usage	**344,895**	**448,038**	**539,881**
	Percentage Recycled	**77%**	**76%**	**82%**

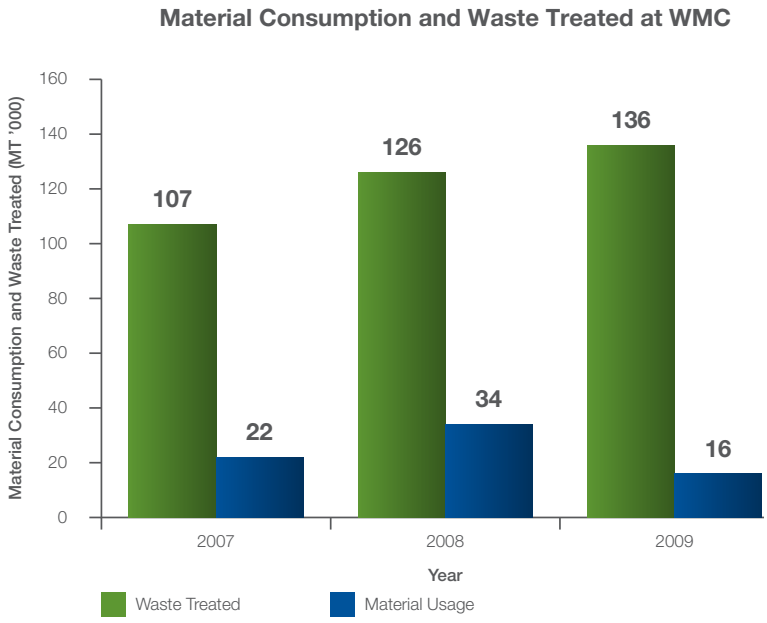
Water consumption for all our offices amounted to 100,464 m^3. The table below presents the breakdown of UEME's water consumption by location. The majority of our water use is at the WMC, taking up 99% of UEME's total water consumption. This is very much due to treatment operations which require large amounts of water at the WMC, as opposed to regular office water consumption at our other locations. In 2010, we plan to switch our sanitary systems to the half/full flush type of water tanks whenever a replacement is needed.

Location	m^3
WMC	99,800*
Mercu UEM	257
Faber	158
E-Idaman	239
ADKA	10
TOTAL	100,464

*External water only, excluding recycled water

Materials Use

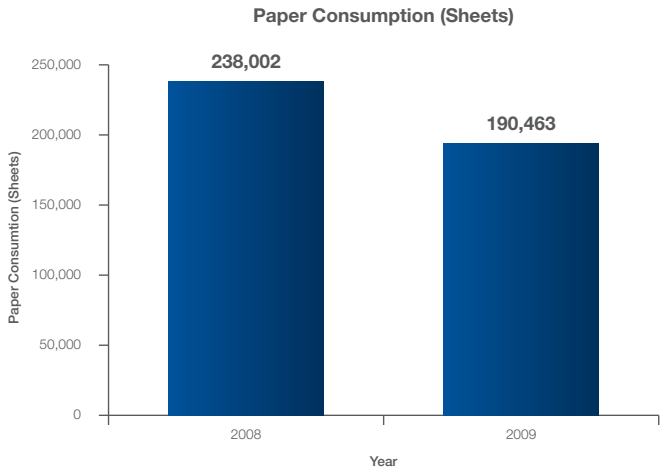
One of our many objectives in our business is to be more efficient. In 2009, we managed to increase the efficiency in the amount of waste treated per tonne of material used by 126%. This was due to our efforts to reuse as much existing materials we have as possible through the implementation of a materials recycling programme in our operations.



We treated about 8% more waste than we collected in 2009. This is a result of our increased capacity to treat waste in 2009, and our waste backlog (remainder waste untreated from previous years) since 2007. The table below summarises the waste backlog at the end of 2007, 2008 and 2009. The waste backlog increased by 38% (11,425 MT) between 2007 and 2008. The initiation of KAMI operations as well as the continued efforts for operational efficiency then led us to a 24% (10,101 MT) decrease in waste backlog in 2009.

As of 31 December :	2007	2008	2009
Waste Backlog (MT)	29,858	41,283	31,182

In terms of our office operations, we implemented a paper recycling programme in 2009 and managed to reduce our paper use for photocopying by 20% or by 47,539 sheets or 95 reams of paper. Given that it takes 1 tree to produce 2.5 reams of paper, this means that we managed to save 38 trees overall.



82%
of water used was recycled water

53%
less material used compared to 2008

20%
decrease of paper consumption in 2009

Supply Chain Management

We have developed policies and systems for managing the upstream and downstream impacts of our suppliers. The measures developed include :

- Creating a supply chain management system measuring our suppliers' environmental and social performances,
- Developing product and service stewardship initiatives, which, include efforts to improve, and, or minimise negative impacts associated with our services.

In 2009, we reduced our reliance on external suppliers from 30 to 12 (see table below). We also consolidated our suppliers by 76% from 1,303 to 308 in an effort to reduce our impact on the environment, and to bring value to our shareholders. By reducing the number of our suppliers we are also able to ensure quality in the materials which we purchase and monitor supplier accountability.

	Year		
Supplier Management	**Unit**	**2008**	**2009**
Cost of all goods, materials, and services purchased	RM Million / Month	6.5	7.9
Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	%	8%	29%
Supplier breakdown by organisation and country	Total	1,303 (30 non-local)	308 (12 non-local)
Environmental Performance			
Performance of suppliers relative to environmental components of programmes and procedures	Rating	68%	76%

In terms of supplier compliance with our environmental requirements, in 2009, there was an improvement of 8%. We are striving to achieve a minimum performance rating of 80% for 2010.

60%
less reliance on external suppliers

76%
suppliers consolidated

In 2009, there was a
7
fold increase in recycling efforts compared to 2008

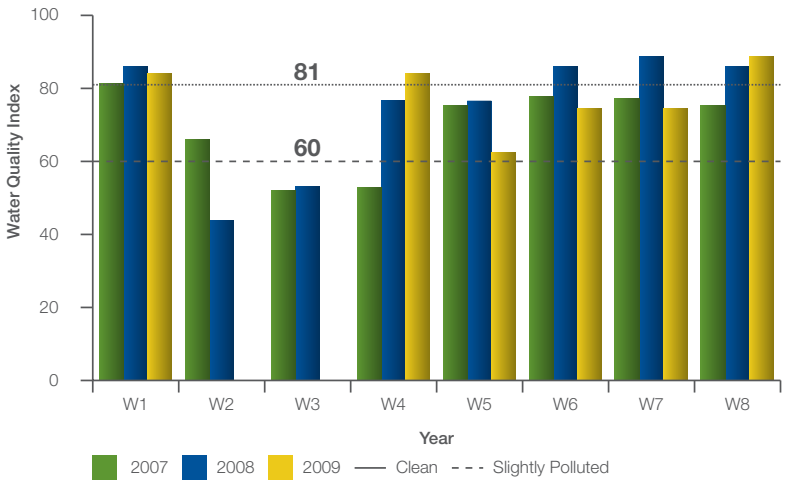
Environmental Performance

Water Quality

As we recycle 100% of our process water, our discharges to public waterways comes mainly from ancillary runoff, and from our sewage treatment system. We are pleased to report that we have not had any incidences of non-compliant discharges to public waterways in 2009. Based on this, we are reporting our surface water quality monitoring programme.

Using the data collected by our external laboratory, the water quality index of the surrounding rivers, and water systems to our WMC for 2009 was on average 78. Under the Interim National River Water Quality Standards of Malaysia, our surrounding rivers and water systems fall under Category II. This means that our water quality is suitable for water supply purposes, fishery, and is able to support sensitive aquatic species as well as being fit for swimming. Nonetheless under the WQI's classification, an average index of 78 means that the surface waters in the WMC's vicinity are considered 'slightly polluted' (see chart below).

WQI for Surface Water Monitoring



This data is supported by our bio-monitoring programme which we have also been conducting since the initiation of our operations. In 2009, we maintained the aquatic quality of our surrounding waters.

Groundwater Quality

As in the previous years, groundwater monitoring was conducted at seven locations i.e. WW2, WW3, WW4, WW5, WW6, WW7 and Kampung Jimah Lama (KJL). With exception to KJL which is a nearby village, the other six monitoring points were spread around the WMC. The following table summarises the results obtained in 2009.

Parameter	KJL	WW2	WW3	WW4	WW5	WW6	WW7	NGRDWQ*
	Mean (mg/L)							
Lead	0.050	<0.002	<0.002	<0.002	<0.002	<0.002	<0.002	0.01
Copper	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	1.00
Zinc	0.245	0.08	0.050	0.096	0.052	0.094	0.050	3.00
Arsenic	<0.002	<0.002	<0.002	<0.002	<0.002	<0.002	<0.002	0.01
Cyanide	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	-
Mercury	<0.002	<0.002	<0.002	<0.002	<0.002	<0.002	<0.002	0.001

*NGRDWQ stands for National Guidelines for Raw Drinking Water Quality (Benchmark for Groundwater)

Mercury readings were consistently below the detection limit of 0.002 mg/L at all stations for two years straight i.e. in 2008 and 2009. However, the detection limit of 0.002mg/L is higher than the 0.001mg/L limit set by the NGRDWQ. Our laboratory is currently not equipped to detect the concentration of mercury at such sensitivity. In order to do so, a Graphite Furnace Atomic Absorption (GFAA) is required. The Environmental Monitoring Team is currently considering the possibility of obtaining one.

Lead readings exceeded the NGRDWQ at KJL. This may be due to the fact that KJL is a village community area. Lead in KJL's groundwater likely comes from the underground pipe lines that supply water to the villagers. Lead is commonly used in household plumbing materials and water service lines (Source: USEPA, 2007). All other parameters monitored were within the NGRDWQ limits.

Biodiversity

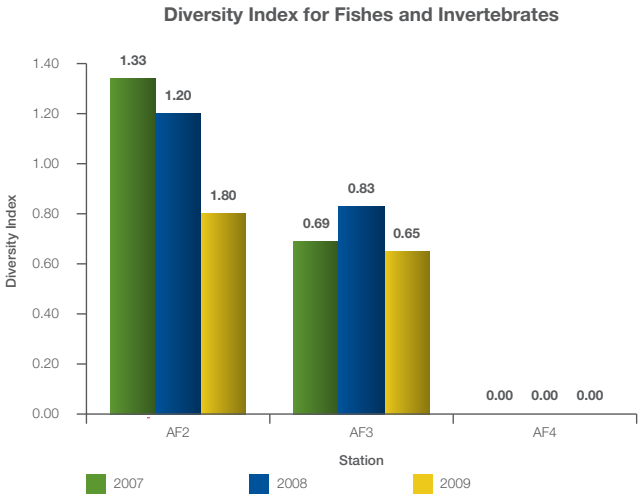
Although the WMC is not located in or near a protected area, we have been monitoring the biodiversity of the surrounding area on our own initiative since the beginning of our operations as a way of fostering interest in this area. Bio-monitoring is done twice a year in the WMC's vicinity. In 2009, a total of 52 flora species and 71 fauna species were observed. The following table presents the breakdown of species listed under the IUCN Red List of Threatened Species and the Malaysian Wildlife Protection Act of 1972.

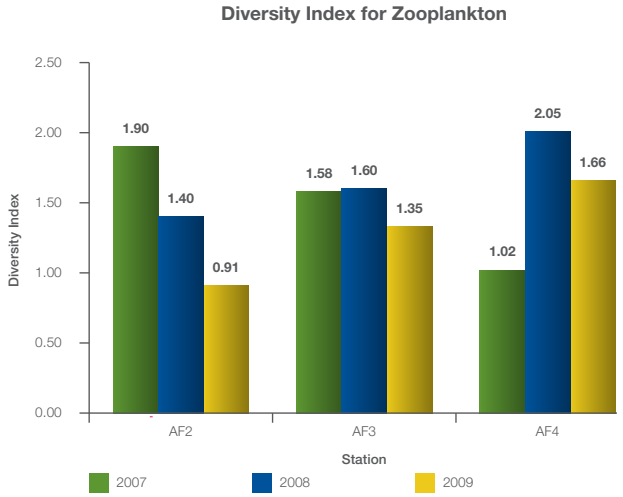
Flora Species			
Type of species	Total species	IUCN Red List of Threatened Species*	Malaysian Wildlife Protection Act of 1972
		Total No. of Listed Species	
Woody Trees	26	3 (2LC+1CR)	None
Shrubs & Herbaceous Species	26	None	None
Fauna Species			
Frogs	5	4 (All LC)	None
Mammals	7	6 (All LC)	1
Birds	37	36 (1NT + 1VU + 34LC)	None
Grasshoppers, Dragonflies and Butterflies	22	1 (LC)	None

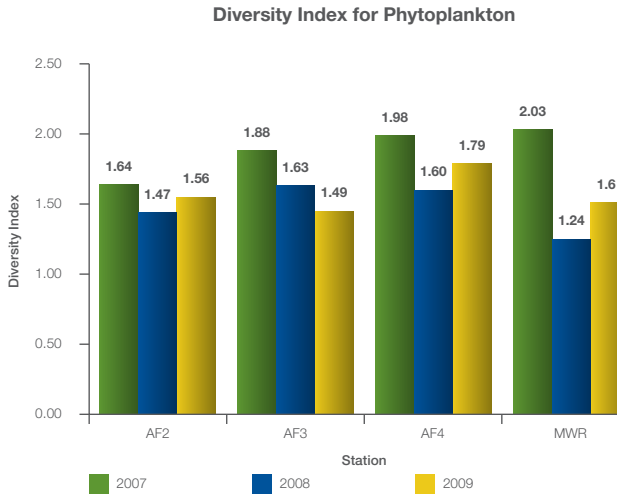
*The IUCN Red List categorises a given species according to the degree at which it is threatened. The categories are as follows: Least Concern (LC), Near Threatened (NT), Vulnerable (VU), Endangered (EN), Critically Endangered (CR), Extinct in the Wild (EW), and Extinct (EX).

Bio-Aquatic Monitoring

Bio-aquatic monitoring is conducted to determine the relative abundance and the diversity index of bio-aquatic species in a given area. The higher the diversity index, the more diverse the bio-aquatic species being monitored. As was in 2008, the main ecological indicators of zooplankton, phytoplankton, Chlorophyll *a*, fish and invertebrates were monitored for the assessment. The following charts illustrate the bio-aquatic monitoring results obtained over the course of three years from 2007 to 2009.

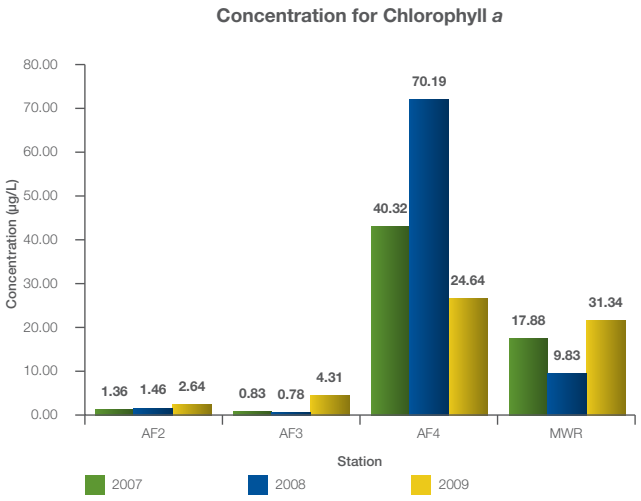






The diversity index for fish and invertebrates, and zooplankton decreased at all stations monitored in 2009, whereas for phytoplankton, a decrease was observed only at station AF3. The general decline in the diversity index can be blamed upon the higher rainfall in 2009 (2,013 mm), as compared to 2008 (1,860 mm) – an 8% increase. High rainfall causes an increase in the stream flow discharge, and this in turn, reduces the aquatic species abundance of a given stream as organisms are washed downstream. One other reason for the decline in the diversity index may be the land development project adjacent to the WMC which started work in 2008.

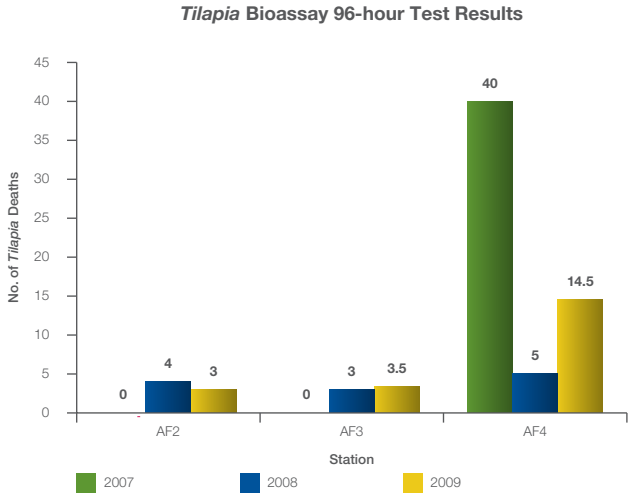
For Chlorophyll *a*, a higher concentration indicates poor water quality. Its presence also reduces the clarity of the water body. Stations AF4 and MWR have particularly high concentrations of Chlorophyll *a*, indicating high nutrient content.



Bioassay Monitoring

Bioassay monitoring is carried out to quantify the toxicity of a water body through the use of bioassay species indicators. Three main species indicators were used in the bioassay monitoring conducted at the WMC, namely *Tilapia, Chlorella vulgaris and Moina micrura*.

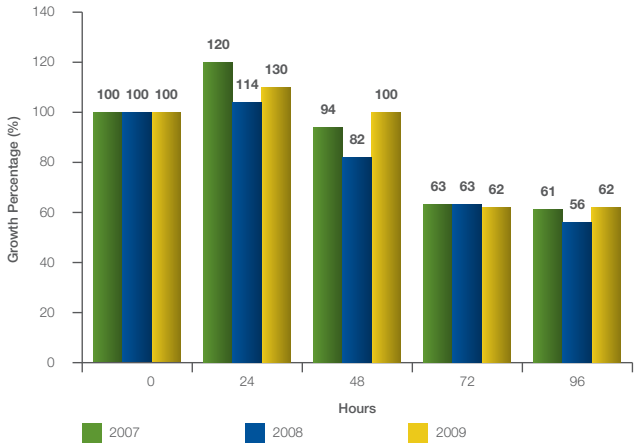
A 96-hour test was carried out for *Tilapia* and the number of deaths were subsequently recorded. The following chart shows the 96-hour test results for *Tilapia* in 2007, 2008 and 2009.



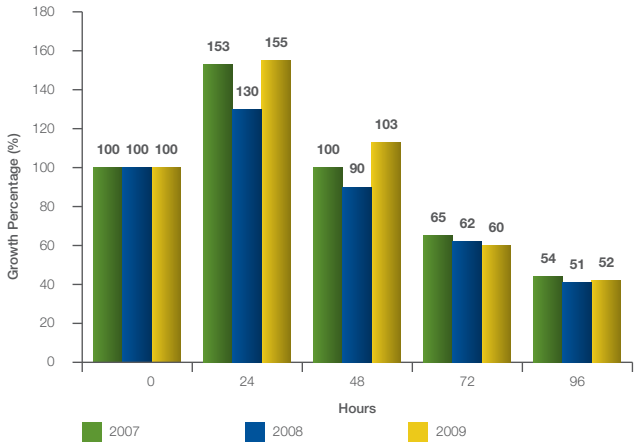
From the results obtained, there has been a slight improvement in the toxicity of water samples collected at station AF2 – the number of *Tilapia* deaths dropped from 4 to 3 between 2008 and 2009 for the 96-hour test. However, an increase is observed at station AF3, and particularly at station AF4 where the number of deaths almost tripled in 2009 as compared to 2008. This is an indication that the waters at AF4 are toxic to *Tilapia*. The primary reason for this is that station AF4 is located right after the silt trap discharge, making it a source of suspended solids which can clog the gills of aquatic organisms. We plan to increase the frequency of de-silting our silt traps to prevent future occurrences.

Chlorella vulgaris is a naturally occurring green algae found in most bodies of fresh water. In bioassay monitoring it is used as a growth indicator for the 96-hour test. The following figures present the results of *Chlorella vulgaris* growth by station.

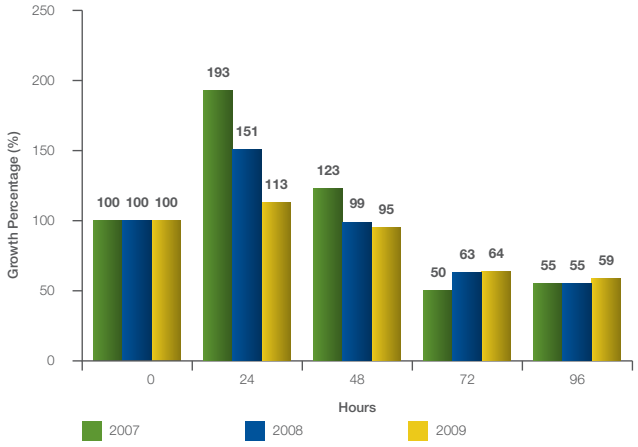
***Chlorella vulgaris* Growth at AF2**



***Chlorella vulgaris* Growth at AF3**

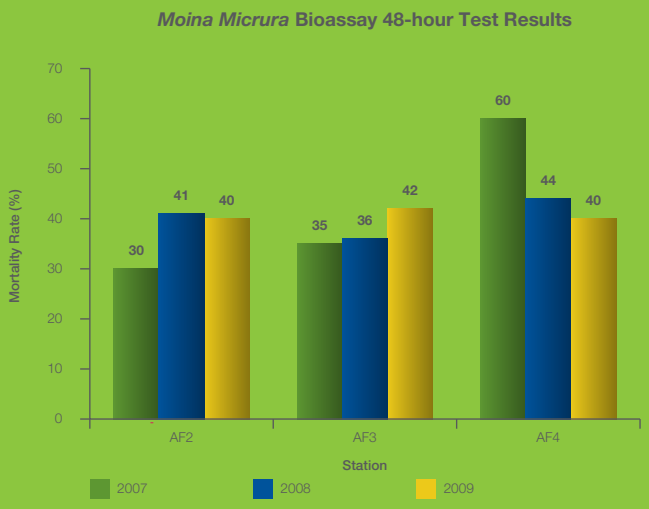


***Chlorella vulgaris* Growth at AF4**



With reference to the above figures, there was generally an increase in the percentage of *Chlorella vulgaris* growth at stations AF2 and AF3 between 2008 and 2009. This is an indication of high nutrient content in the water body e.g. nitrogen and phosphorus. A decreasing trend was however, observed at station AF4.

Moina micrura is a zooplankton species that is commonly used as a survival/mortality indicator in the 48-hour bioassay monitoring test. The figure below illustrates the results obtained between 2007 and 2009.



Overall, from the bio-monitoring results obtained, it can be concluded that the biodiversity around the WMC is still reasonably preserved. We, however realise that more measures need to be taken to further minimise our impact on the surrounding environment. There is a need to find ways to safeguard against the land development adjacent to the WMC. Land clearing activities can have a significant impact on the biodiversity of an area. Our tree tagging initiative is one way, we hope, to enhance the biodiversity of our surroundings. We understand that a loss of biodiversity could potentially be harmful to our communities and are working on more ideas to reduce our impact.

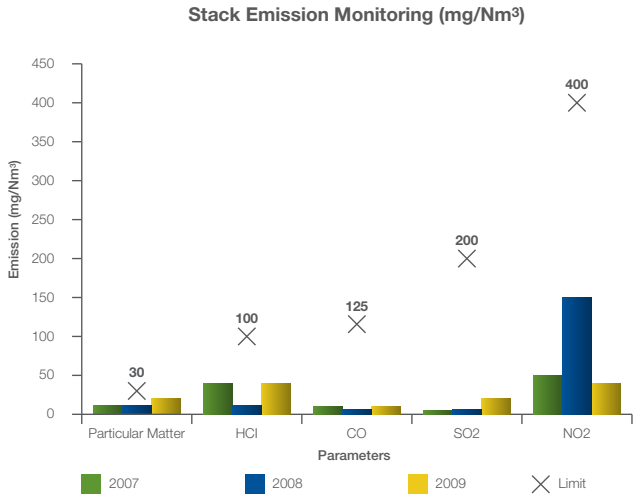
Air Quality

There have been no additional changes to our operations in 2009. As per our regulatory requirement, our stack monitoring and ambient air quality monitoring programmes are on-going, with no changes to parameters monitored or frequency in monitoring. To date, we are pleased to report that there have been no incidences of non-compliances in relation to our air emissions. It is also important to note that no ozone-depleting substance is released from the running of our operations.

Our ambient air quality monitoring performance is as shown below:

Parameter	2008	2009	Limit (ug/m^3)
As	0.057	0.045	0.3
Cl_2	2	<2	18
Cr	0.011	0.047	1.5
Fe	1.008	1.020	4
Mn	0.222	0.043	2.5
HCl	2	<2	32
Hg	0.228	0.243	2
Ni	0.045	0.047	2
NO_x	2.233	0.600	320
Sb	0.048	0.100	25
SO_2	10.27	<2	350
Zn	1.033	0.133	120

Our incinerator stack monitoring results are shown below against the DOE Licensing Condition Limits:



Note: The stack emission data presented above does not include the KAMI incinerator plant as it only started operations towards the end of 2009, in October.

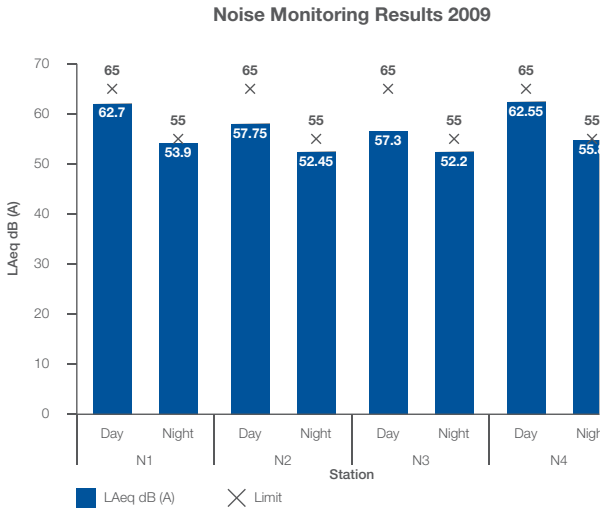
The 2009 stack monitoring data of the sludge dryer and thermal oil heater which operates for Kualiti Kitar Alam at the WMC is presented below.

Parameter	Concentration (mg/Nm3 or otherwise stated)		
	Sludge Dryer	Thermal Oil Heater	Limits*
Total Particulates	8.87	82.33	400
Nitrogen Oxides (expressed as NO_2)	22.3	4.23	400**
Sulphur Dioxide (SO_2)	<3.0	<3.0	200**
Carbon Monoxide (CO)	5.97	19.03	125**
Hydrogen Sulphide (H_2S)	1.5	1.50	7.6
Hydrogen Chloride (HCl)	6.85	2.10	400
Chlorine	2.2	1.40	200
Sulphuric acid (SO_3)	1.8	6.84	200
Hydrogen Cyanide (HCN)	0.02	2.10	-
TOCs (n-hexane)	0.15	3.55	20
Arsenic and its compound	<0.01	<0.01	25
Cadmium and its compound	<0.01	<0.01	15
Chromium and its compound	0.1	0.01	-
Lead and its compound	0.1	0.01	25
Mercury	<0.01	<0.01	10
Copper and its compound	0.02	0.03	100
Antimony and its compound	<0.01	<0.01	25
Zinc and its compound	2.7	3.10	100
Dioxin-Furan (ng ITEQ***/Nm^3)	0.037	0.038	0.1
Smoke Density (Ringelmann Chart)	0	0	1

* Limits as stated in license – ASNS(B)50/013/902/006
** Typical limit imposed by DOE for Incineration process
*** ITEQ = International Toxic Equivalent Based on the 2,3,7,8-TCDD congener

Noise Monitoring

Being a hazardous waste treatment facility in a rural environment, we are highly sensitive to the impact of our operations on the surrounding community. To ensure that we minimise our impact as much as possible, as well as ensure regulatory compliance, we have been conducting noise monitoring since the initiation of our operations. To date, we have had no incidences of complaints or compliance issues with the regulatory authorities. Our 2009 performance data in noise levels is as shown below.

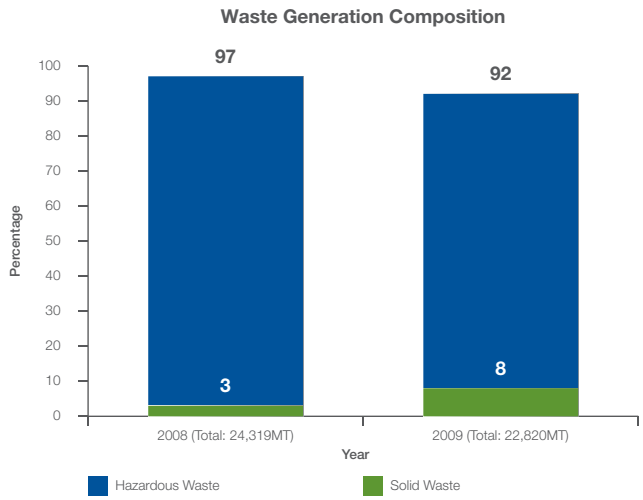


Waste Management

As a hazardous waste treatment facility, it should come as no surprise that we generate waste as part of our daily operations; being:

1. Hazardous waste from our waste treatment facilities.
2. General waste from our office activities.

The figure below shows the composition of waste generated at the WMC, and from our ELV programme based at Proton City. We have managed to reduce the composition of hazardous waste generated by 5%, despite an increase in the volume treated on site, however, the composition of solid waste increased. This increase in the percentage of solid waste generation can be linked to our ELV programme, which, started operations in August 2009. The programme generated relatively more solid waste (575 MT) than hazardous waste (15 MT) in 2009. It is significant to note that, even with the additional waste from the ELV programme in 2009, overall, there was a 6% reduction in the total amount generated between 2008 (24,319 MT) and 2009 (22,820 MT). We aim to do better in 2010, by further reducing our generation of waste, as well as providing information on the waste composition from our other offices.



Our new recycling and recovery facility at the WMC operated under KKI, is one example of the company rising to the challenge of providing a greener alternative to more traditional waste management techniques. The site accepts 17,957 tonnes of hazardous industrial waste a year and produces both separated recycled materials for reprocessing, and a secondary fuel which can displace fossil fuels.

The plant is highly efficient: of the 17,957 tonnes accepted in 2009, 57% was separated out for recycling and 23% processed into a secondary fuel for third party use. Only about 20% of the waste is left after processing for disposal to landfill or incineration.

Recycling by separating waste for further processing into new products saves non-renewable resources, and can provide a less carbon intensive production route for these products. Processing wastes into secondary fuels to replace fossil fuels likewise, provides a potential carbon avoidance benefit. KKI accesses both of these carbon benefits by recycling what is practical from waste and then recovering value from the remaining residual materials before considering disposal.

RECYCLING AND RECOVERY INDICATOR		
Indicator	**2008**	**2009**
Total waste handled ('000 tonnes)	5,651	17,957
Amount of materials recovered from the waste stream ('000 tonnes)	4,973	14,272
Proportion of total waste handled recovered from the waste stream (%)	88	79
Amount of Waste Disposed ('000 tonnes)	678	3,685

Internal Recycling Initiative

In 2008, an initiative to segregate office waste was implemented by the Administration Department at the WMC. This expanded to include the offices at Mercu UEM and Faber Towers in 2009. The following table summarises the recycling efforts at each of the three locations as of 31 December 2009. Overall, we managed to extract a total of 4,181kg from the waste stream for recycling. This is a seven fold increase as compared to the 486kg recycled in 2008 from the WMC alone. We hope to further enhance our recycling initiative in the coming years.

Recyclables	2009 (kg)			
	Mercu UEM	FT	WMC	TOTAL
Paper	185	290	2,037	2,512
Newspaper	635	21	70	726
Cardboard Box	14	-	597	611
Pet Bottle/Plastic	-	-	41	41
Iron	-	-	4	4
Aluminium Can	5	3	29	36
Toner Cartridge	-	-	252	252
TOTAL	**839**	**313**	**3,029**	**4,181**

In addition to recycling office waste we are also making an effort to recycle materials from our operational activities. In 2009, we recycled plastic pails, drum bums, and drum presses from our various operations amounting to a total of 3,601 MT.

End of Life Vehicle (ELV)

The ELV Programme is managed by Special Builders. Operations of our ELV programme in Proton City, Tanjung Malim began in August 2009. It is the first such facility in Malaysia to operate a systematic and environmental friendly vehicle disposal management system. As of 31 December 2009, we had collected a total of 26,216 cars, and had properly disposed of 11,507 cars. This is equivalent to a 44% disposal rate; a rather healthy figure being that we had only been in operation for four months.

Motor vehicles contain a wide range of hazardous materials such as, waste oil, fuel, coolant, and heavy metals such as mercury, lead, cadmium and chromium. The ELV process includes stages to systematically remove such hazardous materials, dispose of them responsibly, and at the same time, recover all that can be salvaged from dismantling the vehicles.

From the 11,507 cars scrapped, we have recovered 5,670 tonnes of ferrous waste, 990 tonnes of non-ferrous waste, 900 tonnes of plastic, 450 tonnes of rubber, 11 tons of batteries, 4 tonnes of oil and 576 tonnes of solid waste.

Waste oil (petrol, diesel and engine oil) is removed from the vehicles and stored in separate tanks from which Kualiti Kitar Alam collects for reuse on a weekly basis. Metal scraps such as the vehicle body and engine are sold to steel mills; batteries are sold to authorised recyclers; and tyres are separated from their rim before they too are sold to recyclers. Finally, unrecyclable scrap such as foam, fabric, and mixed plastics are sent to the Tanjung Malim landfill for proper disposal. UEME assures full compliance of its ELV procedures against the European Union standard.

Integrated Solid Waste Management

A 22-year concession was awarded by the Malaysian Government to E-Idaman to undertake the privatisation of Municipal Solid Waste and Public Cleansing Management Services, for the Northern States of Peninsular Malaysia covering 29 Local Authorities. Environment Idaman, a subsidiary of E-Idaman, handles the collection of solid waste in the waste management process. We are committed to providing the full range of solid waste management services and complementing the complex needs of towns, businesses and municipalities, cradle to grave. Operations began in November 2009 and total solid waste collected amounted to 47,360 tonnes in 2009.

We will continue to identify opportunities to further improve upon all our numbers.

Assurance Statement

Introduction

Bureau Veritas has been engaged to provide assurance services to UEM Environment Sdn Bhd. This Assurance Statement applies to the Sustainability Report 2009 (the 'Report').

The preparation of the Report and its content is the responsibility of UEM Environment Sdn Bhd. Our responsibility is to provide assurance over the Report and underlying processes within the scope set out below:

- **Workplace: Governance**
  Verification through low to mid-level assurance via information provided.

- **Workplace: Employment**
  Verification through low to mid-level assurance on employment, working and living conditions via compliance against internationally recognized standards.

  Low to mid-level assurance on health & safety via UEM's management /OSH related records

- **Workplace: Awards & Accreditation**
  Verification through low to mid-level assurance via information provided.

- **Marketplace:**
  Verification through low to mid-level assurance via information provided.

- **Environment:**
  Verification through low to mid-level assurance via UEM Environment Sdn Bhd records, independent assessment records, environmental controls, selected Waste Management Center (WMC) site visits, UEM Environment Sdn Bhd policies & practice implementation, targets/GRI data transposition (internal), select factual & numerical data analysis (targets / GRI verification will not be traced to source unless local and accessible)

- **Community:**
  Verification through low to mid-level assurance via UEM Environment Sdn Bhd practices / procedures, training records, limited financial data, internal and external assessment records, UEM Environment Sdn Bhd management / inspection records, etc.

It is agreed that UEM Environment Sdn Bhd expects to be able to provide a response to each of the GRI-G3 Guideline Protocols.

UEM Environment Sdn Bhd aims to provide the A+ Application Level which requires reporting on the Standard Disclosures which include on all criteria for G3 Profile disclosures, management approach for each indicator category.

Exclusions from the scope of our work

Excluded from the scope of our work is information relating to:

- Statements of commitment to, or intention to, undertake action in the future;
- Statements of opinion, belief and / or aspiration;
- Our assurance does not extend to the information hyper linked from the Report.

Bureau Veritas Certification (M) Sdn. Bhd. (670271-V)
Level 1, Menara Dayabumi, Jalan Sultan Hishamuddin
50550 Kuala Lumpur, Malaysia
Tel : 603-2267 2888 Fax : 603-2267 2889
www.bureauveritas.com

Basis of our opinion

In conducting this engagement we have considered the following guiding principles:

- The principles of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity, relevance and reliability as per Sustainable Reporting Guideline version 3.0 (GRI-G3).

Our work was planned and carried out to provide reasonable, rather than absolute, assurance and we believe that the work conducted as described in the scope of work above provides a reasonable basis for our conclusions.

We relied on the representations made to us during the course of our assurance work by UEM Environment Sdn Bhd personnel and the consolidated income statement 2009 audited by Ernst & Young.

Where we have provided assurance over numeric information, this has been achieved through review of consolidation processes and databases held at the Headquarters, UEM Environment Sdn Bhd, Mercu UEM, Kuala Lumpur Sentral, KL. This work is not considered sufficient for us to identify all misstatements.

Our review included the following activities:

- Interviewed with relevant staff at corporate and operation levels responsible for the information in the Report;
- A review of internal and external documentation and displays such as awards, newspaper clips, photos and pictures, minutes of meeting , corporate risk register 2009, correspondences, circulars, receipts, Corporate Communication expenses 2009, Consolidated income statement 2009, Spend analysis 2009, Production Monthly consumables expenditure 2009, 2006 IPCC guidelines for National greenhouse gas inventories, Shell supercard annual statement, daily process operations, waste water management plant monthly, Environmental monitoring programme for malaysian integrated scheduled waste collection, treatment and disposal project, monthly diesel consumption, monthly scheduled waste inventory, Tracking of accident /incident corrective & preventive action, Training calender Jan-Dec 2009, Service Agreement, 2009 Guidelines to DEFRA GHG Conversion Factors, Notification of accident/incident, Vendor registration form, Buletin KASB, Intouch Kualiti Alam, etc.
- A review of the underlying systems and procedures used to collect and process the reported information, including the aggregation of data into the information in the Report;
- A review of the reliability of the quantitative and qualitative information in the Report based on sampling;
- Visited Waste Management Center (WMC) office to review the data collection process and implementation evidence on reported statements in the Report ;
- Challenged the related statements and claims made in the Report.

During our investigation we discussed the necessary changes in the Report with UEM Environment Sdn Bhd and determined that these changes have been adequately incorporated into the final version.

Bureau Veritas Certification (M) Sdn. Bhd. (670271-V)
Level 1, Menara Dayabumi, Jalan Sultan Hishamuddin
50550 Kuala Lumpur, Malaysia
Tel : 603-2267 2888 Fax : 603-2267 2889
www.bureauveritas.com

Conclusions

- In our opinion, the Report fulfills the A+ requirements of the GRI 2006 Sustainability Reporting Guidelines (Version 3.0).
- During the course of our review nothing came to our attention to indicate that there was any material error, omission or misstatement. It is Bureau Veritas' opinion that the statements in the Report are accurate and reliable based on UEM Environment Sdn Bhd presented data.
- The Report provides a fair representation of UEM Environment Sdn Bhd's sustainability reporting activity for the period from 1st January 2009 up to the data collection deadline on 31st December 2009.

Areas for ongoing improvement

- UEM Environment Sdn Bhd to consider inviting Bureau Veritas to witness any stakeholders' engagement in the future.

Considerations and limitations

In relation to our assurance work and conclusions, the following considerations and limitations should be noted:

- Certain information is excluded from the scope of our assurance work, as stated above;
- Environmental and social data are subject to inherent limitations due to its nature and the methods used for determining, calculating or estimating such data. Therefore this independent assurance statement should not be relied upon to detect all errors, omissions or misstatements in the Report, nor can it guarantee the quality of social accounting and reporting processes. We have provided reasonable assurance as to the quality and accuracy of the report within the scope of our investigations.

15th October 2010

Statement by Bureau Veritas of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services.

Bureau Veritas has implemented a code of ethics across the business that is intended to ensure that all our staffs maintain high ethical standards in their day-to-day business activities; we are particularly vigilant in the prevention of conflicts of interest.

Competence: Our assurance teams completing the work for the Social Report have extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes and an excellent understanding of good practice in Corporate Responsibility reporting and assurance.

Bureau Veritas Certification (M) Sdn. Bhd. (670271-V)
Level 1, Menara Dayabumi, Jalan Sultan Hishamuddin
50550 Kuala Lumpur, Malaysia
Tel : 603-2267 2888 Fax : 603-2267 2889
www.bureauveritas.com

GRI INDEX

GRI Guidelines		Page No.
1.1	Statement from Managing Director	6 - 7
1.2	Key Impact, risk and opportunities	20 - 22
2.1	Name of organization	8
2.2	Primary brand, product and or services	12 - 13
2.3	Operational structure	14 - 15
2.4	Location of HQ	5
2.5	Countries operated	8, 10
2.6	Nature of ownership and legal form	12 - 13
2.7	Markets served	8, 10
2.8	Size of operation	23 - 25, 29
2.9	Organization changes in reporting period	5
2.10	Awards received in reporting period	11
3.1	Reporting Period	5
3.2	Date of most recent previous report	5
3.3	Reporting cycle	5
3.4	Contact Point	5
3.5	Process for defining report content	4 - 5
3.6	Boundary for report	5
3.7	Limitations on scope, boundary of report	5
3.8	Basis for reporting on joint ventures	5
3.9	Data measure techniques and the bases of the calculations	5, 39 - 47
3.10	Effect of any restatements of information provided in earlier reports and reasons for such restatements	10
3.11	Significant changes from previous reporting period in the scope, boundary or measurement method	5
3.12	Standard disclosures	71 - 74
3.13	Policy and current practice with regard to seeking external assurance	5, 68 - 70
4.1	Governance structure of the organization	16 - 19
4.2	Chair of the highest governance body	16 - 19
4.3	Members of highest governance body that are independent and/ or non executive	16 - 19
4.4	Mechanism for shareholders and employees to provide recommendations or direction to highest governance body	31, 35 - 36, 38
4.5	Compensation for highest governance body	18
4.6	Processes to ensure conflict of interest are avoided	18
4.7	Expertise of highest governance body	16 - 18
4.8	Internally developed statements of mission or values, codes of conduct and principles	8 - 9
4.9	Procedures of highest governance body for the organization identification and management	18
4.10	Performance of highest governance body	18
4.11	Precautionary approach	19
4.12	Externally developed principles which the organization endorses	19, 25
4.13	Membership in associations	19
4.14	List of stakeholders groups engaged by organization	35
4.15	Identification and selection of stakeholders	35
4.16	Approaches to stakeholder engagement	35 - 36, 38
4.17	Key topics through stakeholder engagement	35

ECONOMIC INDICATORS

GRI Guidelines		Page No.
EC 1	Direct economic value	24 - 25
EC 2	Financial implication due to climate change	25
EC 3	Coverage of the organization's definite benefit plan obligations	30
EC 4	Financial assistance received from government	25
EC 5	Standard entry level wage	30
EC 6	Locally based suppliers	53
EC 7	Local hiring	29
EC 8	Infrastructure investments	48 - 49
EC 9	Significant indirect economic impacts	25

ENVIRONMENT INDICATORS

GRI Guidelines		Page No.
EN 1	Weight of materials used	51
EN 2	Recycled input materials	51
EN 3	Direct energy consumption	40
EN 4	Indirect energy consumption	42 - 45
EN 5	(Add) Energy saved due to conservation and efficiency improvements	50
EN 6	(Add) Initiatives on energy efficiency or renewable energy	48 - 50
EN 7	(Add) Initiatives to reduce indirect energy consumption	45
EN 8	Total Water Use	51
EN 9	Water sources significantly affected by withdrawal of water	51
EN 10	Percentage and total volume of water recycled and reused	51
EN 11	Location and size of land in protected areas	56
EN 12	Significant impact on biodiversity	56 - 60
EN 13	Habitats protected or restored	47
EN 14	Strategies for managing impacts on biodiversity	47
EN 15	Number of IUCN Red List Species and national conservation list species	56
EN 16	Total direct and indirect GHG emission by weigh	40 - 47
EN 17	Other relevant indirect GHG emission by weight	44
EN 18	Initiatives to reduce GHG emissions	47
EN 19	Emission of ozone depleting substance by weight	61 - 62
EN 20	NOx, SOx and other significant air emission by type and weight	61 - 62
EN 21	Total water discharge by quality and destination	54
EN 22	Total weight of waste by type and disposal method	63 - 66
EN 23	Total number and volume of significant spills	34
EN 24	Weigh of transported imported, exported or treated waste deemed hazardous	63 - 64
EN 25	Identify, size, protected status and biodiversity value of waterbodies	54 - 60
EN 26	Initiatives to mitigate environmental impacts of products and services	53, 60
EN 27	Percentage of products sold and their packaging materials are reclaimed by category	N/A
EN 28	Monetary value of significant fines and total number of non monetary sanctions for non compliance with environmental laws and regulations	54, 61
EN 29	Significant environmental impacts of transporting products and other goods and materials used	41, 43 - 45
EN 30	Total environmental protection expenditures and investments by type	21

LABOUR PRACTICES INDICATOR

GRI Guidelines		Page No.
LA 1	Total workforce by employment type, employment contract and region	29
LA 2	Total number and rate of employee turnover by age group, gender and region	30
LA 3	Benefits provided to full time employees Labour/ Management Relations	30
LA 4	Percentage of employee covered by collective bargaining periods	31
LA 5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements	31
LA 6	Percentage of total workforce represented in formal joint management worker health and safety committees	19
LA 7	Rates of injury, occupational diseases, lost days and absenteeism	33
LA 8	Education, training, counseling, prevention, and risk control programmes regarding serious diseases	9, 33 - 34
LA 9	Health and safety topics covered in formal agreements with trade unions	N/A
LA 10	Average hours of training per year per employee	32
LA 11	Programme for skills management and lifelong learning	32
LA 12	Percentage of employees receiving regular performance and career development reviews	31
LA 13	Breakdown of employees according to gender, age group, minority group membership	28
LA 14	Ratio of basic salary of men to women by employee category	N/A

HUMAN RIGHTS INDICATORS

GRI Guidelines		Page No.
HR 1	Significant investment agreements that include human rights clauses	31
HR 2	Significant suppliers and contractors that have undergone screening on human rights	31
HR 3	Total hours of employee training on policies and procedures concerning human rights	31
HR 4	Incidents of discrimination and action taken	31
HR 5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	31
HR 6	Operations identified as having significant risk for incidents of child labor	31
HR 7	Operations identified as having significant risk for incidents of forced labour	31
HR 8	Percentage of security personnel training in policies concerning human rights	31
HR 9	Total number of incidents of violations involving rights of indigenous people	31

SOCIETY INDICATORS

GRI Guidelines		Page No.
SO1	Programmes that manage the impacts of operations on communities	35 - 36
SO2	Percentage and total number of business units analyzed for risks related to corruption	25
SO3	Percentage of employee trained in anti corruption policies	25
SO4	Action taken in response to incidents of corruption	25
SO5	Public policy positions and participation in public policy development and lobbying	25
SO6	Total value of financial and in kind contribution to political parties	21
SO7	Total number of legal actions for anti competitive behavior ,anti trust and monopoly practices	26
SO8	Monetary value of significant fine and total number of non monetary sanctions for non compliance	26

PRODUCT RESPONSIBILITY INDICATORS

GRI Guidelines		Page No.
PR1	Lifecycle stages in which health and safety impacts of product and services are assessed for improvement	26
PR2	Total number of incidents of non compliance with regulations concerning health and safety impacts of products and services.	26
PR3	Type of product and service information required by procedures	26
PR4	Total number of incidents and non compliance with regulations concerning product and services labeling	26
PR5	Practices related to customer satisfaction	26
PR6	Programme for adherence to laws related to marketing communications	26
PR7	Total number of incidents of non compliance with regulations concerning marketing communications	26
PR8	Total number of substantiated complaints regarding breeches of customer privacy	26
PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	26

Your Feedback

(please tick where approriate)

- Can we post your view/s on our website? ☐ Yes ☐ No
- Can we include your name/organisation with your comment/s on our website? ☐ Yes ☐ No
- Would you like us to continue to mail materials on the social reporting process or any other information pertaining to the Company in general to you? ☐ Yes ☐ No
- Would you like to participate in our future dialouge session? ☐ Yes ☐ No

Please state reason if you answer "No"

(for disclosure purpose, if any information from absent stakeholders is intended for public disclosure as part of the social reporting process, the above reasons can be used to state why your organisation has chosen not to participate in the dialogue session)

.....
Signature

Your name and address (optional)

Organisation

Telephone number (home/office)

Email address

REQUEST FOR A PRINTED COPY OF THE UEM ENVIRONMENT SUSTAINABILITY REPORT 2008 - ENGAGING SUSTAINABILITY FROM WITHIN

Name

Telephone number (home/office)

Email address

Address

stamp

Corporate Communications Manager
UEM Environment
13-1, Mercu UEM
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

2009 Sustainability Report

The report team wishes to thank all the individuals throughout the organisation who contributed information, stories and data to this report. Special thanks to the core contributors that have been helpful in contributing towards the successful publication of this Sustainability Report.

Core Contributing

Azmanuddin Haq Ahmad
Suhaimee Mahdar
Chow Yin See
Razali Abu Bakar
Mohd Norsuradi Man
Abdul Halim Noor
Hamdan Osman
Abdul Rashid Mohamad
Siti Nadzriah Abdul Hamid
Sathish Kurup
Nick Chong
Azman Yunus
Chiew Hai Wah
Jazzita Jamaludin
Azlina Azmi Abdullah
Jefri Mohammad Din
Shahrul Othman
Mohd Sallehuddin Ibrahim
Mazlan Ibrahim
Mohd Johari Abdul Malik
Normalis Ali
Salmah Kasbullah
Barani T. Krishna Moorthy
Wan Rozina
May Tien
Azman Yusof

Compiled & Prepared by

Green Edge Consult Sdn. Bhd.
No 28-4 Jalan 14/22, Right Angle
46100 Petaling Jaya
Selangor
www.greenedgeconsult.com

Designed by

FM Media Sdn. Bhd.
www.fmmedia.com.my

Contact

Chiew Hai Wah
Corporate Communications Manager
UEM Environment
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Email : chiew@kualitialam.com

A softcopy of the corporate sustainability report can be downloaded at :
www.kualitialam.com

UEM Environment
13-1, Mercu UEM, Jalan Stesen Sentral 5
Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Tel : 603-2727 6100 Fax : 603-2727 2100
Website : www.kualitialam.com