



## DYNA-MAC SUSTAINABILITY REPORT 2018

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# INTRODUCTION



## About Dyna-Mac

*Headquartered in Singapore and listed on the Mainboard of the Singapore Exchange, Dyna-Mac Holdings Ltd. and its subsidiaries (“Dyna-Mac” or “Group”) is a global leader in the engineering, procurement, fabrication and construction of offshore floating production storage offloading (FPSO) and floating storage offloading (FSO) topside modules as well as onshore plants and other sub-sea products for the oil and gas industries.*

### **Transformation for Growth**

As the industry evolves, we aim to stay ahead by harnessing our facilities and diverse strengths. We are capable of delivering an end-to-end EPC (Engineering, Procurement and Construction) supply chain on Lump Sum turnkey basis. We are also venturing into new areas like LNG (liquefied natural gas) modules and renewable energy. By diversifying our core capabilities, Dyna-Mac is poised to move up the value chain and meet the changing demands of industry.

To fortify our strategic presence, we actively partner with leading institutes and specialists abroad, as well as with world engineering leaders in executing large EPC projects in both local and international markets. These deep partnerships enable Dyna-Mac to expand our operations to stay closer to our clients and project locations, develop new capabilities as well as training opportunities while expanding our production capacity to undertake larger and more complex projects.

Dyna-Mac has made commendable achievements in productivity over the years through infrastructure enhancements, innovation and training. To further enhance efficiency, product quality and reduce reliance on manual labour, we strive to leverage automation in our fabrication process through automated CNC beam-cutting and edge-rounding machines, as well as a semiautomatic production line for pipe fabrication and beam fabrication of various sizes.

## **Corporate Vision & Mission**

A global leader in providing reliable, affordable products and services of unsurpassed quality for the oil & gas industries.

We will achieve this by upholding the highest levels of quality, safety, reliability and service excellence.

## **Corporate Core Values**

Our core values support the vision, shape the culture and chart the direction of the Group. Putting these values into practice creates benefits for customers, employees, partners and the communities we serve.

- Integrity
- Customer Focus
- People Development
- Health, Safety and Environment
- Positive Attitude
- Teamwork

# BOARD STATEMENT

*At Dyna-Mac, sustainability means building businesses that deliver long-term shareholder value and growth. In order to achieve this, we aim to adopt a disciplined and accountable approach founded on high standards of corporate governance and integrity.*

The Board of Directors (“Board”) incorporates long-term consideration of environmental, social and governance (“ESG”) issues when formulating Dyna-Mac’s sustainability strategies. In doing so, we strive to create value for our shareholders, as well as customers, employees, suppliers, contractors, partners and the communities in which we operate in.

In the process of formulating our sustainability report, the Board recognises the importance of sustainability practices and how it can benefit our business operations and performance, and oversees the identification of ESG material topics that are pertinent to our business and aligns with our long-term business targets.

Through the development of this report, the Board works closely with the Management for the monitoring and management of these ESG material topics.

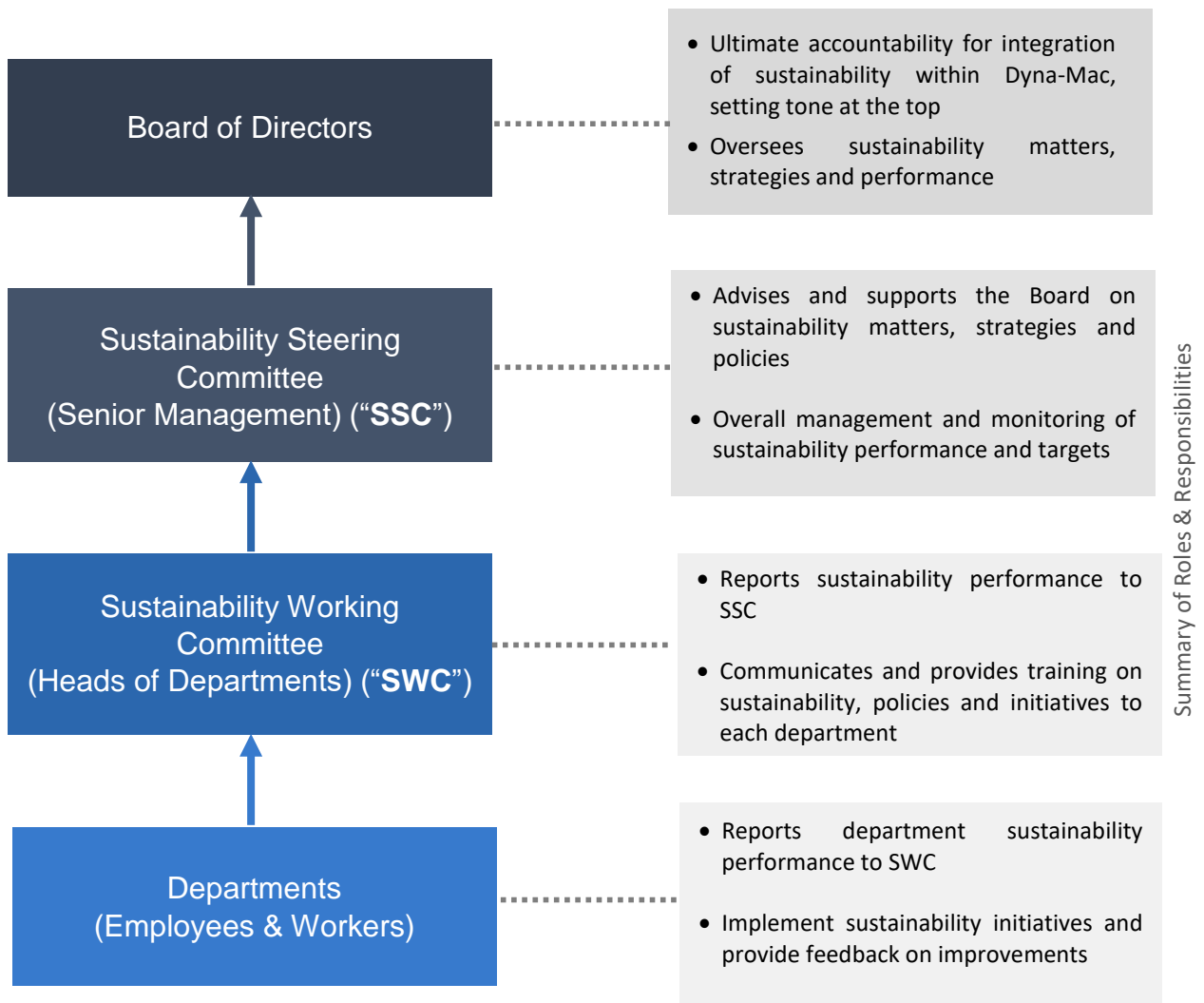
Dyna-Mac demonstrates its continuous commitment to sustainability through its second sustainability report for the period 1 January 2018 to 31 December 2018 and shall publish its report by May 2019. The report will focus on our sustainability strategies and covers our environmental, social and governance performance across our operations in Singapore for 2018. In line with the Group’s commitment to environmental sustainability, no hardcopies of the report will be printed. The report can be viewed on our website: <http://www.dyna-mac.com/sustainability/sustainability-reports/>.

# Our Approach

## Sustainability Leadership

*At Dyna-Mac, sustainability leadership starts with a tone at the top. We believe that every individual in Dyna-Mac plays an important role in ensuring that sustainability is embedded deeply within everything we do. To that end, we have taken steps to put in place a systematic monitoring and reporting process.*

We are committed to conduct our business in a responsible and sustainable manner. A Sustainability Steering Committee comprising senior management was set up to drive sustainability efforts within the Group. It is supported by a Sustainability Working Committee comprising the various heads of department who gather and verify the performance data, as well as introduce initiatives to drive the management of our material issues.



## Stakeholder Engagement

*Dyna-Mac constantly strives to create value for all our stakeholders. Regular engagement is critical for us to understand their needs and key concerns so that we can work towards addressing them.*

Effective stakeholder engagement is critical to ensuring Dyna-Mac's continued success as it allows us to be responsive to their evolving needs. We interact with them regularly and summary of their key interests and the Company's engagement approach are presented in the table below.

### Dyna-Mac's Stakeholder Engagement

Key Stakeholder Groups	How we engage them?	What are their key concerns?
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Meetings, calls and conferences</li> <li>• Interviews and surveys</li> <li>• Trainings and courses</li> <li>• Newsletters and campaigns</li> <li>• Policies and procedures</li> <li>• Appreciation dinners and other festive events</li> </ul>	<ul style="list-style-type: none"> <li>• Vision, strategy and direction</li> <li>• Training and development</li> <li>• Occupational health and safety</li> <li>• Equal opportunities</li> <li>• Fair remuneration and progression</li> <li>• Job stability</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Meetings, calls and conferences</li> <li>• Site visits</li> <li>• Feedbacks channels</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Innovation</li> <li>• Occupational health and safety</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Dedicated Investor Relations</li> <li>• Annual General Meetings, meetings, calls, conferences</li> <li>• Annual Reports</li> <li>• Financial information, SGX announcements and circulars</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Vision, strategy and direction</li> <li>• Economic performance</li> <li>• Corporate governance</li> </ul>
<b>Vendors</b>	<ul style="list-style-type: none"> <li>• Meetings, calls and conferences</li> <li>• Interview and surveys</li> <li>• Site visits</li> <li>• Trainings and courses</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Corporate governance</li> <li>• Compliance</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Annual Reports</li> <li>• SGX announcements</li> <li>• Community involvement activities</li> </ul>	<ul style="list-style-type: none"> <li>• Social responsibility and impact</li> <li>• Environmental impact (Air, Water, Waste, Noise etc.)</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>• Meetings, calls and briefings</li> <li>• Site visits</li> <li>• Industry networking functions</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance</li> <li>• Socioeconomic, environmental impact</li> <li>• Business collaboration and investment</li> <li>• Sharing of industry best practices</li> </ul>

## Materiality Assessment

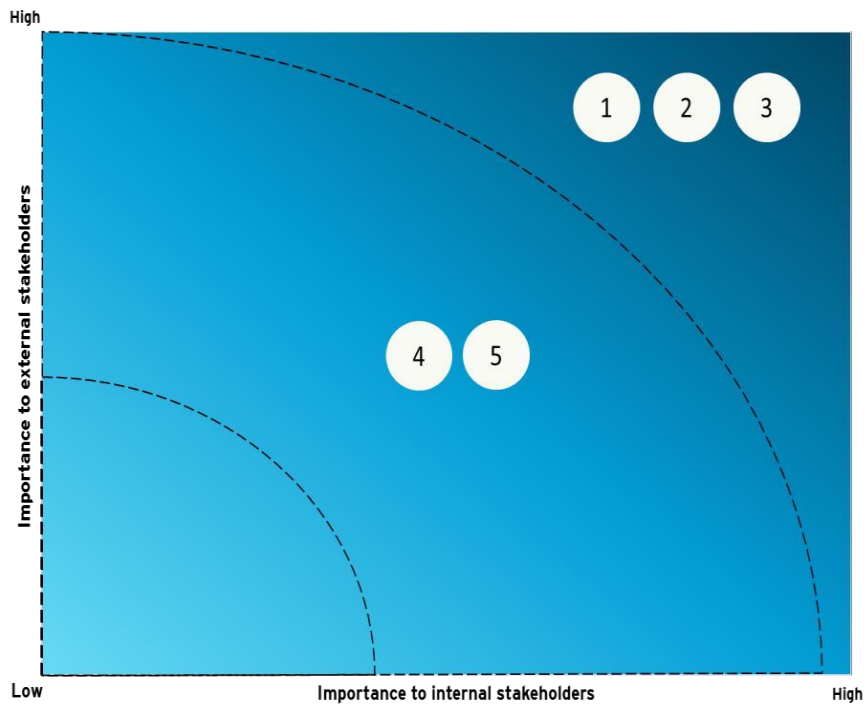
*Prioritising sustainability topics is a critical process for us as it sets out the areas that we must focus on as an organisation. It also enables us to systematically report on matters that impact Dyna-Mac and its stakeholders most. To do that, our Sustainability Steering Committee embarked on a formalised Materiality Assessment process.*

A materiality assessment workshop was held to identify significant sustainability matters that impact our business activities and its external stakeholders. Arising from the exercise, the Board and Management determined five key sustainability matters to be of highest priority to the Group's sustainability risks and opportunities and the Board is satisfied with the relevance of the selected matters to its business strategy and performance.

<p style="text-align: center;"><b>A</b></p> <p style="text-align: center;"><b>Identification and Analysis</b></p>	<p style="text-align: center;"><b>B</b></p> <p style="text-align: center;"><b>Evaluation and Prioritisation</b></p>	<p style="text-align: center;"><b>C</b></p> <p style="text-align: center;"><b>Validation and Assimilation</b></p>
<p>We work closely with an independent team of sustainability consultants on a list of potential sustainability matters identified through:</p> <ul style="list-style-type: none"> <li>• Analysis of trends and developments pertinent to Dyna-Mac and the industry it operates in</li> <li>• Analysis of commonly reported sustainability matters amongst Dyna-Mac's peer groups and leading reporters in Singapore</li> <li>• Internal stakeholder interviews and focus group discussions with members of our Sustainability Steering Committee</li> </ul>	<p>Members of our Sustainability Steering Committee individually evaluated the list of potential sustainability matters and participated in a formalised Materiality Assessment workshop.</p> <p>An anonymous electronic voting exercise was conducted to prioritise the sustainability matters that are deemed significant to both Dyna-Mac and its external stakeholders.</p>	<p>Our Sustainability Steering Committee reviewed Dyna-Mac's Materiality Matrix and selected 5 key sustainability matters ranked as significant to both Dyna-Mac and its external stakeholders, for reporting.</p> <p>The process and the results were presented to Dyna-Mac's Board of Directors for their validation and approval.</p>



The following are the material factors identified and prioritised:



No.	Material Sustainability Matter	Category	Mapped GRI Standards Topics
1	Corporate governance	Governance	GRI 102: General Disclosure (Governance) GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance GRI 205: Anti-Corruption
2	Fair employment practices	Social	GRI 401: Employment GRI 404: Training and Education GRI 406: Non-discrimination
3	Health and safety	Social	GRI 403: Occupational Health and Safety
4	Energy and carbon footprint	Environment	GRI 302: Energy GRI 305: Emissions
5	Waste and effluents management	Environment	GRI 306: Effluent and Waste

# CORPORATE GOVERNANCE

*At Dyna-Mac, we are committed to conducting our business ethically and in compliance with all applicable legal and industry requirements. We are guided by our Vision, Core Values and Code of Conduct that have been implemented to govern the actions and behaviours of our employees.*

Dyna-Mac has a zero-tolerance stance for corruption and has in place effective corporate practices and policies. The Group is committed towards full compliance with all applicable laws and regulations and has established corporate policies to ensure the long-term success of the Group.

1. Whistle-blowing Policy
2. Dealing with Securities
3. Anti-Corruption Policy
4. Anti-Bribery Policy
5. Gifts, Hospitality and Entertainment Policy
6. Code of Conduct

In 2018, there were:

- No reported cases of bribery and corruption
- No cases received through whistle-blowing channels
- No incidences of non-compliance to legal and regulatory requirements resulting in significant fines or sanctions
- Implementation of compulsory Code of Conduct training for all employees

## **Risk Management**

The Group believes that risk management is an integral part of good corporate governance and has in place an Enterprise Risk Management Framework to manage its risk exposure. We have conducted an Enterprise Strategy and Risk Assessment Exercise to identify, filter, assess and compile our enterprise strategies and key risks, as well as to assess our general control environment. Through this exercise, the Management works closely with the Board to better align, manage and increase Dyna- Mac's resilience to emerging scenarios and environments.

For more information on Corporate Governance, please refer to our Annual Report 2018, available online at <http://investor.dyna-mac.com/ar.html>.

# FAIR EMPLOYMENT PRACTICES

*Our employees and workers are the heart of our business operations. We recruit and reward our people on a meritocratic basis and advocate an inclusive workplace built on mutual respect and trust.*

We have in place systems and practices that are fair, merit-based and non-discriminatory to attract, reward and retain our employees. The Group is also a signatory of the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), pledging to adopt fair and progressive human resource practices and providing a harmonious and inclusive work environment for our diverse workforce, regardless of race, ethnicity, religion, age and gender. Our employee retention strategy focuses on training, career development and employee engagement. We also have in place a grievances mechanism for employees to report incidences without fear of reprisal, discrimination or other consequences.

To affirm our philosophy and commitment, we are among the early adopters of four applicable TAFEP Tripartite Standards in 2018.

The relevant four applicable TAFEP Tripartite Standards are:

1. Employment of Term Contract Employees
2. Flexi Work Arrangements
3. Grievances Handling
4. Recruitment Practices

## **Employment of Term Contract Employees**

The Group complies with all statutory benefits under the Employment Act and the Child Development Co-Savings Act, in particular leave benefits and termination/non-renewal of contract specifications.

## **Flexi Work Arrangements**

We support part-time employment and have revised to shorten work week for some of the support functions employees (from 5.5 days to 5 days). We will review and explore more flexible working patterns to support our operations and yet not lose out on our competitiveness and productivity.

## **Grievances Handling**

A grievances procedure is in place as a mean for employees to exercise their rights. Employees can bring to the attention of supervisors and management any potential issues that they face.

## **Recruitment Practices**

The Group believes in fair employment practices and great emphasis is placed on people.

We progressively review and implement employment practices to be in line with the key principles of fair employment and select employees based on their qualifications and experiences.

There were no reported incidents of discrimination by employees in 2018.

## NTUC May Day Awards 2018

Dyna-Mac was conferred the Plaque of Commendation for NTUC May Day 2018 for continuous support and contribution towards good labour-management relations, workers' welfare and NTUC initiatives. We worked closely with the Shipbuilding and Marine Engineering Employees' Union (SMEEU) and the Migrant Workers' Centre to ensure that our migrants were safely repatriated with fair compensation during 2017 right-sizing exercise.

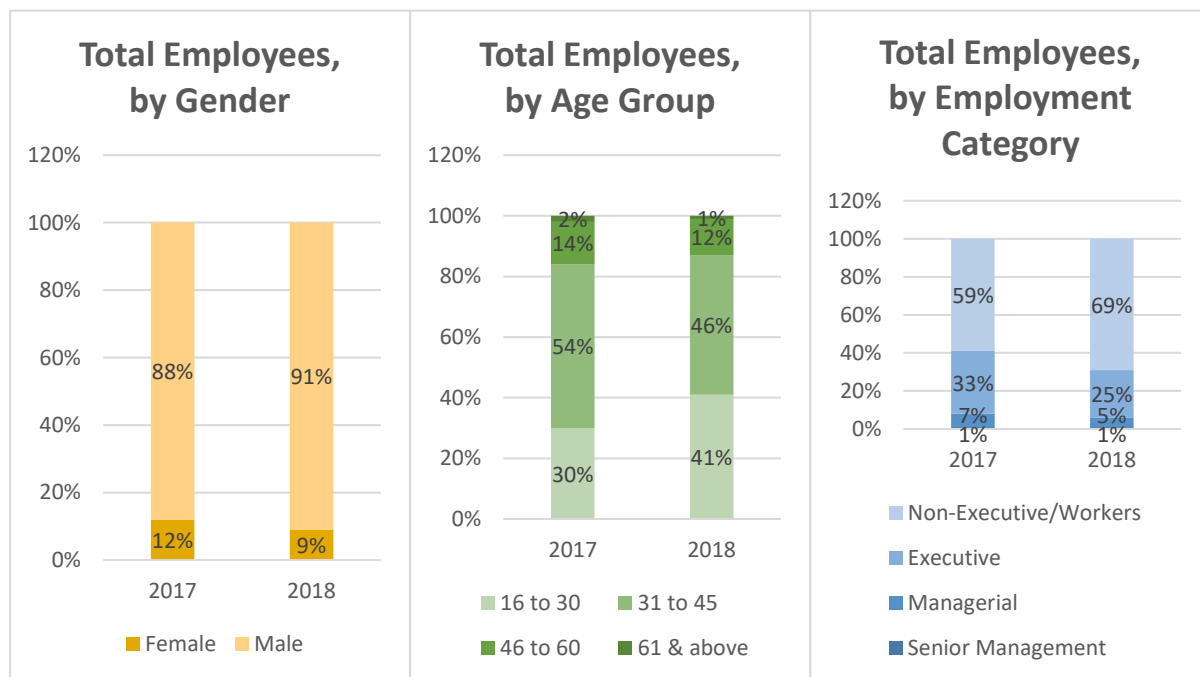


**Plaque of Commendation for NTUC May Day Awards 2018**

# OUR PEOPLE

As at end of 2018, we have 817 (FY2017: 611) employees in Singapore. Of these 91% (FY2017: 88%) were male and 9% (FY2017: 12%) were female.

## Employee Profile<sup>1</sup>



<sup>1</sup> For the purposes of this Sustainability Report, employee data and information relates to Dyna-Mac's operations in Singapore only.

# HEALTH AND SAFETY

*Dyna-Mac is committed to ensuring an excellent safety and health culture among all at all times. To achieve this, we strive to provide a safe and conducive work environment for all personnel working in our yards, including our employees, customers and subcontractors, by instilling a culture of pro-active individual involvement, personal accountability and continuous improvement.*

Health and safety is a key business challenge and risk in our industry. Upholding good safety standards is paramount in protecting our employees from harm and boosting our stakeholders' confidence in our organisation and we have implemented measures for the improvement of health and safety performance. These measures include requiring all new employees and any other personnel entering the yards for the first time, to attend a safety induction training as part of their orientation programme, and raising awareness through exhibitions and emergency drills.

## **Occupational Health and Safety (OHS) Policy**

Dyna-Mac is fully committed to:

1. Ensure a high level of personnel safety and safe working environment.
2. Achieve continual improvement in OHS Management System and performance.
3. Comply with applicable legal and other requirements for the prevention on injury and ill- health.
4. Implement risk management and provide sufficient and appropriate resources to support its implementation.
5. Stop all unsafe action and condition.
6. Communicate to all persons on their individual OHS obligations.
7. Ensure the availability of this policy to all interested parties.

## Workplace Health and Safety Framework

In line with the National Strategy for Workplace Safety and Health in Singapore vision WSH 2018, Dyna-Mac committed to sustainable improvements in the area of workplace safety and health (WSH) standards and performance. The WSH 2018 spells out the results and strategies required to realise the visions set for 2018 as follows:-

- Reduction in WSH incident rates;
- WSH as an integral part of business;
- Singapore as a renowned center of excellence for WSH; and
- A progressive and pervasive WSH Culture.

In order to achieve these results, four strategies have been identified to help guide the efforts of the government, industry stakeholders, employers, unions, workers, WSH professionals, professional and education institutions, and service providers to strengthen WSH practices and pave the way towards safer and healthier workplaces.

To achieve the strategic outcomes, Dyna-Mac will develop framework comprising four strategies that have been identified below as the national WSH 2018 vision and strategy co-drafted by the WSH Council and the Ministry of Manpower in Singapore as a guide to help strengthen its WSH practices and pave the way towards safer and healthier workplaces:-

- Strategy 1: Strengthen Organisations' Capabilities to Manage WSH Issues
- Strategy 2: Implement and Enforce Changes and Actions
- Strategy 3: Promote Benefits of WSH and Recognise Best Practices
- Strategy 4: Develop Strong Partnerships Locally and Internationally

The top management affirms and dedicates communication platforms of different levels to interact with the various work groups and trades; each with its own function to address the three aspects; the work activities; the workers, and the organisation and how these interact with and impact on occupational health, safety and environment is a core feature of this strategy. It provides a timely access to clear, understandable remove obstacles or barriers in participation which enabling regularly to consult, evaluate, deploy, receive feedback and provide guidance to upholding the highest levels of quality.



## **Integrated occupational health and safety (OH&S) and Environment Management System**

ISO 45001 is an ISO standard for management systems of occupational health and safety (OH&S), published in March 2018. Companies like Dyna-Mac holding OHSAS 18001 certification must migrate to the new standard by March 2021.

As the company OHSAS 18001 certification was due to expire in May 2019, based on the ISO 45001 guideline given, Dyna-Mac started developing her new integrated OH&S and Environment management system. In September 2018, integrated ISO 45001 occupational health and safety (OH&S) and ISO 14001 Environmental Management System were established. An integrated management system makes it easier to implement and give increased value. To conform with the requirements set forth by ISO, Dyna-Mac performed a series of internal Gap Analysis Audit to assess her progress for certification in March 2019. The implementation of an integrated management system is a strategic decision of Dyna-Mac to support its sustainability initiatives, ensuring people are safer and healthier, its practices are environmentally friendly and profitability is sustained at the same time.

In addition, while the new management system is in the process of being certified, the existing OHSAS 18001 Occupational Health and Safety measures continue to place a proactive and preventative emphasis on risk-control factors by identifying and assessing the likelihood and severity of hazards in the workplace and preventing accidents from happening to reduce possible downtime or disruptions to production and operations.

# Awareness and Training

## 15 Life Saving Rules (LSR)



Our 15 LSRs seek to raise awareness of hazardous activities at the workplace and encourage individuals to protect themselves and others by active participation and intervention. Compliance with these rules is mandatory while working in our premises.

## Safety Corridor



To enhance the safety awareness at the yard, we have set up a Safety Corridor at the entrance where workers pass by every day. The corridor showcases the 15 LSRs and pictorial step-by-step guides detailed in Dyna-Mac's Standard Work Procedures (SWPs) for ease of understanding. For example, some of our SWPs include:

- o Hot work
- o Grit blasting
- o Lock out tag out
- o Handling storage of chemical
- o Radiography
- o Working at height
- o Hand and powered tools

## ***Embedded Health and Safety Culture***



**Chief Operating Officer delivered his words of encouragement and re-affirmed the commitment of the workforce towards OHSE objectives and Award given during the Mass Toolbox Meeting**

HSE messages are embedded in our daily operations. Visible commitment from top management serves as a tangible role model for adoption across the entire organisation.

Mandatory briefings and toolbox talks are conducted at the forefront of our workers' minds, helping to keep site safe and productive before activities are performed. For high-risk activities, workers are provided with demonstrations and practical training.

Dyna-Mac believes in constantly educating employees on the importance of health, safety and the environment (HSE).



**Safety time out / Brainstorming session**



**Immersive Work at Height training**

## ***Embedded Health and Safety Culture (cont'd.)***



**Actively Interaction engaged program work together between DM Management staffs & Sub-contractors and client to improve on safety standard and achieve good safety performance**

### ***Partnerships with Stakeholders***

Dyna-Mac encourages collaboration with its staff, sub-contractors and clients on HSE matters. This includes inviting them to attend our safety committee meetings, monthly engagement session and management walkabouts to look out for areas for improvement. All in all, we seek to foster a knowledge-sharing relationship towards continuous improvements.

## Case Study

### Emergency preparedness at Dyna-Mac

To ensure that shipyard operations are well-prepared to respond promptly to emergencies, the yards had conducted 12 emergency drills in total for 2018. These drills covered a wide range of areas, from evacuation and rescue scenarios to pollution control, yard security threats and business risk drills such as Structure Collapse rescue drill, rescue from height to fire and rescue drill demonstrate effective fire suppression procedures for acetylene cylinder gas fire. Drills were demonstrated successfully with minimum time clocked for the entire activity credits to the Emergency Response Team professional approach.



An emergency drill conducted together with Singapore Civil Defence Force

## **WSH Safety and Health Award Recognition for Projects (SHARP) Awards 2018**

Dyna-Mac was presented with two WSH SHARP Awards by the Workplace Safety and Health (WSH) Council and supported by the Ministry of Manpower in 2018 which recognises projects or worksites that have good safety, namely, Upper Zakum, UZ750 Islands Surface Facilities and Culzean Development FSO Topside Modules Fabrication carried out in 2017. The awards recognise projects carried out by the Group which have performed well and contributed to achieving excellence in workplace safety through the implementation of sound WSH management systems and processes.



**WSH Safety and Health Award Recognition for Projects (SHARP) Awards 2018**

## **Leadership competency training and engagement**

Creating a safe workplace requires active participation at all levels of the organisation. Supervisors & foremen are site leaders and they play a key role in holding together the many moving parts of a safety program, from training and hazard identification to equipment inspections and record keeping. An engaged workforce contributes to a safer workplace by participating in safety discussions, planning for and anticipating hazards, actively working to keep peers safe, reporting hazards and near misses, and challenging decisions when appropriate.

## **Hazard intervention and recognition for workers who attain 100% attendance**

Dyna-Mac believes behavioral safety initiatives demonstrate care for its workers, instill in them safe work practices, and reduce the incidence of at-risk work behaviors. Every worker is encouraged to actively look out for their colleagues. If safe behaviors are observed, they should offer positive reinforcement and encouragement (e.g., verbal praise). However, if they observe at-risk work behavior, they should not hesitate to intervene immediately on-site by expressing concerns for their colleagues' safety, and offer safer alternatives to conduct work.

## **Safety Trainings**

In 2018, a total of 135 employees, 4,179 contractors and 413 visitors and customers underwent safety induction training in our Singapore yard while 4,999 participants attended safety in-house training courses covering topics such as hotwork safe work procedures, gratings management, usage of power tools, manual handling, pressure testing and work at height, as well as courses directly related to their work environment.

## SAFETY INDUCTION TRAINING

Singapore Yard			
	2016	2017	2018
Employees	143	601	135
Contractors	8,259	1,838	4,179
Visitors / Clients	699	699	413
Total	9,101	3,138	4,727

## SAFETY IN-HOUSE TRAINING


Singapore Yard			
	2016	2017	2018
No. Attended	4,110	5,189	4,999
No. of Runs	229	190	321

Our HSE goal has always been zero incidents and accident free. In 2018, the Group's Accident Severity Rate (ASR) increased to 77.85 man-days lost per million-man hours while the Accident Frequency Rate (AFR), a measure of incidents per million man-hours, increased to 0.78. The Group's Workplace Injury Rate (WIR) 2018 stand at 206.32 incidents per 100,000 persons employed (including contractors). Our contractors accounted for approximately 72% of these reportable incidents.

The Group's contractors account for two-thirds of reportable incidents in 2018, at 66.7% compared with 16.7% in the previous year. Reportable incidents for the Group's employees decreased from 83.3% to 33.3%. The Group will continuously monitor and evaluate the performance of its contractors, as well as engaging and enhancing their supervisory capabilities through Leadership Competency Workshop Assessment, inspections of operations, rewarding good performance, hazard recognition and intervention program with 100% attendance and implement trainings to ensure all personnel are equipped for compliance with the Group's HSE standards. We have since taken extra measures together with our contractors to minimise further incidents.



## Targets and Performance

Target	2018 Performance	Status
Zero lost time incidents of injuries	3 lost time incidents of injuries Failed to achieve	

Our goal has always been to achieve zero lost time incidents of injuries and remain accident free. To Dyna-Mac's regret, 2018 saw 3 lost time incidents that occurred. The yard has since enhanced the control measures and procedures for similar and related work scopes and improvement made to increase ground compliance, site audit, mock up work activities to prevent any recurrence.

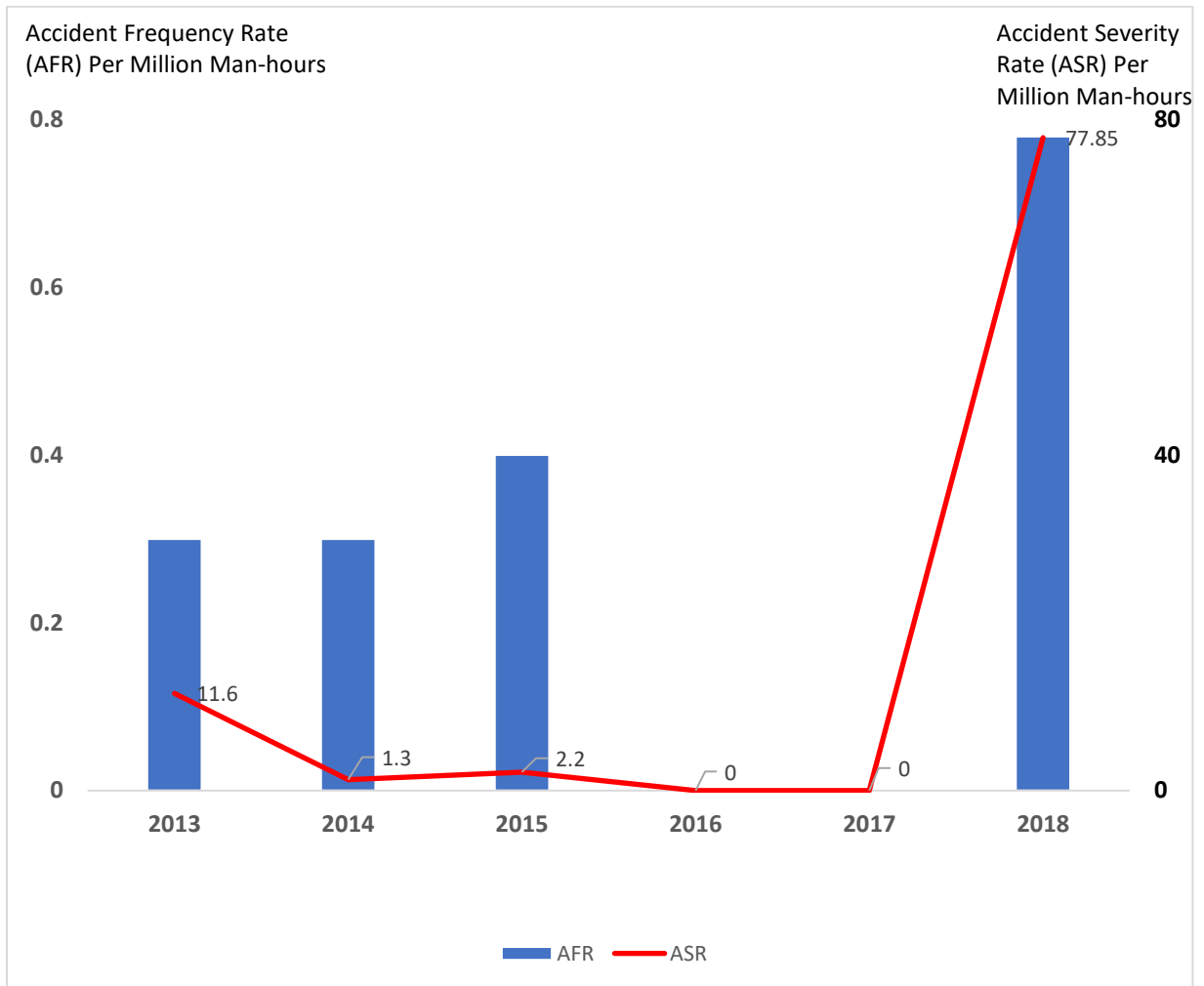
As Safety is a continuous ongoing journey, it is important to not be complacent and increase efforts to identify and bridge the gaps, review areas for improvement and step up efforts to inculcate a strong safety ownership culture. At the same time, we continue to take steps to increase the connectivity and to communicate job instructions and sequence of action steps to the workers. Doing this well can improve better understanding of job requirements and leading to higher safety performance.

Employee Engagement leads to Workplace Safety. It provides opportunities to engage the workers. An engaged worker is an involved and motivated worker with a strong sense of belonging. It offers an opportunity for 2-way communications between workers and supervisors. Engaged and involved workers will be motivated to share their experiences on how to perform the task in a more efficient way. The more engaged your employees are, the better the results you'll see across the board.



**Regular engagement session with the workers to listen to their opinions, concerns and ideas, and benchmarking against global WSH best practices**

## Dyna-Mac Safety Performance



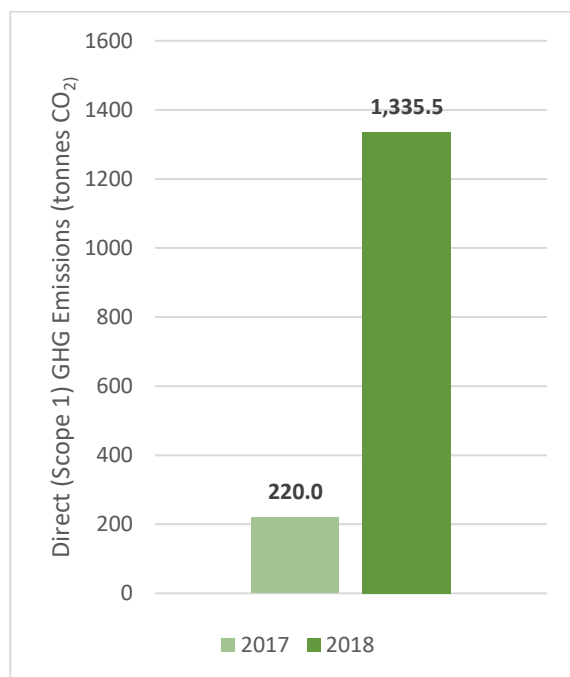
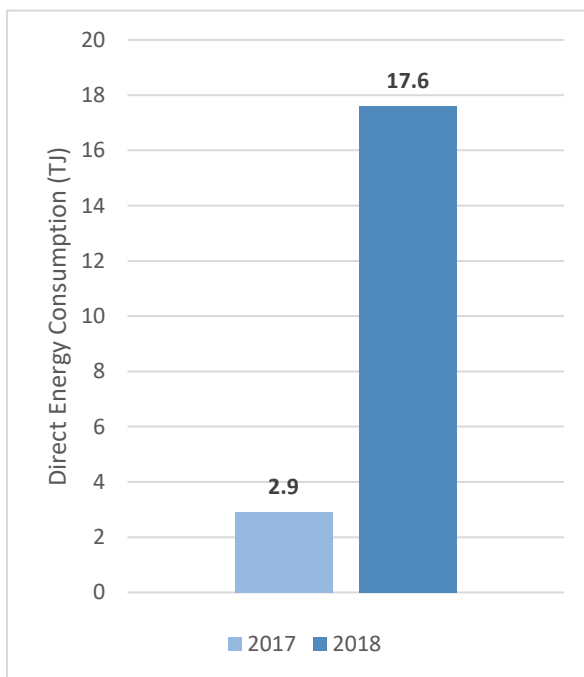
# ENERGY AND CARBON FOOTPRINT

*At Dyna-Mac, we recognise that our business operations have an impact on the environment. We are committed towards environmental protection and constantly work towards minimising our environmental impact to ensure sustainable business development. We strive towards operating in a sustainable manner so that we can continue delivering quality service and products to our clients. Within Dyna-Mac, we have a core focus in nurturing a culture of environmental consciousness among our employees, partners, clients and the communities we operate in.*

Managing our energy consumption and carbon emissions is a key focus area for Dyna- Mac and we have implemented several good practices to reduce energy consumption. The health of our planet is important for the quality of life and survival of all stakeholders and future generations to come. The environment is also a critical external force that impacts our business decisions and operations. At Dyna-Mac, energy consumed is mainly fuel and electricity.

## Fuel consumption

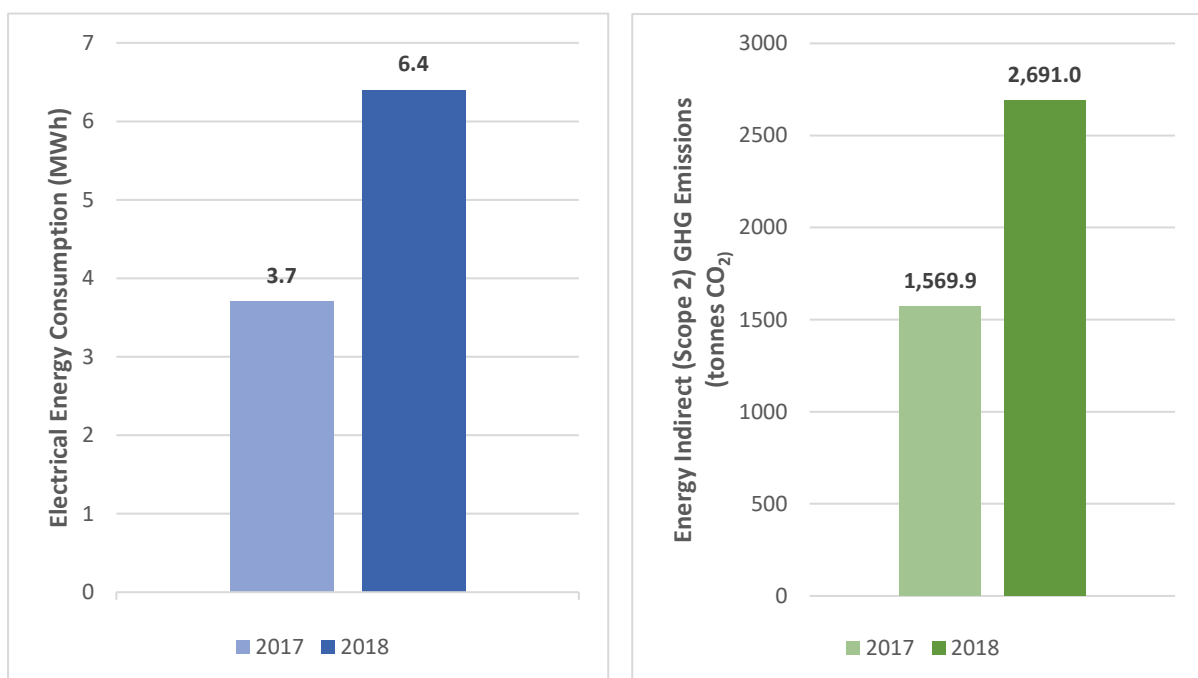
Fuel consumption was mainly in the form of diesel oil used to operate Dyna-Mac's vehicles (lorries and self-propelled modular transporter) and machineries (mobile crane, forklift and portable air compressor for blasting/painting). During the year, a total of 17.6 TJ (FY2017: 2.9 TJ) of direct energy was consumed which directly translates to 1,335.5 tonnes (FY2017: 220 tonnes) of CO<sub>2</sub> emitted<sup>2</sup>. The increase by 507% from FY2017 levels was due to an increase in business activities in FY2018 which was reflected in the increase in revenue by \$82.3m or 249.4% from \$33.0m for the year ended 31 December 2017 to \$115.3m for the year ended 31 December 2018.



<sup>2</sup> Scope 1 GHG emissions are emissions from sources that are owned or controlled by the organisation. In the scope of reporting, this relates to diesel oil consumed and it is expressed in tonnes of CO<sub>2</sub>.

## Electricity consumption

The electricity usage from the yards is mainly derived from welding machine, CNC plasma cutting machine, band saw/pipe cutting machine, bevel machine of pipe joint, electrical hand tools, main air-compressor and workshop lightings. In FY2018, Dyna-Mac's total electrical energy consumption increased by 73% to 6.4 MWh compared to 3.7 MWh in FY2017, corresponding to an increase in CO<sub>2</sub> emitted to 2,691 tonnes of CO<sub>2</sub><sup>3</sup>. This is due to an increase in business activities in FY2018 which was reflected in the increase in revenue by \$82.3m or 249.4% from \$33.0m for the year ended 31 December 2017 to \$115.3m for the year ended 31 December 2018.



<sup>3</sup> Scope 2 GHG emissions are emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation. In the scope of reporting, this only relates to purchased electricity and is expressed in tonnes of CO<sub>2</sub>. In Singapore, the emission factor used is the grid emission factors for 2018 which is the latest estimate, obtained from "2018 Singapore Energy Statistics" published by the Energy Market Authority of Singapore in 2018.

## **Environmental Risk Identification**

Energy use and carbon emissions are key aspects in our environmental risk identification. We regularly assess our environmental impact based on significance, likelihood and consequence, and our controls and practices are designed to minimise our impact.

## **Energy Reduction Initiatives**

The Group continually looks for opportunities to reduce the environmental impact of our operations. During 2018, we implemented energy-saving measures to reduce our energy consumption such as replacement of 20% workshop lights (300w type) with energy-efficient LED lights with a saving of 80% energy consumption per light.

Besides, workers are deployed to patrol around workshops and office compound after office hours to ensure idling machines and office lights are switched off to cut down on electricity wastage.

Additionally, we have also implemented various paper reduction strategies such as setting all copier machines to print with default double-side printing, black and white settings. By controlling paper usage, paper consumption and its related carbon emissions are reduced.

# WASTE AND EFFLUENTS MANAGEMENT

We recognise that proper waste management is crucial for us to protect the environment and for the health and safety of the communities we operate in. Managing the proper disposal of waste is especially important for our industry. In shifting towards the adoption of the 3Rs (Reduce, Reuse, Recycle), we are also able to reap cost savings for our business.

## Environmental Protection Procedure

As set out in our OHSEM, we focus on three aspects:

Minimising Waste	Control of Dangerous and Harmful Materials	Disposal Modes
All staff – ranging from procurement, planning and warehousing, are encouraged to cut down on the amount of waste generated during our operations. This includes returning excess quantities of products for future use.	All staff are trained to be familiar with hazardous materials and undertake precautions to safeguard the environment.	Our Standard Work Procedures (SWPs) set out the procedures for disposing waste at Dyna- Mac. These include disposal modes for: <ul style="list-style-type: none"> <li>• Scrap Metal</li> <li>• General Rubbish</li> <li>• Waste Wood</li> <li>• Blasting Grit</li> <li>• Hydro test Water/ Corrosion Inhibitors</li> <li>• Acids, Corrosives and Other Dangerous Substance</li> <li>• Paints and Solvents</li> <li>• Ionising Radiations</li> <li>• Oil &amp; Hydraulic Fluids</li> <li>• Waste Segregation</li> </ul>

## Waste and Resource Management Initiatives

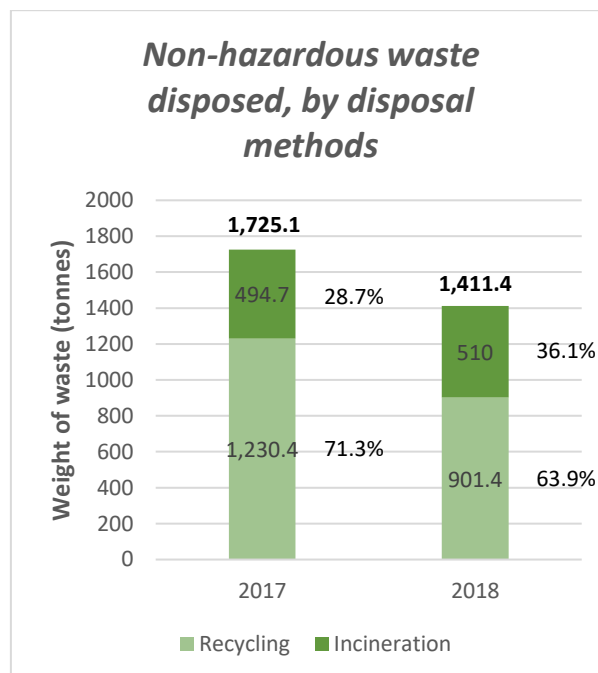
Dyna-Mac is committed to prudent waste and resource management. Our initiatives currently include the use of:

- ▶ Waste segregation and recycling programme
- ▶ Control and monitoring of welding consumables
- ▶ Control and monitoring of chemical usage
- ▶ Standard Work Procedures (SWPs) for welding to minimise re-work
- ▶ SWPs for blasting to minimise air pollution and enable controlled collection of dust
- ▶ Expended electrode to be returned to store for recycling and in exchange of new electrode
- ▶ Diesel storage facility has a dip tray to collect residues and leakages during fuel transfer
- ▶ Used chemical/contaminated water to be collected and sent to licensed waste management contractor for disposal

## Targets and Performance

Target	2018 Performance	Status
By 2018, achieve a scrap margin of below 15%.	Achieved	<span style="color: green;">●</span>

Waste mainly relates to general waste and scrap metal. In FY2018, a total of 1,411.4 tonnes (FY2017: 1,725.1 tonnes) of non-hazardous waste was disposed. Due to the adoption of waste reuse and reduction initiatives, we have achieved an 18.2% decrease in total waste disposed from FY2017 levels.





## **Waste Reuse Initiative**

In 2018, a material management control team was set up in production department, which one of its functions is to manage offcut materials. The management of offcut materials information enables the Group to have better control over leftover materials in hand (eg. leftover materials reuse for next project instead of dispose as scrap) which can be effective in minimising scrap metal disposal.

## **Waste Reduction Initiative**

Dyna-Mac is committed to reducing its wastage in material and consumables used in construction. In 2018, the Group has come out with an automation yard upgrade plan to procure automation machines mainly to reduce manual labour and wastage of materials due to human errors. The automation machines procured namely robotic profile cutting machine and edge rounding machine greatly reduce the current manual operating men from 4 to 20 men per team to 1 to 3 men per team to complete the same procedures. The material utilisation has increased from 80% utilisation to up to 95% utilisation. Besides, the wastage factor on consumables such as gases, grinding discs has reduced from more than 15% to less than 5%.

With the adoption of waste reuse and waste reduction initiatives, the scrap metal waste disposal is kept at the minimum.

# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>General Disclosures</b>		
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102-2	Activities, brands, products, and services	SR: p3 AR: p110–111
102-3	Location of headquarters	SR: p3
102-4	Location of operations	SR: p3 AR: p1
102-5	Ownership and legal form	AR: p2, 36
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<b>Governance</b>		
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<b>Stakeholder Engagement</b>		
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102-44	Key topics and concerns raised	SR: p8
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	AR: p110–111
102-46	Defining report content and topic boundaries	SR: p7–9
102-47	List of material topics	SR: p9
102-48	Restatement of information	Not applicable.
102-49	Changes in reporting	Not applicable.
102-50	Reporting period	SR: p5
102-51	Date of most recent report	22 February 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<a href="http://www.dyna-mac.com/contact-us">http://www.dyna-mac.com/contact-us</a>
102-54	Claims of reporting in accordance with the GRI Standards	SR: p9
102-55	GRI content index	SR: p34–35
102-56	External assurance	External assurance has not been sought for this report.

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Corporate Governance</b>		
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205-3	Confirmed incidents of corruption and actions taken	SR: p10
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<b>Material Topic: Energy and Carbon Footprint</b>		
<b>Management Approach</b>		
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302-1	Energy consumption within the organisation	SR: p28–29
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<b>Material Topic: Health and Safety</b>		
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103-1	Explanation of the material topic and its boundary	SR: p15–26
103-2	The management approach and its components	
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR: p25–26
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<b>Topic-specific Disclosures</b>		
404-1	Average hours of training per year per employees	SR: p24