



# **SUSTAINABILITY REPORT 2014**

## MESSAGE FROM EXECUTIVE CHAIRMAN & GROUP CEO



Hyflux was founded with the mission of providing innovative and effective environmental solutions to deliver water that is clean, safe and affordable. With our growth and entry into markets such as Southeast Asia, China, India, the Middle East Africa and Latin America, we see the opportunity for us to be a leader in sustainable development and to deliver expertise in places where it is most needed.

Hyflux believes that the goals of business performance and social responsibility are intertwined. We also embrace the same values as the United Nations in the areas of human rights, labour standards, environmental protection, and anti-corruption.

This Communication on Progress reiterates our support for the ten principles of the United Nations Global Compact. At the same time, it communicates our strategies, activities and progress as we continue to learn and make progress in our sustainability journey.

We will continue to focus on innovating solutions, working with like-minded partners to provide long-term solutions to the challenges of water scarcity and water pollution, and embedding corporate social responsibility in our corporate culture.

**Olivia LUM**

Executive Chairman & Group CEO

# 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.

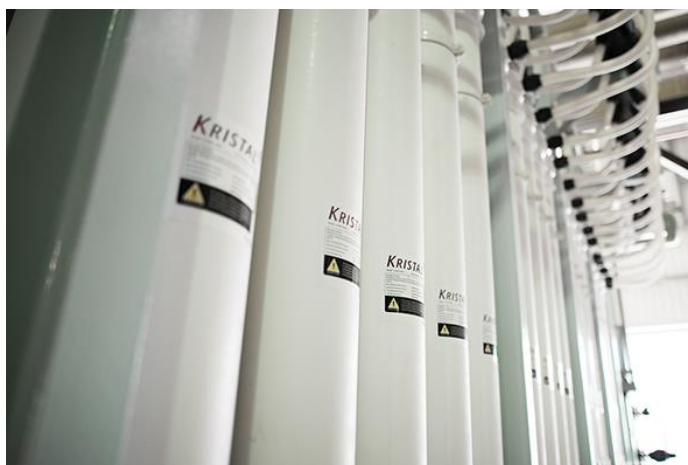
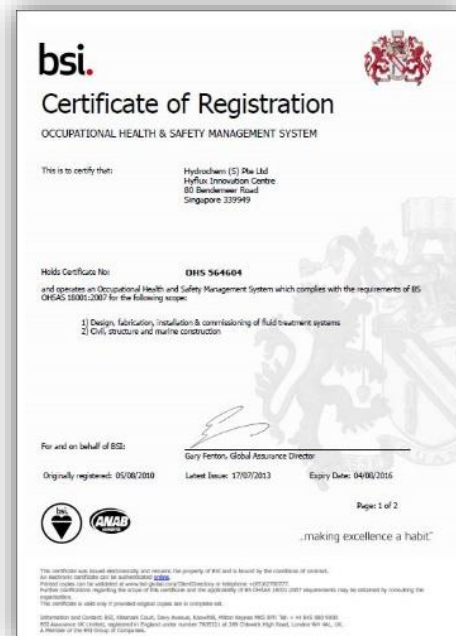
## HUMAN RIGHTS

Respect for human rights has been a long-held commitment of Hyflux. We have implemented policies and measures to ensure that the fundamental rights of our employees are upheld, and we are constantly striving to improve working conditions.

Our employees are required to abide by the Code of Conduct, which emphasises everyone's right to be treated with dignity and respect as well as work under conditions that are healthy and safe. We have received the BS OHSAS 18001:2007 certification which affirms the policies and procedures comply with international standards for occupational health and safety.

As part of our due diligence process for potential business opportunities or projects, reasonable due diligence is conducted to assess and address any potential human rights issues. Each investment is managed closely by a project team. Frequent site visits, regular meetings and operational reports are closely scrutinised.

We also believe that human rights extends to quality assurance and product safety. The Hyflux name is a promise to our clients that our products are safe and of high standard.

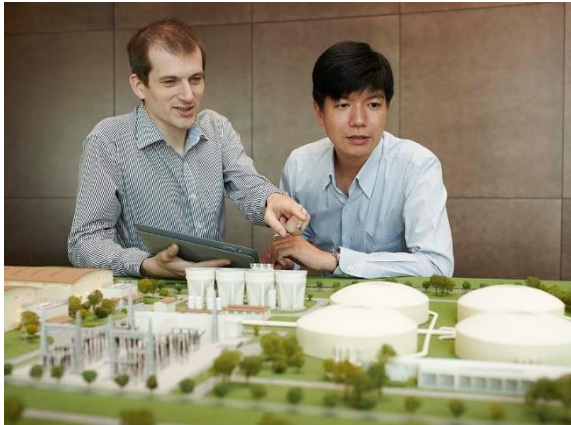


*Kristal®, the first that has been certified to remove drinking water contaminants, under the Public Drinking Water Equipment Performance Certification Programme by America's NSF International.*

Our flagship ultrafiltration membrane, Kristal®, is the first that has been certified to remove the drinking water contaminants cryptosporidium and giardia, under the 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 which come into direct contact with the drinking water do not themselves contribute contaminants or impurities that could be a health concern.

We have also received the American Society of Mechanical Engineers (ASME) Certificate of Authorisation – U Stamp for our stainless steel membrane, FerroCep®. This certifies that FerroCep® stainless steel tubular membranes complies with the code and conforms to established safety standards governing the design, fabrication, assembly, and inspection of boiler and pressure vessel components during manufacture.

## OUR PEOPLE



Hyflux has a global workforce of some 2,300 employees. Our recruitment and development policy centres on individuals whose competencies, values and aspirations are aligned with our strategic vision and core values.

Our employees are our greatest asset. We believe in creating a work environment that is safe and inclusive. We provide equal opportunities to employees from different backgrounds, cultures, gender and age groups, and are also committed to their ongoing development. They have opportunities to learn, grow and develop their careers through a range of training programmes, job rotation and overseas postings. This will equip them with in-depth experience and skills that are crucial to our ever-growing operations and long-term success.



We abide by the employment laws and regulations in the countries that we operate in, including the minimum age for employment. We ensure fair employment and do not condone any form of discrimination against employees. We also do not tolerate the use of forced or child labour.



## ENVIRONMENT

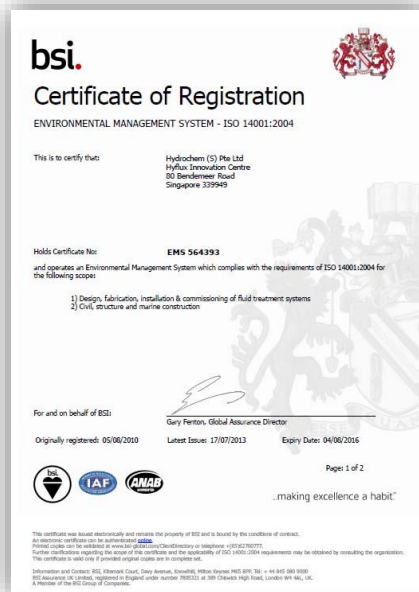
Hyflux plays a part in sustainable development by helping to meet the world's growing water needs in environmentally and socially responsible ways. At the same time, we are also conscious about the impact of our operations on the environment.



To reduce water and energy consumption, we employ technologies and processes to conserve water, optimise operations and improve energy efficiency. Our newest desalination plant, Tuaspring Desalination Plant in Singapore, is an example of the approach we take in developing our projects.

- Detailed environmental impact assessment study conducted before the start of construction;
- Seawater quality closely monitored during the construction and operation phases;
- Compact design reduced footprint per cubic metre by more than 30% in comparison to Singapore's first desalination plant;
- Optimised the operational efficiency and reduced power consumption through process configuration as well as the systems and equipment used such as our proprietary Kristal® ultrafiltration membranes, high efficiency motors and advanced energy recovery technology;

- Bio-retention basin to collect and filter surface rain water for reuse in landscape irrigation;
- Rainwater harvesting tank to collect rainwater to supplement the potable water used in the administration building's toilet flushing systems;
- Green label products and green cement with approved industrial by-products; and
- Site landscaping



For incorporating green features, the administration building of the desalination plant was awarded the BCA Gold Green Mark Award by Singapore's Building & Control Authority.

In addition, we have achieved the ISO 14001 Environmental Management System for the design, fabrication, installation and commissioning of fluid treatment systems; civil, structural and marine construction; and the manufacturing of membrane products for filtration.



## CORPORATE GOVERNANCE

Hyflux conducts our business in an open, honest and ethical manner. We have zero tolerance for corrupt practices. We are committed to the Code of Corporate Governance issued by the Monetary Authority of Singapore and the Singapore Exchange Securities Trading Ltd. Good governance is vital to our continued wellbeing and success and to maintaining the confidence of our stakeholders.

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.

All employees are made aware of the consequences of corruption and bribery violations. We also conduct risk assessment across the group as part of the annual internal audit programme to ensure compliance.

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