



# SUSTAINABILITY REPORT 2012

## MESSAGE FROM EXECUTIVE CHAIRMAN & GROUP CEO



As a global water solutions provider, sustainable business practice is at the heart of Hyflux's business model. We believe that the goals of business performance and social responsibility are intertwined.

Throughout the world, there is growing urgency to develop sustainable water management programmes, to preserve fresh water ecosystems and to tap on alternative sources such as seawater and used water to meet ever-growing needs.

With our fully integrated water solutions model which spans research and development in membrane technology, component manufacturing, process engineering, engineering, procurement and construction, operations and maintenance as well as arranging project financing, Hyflux can help to address the needs of industries and communities throughout the different stages of the water cycle.

Our proprietary membrane technology combined with plant and process designs drive energy efficiency and cost savings in the water recycling and desalination solutions that we provide. Our priority remains focused on innovation – whether it is investing in our human capital or in

technology development – so that we can continue to create new value for our customers and deliver water that is clean, safe and affordable.

We recognise that business sustainability extends to responsible business conduct, and we want to ensure ethical business practices throughout our Group and in all markets that we operate.

We have only recently embarked on our sustainability reporting journey and there is much that we can learn and improve, including ways to assess and measure our progress. This report shares some of the work that we have been doing in our communities and in driving sustainability. I believe that these efforts will make Hyflux stronger and more resilient in a world that is rapidly changing.

**Olivia LUM**

Executive Chairman & Group CEO  
November 2012

# 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 by leveraging on our proprietary membrane technologies and products as well as expertise in designing, developing, financing, operating and managing industrial and 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, and we want to play an integral role as well in helping nations and communities achieve water security.

## CORPORATE GOVERNANCE

Hyflux is committed to best practice corporate governance in accordance to the Code of Corporate Governance 2005 that will enhance our effectiveness, ensure the appropriate degree of accountability and transparency and an increase in long-term value and return to shareholders. Good governance is vital to our continued wellbeing and success and to maintaining the confidence of the investment community.

For detailed information on Hyflux's corporate governance practices, please refer to our Corporate Governance report in the Hyflux Annual Report 2011, pages 123 to 132.

Hyflux has adopted an internal code of ethics and conduct which sets out the standards for how our employees are to conduct themselves in day-to-day business life. It requires all employees to act with high standards of business integrity, to comply with all local laws and regulations wherever we operate and to ensure that our business standards are not compromised. The code is available on the company's intranet and is easily accessible by all employees.

Hyflux's confidential communication programme encourages employees to promptly report any breach or suspected breach of a law, regulation, company policy or other alleged irregularities without fear of reprisals, provided such concerns are not raised in bad faith. The policy is made available to all employees on the company's intranet and provides specific contact details to allow concerns to be raised in confidence.

## OUR PEOPLE

The Hyflux team is a global, diverse and passionate group. The wide diversity of skills, experiences and perspectives within our group not only help us to break barriers and build stronger relationships at a local level but also serve as catalysts for new ideas and innovation.



Hyflux employs some 2,300 employees around the world. We work to deliver solutions to improve lives in the communities we serve and to apply technology into lasting contributions that mitigate global water scarcity.

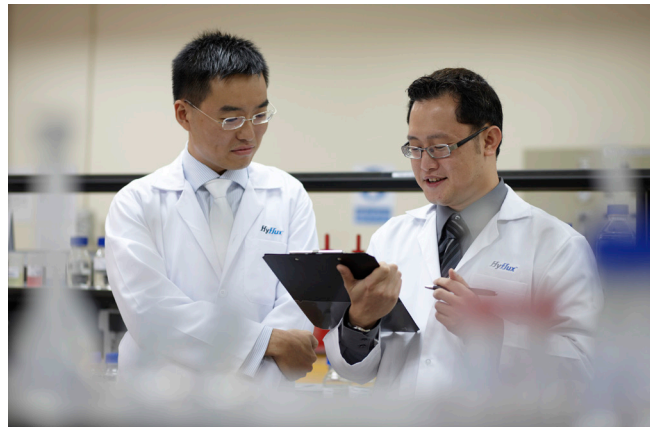
The Hyflux team is a global, diverse and passionate group. The wide diversity of skills, experiences and perspectives within our group not only help us to break barriers and build stronger relationships at a local level but also serve as catalysts for new ideas and innovation. In this way, we will be able to deploy a core team of leaders each time we embark on a new project or a new geographical market.

We believe in creating an inclusive workplace and investing in our people by giving them unparalleled opportunities to develop their careers and capabilities. Professional training and development programmes, job rotation and overseas postings are designed to equip employees with in-depth experience and build skills that are crucial to our ever-growing

operations and long-term success. We also run the Hyflux Helping Hands Fund to provide financial assistance, scholarships and bursaries to employees with financial difficulties.

We make it a priority to engage employees through various channels. New employees undergo an orientation programme to familiarise them with the company's vision and belief systems, culture and etiquette. As part of their orientation, they also visit a desalination plant that Hyflux operates to impress on them the contributions they can make towards meeting the water needs of the communities where we operate, whatever their role and responsibilities may be.

There also are regular dialogue sessions between senior management and employees, workshops and work-life balance programmes that foster open communication and interaction. Other platforms include an intranet portal which shares company news and events as well as general employee resources.



## OUR PEOPLE

We invest in designing and developing a work environment that is healthy and stimulates creativity. Our new global headquarters in Singapore, named Hyflux Innovation Centre, incorporates spaces and amenities that facilitate interaction and open discussions among staff. Landscaped gardens, ecological ponds form a green oasis for quiet reflection and a fully-equipped gym enables staff to keep physically fit and healthy. In addition, there are annual basic health screenings, and lunch-time seminars on health and wellness to promote healthy lifestyles.

Hyflux also demonstrates our commitment to employees by acknowledging and rewarding them for their contributions through a competitive and equitable compensation and benefits system.

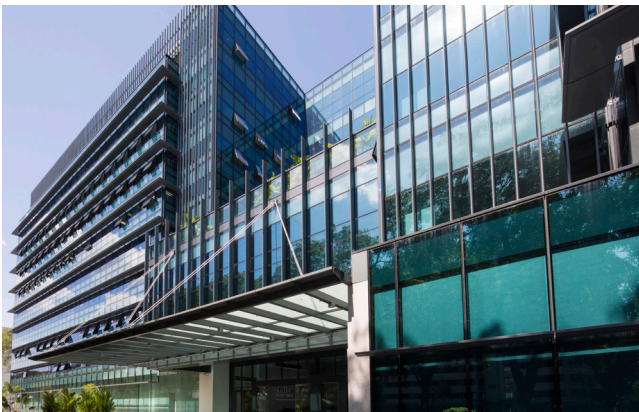
Rewards are linked to individual and company performance. Outstanding employees are recognised for their achievements at the annual CEO Award which was inaugurated in 2008. Six employees from our offices in Singapore, China and India received the award in 2011.

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## ENVIRONMENT, HEALTH AND SAFETY

The water treatment plants, including seawater desalination plants that we develop around the world help communities and industries to reduce demand on freshwater sources, achieve water security as well as meet the increasingly stringent treatment and discharge standards and environmental guidelines set by municipalities, governments and international bodies like the WHO.



Pioneer Awards 2011 for the incorporation of a 72kW solar panel system that taps on renewable energy to power the gym.

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### Environment

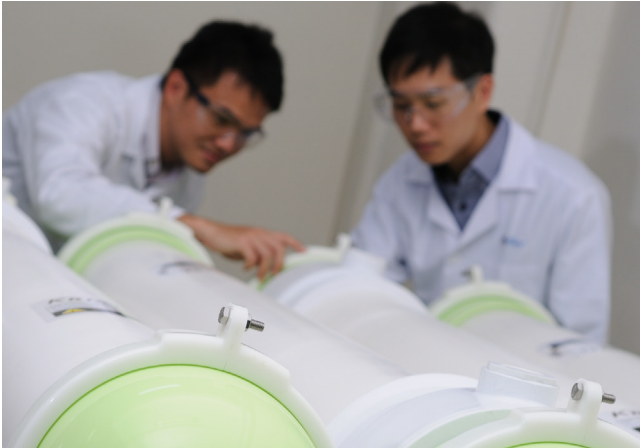
Hyflux contributes to sustainable development by helping to meet the world's growing water needs. Our activities are guided by our goal of making a positive difference and reducing our impact on the environment.

Hyflux Innovation Centre has been conceptualised with sustainability in mind from the design to construction phase. Certified a BCA (Building & Construction Authority) Green Mark Platinum Award building, it uses eco-friendly building materials, and has energy and water saving features such as an intelligent lighting system and building automation system as well as an innovative grey water recycling system that employs Hyflux's proprietary ultrafiltration membranes. The adaptation of green building principles is anticipated to lower energy consumption by 30% and save about 15.6 million litres of water per year. (BCA is the building and construction authority of Singapore). Hyflux Innovation Centre was also accorded Solar



We continuously seek to improve the efficiency of water treatment methods through innovative design, layout and processes so that we can limit and/or mitigate the effects of our activities or that of our clients on the surroundings.

## ENVIRONMENT, HEALTH AND SAFETY



In 2011, Hyflux launched two new membrane products, the NSF-certified Kristal 600ET3 tri-bore ultrafiltration membrane and the PoroCep submerged membrane bioreactor membrane designed to effectively treat increasingly challenging water conditions. We are also investing in the development of new membrane products and capabilities including the installation of an advanced automation line that will raise the efficiency and productivity of our membrane manufacturing process.

By enhancing the performance of our 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, thereby lowering capital expenditure and operating costs.

### Workplace Health & Safety

Providing a safe working environment at our workplaces, facilities and projects is 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.

With a workforce that comes from different cultures and countries, the challenge is ensure



that our people as well as our subcontractors are properly inducted so that the concept of safety is universally understood and safety standards and practices are complied.

Safety practices are integrated into our work processes and an emphasis is placed on personal and collective accountability. Our Environment, Safety and Health Committee continuously strives to strengthen our safety culture through rigorous processes, regular training programmes and rewards for positive safety performance and behaviour.

## COMMUNITY



Hyflux seeks to give back to the local communities in which we operate by supporting a variety of initiatives including social development and community investment projects. Just as we have been able to grow through the opportunities that were presented to us in our early days, we hope to reciprocate and create opportunities in the four areas of concern that resonate with us, namely: education, environment, entrepreneurship and community relations.

A 42-strong contingent marched in Singapore's National Day Parade on 9 August 2012, in a proud display of our heritage and the integral role that we play in ensuring the nation's water security. This followed four months of rigorous training before the event. It was the second consecutive year that a Hyflux marching contingent celebrated Singapore's birthday.

We took part in many activities in the support and welfare of children, the elderly and the less fortunate, amongst others. One such event was part of the 'Project We Care' series of community projects organised by the People's Association in

Singapore. Our Executive Chairman and Group CEO Olivia Lum and members of Hyflux's management staff helped spread Mid-Autumn festive cheer to the needy by taking time off their busy schedules to hand-make mooncakes that were later distributed to the community. Some of our staff also spent one Sunday volunteering at a Lunar New Year celebration for some 1,000 elderly and low-income families at the Istana, the official residence and office of the President of Singapore.



## COMMUNITY

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Hyflux believes that a good education will help to set the foundation for the future. The knowledge and skills that children learn in school today will determine whether we as a society can meet our greatest challenges in the years to come. It is with this in mind that we have been working with educational institutions to sponsor scholarships, bursaries and book prizes for students, particularly for those in the fields of chemical engineering, environmental management and water technology.

In Singapore, we also embarked on 'Project Read-2-Me', a programme for young pre-school children with disadvantaged backgrounds to promote the love for reading, in partnership with the Asian Women's Welfare Association. In addition to sponsoring furniture, equipment and story books to set up cosy reading corners at

the homes of participating families, Hyflux volunteers visit the homes each week to read to the children. The objective of the programme is to give these children early exposure to the English language and to cultivate interest in reading at an early age.

As a company with entrepreneurial roots, Hyflux plays an active role in entrepreneurship development. In doing so, we hope to promote the spirit of enterprise and to help aspiring entrepreneurs channel their creativity toward successful ventures. We continue to be 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.



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