

“It is imperative that developments are sustainable for our own economic welfare otherwise we are cursing future generations with our negligence as we are now cursed by previous generations of political and business leaders who did not pay attention to sustainability...”

– Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping,
Managing Director, YTL Corporation Berhad

PROTECTION OF THE ENVIRONMENT

Corporate Social Responsibility

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

We strive to improve lives everywhere we operate, aiming for a healthy, safe and sustainable environment. Considering the needs of the present generation whilst, at the same time, anticipating the needs of future generations are milestones of our achievements, and the forefront of our future developments.

Social responsibility is one of the YTL Group’s key values and something we take very seriously. Acting responsibly should be fundamental to how we carry out every aspect of our business. We demonstrate this with passion to our employees, our customers, the environment and society as a whole in a wide range of ways.

CORPORATE AND PERSONAL CONDUCT

We expect all our staff to maintain the highest standards of propriety, integrity and conduct in all their business relationships. Intellectual integrity is encouraged and corruption is not tolerated. We apply a similar requirement to our conduct as a company, and undertake to comply with all applicable legal and regulatory requirements.

RESPONSIBILITY TO EMPLOYEES

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

RESPONSIBILITY TO SHAREHOLDERS

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

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

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

Corporate Social Responsibility

ENVIRONMENTAL RESPONSIBILITY

The YTL Group’s Environmental Vision

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

Energy Saving and Resource Conservation

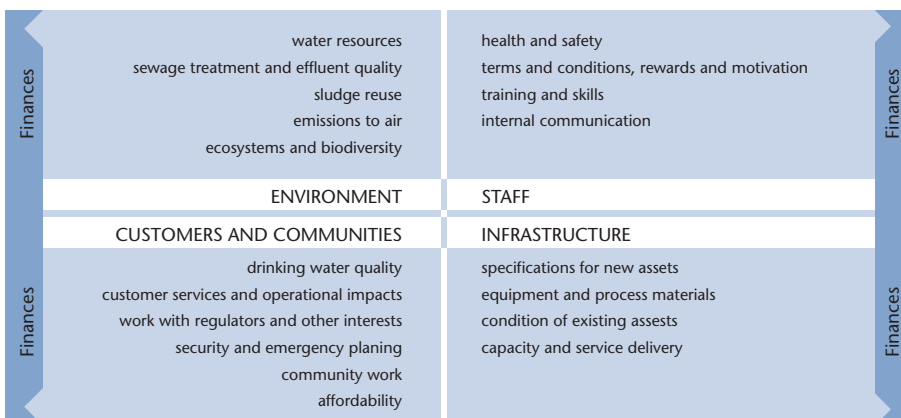
Water & Sewerage Services

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

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

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

Issues to Incorporate in Sustainable Development



Source: Wessex Water; Striking the Balance Report: Introduction

Wessex Water publishes a yearly sustainability report reporting on environmental indicators and sustainability issues. The company’s “Striking the Balance” 2006 report, which provides a wealth of information on these important areas, can be accessed at <http://www.wessexwater.co.uk/strikingthebalance2006>.

Corporate Social Responsibility

Power Generation & Transmission

YTL Power has been instrumental in changing the Malaysian Government's policy to use clean fuel like natural gas instead of sticking to their four fuel policy which includes abundant use of coal and crude oil.

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

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

Another specific design feature is the burners of the gas turbines. These gas burners produce very low NOx levels during operation and thus help to mitigate the amount of emissions into the atmosphere. The NOx emission levels achieved are well within World Bank standards.

YTL Power's ElectraNet operation in Australia operates in line with a Code of Sustainable Practice. Their procedures and systems for the management of potential environmental impacts are incorporated in the company's guide, accessible on their website (<http://www.electranet.com.au>).

Property Development

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



Wessex Water's operations centre, hailed as one of the greenest offices in Europe



The majestic Kuala Lumpur Performing Arts Centre in Sentul Park



Sentul Park



Lake Edge in Puchong

Corporate Social Responsibility

Express Rail Link

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

The ERL/CRS system is a modern electrical rail system, operating between Kuala Lumpur Sentral Station and Kuala Lumpur International Airport. The trains' operation and maintenance is efficiently managed by ERLSB's wholly owned subsidiary, ERL Maintenance Support Sdn Bhd (E-MAS).

E-MAS recognises the need to be as environmentally friendly as possible and as a company, is looking into a number of initiatives to improve the environmental impact of their business activities. E-MAS is entrusted with the responsibility to provide environment-friendly high speed rail services on a day-to-day basis to, and from, the airport and city, besides ensuring that these services are safe, reliable and economical.

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

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

With this programme, E-MAS was able to reduce the energy cost per trip from RM65.59 in 2003 to RM62.11 in 2005, translating into a total saving of approximately RM300,000 for the year 2005. In 2006, E-MAS's target is to reach an energy cost per trip of RM67, despite the 12% increase of electricity cost in June 2006. E-MAS also recently launched the Building Facilities Energy Saving Programme, with targets to achieve savings of energy costs of RM100,000 per year by modifying the existing installations.

Nature Conservation

Power Generation

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

Hotel Development & Management

The importance of preserving the natural environment has also been the key to the design of our hotels and resorts, particularly at our Pangkor Laut, Tanjong Jara and Cameron Highlands resorts. Serious efforts have been made to ensure the development of the resort contributes to conservation efforts and integrates environmental aspects into the design, which includes the types of building materials used, location of the buildings, forest conservation, sustainability and waste disposal. The rainforest that covers much of Pangkor Laut Resort's island is millions of years old and is faithfully protected. Visitors to the island are encouraged to participate in guided tours to experience this majestic environment first-hand. There are resident ecologists on these 3 resorts, passionately dedicating their time to researching the biodiversity and ecology of the rainforest, wildlife and marine life which thrives on the island (our Senior Ecologist Yip, has this year published a book on the biodiversity, plant and wildlife found on the island of Pangkor Laut).

Corporate Social Responsibility

The Nature Conservancy

YTL has made a significant donation of USD500,000 to The Nature Conservancy (TNC), a leading conservation organisation working to protect the most ecologically important lands and waters around the world for nature and people. Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping is a long-time member of this organisation, joining the likes of Henry M. Paulson, Jr. (current US Treasury Secretary) and Wendy Paulson (the current Chair of the Board at the Nature Conservancy) to support work on forest protection and on coral reef conservation in South East Asia, primarily Indonesia.

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

TNC's work on coral reef conservation is also continuing to grow from strength to strength. A regional center for marine conservation has been established in Bali and is now the hub for expansion of TNC's tried and tested tools to many sites around the region, combining improved enforcement methods to combat illegal and destructive fishing, with support to communities to find alternative sources of income, and use more sustainable fishing techniques.

Climate Change

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

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

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

Water & Sewerage Services

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

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

Corporate Social Responsibility

Emissions Forecast

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

RESPONSIBILITY TO THE COMMUNITY

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



YTL employees at the National Blood Bank donation drive



Donation to the Indonesian tsunami fund



Pink Ribbon Deeds (PRIDE)



Toys for Tots at the JW Marriott

The geographical diversity of our operations requires a heightened awareness of the social and economic conditions in the countries in which the Group operates. Our presence in Indonesia brought the Aceh tsunami that devastated swathes of the Asian region in December 2004 much closer to home and the Group contributed RM2.0 million to the Malaysian Government's RM12.95 million fund to assist with the relief efforts of the Indonesian Government. The Group also contributed Rp3.75 billion to the Indonesian Red Cross to assist with its various humanitarian programmes for Indonesian migrant workers returning home under the amnesty granted by the Malaysian Government.

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

Amongst the many charities that we support, the ones that are closest to YTL's heart include Pink Ribbon Deeds (PRIDE) which increases awareness and raises funds to support breast cancer survivors and improves standards of diagnosis, treatment and care of breast cancer patients in Malaysia, and the annual 'Toys for Tots' Christmas charity campaign which enables guests and visitors at the Group's hotels to donate toys and gifts to benefit underprivileged children. YTL is an active supporter of these associations and, in addition to donations, we offer the use of our hotels, restaurants and shopping centres to serve as venues for fundraising events for these charities.





“ A country that is not rich with arts is a country that has either forgotten about its past or is not curious about its future. A very sterile society... The performing arts give people a chance to breathe and reflect on their own souls, to see whether they are nearer to life's objectives... As society progresses and business rolls on, the advancement of arts must also be pursued as a reflection of the soul.”

– YTL Corporation Berhad Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, in an interview Business Times Malaysia on 18 April 2006

PROMOTION OF ARTS & CULTURE

Corporate Social Responsibility

COMMITMENT TO ARTS & CULTURE

The YTL Group is a passionate supporter of Arts and Art Culture in Malaysia. We are a partner in the Kuala Lumpur Performing Arts Centre (KLPac), the home for the performing arts in Malaysia, which is located in The Park at our Sentul development. This is a USD7 million (RM25 million) effort from our part. We take every opportunity to support productions that tap the potential of local talent and to encourage the development of our own arts and cultural scene in Malaysia to showcase the uniqueness of our heritage and also providing the people of the city an alternative medium of expression and communication.



Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi, Prime Minister of Malaysia, officiated the gala opening of The Kuala Lumpur Performing Arts Centre (KLPac), which paid tribute to the centre's patron, the late Datin Paduka Datin Seri Endon Mahmood, and the late Puan Seri Dato' Paduka Rosaline Yeoh, wife of YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.

Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi signs the commemoration plaque, witnessed by (from left) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping; Dato' Faridah Merican, KLPac Executive Producer; and Nori Abdullah, Chairperson of Yayasan Budi Penyayang

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

In September 2002, a momentous concert was held at our resort island of Pangkor Laut, where world renowned tenor Pavarotti was invited to sing to an important global audience to foster peace and understanding, after the tumultuous events of 11th September 2001.

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

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



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



The Three Tenors in Bath, the spectacular free concert sponsored by YTL in Bath, where Wessex Water's headquarters are located. The free concert was attended by 12,500 fans and beamed live to an additional 20,000 fans at the adjoining Royal Victoria Park



Leela Mohd Ali, CEO of Yayasan Budi Penyayang Malaysia (second from left), Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Nori Abdullah, Chairperson of Yayasan Budi Penyayang (centre) together with the cast of 'M! The Opera'. YTL Corp was a sponsor of 'M! The Opera', a local production of international calibre, in February 2006.



Datin Sri Tiara Jacqueline, the lead actress, and YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping at the Signing Ceremony for YTL Corp's sponsorship of 'Puteri Gunung Ledang: The Musical'. The YTL Corp Group sponsored the spectacular 'Puteri Gunung Ledang, The Musical' production in July 2006, a successful local musical which was showcased to sold-out audiences.

Corporate Social Responsibility

FOR THE NEXT GENERATION

The YTL Scholarship Foundation

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

The University of Nottingham in Malaysia

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

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

The University of Nottingham Malaysia Campus has a joint partnership with two local partners. The new campus (which opened early in 2005) sits on a 101-acre site close to Semenyih, 30km south of Kuala Lumpur, and is the first purpose-built campus of a British university outside of the United Kingdom. Built at a cost of RM 120 Million, it offers a high quality learning and living environment. Facilities include laboratories, library, sports complex, and Student Association building, bookshop, café and convenience stores, amongst others.

Harnessing Creativity through Workshops and the Arts

YTL also strives to encourage the creativity of children through a rich variety of programmes which offer not only memorable experiences but which also broadens their learning capacities. We believe learning and creativity are imperative in incubating talent, and the best means is to provide a platform which children and young adults can interact. YTL has historically sponsored numerous musical performances of which most are tailored to families and have also initiated several activity workshops at the Kuala Lumpur Performance Arts Centre (KLPac) at our Sentul Park development.







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

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

SUPPORTING EDUCATION & COMMUNITY DEVELOPMENT