



DYNAMIC COLOURS

SUSTAINABILITY
REPORT

2017



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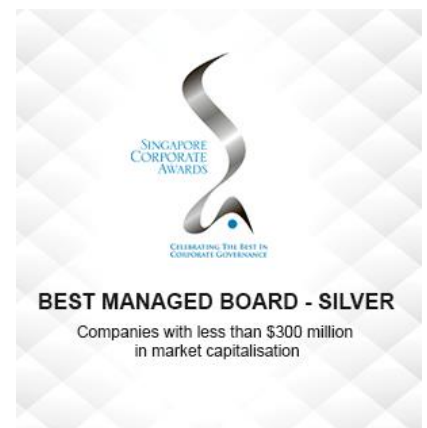
ABOUT THIS REPORT

BOARD STATEMENT

Dynamic Colours Limited (DCL) recognises the importance of our roles as responsible corporate citizens towards our stakeholders while in pursuit of a sustainable future that enhances long term shareholder value. Our stakeholders comprise shareholders, customers, employees, suppliers and the communities and environment in which we operate.

DCL's sustainability approach focuses on maintaining resilience to adapt to changing business landscape through deployment of sustainable and efficient processes by improving the bottom line, developing our human capital and making positive contributions to the communities and the environment. The board of directors of DCL (Board) oversees the management and monitoring of these factors and takes them into consideration in the determination of the Company's strategic direction and policies. Sustainability is part of DCL's wider strategy to create long term value for all our stakeholders.

Given our success on being given the Best Managed Board 2017 Award at the Singapore Corporate Awards 2017, we aim to provide sustainability reports on our long-term strategic direction. We are therefore pleased to present DCL's inaugural annual Sustainability Report, for our financial year ended 31 December 2017.



REPORTING PERIOD AND SCOPE

This report is set out on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual on Continuing Listing Obligations. Corresponding to G4’s emphasis on materiality, this report covers the key areas of sustainability, namely environmental, social and governance-related initiatives carried out throughout the 12-month period, from 1 January 2017 to 31 December 2017.

As part of developing our Sustainability Report, we are focussing our first report on our production facility in Malaysia. We will build upon our sustainability reporting in the following years.

REPORTING FRAMEWORK

DCL has chosen the Global Reporting Initiative’s (“GRI”) framework *G4 Sustainability Reporting Guidelines and SGX Guidelines on Sustainability Reporting*. GRI is the most established international sustainability reporting standard in respect of the scope to which such a framework is applied.

FEEDBACK

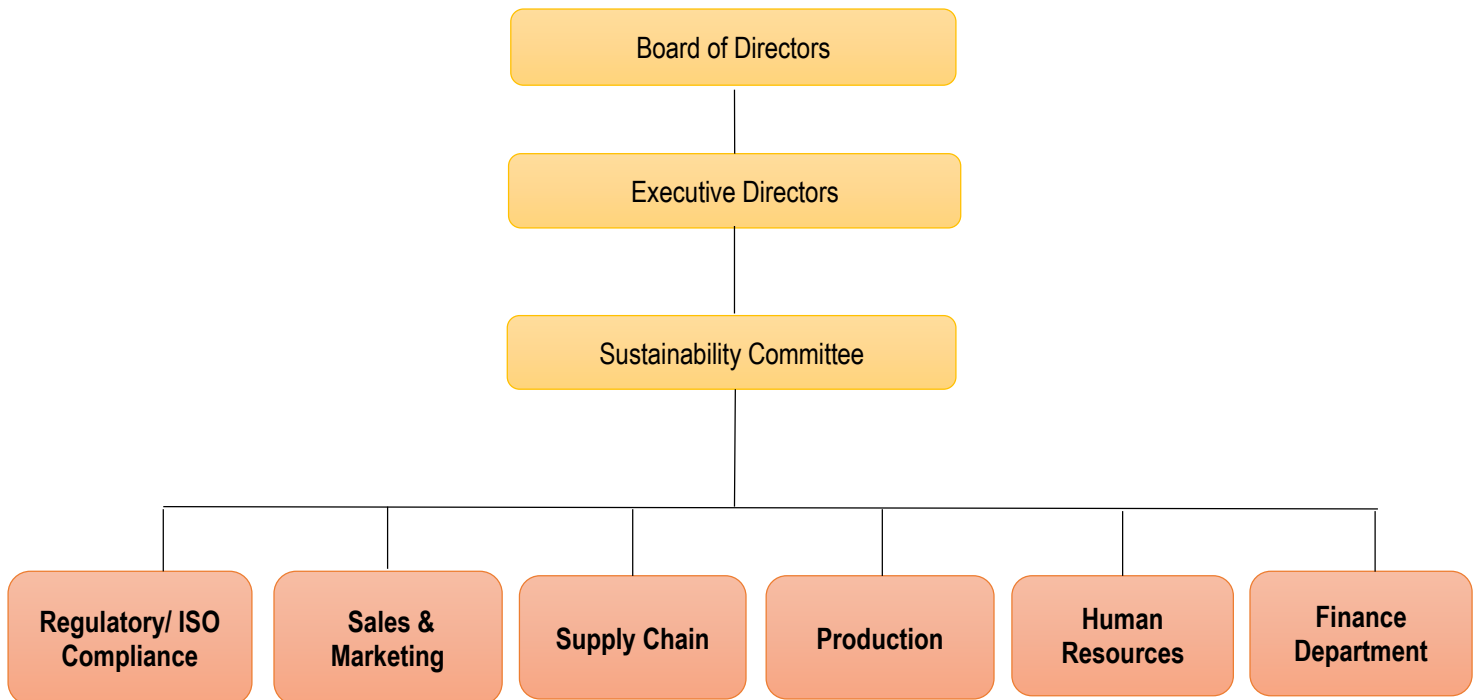
We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to enquiry@dynamiccolours.com.

OUR APPROACH TO SUSTAINABILITY

As a manufacturer with extensive operations regionally, strategic reviews and efforts have been put in to ensure the Group's commitment toward a Sustainable Growth for the future. The Group has in place these 3 pillars of continual processes that will able Dynamic Colours to achieve its long-term strategic goals:



SUSTAINABILITY COMMITTEE



SUSTAINABILITY GOVERNANCE

At DCL, we believe that strong governance is the key to a sustainable business. Being awarded the Best Managed Board 2017 at the Singapore Corporate Awards 2017 is a testament to the good governance put in place and leadership of the board. Throughout 2017, we continue to comply with the Code of Corporate Governance. Please refer to the Annual Report 2017 pages 13 to 48 on the details of the Corporate Governance Report.

It is a continual challenge to successfully manage the environmental and social issues. DCL has incorporated this into our business model and implemented sustainable and responsible practices throughout. The company fully supports the United Nations Global Compact, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. Our products and services meet all the requirements demanded by our customers and the regulatory bodies. We meet all environmental and safety standards that are expected of us.

DCL pays strict attention to enforcing good labour practices in all our operations. The company provides many training opportunities for continued employee development and this is reflected in the quality and delivery of our products and solutions. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through challenging times in the past. DCL strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

ENTERPRISE RISK MANAGEMENT (ERM)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables DCL to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, pages 30 to 39.

BUSINESS ETHICS, ANTI-CORRUPTION AND COMPLIANCE

Here at Dynamic Colours, we do not tolerate corruption in any form. This has been made clear to all of our employees, our suppliers and our business partners. Any report of corruption is escalated to the attention of the Chairman.

When it comes to hiring, we take seriously any possibility of conflict of interest. Our code of conduct clearly spells out DCL's expectations from our staff and the consequences if any of the rules are violated or standards not met. Of course, we also have clear and fair grievance procedures.

Business ethics are communicated to all our heads of business units regularly and they must fully understand that compliance with rules and regulations is a key part of running a responsible business. The Company regularly updates key staff with developments in international and local regulations. DCL fully complies with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety. We prohibit corruption in all forms, including extortion and bribery.

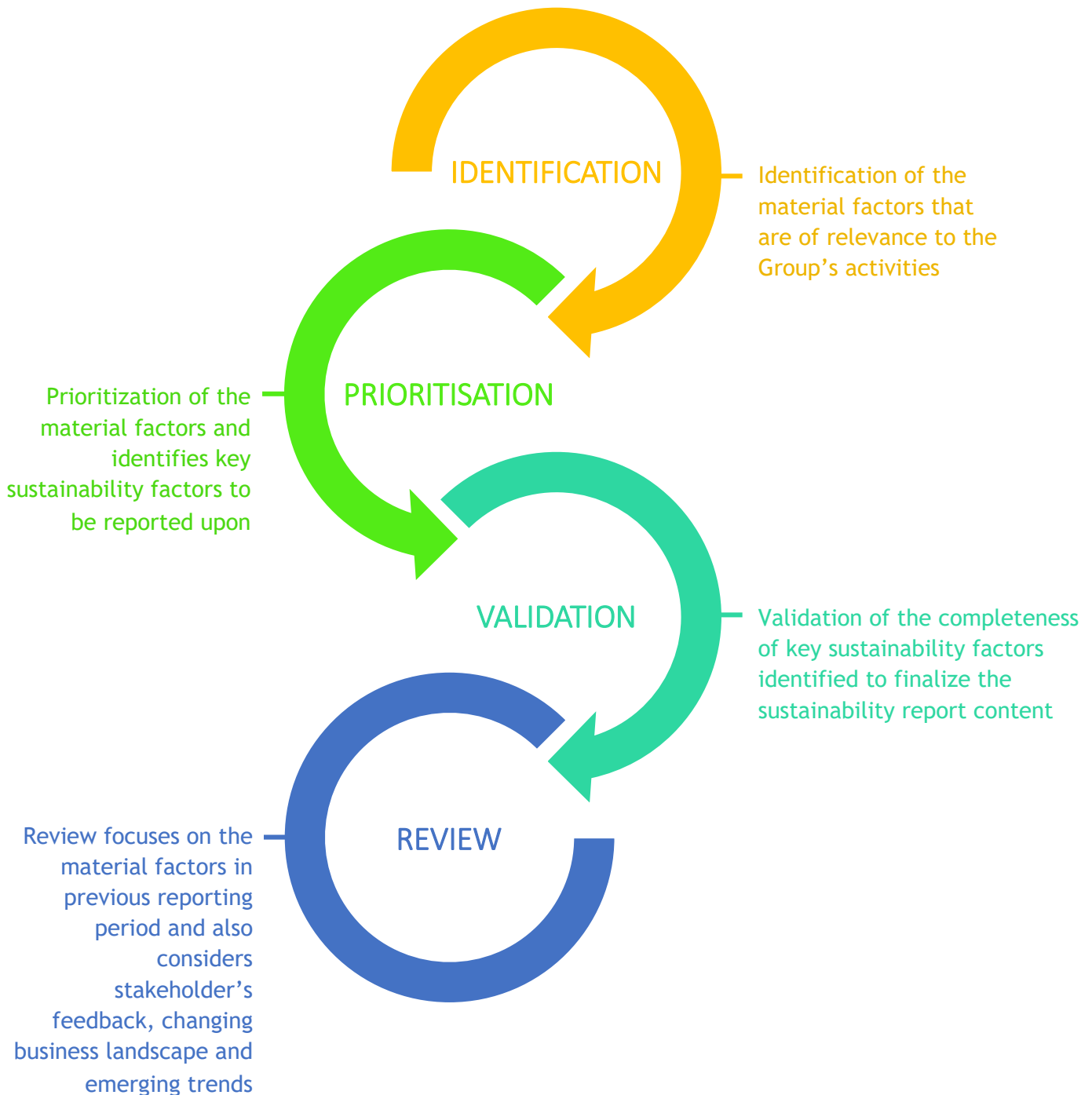
Cyber security and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. DCL takes measures to guard against cyber risks for both our internal and external stakeholders by complying with the Personal Data Protection Act Policy. This policy also applies to our employment process where the privacy of all applicants

is safeguarded and access to personal data is restricted to authorised persons senior management on a need-to-know basis.

For FY2017, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period. It is DCL's goal to maintain zero incidents of corruption. We will regularly review policies on whistleblowing and anti-corruption.

SUSTAINABILITY REPORTING PROCESS

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. Inter-relations of which are as shown below:



STAKEHOLDERS AND MATERIALITY

STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The table below sets out our engagement with our stakeholders:

Employees - Networking sessions - Open dialogues among teams	Customers - Hotline - Email queries - Customer visits	
Suppliers and Service Providers - Face-to-face meetings - Annual review and feedback sessions	Investors/Shareholders - Group Annual Report - Annual General Meeting - Group Results Announcements - Informal discussion	Government and Regulators - Face-to-face meetings - Regular reports - Participation in discussions

MATERIAL ASPECTS ASSESSMENT

We conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders. Senior management took part along with our consultant. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material factors:

Primary Factor	Material Factor
Economic	1. Economic Performance 2. Market Presence
Environmental	1. Energy consumption 2. Supplier environmental assessment 3. Compliance
Social	1. Fair employment practice & group policy 2. Diversity & inclusion 3. Occupational health & safety 4. Product quality 5. Customer feedback
Governance	1. Business Ethics, Anti-corruption and Compliance 2. Enterprise Risk Management

ECONOMIC

ECONOMIC PERFORMANCE

Here at DCL, we are committed to grow our customers and exceed our customers' expectations and providing them with competitive edge products by enhancing operational efficiency by constantly upgrading our production capabilities via new techniques, technologies and automation of processes, extending range of inventory of quality, brand-name products, providing personal service and competitive pricing and dependable and on-time delivery. For detailed financial results, please refer to the following sections in our Annual Report 2017:

- Financial Highlights, page 06
- Operations Review, page 04 - 05
- Financial Statements, page 59 - 65

Our objective is to establish ourselves to be a market leader in our core and diversified businesses by providing quality products and services at competitive prices.

MARKET PRESENCE

We supply our resin compounding products to plastic injection moulders ("PIMs") and original equipment manufacturers ("OEMs") who in turn serve customers such as Hewlett-Packard, Dell, BenQ, Netgear, Sharp, Sony, Asus, Alcatel and Lego. Our production facilities in Suzhou are amongst the leading companies in Jiangsu Province, PRC, and are strategically located near existing and potential customers. Our other production facilities are located in Malaysia and Vietnam.

In Malaysia, our production facilities manufacture heavy-duty polyethylene bags and other plastic packaging materials. Presently, we serve mainly the petrochemical hub on Jurong Island and our neighbouring countries.

ENVIRONMENT

The Group is aware of the environmental impact from manufacturing activities and is dedicated to ensure our operations and business activities comply with environmental protection regulations and safety regulations.

The Company strives to reduce, reuse and recycle materials wherever possible. We reduce our demands on the environment through designing processes and incorporating environmental considerations at all stages of our production and operation. The Company complied with international guidelines on pollution management.

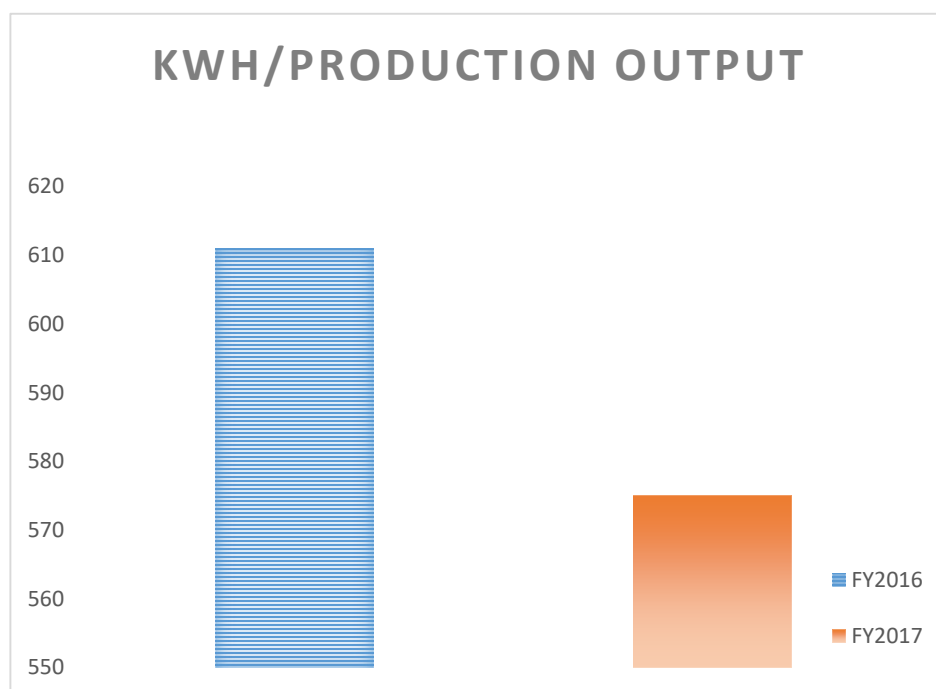
We focus on creating value through our offering of products and services that reduce environmental impact.

The Group is proud to be accredited the following environmental certifications:

- ISO 9001 Certification - ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.
- ISO 14001 Certification - ISO 14001 standard is primarily concerned with the approach of "environmental management", which provides guidance to the organisation in order to minimise harmful effects on the environment caused by business activities and achieve continual improvement of environmental performance.
- RoHS Compliance - RoHS stands for Restriction of Hazardous Substances. RoHS, also known as Directive 2002/95/EC, originated in the European Union and restricts the use of specific hazardous materials found in electrical and electronic products.

ENERGY CONSUMPTION

DCL has been gathering information on electricity usage of our plants and electricity per production output for current year's Sustainability Report.



The slight decrease in FY2017 was due to change in production mix for printed polyethylene packaging rolls and customers' increasing requests to print text on these rolls.

In order to manage energy effectively, we have adopted the following measures:

1. Communicating national and local energy conservation laws and regulations and the Group's energy management policies with management to and enhance their awareness so that goal congruence towards environmental sustainability can be achieved.
2. Operating an Optimex FFS Coex 3-Layer Blow Film Line in PP. This is one of the lowest specific energy consumption levels in the industry. In addition, the flexibility it gives with easy changeovers that can be automated using optional modules and profiles helps reduce time, energy and raw material wastage.
3. Initiating a project to redeploy redesigned lamps at strategic locations to minimize energy usage.
4. Changing to energy saving LED bulbs on a replacement basis moving forward.

The energy use in our offices is small compared to our factory, however it is important to make all our staff aware of their role in protecting the environment at all levels. We have recycling bins for paper and for electronic waste such as printer cartridges and laptops. At DCL, we make

all our staff know that protecting the environment is more than just a corporate social responsibility exercise and we continually find new ways to improve the efficiency of our operations while at the same time reducing our impact on the environment.

SUPPLIER ENVIRONMENTAL ASSESSMENT

Formal supplier environmental assessments will be conducted for FY2018. However, we currently ask that all our suppliers comply with all local laws and regulations. The Company has a relationship with suppliers where we ask them to complete a questionnaire for health and safety purposes. Next year environmental assessment will be included.

SOCIAL

Here at DCL, our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We support and respect the protection of internationally proclaimed human rights.

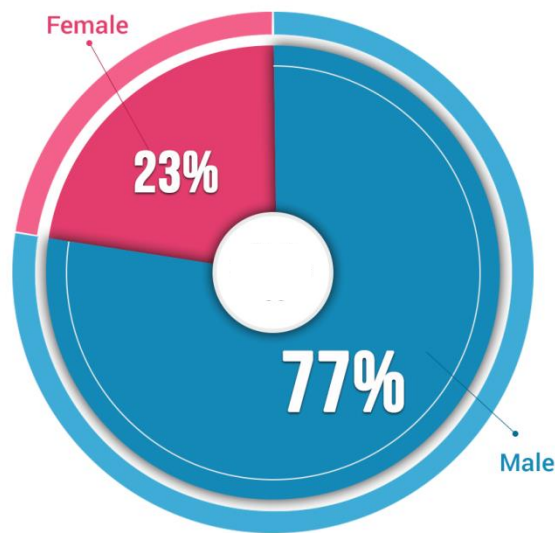
We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

DCL believes in employee training and continual career development. The Company provides competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements, but are given the right to exercise freedom of association. Employees are given a minimum of one month's notice prior to any implementation of significant operational changes that could substantially affect them.

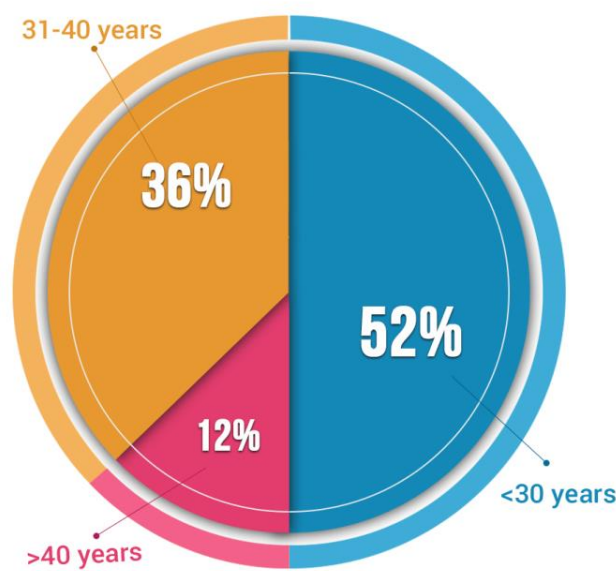
All employees at our operations in Malaysia factory hold permanent contracts and work full-time. We seldom rely on workers who are not full-time employees.

DIVERSITY AND INCLUSION

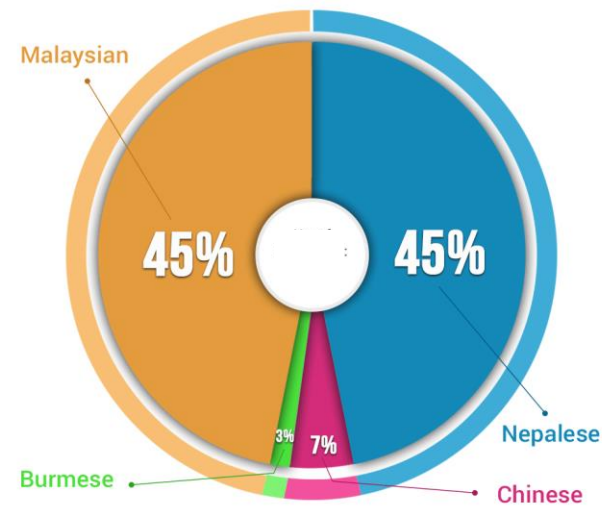
Gender Breakdown



Employee Age Distribution



Global Employee Profile



A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected.



The employee engagement survey is conducted periodically to determine the level of satisfaction and to gather feedback. Employees' inputs are taken into account in the formulation of human resource practices and programmes such as Corporate Social Responsibility (CSR) or Workplace Health Promotion (WHP) activities.

OCCUPATIONAL HEALTH AND SAFETY

We are also committed to safeguarding our employees' health and safety against any potential workplace hazards.

The focus on health and safety is important for DCL to achieve world-class performance. It is not only a fundamental right for our workers to be able to work in a safe environment, but when our employees' wellness is attained, our productivity increases, and our best is given to our customers. From implementing job safety guidelines and procedures to conduct rigorous safety trainings, we are committed to provide a hazard-free workplace to ensure the wellbeing of both our employees and environment.

DCL employs a variety of measures to ensure the health and safety of all our staff. Starting from a methodological documentation of all occupational health and safety issues on an employee level, we listen to all our employees' safety concerns and suggestions. The Company conducts regular safety checks and enforces all relevant health and safety rules. Our employees

are trained to be safety conscious and all potential hazards in the workplace are identified.

Specifically, DCL provides our staff with the following training:

1. ISO 9001 & 14001 Internal Auditors Refresh Training
2. Fire Safety Presentation & Evaluation Drill
3. Quality & Productivity Improvement with 5S
4. ISO9001:2015/14001:2015 Awareness Training
5. GMP Awareness
6. GMP Internal Auditors Training
7. Forklift Operators' & Safety Training

Our new employees undergo the required safety training and drills to familiarize themselves with the operation of the machinery and equipment as well as the safety precautions and procedures during the production process.

We conduct safety risk assessments at all levels and at all operating locations. Staff perform a regular checks using our Plant Safety & Health Audit Checklist to ensure that training is given to new employees, environment is conducive for working, proper processes are in place, machinery have been checked, and that all electrical and junction boxes are in good working condition., Checks are made to ensure materials are stored properly, that there is no obstruction in the event of fire and that proper health precautions are taken. The Plant Safety & Health Audit Checklist is reviewed and followed up by the Production Manager and reviewed by the Safety & Health Officer and signed off by the Safety and Health Chairman. . This is to ensure the internal controls are monitored by management. Any issues will be highlighted by these reports and remedied.

We have a safety committee to oversee the promotion of safety culture and practices in the workplace. Led by a member of our management, the committee includes representatives from each functional department. Quarterly meetings are held to discuss safety related matters, including reviews of changes in regulatory requirements, outcomes of monthly safety inspection, results from regular risk assessments and the necessary preventive measures. The information is then disseminated by committee members to their peers during their respective department meetings. All of our employees are represented by the joint management-worker safety committee.



To prevent noise-induced deafness (NID), all factory production staff is required to use appropriate personal protection equipment at work. It is mandatory that all of our new staff is required to go through audiometric tests, which are followed-up annually to monitor hearing and detect any symptoms of NID. In addition, on a quarterly basis, Huiye Polymer meets authorities on 'safety, health and environment' matters.

Huiye Polymer received the following certifications from Industrial Safety Management Services. Huiye Polymer passed all assessments satisfactorily with no issues.

1. Chemical Health Risk Assessment JKPP IH 127/121-2(51)
2. Noise Monitoring JKJ IH 127/5/3-1 (NO38)
3. Mineral Dust Monitoring JKJ IH 127/5/4-1(16)
4. Lead Monitoring JKPP IH 1279/21-1
5. Hygiene Technician 1 JKPP/IH 127/1/171/-3/1(3)
6. Hygiene Technician 2 JKPP/IH 127/171-3/2(13)

We are pleased to report that we have a zero industrial accidents as well as a zero man-days lost for FY2017. We will continue to stress workplace safety at all times and aim for accident frequency rate of zero in the upcoming years.

PRODUCT QUALITY

In order to maintain product quality the Group is proud to be accredited to the following environmental certifications:

- **ISO 9001 Certification:** ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.
- **Good Manufacturing Practices - WHO-GMP:** Good Manufacturing Practices Certificate gives us the right to be listed in the Directory of registered companies as a manufacturer of food grade polyethylene packaging.



CUSTOMER FEEDBACK

DCL conducts an annual customer survey. The overall rating from our top ten customers for YA2017 has improved from 85 to 88 out of a maximum score of 100. Huiye Polymer was able to meet all expectations listed in the key factors of customer service, receiving a 100% satisfaction rating from our top ten customers, exceeding the target set of 95% customer satisfaction target we had set ourselves. These key factors are as follows:

- Quality of products
- On-time delivery of goods
- Customer services
- Technical Assistance.

ASSOCIATIONS AND MEMBERSHIPS

Huiye Polymer is a member of:

- 1) Malaysian Plastics Manufacturers Association (MPMA)
- 2) Malaysian International Chamber Of Commerce & Industry (MICCI)
- 3) Federation of Malaysian Manufacturers (FMM)

ORGANIZATIONAL PROFILE

Established in 1993, DCL Limited is principally engaged in the business of colour compounding and modified compounding of resins, which are used in the manufacture of external casings or component parts of electrical appliances and electronic devices.

We supply our resin compounding products to plastic injection moulders (“PIMs”) and original equipment manufacturers (“OEMs”) who in turn serve customers such as Hewlett-Packard, Dell, BenQ, Netgear, Sharp, Sony, Asus, Alcatel and Lego. Our production facilities in Suzhou are amongst the leading companies in Jiangsu Province, PRC, and are strategically located near existing and potential customers. Our other production facilities are located in Malaysia and Vietnam.

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