EMPOWER

YTL POWERSERAYA PTE. LIMITED

corporate accountability report

2012/2013

CONTENTS

MAKING A DIFFERENCE

OUR CSR VISION

To promote a positive and sustainable environment as well as to improve our social contribution to the community in which we operate.

Financial capital covers the monetary aspects of the Company's business which we seek to grow alongside the natural and social capitals in a sustainable manner.

Natural Capital can be seen as environmental or ecological capital. The first two CSR (Corporate Social Responsibility) thrusts seek to contribute towards natural capital through the efficient use of resources and by keeping an eye on greenhouse gases.

Social Capital, simply put, is the value added to any activity or economic process by human relationships and cooperation. The last three CSR thrusts aim to grow the social capital of the Company through strategic partnerships. In our Company's context, social capital also encompasses human capital development.

GROWING THE 3 CAPITALS OF SUSTAINABILITY WITH OUR 5 CSR STRATEGIC THRUSTS

MAKING A DIFFERENCE

Through five thrusts, we seek to build confidence amongst our stakeholders to show our commitment in realising our vision. All thrusts contribute towards our financial, social and natural capital, which are integral to sustainability.

1 CSR Thrust: Investing in Green Capabilities

We are on a mission to discover new methods that will increase sustainability for energy solutions. Despite challenges, we are on a relentless pursuit to lay investments in greener capabilities.

2 CSR Thrust: Incorporating Greenhouse Gas in Management Agenda

With the incorporation of greenhouse gas (GHG) in our operations and practices three years ago, we have been publicly reporting the emissions and initiatives tied to it. Through this public broadcast we are constantly keeping the improvement of our GHG performance in mind.

3 CSR Thrust: Building Strategic Partnerships

We live in an interconnected world where we leverage on each other for ideas, solutions and growth - thus, we recognise the need to develop strong partnerships with key stakeholders to grow our social capital.

4 CSR Thrust: Growing With The Community

Being a part of the community, it is important that we contribute to it. Our staff enjoy being engaged in initiatives with a common social mission, as these efforts resonate with our Company's core values of nurture and respect.

5 CSR Thrust: Nurture Human Capital

We acknowledge that ultimately, our employees are the main drivers of our business and we need to continue building our human capital. Nurturing human capital in YTL PowerSeraya is more than just developing our employees to be productive units for economic performance. It is also about creating a culture that embraces the philosophy of sustainability.

CORPORATE OVERVIEW

INFORMATION ON YTL POWERSERAYA

NAME

YTL PowerSeraya Pte. Limited

PRIMARY SERVICES

Electricity Generation
Utilities Supply (Steam, Gas, Water)
Electricity Retailing
Oil Tank Leasing
Oil Trading and Bunkering

HQ LOCATION

1 HarbourFront Place #17-01
HarbourFront Tower One
Singapore 098633

OWNERSHIP

YTL PowerSeraya Pte. Limited is a wholly owned subsidiary of YTL Power International Berhad

COUNTRIES OF OPERATION

Singapore

MARKETS SERVED

Singapore

EMPLOYEES

396	99.5%	80.8%	47.7%
Average Headcount	Full-time	Male	Covered by collective bargaining

SIGNIFICANT CHANGES DURING REPORTING PERIOD (FY12/13)

None

EXTERNALLY DEVELOPED CHARTERS, PRINCIPLES SUBSCRIBED OR ENDORSED BY THE COMPANY

Signatory to the 5 Principles of Fair Employment Practices subscribed by the Tripartite Alliance of Fair Employment Practices, Singapore.

WHAT THIS REPORT COVERS

ABOUT THIS REPORT

This year's Corporate Accountability Report is an externally assured report prepared in accordance with GRI's latest 'G4-Core' reporting framework. The reporting period is for the financial year starting 1 July 2012 to 30 June 2013 and covers the business operations of YTL PowerSeraya Pte. Limited, Seraya Energy Pte Ltd and PetroSeraya Pte Ltd (the latter two are wholly-owned subsidiaries of the former). Collectively, these three entities are known as the 'Company'. YTL PowerSeraya owns and operates power plant and desalination plant assets. These assets produce electricity and high pressure steam which are the main products of YTL PowerSeraya. Seraya Energy is the retail arm of YTL PowerSeraya which sells electricity in the contestable electricity market while PetroSeraya is the oil trading and oil tank leasing arm of YTL PowerSeraya's business and is the growing revenue centre of the Company.

The Company produces reports on an annual basis. Full reports like this one is externally assured and published biannually. In between full years, condensed version of full reports called the bridging report is published.

WHAT GOES INTO THIS REPORT

When determining what goes into this report, an attempt was made to review the Company's situation in the context of sustainability and the stakeholders that have influence over, or are influenced by the activities of the Company. We have included items that are of importance to our target readers and seek to enhance their understanding of our goals and operations.

This report is written by the Sustainability Department which worked in consultation with internal stakeholders across the organisation over four months, to gather information and input on areas specific to their areas of business, work or function. In some cases, more in-depth discussions with several internal stakeholders were necessary to fully appreciate the material issues facing the Company. This report is reviewed by the Vice President, Corporate Services (who oversees the Company's sustainability performance) and endorsed by the Senior Management Team. Guided by six Reporting Principles of the GRI reporting framework, this report seeks to provide an accurate and balanced account of the Company's sustainability performance. Where possible, industry benchmarks and historical data are provided to allow comparative analysis of the Company's performance.

WHAT THIS REPORT COVERS

RESTATEMENTS

There are some restatements of information presented in previous reports and they are:

- Company Training Expenditure Per Employee figures for FY10/11 and FY11/12 in previous reports were inaccurately presented due to errors from wrong headcount figures used.
- The National Average Training Expenditure figures for FY10/11 and FY11/12 in previous reports were inaccurately presented due to wrong extraction of data from the Singapore Ministry of Manpower 2010 and 2011 Reports.
- Total environmental protection expenditure and investments – The S$320,000 figure for the Continuous Emissions Monitoring System (CEMS) was wrongly reported as the actual sum of investment when it is actually the budget figure. The correct investment figure should be S$275,000.
- GHG Emissions (Scope 1 & 2) – There are some minor amendments to previously reported GHG emissions for the period of FY10/11 to FY11/12, due mainly to the omission of GHG emissions from the Jurong Power Station.
- GHG Emissions arising from electricity purchased externally from the pool was previously reported as 'Scope 2 GHG Emissions' when it should be reported as 'Scope 3 GHG Emissions'.

INDEPENDENT ASSURANCE STATEMENT

YTL PowerSeraya appointed an independent assurer, CSR Works International, to provide assurance on this report. The external assurance statement which captures the assurer's comments and findings on this report can be found here.

FEEDBACK ON REPORT

If you have any questions on the report, please channel them to csr@pseraya.com.sg.

WHAT THIS REPORT COVERS

REVISITING THE SUSTAINABILITY CONTEXT

The Company's long-term sustainability is dependent on its economic and social relevance in the Singapore marketplace. There are various aspects when considering sustainability. Besides ensuring that the Company maintains and continues to improve on its environmental performance, there is also emphasis on how it could be a good corporate citizen by making contributions to society. The good that comes from conducting itself responsibly not only helps build a positive reputation, it also fosters long-term social networks with the local community which the Company depends on for economic success now and for generations to come. Long lasting social equity that the Company builds over time attracts customers, financial and human capital. It also helps preserve the natural capital that local communities co-exist with and which the Company depends on for its businesses. All these attributes contribute to the Company's enduring economic success well into the future.

NATURAL CAPITAL

As Singapore's second largest power generator (by capacity), YTL PowerSeraya inherently has a role in climate change action, given its significant energy and carbon footprint. Since the last review of the Company's CSR strategy five years ago, the Company has included additional revenue streams from the sale of high pressure steam as well as from oil tank leasing activities. These additional businesses make it all the more pertinent for the Company to keep a close rein on its energy and water use. Currently, the Company has to comply with mandatory energy reporting requirements (although no energy targets yet) outlined under the recent Energy Conservation Act that came into force in the first half of 2013.

Looking ahead, there are indications of an impending legislation on water conservation in the near future. All these factors point to the increasing importance of managing the Company's energy and water use in anticipation of stringent compliance measures in the future.

WHAT THIS REPORT COVERS

SOCIAL CAPITAL

On the customer front, the Company is seeing an increasing trend of customers looking for energy efficiency improvements in their operations. This trend is driven by customers affected by the Energy Conservation Act and a greater awareness of the cost benefits from energy efficiency gains. On the regulatory landscape, the further liberalisation of the electricity market from Q2 2014 onwards would see smaller energy consumers eligible to purchase electricity from private electricity retailers. At the same time, the electricity market is experiencing greater competition with new electricity retailers entering the market. To private electricity retailers like Seraya Energy (subsidiary of YTL PowerSeraya), these developments present new opportunities for the Company to acquire new customers and at the same time deliver energy efficiency solutions to energy conscious ones. This would have an impact on the Company's bottom line and profit margins.

HUMAN CAPITAL

The ever-evolving business environment demands that the Company's human resources move in tandem to drive performance and deliver results. With an ageing workforce, the Company's medium to long-term goal is to have progressive succession planning for key positions and to increase productivity. The expected rise in cost-to-serve and the projected squeeze in profit margins would need to be boosted by productivity gains. Thus, it is important to nurture our existing and future human capital through training. This, coupled with investments in employer branding, seeks to attract a pipeline of fresh talent for the continuing success of the organisation.

RISK MANAGEMENT

The Company's participation in the regulated (i.e. Electricity Market) and non-regulated businesses exposes it to regulatory risks as well as trading risks which the organisation manages through proper risk management policies, processes and procedures. With a share of Seraya Energy's customer mix comprising more of smaller energy consumers in the near future, credit risk management will increasingly become a key focus area. These risk management systems along with other corporate governance systems in place will continue to play a crucial role in protecting the Company's interests. This is especially so in the context of the ever-evolving Singapore energy landscape that would likely see the Company's trading activities extend to new markets such as electricity futures.

WHAT THIS REPORT COVERS

CO-EXISTING WITH STAKEHOLDERS

Besides customers that contribute to company revenues and profits, regulators are an important stakeholder group given the Company's daily dealings with the Electricity Market as well as the Company's regular participation in the policy development consultation meetings led by the Energy Market Authority of Singapore. The Company's environmental performance in areas such as energy, waste and air emissions management are subject to compliance measures monitored by the National Environment Agency. A significant proportion of the Company's employees are unionised and have the freedom of collective bargaining. Union-management relations need to be nurtured to bring about productivity gains, staff well-being and an alignment to the Company's mission and objectives. The Company purchases a sizeable amount of products and services which it consumes to keep the business going. It also outsources some manual work to contractors (whose workforce comprise mainly foreign workers). Although the Company does not anticipate any significant supplier chain risks at the moment, it does recognise that the current tight labour market may warrant some attention in the near future, in light of Singapore's recent policies on restricting foreign labour in-flows.

WHAT IS MATERIAL

The sustainability context and the identified stakeholders described above offers some basis of what is material. The Company also takes guidance from the outputs of the materiality assessment exercise conducted at the YTL Corporation level in late 2011 to arrive at what is material. Combined with the internal materiality findings at YTL PowerSeraya, the exercise resulted in a materiality matrix developed for the Company. To sum up, the ones that are most material to the Company are shown in the table on the following page.

WHAT THIS REPORT COVERS

ASPECTS MOST MATERIAL TO THE ORGANISATION

ASPECTS	WITHIN THE ORGANISATION	OUTSIDE THE ORGANISATION	COMMENTS
Economic			
Financial Performance	■		
Market Share	■		
Indirect Economic Impacts	■	■	The Company not only provides gainful employment to its employees but also contributes significantly to the Singapore economy with the goods and services it procures locally.
Governance			
Compliance	■	■	As a company that operates in the highly regulated electricity business in Singapore, it has to comply with the rules and regulations set by the Energy Market Authority (EMA). In addition, the Company participates actively in the energy development and policy making process spearheaded by EMA.
Leadership	■		The Company operates in Singapore, a country known for its strong ethics, high governance standards and low tolerance for corrupt practices.
Ethics	■		
Anti-Corruption	■		
Risk Management	■		

WHAT THIS REPORT COVERS

ASPECTS MOST MATERIAL TO THE ORGANISATION

ASPECTS	WITHIN THE ORGANISATION	OUTSIDE THE ORGANISATION	COMMENTS
Environmental			
Climate Change & Emissions	■	■	The Company imports natural gas from overseas locations as its predominant fuel for its electricity and steam generation business. All natural gas is sourced overseas via an aggregator and not directly from a natural gas supplier. Information on the energy consumed in the transportation/conveyance of natural gas and associated GHG emissions is difficult to obtain and thus report on.
Resource Efficiency (Energy & Water)	■		Energy/water efficiencies, air emissions, effluent and waste are solely within the control of the Company. Impacts outside of the Company have very little effect on this aspect.
Emissions	■		
Effluent and Waste	■		
Social			
Health & Safety	■	■	Health & safety performance is entirely within the control of the organisation. The Company seeks diligently to comply with the Health and Safety regulations of the country.
Talent acquisition and retention	■	■	The Company maintains scholarship programmes with educational institutions as part of its talent acquisition strategy.
Employee Well-being	■	■	
Freedom of Collective Bargaining	■	■	The Company works closely with the union on a collective agreement to cover issues pertaining to remuneration, staff benefits and career development.
Impact on Local Community	■	■	The Company makes deliberate attempts to develop its social capital through its engagement with its key stakeholders as well as the disadvantaged in the local community.
Stakeholder Engagement and Partnerships	■	■	

CHAIRMAN'S MESSAGE

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING
CHAIRMAN

"I am pleased to present this externally assured Corporate Accountability Report which captures the Company's financial and non-financial performance for the year ending June 2013."

YEAR IN NUMBERS

YTL PowerSeraya's standing remains strong and delivered a satisfactory overall performance in the last fiscal year, despite operating conditions that stayed challenging.

While revenue for the year ended June 2013 declined 4.6% to S$4.7 billion, the Company – lifted by lower operating expenses – recorded S$235 million in Net Profit After Tax (NPAT), an increase of S$1.9 million over FY2011/2012.

Notwithstanding intense competition, our retail subsidiary, Seraya Energy, continued to capture the largest market share in the energy retail contestable sector with 25.3%. The Company's strategy to expand its oil tank leasing activities also boosted trading and fuel management arm PetroSeraya's earnings. Its NPAT was S$8.1 million, registering an increase of 12.5% over the previous financial year.

GROWING THE BUSINESS

Operating amidst a tough business climate over the last financial year has reaffirmed the strength of the Group's diversified business model and our people's resilience to manage challenges.

With power supply that is expected to outstrip electricity demand over the next few years, we continue to optimise our existing fuel-related assets to safeguard the position of the Company. Our oil tank leasing activities, which is a major contributor to PetroSeraya's earnings, continue to gain traction and S$65 million will be further invested to upgrade and enhance our tank storage, jetties and pipe infrastructure. These enhancements are expected to be completed by December 2014. In doing so, our tank storage business will also be doubled within the next two to three years.

On the retail front, investments were made in new Billing and Customer Care systems to further enhance its customer service experience. Seraya Energy's relentless efforts to up the ante in its own level of customer service also paid off when they won two best customer service awards over the last financial year. Moving forward, customer service will continue to be a key differentiator for Seraya Energy as the team gears up for the further liberalisation of the retail electricity market in 2014.

BUILDING EXCELLENCE

It is our people who make the real difference in setting us apart from the competition. An integrated business model also requires diverse skills and capabilities from its staff to grow the business. As such, we continue to invest in our people by developing them through knowledge and skills upgrading. As part of career development, there will be increased opportunities for our people to also support its parent company YTL Power International's strategic business objectives to grow its global presence.

HEARTFELT THANKS

I would like to thank the Senior Management team and staff at YTL PowerSeraya for their dedicated efforts in maximising the position of the Company with a long-term view on sustainability.

I also express my appreciation to our business partners and associates for their continued support towards YTL PowerSeraya, as well as the Union of Power and Gas Employees (UPAGE) for playing a pivotal role in supporting the Board and the Management.

Thank you and God bless all of you.

CEO'S MESSAGE

JOHN NG
CHIEF EXECUTIVE OFFICER

"We continue to stay resilient and flexible even with greater competition in the regulated electricity business."

Amidst a challenging landscape marked by current excess capacity in the power sector, last year remained a relatively good year for YTL PowerSeraya, with the Company registering profits comparable to our previous year's performance. Seraya Energy, our retail subsidiary, secured its position as Singapore's leading electricity retailer, while PetroSeraya's oil terminal business provided a lift to the highly regulated electricity business as its profits grew 12.5% compared to the previous year.

DOING OUR PART FOR THE ENVIRONMENT

As a result of overall plant efficiency and greater use of natural gas, carbon emissions from our power plant operations dipped 7.3% from the previous year to 5.55 million metric tonnes, a record low since we started tracking and placing on formal record our carbon footprint in 2005. Similarly, a high level of water sufficiency was maintained – with 99% of power plant water usage coming from desalinated, reclaimed or recycled water (also known as Singapore's NEWater). Looking ahead in the years to come, the energy and water management plans we are putting in place will help the Company to further improve its energy and water efficiency.

KEEPING THE SUSTAINABILITY MOMENTUM

At the same time, our energy efficiency efforts were extended beyond the company to include our customers. Particularly, our first 'Energy Makeover' initiative for selected customers benefited from complimentary energy efficiency fittings and installations in celebration of Earth Day.

In addition, our flagship sustainability initiative Responsible Energy Advocates Programme (REAP) continues to reach out to students and the community. Through this programme, more than 30% of households who participated in 2012 and 2011 have managed to achieve significant energy savings of 10% or more with the help of tertiary students specially trained under REAP.

The renewal of our Eco-Office certification is also testimony of our staff's consistent efforts to practice energy, water and paper conservation habits in the corporate office.

CEO'S MESSAGE

REACHING OUT TO THE COMMUNITY

In the last fiscal year, we are proud to have raised S$70,000 for our adopted charity Goodwill Rehabilitation & Occupational Workshop (GROW) through a fund raising event that involved our staff, customers and business partners. This amount raised will help provide lunch to the beneficiaries of GROW for at least a year.

Our social responsibility efforts also received recognition from the National Trades Union Congress (NTUC) for embarking on a Best Sourcing Initiative that saw the cleaners in our company receive a wage increase that resulted in higher productivity at work.

We continue to nurture staff as well as youths. Our participation in the Singapore Industry Scholarship (SgIS) initiative seeks to reinforce our commitment in developing young talents to contribute to the dynamic energy sector. This move also helps ensure the pipeline of talent inflow is aligned with our manpower plans and needs.

THE JOURNEY AHEAD

The Company has gone through various stages of growth over the years in accordance to market developments and our risk appetite. We continue to stay resilient and flexible even with greater competition in the regulated electricity business. Our maintenance unit at the plant will work towards an autonomous 'in-sourcing' model. This move will complement our affiliate company YTL Power Services Sdn Bhd's suite of maintenance services that it provides in the region to maximise the growth and reach of the wider YTL Group.

A sharper focus on productivity and quality customer service becomes more imperative than ever as the local retail electricity market further liberalises in 2014. On the economic front, our strategy to increase our oil tank leasing activities will support our strong foothold in the industry.

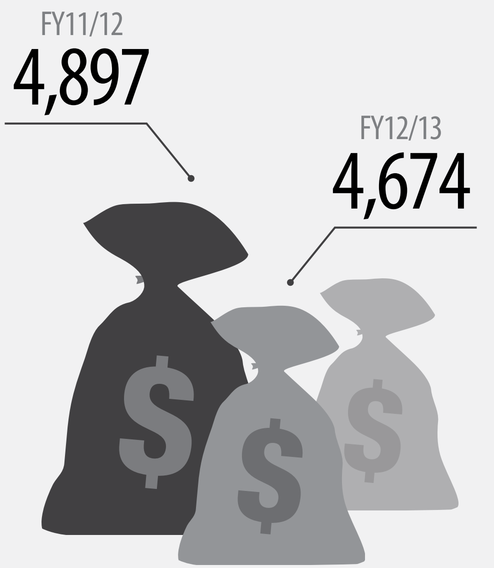
OUR SINCERE APPRECIATION

I always believe that teamwork is essential for any organisation to thrive and I am fortunate that YTL PowerSeraya holds this core value, which has become our competitive advantage. Sincere thanks have to be conveyed to our Board of Directors and Senior Management team, as well as our staff for working together tirelessly to achieve common goals. Much appreciation must also be awarded to our customers, business partners and UPAGE for their unwavering support. With all working as one, I am confident we will be able to stand out from the competitive environment and continue to lead the way forward in the energy industry.

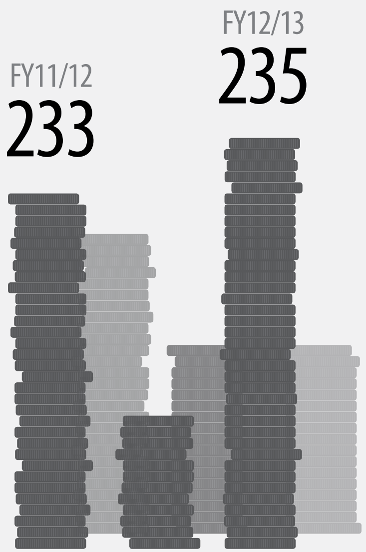
PERFORMANCE OVERVIEW

FINANCIAL HIGHLIGHTS

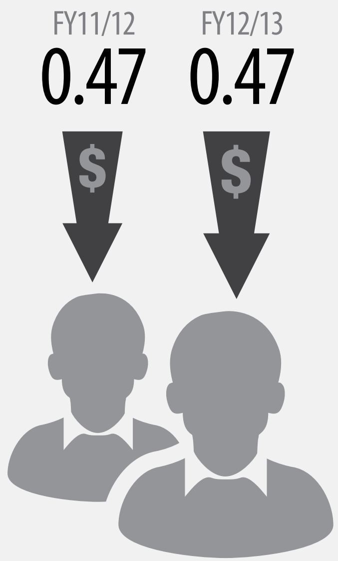
REVENUE (S$ mil)



NET PROFIT AFTER TAX (S$ mil)



EARNINGS PER SHARE (S$)



RETURN ON EQUITY (%)

PERFORMANCE OVERVIEW

WHAT WE DID WELL

ENVIRONMENTAL

CO_2 Emissions
-7.3%

CO_2 Intensity
-3.8%

Overall Plant Efficiency
Up 1.14 percentage points

(Performance compared to previous FY)

Water Intensity
-1.7%

PROCUREMENT POLICY
Included responsible procurement aspects

GOVERNANCE

Fraud
Zero fraud incidences this FY

SOCIAL

Safety Performance
Zero work-related fatalities (Staff & Contractors)

Staff Turnover
Down 2%
(Performance compared to previous FY)

Staff Training Expenditure
Above Singapore average

Energy Conservation Outreach
Flagship sustainability programme REAP expanded to more schools & households

Contributions to Society
Major fund-raising event for adopted charity GROW garnered S$70,000, surpassing planned target by 40%

PERFORMANCE OVERVIEW

WHAT WE COULD HAVE DONE BETTER

ENVIRONMENTAL

ENERGY MANAGEMENT SYSTEM

Partially completed the process of establishing an energy management system

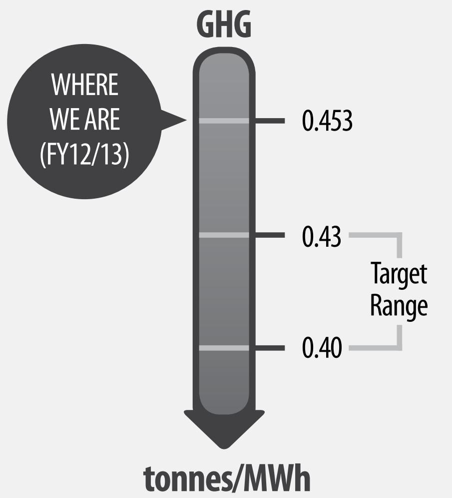
GOVERNANCE

Market Breaches

Financial penalty of S$11,500 incurred due to breach of the Singapore Electricity Market Rules

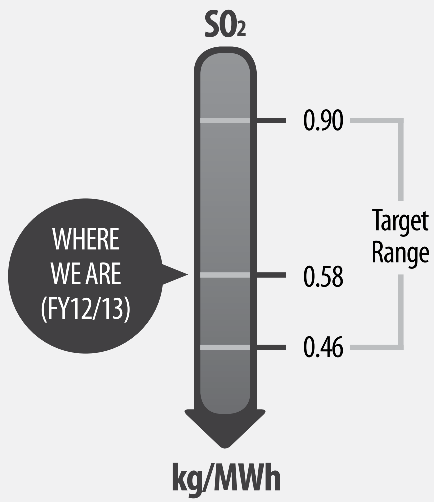
NEW TARGETS MOVING FORWARD

3 YEAR TARGET - FROM FY13/14 - FY15/16



GHG Targets*

0.43 to 0.40 tonnes/MWh



SO_2 Targets

0.90 to 0.46 kg/MWh

* GHG (Greenhouse Gas) are direct emissions from the power plant operations (Scope 1 of the GHG Protocol)

PERFORMANCE OVERVIEW

MILESTONES

AUG 2012

SE WINS BEST CONTACT CENTRE (BRONZE) AND BEST CONTACT CENTRE MANAGER (GOLD)

Retail arm Seraya Energy won the Best Contact Centre Manager – Gold, and Best Contact Centre – Bronze, at the Call Centre Awards 2012 for its excellent customer service. The awards were organised by the CCAS (Contact Centre Association of Singapore). Seraya Energy's consistency in excellent customer service has previously won them numerous awards at the CCAS Contact Centre Awards.

SEPT 2012

ECO-OFFICE RE-CERTIFICATION (2012 TO 2014)

YTL PowerSeraya's continued efforts to adopt 'green' office practices paid off once again when it was endorsed as an eco-office for another two years by the Singapore Environment Council. The Company was first certified in 2010, and was then the first power generation company to achieve the certification.

NOV 2012

SERAYA ENERGY WINS BUSINESS SUPERBRANDS 2012 AWARD

Seraya Energy was presented with the Business Superbrands award 2012, of which it was assessed on five criteria: Reputation, Market Share, Innovation, Recognition and Corporate and Social Responsibility. This is the second time Seraya Energy has won this coveted award, a testimony of the Company's sustained efforts in maintaining its strong brand presence in Singapore.

NOV 2012

YTL POWERSERAYA WINS SILVER HEALTH AWARD

For YTL Power Seraya's efforts in promoting work-life effectiveness to its employees, the Company was awarded the Silver Health Award by the Health Promotion Board. Some initiatives which the Company have organised include lunch-time health talks, annual health checkups and year-round social, sports and recreational activities organised by the Company's Vibrancy Club to encourage a healthy lifestyle.

FEB 2013

ACHIEVING SYNERGIES WITH YTL POWER SERVICES SINGAPORE

In February, the Company awarded its Service and Maintenance contract for two units of its Combined Cycle Power Plant to the newly incorporated YTL Power Services in Singapore. This falls in line with its parent company YTL Power's business strategy to achieve operational synergies within the YTL group of companies.

PERFORMANCE OVERVIEW

MILESTONES

MAR 2013

RETAIL ELECTRICITY MARKET FURTHER LIBERALISES

The announcement of the further liberalisation of the retail electricity market, which will see about 15,000 new accounts eligible for retail contestability, has spelled new opportunities for Seraya Energy. The retail arm, backed by its well established market leader position, has been gearing up for this industry development and stepping up its efforts with new initiatives to reach out to a wider customer base.

APR 2013

SECOND SUCCESSFUL CROSS-BORDER TRANSFER OF ELECTRICITY

The Company leveraged on its experience in May 2011 to export electricity for the second time to Malaysia's Tenaga Nasional on a short-term basis. To-date, it continues to be the first power generation company to have facilitated the smooth cross-border transfer of electricity between Singapore and Malaysia.

APR 2013

YTL POWERSERAYA RECEIVES FIRST REGASIFIED GAS

The first regasified gas was received from Singapore Liquefied Natural Gas (SLNG) in April. While this signaled the start of a new supply source, it also opened new doors of related opportunities that YTL PowerSeraya is prepared to seize to grow its business.

APR 2013

LAUNCH OF ENERGY MAKEOVER INITIATIVE

To inspire and reward companies that support sustainability, retail arm Seraya Energy launched its Energy Makeover initiative for its customers. Five were selected and received a free energy makeover for their office premises. This initiative helped implement energy efficiency solutions for customers and at the same time, helped them do their part for the environment.

MAY 2013

YTL POWERSERAYA RECEIVES PROGRESSIVE WAGE MODEL AWARD

In a move to carry out best sourcing practices, the Company worked closely with its cleaning services partner to achieve a better wage structure and higher productivity for the cleaning contract workers assigned to YTL PowerSeraya. For its efforts, the Company received the Progressive Wage Model award at the May Day Model Partnership Awards 2013 organised by the National Trades Union Congress (NTUC).

MAY 2013

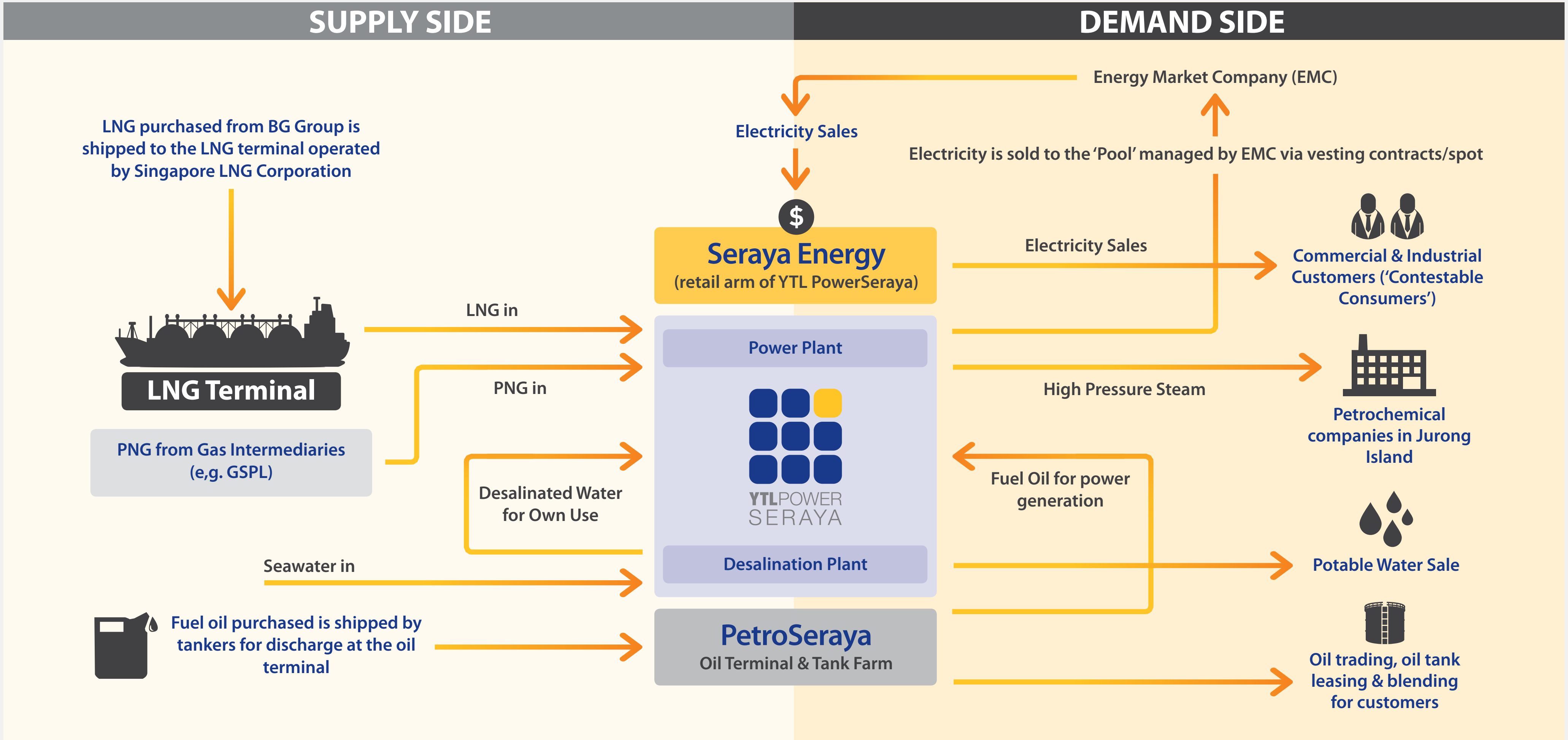
RECORD AMOUNT OF S$70K RAISED FOR GROW

Through the Company's first ever charity bowling event involving its staff, customers and business partners, an amount of S$70,000 was raised to benefit 87 beneficiaries from the Goodwill, Rehabilitation and Occupational Workshop (GROW) – a charity programme under the umbrella of the Cerebral Palsy Alliance Singapore, adopted by the Company. The amount raised helps provide more than 20,000 meals to these beneficiaries for at least a year.

EMPOWERING BUSINESSES

We help businesses attain their optimum performance with our strategic operations while ensuring that we deliver sustainable solutions for the environment.

OUR BUSINESS



OUR BUSINESS

MAKING SENSE OF OUR BUSINESS

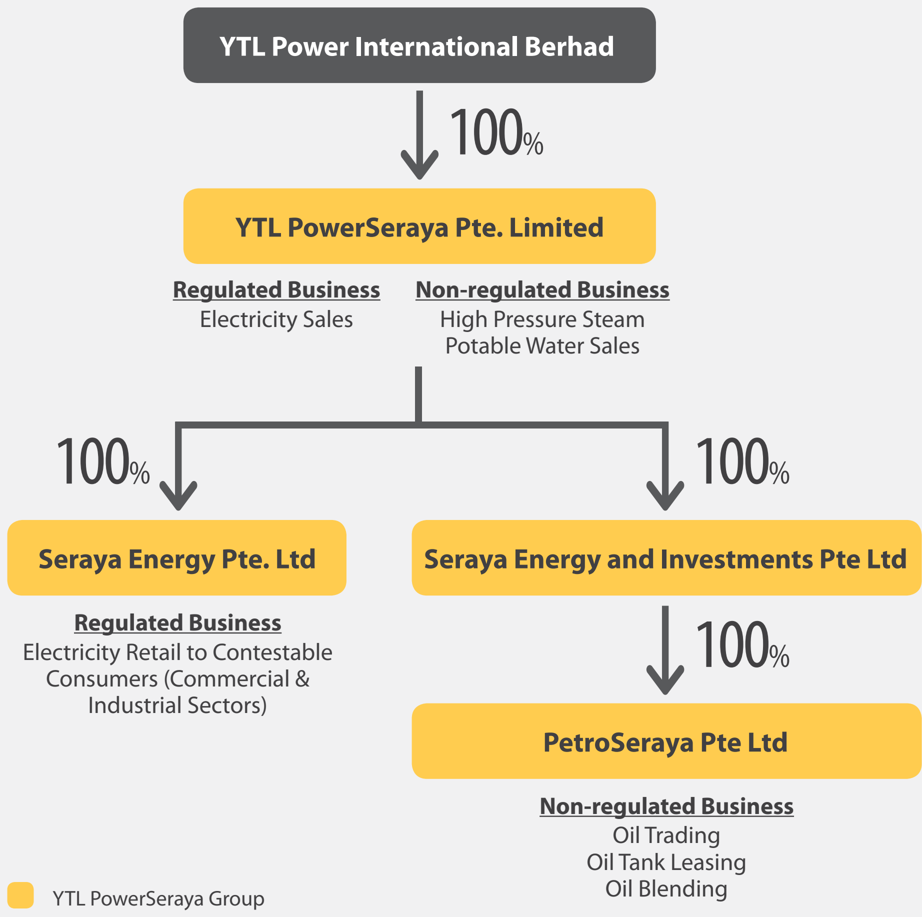
OVERVIEW OF WHAT WE DO

YTL PowerSeraya owns and manages power generation and desalination plant assets. Its main revenue stream comes from the sale of electricity (to the Electricity Market Company) and high pressure steam (to industrial customers at Jurong Island, Singapore) using natural gas, fuel oil and desalinated water as main inputs. Natural gas comes in two forms, namely Liquefied Natural Gas (LNG) and Piped Natural Gas (PNG) which is purchased directly from Singapore intermediaries via long-term contracts. Fuel oil is purchased directly from the market. YTL PowerSeraya's vision is to be a leading, integrated energy player based in Singapore and is supported by wholly-owned subsidiaries PetroSeraya and Seraya Energy to achieve its vision. YTL PowerSeraya is a wholly-owned company of its parent company YTL Power International Berhad, which is listed on the Kuala Lumpur Stock Exchange.

PetroSeraya is the physical oil trading and oil tank leasing arm of YTL PowerSeraya. It owns and manages the oil terminal and oil tank farm assets at its operational base on Jurong Island, Singapore. Besides procuring oil to fuel the power generation business of its parent company, YTL PowerSeraya, its oil trading, oil tank leasing and blending activities are its main revenue generators.

Seraya Energy is the electricity retail arm of YTL PowerSeraya. Its main revenue is generated from the sale of electricity to customers from the commercial and industrial sectors. Seraya Energy prides itself as the preferred electricity retailer in Singapore having been the leading electricity retailer in Singapore since 2009.

YTL PowerSeraya, PetroSeraya and Seraya Energy are hence collectively known as the 'Company'.



OUR BUSINESS

OUR BUSINESS STRATEGY

The highly regulated electricity industry in Singapore is entering a phase of oversupply with a situation of having excess power plant capacity entering the market. Lower profit margins are envisaged for the medium term as electricity demand catches up with supply in the next three to four year horizon. Tighter cost management and increasing revenues from non-regulated businesses (i.e. high pressure steam, oil trading, oil tank leasing) will be the main focus during this period as the Company seeks to maintain profit levels. PetroSeraya, with its plans to enhance its oil terminal and tank farm assets, will be well-poised to increase its revenue base, as it pursues opportunities in the oil trading and oil tank leasing businesses.

On the customer front, Seraya Energy will be seizing opportunities to acquire more smaller-sized customers with the further liberalisation of the electricity market starting Q2 2014. This comes at a time of keener competition with the entry of new electricity retailers. Eventually, Seraya Energy will face challenges maintaining its market share. Productivity gain is another area that the Company has identified to progressively work on in future years. Along this thread, the Company is also transitioning maintenance work at the power plant (from the current outsourcing model) to an in-sourcing model. Human capital management as well as effective training investments would be key to a successful transition.

OUR BUSINESS

INTEGRATING THE CSR STRATEGY

The changing business landscape can be seen as bringing both challenges and opportunities when integrating sustainability into the Company's operations. Specifically, the Company has been making efforts to improve energy efficiency at the power plant via the establishment of an energy management system, as well as seeking to maximise energy savings and thus reduce carbon emissions.

With new electricity retailers intensifying competition, Seraya Energy is finding ways to offer value-added services in areas such as energy efficiency solutions, to differentiate itself from other electricity retailers. This brings new opportunities for the Company to play a more active role in educating customers on energy efficiency.

Future enhancements to the oil terminal and oil tank farm assets are expected to increase the utilisation of these assets, which may lead to a corresponding increase in energy usage. This poses some challenges from the energy management perspective. The near future will also see water management plans being implemented in phases as the Company seeks to further decrease water intensity and reduce water costs. From the governance perspective, the Company will have to manage compliance risks from the regulated businesses as well as the business risks associated with the activities of the non-regulated businesses. Existing risk management processes and procedures will need to evolve in sync with business changes to mitigate these risks.

Human capital is an important consideration from the Company's sustainability perspective – especially in the context of Singapore – amongst an ageing and highly unionised workforce. An effective succession plan, coupled with a prudent talent and retention strategy, will be critical to meet the Company's medium to long-term business needs. Lastly, the Company's role as an active corporate citizen cannot be underestimated, especially given its visibility as an 'essential service' company and a major energy player in Singapore. The Company will continue to invest in getting schools and the community involved in energy conservation action through its flagship Responsible Energy Advocates Programme (REAP) and its contribution to the less privileged in society through our support of our adopted charity programme GROW.

OUR BUSINESS

UNDERSTANDING OUR SUPPLY CHAIN RISKS

FUEL SUPPLY RISKS

For an energy company that depends heavily on fuel as an essential input for its business, fuel supply security is of great importance to its survival. A ready and reliable supply of fuel oil and natural gas is crucial to ensuring that YTL PowerSeraya generates enough electricity and high pressure steam to fulfill customers' energy needs on a daily basis.

Prior to 2013, Singapore's power generation industry was more susceptible to natural gas disruption risks as the country's natural gas was piped from just two sources, namely Indonesia and Malaysia. Natural gas supply disruptions can arise from planned or unplanned maintenance, equipment failure, pipeline damage or other reasons. The piped natural gas disruptions experienced by Singapore in 2002, 2004 and 2006 (which resulted in the temporary loss of electricity supply in parts of the country) have highlighted the country's vulnerability to fuel supply risks. This affects power generating companies like YTL PowerSeraya, which purchases natural gas from Singapore-based intermediaries that in turn, source directly from Indonesian and Malaysian gas suppliers.

In response to the risks associated with piped natural gas, Singapore recently diversified its sources of natural gas when the country's first Liquefied Natural Gas (LNG) terminal started commercial operations in May 2013. This new development has allowed Singapore to tap into global gas markets and expand its sources of natural gas. This bodes well for YTL PowerSeraya, which depends on natural gas (its predominant fuel source) to run its daily business.

OUR BUSINESS

Singapore's pro-active stance towards crisis preparedness has also, in part, contributed positively to the Company's fuel supply chain. By regulation, all commercial power generating companies in Singapore are to maintain a 90-day stockpile of fuel to cushion against any crisis situation. This regulatory requirement ensures the Company's business continuity when fuel supply disruption occurs while buying time for the Company to recover from the supply shock.

The diversification of Singapore's natural gas sources and the fuel oil stockpile regulatory requirement all help to strengthen the country's energy security and at the same time minimise YTL PowerSeraya's fuel supply risks.

PRODUCTION RISKS

On the production side of the supply chain, ensuring that the power plant units operate in tip-top condition is an important factor in ensuring that the Company produces the required electricity and high pressure steam for our customers in a timely fashion.

The Company is able to achieve this by maintaining a high level of availability, quality and safety at the plant through condition-based maintenance, a highly skilled workforce and good management standards such as the ISO 9001 and OHSAS 18001 that enable efficient, effective and safe operations.

In the period of FY11/12 to 12/13, the average plant availability factor for gas plants (which account for 100% of the total steam output and 78% of total electricity output) is above 90%. The average availability of the steam plants (which accounts for the smaller proportion of total output) is 84%. The Company also successfully passed the latest ISO 9001 and OHSAS 18001 audits conducted by Bureau Veritas in August 2013 with no major non-conformances reported on our quality and safety management systems at the power plant.

CYBER SECURITY

Cyber security is a growing concern that may pose significant risks to power plant production. To address this risk, the Company has embarked on a journey to establish the ISO 27001 information security management system by FY13/14. Having an information security system in place helps to identify and manage risks to key information and systems assets and enables the Company to continually practice safe security procedures to minimise the incidence of cyber security attacks on the power plant.

OPERATIONS REVIEW

TRADING, LEASING AND FUEL MANAGEMENT

Despite having faced a challenging year due to the highly volatile oil market, PetroSeraya, the trading and fuel management arm of YTL PowerSeraya, managed to pull in a consistently strong performance in the last financial year 2012/2013. Revenue for the financial year ending June 2013 was S$1,039 million, and Net Profit after Tax was S$8.1 million.

Trading margins compared to the previous financial year 2011/2012 was lower. However, the Company supported its core business with increased oil tank leasing activities – which took up 40 per cent of PetroSeraya's total oil tank capacity – and that contributed significantly to the Group's financial performance.

In the last fiscal year, PetroSeraya had also assisted its larger parent company, YTL Power, to establish YTL Power Trading Sdn Berhad in Kuala Lumpur (KL). The Company played a key logistical role in helping to set up the infrastructure and platform for the trading of fuel oil, which will take place once the new trading arm based in KL is fully established.

Fuel oil will remain volatile in the industry. In light of that, PetroSeraya continues to upgrade and enhance its facilities to maintain its competitiveness and meet bunkering needs. Smaller jetties are being upgraded to accommodate vessels or oil tankers (otherwise known as Aframax) with size capacities of up to 120,000 metric tonnes. Existing tanks will also be retrofitted to accommodate a new blending facility. Pumping facilities will also be upgraded to boost overall turnaround time and productivity. These enhancements are targeted to be completed by December 2014.

ELECTRICITY RETAIL

Seraya Energy's market share in the retail electricity sector was slightly higher at 25.3% in this financial year, keeping its leading position as the top energy retailer.

In line with the entry of LNG to power its parent company, YTL PowerSeraya's plants in April 2013, customers were able to enjoy lower costs of electricity. Seraya Energy also continued to enhance its customer service experience through investments in new billing and customer care systems.

The Company's evolving success is also built upon recent awards it received, that added to its list of accolades. An example

OPERATIONS REVIEW

is the Business Superbrands Award, which followed closely after being awarded the Best Contact Centre (Bronze) and Best Contact Centre Manager (Gold) Awards in this financial year. These awards attest to Seraya Energy's sustained efforts in maintaining its strong brand presence and exemplary customer service.

Come April 2014, the further liberalisation of the Singapore Electricity Market will see about 70,000 new customer accounts eligible for retail contestability. Despite tight competition in the energy retail sector, Seraya Energy is confident that its progressive business model that moves in line with industry developments will ensure that it continues to create value for its customers.

ELECTRICITY GENERATION/ BUSINESS

In a move to enhance its plant operations, the Utilities Group invested S$10 million to establish two additional gas compressors and its associated gas pipe infrastructure of its combined cycle power plants. This latest round of enhancements, which were completed in October 2012, led to all four combined cycle and co-generation units being able to derive higher cost efficiency and rely less on using diesel as a secondary fuel if required.

The Company captured a market generation share of 24.53% and sold 10,933 GWh of electricity in the financial year 2012/2013, a slight decrease of 3% compared to the last fiscal year. This was mainly due to the commercial operations of new gas fired combined cycle gas turbines in the industry in 2012/ 2013. With the co-generation and combined cycle units, about 944,992 metric tonnes of high pressure steam (inclusive of ultra-high pressure steam) was generated and sold to nearby petrochemical companies on Jurong Island.

YTL PowerSeraya also received Singapore's first regasified liquefied natural gas (from SLNG's commissioning cargo) to be used for power generation in April 2013. While this signals the start of a new supply source of fuel for the Company, it also opens new doors of LNG-related opportunities that YTL PowerSeraya is ready to seize for its business growth.

OPERATIONS REVIEW

Leveraging on its experience in May 2011, the Company once again exported electricity to Malaysia's Tenaga Nasional on a short-term basis in April. This move is a significant milestone for the Company as it continues to be the first power generation company to facilitate and ensure the smooth cross-border export of electricity between Singapore and Malaysia.

With increased competition and electricity supply that is expected to outstrip demand, the market will inevitably grow to become more saturated. To maintain its competitive position, the team continues to look into optimising its plant operations and energy portfolio that will ultimately offer cost-effective utilities packages to customers.

PROCESS & INNOVATION

For the year in review, the Process and Innovation (P&I) team focused on enhancing its Customer Interface System (CIS) to boost productivity within the retail team. Targeted for completion in 2015, the system, with its most updated capabilities, is expected to help the retail team to re-align their current customer portfolio to meet the Retail Business Strategy, to improve customer engagement and experience, as well as provide better governance and controls.

To be productive, the Company recognises that information is an asset if utilised well in an efficient manner. The team invested in a business intelligence software which was used by both the teams in Energy Markets and Seraya Energy to create their personal dashboards with customised business information. By doing so, it has reduced their lead time required to churn out reports and insights to assist them in their work. This initiative formed one of many IT productivity efforts that the team has progressively been working on to centralise the Company's extensive database of information for easy access and retrieval.

The last fiscal year also saw the completion of two Human Resources-related (HR) projects. The P&I team enhanced the staff training platform and at the same time, investments were made to develop a new Performance Appraisal System to support HR's requirements.

OPERATIONS REVIEW

For the year ahead, other projects that the P&I team will be working on include maximising the use of data modeling to support the Company's business value chain in order to derive higher efficiency levels at work.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND HUMAN CAPITAL

In the last financial year, YTL PowerSeraya was lauded for its efforts in valuing the health and well-being of its employees with the Singapore Health Awards (Silver) 2012. This is a great encouragement to the Company's efforts as it continues to seek ways to promote work-life effectiveness among its workforce.

In line with the Company's Human Resource philosophy to preserve and upkeep the valuable skills of its people, the Company designed new and clearer career progression roadmaps to enhance the Company's employee value proposition for talent attraction and retention. As part of YTL PowerSeraya's efforts to attract young talent, the Company also offered – in collaboration with the Singapore Government – a full-term undergraduate scholarship scheme called the Singapore-Industry Scholarship (SgIS). This scholarship helps extends opportunities for students to acquire knowledge of the power industry through internship opportunities and upon graduation, enables them to achieve their ambitions with the Company.

YTL PowerSeraya's nurturing culture was also extended to educating its customers on energy conservation. It embarked on an Energy Makeover initiative with an investment of S$40,000 for its retail arm Seraya Energy's customers. Five customers were selected for a free energy makeover of their office premises and collectively, they are projected to achieve more than 40,000 kWh in annual energy savings and an annual carbon dioxide reduction of 20 tonnes.

Notably on the social front, YTL PowerSeraya held its first major fund raising initiative, the Charity Bowl-for-Lunch, which was aimed at helping its adopted charity, GROW - Goodwill, Rehabilitation and Occupational Workshop. Held in May 2013 and involving stakeholders, staff, customers and business partners, the event raised S$70,000 to help provide free lunch (equivalent to more than 20,000 meals) for at least a year to 87 GROW beneficiaries with Cerebal Palsy and other associated disabilities.

MAKING SENSE OF DOLLARS & CENTS

The financial performance of the Company is of utmost importance in our reports to our stakeholders. This section will touch on the details of YTL PowerSeraya's inflows and outflows, to illustrate the financial well-being of the Company as well as the direct and indirect economic contributions to society in the last fiscal year.

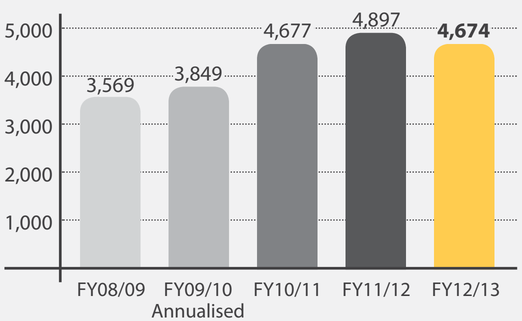
1. REVENUE

The Group's revenue for the year ended 30 June 2013 decreased by S$223 million, a 4.6% decrease over FY11/12 to S$4.7 billion, contributed mainly by lower electricity price, lower generation units sold and lower trading revenue (due to lower fuel oil price).

Generation Units Sold was 10,933 GWh, 3.0% lower than FY11/12.

Retail Volume was lower at 6,271 GWh compared with FY11/12 of 6,574 GWh mainly due to increased competition in the market.

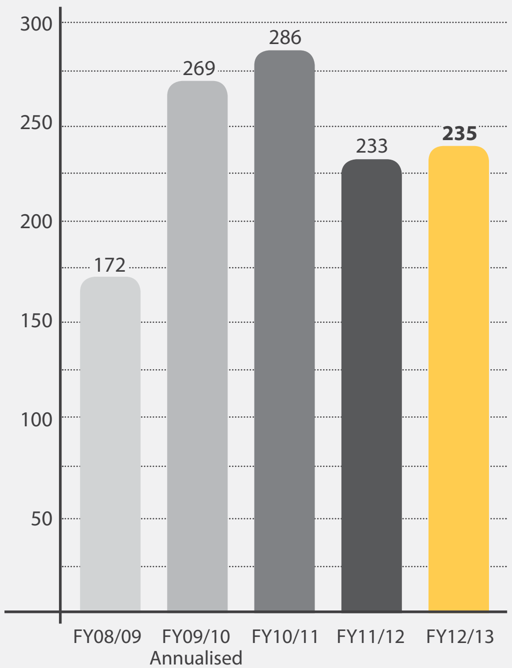
REVENUE (S$ mil)



2. PROFITABILITY

The Group's net profit after tax for the year ended 30 June 2013 was S$235 million or S$2 million higher than last year. This was mainly due to lower operating expenses.

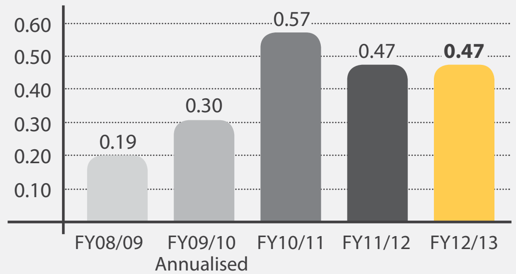
NET PROFIT AFTER TAX (S$ mil)



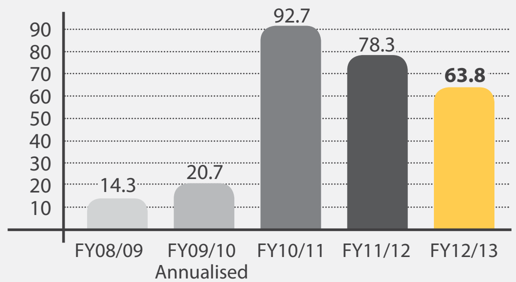
3. RETURN ON EQUITY & EARNINGS PER SHARE

The Group's Return on Equity (ROE) was 63.8% for the year or 14.5% lower than FY11/12; and Earnings Per Share (EPS) amounted to 47 cents for the year, comparable with FY11/12.

EARNINGS PER SHARE (S$)



RETURN ON EQUITY (%)



MAKING SENSE OF DOLLARS & CENTS

COMMUNITY INVESTMENTS

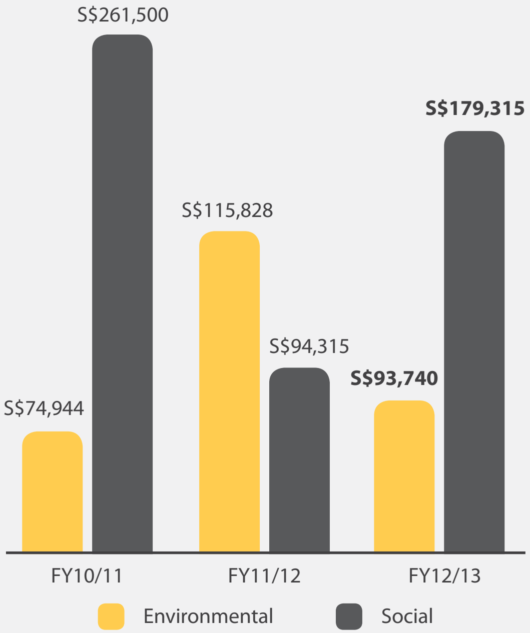
YTL PowerSeraya's contribution to the community spans across investing in cash, kind and sponsorships for social and environmental programmes or initiatives. Specifically, these are the following areas:

- Environment
- Education
- Aid for adopted charity, GROW

Our contributions in these areas will benefit the local community, which includes our key stakeholders such as our customers.

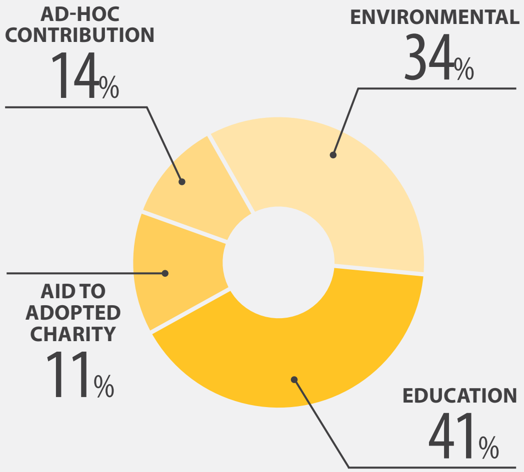
Our environmental efforts are aimed at raising environmental awareness and action (mainly in climate change, energy conservation and related issues) among students and the general public. Our social investments are largely focused towards providing assistance to our adopted charity, GROW, as well as to nurture youths through our annual book prizes and our on-going scholarship programmes with tertiary institutions. From time to time, ad-hoc contributions are also made to social causes other than to our adopted charity GROW (i.e. a charitable programme under the umbrella of Cerebral Palsy Alliance Singapore). Click here to know more about our activities with GROW.

COMMUNITY INVESTMENTS



Our community investments in FY12/13 increased 29.95% as compared to the previous year. This rise is largely due to a major fund-raising event for the Company's adopted charity GROW and the Energy Makeover, which is an environmental initiative where the Company invested in complimentary energy efficient solutions for its customers in celebration of Earth Day.

BREAKDOWN OF COMMUNITY INVESTMENTS IN FY12/13

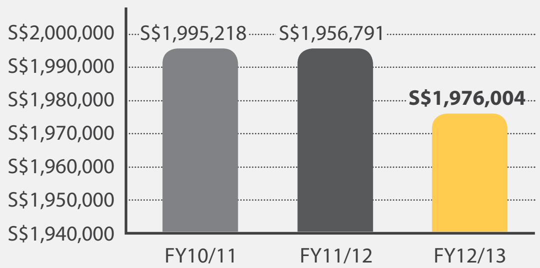


MAKING SENSE OF DOLLARS & CENTS

A HELPING HAND FROM THE GOVERNMENT

Over the years, the Company has benefited from pro-business measures provided by the Government. On 8 July 2008, one of the subsidiaries in the Company was granted an investment allowance from the Ministry of Trade and Industry in respect of qualifying expenditure from 1 April 2007 on the Cogeneration Plant. The tax benefits are recognised separately from the related asset as deferred income and amortised over the estimated useful life of the related assets. Other pro-business measures items which the Company received from the government (e.g. Productivity & Innovation Credit) is captured in the audited financial statements.

AMORTISATION OF INVESTMENT ALLOWANCE



CONTRIBUTIONS TO EMPLOYEES' SOCIAL SECURITY

Singapore employers are required by law to make monthly contributions to Central Provident Fund (CPF), a compulsory and comprehensive savings plan for working Singaporeans and permanent residents (PR) to primarily fund their retirement, healthcare and housing needs. This CPF scheme is unlike other jurisdictions where the employee's retirement funds are met by the organisation's pension funds.

Every month, YTL PowerSeraya makes contributions to its employees'* CPF. The employer CPF contribution rate, which is a percentage of their prevailing wages, varies according to age (from 6.5% to 16.0% as of 30 June 2013), as stipulated by the CPF Board. In FY12/13, the Company's contributions to its employees' CPF totalled S$4.47 million, covering 98.5% of its workforce.

SUPPORTING THE LOCAL ECONOMY

The Company's operations are based solely in Singapore, a country with no natural resources. In the absence of local suppliers of oil and gas, the Company has to rely on overseas suppliers to fulfill its fuel oil and natural gas supply needs.

Singapore's position as a global trading and logistics hub attracts raw materials, both unfinished and finished goods to its port for re-export later to other destinations. Part of these 'in-transit' goods are used to fulfill local needs. Many local companies as well as transnational companies have offices based in Singapore that manage regional or global operations. The Company is able to tap on this huge pool of local Singaporean suppliers for non-oil related goods.

* An employee is any person (excluding foreigners with no PR status in Singapore) who is employed in Singapore and any Singaporean seaman who is employed under a contract of service or other agreements entered into in Singapore.

MAKING SENSE OF DOLLARS & CENTS

A large proportion of the non-oil related goods as well as services that are purchased by YTL PowerSeraya and its subsidiaries are from local suppliers based in Singapore, even though the organisation is not under any obligations to support locally-based suppliers. Our procurement practices are based on 'best buy' principles (i.e. procuring 'value for money' products and services). Supplier selection is based on price, lead time, service levels, payment terms and quality (i.e. meets specifications, compliant with legislation including environmental regulations). Prior to supplier selection, suppliers are required to declare whether they are certified with recognised environmental systems/standards such as ISO 14001 before they are granted an 'Approved Vendor' status.

In FY12/13, 80% of the goods/services provided by suppliers (by goods receipt value) were screened against their environmental credentials. In the same period, only 3% of new suppliers^ were screened against their environmental credentials. This is because only suppliers with significant contract values (i.e. S$100,000 and above) are subject to environmental criteria screening under the current procurement practice.

BREAKDOWN OF PURCHASE (BASED ON GOODS RECEIPT (NON-OIL))

YEAR	% LOCAL	% OVERSEAS
FY08/09	95.4%	4.6%
FY09/10	96.6%	3.4%
FY10/11	94.4%	5.6%
FY11/12	96.3%	3.7%
FY12/13	92.7%	7.3%
5-Year Average	**95.1%**	**4.9%**

Based on goods receipts (for non-oil products/services) for the five-year period (FY08/09 to FY12/13), an estimated 95.1% of the purchases have been from local suppliers+. These figures are a testament to the significant percentage that has been contributed to the local economy.

WORK ON RESPONSIBLE PROCUREMENT

Responsible procurement is one of YTL PowerSeraya's commitments. This commitment took a progressive step when the senior management endorsed an amended Procurement Policy in FY12/13, which embedded environmental and social aspects for employees' consideration when they purchase goods and services for the Company. In the coming fiscal year, the Company will follow through with the implementation aspects of the new Procurement Policy and amend relevant documents along the purchasing process chain, as well as communicate to employees and suppliers/vendors regarding the new changes.

^ New suppliers are suppliers/vendors that have never supplied goods/services to the Company prior to FY12/13.
+ Local suppliers are those in which the purchase order is issued to a Singapore registered company.

OVERVIEW OF CORPORATE GOVERNANCE

To achieve excellence in our business, we emphasise high standards of corporate governance so that we can move forward on a solid foundation.

The Company recognises the importance of maintaining high standards of corporate governance, professionalism and accountability to safeguard our Company from risks and to create long-term value for our stakeholders. Our robust governance structure and systems, complemented by sound practices and internal controls, are aimed at protecting the interests of our shareholders and other stakeholders who have interactions with the Company.

The social fabric of our organisation can be understood through our Code of Ethics and strong working culture which is anchored by our Core Values. We place emphasis on upholding integrity whilst striving for excellence in our business activities. The depiction below endeavours to provide readers with a better understanding of our corporate governance framework. The roles undertaken by our Board of Directors (BOD) are more specifically explained in this section, to describe their involvement in environmental and social performance, as well as illustrate their channels of communication. Our risk management and emergency management practices will also be touched on after.

OVERVIEW OF CORPORATE GOVERNANCE

STRUCTURE & SYSTEMS

The BOD is assisted by three committees:

BOARD OF DIRECTORS (BOD)

Function: The BOD is the Company's highest governance body that provides organisational oversight in areas such as business strategy, risk management, employee compensation and company policies.

Composition: The BOD consists of nine members, four of whom are non-executive* members. The BOD is headed by a Chairman who is not an executive officer of the Company. Of the five executive members of the BOD, one is the Chief Executive Officer of YTL PowerSeraya.

AUDIT COMMITTEE (AC)

The AC holds quarterly meetings on issues pertaining to financial reporting, internal controls and compliance.

RISK MANAGEMENT COMMITTEE (RMC)

The RMC holds monthly meetings to monitor and manage risk exposures as well as on risk-related policies.

HUMAN RESOURCES & REMUNERATION COMMITTEE (HR&R)

The HR&R meets bi-annually to evaluate matters on human resources policies and compensation matters.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department conducts periodic reviews to assess the adequacy and effectiveness of the Company's internal control structure. Internal audit observations and activities are reported to the Audit Committee on a quarterly basis. As and when necessary, the department conducts investigations into potential fraud incidents and fraud risk awareness workshops for relevant staff in the organisation.

CODE OF ETHICS

The **Code of Ethics** governs how employees should go about conducting their day-to-day business activities. The Code aims to address ethical concerns which may compromise company interests or result in financial risks to the Company. Issues such as insider trading, fraud and bribery are covered in the Code. Under the Code, employees are required to declare any potential **Conflicts of Interests** that may arise in procuring goods or services for the Company. The Code also includes a **Whistle Blowing Policy** which provides a channel for employees to report to the Chairman of the Audit Committee, any reasonable suspicion of corruption, fraud or other inappropriate acts which place the employees or organisation at risk.

CULTURE

The Company's **Core Values** VIBRANT (Venture, Innovation, Best Practices, Respect, Accountability, Nurture, Teamwork) guides our employees' behaviours, attitudes and relationships to form the organisation's working culture. This set of Core Values is complemented by the **Code of Conduct** to help nurture healthy and positive employee relations and an organisation that strives for business excellence while upholding high levels of integrity and accountability.

* A non-executive director is generally considered a director who has no involvement in the day-to-day running of the Company and is not employed by the Company. As such, a non-executive director will usually devote part of his time to the affairs of the Company as an independent adviser on matters of policy and strategy.

OVERVIEW OF CORPORATE GOVERNANCE

BOARD'S SUPERVISION OF COMPANY'S PERFORMANCE AND COMMUNICATION LINES WITHIN THE COMPANY

There are no minority shareholders in YTL PowerSeraya. As YTL PowerSeraya is a wholly-owned subsidiary of YTL Power International Berhad, the latter appoints the directors on the BOD. In sourcing and considering the candidates for appointment as directors to the Board, the candidate's qualifications and experiences will be scrutinised by our shareholders in relation to the prevailing composition of the Board's expertise and the desired profile.

The Board meets quarterly to be updated on the progress of the Company's performance. The Board also provides advice and direction on issues facing YTL PowerSeraya and how to move the Company forward. The executive directors also participate in weekly senior management meetings where strategic and operational issues covering the Company's economic, environmental and social performance are presented and discussed. Specific issues/initiatives pertaining to sustainability are tabled at these weekly senior management meetings by the Vice President of Corporate Services who has direct oversight over CSR matters and is assisted by a dedicated Sustainability Department.

The Board is assisted by the Audit, Risk Management and the Human Resources & Remuneration Committees which provide recommendations to help the Board formulate strategies and make informed decisions on a wide range of organisational issues. When necessary, the BOD appoints external consultants and auditors to augment expertise and provide advice on specific company matters.

Quarterly Board meetings are also formal means for employees to table recommendations through Board papers after going through a process of consultation and vetting by the respective heads of business divisions for materiality and relevance.

LINKAGE BETWEEN COMPANY PERFORMANCE TO COMPENSATION FOR BOARD MEMBERS AND EMPLOYEES

The members of the Board of Directors are not paid director's fees for the roles and responsibilities they carry out, but executive directors are remunerated. Issues covering financial, environmental and social subjects are tabled and discussed regularly at the Board level.

All of our employees are covered in an established and structured performance management system where bonus and remuneration are tied to the performance of the business groups and individuals. This is reflected in the environmental performance

OVERVIEW OF CORPORATE GOVERNANCE

of the power plant operations as well as the environmental initiatives organised or supported by the organisation for employees and the community. Our social performance includes the various community programmes carried out under the corporate social responsibility goals as well as matters concerning human capital.

In the wage increase and variable bonus exercise conducted annually by the Company, inputs from independent consultants, the Singapore National Wage Council (NWC) and UPAGE (Union of Power and Gas Employees) are taken into account to arrive at the proposed remuneration package for employees. On wage increase, the Company takes into consideration the guidelines from the NWC as well as surveys from independent remuneration consultants. The Company's financial performance as well as industry benchmark and practice are factors taken into account to determine the annual variable bonus. For bargainable staff, the wage increase and variable bonus payment are negotiated with the UPAGE every year. All these inputs culminate into a set of annual wage increase and variable bonus payout recommendations which are reviewed and endorsed by the HR & Remuneration Committee.

To ensure that our remuneration practices are competitive, the Company participates in remuneration benchmarking every year with independent consultants such as Mercer and HayGroup. From time to time, the Company also engages independent consultants to review salary structures for external equity and market competitiveness. This was the case in FY12/13, where the Company engaged HayGroup to review the salary structure for the Company. The Collective Agreement Negotiation that occurs every three years with the UPAGE is another process that ensures a regular review of the salary structure and benefits provisions for bargainable staff.

PROTECTING ENTERPRISE VALUE, MANAGING RISKS

A precautionary approach is taken at YTL PowerSeraya to protect the enterprise value of the Company. Under the risk management framework, all business units are required to identify enterprise risks for their respective businesses. Through a filtering process of the identified risks, a list of significant risks is established and subsequently documented in the Corporate Risk Register. The business units are required to implement mitigation control measures to minimise significant risks. Regular risk monitoring and reporting systems are administered by the Enterprise Risk Management Department to enable early detection and escalation of risks for review and appropriate action where necessary.

A structure is in place to manage risks at all levels, starting from the Board of Directors, right down to the risk owners of the different business units. The Board of Directors is

OVERVIEW OF CORPORATE GOVERNANCE

responsible for determining the type and level of risks that the Company undertakes to achieve its corporate objectives. This is achieved through the enterprise-wide corporate risk statements, framework and policies approved by the Board. Because of the changing business environment and for alignment with the Company strategy, a risk posture statement defining the Group's risk is submitted and approved by the Board of Directors on an annual basis.

The Board delegates the authority to formulate, review and approve non-major policies on the monitoring and managing of risk exposures to the Risk Management Committee. The Risk Management Committee (RMC), which meets monthly to deliberate on enterprise-wide risk matters, proposes and recommends major risk-related policy decisions to the Board for approval. The RMC is chaired by the Chief Executive Officer. Members include the Chief Risk Officer, Enterprise Risk Manager and heads of key business units.

Reporting to the RMC are the various risk owners who are responsible for managing and monitoring the risks of their business units. The Enterprise Risk Management (ERM) Department collates all reports from the risk owners on a quarterly basis. The ERM Department primarily manages the overall market risk of the Company and works with the different risk owners to manage other types of enterprise risks (e.g. credit risk, operational risks, etc).

Some of the environmental and social risks that are tracked on a quarterly basis include risks associated with human capital loss, oil spills as well as health and safety risks.

RISK MANAGEMENT: WHAT LIES AHEAD

Geopolitical events in recent years, such as the Arab Spring in Middle East and the shale gas developments in the United States, has resulted in oil price volatility that is expected to continue for some time to come. For the Company whose main raw materials are natural gas and heavy fuel oil, these

OVERVIEW OF CORPORATE GOVERNANCE

events exposes the Company to the on-going risks of oil price fluctuation. Having a good understanding of the dynamics of macro geopolitical events and their impact to oil and gas markets, coupled with appropriate risk management mechanisms at the micro level (i.e. via hedging and limiting open positions), are key to minimising losses as well as seizing opportunities for making gains.

The Enterprise Risk Management Department (ERM) has to constantly keep abreast of such macro trends and make adjustments to risk management processes in efforts to minimise the risk exposure to the Company. There is now additional emphasis on the strategy and risk appetite of the Company to ensure that risks to profitability and business operations are well understood and managed throughout the organisation.

One of the changes that the ERM applied progressively over the last fiscal year was limiting counterparty risks. The European sovereign debt crisis, the weakened US market and the slowing growth of China have resulted in some companies with poor financial strength. In dealing with these companies, the Company may be exposed to greater counterparty risks.
In response to this, ERM strengthened the process and procedures for counterparties by conducting regular reviews of such counterparties to ensure that they are financially sound. New counterparties now have to display both strong financial strength and the ability to meet more stringent hedging requirements for longer tenors. Looking into the future, the Company may encounter additional credit risks arising from the acquisition of

smaller customers by Seraya Energy, the electricity retail arm of YTL PowerSeraya. Smaller customers tend to have low working capital and less established account payable processes that may result in Seraya Energy being exposed to a higher risk of delayed payments or default in payments.

OVERVIEW OF CORPORATE GOVERNANCE

MANAGING REGULATORY RISKS

As a major participant in the highly regulated electricity market, the Company is exposed to regulatory risks as price transactions with the Singapore Electricity Market would need to comply with a set of stringent rules and regulations.

On 26 Nov 12, one of the open cycle gas turbine generating units experienced difficulties getting dispatched to the power grid because of a faulty valve limit switch. This resulted in the decision to prioritise another open cycle gas turbine generating unit for dispatch. The change in prioritisation of dispatch of the open cycle gas turbine generating units to the power grid would normally require a corresponding change to the prices offered before gate closure (i.e. closing time to offer prices beyond which a breach would occur) under the Singapore Electricity Market Rules. The changes to the price offered were however not executed before gate closure. This constitutes a breach of the Market Rules and resulted in the Company incurring a financial penalty (plus associated costs) amounting to S$11,500 in total.

MANAGING FRAUD RISKS

A Fraud Risk Management (FRM) framework and policy exists in the Company, to protect the interests of shareholders, employees as well as other stakeholders who have dealings with the Company. The overall responsibility of implementing and overseeing the FRM framework lies with the Chief Risk Officer, who is in turn supported by the Internal Audit Department in relation to the FRM framework. The Internal Audit Department reports directly to the Audit Committee.

Complementing the FRM Policy are the Code of Ethics and the Code of Conduct. The former serves to guide employees in making sound and ethical decisions while the latter aims to uphold the integrity and image of the Company through employee's diligence and due care in the discharge of their duties.

The Company takes a serious view of corrupt practices. Under the Code of Conduct, which is communicated to all new employees who join the organisation, an employee is liable for immediate dismissal if he/she is found to have demanded, offered or accepted bribes or any illegal gratifications. The Code of Conduct is covered under the Employee Handbook, an electronic copy which is made available to all employees through the Company's intranet. As a company whose business operations is based solely in Singapore, the risks associated with corruption is deemed to be low. Singapore has been consistently ranked among the top five countries with the lowest corruption rates in the world for the past decade (2002 to 2012), according to the Corruption Perception Index.

OVERVIEW OF CORPORATE GOVERNANCE

NO FRAUD INCIDENTS IN FY12/13

There were no confirmed incidents of fraud arising from allegations received and investigated in FY12/13. In the same fiscal year, four of the seven business units (or 57%) within the YTL PowerSeraya Group of companies were analysed for fraud risk. This was executed in accordance with the Internal Audit Plan that was established using an appropriate risk-based methodology.

The plan also covered fraud awareness training which was attended by 21 new employees as well as 17 employees from the Trading & Fuel Management Group. The workshops covered topics like the fraud risk policy, potential activities leading to fraud and the role that employees have on fraud detection. Employees are also encouraged to report known or suspected incidences of malpractice in accordance with the Employee Handbook.

HANDLING EMERGENCIES & DEVELOPING CONTINGENCIES

As a responsible company, we are committed to safeguarding the well-being of our employees, contractors, customers, the public and the environment. Having an established emergency response framework better equips the organisation to deal with emergencies which may potentially escalate into a crisis situation. The Company adopts a three-tier response framework (based on severity) for handling emergencies.

Three-Level Response Framework for Handling Emergencies

- **Level 1** – The Site Incident Response Team responds and controls minor incidents.
- **Level 2** – The Emergency Management Team handles more serious operational incidents with wider potential implications.
- **Level 3** – The Crisis Management Team, which is responsible for the protection of the Company's value and image, deals with strategic issues and high-level shareholder communications during an escalated incident.

Within the organisation, twelve major incidents (e.g. major natural gas supply disruption, major generation failure) have been identified that may potentially escalate to a crisis. Each major incident has a corresponding response/contingency plan to deal with the associated emergency situation when it occurs. These plans are reviewed regularly, to ensure they are updated against changes in business operations and regulations.

EMPOWERING LIVES

We believe in working with people and for people. Maintaining good relationships with our staff, our external stakeholders and every individual we work with is what drives our passion in the business.

STAKEHOLDER RELATIONS & PARTNERSHIPS

We are not in this business alone. The Company recognises the importance of developing enduring relationships with strategic stakeholders to further its business, as well as its sustainability objectives over the long term. Constructive stakeholder engagements allow the Company to gather insights, generate new ideas and forge positive relationships to benefit our business as well as those of our stakeholders for the long term.

The Corporate Social Responsibility (CSR) Strategy is used to identify the stakeholders which the Company engages to further its sustainability agenda. The stakeholder groups for the five CSR Strategic Thrusts are summarised in the table below.

CSR STRATEGIC THRUSTS	STAKEHOLDERS
Invest in Green Capabilities	Shareholders, Customers, Suppliers
Incorporate Greenhouse Gas in Management Practice	Shareholders, Customers, Regulators
Build Strategic Partnerships	Customers, Regulators, Civic Society, Suppliers
Grow With The Community	Schools, Local Communities, Civic Society
Nurture Human Capital	Union of Gas And Power Employees, Current & Future Employees, Youths

STAKEHOLDER RELATIONS & PARTNERSHIPS

SHAREHOLDERS – STEERING THE DIRECTION TOGETHER

The Company's Board of Directors (BOD), which comprises mainly of shareholders from parent company YTL Power International Berhad, holds quarterly meetings with the senior management team to steer the Company's future direction, discuss and develop long-term business strategies and provide advice on problems and challenges faced by the Company. Sustainability issues are surfaced and discussed at both the BOD meetings as well as at the YTL PowerSeraya senior management meeting. Every year management retreats involving senior management staff and occasionally BOD members, are organised to discuss future plans and directions for the organisation. In FY12/13, the significant issues raised and discussed during Board meetings and senior management meetings were:

- Upgrading the oil terminal to grow PetroSeraya's Oil Tank Leasing business.
- Acquisition of smaller, contestable energy consumers as the retail electricity market liberalises further in 2013/14.
- New IT system with customer relationship management and customer care & billing features to better support Seraya Energy's business in the future.
- Risk posture for FY13/14 to govern the Company's risk appetite and use of its approved trading limits.
- Amendments to the existing procurement policy to include environmental and social aspects.
- Career advancement and development opportunities for employees.
- Collective agreement for next three-year term starting 1 July 2013.

REGULATORS – A STRATEGIC RELATIONSHIP

The regulated business of the Company (i.e. electricity) contributes a sizeable part of the Company's revenues. The strategic relationship between the Company and the Energy Market Authority (EMA) of Singapore is important to the policy making process to ensure that the interests of the regulator and the electricity market participants are taken into account in the context of Singapore's energy landscape. The Company is an active participant in EMA's policy development initiatives and has taken part in numerous consultation meetings organised by EMA.

STAKEHOLDER RELATIONS & PARTNERSHIPS

PARTICIPATION IN INDUSTRY CONSULTATIVE MEETINGS

In FY12/13, the Company participated in industry consultation meetings organised by Energy Market Authority (EMA) on two main topics:

- **Implementation of the Electricity Futures Market in Singapore**

  EMA was considering the establishment of an Electricity Futures Market of which viability depended on factors such as the cost of setting up such a futures market as well as sufficient liquidity and interest from the industry. Several consultation meetings were organised by EMA to gather input and ideas from industry players. One of the proposals by EMA was to inject liquidity into the market by providing incentives for power generation companies to take up the role of market makers. YTL PowerSeraya participated in the industry meetings to discuss proposals like the one mentioned above, and is generally supportive of the development of an electricity futures market, as it would provide risk mitigation opportunities for consumers and generation companies, thus benefiting both buyers and sellers of electricity.

- **Introducing Demand Response in Singapore**

  EMA called for consultation meetings with industry players regarding the introduction of a demand response framework whereby participating companies can receive payments for having their loads curtailed in response to high electricity prices. With demand response, the curtailment of loads (generally during extremely high load situations or where forced outages have resulted in a tight generation supply situation) would also mean lower costs to the electricity system and thus lower electricity prices to end consumers. YTL PowerSeraya has been in active discussions in the consultation meetings and is in favour of payments to be made by those who benefit and with amounts paid in line with the quantum of the benefit.

STAKEHOLDER RELATIONS & PARTNERSHIPS

MANAGEMENT-UNION – HEARING OUR EMPLOYEES' VOICES

"We appreciate the continuous engagement effort with YTL PowerSeraya, as it underpins the value of tripartism in Singapore which has served the interests of workers. By staying in touch with the ground, we can make better informed decisions as a union, and sustain inclusive growth with relevant programmes that address the workers' real needs."

– Mr Tay Seng Chye, President of Union of Power and Gas Employees (UPAGE)

A collaborative working relationship exists between the management of the Company and the Union Of Power And Gas Employees (UPAGE) to ensure company competitiveness and employee well-being. The UPAGE and the management meet formally about four times a year to discuss how they can work together to achieve company goals, deliberate on performance-remuneration metrics and other employee matters. Meetings are also held on an informal basis to discuss and resolve ad-hoc issues that may arise in the year.

All employees of the Company have the freedom to join the UPAGE. There is also freedom for collective bargaining by UPAGE on matters concerning employees. As of 30 June 2013, close to 48% of the workforce is covered by the collective agreement and about 78% of the Company's workforce are UPAGE members.

A NEW COLLECTIVE AGREEMENT

In FY12/13, the management and UPAGE held several meetings to discuss the terms and conditions of the new Collective Agreement (CA) for period 1 July 2013 to 30 June 2016. The discussions resulted in a few positive changes to the new CA which resulted in new career tracks and salary structures aimed at providing greater opportunities for career development and advancement. Other items concluded include the variable bonus matrix and the enhancements to existing medical benefit schemes.

STAKEHOLDER RELATIONS & PARTNERSHIPS

CUSTOMERS – A REWARDING PARTNERSHIP

"It has been a great engagement experience as we were able to meet the people managing our account. Knowing the right contact to execute a specific task saves time and effort. We are privileged to obtain market insights from the Seraya Energy team as it helps us to make the right decisions. After we implemented the energy makeover project at our warehouse, it led to less lighting turnover and at the same time, we consumed less energy."

– Ms Agnes Lau, Senior Manager (Office Admin & Facility Management), Courts (Singapore) Pte Ltd

We want to reward our customers in ways we can. In FY12/13, a total of 11 customer initiatives were organised with the aim of developing strong customer relations and educating them on energy conservation. The Seraya Energy Forex and Symposium is the annual flagship customer engagement initiative organised for customers to gain insights and perspectives on the latest trends in oil and forex markets from subject experts and be informed about the latest company developments. The symposium organised over the last two years saw invited speakers discuss green buildings and the local legislation on energy conservation. Other customer initiatives include the Customer Movie Night and the Singapore International Energy Week networking reception.

To empower customers with the knowledge of saving energy, four orientation sessions were organised in FY12/13 where customers learn how to use the SEnergy online portal to access and to analyse their electricity bills. In FY12/13 the Company launched the inaugural Energy Makeover Initiative, which sought to help selected customers conserve energy through energy efficiency solutions implemented at their premises. Details of the Energy Makeover Initiative can be found at page 74. Plant tours are also arranged every quarter, for customers to gain an appreciation of the power generation business and the complexities of operating a power plant 24/7.

SURVEY PROVES CUSTOMER SATISFACTION

The Company's in-house call centre conducts surveys all year round to gather feedback on the total customer engagement process. In FY12/13, a customer satisfaction rating of 92% was achieved (i.e. 92% of the customers were either satisfied or extremely satisfied with the service delivery and engagement experience). This result surpassed last financial year's rating of 84%. This satisfaction rating was derived from 363 customer respondents (from 2,055 invited) who rated the Company on areas of service and engagement such as product knowledge, customer issue resolution efficiency and effectiveness, professionalism, willingness to provide assistance and overall engagement experience.

STAKEHOLDER RELATIONS & PARTNERSHIPS

VENDORS AND CONTRACTORS – OUR VALUED PARTNERS

"The May Day Model Partnership Awards 2013 has recognised YTL PowerSeraya and LS 2 Services Pte Ltd as exemplary partners. This award is a testament to our efforts in improving the productivity of our staff and we have discovered a most effective tool – highly engaged employees. Engaged employees go the extra mile to deliver. They provide better experiences for YTL PowerSeraya and approach the job with energy. We will continue to work closely with YTL PowerSeraya to create a more productive workforce."

– Dennis Tan, General Manager,
LS 2 Services Pte Ltd

The Company relies on a sizeable number of contractors/vendors (on term contracts) to perform regular tasks at the power plant, under the supervision of staff throughout the year. To ensure that the Company continues to uphold its good safety performance, contractors' safety is taken seriously. Contractors are not only required to take part in the regular safety briefings at daily toolbox meetings, they also participate in safety initiatives and emergency drills organised by the Company. Together with staff, contractors help to make the power plant a safe place to work. For details of the Company's safety practices and performance, please refer to page 58.

ENGAGING SUPPLIERS ON WAGES AND PRODUCTIVITY

Besides safety, the Company has also engaged suppliers on other matters. One example is our work with the vendor LS2, that renders cleaning services at the power plant. In an effort initiated by the Company CEO, who wanted to see how the Company could help narrow the widening income gap amongst Singaporeans, the management staff of the power plant and LS2 came together to explore ways to raise the salaries of the cleaning service staff. Discussions between the Company and the cleaning service contractor led to an agreement by all parties. This resulted in fewer cleaning service staff being deployed at the power plant, with each one given a salary raise and reasonable measure of increased workload. For this innovative effort, the Company was presented with the Progressive Wage Model Award at the recent May Day Model Partnership Awards 2013 Ceremony, organised by the National Trades Union Congress (NTUC).

STAKEHOLDER RELATIONS & PARTNERSHIPS

CIVIC SOCIETY, COMMUNITIES – BEING A PART OF THE COMMUNITY

"In recent years, we have seen immense fundraising efforts from YTL PowerSeraya that have benefited the trainees tremendously. By providing funds to supplement lunch for our trainees, a huge financial burden has been lifted from the trainees and their families. YTL PowerSeraya also commits staff and resources to organise outings and activities for GROW. These activities like pot painting and terrarium building workshops, not only provide valuable exposure for trainees in terms of social interaction and confidence building, but also provides an avenue for GROW to earn an income."

– Ms Jessie Holmberg, Executive Director of Cerebral Palsy Alliance Singapore

YTL PowerSeraya takes an active role in educating schools and communities on energy conservation and also contributing back to society. The Company's flagship sustainability programme is the Responsible Energy Advocates Programme (REAP), which was developed with public and people partners such as the National Environment Agency and South West Community Development Council. It seeks to educate youths and engage them in energy conservation action for seven months in a year. The REAP, which started out with tertiary students in 2010, has now expanded its outreach to include secondary school students. Under REAP, students are trained to conduct a basic energy audit and are taught to use a checklist to help implement energy saving measures in their own households, as well as other households they reach out to.

Since 2008, the Company has partnered with Greenridge Secondary School to involve their students in environmental work, under the National Environment Agency's Corporate And Schools Partnership (CASP) programme. The establishment of the Energy Learning Hub (ELH) at Greenridge Secondary School has received more than 4,000 visitors (as of 30 June 2013) since its launch in late 2009. The ELH, which was set up with the aim of educating students and teaching staff from the eleven schools in the West 6 Cluster, as well as local community of Zhenghua on energy and climate change, now receives overseas visitors from other countries such as China and Korea.

Since adopting the Goodwill Rehabilitation & Occupational Workshop (GROW), of the Cerebral Palsy Alliance Singapore (formerly known as the Spastic Children's Association of Singapore) two years ago, the Company stepped up its efforts to help these disadvantaged individuals by organising its first major fund raising event in May 2013. This event, which also involved staff, customers and suppliers, saw total donations of S$70,000 being collected. Smaller fund-raising initiatives are also organised by the Company throughout the year with the larger objective of getting staff to know GROW better through engagement activities. Further details of the Company's social initiatives with GROW can be found on page 61.

STAKEHOLDER RELATIONS & PARTNERSHIPS

KNOWLEDGE SHARING AT PRIVATE AND PUBLIC FORUMS

Employees also participate in knowledge sharing (including sustainability topics) with the general public and with the civic society, either through appointments/commitments held with external agencies or as an invited speaker or contributor at public and private forums. For example, our CEO was an invited speaker at a plenary session of the Singapore Workplace Safety & Health (WSH) Conference held in Singapore in September 2012, where he shared his experience about the importance of having top management commitment and dedication on WSH as a core value at all levels and getting employees to be engaged in the process of developing a safe and healthy culture within the organisation. Other avenues which see our employees' participation throughout the year are via the Company's external commitments in the following organisations:

- Singapore Compact for Corporate Social Responsibility (Gold Member)
- Sustainable Energy Association of Singapore (Member)
- Energy Efficiency National Partnership (Founding Partner)
- National Environment Agency – Corporate and Schools Partnership (CASP) Programme
- Singapore Manufacturers' Federation (Member)
- Singapore Business Federation (Member)

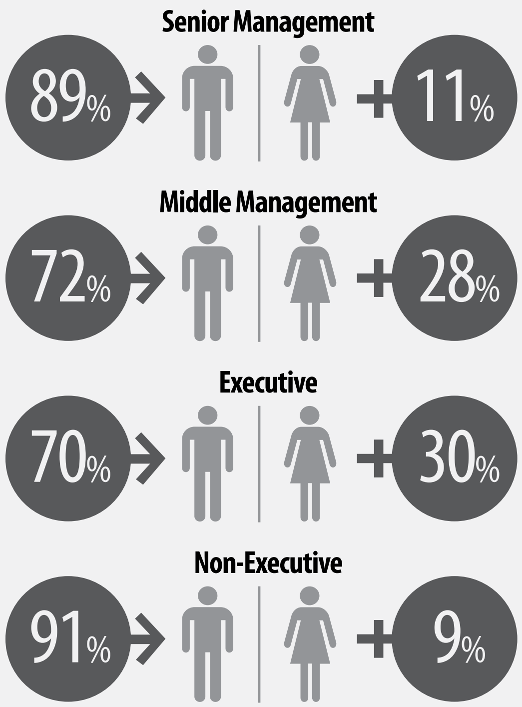
External commitments held by YTL PowerSeraya's CEO are:

- Singapore National Employers Federation (our CEO is Vice President for a term of two years starting 27 Sep 2012)
- National Integration Council (our CEO is Council member for a term of two years starting 1 Nov 2011)
- Central Provident Fund (our CEO is Board member (Employer Representative) for a term of two years starting 1 Jul 2012)

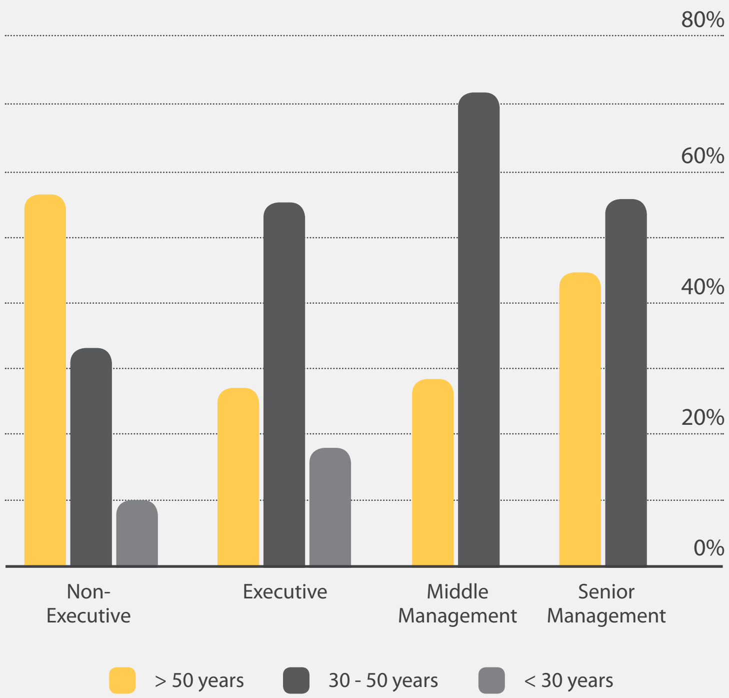
OUR HUMAN DEMOGRAPHICS

EMPLOYEES

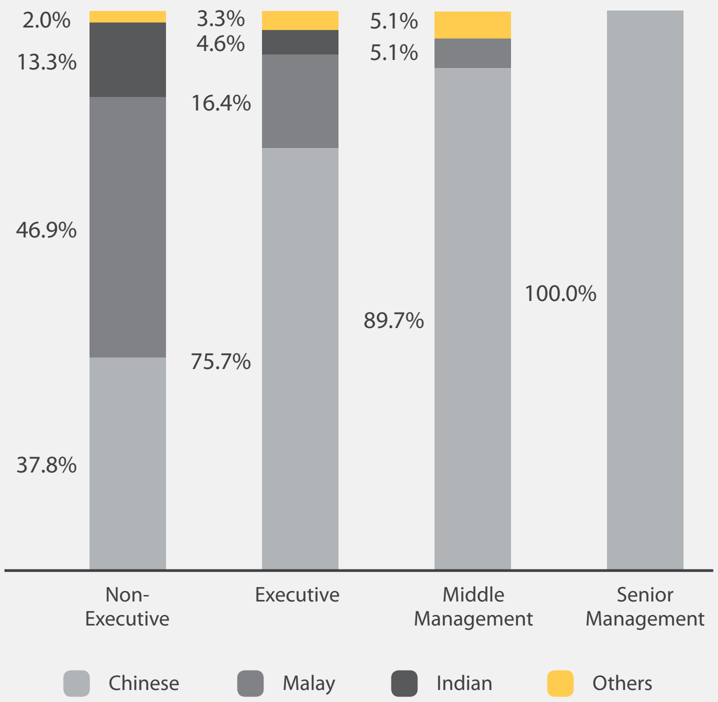
GENDER PROFILE OF EMPLOYEES



AGE PROFILE OF EMPLOYEES



RACE PROFILE OF EMPLOYEES



A PEOPLE'S ECONOMY

Our human and social capital strategy outlines how people are central to the Company's view towards sustainability.

At YTL PowerSeraya, we place emphasis on supporting our employees in positive ways, knowing that happy, healthy employees are vital to an organisation's growth. A signatory to the Fair Employment Practices of TAFEP*, the Company is committed to ensuring that every employee is treated fairly and with respect. The performance management system ensures that employees are rewarded based on their performance and contribution to the Company. A well-established training plan provides employees with equal opportunities for training and development. At the same time, a training needs analysis is conducted every year to ensure that every employee is adequately trained to perform their job function well and to help them develop to their fullest potential.

* TAFEP stands for Tripartite Alliance for Fair Employment Practices.

A PEOPLE'S ECONOMY

A CULTURE OF SAFETY & WORK-LIFE BALANCE

The Vibrancy Club, which comprises staff volunteers, organises family-life and workplace health-related activities throughout the year to help our employees stay healthy and lead fulfilling lives with their family members. A well-entrenched safety culture and safety management system also exists to keep our employees and our contractors safe from accidents. All of the above have led to a happy and committed workforce, as evidenced by the low staff turnover rate and a good safety record.

NURTURING TALENTS

As an essential service company that supplies close to a quarter of the country's electricity needs, workforce planning and competency building are paramount to ensure that the expertise and skills required for operating and maintaining a power plant is secure and can be sustained. In 2013, a new undergraduate scholarship scheme, called the Singapore Government Industry Scholarship (SGIS) was adopted to lay the pipeline for young talents to join the Company.

Under this scholarship, undergraduates are fully funded for their studies. They also undergo internships with the Company, while studying as part of the Company's talent development programme. Upon graduation, these scholars will serve a three to four-year bond with the Company. In 2014, the Company will also be participating in a new Energy Industry Scholarship scheme that seeks to attract students from technical or engineering related fields across various vocational institutions, polytechnics and Universities.

A STRONG CSR CULTURE

In response to an increasing trend of young employees seeking to establish their careers with companies which have a strong corporate social responsibility (CSR) focus, the Company has in recent years developed CSR programmes and initiatives aimed at enhancing social and environmental causes. Throughout the year, employees get to participate in activities with the Company's adopted charity, Goodwill Rehabilitation & Occupational Workshop (GROW), as well as the numerous environmental initiatives organised for staff by the Company. It is the Company's firm belief that such activities not only help in employer branding, but also serves to foster workforce camaraderie, by getting employees together for a common social or environmental mission.

A PEOPLE'S ECONOMY

STAFF TURNOVER RATE

Staff turnover has consistently been low for the past three years. The Company benchmarks itself against the Ministry of Manpower's Petroleum, Chemical and Pharmaceutical Industry Turnover Rate to gauge the effectiveness of its human resource policies and management practices.

The Company employs a robust and balanced performance management system that applies to all employees, measures and rewards them for their yearly targets achieved, competency factors exhibited and special contributions made. This provides a means to appraise employees fairly and reward them accordingly, in the annual bonus payout and increment exercise.

A harmonious working culture, family-friendly policies and attractive company benefits, such as the staggered start time and flexible benefit plan, all help to make the Company a great place to work. As part of the Company's continuous efforts to attract and retain talent, a review of the salary structure and career development tracks was conducted in FY12/13. The result was the development of new technical and specialist tracks with higher apex levels (in addition to the traditional management track) and greater career development and advancement opportunities (both vertically and horizontally) for employees.

	STAFF TURNOVER RATE	FY10/11	FY11/12	FY12/13
YTL PowerSeraya	Resignations, dismissal, retirement & death in service	5.2%	11.4% (elevated figure due to 9 retirees)	8.1%
	Resignations only	4.4%	7.7%	5.7%
Petroleum, Chemical & Pharmaceutical Industry*	Resignations Only	10.8%	10.8%	12.0%

* Source: Singapore Yearbook of Manpower Statistics 2013.

AGE GROUP	FY12/13 NEW HIRE NUMBERS (BY GENDER, BY AGE GROUP) MALE	FEMALE	TOTAL	FY12/13 NEW HIRE RATE (BY AGE GROUP)
< 30 years	10	5	15	57.7%
30 - 50 years	5	5	10	38.5%
> 50 years	0	1	1	3.8%
Total	**15**	**11**	**26**	**100%**
FY12/13 New Hire Rate (by Gender)	57.7%	42.3%	100%	

AGE GROUP	FY12/13 STAFF TURNOVER NUMBERS (BY GENDER, BY AGE GROUP) MALE	FEMALE	TOTAL	FY12/13 STAFF TURNOVER (BY AGE GROUP)
< 30 years	5	3	8	25%
30 - 50 years	5	8	13	40.1%
> 50 years	10	1	11	34.4%
Total	**20**	**12**	**32**	**100%**
FY12/13 Staff Turnover (by Gender)	62.5%	37.5%	100%	

A PEOPLE'S ECONOMY

INVESTING IN THE EMPLOYEE'S FUTURE POTENTIAL

The Company invests heavily in nurturing our employee to their fullest potential, through various forms of training (including employee sponsorship schemes for studies) to ensure that he/she is fully equipped to perform well and eventually grow with the Company. The training expense per employee in the Company has consistently been above the country's national average (i.e. Ministry of Manpower's Labour Statistics). In FY12/13, about 55% of the total training investment went into the acquisition of technical skills by staff at the power plant and 8% into scholarship awards under the Employee Sponsorship Scheme. Over the next few years, the focus is to optimise On-The-Job training opportunities for employees to fulfill the Company's knowledge transfer and succession development plan.

	TRAINING EXPENDITURE PER EMPLOYEE		
	FY10/11	FY11/12	FY12/13
YTL PowerSeraya	S$1,769 (restated figure from previously reported S$1,696)	S$1,764 (restated figure from previously reported S$1,923)	S$1,350
Singapore National Average*	S$511 (above is restated figure from previously reported S$872)	S$459 (above is restated figure from previously reported S$872)	S$407

The Company is also ensuring that its older employees are adequately prepared for re-employment or retirement by putting them through the Re-employment: Equipping And Developing Yourself (READY) programme, conducted by a non-profit voluntary welfare organisation called Centre for Seniors. In FY12/13, six staff nearing retirement age attended the READY programme. Participants that attend this programme learn to review their own financial situation before retirement, the benefits of re-employment and the importance of maintaining good health.

	AVERAGE TRAINING HOURS	
	MALE	FEMALE
Senior Management	50.1	24.8
Middle Management	53.0	135.8
Executive	54.2	52.4
Non-executive	31.0	16.5
Overall	**41.1**	**55.6**

* Singapore National Average is taken from the Ministry of Manpower (MOM) 2012 Report for Employer Supported Training that is published bi-annually.

A PEOPLE'S ECONOMY

CONTRIBUTIONS TO OUR GOOD SAFETY PERFORMANCE

Maintaining high safety standards at the power plant is of significant importance to the Company, as it endeavours to create an operating environment that is safe for our employees. The Company does this through the OHSAS 18001 safety management system, to ensure that both staff and contractors adhere to good safety practices and procedures at all times. The Company's Workplace Safety & Health Committee comprises 33 members, which make up about 13% of the total workforce.

In recent years, the Company has been raising greater awareness among staff on the importance of process safety (in addition to personal safety) in efforts to keep the power plant accident-free. This is done through setting annual safety targets as well as on-going initiatives that seek to engage both staff and contractors on safety issues. The Company has maintained an impressive fatality-free record over the past five years and kept accident incidents low, as evidenced by the safety targets (see details that follow), which the Company uses to benchmark against the country's national average. Some of the initiatives aimed at maintaining a safety culture at the power plant include a Bi-Monthly Safety Theme Drive, which see various departments discussing safety topics, as well as Safety Week, an annual affair where staff and contractors come together to celebrate the past year's safety achievements.

SAFETY INDICATOR (STAFF & CONTRACTORS)	PAST FIVE YEARS (FY08/09 TO FY12/13)	FY13/14 TARGET
Work-Related Fatalities	Zero fatalities for the past five years. Consistently outperformed the benchmark Singapore (All Industries) National Average for the past five years	Zero
Number of Accidents per Million Man-hours Worked	Zero accidents for three out of five years. Consistently outperformed the benchmark Singapore (All Industries) National Average for the past five years	Zero
Number of Man-Days Lost per Million Man-hours worked	Zero man-days lost in three out of five years. Consistently outperformed the benchmark Singapore (All Industries) National Average for the past five years	Zero

A PEOPLE'S ECONOMY

LABOUR PRACTICES AND HUMAN RIGHTS STANCE

The Company's fair employment practices, plus the merit-based compensation system, helps to keep the gender pay gap as small as possible. This is evidenced by the near-parity ratio of Base Salary (Male : Female) which stood at 1 : 0.88 as of June 2013. This compares favourably with Singapore's National Average Base Salary (Male : Female) of 1 : 0.74 (calculated from the information taken from the 2013 Singapore Yearbook Manpower Statistics and the Average Monthly Mean Earnings Table, 2012 – both sources are from the Ministry of Manpower, Singapore).

Note: The disclosure on entry level wage ratios is not possible due to the absence of minimum wage rules in Singapore.

	RATIO OF BASE SALARY	
	MALE	FEMALE
Senior & Middle Management	1	0.71
Executives	1	0.74
Non-Executives	1	0.83
Overall	1	0.88

(Note: Base salary is the average salary of men or women excluding benefits, bonuses, allowances and any variable wage component)

The compensation policy in the Company is based on merit relative to the role held by an employee in the Company. Staff in their respective roles are compensated based on their skills and experience, performance and contribution, market value of their position, regardless of gender, race or nationality. This aligns with the principle of equal remuneration for men and women for work of equal value in the organisation, which is a principle that is enshrined in the collective agreement (as per the ILO Convention 100 on Equal Remuneration ratified by Singapore) which the Company has established with our union.

In FY12/13, about 950 hours of training went into educating staff on human rights issues which includes their freedom to join the union, the Company's whistle-bowling procedures and the grievance handling channels. No grievances relating to labour practices (including discriminatory incidents) were raised or filed in FY12/13. For a full understanding of the Company's labour practices and its stance on human rights issues, please visit this link (hyperlink to corporate webpage on human rights).

A PEOPLE'S ECONOMY

ACHIEVING WORK-LIFE HARMONY

About 70% of non-shift employees benefit from the Company's flexi-start arrangement, which enables them to balance their work and family commitments. Employees are also granted part-time arrangements, subject to the Company's consent. A lactation room at the corporate HQ and a gym at the power plant are some of the family-friendly and health facilities provided by the Company to help employees achieve greater work-life balance. These measures, coupled with the myriad of healthy and family-life activities organised by staff volunteers of the Vibrancy Club, help to keep our employees in the pink of health and stay happy with their families. A budget is set aside every year by the Company for the Vibrancy Club, help to organise activities, such as family outings to local and overseas attractions, weekly badminton and bowling sessions and lunchtime health-related talks.

A PEOPLE'S ECONOMY

NURTURING STAFF & OTHERS THROUGH CSR INITIATIVES

The Company consciously engages staff in Company-led environmental awareness-action activities as well as events with the Company's adopted charity, Goodwill Rehabilitation & Occupational Workshop (GROW). All these activities seek to develop the 'heart and soul' of each employee in caring for the environment and the less privileged in society, which aligns with the Company's core values of Respect and Nurture. These activities also serve to bind employees together on a common social or green purpose. In FY12/13, the Company organised 10 environmental and social initiatives, which includes 'Charity Bowl-for-Lunch' event, the annual beach clean-up and pot-painting workshops by GROW. We present below some of the Company's CSR initiatives in FY12/13 to give readers a better idea of how the Company invests in its staff and stakeholders.

CHARITY 'BOWL-FOR-LUNCH'

Organised in aid of YTL PowerSeraya's adopted charity, GROW, this event successfully raised funds totalling S$70,000 through a competitive game of bowling. This is the Company's first major fund-raising initiative since adopting GROW in 2011, aimed at providing lunch for 80 GROW individuals for an entire year.

The fund-raising charity bowling event, held on 9 May 2013, saw 15 corporate teams (comprising vendors, customers and industry players) compete with nine staff teams in a friendly bowling competition at Superbowl SAFRA Mount Faber.

GIVE TRASH A 2ND LIFE

Launched on 8 January 2013, 'Give Your Trash a Second Life' is an initiative that leverages on the spring-cleaning activities during the pre-Lunar New Year period to encourage YTL PowerSeraya staff to give their old items a second life, by donating them to our adopted charity, GROW's Thrift Shop. The re-use of old items promotes sustainable living, lightens the burden of our country's landfill and provides additional income to GROW. In all, staff donated a mini-van load full of second-hand items ranging from stuffed toys to clothing and books.

ENERGY SAVERS PLUS CONTEST

An annual contest held since 2010, the Energy Savers Plus Contest seeks to get staff and their families to save energy and water in their own homes.

A PEOPLE'S ECONOMY

POT PAINTING WORKSHOP AND BAZAAR

Conducted by three artistically-inclined individuals with cerebral palsy, from the Company's adopted charity, Goodwill Rehabilitation & Occupational Workshop (GROW) of the Cerebral Palsy Alliance Singapore, this workshop was attended by staff who paid a fee to learn how to decorate pots. In conjunction with this initiative, the Company also gave away plants as part of the Eco Office initiative to promote good indoor air quality. Staff members made a voluntary contribution to GROW for every plant they took. A total of S$537 was raised from the workshop, including voluntary contributions from staff.

In another initiative held in October 2012, the Company organised a two-hour lunchtime bazaar in aid of GROW. Staff bought hand-made art & craft as well as second-hand items from GROW's Thrift shop, which raised a total of S$345.

NURTURING YOUTHS OF TOMORROW

Two of our employee's children have received the 2012 Nithiah Nandan Book Prize, in recognition of their exemplary non-academic achievements. This book prize was set up in honour of the late executive secretary of the Union of Power and Gas Employees, for his passion for lifelong learning and serving others before self. Since the inception of this award in 2008, 15 youths have received this prestigious book prize, which recognises youths with musical or artistic talents, or who have made meaningful contributions to the community or the environment.

Four students from the Nanyang Technological University (NTU) were accepted into the YTL PowerSeraya Scholarship programme in 2013. A yearly affair since 2008, the Company accepts between two to six NTU students with outstanding academic results. The Company has so far given out scholarships worth S$176,000 to 10 outstanding tertiary students. This scholarship programme ends in 2014. The Company also participated in a new scholarship programme this year, known as the Singapore-Industry Programme (SGIS). This scholarship is jointly sponsored by the Singapore government and key industry partners that include power companies in Singapore, to attract and retain young talents in the power sector. In 2013, YTL PowerSeraya sponsored three scholars under the SGIS.

Every year, the Company takes in about 10 to 20 interns, in line with its focus of nurturing youths. In FY12/13, 17 tertiary students, mostly from Singapore universities, had internship stints ranging from two to four months with the Company.

EMPOWERING CONSERVATION

Working on conserving the earth while providing power solutions is possible. We have many active programmes to ensure this harmonious agenda.

OUR ENVIRONMENTAL FOOTPRINT

Being mindful of how our operations can affect our surroundings, we have treaded with care to ensure that we take priority in protecting our environment.

OUR PROGRESS WITH CLIMATE CHANGE ACTION & BEYOND

Over the years, the Company invested in power generation and water assets such as the natural-gas fired Cogeneration Plant and Seawater Desalination Plant, of which synergies combine to contribute a large proportion of the power plant's electricity and high pressure steam generation baseload. While these are revenue-generating efforts, the Company managed to make positive contributions to its environmental footprint with progressive reductions seen in its Greenhouse Gas (GHG) and Water Intensities in the past four years.

In the past decade, the Company also shifted to greater use of less carbon intensive fuels. In 2002, 100% of the power generated by the Company was from heavy fuel oil. As of 30 June 2013, only 18% of the power generated was from heavy fuel oil, with the remaining 82% from natural gas (50% less carbon intensive as heavy fuel oil). The Company also saw energy efficiency improvements with overall thermal efficiency of the power plant in FY12/13 at 48.7% compared to 42.2% five years ago. Auxiliary power consumption, which represents the energy consumed by the power plant operations, also made modest gains with the auxiliary power percentage of total power generated dropping to 4.2% in FY12/13, compared to 4.6% the previous year.

Looking into the future, the rapid shale gas developments in the United States and the recent opening of Singapore's LNG terminal in 2013 are expected to create greater accessibility and availability to natural gas supplies for the Company. In Singapore's current disadvantaged situation in renewable energy, natural gas is projected to be the dominant fuel source for electricity and steam sales generation in the future. The Energy Conservation Act which came into force in 2013, coupled with future plans for an energy management system in the Company, will also see energy efficiency improvements in the coming years. All these developments point to a future of lower GHG intensity for the Company.

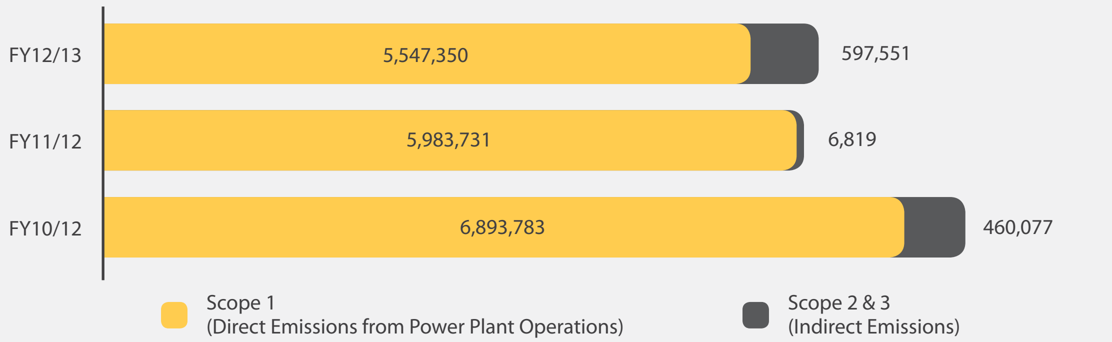
In relation to the demand aspect, local legislation on commercial energy use and large industrial energy users is expected to become tighter in the coming years. While these present regulatory risks to the Company, there will also be opportunities for it to offer energy efficiency solutions to customers, as more consumers become more aware and conscious about the benefits of being energy efficient.

OUR ENVIRONMENTAL FOOTPRINT

The prudent resource management measures deployed at the power plant and at customer premises collectively contribute towards the Company's climate change action. These efforts, together with the Company HQ's office resource management under the Eco Office certification programme and the Company's investments in educating the schools and the community at large, stress on the importance of energy conservation. One example is the Company's flagship sustainability programme, Responsible Energy Advocates Programme (REAP), which holistically depicts the Company's multi-stakeholder approach towards the climate change agenda.

Currently direct GHG emissions (which includes only CO_2 emissions as other GHGs like SF6 are very insignificant) are largely from power plant operations (i.e. Scope 1 of the GHG Protocol). Indirect GHG emissions come from electricity purchased from the electricity pool, administered by the Electricity Market Company (Scope 3) and electricity consumed at the Company headquarters (Scope 2) which comprises a much smaller share. The chart below shows the Company's GHG Emissions in detail. Looking into the future, the Company has set three-year GHG targets to reduce its Scope 1 emissions. By 2016, the Company aims to reduce its GHG intensity (Scope 1 – Direct Emissions) from 2013 levels by as much as 4.8%.

DIRECT & INDIRECT EMISSIONS (in metric tonnes)



OUR ENVIRONMENTAL FOOTPRINT

THE POWER PLANT AND THE ENVIRONMENT

The power plant consumes vast amounts of raw materials to deliver two main products, namely electricity and high pressure steam. Air emissions, trade effluent and solid waste (including hazardous substances) are responsibly managed by the Company and kept within the local environmental regulatory limits. There is currently no local legislation to manage GHG emissions (mainly CO_2) reductions. As such, any GHG reductions by the Company are done on a voluntary basis. The ISO 14001 environmental management system, which has been in place since 2005, helps to keep environmental performance at the power plant in check. Four significant environmental aspects are being managed and monitored under the ISO 14001 to ensure that the power plant operates in a manner that progressively minimises its impact to the environment.

		GHG EMISSIONS (IN METRIC TONNES)		
		FY10/11 (BASE YEAR)	FY11/12	FY12/13
Direct Emissions	Scope 1 (Power plant operations)	6,893,783	5,983,731	5,547,350
Indirect Emissions	Scope 2 (Electricity consumed at Corporate Office)	219.1	217.6	203.8
	Scope 3 (Electricity purchased from External Sources for reselling)	459,858	6,601	597,348
Total GHG Emissions (Scope 1, 2 & 3)		7,353,860	5,990,550	6,144,902
GHG Intensity (tonnes/MWh)		0.580	0.472	0.502

	FY10/11	FY11/12	FY12/13	FY12/13 TARGET	ANALYSIS OF FY12/13 PERFORMANCE
GHG Intensity (in tonnes/ MWh) (Scope 1 – Direct Emissions from power plant operations)	0.509	0.471	0.453	Voluntary Internal target: < 0.50 tonnes/MWh Looking ahead, the Company is setting 3-year CO_2 target range of 0.40 to 0.43 tonnes/MWh (based on steam plant running at 5% capacity factor).	3.8% reduction (vs previous FY) in carbon footprint due to energy efficiency improvements coupled with greater use of natural gas.

The CO_2 emissions were calculated using the CO_2 emission factors found in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

OUR ENVIRONMENTAL FOOTPRINT

The ISO 14001 committee meets about seven times a year (one steering committee and six informal working committee meetings) to look at issues that affect the power plant's environmental performance. For monitoring purposes, environmental indicators are tracked against objectives and reported on a monthly and quarterly basis within the department/group and senior management levels respectively. On an annual basis, a management review of the environmental objectives and EMS procedures is conducted as part of the continuous improvement cycle.

The following shows the environmental performance indicators at the power plant that are most material to the Company and stakeholders.

ENERGY

	FY10/11	FY11/12	FY12/13	ANALYSIS OF FY12/13 PERFORMANCE VS LAST FY
Heavy Fuel Oil, Diesel and Natural Gas consumed for power and steam generation Note: Consumption of fuel for power and steam generation (expressed in Joules) is calculated using the actual gross caloric values of heavy fuel oil and by converting natural gas and diesel to tonne-of-oil-equivalent (toe).	105,525,537 GJ	95,888,692 GJ	90,870,192 GJ	Consumption of fuel (i.e. heavy fuel oil, diesel and natural gas) for power and steam generation dipped 5.2%.
Reduction in Energy Consumption (versus previous FY)	4102 MWh (1.14 MJ)	96,003 MWh (26.67 MJ)	56,544 MWh (15.71 MJ)	Increased use of the more efficient co-generation plants has resulted in a reduction in the house load energy consumption (i.e. energy consumed to operate power plant) and a corresponding reduction in GHG emissions.
Reduction in GHG*Emissions (in metric tons of CO_2 equivalent) * CO_2 is the only significant greenhouse gas	2,114	49,403	28,142	
Energy Intensity Defined as energy consumed for electricity and steam generation operations (i.e. house load) divided by energy output (i.e. electricity and steam generated)	47.2	42.7	39.4	Drop in house load by 10.4% has contributed to the 7.7% reduction in the energy intensity.

OUR ENVIRONMENTAL FOOTPRINT

AIR EMISSIONS

	FY10/11	FY11/12	FY12/13	FY12/13 TARGET	ANALYSIS OF FY12/13 PERFORMANCE VS LAST FY
SO_2 Intensity (in tonnes/ MWh) from power plant operations	0.0035	0.0037	0.00058	No target was set for FY12/13. Moving ahead, the Company is setting a three-year SO_2 target range of 0.46 to 0.90 kg/MWh (based on steam plant running at 5% capacity factor and subject to availability of the Flue Gas Desulphuriser).	84.3% reduction in sulphur dioxide emissions due to significant drop in use of heavy fuel oil for power generation and the high operating efficiency (> 95%) of the Flue Gas Desulphuriser (FGD).

WATER CONSUMPTION

	FY10/11	FY11/12	FY12/13	FY12/13 TARGET	ANALYSIS OF FY12/13 PERFORMANCE VS LAST FY
Water Intensity (tonnes/ MWh) – water use from power plant operations	0.198 100% of water consumed for power plant operations are from renewable water sources*	0.177 100% of water consumed for power plant operations are from renewable water sources*	0.172 99% of water consumed for power plant operations are from renewable water sources*	The Company has just embarked on a water management plan to help minimise water wastage.	2.8% reduction in water intensity was achieved. The water intensity reflects the water consumed at the power plant and excludes the steam that is exported for customer use. This means less water was consumed at the power plant for every unit of output of energy delivered (i.e. dispatched as electricity to the grid or exported as steam to customers).

* Desalinated water, reclaimed water and recycled water are considered renewable water sources.

OUR ENVIRONMENTAL FOOTPRINT

WATER CONSUMPTION

	FY10/11	FY11/12	FY12/13	ANALYSIS OF FY12/13 PERFORMANCE
Water Withdrawn/Consumed (in m^3) from the following sources:				The Company is virtually water self-sufficient with its in-house desalination plant meeting almost 80% of the power plant's water demand in FY12/13.
Desalinated water from seawater	2,901,146	2,674,745	2,406,525	
Waste Water (reclaimed waste water from other industries, recycled water (i.e. Singapore's NEWater))	594,211	472,014	609,247	
Municipal water supply	0	0	30,462	

		FY10/11	FY11/12	FY12/13	ANALYSIS OF FY12/13 PERFORMANCE
Water Recycled and Reused	in m^3	111,780	114,719	80,884	Reduced use of the steam plants and less blow down* at boiler system of the steam plants has resulted in a drop in the water recycled.
	Of Total Water Consumed	3.2%	3.6%	2.7%	* When drum water quality falls below a specified threshold, the blow down water will be directed to a sump to be tested for conductivity. Blow down water that falls within conductivity limits will be directed to the water treatment plant for retreatment and reuse, the rest is discharged into the sea.

WATER IN OUR HANDS

In the last fiscal year, the Company completed the exercise of producing a water balance diagram that would help the organisation to understand its water use and identify areas where water efficiency improvements can be made.

In the next few years, there are plans to better manage water in progressive phases. Phase 1 will focus on reducing water in the administrative building of the power station. A list of water saving initiatives has been identified for onward execution. In addition, water tracking and analysis using simple spreadsheets will also be developed. All these are done under Phase 1.

OUR ENVIRONMENTAL FOOTPRINT

The next phase (i.e. Phase 2) will focus on water consumption for process use at the power plants. The plan is to purchase and install ultrasonic flowmeters to enable real-time tracking of water consumption. This will make it easier to identify water losses and leakages and also better correlate water losses to plant processes or activities.

MANAGING TRADE EFFLUENT

The end process of power generation results in trade effluent, which is treated before it is discharged into the open sea. In FY12/13, the total volume of water discharged as trade effluent fell by 9.9% (vs FY11/12) to 291,838 m^3. The trade effluent undergoes stringent quality checks for heavy metals, biological oxygen demand (BOD) and chemical oxygen demand (COD) to determine whether it has any significant effect on fish or aquatic plants.

The effluent samples are taken biannually and sent to an accredited laboratory for tests. For the past five years (FY08/09 to FY12/13), the trade effluent discharge was in full compliance with the Environmental Protection and Management (Trade Effluent) Regulations (2005).

HANDLING SOLID WASTES

Industrial solid wastes typically being generated at our power plant include items such as boiler slag, waste oil and general waste. In addition, some waste such as ash and sludge wastes are collected and treated before being sent to the landfill. Some toxic wastes like boiler slag are treated in accordance with local regulations before disposal. In FY12/13, about 4156.5 tonnes of solid waste (including hazardous waste but excluding gypsum) were generated. This is 24.5% less than the previous year.

In FY12/13, an estimated 39,000 tons of gypsum was produced. A useful by-product formed through a chemical process involving sulphur dioxide and limestone at the power plant, gypsum is deemed hazardous waste under the Basel Convention and is shipped overseas to cement and plaster board companies for use in the construction industry.

NO OIL SPILLS

There have been no recorded oil spills the last FY nor in the past seven years since the Company started disclosing its environmental performance via its sustainability reports. Every year, the Company collaborates with Oiltanking on joint oil spill exercises aimed at familiarising the procedures set out in the oil spill response plan. This ensures that both companies are well prepared to contain any oil spill incidents in a timely and effective manner to minimise damage to the environment.

OUR ENVIRONMENTAL FOOTPRINT

COMPLIANCE WITH NATURE

There were no financial penalties, fines or non-monetary sanctions imposed on the Company in FY12/13 and the previous four years. This demonstrates the effort in keeping to strict regulations, which are beneficial to the environment.

ENVIRONMENTAL GRIEVANCE MECHANISM

A procedure under the ISO 14001 Environmental Management System exists to handle complaints/grievances from external parties on environmental matters affecting them. Environmental complaints that may affect the Company's reputation are escalated to the Corporate Communications Department and logged in the Environmental Communications Log. In FY12/13, the National Environment Agency (NEA) of Singapore requested an explanation from the Company for not running the Flue Gas Desulphuriser (FGD) even though the sulphur dioxide emissions were within the regulatory limits. The Company has since provided explanation and resolved the matter to NEA's satisfaction.

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES

In FY 12/13, the Company incurred a total expenditure of S$3.1 million to maintain its main environmental protection assets (i.e. Flue Gas Desulphuriser (FGD), Wastewater Treatment Plant and Electrostatic Precipitator) in good operating condition. Compared to the previous FY, maintenance expenditure for the the FGD (i.e. the unit that removes sulphur dioxide emissions) and EP (i.e. the unit that removes the particulate matter) decreased significantly due to the much reduced running up of the oil-fired steam plants.

(FIGURES IN S$ MIL)	FY10/11	FY11/12	FY12/13
Expenditure on maintenance of FGD, Wastewater Treatment Plants and Electrostatic Precipitator	7.7	7.0	3.0 (includes investment in non-ozone depleting refrigerants)

OUR ENVIRONMENTAL FOOTPRINT

DOING OUR PART AS AN ECO OFFICE

MINIMISING OFFICE ENERGY USE

As a certified Eco Office for several years, the corporate HQ managed to reduce its energy use (on per head basis) by 20.6% over the period of 2008 to 2013*. In absolute terms, an estimated 99,500 kWh of energy was saved over the same five-year period (equivalent to an approximate 50 tonnes of CO_2 emissions^ avoided) despite annual headcount increasing by 14.2%.

GREENING IT

Since 2008, the corporate HQ's in-house data room saves about 80% energy savings (thus avoiding an approximate 125 tonnes of CO_2^ emissions annually) through the adoption of virtualisation technology.

PAPER FROM RESPONSIBLE FOREST SOURCES

Since 2008, the Company has been using paper from sustainable forest sources certified by the Forest Stewardship Council, even though it comes at a higher price compared to non-certified sources. To offset the price premium, a paper conservation programme was put in place in the same year which managed to successfully reduce enough paper in the following year to offset the price increase.

Till today, the paper conservation programme continues to reduce paper use in the office. Over the 2008 to 2013 period, the per head paper consumption was reduced by more than 50%. In this same five-year period, the office managed to reduce 15 tonnes of paper use.

* 2013 figures are annualised figures based on Year-To-Date (Jan to Aug 2013) data. This is because full year 2013 data was not available at the time this report was produced.
^ CO_2 emissions are calculated using the 2012 Electricity Grid Emission Factor (Simple Operating Margin) of 0.4977 kg/kWh (Source: National Environment Agency, Singapore).

OUR ENVIRONMENTAL FOOTPRINT

"The REAP programme is a good platform for teenagers like me to be more educated and aware about energy conservation. I would recommend this programme to my friends."

– Ng Rui Qin, a Singapore Polytechnic student that participated in the REAP programme

A COMMUNAL ECO ACTION

COMPANY'S FLAGSHIP REAP PROGRAMME GAINS TRACTION

The Company's flagship sustainability programme, Responsible Energy Advocates Programme (REAP), educates tertiary students on energy conservation through a specially tailored four-day workshop every year. The students then proceed to help households save energy over a three to four month energy monitoring period and complete the programme with an energy conservation project for a defined community of the student's choice.

Developed with partners from the public and people sectors, namely the National Environment Agency and South West Community Development Council, the REAP programme has pulled off commendable results with 31% of the participating households achieving 10% or more energy savings consistently in 2011 and 2012. The top energy household in 2012 achieved an outstanding 57.6% in energy savings.

In 2012, REAP expanded its outreach beyond tertiary students to about 100 secondary school students through a pilot called REAP 'Junior'. The following year, the number increased five-fold to include 500 secondary school students from nine secondary schools in the South West and South East districts. Under the REAP Junior programme, the students attend workshops where they are taught how to read a utility bill as well as energy-saving measures that can be adopted in their homes. They are also given a self-assessment checklist to help them in their energy-saving journey over a three-month energy monitoring period.

OUR ENVIRONMENTAL FOOTPRINT

ENERGY EFFICIENCY MAKEOVERS IN CELEBRATION OF EARTH DAY

Held in conjunction with Earth Day, the Energy Makeover Initiative, which was launched in late April 2013, attracted about 30 sign-ups from cost-conscious as well as environment-conscious customers. Through a selection process, five customers were eventually chosen to enjoy brand new fittings such as energy efficient lights for office and industrial areas, heat-reducing solar window films as well as energy conserving printers/copiers. This initiative was made possible with the collaborative efforts of Seraya Energy's strategic products and solutions partners that delivered and installed the fittings at the customers' premises.

From this effort, the Energy Makeover Initiative was able to deliver an estimated annual energy savings of 40,000 kWh and a reduction of 20 tonnes of CO_2 emissions per year. Some of the fittings not only provided energy savings from the very first day they were installed at the customer premises, but also helped to provide an efficient and productive working environment for customers.

One example is F&N Creameries' Sales Office, which is frequently subjected to the heat of the afternoon sun. With the Energy Makeover, heat-reducing window film was installed, thus providing comfort to the sales staff. Resulting from this, the Sales Office was able to raise the air-conditioning temperature, reaping energy savings at the same time. In addition, part of the Energy Makeover Initiative to F&N Creameries included a proposal to optimise the entire office printer/copier environment which would see a smaller printer/copier fleet supporting existing business operations. This will not only translate into energy savings but also result in an increase in office productivity.

This Energy Makeover not only serves to educate customers that there are cost savings to be reaped from energy efficiency improvements in their workplace, it is also a testament of Seraya Energy's on-going endeavour to bring value to its customers.

OUR ENVIRONMENTAL FOOTPRINT

ENERGY EFFICIENCY MAKEOVERS FOR CUSTOMERS

			ENERGY EFFICIENT INSTALLATIONS					
CUSTOMER	PREMISE TYPE	OPERATING ENVIRONMENT	REPLACED FLUORESCENT LIGHTS (FROM T8 TO T5)	SOLAR WINDOW FILMS TO REDUCE HEAT GAIN	REPLACED PRINTERS AND MULTI-FUNCTION DEVICES TO ENERGY EFFICIENT ONES	REPLACED METAL HALIDE HI-BAY LIGHT TO ENERGY EFFICIENT ONES	REPLACED EXISTING T8 FLUORESCENT LIGHTS WITH LED ONES	REPLACED HALOGEN SPOTLIGHTS WITH LED ONES
A Singapore company with a strong local brand name in the ice cream business	Two-storey JTC factory	Office	■	■	■			
An MNC operating megastores selling home furnishings and electrical goods in Singapore	Multi-storey building with retail and warehouse operations	Warehouse	■				■	
A Singapore SME with marketing and distribution operations for various ice-cream brands	Single storey JTC factory	Cold room				■		
A global, multi-disciplinary engineering services company in Singapore	Leased office premise in a building	Office	■	■				
An MNC manufacturing aerospace accessories in Singapore	Two-storey JTC factory	Test Cell	■					■

OUR ENVIRONMENTAL FOOTPRINT

4,000th VISITOR AT THE ENERGY LEARNING HUB

The Energy Learning Hub (ELH), located at the premises of the Company's adopted educational institution, Greenridge Secondary School, received its 4,000th visitor as of June 2013 since its establishment in late 2009. The ELH serves as a resource centre for students to learn about energy and its association with climate change. It has a potential outreach covering 11,000 students, 770 teaching staff and the larger Zhenghua Community where Greenridge is located. Besides local students, the ELH has hosted overseas student delegations from countries such as China and Korea.

INTERNATIONAL COASTAL CLEANUP

International Coastal Cleanup Day, which fell on 21 September 2013, saw a total of 20 volunteers comprising staff from YTL PowerSeraya and students from the Singapore Polytechnic Environment Club. They teamed up to clean a 200 metre beach-stretch along the East Coast Park. This is the sixth consecutive year since 2008 that YTL PowerSeraya has partnered Singapore Polytechnic Environment Club in this coastal cleanup initiative. In total, about 23 kg of trash was picked up by the volunteers that morning. Each volunteer had to note down the type of trash item into a data card before throwing it into the trash bag. The data card information was then collated by the volunteers and submitted to the Raffles Museum of Biodiversity (RMB), the local agency representing Singapore, which would subsequently submit the data to the United Nations.

OUR ENVIRONMENTAL FOOTPRINT

OBSERVING EARTH HOUR FOR THE SIXTH YEAR

YTL PowerSeraya organised their own Earth Hour observance on 22 March 2013, making it the sixth consecutive year that the Company has participated in this initiative. On that day, staff at the corporate office, as well as the power plant, switched off non-essential lights from 11am right through lunchtime, to renew their commitment to climate change action.

Concurrently, an Earth Hour contest was also organised for customers of Seraya Energy (the retail arm of YTL PowerSeraya). They participated in answering a list of questions and pledged to observe Earth Hour. As part of the contest, customers were also given a survey that sought to find out the type of energy efficient products or solutions they would like to see bundled in their electricity solutions from Seraya Energy.

TABLE OF PERFORMANCE INDICATORS (GRI CONTENT INDEX)

GRI CONTENT INDEX

This GRI Content Index is prepared in accordance with the Global Reporting Initiative (GRI) G4 report framework. It covers General as well as Specific Standard Disclosures management approaches and performance indicators that have been externally assured by an independent assuror.

GENERAL STANDARD DISCLOSURES	INDICATOR	PAGE	EXTERNAL ASSURANCE
Strategy And Analysis			
Strategy from the Top	G4-1	12 - 13	Externally Assured. See Assurance Statement on Page 6.
Key Impacts, Risks & Opportunities	G4-2	12 - 13, 24 - 25	
Organisational Profile			
Organisation Name & Primary Products	G4-3	4	Externally Assured. See Assurance Statement on Page 6.
	G4-4	4	
Countries Operated	G4-5	4	
	G4-6	4	
Ownership & Legal Form	G4-7	4	
Markets Served	G4-8	4	
Scale of Organisation	G4-9	4	
Employee Profile	G4-10	4	
Employees under Collective Bargaining	G4-11	4	
Organisation's Supply Chain	G4-12	22, 26 - 27	
Significant Changes during Report Period	G4-13	4	
External Commitments	G4-14	52	
Principles & Charters Subscribed	G4-15	4	
Association Memberships	G4-16	42	
Identified Material Aspects And Boundaries			
Entities covered in Report	G4-17	5	Externally Assured. See Assurance Statement on Page 6.

GENERAL STANDARD DISCLOSURES	INDICATOR	PAGE	EXTERNAL ASSURANCE
Identified Material Aspects And Boundaries			
Process of Defining Report Content	G4-18	7 - 9	Externally Assured. See Assurance Statement on Page 6.
List of Material Aspects	G4-19	10 - 11	
Aspect Boundary	G4-20	10 - 11	
	G4-21	10 - 11	
Restatements	G4-22	6	
Changes to Scope & Aspect Boundaries	G4-23	4	
Stakeholder Engagement			
Stakeholder Listing	G4-24	45	Externally Assured. See Assurance Statement on Page 6.
Stakeholder Identification	G4-25	45	
Approach to Stakeholder Engagement	G4-26	46 - 52	
Key Stakeholder Topics	G4-27	46 - 52	
Report Profile			
Reporting Period	G4-28	5	Externally Assured. See Assurance Statement on Page 6.
Previous Report	G4-29	5	
Reporting Cycle	G4-30	5	
Contact for Report Concerns	G4-31	7	
GRI Content Index	G4-32	5 - 6	
Independent Assurance Statement	G4-33	6	
Governance			
Governance Structure for CSR	G4-34	38	Externally Assured. See Assurance Statement on Page 6.
Delegation of Authority for CSR	G4-35	38	
Appointed CSR Person	G4-36	38	

GENERAL STANDARD DISCLOSURES	INDICATOR	PAGE	EXTERNAL ASSURANCE
Governance			
Consultation between Board & Stakeholders on CSR	G4-37	38	Externally Assured. See Assurance Statement on Page 6.
Board Composition	G4-38	37	
Board Chairperson	G4-39	37	
Selection of Board Members	G4-40	38	
Management of Conflict of Interest by Board	G4-41	37	
Board's Role in CSR Strategy & Policy	G4-42	38	
Developing Board's Knowledge of CSR	G4-43	38	
Identification & Management of CSR by Board	G4-45	38	
Board's Role in Risk Management	G4-46	39 - 40	
Frequency of Board's Review of CSR Risks & Impacts	G4-47	38	
Approval of Sustainability Report	G4-48	5	
Communication of Critical Concerns to Board	G4-49	38	
	G4-50	38	
Remuneration of Board & Senior Management	G4-51	38 - 39	
	G4-52	38 - 39	
Stakeholder Views on Remuneration	G4-53	39	
Ethics And Integrity			
Code of Conduct, Ethics	G4-56	37	Externally Assured. See Assurance Statement on Page 6.
Helplines & Reporting of Unlawful, Unethical Behaviour	G4-57	37	
	G4-58	37	

If you have any questions on the report, please channel them to csr@pseraya.com.sg.

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES – MANAGEMENT APPROACH				
MATERIAL ASPECTS	DMA	PAGE	EXTERNAL ASSURANCE	OMISSIONS
Indirect Economic Impacts	G4-DMA	33 - 35	Externally Assured. See Assurance Statement on Page 6.	Nil
Procurement Practices		35 Click here for more information.		
Energy		64 - 65		
Emissions		66		
Supplier Environmental Assessment		Click here for more information.		
Environmental Grievance Mechanism		71		
Employment		54 - 56		
Occupational Health and Safety		58		
Equal Remuneration for Women and Men		59		
Supplier Assessment for Labour Practices		59		
Labour Practices Grievance Mechanisms		59		
Investment		Click here for more information.		
Freedom of Association and Collective Bargaining		48		
Human Rights Grievance Mechanisms		Click here for more information.		
Local Communities		51, 61 - 62		
Anti-corruption		42		
Public Policy		46		

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES – PERFORMANCE INDICATORS				
MATERIAL ASPECTS	INDICATORS	PAGE	EXTERNAL ASSURANCE	OMISSIONS
Economic				
Direct Economic Value	G4-EC1	32 - 33	Externally Assured. See Assurance Statement on Page 6.	Nil
Climate Change, Risk & Opportunities	G4-EC2	64		
Contributions to Employee's Social Security	G4-EC3	34		
Pro-business measures from Government	G4-EC4	35		
Basic Salary Ratio by Gender	G4-EC5	59		
Indirect Economic Impacts	G4-EC8	34 - 35		
Proportion to Spending in Local Supplies	G4-EC9	35		
Environmental				
Energy	G4-EN3	66 - 67	Externally Assured. See Assurance Statement on Page 6.	Nil
	G4-EN5	67		
	G4-EN6	67		
Water	G4-EN8	69		
	G4-EN9	69		
	G4-EN10	69		
Emissions (Greenhouse Gases and Sulphur Dioxide)	G4-EN15	66		
	G4-EN16	66		
	G4-EN17	66		
	G4-EN18	66		
	G4-EN19	67		
	G4-EN21	68		
Effluent and Waste	G4-EN22	70		
	G4-EN23	70		
	G4-EN24	70		
	G4-EN25	70		
Compliance	G4-EN29	71		
Environmental Expenditures & Investments	G4-EN31	71		

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES – PERFORMANCE INDICATORS				
MATERIAL ASPECTS	INDICATORS	PAGE	EXTERNAL ASSURANCE	OMISSIONS
Environmental				
Environmental screening of suppliers	G4-EN32	35	Externally Assured. See Assurance Statement on Page 6.	Nil
Environmental Grievance Mechanisms	G4-EN34	71		
Social				
Employment	G4-LA1	56	Externally Assured. See Assurance Statement on Page 6.	Nil
Labour/Management Relations	G4-LA4	48		
	G4-LA5	58		
	G4-LA6	58		
Training and Education	G4-LA9	57		
	G4-LA10	57		
	G4-LA11	56		
Diversity and Equal Opportunity	G4-LA12	56		
Equal Remuneration for Women and Men	G4-LA13	59		
Labour Practices Grievance Mechanisms	G4-LA16	59		
Investment	G4-HR1	Click here for more information.		
	G4-HR2	59		
Non-Discrimination	G4-HR3	59		
Freedom of Association & Collective Bargaining	G4-HR4	Click here for more information.		
Child Labour	G4-HR5			
Forced or Compulsory Labour	G4-HR6			
Anti-Corruption	G4-SO3	43		
	G4-SO4	43		
	G4-SO5	43		
Product Responsibility	G4-PR5	49		

GRI CONTENT INDEX

ELECTRIC UTILITY SECTOR SUPPLEMENT INDEX

The accompanying table covers the electric utility sector disclosures and performance indicators that are material to the Company's business. As the Company does not own, operate nor maintain any transmission, distribution assets nor nuclear facilities, the table excludes items relating to the abovementioned assets and facilities. The Company is only involved in the power generation business. As such, the responsibility of ensuring the long-term electricity availability, reliability and accessibility in Singapore is not under the purview of the Company but rather lies with the relevant Singapore government agencies. In addition, the Company operates in Singapore, a non-Annex 1 country under the Kyoto Protocol. For this reason, the Company does not need to be involved in CO_2 permits.

ELECTRIC UTILITY SECTOR SUPPLEMENT INDEX				
INDICATOR OR COMMENTARY DESCRIPTION	INDICATORS	PAGE	EXTERNAL ASSURANCE	OMISSIONS
Organisational Profile				
Installed Capacity	EU1	Click here for more information.	Externally Assured. See Assurance Statement on Page 6.	
Net Energy Output	EU2	32		
Number of Accounts	EU3	28		Company is only able to provide market share numbers
Economic				
Demand Side Programmes	EU7	49, 64, 73 - 76	Externally Assured. See Assurance Statement on Page 6.	
Generation Efficiency	EU11	64		
Environmental				
Commentary - Total water withdrawal by source	EN8	69	Externally Assured. See Assurance Statement on Page 6.	
Commentary - Greenhouse gas emissions	EN16	65 - 66		
Commentary - Greenhouse gas reduction initiatives	EN18	66 - 67		
Commentary - Air Emissions	EN20	68		
Commentary - Water Discharge	EN21	70		
Commentary - Waste Type & Disposal Method	EN22	70		
Product Responsibility				
Average plant availability factor by energy source and by regulatory regime	EU30	27	Externally Assured. See Assurance Statement on Page 6.	

GRI CONTENT INDEX

ELECTRIC UTILITY SECTOR SUPPLEMENT INDEX				
INDICATOR OR COMMENTARY DESCRIPTION	INDICATORS	PAGE	EXTERNAL ASSURANCE	OMISSIONS
Labour Practices				
Programmes and Processes to ensure the availability of a skilled workforce	EU14	56 - 57	Externally Assured. See Assurance Statement on Page 6.	
Policies and requirements regarding health and safety of employees, contractors and subcontractors	EU16	58		
Commentary - Staff Turnover	LA2	56		
Commentary - Percentage of employees covered by collective bargaining agreements	EU LA4	48		
Commentary - Rates of injury, occupational diseases, lost days, absenteeism and total number of work related fatalities by region	EU LA7	58		
Human Rights				
Commentary - Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights	EU HR5	48	Externally Assured. See Assurance Statement on Page 6.	
Society				
Stakeholder participation in the decision making process related to energy planning and infrastructure development	EU19	47	Externally Assured. See Assurance Statement on Page 6.	
Contingency planning measures, disaster/ emergency management plans and training programmes, and recovery/restoration plans	EU21	43		