

# SUSTAINABILITY REPORT 2011

## MESSAGE FROM GROUP PRESIDENT & CEO



Our Corporate Social Responsibility (CSR) journey began in 1989 when Hyflux started selling water treatment products and systems in Singapore and Malaysia. Today, we have installed more than 1,000 water, wastewater and desalination systems in over 400 locations worldwide and have developed several wastewater and recycling and seawater reverse osmosis desalination plants in Singapore, South East Asia, China, India and the Middle East and North Africa region.

At Hyflux, we believe that what we do on a daily basis can impact the lives of the communities that we operate in. We constantly drive operational excellence and innovation in all aspects of our business to enhance our ability to deliver products and solutions that anticipate changing needs and to make water safe, affordable and accessible. This motivated us to join the UN Global Compact in 2010 in support of its 10

principles, and also explained why the CSR function has been placed under the Chief Executive's Office as sustainability is a company-wide responsibility.

I am pleased to submit this first report and reaffirm our support for the UN Global Compact. This marks a new step in our ongoing journey to be a socially responsible global citizen. We will continue to work with like-minded partners to provide long-term solutions to the challenges of water scarcity and water pollution and nurture a CSR culture within our organisation.

**Olivia LUM**

Group President & CEO

September 2011

# VISION, MISSION & APPROACH

## **Our Vision**

To be the leading company the world seeks for innovative and effective environmental solutions.

## **Our Mission**

To provide efficient and cost effective solutions to meet our clients' needs through innovation and technological advancement.

## **Our Approach**

Hyflux is a fully-integrated water solutions company. We offer cost-effective and sustainable solutions in the areas of membrane-based seawater desalination, water recycling, wastewater treatment including membrane bioreactor technology, and potable water treatment. We do this by leveraging on our proprietary membrane technologies and products as well as expertise in designing, developing, financing, operating and managing municipal water treatment plants of various sizes and functions.

Our projects deliver water that is clean, safe and affordable to communities and industries worldwide. In doing so, we can have a positive social and economic impact in the regions where we operate. We believe and invest in technological innovation and people development as we seek ways to provide reliable long-term solutions to the challenges of water scarcity and water pollution.

For Hyflux, the water business is about making clean water accessible and affordable to people, and we want to play an integral role in helping nations and communities achieve water security.

# CORPORATE GOVERNANCE

Hyflux is committed to best practice corporate governance and processes that will enhance our effectiveness, ensure the appropriate degree of accountability and transparency, and an increase in long-term value and return to shareholders.

We subscribe to the Code of Corporate Governance 2005 and believe that this forms a sound platform for supporting good corporate governance practices. In Singapore, the Code of Corporate Governance comes under the purview of the Monetary Authority of Singapore and the Singapore Exchange (SGX). Compliance with the Code is not mandatory, but listed companies are required under the SGX Listing Rules, to disclose their corporate governance practices and provide explanations for deviations from the Code in their annual reports.

For detailed information on Hyflux's corporate governance practices, please refer to our Corporate Governance report as set out in the Hyflux Annual Report 2010 (pages 108 to 117).

All employees are expected to abide by the company's Code of Ethics which is given to everyone who joins the company and is made available to all staff on the company's intranet. The Code of Ethics specifies, among other things, the need to comply with all applicable laws in Singapore and all local laws and regulations of the countries that bear our investments and operations.

## OUR PEOPLE



### **Building a Diverse, Fair Workplace**

Our people are crucial to our business. We employ more than 2,000 people group-wide and maintain overseas offices and plant operations in Singapore, Malaysia, China, India, Netherlands, France and Algeria. We source for talent globally, and believe in providing our employees with opportunities for professional development.

Hyflux's recruitment and development policy centres on individuals whose competencies, values and aspirations are aligned with our strategic vision and core values. We have a diverse and inclusive workforce. We provide equal opportunities to employees from different backgrounds, cultures, gender and age groups. This community of people is vital to our success, helping us to connect better with our clients around the world and build stronger relationships at the local level where we operate.



Hyflux imbibes the spirit of the core conventions covering the key areas of employment standards set out by the International Labour Organisation (ILO). The company abides by the employment laws and regulations of the different countries that it has operations. For instance, in Singapore, Hyflux adheres to the recommendations and advisories set out by Singapore's Tripartite partners on employment and workplace practices as well as the guidelines on wages set by the National Wages Council. The company also provides non-wage benefits such as medical, dental and annual leave benefits.

### **Cultivating and Rewarding Our Employees**

Apart from on-the-job experience, we provide learning and development programmes, job rotation, overseas postings as well as opportunities to

participate in local and international industry conferences. Some assignments take business executives out of the office and onto project sites. This process not only helps them to become well rounded but also gives them a better appreciation of operations on the ground and how decisions at either the strategic or operational level impact each other.

Outstanding employees who embody Hyflux's spirit and values are recognised for their contributions with the annual CEO Award and groomed for future roles. We also run the Hyflux Helping Hands Fund to provide financial assistance, scholarships and bursaries to employees with financial difficulties.

Hyflux also pays tribute to long-service staff who have worked for the company for five years or more. In 2010, a total of 109 staff in Singapore received the long-service awards. Of this number, 30 received their five-year awards with the remaining receiving awards for more than five years of service.

## **Enhancing Employee Engagement**

Employee engagement is an important part of our culture. New employees undergo an orientation programme to familiarise themselves with the company's vision and belief systems, culture and etiquette, as well as administrative procedures and systems. As part of their orientation, new employees also visit a desalination plant that the company operates to recognise that whatever their role and responsibilities, they have a contribution to make towards meeting the water needs of the community.

We continue to encourage open communication and interaction through regular dialogue sessions with senior management, company-wide celebrations of festivities, work-life balance programmes such as sports and recreation, and through voluntary work. Our office is equipped with a gym, a staff lounge with pool table and karaoke facilities, and a canteen where employees can partake in subsidised meals. Other platforms include an intranet portal to share company news and events as well as general employee resources.

# COMMUNITY

As a water solutions company with entrepreneurial roots, Hyflux's corporate philanthropy and engagement programmes focus on issues close to our heart: the environment, education, entrepreneurship and community relations.

## **Giving Back to the Community**

We contribute to charitable causes through donations and fund raising events which benefit wildlife conservation funds as well as charity organisations that provide financial and social assistance, eldercare, rehabilitation, education and vocational training, knowledge and skills development. In addition, we partner schools and institutes to provide awards and scholarships for outstanding individuals in Environmental Management. One of our key initiatives is a corporate partnership with the Singapore National Institute of Chemistry (SNIC) to launch an annual award called the SNIC – Hyflux Award in Environmental Chemistry. The award recognises individuals who have achieved excellence and contributed substantially to the advancement of different emerging areas of chemical sciences in Singapore and abroad. It is also a demonstration of our commitment to promote technological advances in environmental sciences that will benefit lives.

We also contribute to disaster relief efforts through supplying our portable and easy-to-use Hyflux track membrane water filters to effectively remove particle contaminants, bacteria and turbidity in water.

## **Encouraging Employee Volunteerism**

Our corporate social responsibility (CSR) philosophy goes beyond philanthropic efforts. We also seek to foster a culture of volunteerism to inspire our employees to reach out to the communities in which we live and work. An example of employee volunteerism is a beach cleaning day initiated by our staff in Algeria. We also encourage staff to serve on Volunteer organisations helping the needy or handicapped.

## **Promoting the Spirit of Enterprise**

Hyflux plays an active role in entrepreneurship development. From time to time, our senior management speak at entrepreneurship forums or host students from different parts of the world to share the story of Hyflux's success and their personal work experiences. In doing so, we hope to promote the spirit of enterprise and to help aspiring entrepreneurs channel their creativity toward successful enterprise. We are also a supporter of the Students in Free

Enterprise (SIFE) in Singapore, a programme where tertiary students apply business concepts to develop community outreach projects that improve the quality of life and standard of living for people in need.

### **Making Clean Water Accessible and Affordable**

Water is a basic necessity for sustaining life but access to safe drinking water remains one of our century's key global challenges. Such inadequacies result in considerable

social costs and high incidences of water-borne diseases. Hyflux is committed to playing a part toward a sustainable and secure water future. We partner with a non-profit social enterprise to bring clean, safe and affordable water to rural communities in Southeast Asia through a customised water filtration system that draws on our technical expertise and membrane technology. Designed in a way that is easy to install and maintain, the system produces clean, safe water by removing drinking water contaminants so that the communities can enjoy better health.



## QUALITY, ENVIRONMENT, HEALTH & SAFETY



At Hyflux, a dedicated team is responsible for ensuring the health and safety of employees and integrating environmental best practices into our business. Our commitment to quality, environment, health and safety practices starts from key management and filters down through the organisation.

Hyflux contributes to sustainable development by helping to meet the world's growing water needs in environmentally and socially responsible ways. Our activities are guided by our goal of making a positive difference and reducing our impact on the environment.



### **Attested Quality**

In 2010, we were awarded the ISO14001:2004 and BS OHSAS 18001:2007 certifications. They affirm that our processes comply with international standards for occupational health and safety, and the environment. In addition, our flagship ultrafiltration membrane, Kristal, is the first ultrafiltration membrane certified to remove the drinking water contaminants cryptosporidium and giardia, under the new Public Drinking Water Equipment Performance Certification Programme by America's NSF International. Kristal has also achieved NSF Standard 61 (Drinking Water System Components – Health Effect) Certification. This standard certifies that products that come into direct contact with the drinking water do not themselves contribute contaminants or impurities that could be a health concern.

## Caring for Our Environment through Innovation

Innovation is a way of life at Hyflux. Our philosophy is to look at how innovation can create better value and efficiency for our customers and the communities we operate in. This ranges from research and development to the design of membrane systems as well as water treatment plants. We are investing S\$120 million over the next few years in both the Hyflux Innovation Centre – a new R&D and commercialisation centre in Singapore to spearhead the development of membrane technologies for municipal and industrial applications – and Hyflux Production Hub, a new membrane manufacturing facility. Our Hyflux Innovation Centre has been conceptualised with sustainability in mind from the design to construction phase, using eco-friendly building materials, and energy and water conserving features. We are working towards achieving the BCA (Building & Construction Authority) Green Mark, a benchmarking scheme incorporating internationally recognised best practices in environmental design and performance of buildings.



The seawater reverse osmosis desalination plants that we develop meet the laws, technical specifications and environmental guidelines set by the municipalities/governments. We conduct environment impact studies and through innovative design, layout and processes, limit and/or mitigate the effects of our activities on the surroundings.

By continuously improving the performance of our membrane products and plants, we are able to deliver high quality water for domestic and industrial use at better energy efficiency, smaller plant footprint, lower chemical requirements, and lower capital expenditure and operating costs.

## **Safeguarding Health and Safety**

Safe and reliable operations are fundamental to us. It is our mission to create an accident-free environment and nurture a safety culture that keeps our employees and contractors safe at every Hyflux facility. Our Environment, Safety and Health Committee continuously strives to strengthen our safety culture through processes, regular training programmes and rewards for strong safety performance.

Hyflux has attained BizSafe Level 3 certification. This means that we have been certified by an independent auditor for having fully implemented the risk management plan and having met all the requirements of the Workplace Safety and Health regulations under the laws of Singapore.

*This report was compiled by:*

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