



Hyflux[®]

SUSTAINABILITY REPORT 2018

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VISION

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

MISSION

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

We are committed to delivering sustainable and innovative environmental solutions for municipalities and industries worldwide to address the global resource challenges.

WELCOME AND READERS GUIDE

Hyflux Ltd's (Hyflux) third sustainability report for financial year 2018 comprises the annual non-financial disclosures and updates of our continued assessments on material environmental, social and governmental factors. Hyflux remains committed to achieving sustainability objectives through upholding high workplace safety standards, creating sustainable environmental solutions and developing our people year after year.

SCOPE OF THIS REPORT

Our sustainability report covers data and relevant activities for FY2018 in key markets where the Group exercises operational control – Singapore, China, the Middle East and Africa. Data is not available in some markets at this point in time. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. The GRI Content Index can be found on page 39 of this report.

AVAILABILITY

In line with our eco-friendly efforts and as part of cost-cutting measures, we have not printed any copies of this report for distribution.

This sustainability report is available online on our website at www.hyflux.com.

FEEDBACK

Hyflux listens to our stakeholders. We welcome your feedback on this report at investor@hyflux.com.

CEO'S MESSAGE

Dear Stakeholders,

As you may be aware, since May 2018, Hyflux has been undergoing a voluntary court-supervised reorganisation process to restructure our liabilities. It has been a long and difficult journey considering the large number of stakeholders involved as well as the complexity that our business and operations are in. Despite these complications which led to operational changes in our businesses, we assure our stakeholders that we remain committed to our responsibilities in corporate stewardship.

Throughout this financial restructuring process and the challenges it has presented, the Hyflux Board of Directors and management spared no efforts in reviewing health and safety processes as well as refining sustainable practices for our business operations in Singapore and at our overseas plants. We continue to place emphasis on consistency in our Environmental, Social and Governmental (ESG) practices in our ongoing projects, such as the TuasOne Waste-To-Energy (WTE) Plant in Singapore, to ensure efficient and fair practices. We would like to extend our sincere gratitude to our people, our most valuable asset, who continuously support the company and are instrumental in keeping the ship intact. Their unwavering resilience have been crucial in keeping Hyflux running in this difficult time. Needless to say, the safety of our colleagues is always our top priority and 2018 again marked another year where we achieved zero fatalities at our construction sites and operations worldwide. To stay accident-free, we seek to reinforce health and safety measures at our plants and operation sites by ensuring that our colleagues attend refresher trainings and safety courses regularly.

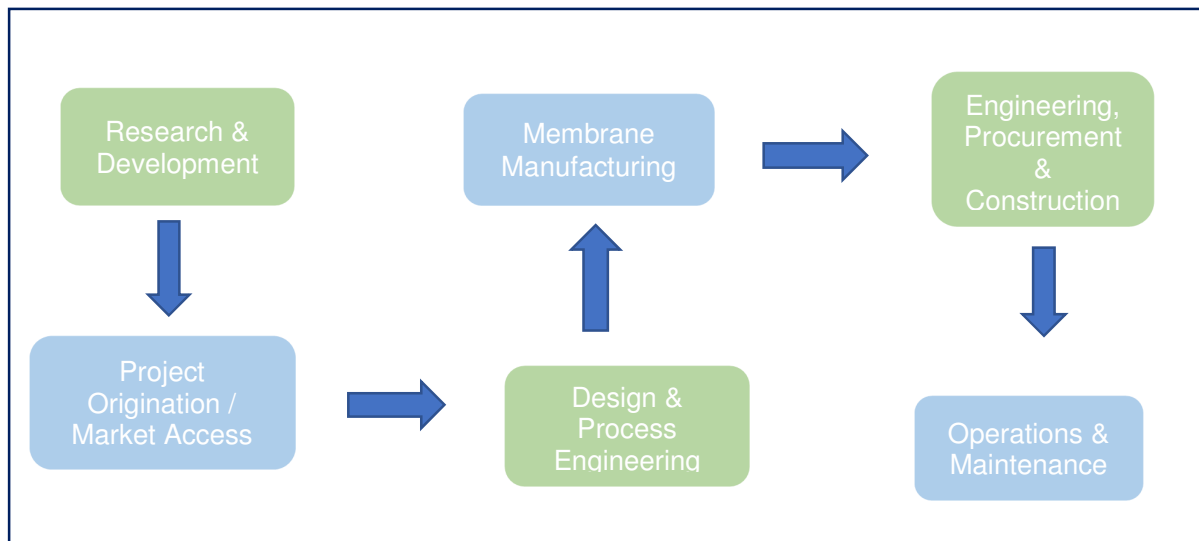
Hyflux has always taken our role as a responsible corporate citizen seriously by delivering environmental solutions for the past three decades. This is at the core of what we stand for even during our financial reorganisation exercise. We thank you for your patience as we work through our reorganisation process and are extremely grateful for your support during this period.

Ms Olivia Lum
Executive Chairman and Group Chief Executive Officer

ABOUT HYFLUX

As a global provider of sustainable solutions, the Hyflux Group is committed to resource optimisation and sustainable development. A specialist in water treatment and among the top global desalination plant providers, Hyflux is distinctive in its ability to address the challenges at every point of the water value chain. The Group has expanded its offerings to include waste-to-energy solutions. Headquartered and listed in Singapore, the Group's track record spans across Asia, the Middle East and Africa. It includes one of the world's largest seawater reverse osmosis desalination plants in Algeria and Asia's first Integrated Water and Power Project in Singapore.

CORE CAPABILITIES ACROSS THE VALUE CHAIN



ENGINEERING, PROCUREMENT & CONSTRUCTION (EPC)

The core of Hyflux's business involves the development of large-scale desalination, power and waste-to-energy plants. Based on the client's tender specifications, such construction projects are done on an EPC, Build-Operate-Transfer (BOT) or Build-Own-Operate (BOO) basis. The TuasOne WTE Plant marks an important milestone for the Group as it widens the Group's capabilities in the total sustainable environmental solution space.

OPERATIONS AND MAINTENANCE (O&M)

Hyflux operates water, wastewater, water recycling, desalination and power plants worldwide. With the completion of Qurayyat Independent Water Project (IWP) and the TuasOne WTE Plant, we look to include these projects to our O&M contribution in the coming years.

GEOGRAPHICAL PRESENCE



- ◇ Our Offices
- Desalination Plants
- Waste-to-Energy Plants
- Integrated Water and Power Projects
- Membrane Installations
- * Projects under development/testing and commissioning
Please refer to page 7 for details.

Singspring Desalination Plant, Singapore

The SingSpring Desalination Plant at Tuas is Singapore's first seawater desalination plant and it meets approximately 10% of the nation's water needs. Under a 20-year build-own-operate arrangement with PUB, the plant produces 136,380 million cubic metres per day (m³/day) of potable water, enough to fill about 55 Olympic size swimming pools. It adopts reverse osmosis technology with semi-permeable membranes. The plant was one of PUB's pioneering public-private partnership initiatives and was completed three months ahead of schedule in September 2005. The project financing deal was awarded the Euromoney Asia Pacific Water Deal of the Year in 2003. This award set a new benchmark in terms of scope as well as complexity of execution in the growing market of privately financed water projects. It also won Distinction at the Global Water Awards 2006.

Tuaspring Integrated Water & Power Project (IWPP), Singapore¹

The Tuaspring IWPP is Singapore's second and largest seawater desalination plant. It is Asia's first IWPP, with desalination capacity of 318,500 m³/day and an on-site 411 megawatt (MW) combined cycle gas turbine power plant to supply power to the desalination plant and to the National Electricity Market of Singapore. Together with the SingSpring Desalination Plant, it can meet up to 25% of the country's water needs. It won Distinction at the Global Water Awards 2014.

Magtaa Desalination Plant, Algeria

With a designed capacity of 500,000 m³/day, the project is one of the world's largest ultrafiltration and reverse osmosis desalination plants. The Group won the bid amidst intense global competition with top international players shortly after winning the 200,000 m³/day Souk Tleta desalination project in October 2006.

¹ Updates on restructuring: Tuaspring IWPP has been served with a notice of termination of the Water Purchase Agreement by the Public Utilities Board (PUB) on 17 April 2019

Please refer to SGX Announcement on the Termination Notice from the PUB:

http://investors.hyflux.com/newsroom/20190417_192201_NULL_A0SZW2H1U2KYFD44.1.pdf

Tuaspring Power Plant has been placed under receivership by Maybank on 13 May 2019.

Please refer to SGX Announcement on the Appointment of Receivers and Managers over the power plant and assets of Tuaspring Pte Ltd:

http://investors.hyflux.com/newsroom/20190514_163004_NULL_OKMGR2Y7DHVRN2F0.1.pdf

This landmark win has helped the Group surge ahead in the global water landscape. It has won the Global Water Intelligence (GWI) Commendation Award for Desalination Deal of the Year in 2010 and the GWI Commendation Award for Desalination Plant of the Year in 2015.

Souk Tleta Desalination Plant, Algeria

The Souk Tleta Desalination Plant is a joint venture project with Malakoff AIDjazair Desal Sdn Bhd and Algerian Energy Company, the state-owned company handling power and water privatisation exercises in Algeria. It marks the Group's entry into the water treatment market in Algeria and the Middle East North Africa region.

The plant, which is situated just 50 m from the coast, produces water for both the state-owned water entity and national oil company of Algeria.

Tianjin Dagang Desalination Plant, People's Republic of China (PRC)

The Tianjin Dagang Desalination Plant is the largest membrane-based seawater desalination plant in the PRC and one of the world's most northern large-scale desalination plants. It utilises the Group's proprietary Kristal® polymeric ultrafiltration membranes for the pre-treatment process, and a double-pass reverse osmosis process, to produce water for Tianjin's petrochemical industries.

Sited next to the existing Dagang power plant, the Tianjin Dagang Desalination Plant derives its feed water from the cooling water discharge of the power plant. With the intake water being 5°C warmer than the ambient temperature, lower osmotic pressure is required during the treatment process, resulting in lower energy consumption and higher efficiency levels. The modular design of the plant allows for easy capacity expansion to meet any increase in demand for water.

PROJECTS UNDER DEVELOPMENT/ TESTING AND COMMISSIONING

Qurayyat Independent Water Project (IWP), Sultanate of Oman

The Group was formally awarded the project from the Oman Power and Water Procurement Company (OPWP) following intense global competition. Qurayyat IWP employs reverse osmosis technology and has a designed capacity of 200,000 m³/day. Upon completing the final stages of testing and

commissioning, desalinated water from the plant will be supplied to OPWP under a 20-year water purchase agreement, during which Hyflux will also provide O&M services to the plant.

TuasOne Waste-To-Energy (WTE), Singapore

TuasOne WTE Plant, scheduled for completion in 2021, is Singapore's sixth and largest WTE plant. Designed to process 3,600 tonnes of waste per day and generate 120 MW of clean and renewable electricity, the TuasOne WTE Plant will have one of the best land utilisation factors in terms of incineration capacity per unit floor area and will also be one of the most efficient in terms of energy recovery per unit waste incinerated in the world. For more information on environment impact reduction, please refer to page 19.

Ain Sokhna Integrated Water & Power Project (IWPP), Egypt

Commissioned by the General Authority for the Suez Canal Economic Zone (SCZone), the plant is designed to produce 150,000 m³ of desalinated water per day and generate 457 MW of power when completed. Contract negotiations for the project are ongoing.

OUR MATERIAL ISSUES

In the third edition of our sustainability report, we continue to focus on material issues that are most relevant to the Hyflux Group. Our materiality analysis continues to prioritise environmental, social, economic and governance issues that are important to our stakeholders. Basing our assessment criteria on the GRI Standards Core framework, we reviewed risk and regulatory requirements, commitments and processes, and relevant issues reported by industry and professional associations for our sector.

Similar to FY2017, the 10 key material issues below remain critical to our business and form the core of our sustainability assessment.

We aim to continue to conduct annual reviews of our material issues, as we recognise that their materiality may evolve over time. To ensure that we proactively manage our sustainability performance, we seek to integrate material environmental and social issues from across the organisation into our business approach.

Key Material Issues

The key material issues identified as integral to our business are outlined in five key areas below and have been used to define the content of this report. We have also identified how some of our key focus areas relate to the United Nations Sustainable Development Goals (SDGs).

OUR ENVIRONMENT

- **WATER USE AND REDUCTION**
- **ENERGY EFFICIENCY AND CLIMATE CHANGE**
- **AIR EMISSIONS**
- **WASTE AND EFFLUENTS**

RELEVANT SUPPORTING SDGS



GOVERNANCE AND RISK MANAGEMENT

- **FAIR AND ETHICAL OPERATING PRACTICES**

RELEVANT SUPPORTING SDGS



OUR PEOPLE

RELEVANT SUPPORTING SDGS

▪ OCCUPATIONAL SAFETY AND HEALTH ▪ TALENT RETENTION AND DEVELOPMENT ▪ DIVERSITY AND EQUAL OPPORTUNITY	 
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OUR COMMUNITY

RELEVANT SUPPORTING SDGS

▪ IMPACT ON AND COMMUNICATION WITH LOCAL COMMUNITIES	 
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ECONOMIC PERFORMANCE

RELEVANT SUPPORTING SDGS

▪ Hyflux's 2018 annual report has been granted extensions to be released by 31 March 2020 as a result of the current reorganisation exercise²	 
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WHERE DO THESE IMPACTS OCCUR?

With the exception of talent retention and development as well as diversity and equal opportunity which are internally focused, all of the above key material issues have an impact on the organisation, internally and externally.

² Please refer to SGX Announcements on the Grant of Waivers:
http://investors.hyflux.com/newsroom/20191119_211200_600_GCEYNUY46U3WWGO0.1.pdf
http://investors.hyflux.com/newsroom/20191226_173311_NULL_ZCFUINUL4IT2CMUM.1.pdf

STAKEHOLDER ENGAGEMENT

As part of our continuous, two-way dialogue with our key stakeholders to improve our decision-making process and in our assessment of material environmental and social issues, we continue to engage our key stakeholders in FY2018.

OUR KEY STAKEHOLDERS	FORMS OF ENGAGEMENT	KEY TOPICS
Investment community and shareholders	- Results briefings and quarterly earnings call - Annual General Meetings and Extraordinary General Meetings - One-on-one meetings and investor conferences - Site visits - Bilateral communication - Investor mailbox - SGX announcements and press releases	- Financial results - Key developments - Investor relations
Clients for municipal projects	- Regular meetings - Presentations - Tradeshows - Site visits - Website - Bilateral communication - Events	- Operational efficiency - Cost-competitiveness - Business opportunities - Environmental and social impact - Technological innovation
Regulatory and Municipal Bodies	- Forums and dialogues - Tradeshows - Networking events - Roundtable discussions - Site visits - Seminars - Bilateral communication - Briefings and consultation	- Human capital development - Health, safety and compliance - Environmental and social impacts - Regulatory industry trend

OUR KEY STAKEHOLDERS	FORMS OF ENGAGEMENT	KEY TOPICS
Trade Associations	Association Of Process Industry Hong Kong Electronics & Technologies Association (HKETA) Membrane Industry Association of China (中国膜工业协会) Singapore Business Federation Singapore National Employers Federation (SNEF) Singapore Structural Steel Society Singapore Water Association The Singapore Chamber of Commerce (Hong Kong)	Industry updates, dialogues and issues
Business Partners (Suppliers and Distributors)	Tradeshows Site inspection Distributor training programmes	Business needs and viability Information access Product specifications
Employees	Quarterly CEO conversation Performance appraisals Seminars and training sessions, including orientation program for new staff Intranet communication Safety briefings (for on-site employees)	Career development Staff welfare Health and safety Staff bonding Company strategic direction and operational performance
Media	Regular communication with relevant journalists Media releases and briefings	Hyflux's latest developments Financial results
Local Community	Community engagement activities Blood donation drives twice a year	Community projects Local welfare organisations Environmental care

STAKEHOLDERS ENGAGEMENT DURING THE REORGANISATION EXERCISE

Hyflux acknowledges the support of our stakeholders and remains committed to engaging our stakeholders during this period of financial reorganisation. In line with our commitment to uphold corporate transparency, we have maintained open channels of communication to provide stakeholders with regular updates on the development of this exercise.

OUR KEY STAKEHOLDERS	FORMS OF ENGAGEMENT
Investment community and stakeholders/creditor groups	Website – financial reorganisation section with FAQ updates on the reorganisation process Support centre hotline for queries on the reorganisation process Townhall meetings Regular announcements, affidavits of financial updates and court updates Email communication Regular senior creditors weekly meetings
Employees	CEO conversations and updates Intranet communication Engagement with senior management and heads of departments
Media	Media releases Email and phone communication Press conferences

OUR ENVIRONMENT

PERFORMANCE OVERVIEW

As a global provider of sustainable solutions, managing the environmental impact of our activities and operations is an integral part of our business processes. We are committed to reducing our environmental impact through compliance with applicable environmental obligations, preventing pollution, reducing waste and continually improving our environmental performance. Hyflux exercises a precautionary approach in managing its environmental impact. Data in this sustainability report covers:

1. O&M projects (power and desalination plants): Tuaspring IWPP (Singapore), SingSpring Desalination Plant (Singapore) and Tianjin Dagang Desalination Plant (China)
2. EPC projects: TuasOne WTE Project (Singapore) in construction phase and Qurayyat IWP (Oman) in testing and commissioning phase
3. Corporate offices in Singapore: Hyflux Innovation Centre, Hyflux Building and Tuas Manufacturing Hub

ISO 14001 guidelines on environmental management systems govern all of Hyflux's operations, and all construction sites are ISO 14001 certified. Before the commencement of any construction project, all necessary due-diligence in the form of Environmental Impact Assessments (EIAs) and /or Environmental, Social and Health Impact Assessments (ESHIA) are carried out. Close monitoring and follow-ups are conducted throughout the construction phase until project completion.

WATER USE AND REDUCTION *[Disclosure 303 – 1]*

The Group's core business is in water treatment solutions. We are committed to providing clean and stable supplies of water to communities around the world.

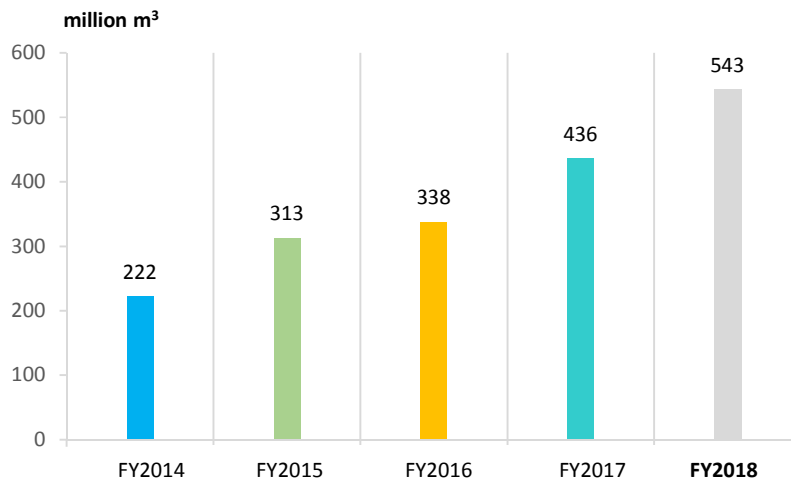
Performance

In FY2018, total water withdrawal at our desalination plants, EPC projects, and corporate offices was 543 million m³. More than 99% of total water

withdrawal was from surface water³ which was used for our desalination and power plant operations⁴. Approximately 40% of the seawater withdrawn for desalination was recovered through the reverse osmosis process.

The overall increase in water withdrawal in 2018 as compared to 2017 was attributed to higher water usage at the Qurayyat IWP as the plant moves towards its final stages of testing and commissioning for full operational capabilities. Additionally, more water was utilised in line with increased construction activities at TuasOne WTE.

WATER WITHDRAWAL FOR DESALINATION PLANTS, EPC PROJECTS AND CORPORATE OFFICES



ENERGY EFFICIENCY AND CLIMATE CHANGE

[Disclosure 302 – 1, 305 – 1, 305 – 2]

Hyflux's energy consumption and greenhouse gas emissions emanate primarily from our desalination and power plant operations, as well as our construction projects.

Performance – Energy Consumption

In FY2018, Hyflux's total energy consumption was 1.65 million gigajoules (GJ) compared to 1.34 million GJ in FY2017.

Electricity used for desalination and power operations amounted to approximately 71% of Hyflux's total energy consumption. Diesel and fuel oil

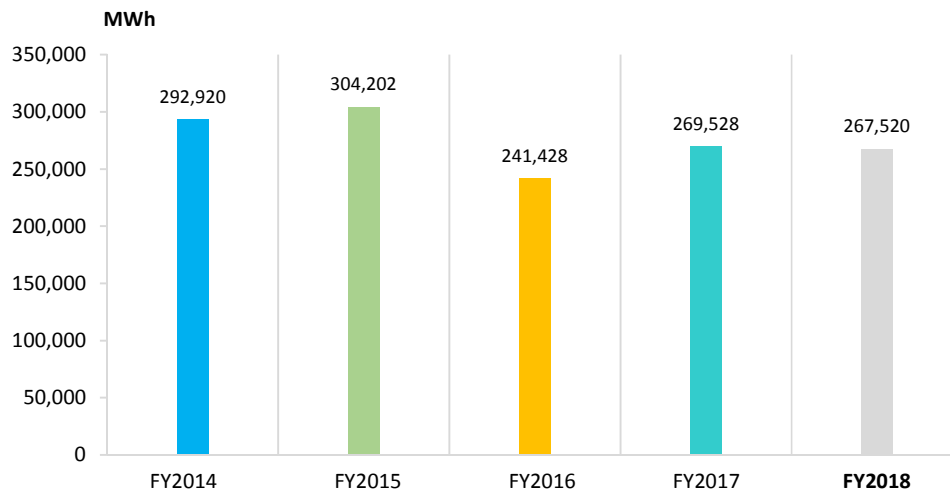
³ Surface water includes water from wetlands, rivers, lakes, and oceans

⁴ Desalination and power plant operations refer to data from Hyflux's O&M Projects: Tuaspring IWPP (Singapore), SingSpring Desalination Plant (Singapore) and Tianjin Dagang Desalination Plant (China)

used to operate generators and cranes at our construction projects accounted for approximately 28% of total energy consumption, while operations at corporate facilities made up the rest. Total energy consumption from FY2017 to FY2018 increased about 23% due to increased construction activities at TuasOne WTE as well as testing and commissioning activities carried out at Qurayyat IWP.

BREAKDOWN OF ENERGY CONSUMPTION		FY2018
DESALINATION ACTIVITIES AND POWER PLANT		71%
CONSTRUCTION ACTIVITIES		28%
CORPORATE FACILITIES		1%

TOTAL ELECTRICITY CONSUMPTION FOR DESALINATION PLANTS



Given the high energy requirement of desalination activities, Hyflux has constantly invested in new technologies and equipment to improve energy efficiency of our plants. This is evident from the lower electricity consumption per m³ of desalinated water produced by our newer plants as compared to our older plants.

Compliance with Mandatory Energy Management Practices

Since 2014, Hyflux's two desalination plants in Singapore, the Singspring Desalination Plant and Tuaspring IWPP, have been in full compliance with the National Environmental Agency's (NEA) Energy Conservation Act. As per the requirements of the act, we report the energy use of the plants periodically and submit an annual Energy Efficiency Improvement Plan for each plant. We also appointed an internal representative from the company to monitor the operations in both plants to meet the compliance requirements under NEA regulations.

Other energy saving measures such as steam turbine condenser optimisation equipment (among others) were implemented to improve energy consumption across our plants. Such energy management initiatives are part of our continuous pursuit of resource efficient solutions.

Energy Management at Hyflux Innovation Centre

Recognised for its model of innovative environmental design and construction, Hyflux Innovation Centre received the BCA Green Mark Platinum Award in FY2012. The building features environmentally sustainable designs such as a solar-powered gym and a grey water recycling system that utilises Hyflux's proprietary Kristal® polymeric ultrafiltration membranes. There is also extensive usage of environmentally-friendly and sustainable materials within the development.

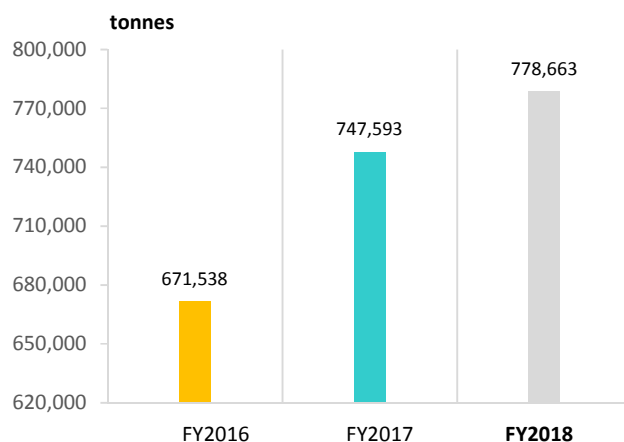
These innovative measures meet the stringent criteria set by the Building and Construction Authority of Singapore and has helped to lower energy consumption by approximately 30% and conserve about 15.6 million litres of water a year.

For energy saving purposes, all common areas such as lift landings are also fitted with motion sensor lighting.

Performance – Greenhouse Gas Emissions

Scope 1 Greenhouse Gas (GHG) emissions generated per megawatt hour (MWh) of electricity remained at approximately 0.37 tonnes in FY2017 and FY2018.

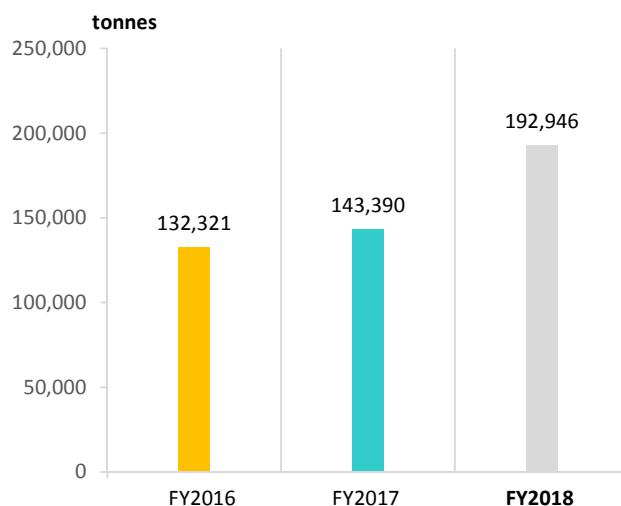
TOTAL SCOPE 1 GHG EMISSIONS



A significant proportion of GHG emissions in the Group can be attributed to the combustion of natural gas and diesel used to generate electricity at the Tuaspring Power Plant. Hyflux generated about 778.6 thousand tonnes of Scope 1 GHG emissions in FY2018⁵, a 4.2% increase from FY2017 in line with the production of more electricity. The level of emissions is in line with industry standards.

Scope 2 GHG emissions from electricity consumption increased approximately 34.6% from approximately 143.4 thousand tonnes in FY2017 to approximately 192.9 thousand tonnes of carbon dioxide in FY2018. The increase is attributed to the increase in desalination operations and construction activities in FY2018.

TOTAL SCOPE 2 GHG EMISSIONS



⁵ Source of fuel caloric values: GHG Protocol's Emission Factors from Cross-Sector Tools (April 2014 version).

TuasOne Waste-to-Energy Plant



Ongoing construction of TuasOne WTE Plant, Singapore

Ensuring Proper Discharge of Air Emissions

The plant will have a dedicated flue gas treatment system to ensure that air emissions discharged comply with the more stringent Environmental Protection & Management (Air Impurities) Regulations that were implemented on 1 June 2015. The tighter emission standards mandated by Singapore's National Environmental Agency include a new daily site-average limit for sulphur dioxide (SO₂), aimed at regulating SO₂ emissions from combustion sources.

The main processes encompassed by the flue gas treatment system are:

- Selective non-catalytic reduction to reduce NO_x concentration in the flue gas
- Dry catalytic fabric filter system to remove dust particles, acidic and other gaseous pollutants

Minimising the Environmental Impact of Construction

Environmental Control Measures are in place to ensure silted water runoff from the construction site are treated before being discharged into the public drainage system. Monitored by real-time CCTV cameras located near the discharge outlets, alerts will be triggered when muddy flows are captured. This is to ensure compliance with the Total Suspended Solids (TSS) standard for discharges.

AIR EMISSIONS *[Disclosure 305 – 7]*

Hyflux's nitrogen oxides (NO_x) and sulphur dioxide (SO₂) emissions are carefully managed across our operations worldwide. We aim to meet all regulatory standards in the jurisdictions in which our plants operate and strive to achieve international best practice.

NO_x emissions ⁶ increased to approximately 400 tonnes in FY2018 from approximately 310.3 tonnes in FY2017. This increase is primarily due to a higher output of electricity. Similarly, SO₂ emissions also saw an increase to 1.3 tonnes in FY2018.

Compliance with Mandatory Air Emissions Limits

Source emissions tests are conducted annually at the Tuaspring Power Plant to determine the concentration levels of particulate mass (PM), nitrogen oxides (NO_x), carbon monoxide (CO) and sulphur dioxide (SO₂).

The emissions from the plant are in strict compliance with regulatory limits stipulated in the Environmental Protection and Management Act, EPMA 2008 (Air Impurities) Regulations 2001.

WASTE AND EFFLUENTS *[Disclosure 306-2]*

Desalination Operations

Large volumes of seawater are used in Hyflux's reverse osmosis desalination plants to produce potable water. High-concentration brine and backwash wastewater, by-products of desalination, are discharged back into the sea. Before release, online analysers installed in the outfall pipe measure discharge flow rate, dissolved oxygen, turbidity, conductivity, free chlorine, temperature and pH. These parameters are monitored continuously by a SCADA⁷ system to ensure they fall within allowable limits.

Samples are also sent regularly to external consultants to measure suspended solids and chlorine levels, ensuring all parameters are within regulatory allowance limits. In Singapore, all parameters listed in NEA water quality standards of Trade Effluent Discharge to Watercourse are also tested in accordance with regulatory allowable limits.

⁶ Air emissions data is based on measurements made at the Tuaspring Power Plant

⁷ SCADA refers to supervisory control and data acquisition, a computer system used for gathering and analysing real time data

Construction Projects

The main types of waste generated at Hyflux's construction projects include scrap metal, wood and small amounts of boiler slag. In addition, some waste such as ash, soil and sludge wastes are collected and treated before being sent to landfills. Non-hazardous waste generated decreased from approximately 2,936 tonnes in FY2017 to approximately 2,110 tonnes in FY2018, mainly due to the completion of construction activities at the Qurayyat IWP as the plant entered the final testing and commission stages.

Corporate Facilities

Hyflux's corporate facilities produce mainly domestic and municipal waste, which we work with local municipalities to recycle. Non-recyclable waste is treated and disposed of according to local regulatory requirements.

WASTE DISPOSAL METHOD	FY2017		FY2018	
	TOTAL WEIGHT OF WASTE (TONNES)	PERCENTAGE OF HAZARDOUS WASTE	TOTAL WEIGHT OF WASTE (TONNES)	PERCENTAGE OF HAZARDOUS WASTE
Recycled waste	373	0%	452 (Mostly generated at TuasOne WTE Construction Site)	0%
Incineration	1603 (Mostly generated at TuasOne WTE Construction Site)	0%	977 (Mostly generated at TuasOne WTE Construction Site)	0%
Landfill	960 (Mostly generated at Qurayyat IWP Construction Site)	0%	681	0%
On-site storage (Generated at SingSpring Desalination Plant and Tuaspring IWPP's lab facilities ⁸)	0.07	100% (disposed via waste disposal contractor)	0.06	100% (disposed via waste disposal contractor)

⁸ Lab waste contains caustic substances, sulphuric acid and other chemicals

GOVERNANCE AND RISK MANAGEMENT

COMPLIANCE *[Disclosure 102-18]*

Hyflux champions for policies that advocate good corporate governance. We believe that achieving high standards of corporate governance and processes will help enhance the Group's effectiveness and ensure the appropriate degree of accountability and transparency to increase long-term value. Hyflux adheres to the principles and guidelines of the Singapore Code of Corporate Governance issued by the Monetary Authority of Singapore and believes that this forms a sound platform for supporting good corporate governance practices.

Sustainability Governance Structure



The Board is the Company's highest governance body that provides general oversight of the Group's activities and is collectively responsible for the Group's overall strategic direction. The Board provides leadership and guidance on corporate strategies, risk policies, corporate governance, business directions and performance objectives. To ensure each aspect is well taken care of, the Board delegates specific functions to various Committees, namely, Audit Committee (AC), Nominating Committee, Remuneration Committee, Risk Management Committee (RMC) and

Investment Committee. These Board Committees function within clearly defined terms of reference, which are reviewed on a regular basis. The Board is updated on developments around sustainability and has reviewed Hyflux's material environmental, social and governance issues

The Board of Directors were also proactive in advising the management team to kickstart a voluntary court-supervised financial reorganisation process in May 2018 by filing for a statutory moratorium under Section 211(B) of the Companies Act for five of its entities, in order to preserve value for stakeholders.

RISK MANAGEMENT *[Disclosure 102-11]*

The Board recognises the importance of maintaining a sound system of risk management and internal control to safeguard stakeholders' interests and the Group's assets, and to manage risks. The AC and the RMC oversee and ensure that such a system is appropriately implemented and monitored.

The risk management and internal control processes framework are intended to provide reasonable but not absolute assurance against material misstatements or loss, to safeguard assets and maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The RMC framework consists of five Directors and its primary functions are:

To review with management and sometimes with external consultants on areas of risk that may affect the viability and smooth operations of the Group, as well as management's risk mitigation efforts.

To direct and work with management to develop and review policies and processes to address and manage identified areas of risk in a systematic and structured manner.

To make recommendations to the Board in relation to business risks that may affect the Group, as and when these may arise.

FAIR AND ETHICAL OPERATING PRACTICES

[Disclosure 102-16, 102-17]

Code of Ethics and Conduct

The Group has an internal Code of Ethics and Conduct in place that covers aspects such as anti-corruption and bribery, securities purchase guidelines and conflict of interest. The code which is readily accessible through Hyflux's intranet requires all employees to conduct business legally, fairly and with integrity in order to ensure high standards of business integrity and compliance with relevant regulations.

Anti-Corruption and Bribery

Hyflux adopts a zero-tolerance policy towards bribery and corruption and is committed to acting professionally, fairly and with integrity in all our business dealings and relationships. The Group has a worldwide policy on bribery and prevention of corruption in which any act of giving or accepting gratification to or from third parties is prohibited. Risk assessments are conducted across the Group as part of the annual internal audit programme to ensure compliance.

An Ethics and Ethical Behaviour course is conducted annually by the Internal Audit department to ensure that employees are aware of the common ethical risks and the consequences associated with such actions. During the training, employees engage in group discussions on case studies and scenarios that pose ethical risks to reinforce the importance of ethical behaviour. In addition, reviews on internal procedures and policies are also done periodically to ensure adequate controls are in place. A presentation was also made to the Risk Management Committee in October 2018 on the existing policies and trainings relating to anti-corruption, and the reporting procedures that is in place.

Whistle-Blowing Policy

Hyflux's confidential communication programme encourages employees to promptly report a 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 Hyflux's intranet and allows concerns to be raised to their line manager, management or various

Audit Committee members in confidence. Reports on any concerns will be submitted by the Internal Audit department to the Audit Committee Members.

SUSTAINABLE PROCUREMENT *[Disclosure 102-9]*

The Group acknowledges the importance and impact of sustainable procurement on the organisation, society and the environment. As part of our sustainable supply chain management, Hyflux has in place a comprehensive process to work with business partners in our supply value chain in a fair and ethical manner, to procure equipment and material which comply with technical specifications in all our projects.

Our Supply Chain

Hyflux works with a broad range of local and foreign suppliers for the different segments of our businesses. The Group's main suppliers consist of industrial component suppliers for our plants, raw material suppliers for production purposes, as well as contractors for general and specialised professional services in our projects.

Hyflux periodically qualifies and appraises the suitability of our suppliers based on a supplier scorecard. Suppliers are assessed technically and commercially on their project track record, experience and quality among other evaluation criteria. The due diligence process may include financial audits, operational risk assessments, and visits to suppliers' premises and reference project sites. Some of our partners do implement their own sustainability practices. In general, suppliers with ISO 9001, ISO 14001 and OHAS 18001 certifications are preferred. We monitor our suppliers' and service providers' compliance with applicable laws, regulations, contractual requirements, as well as their quality, human factors, and safety standards. To mitigate concentration risk and to ensure sustainable supply streams, Hyflux procures from a broad pool of suppliers and service providers.

Supply Chain Updates During Moratorium [Disclosure 102-10]

Since the start of our reorganisation exercise, we have been working closely with our financial advisers to assess the position of all suppliers within the context of our future cash flow needs and a future reorganisation plan involving all stakeholders, including affected and critical suppliers. As Hyflux procures from a broad pool of suppliers and service providers, our critical supply stream is continuously assessed to maintain a stable supply. We continue to work closely with our critical suppliers for equipment and materials to ensure the completion of our on-going projects, and day to day business operations. Hyflux continues to apply the same stringent standards in the assessment of quality and suitability of new suppliers during the moratorium.

OUR PEOPLE

Hyflux believes the key to high staff morale and productivity is a safe and inclusive workplace for all.

OCCUPATIONAL SAFETY AND HEALTH

Safety is a core value for Hyflux and we are strongly committed to keeping all our offices, plants and worksites safe and accident-free for our employees.

Group Quality, Environmental, Health and Safety (QEHS) Policy

The Group-wide QEHS policy is applied across all of Hyflux's operations, services, products, activities and projects worldwide. The policy is reviewed annually and from FY2016, energy management was included when Tuaspring Power Plant was commissioned. The implementation of the policy ensures compliance with applicable quality, environmental, and health and safety legal requirements and regulations.

How We Manage Safety

The Group is committed to set and comply with its own health and safety standards across all operations, and business unit heads are responsible for ensuring health and safety management systems are implemented and complied with on the ground.

QEHS objectives and performance are monitored and reviewed by the QEHS Management Committee. The Group seeks to make continuous safety improvements through the sharing of insights gathered from health and safety-related incidents and risks.

QEHS Committee meetings are also held monthly at all sites for the project manager to communicate with key stakeholders on QEHS matters and for performance to be reported.

Regular Audits and Certification

In August 2018, Hyflux passed the annual BS OHSAS 18001:2007 surveillance audit, a testimony of our full compliance with international standards for occupational health and safety. The bizSAFE Star certification was also awarded to Hyflux from the Singapore Workplace Safety and Health Council, recognising our sustained efforts towards promoting good workplace safety conditions.

Safe practices at all Hyflux's plants and operations are implemented, practised, documented and improved. Regular audits by independent parties are conducted at all sites to evaluate the effectiveness and maturity level of Hyflux's occupational safety and health management system. For example, in September 2018, Hyflux completed the Construction Safety Audit Scoring System (ConSass) conducted by an independent auditor at the TuasOne WTE Plant. Such evaluations are essential to help the Group better allocate resources to improve safety and health standards on its sites.

Health and Safety Training for all Employees

At Hyflux, we recognise the role employees play in workplace safety and the importance of instilling a culture of proactive individual involvement, personal accountability and continuous improvement amongst employees. Training for health and safety is an ongoing effort which includes day-to-day safety sharing tips, workshops, toolbox sessions and masterclasses, to equip employees with relevant technical knowledge, safety awareness and Hyflux's values for a safe working environment. Mandatory in-house QEHS management system training is also provided to all supervisory personnel for projects. Contract workers and all new workplace staff also attend a QEHS induction training to ensure they are trained in proper safety practices before starting work. For employees engaged in high-risk work, monthly training sessions and refresher courses are conducted.

At project sites, health and safety practices are reinforced in the following ways.

- Weekly mass QEHS talk – QEHS officer communication and consultation with all at site
- Monthly QEHS committee meeting – project manager communicates with representatives of all project stakeholders in resolving QEHS matters and grievances
- Monthly QEHS committee inspection – QEHS inspection by project manager of all stakeholders' on-site behaviour and facilities. Areas for improvement are identified.

All staff on Hyflux sites are also made aware of Emergency Preparedness and Response procedures and evacuation plans in cases of non-routine incidents, accidents and emergency situations.

Environmental, Healthy & Safety (EHS) Activities



Safety Training at TuasOne WTE Plant, Singapore

Environmental, Health and Safety activities are organised annually at Hyflux's plants. Through emergency response drills and quizzes, employees are equipped with the relevant technical knowledge and safety awareness to respond swiftly to potential emergency scenarios.

Formal Worker Representation

All our employees at our EPC sites and Singapore corporate offices are represented in formal joint management-worker health and safety committees that monitor occupational health and safety issues.

Contractors

Hyflux's contractors are expected to align with the Group's high expectations of workplace safety and health. To ensure compliance, certain conditions are stipulated and made known to all contractors during the pre-contract stage.

SAFETY PERFORMANCE [Disclosure 403-2]

In FY2018, we have once again achieved zero fatalities across our construction sites and operations.

Non-fatal workplace injuries in Singapore involved 25 male employees and 0 female employee, resulting in a total of 401 lost man-days. Total number of man-hours worked was 4,649,998. In Algeria and Oman, three employees were involved in non-fatal workplace injuries resulting in 10 lost man-days. Total number of man-hours worked was 924,888.

Of the injuries sustained, about 34.5% were lacerations, about 31% were due to contusions, and about 24.1% were fractures while chemical burns and faints accounted for the remaining injuries.

In FY2018, for operations in Singapore, Algeria and Oman, Hyflux's accident frequency rate (AFR) was 5.4 and 3.2 respectively. The accident severity rate (ASR) which takes into account the number of lost man-days was 86.2 in Singapore and 10.8 in Algeria and Oman. The Group's overall AFR saw an increase from 1.1 to 5.1, while the Group's overall ASR increased from 35.0 to 72.1 as a result of an increase in accidents reported at the Singapore sites where construction activities were at its peak.

ACCIDENT FREQUENCY RATE (AFR) ⁹	FY2017	FY2018
Singapore	1.3	5.4
Algeria and Oman	0.7	3.2
Group	1.1	5.1

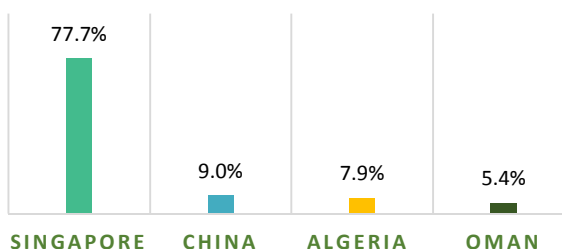
⁹ Accident Frequency Rate (AFR) = (No. of Workplace Accidents Reported/Total No. of Man-hours worked) x 1,000,000

ACCIDENT SEVERITY RATE (ASR) ¹⁰	FY2017	FY2018
Singapore	30.5	86.2
Algeria and Oman	40.0	10.8
Group	35.0	72.1

OUR EMPLOYEES

As of December 2018, Hyflux has over 1,600 employees based in our offices and sites worldwide. In two of our largest workforces worldwide, 27.7% of our employees in Singapore are in full-time permanent positions while 100% of our employees in China are in full-time permanent positions.

BREAKDOWN OF WORKFORCE BY GEOGRAPHY



Diversity and Equal Opportunity

In accordance with Fair Employment Practices espoused by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), Hyflux provides equal employment opportunities regardless of gender or age. For instance, we have assigned female engineers to overseas projects in Algeria. The Company also offers re-employment to employees who have reached retirement age. Hyflux's commitment to progressive employment practices is further demonstrated by our involvement in the Human Capital Partnership with TAFEP and the Ministry of Manpower in Singapore which is geared towards enhancing local workforce competitiveness.

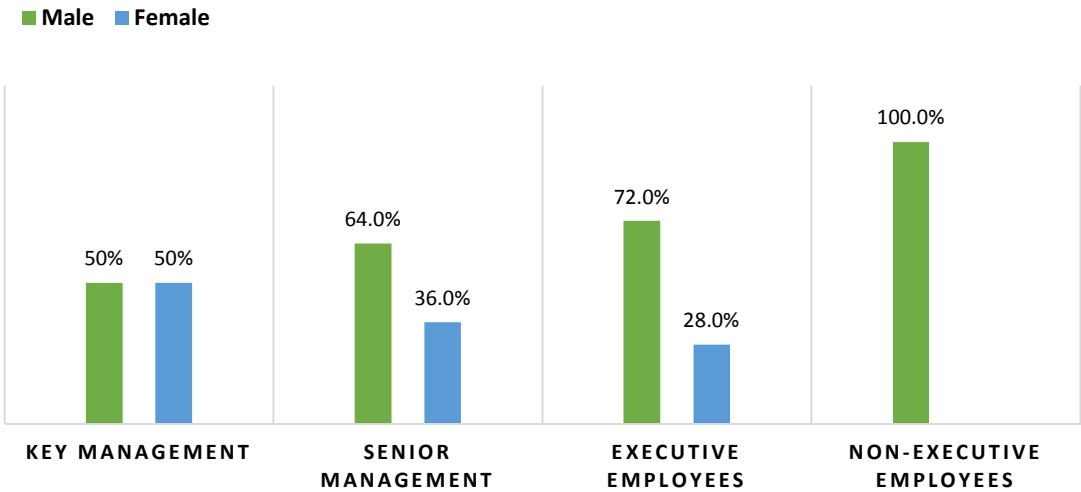
Hyflux is also a participant in the Workforce Singapore Career Support Programme (CSP). The CSP encourages employers to offer suitable job opportunities to eligible Singaporean professionals, managers, executives and technicians who have been unemployed for at least six months, and to tap on the wealth of experience they bring to the workplace. Currently, we have four employees under this programme and will continue to leverage it as a channel for recruitment.

¹⁰ Accident Severity Rate (ASR) = (No. of Man-Days lost to Workplace Accidents/Total No. of Man-hours worked) x 1,000, 000. ASR excludes fatalities.

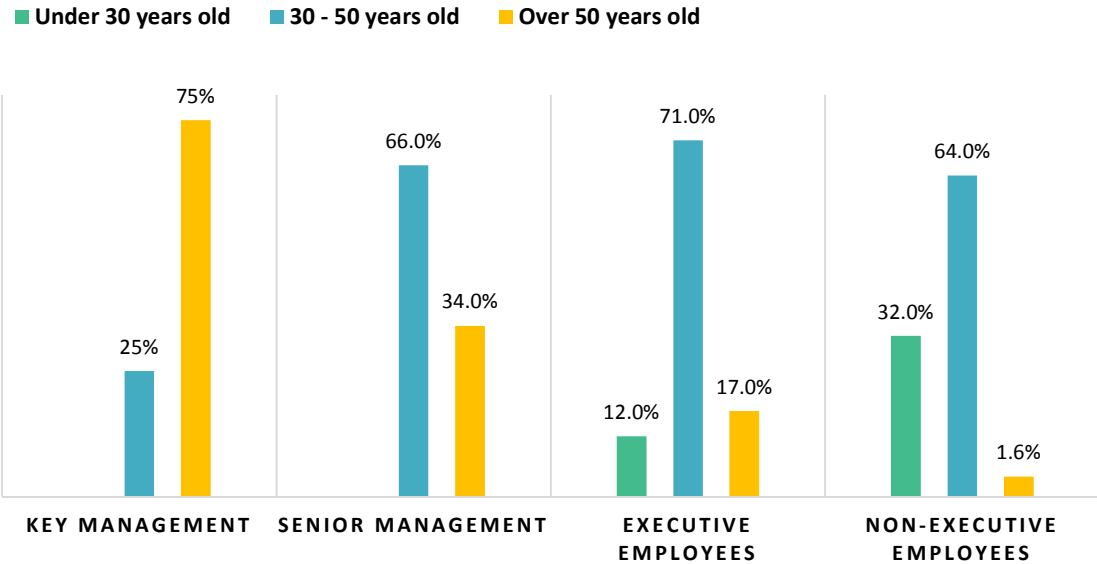
Gender Diversity in Hyflux [Disclosure 405-1]

In Singapore, two out of four key management committee members are female, 36% of senior management employees and 8% of non-senior management employees are female. While we have strived to achieve gender diversity throughout our employee categories, the category of non-executive employees is male-dominated as the jobscopes are physically-intensive. These jobscopes include the construction work at our manufacturing plants and production lines, which are not traditional career choices for females.

BREAKDOWN OF GENDER BY EMPLOYEE CATEGORY



BREAKDOWN OF AGE GROUP BY EMPLOYEE CATEGORY



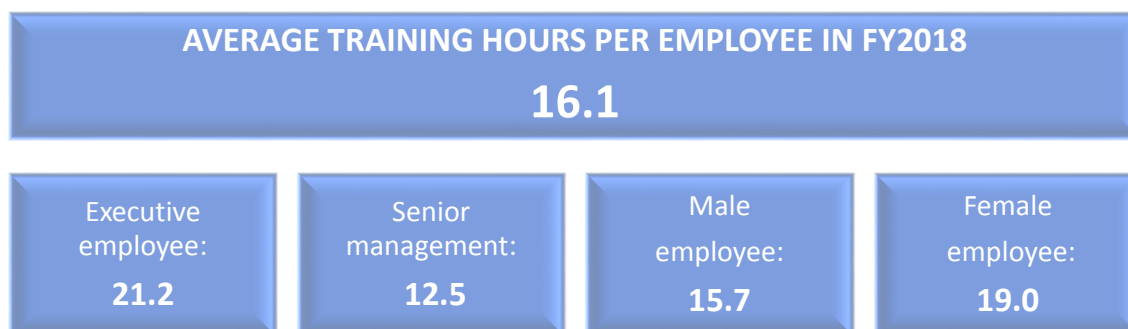
Talent Development

PERFORMANCE REVIEW *[Disclosure 404-3]*

Our people play a vital role in the development of Hyflux's business. Performance appraisals are conducted annually at Hyflux to better understand our employees' development. All corporate employees are evaluated by their managers and given feedback on their strengths and areas for improvement. Employees' career progression, key performance indicators and rewards are also openly discussed and determined at this annual appraisal. A training needs analysis is also conducted to identify skill gaps so that employees can thereafter be provided with the suitable coaching and training sessions tailored to help improve their performance.

LEARNING AND DEVELOPMENT *[Disclosure 404-1]*

Hyflux's learning and development practices are based on ISO 9001 standards. In FY2018, training hours per employee was approximately 16.1 hours, meeting ISO's target of 16 hours per employee.



At Hyflux, we believe in nurturing the full potential of our employees, by providing opportunities to develop their careers and capabilities, regardless of age, gender or ethnicity through training courses, on-the-job training, job rotations, overseas postings and mentorship. An in-house training academy led by dedicated personnel manages the customised training needs of our employees.

Courses in the following categories are made available to all corporate employees.



On top of the courses designed in-house, employees are also encouraged to attend courses organised by external organisations to continually improve their skills and capabilities relevant to their job scopes.

Talent Acquisition

In Singapore, Hyflux participates in the national effort to groom talents from the community and contribute to the progress of the economy. We have engaged in government initiatives such as the Singapore-Industry Scholarship (SgIS), Young Talent Programme Scholarship (YTP) and the SkillsFuture Earn and Learn Programme. Upon graduation, students from the SgIS Scholarship and YTP programme join Hyflux and undergo a rigorous management trainee programme, aimed at nurturing their leadership ability. The SkillsFuture Earn and Learn Programme is a work-learn programme to support fresh graduates' transition into the workforce where participants are trained in industry-relevant skills through an 18-month job attachment. In total, more than 10 employees were recruited through these programmes and initiatives.

Talent Retention

With global operations spanning the Middle East, Africa, Latin America and Asia, Hyflux encourages Singapore-based employees to move geographically to gain a deeper understanding of overseas markets, develop their leadership capabilities and foster global mindsets.

With an aim to create a pipeline of talent, we encourage our people to take on overseas work opportunities where applicable and equip them with skills ranging from business and in-market knowledge to better understanding of cultural and language nuances. We also encourage job rotation within different business units to widen our employees' work experience and offer growth as well as career progression.

Other than introducing Flexible Work Arrangement which enables employees to achieve greater work-life balance and better productivity, we have also enhanced our employees' benefits such as the introduction of birthday leave and improvement of several entitlements.

Welfare

Hyflux's employee policies, including leave entitlements, meet all requirements of Singapore's Employment Act.

In order to encourage staff bonding and increase information sharing, lunch talks covering topics such as financial management and healthy-living are organised to promote an open and inclusive platform for all. Lunch is also provided during these events to allow opportunities for networking amongst colleagues from different work functions. Festive bazaars are also organised for our employees to enjoy promotions and shop for curated products conveniently.

In FY2018, as a way of showing our appreciation to our staff for riding with the company during this difficult time, we introduced more employee benefits such as birthday leave, reimbursement of professional membership fees and reimbursement of quarterly team bonding expenditure.

As Hyflux progresses through the reorganisation process, it is critical to keep our internal stakeholders updated and informed. Our management team continues to work closely with employees to review and streamline work processes to improve workflow and boost productivity.

OUR COMMUNITY

CREATING POSITIVE IMPACTS ON OUR LOCAL COMMUNITY

[Disclosure 413-1]

Educational Site Visits

In FY2018, Hyflux hosted educational site visits at our Tuaspring IWPP for schools, educational institutions, ministries and government-linked bodies. During the visits, our O&M employees showcased the systems and technology behind the desalination process, as well as the Singapore approach to water resource management.

SCHOOLS AND EDUCATIONAL INSTITUTIONS
SINGAPORE
- Singapore Institute of Technology - Yale-NUS College
INTERNATIONAL
McIntire School of Commerce, University of Virginia

GOVERNMENT AND GOVERNMENT-LINKED BODIES
INTERNATIONAL
- Japan External Trade Organisation Singapore - Sai Kung District Council, Hong Kong Special Administrative Region - Ministry of Environment, Algeria - Korea Water Resources Corporation, K-water - Embassy of the Federal Democratic Republic of Ethiopia - Moroccan Ministers and Ambassador of Morocco to ASEAN

Community Investments

March 2018	• TTSH Charity Cycle 2018: Keep Going!
June 2018	• North West Community Development Council, for Club-100@North West Fundraising Golf 2018

In FY2018, a total contribution of \$3,969 in kind was made by Hyflux towards community investments in Singapore.

As we work through our financial reorganisation exercise, we are mindful of the need to operate in a prudent and sustainable manner as we give back to our society. We will continue to develop a sustainable model for community investments and programmes and look into nurturing the spirit of giving amongst our employees, encouraging our employees to volunteer and to take part in meaningful community projects and initiatives which are aligned with our company's values. In addition, we will also encourage our employees to embark on skills-based volunteering wherever applicable, so that they can make use of their skills and knowledge to benefit the community.

FY2018 GRI Content Index

This report is prepared in accordance with the GRI Standards (Core Option):

GENERAL STANDARD DISCLOSURES			
GRI Standard Disclosures	Disclosure Title	Section Reference	Page Reference
Organisational Profile			
102-1	Name of the organisation	Welcome and Readers Guide	Pg 2
102-2	Activities, brands, products, and services	About Hyflux	Pg 4
102-3	Location of headquarters	About Hyflux	Pg 4
102-4	Location of operations	Geographical Presence	Pg 5
102-5	Ownership and legal form	About Hyflux	Pg 4
102-6	Markets served	Geographical Presence	Pg 5
102-7	Scale of the organisation	About Hyflux	Pg 4
102-8	Information on employees and other workers	Our People > Our Employees	Pg 31
102-9	Supply chain	Sustainable Procurement	Pg 25
102-10	Significant changes to the organisation and its supply chain	Sustainable Procurement > Supply Chain Updates during Moratorium	Pg 26
102-11	Precautionary Principle or approach	Governance and Risk Management	Pg 22-23
102-12	External initiatives	Our Community	Pg 36
102-13	Membership of associations	Stakeholder Engagement	Pg 11-12
Strategy			
102-14	Statement from senior decision-maker	CEO's Message	Pg 3

GRI Standard Disclosures	Disclosure Title	Section Reference	Page Reference
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Fair and Ethical Operating Practices	Pg 24
102-17	Mechanisms for advice and concerns about ethics	Fair and Ethical Operating Practices	Pg 24
Governance			
102-18	Governance structure	Governance and Risk Management > Compliance	Pg 22
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	Pg 11-12
102-41	Collective bargaining agreements	N.A	N.A
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Pg 11-12
102-43	Approach to stakeholder engagement	Stakeholder Engagement	Pg 11-12
102-44	Key topics and concerns raised	Stakeholder Engagement	Pg 11-12
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Hyflux's 2018 annual report has been granted extensions to be released by 31 March 2020 as a result of the current reorganisation exercise.	N.A
102-46	Defining report content and topic Boundaries	Our Material Issues	Pg 9
102-47	List of material topics	Our Material Issues > Key Material Issues and United Nations Sustainable Development Goals	Pg 9-10

GRI Standard Disclosures	Disclosure Title	Section Reference	Page Reference
102-48	Restatements of information	N.A There are no restatements of information in this report	N.A
102-49	Changes in reporting	Welcome and Readers Guide > Scope of this report	Pg 2
102-50	Reporting period	Welcome and Readers Guide > Scope of this report (This report is published annually and covers the same period as the financial year of the company, i.e. January - December 2018)	Pg 2
102-51	Date of most recent report	Welcome and Readers Guide (Our last sustainability report was published in Dec 2018)	Pg 2
102-52	Reporting cycle	Welcome and Readers Guide > Scope of this report	Pg 2
102-53	Contact point for questions regarding the report	Welcome and Readers Guide > Feedback	Pg 2
102-54	Claims of reporting in accordance with the GRI Standards	Welcome and Readers Guide > Scope of this report	Pg 2
102-55	GRI content index	FY2018 GRI content index	Pg 38
102-56	External assurance	N.A	N.A

GRI Standard Disclosures	Disclosure Title	Section Reference	Page Reference
ECONOMIC DISCLOSURES			
Economic Performance			
201-1	Direct economic value generated and distributed	Hyflux's 2018 annual report has been granted extensions to be released by 31 March 2020 as a result of the current reorganisation exercise.	N.A
Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	Fair and Ethical Operating Practices > Anti-Corruption and Bribery	Pg 24
ENVIRONMENTAL DISCLOSURES			
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302-1	Energy consumption within the organisation	Our Environment > Energy Efficiency and Climate Change	Pg 15
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303-1	Water withdrawal by source	Our Environment > Water Use and Reduction	Pg 14-15
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305-1	Direct (Scope 1) GHG emissions	Our Environment > Energy Efficiency and Climate change	Pg 18
305-2	Energy indirect (Scope 2) GHG emissions	Our Environment > Energy Efficiency and Climate change	Pg 18
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Our Environment > Air Emissions	Pg 20
Effluents and Waste			
306-2	Waste by type and disposal method	Our Environment > Waste and Effluents	Pg 21

GRI Standard Disclosures	Disclosure Title	Section Reference	Page Reference
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Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People > Safety Performance	Pg 30
Training and Education			
404-1	Average hours of training per year per employee	Our People > Learning and Development	Pg 33
404-3	Percentage of employees receiving regular performance and career development reviews	Our People > Performance Review	Pg 32-33
Diversity and Equal Opportunities			
405-1	Diversity of governance bodies and employees	Our People > Gender Diversity in Hyflux	Pg 31-32
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Our Community > Creating Positive Impacts on our Local Community	Pg 36