



CSC STEEL
中鋼馬來西亞

2020

CORPORATE SOCIAL
RESPONSIBILITY
REPORT

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STATEMENT FROM **GROUP MANAGING DIRECTOR**



Yin, Shou-Kang 尹守綱
Group Managing Director
集團董事總經理

Corporate Social Responsibility (“CSR”) is part of a corporation and adopted by many organisations in the world. CSR activities play an important role in improving the stature of social, economy and environment. Organisations involved in CSR activities are always determined to ensure sustainability could be achieved through the engagement with stakeholders.

2020 has been an extraordinary and challenging year for all of us. The battles with COVID-19 have resulted in severe impact to the economy and society. As one of the leading steel manufacturers in Malaysia, CSC Steel Holdings Berhad and its subsidiaries (“CHB Group” or “CSC Malaysia”) always ensure that both internal and external CSR activities were well executed despite the COVID-19 pandemic. We take diligent care of employees’ welfare, make contribution to the local communities, safeguard the environment as well as prioritize occupational safety and health all the time.

Throughout the year of 2020, CHB Group had provided cares as well as in-kind supports for the communities in needs. We had participated in several charity activities such as supported those people in need, sponsored charity dinners as well as provided assistance for education. For instance, CHB Group has supported Yayasan Sin Chew’s “Fight for Lives, Act to Save” event by contributing a total of RM50,000 to purchase necessary medical supplies and fulfill the needs of medical frontliners. Moreover, CHB Group had donated to local schools in order to ease their financial difficulty caused by the COVID-19 pandemic.

As in the previous reports, this report also provides a detailed overview of our initiatives in carrying out CSR activities throughout the year of 2020. We are building up a positive reputation and gaining competitive advantages among the steel industry players through the embracement of CSR in our operation. Thus, while coping with the effects of COVID-19, we will continue to operate our business in ways that will benefit the society and community that we are in. We are determined to ensure that our business is operated in an ethical and responsible manner.

Thank you.

1.0

INTRODUCTION

1.1 Overview



CHB Group, a mid-stream flat steel manufacturer, was acquired by China Steel Corporation (“CSC”), Taiwan in December 2000.

At the helm of its parent company, CSC, the productivity as well as the competitiveness of CHB Group in both domestic and international market have been strengthened with the capital injection in upgrading equipment and expanding production lines by providing technical support and enhancing its management performance. In recent years, the Group has realigned its resources to focus on strengthening its strong position in the domestic market while eyeing the opportunities to further penetrate into the steel markets in Southeast Asia.

The main products of the Group include Pickled and Oiled steel coils (“PO”), Cold Rolled steel coils (“CR”), Galvanized steel coils (“GI”) and Pre-Painted steel coils (“PPGI”), and the annual maximum production capacity is approximately 480,000 metric tons. CHB Group is actively shaping its brands, namely Realzinc and Realcolor, to expand its market share in the building material industry.

In addition, CHB Group is committed to increasing the values for the shareholders and the community as well as continuing its effort to reduce the impact on the environment.

1.2 Vision and Operating Policy

Vision

Pursuing value innovation, energy efficiency, environmentally friendly and commitment on social responsibility to become a trustworthy and excellent steel company in Malaysia as well as Southeast Asia.

Operating Policy

CHB Group has mapped out the following operating policy, which it shall serve as the fundamental in achieving the Group's vision:

Refinement by reinforcing sales, production and delivery

Advancement by enhancing product grades and technical sophistication

Prosperity by consolidating customer services and sales network

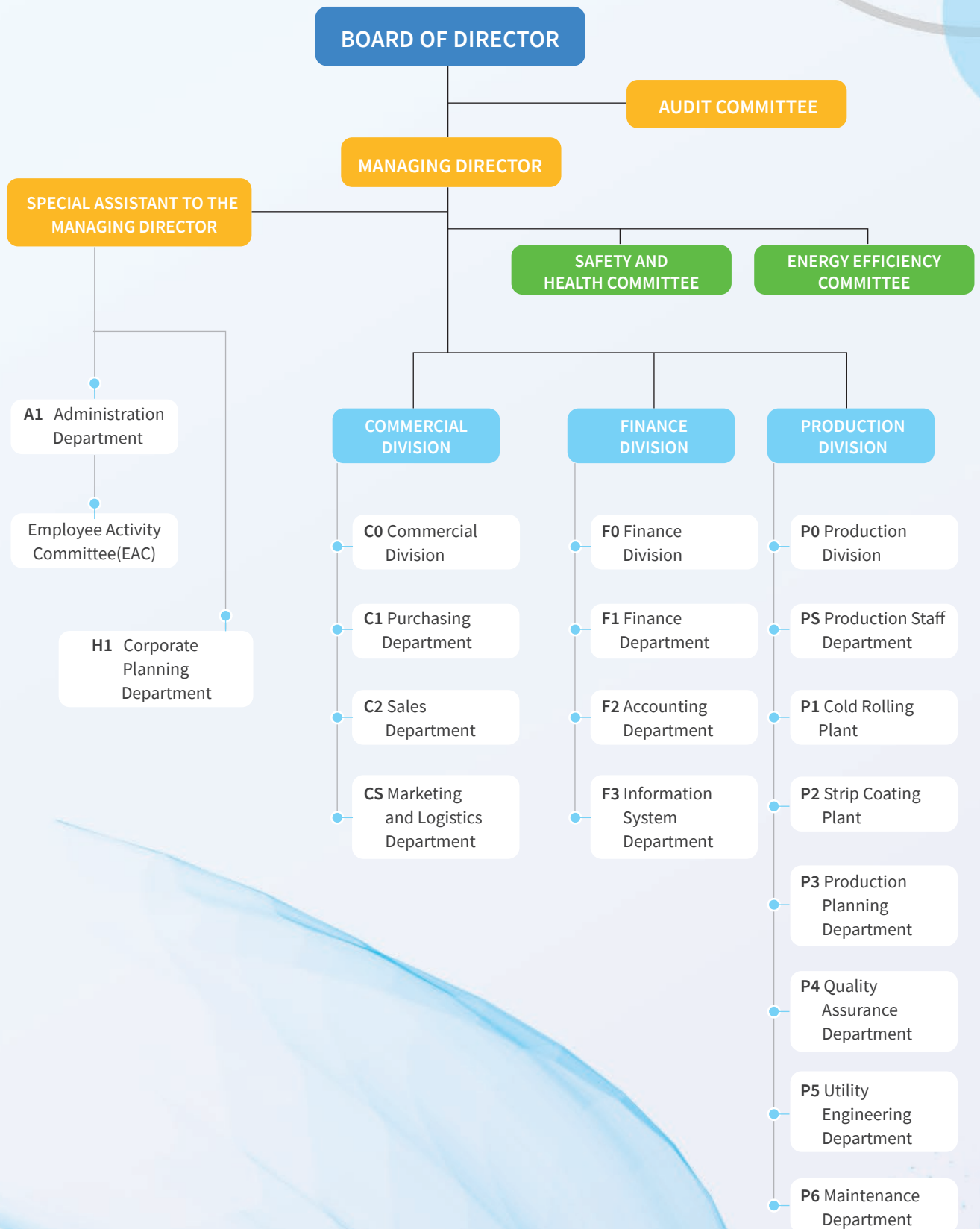
People-oriented by emphasizing on work safety, environment and learning

1.3 Core Values

Core values are essential for a company in order to have continuous improvement in daily operation. The core values that the Group emphasizes are as below:

Teamwork	Replacing internal rivalries with coordination and cooperation with a common goal in mind-the cooperate objectives.
Pursuit of Innovation	Managing people and processes through research and development that turn new ideas into profit. Being innovative keeps the company abreast of the latest industry development.
Down to Earthness	The state of being practical and realistic as well as making sensitive decisions in dealing with problems effectively.
Entrepreneurial Approach	Focusing on efficiency for the day-to-day operation to preserve growth. It has the responsibility to provide superior products and services to its customers and environment for its employees to grow professionally and intellectually as well as providing satisfying return for shareholders' investment.

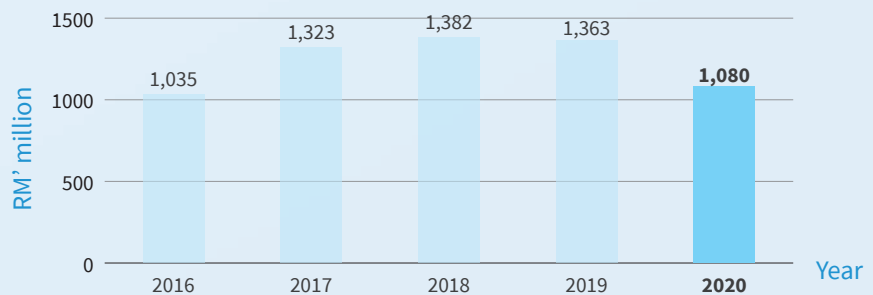
1.4 Organisation Structure



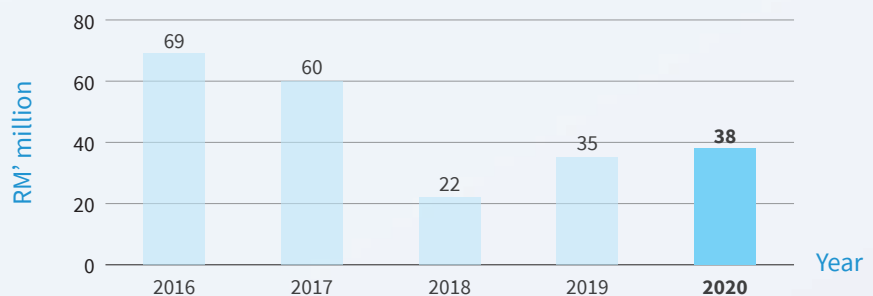
1.5 Our Business

For Financial Year 2020, CHB Group recorded a lower revenue of RM1.080 billion compared to Financial Year 2019 (RM 1.363 billion) mainly due to the implementation of Movement Control Order (MCO) started from 18th March to 4th May 2020. However, the Group registered a higher profit after tax of RM38 million as compared to RM35 million achieved in Financial Year 2019. The rise in the profit after tax was mainly due to the spike in steel prices in the wake of the COVID-19 disruptions. We partially restarted from end of April and fully resumed operation in the middle of May, with higher flexibility and aggressiveness to meet the local demand. Our margin turned from June and quickly surged in 3rd and 4th quarter with the historical record of production and sales.

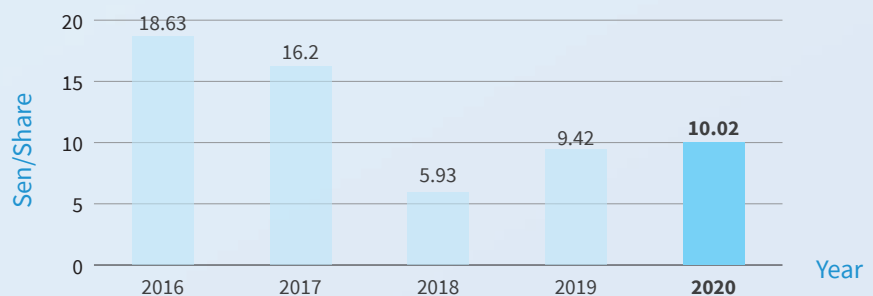
Revenue



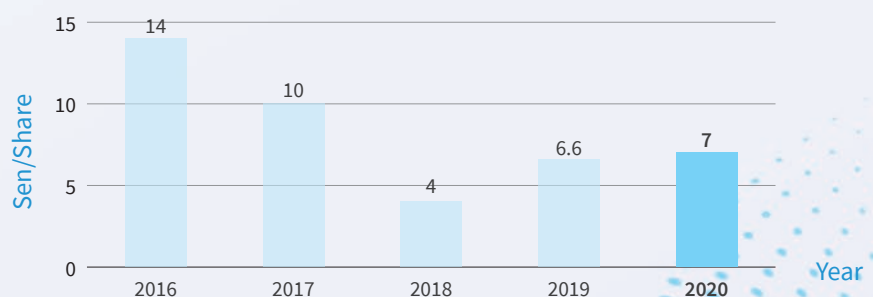
Profit After Tax



Earnings Per Share



Dividend



2.0

OUR COMMITMENT

2.1 Overview



CHB Group practices fair and equal employment regardless of race, nationality, or religion. High level of productivity and high-performance work system become the pillars for the success of the organisation. As an effort to improve employees' engagement, the management encourages employees to participate in various activities to maintain a work-life balance lifestyle. Apart from internal CSR activities, CHB Group also contributes to the community through donations to schools and other needy communities.

2.2 Employee Welfare and Fringe Benefits

Employees are the most valuable assets of an organisation. CHB Group continues to enhance employees' welfare and fringe benefits by providing free health screening and complimentary meals. CHB Group also offers trainings for employees in developing their knowledge and skills.

Apart from that, CHB Group has put the extra miles to take into account the needs of foreign workers, especially during the COVID-19 pandemic. Due to the implementation of the Movement Control Order (MCO) and border closures in Malaysia, CHB Group's foreign workers were not allowed to return to their home country during these periods. Hence, to help the foreign workers to curb with the pandemic, CHB Group always interact and communicate with the foreign workers effectively as well as educate them on the pandemic prevention measures. There are 38 foreign workers that work in CHB Group and they came from different countries such as Indonesia, Nepal and Myanmar.



2.2.1 Health Screening

CHB Group places paramount importance on the employees' health. Hence, CHB Group provides free health screening to employees to ensure that their health is always in optimal condition.

In year 2020, a total of 384 employees were eligible to undergo health screening at Mahkota Medical Centre and 278 employees were entitled to undertake a hearing test.

2.2.2 Complimentary Meals

Balanced, hygienic and nutritious meals are vital for good health. CHB Group considers employees as family and takes upon itself to ensure the availability of nutritious yet delicious meals within the company premises. The daily meals consist of foods from the major group such as vegetables, grains, fruits, and meat.



Amid the new normal, CHB Group always ensure that the employees practice social distancing and take necessary precautions while eating at the cafeteria. CHB Group also encourages employees to order their food in advance so that the food can be prepared according to their orders. Hence, this practice can avoid over-purchasing, over-storage raw food materials and food safety.

Moreover, on-the-job training and education about the significance of food waste avoidance, source separation and food waste management were delivered to employees that worked in the cafeteria. Generally, the kitchen wastes produced by CHB Group were approximately 8kg per day. The kitchen wastes were then channeled to compost side and use as plant fertilizers. Hence, it could aid in minimizing the domestic dumping waste.

To establish an environmentally conscious workplace, CHB Group replaced disposable to-go boxes with stainless steel food containers, with compartment style interior where different foods can be placed in different sections of the containers. Thus, enhancing the food quality. Overall, CHB Group can manage to save more costs and preserve and protect the environment in the long run.

2.2.3 Training And Development Opportunities

CHB Group believes that appropriate training would improve employees' performance, which leads to an increase in productivity. Amid the COVID-19 pandemic, numerous training and development opportunities are provided to bring about significant improvements in its employees' current job scopes. Due to travelling restrictions caused by the COVID-19 pandemic, CHB Group had enrolled their employees to some external online virtual trainings. The total hours of virtual learning were approximately 369.50 hours. Furthermore, physical internal trainings were also conducted in the company with strict compliance of Standard Operating Procedures.

In year 2020, a total of approximately 480 employees attended training programs, with an average of training hours of was 19.81 hours per employee. Eleven main categories of training are provided to cater to the needs of each job function. The chart below outlines the categories of training programs conducted in 2020.



Figure 2.1: Categories of training programs conducted in year 2020

In support of the institutions of higher education, CHB Group collaborates closely with local colleges and universities to provide students with hands-on industrial practice. CHB Group always actively takes part in internship programs in supporting students to make a smooth transition from colleges and universities to work, thus enhancing quality of the workforce. In the year 2020, CHB Group ensured the continuity of its internship programs despite the COVID-19 pandemic. Hence, the Group recruited 10 students as practical students and provided them with valuable insights into the company's operation.

2.3 Employee Engagement

CHB Group encourages employees to be active in activities or campaigns organized by the Group. Board of Committee, namely Employee Activity Committee ("EAC"), formed by nominating employees, is responsible for planning and organizing activities including but not limited to annual dinner, weekly sport activities, and sport tournament with the objective to create a sense of belonging among employees. However, due to the COVID-19 pandemic last year, EAC initiated other fruitful activities to engage and retain its employees.

The annual dinner organised by the EAC aimed to express its gratitude and appreciation to the effort as well as contribution of employees throughout the year. In the year 2020, the annual appreciation dinner was delayed as a result of the COVID-19 pandemic. However, one of the highlights of the dinner, which is the Best Employee Awards Ceremony, was held in the office and prizes were given to deserving employees for their outstanding performance in their respective departments.

2.3.1 Annual Appreciation Dinner



2.3.2 Blood Donation



Blood donation benefits both the recipients and the donors. Giving blood can also help to reveal potential health problems, lower the risk of heart attack and keep the liver healthy. In the year 2020, CHB Group takes part in the blood donation campaign organized by Malacca General Hospital. During the event, a total of 47 employees out of 60 who registered, managed to successfully donate blood.

Every year, CHB Group tends to organise activities and tournaments for employees ranging from badminton, futsal, basketball, bowling, fishing and so forth. The main goal of these activities was to build upon relationships among the employees, thus making the workplace environment more friendly and harmonious. Unfortunately, all the physical sport activities were not allowed due to the COVID-19 pandemic. Despite that, the committee of EAC has put the extra miles to organise employee engagement activities that involve least physical contact such as guessing games and so on.

2.3.3 Employee Activities



2.4 Contribution To Local Communities

Corporate social responsibility covers not only commitment towards employees internally, but externally covering society as well. CHB Group is always concerned about the welfare of local communities by engaging in various corporate social responsibility activities, mainly in education field as well as to people in need.

2.4.1 People In Need

2.4.1.1 Fundraising Charity Dinner



In the year 2020, Jabatan Pertahanan Awam (JPM) Negeri Melaka, an armed force that assists in maintaining public security, had organised a charity dinner to raise funds for their welfare funds used for public emergency, natural disasters, accidents and so forth. CHB Group decided to sponsor the charity dinner as the Group believes that the services provided by the armed force would benefit diverse society that aligns with the aim of the Group.

2.4.1.2 Yayasan Sin Chew



中鋼馬來西亞移交5萬令支票。左起曾令彪、尹守鋼及林安和。

星洲基金會籌購醫療物資 大馬中鋼捐5萬打氣

(馬六甲10日訊)中鋼人員辛苦地協助患者，亞响应星洲日報與星鋼馬來西亞也希望德“為生命作戰，行打打氣，通过支的筹募行

To support Yayasan Sin Chew’s “Fight for Lives, Act to Save” event, CHB Group contributed a total of RM50,000 to purchase necessary medical supplies and fulfil the needs of the medical frontliners. Amid the COVID-19 pandemic, CHB Group hopes to go through thick and thin with the society by spreading positive energy during these difficult times.

2.4.2. Education

In the present society, education field faces many challenges in sustaining the quality required in this knowledge based economy era. CHB Group always looks forward to collaborate with the education institution of both public and private entities in enhancing the effectiveness and quality of education.

2.4.2.1 Financial Aid to Students



The outbreak of COVID-19 pandemic has led to the near total closures of schools. This causes challenges for school providers as well as putting strain on financial resources. Thus, CHB Group decided to provide support to the school to alleviate the school’s financial hardships brought by the COVID-19 pandemic.

2.4.2.2 Installation of Sunshade Louvers in School Buildings

In year 2020, a secondary school has approached CHB Group for financial assistance to install sunshade louvers in the school buildings. With the aim of helping the school to make a better learning environment, CHB Group decided to give financial assistance to help towards the installation costs.



2.4.2.3 Donate Computers to Schools

As the work from home trend is a growing trend nowadays due to the outbreak of the COVID-19 pandemic, the demand of digital devices have increased. CHB Group has lend a helping hand by donating used and refurbished computer devices to schools in order to help them to prepare students to be more familiarised with the technology use.



2.4.2.4 Relief for a School Affected by Natural Disasters

On 11th August 2020, a primary school was hit by a freak storm that caused extensive damage to the school. The school's roof was ripped off by the strong wind causing classrooms to be roofless and filled with debris. CHB Group had made an immediate corporate contribution to the rebuilding of the school.



3.0

ENVIRONMENT, ENERGY, SAFETY, AND HEALTH MANAGEMENT

3.1 Overview

The energy sources used in CHB Group are natural gas, electricity, diesel and petrol. The Group is committed to using energy efficiently and being environmentally friendly. Therefore, CHB Group endeavours to:

Improve energy efficiency continuously by implementing effective energy management programs.

Ensure the availability of information and resources to meet energy objectives and targets.

Educate, train and motivate employees on how to maximize utilization and save energy.

Support the purchase of energy-efficient products and services for energy performance improvement.

Comply with applicable laws and regulations.

Apart from that, CHB Group also sets up an Energy Conservation Committee (“ECC”) with the following responsibilities:

- ✔ Organize and implement energy conservation programs,
- ✔ Monitor and audit energy consumption,
- ✔ Report the findings on energy conservation,
- ✔ Promote awareness among employees, and
- ✔ Provide information and advice on energy efficiency activities and programs.

The responsibilities of the board committee are to ensure all employees are aware of the energy management and review the status of the program regularly to ensure its continuing suitability, adequacy and effectiveness.



In preserving health and safety, there are the needs for continuous improvement of occupational safety, health and hygiene, not only for our employees but other elements too. CHB Group practises best environmental protection in business operation. We express our commitments through:



Care For Live

Respect and value lives with effective implementation of energy efficiency, environmental protection, occupational safety and health management programs. Progressively reduce the significant energy consumption, prevent pollution and occupational injuries as well as illnesses. Promote protection of future generations with the practices of optimizing resources consumption, minimizing waste generation and enhancing the health of workers as well as other related parties.



Risk Management

Undertake risks or opportunities assessment by determining the internal and external effects on the operation control, integrating accepted risk management practices into our decision-making process and establishing hierarchy of risk control that is inclusive of preventive measures covering the impacts and aspects, with the aim to eradicate potential hazards and reduce risks.



Training, Communication, Consultation and Participation

Educate, communicate and inculcate workers, suppliers, contractors and other interested parties on energy saving, green business practices, work safety and illness. Promote common awareness and cultivate the culture of energy efficiency, environmental protection, occupational safety and health amongst all parties. Enhance the effectiveness of Management System with the participation and consultation of competent workers and workers' representatives.



Legal and Other Requirements Compliance

Comply with applicable legal and other requirements by implementing Guided-Self Regulations and incorporating adequate monitoring systems in all operations and activities, instituting effective risk-based thinking mechanism, with the aim to fulfill our corporate social responsibilities and our ultimate goal of zero accident and health diseases.



Continual Improvement

Establish, maintain and evaluate long-term achievable performance goals using PDCA (Plan-Do-Check-Act) framework that focuses on selecting appropriate design and also procuring the suitable products, equipment and services to ensure continual improvement of Management System.

3.2 Environmental Sustainability

One of the biggest priorities of CHB Group is the environmental sustainability to contribute to the flourishing life of human, flora and fauna. Hence, an environmental monitoring program has been implemented to track the quality of city water, treated effluent, chimney stacks emission, and ambient air quality to ensure compliance with the regulatory requirement. Disposing waste with an environmentally friendly manner also acts as an imperative role in maintaining environmental sustainability. Hereby, both monitoring program and waste management in CHB Group are presented.



3.2.1 Environmental Monitoring Program

The annual environmental report is prepared quarterly by a third party appointed by CHB Group, where the report is submitted to the Department of Environment Melaka. The implementation of ISO 14001: 2015 Environmental Management System (EMS) further enhances the effectiveness of environmental protection with the following support factors:

Persist lead-in new Environmental Management Programme to ensure continual improvement.

A competent internal audit team carries out its audit once a year to assist the EMS implementation to be consistent with the ISO 14001:2015 requirements.

Top Management reviews EMS performance twice a year together with all the relevant department heads.

3.2.2 Environmental Performance Indices

3.2.2.1 City Water

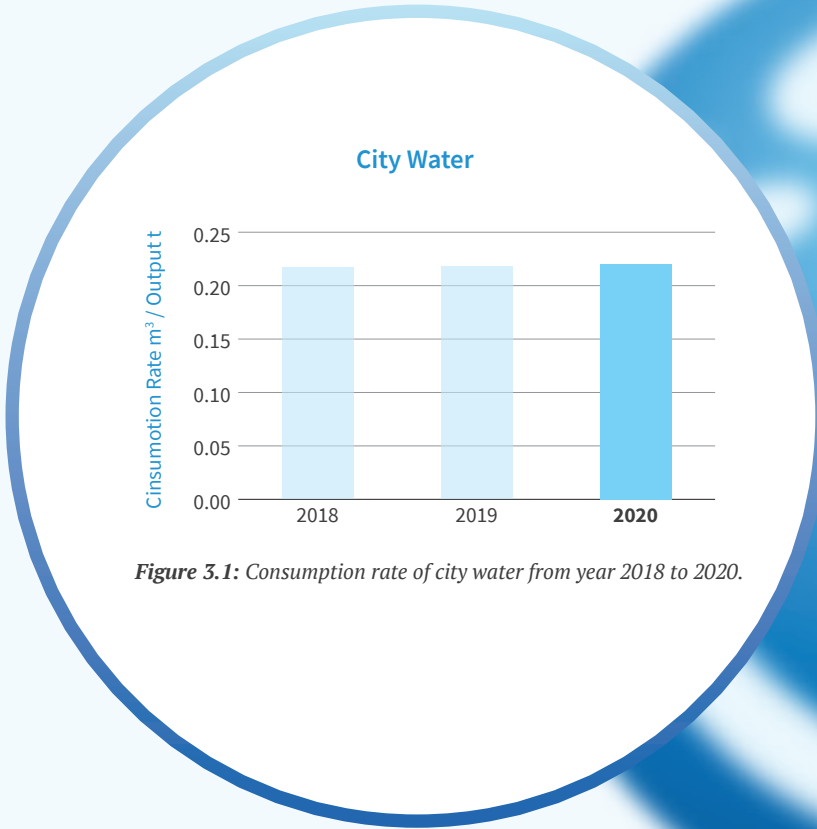


Figure 3.1: Consumption rate of city water from year 2018 to 2020.

The figure 3.1 indicates the city water consumption rate of CHB Group in the past three years. City water consumption is treated as a measurement of plant operation's water intensity. In year 2020, the city water consumption rate maintained as per year 2019. The water conservation program is carried out continually and the result is positive.

3.2.2.2 Treated Effluent

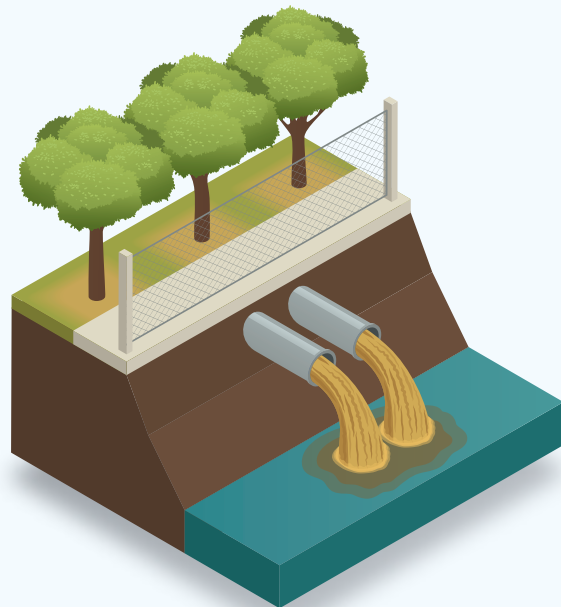
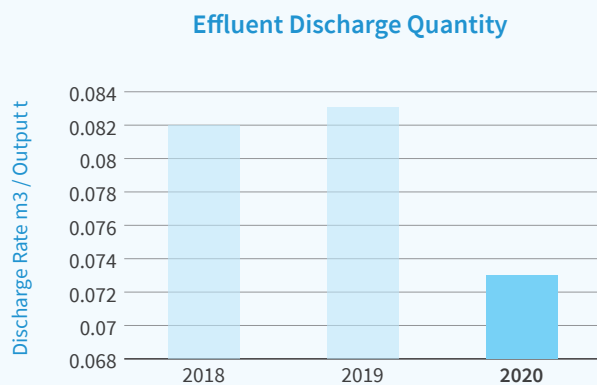


Figure 3.2: Effluent discharge quantity from year 2018 to 2020.

Figure 3.2 indicates the effluent discharge quantity from year 2018 to 2020. The wastewater treatment plant operation in CHB Group aims to maintain the hydrology and water quality through the installation of various online monitoring devices such as pH sensor, COD online analyser, flow meter and etc. The Group is able to control and ensure the quality of water effluent discharge to drainage. Furthermore, the system is linked to the HMI to ensure that the water quality is under close surveillance. Furthermore, the effluent discharge rate was reduced to 13% as compared to last year, in which the rate of 0.083m³/t in year 2019 had decreased to 0.072m³/t in year 2020. Production line total consumption of processed water (deionized water) had been optimised and reduced significantly as compared to last year. By the end of year 2020, CHB Group had achieved a 32% reduction (from 80,231m³ in year 2019 to 54,908m³ in year 2020).



3.2.2.3 Wastewater Treatment Plant

By holding the commitment of contributing to environmental cleanliness and zero pollution, wastewater is treated at CHB Group's wastewater treatment plant to ensure that it complies with Standard B [ENVIRONMENT QUALITY ACT, 1974, The Malaysia Environment Quality (Industrial Effluent) Regulations 2009] before exiting the drainage of Ayer Keroh Industrial Estate and discharging to Sungai Putat and finally to Melaka River. Rainwater is directly emitted through the proper drainage system to Kampung Bukit Katil stream.

3.2.2.4 Effluent Discharge Quality

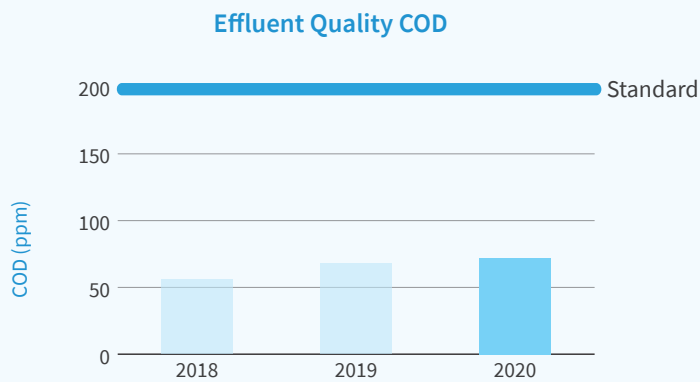


Figure 3.3: COD of effluent quality from year 2018 to 2020.

Weekly sampling is carried out by a third party accredited to safeguard all control parameters, especially heavy metals and harmful materials to become lower than the requirements, which comply with Standard B Environment Quality (Industrial Effluent) Regulations 2009. The effluent quality Chemical Oxygen Demand (COD) for the past three years is shown below:

3.2.2.5 EMISSION

Quarterly Stack Monitoring is also carried out by a third party accredited laboratory to ensure that all controlled parameters are within limits specified under the Environment Quality (Clean Air) Regulations, 2014. The ambient concentrations for all parameters are monitored in three surrounding residential areas so that they do not exceed the limits of the Malaysian Recommended Air Quality Standards. The areas under close monitoring are situated at Taman Pelangi (Point A1), Kampung Tun Razak (Point A2), and Taman Muzaffar Shah (Point A3).

Ambient Air Quality

The production line of CHB Group maintains the quality of emitted ambient air and ensures that it would not affect the surrounding residential areas. The results for the past three years are shown in Figure 3.4.

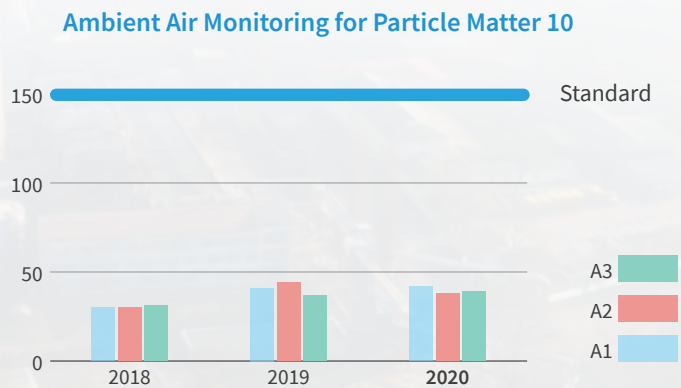
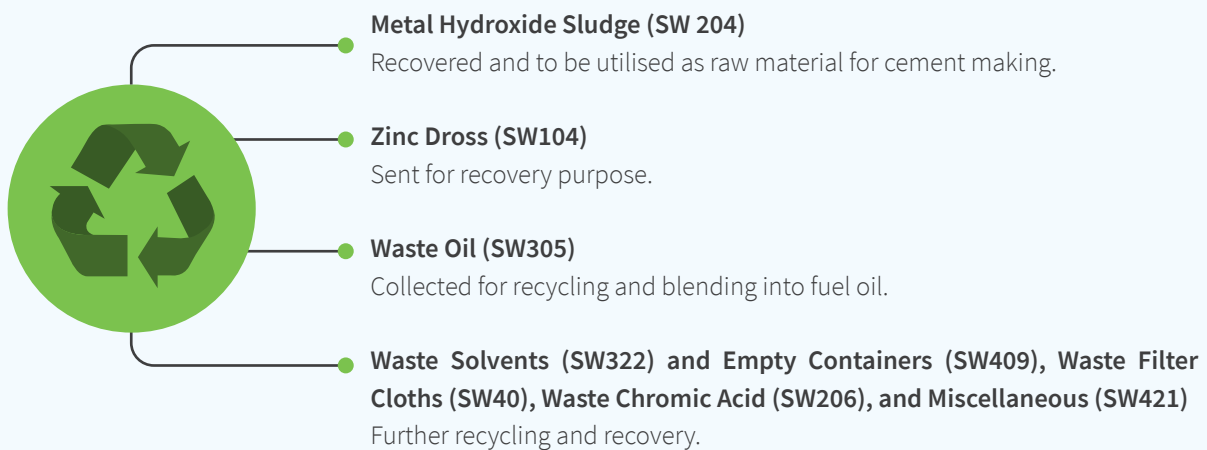


Figure 3.4: Ambient air quality from year 2018 to 2020.

3.3 Scheduled Waste Management

Scheduled waste contains harmful elements, which may cause injuries, poison and pollution to the whole ecosystem. In order to have adequate protection of human health and environment, CHB Group ensures that scheduled waste is properly placed, stored, arranged, or sent with prior written approval from the Director General of Department of Environment, Malaysia.

The scheduled wastes generated are recycled and recovered via DOE licensed contractor and fully complied with EQA Scheduled Wastes Regulations 2005. CHB Group implements the “Cradle to Cradle” cycle in waste management system to ensure the sustainability of environmental development.



3.4 Biodiversity

The Mother Earth is getting sick due to the over emission of carbon dioxide from various human activities, which causes global warming and climate change.

As part of the society, CHB Group has a responsibility in reducing these effects. One of the methods to contribute to the ecosystem is to plant more trees. The greatest benefits from tree planting are the conversion of carbon dioxide to oxygen and the amazing cooling effect. Hundreds of plants and trees were planted strategically in the company's compound, which would not only create positive impact on the environment but also beautify the outlook of CHB Group. In year 2020, a total of 535 trees were successfully planted in the factory surrounding.



3.5 Energy Management

In year 2013, CHB Group was the trailblazer in Malaysia's iron and steel industry to obtain Energy Management System ("EnMS"), ISO 50001:2011 certification and has been upgraded to ISO 50001:2018 in year 2020, thus proving that most of the key areas including the quality and environment are covered by the Group. In this section, we would like to share how we minimize the energy consumption in our factory and office.

3.5.1 Energy Saving Activities

Greenhouse Gases (GHG) are the by-product in the generation of electricity as well as combustion of Natural Gas (NG). The impact towards Mother Earth could be minimised through energy-saving activities with the key objective to reduce the emission of GHG. In year 2020, a total of 869,716 kWh of energy (inclusive of electricity and NG) or 146.29 tons of Carbon Dioxide emissions were reduced. The efforts taken by the Group in lowering energy consumption are summarised as follows:

- FANS AND PUMPS**
 - Optimum sizing
 - Throttling
 - Variable speed control
 - Idle time saving
- WASTE HEAT RECOVERY SYSTEMS**
 - Stack flue temperature
 - Leakage management
 - Improve heat insulation of reactor
- MOTORS, BELTS AND DRIVES**
 - Variable speed drives
 - Correct sizing
- COMPRESSED AIR SYSTEM**
 - Leakage control
 - Proper piping design
 - Optimum system & operating pressure
 - Inverter type air compressor
- AIR CONDITIONING SYSTEM**
 - Higher efficiency of operation of chillers
 - Air condition thermostat at 26°C
 - Installation of self-closing doors to minimize air conditioning load
 - Use of window shades or solar films
- LIGHTING SYSTEM**
 - Use automatic timers for lighting switches
 - Use of energy efficient lamps
 - Use of natural light
 - Switch off main power of appliance when not in use for long period of time

The total energy saving from year 2018 to 2020 is shown in Table 3.1.

Types of Energy	Total Energy Saving in kWh		
	2018	2019	2020
Electricity	131,417	104,783	494,353
Natural Gas	672,753	439,977	375,363
Total	804,170	544,760	869,716

Table 3.1: Total energy saving from year 2018 to 2020.

Note: 1. (IPCCC CO2 Emission Factor) 1 kWh Electricity = 0.138 kg CO₂e; 1 kWh NG = 0.208 kg CO₂e.

CHB Group will continue to monitor the energy management program and energy-saving result where the Energy Conservation Committee (ECC) will review and update the program regularly. To further improve energy efficiency, strengthen every conservation, and encourage the participation of employees and society, a series of training programs and activities are implemented for both internal and external organisations. The series of projects and activities are as follows:

- I.** Energy policy with the commitment from top management that aimed to achieve energy performance improvement.
- II.** Invite energy expert from parent company for knowledge sharing, guidance, technical assistance service, cooperation and program implementation.
- III.** Set Energy Performance Index(s) (EnPIs), energy objective targets and the plan of actions in order to increase energy performance of processes and activities and analyse the results for future reference.
- IV.** Effective communication methods and media advocacy to increase public awareness.
- V.** Complying with applicable laws and regulations in establishing EnMS.
- VI.** The notice board on departmental energy saving activities is published to raise employees' awareness.
- VII.** Updating continuously on the energy-related news on the notice board, ERP system and reminder via email.
- VIII.** Conducting energy saving campaign by distributing leaflets to each department.
- IX.** Reward scheme for both employees and non-employees who propose on energy saving opportunities in working area and industry premises.
- X.** Setting up Process Management Information System (PMIS) and Utility Monitoring System (UMS) as tools that provide statistical and analytical data in monitoring the electricity usage of processes.
- XI.** Conducting energy audit and section audit in order to analyse the energy flows in industry and identify potential areas of improvement.
- XII.** Conducting ISO 50001 EnMS awareness training during new employee's induction training and yearly training as refreshment for existing employees.

3.5.2 Electricity Consumption

The electricity energy baseline is established using the regression method. The regression model is based on the past three years' electricity consumption and production output data. The energy performance (unit consumption) of year 2020 is based on the established energy baseline.



Table 3.2: Electricity consumption from year 2018 to 2020.

Year	Production (t)	Electricity (kWh)	kWh/t
2018	1,676,478	80,870,885	48.24
2019	1,666,680	83,544,445	50.13
2020	1,425,861	73,466,694	51.52

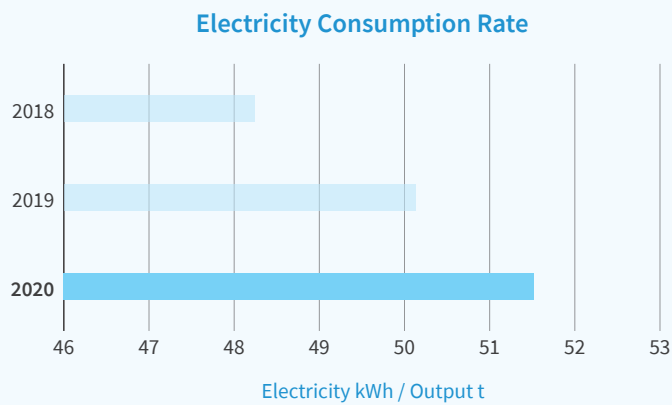


Figure 3.5: Electricity consumption rate from year 2018 to 2020.

The electricity consumption intensity in year 2020 was 2.8% higher compared to year 2019 due to the decrease of production output.

Table 3.3 shows the targeted and actual energy saving in year 2020.

Table 3.3: Targeted and actual energy saving in year 2020.

Objective	Target	Target Energy Saving		Actual Energy Saving	
		kWh	Gkcal	kWh	Gkcal
To improve energy efficiency through electricity consumption	To achieve 141,096 kWh/year saving by implementing VSD control for 2RCM coolant supply pump motor.	129,338	0.289	79,720	0.178
	To achieve 94,252 kWh/year saving by reducing 2RCM auxiliary hydraulic system operating pump.	94,252	0.211	82,586	0.185
	To achieve 300,922 kWh/year saving by regulate reduce compressed air pressure for 2RCM air wiper system.	150,461	0.336	227,024	0.508
	To achieve 108,240 kWh/year saving on motor application.	108,240	0.242	93,481	0.209
	To achieve 369,849 kWh/year saving by replacing the compressor with higher efficiency compressor.	30,811	0.069	0	0.000
	To achieve 14,838 kWh/year saving on lighting application.	14,838	0.033	11,542	0.026
	To generate solar energy 601,025 kWh/year and achieve average of 0.77% monthly reduction in electricity purchased from utility company by December 2021.	106,564	0.238	0	0.000
	Sub Total:	634,503	1.419	494,353	1.105
Objective	Target	Target Energy Saving		Actual Energy Saving	
		Sm ³	Gkcal	Sm ³	Gkcal
To improve energy efficiency in the NG consumption	To achieve 30,422 Sm ³ /year saving on energy consumption by reducing oven exhausters' flow.	30,422	0.288	33,780	0.320
	Sub Total:	30,422	0.288	33,780	0.320

Note: 1 Sm³ = 40 MJ 1 MJ = 0.2778 kWh

Actual energy saving (Jan~Dec) counted from the implemented date (month)



3.5.3 Natural Gas Utilization Performance

Apart from electricity, natural gas serves as the second main source for production. The consumption of natural gas is parallel with the increase in production output of thinner and thicker gauge of the strip.

The Energy Conservation Committee (ECC) delivered the fullest ability in reducing the consumption of natural gas through the study of heat recovery from fuel gas and re-use steam condensate of selected process lines and improving insulation to prevent heat loss.

The natural gas consumption intensity in year 2020 was lower than year 2019 due to the decrease of production idle time.

Table 3.4: Natural gas consumption intensity from year 2018 to 2020.

Year	Production (t)	NG (Sm ³)	Sm ³ /t
2018	1,778,462	15,807,231	8.89
2019	1,816,360	15,623,918	8.60
2020	1,559,359	13,214,391	8.47

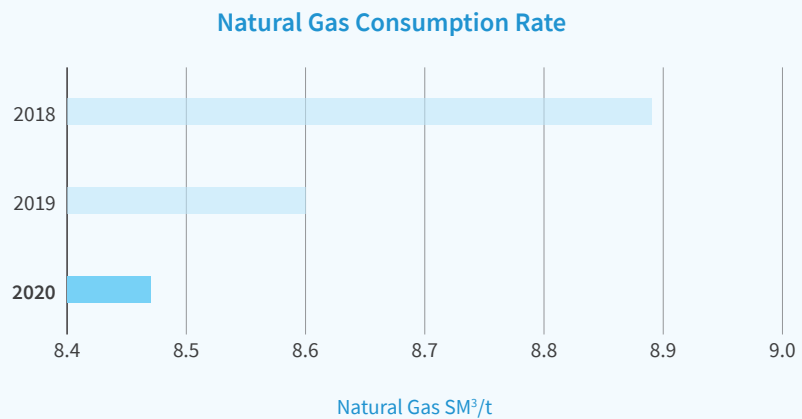


Figure 3.6: Natural gas consumption rate from year 2018 to 2020.

3.6 Safety Performance

Danger never takes a vacation, which is why safety should always be a priority in our daily life. CHB Group has the same priority and is concerned with the safety of its employees, contractors and transporters. The Group is committed to minimising the risk of accidents in the workplace.

3.6.1 Injury Rate

The 'area responsibility system' has been implemented by CHB Group in which employees are required to be in charge and responsible for the safety aspect of allocated areas.

Table 3.5: Injury rate from year 2018 to 2020.

Description	2018	2019	2020
Minor (first-aid level) injury	5	7	4
Lost days (employees)	1	2	5
Lost days rate (employees)*	59.31	39.78	77.49
Injury rate (total workforce)	0.45	0.91	2.90
Occupational diseases rate (total workforce)	0	0	0
Absolute number of fatalities (total workforce)	0	0	0

*Lost days rate = (total workdays lost/total hours worked)*1,000,000

One of the measures taken to minimise the frequency of occupational accidents is to provide safety leaflets and guidelines to all employees through the ERP system to raise safety awareness among employees. Meanwhile, safety briefing is conducted regularly as a way to control both accident frequency rate and severity rate. CHB Group always actively creates and maintains a healthy and safety working culture. For instance, safety trainings have been conducted regularly to ensure that they have been trained and are competent to carry out the safety and health aspects of their duties and responsibilities.



The injury rate of occupational accidents was marked highest in year 2011 (9.06) and it was reduced to 2.90 in year 2020.

3.6.2 Potential Occupational Risk

The safety officers, Occupational Safety and Health Panels and/or Head of Department are responsible for reviewing the control measures from time to time. In addition, employees are encouraged to submit Job Safety Proposal (JSP) to report any near-missed cases, and they will be rewarded when the JSP is accepted by the Group. Table 3.6 shows the potential hazard cases found and it was eliminated in the past three years.

Table 3.6: Number of cases with potential risk being eliminated from year 2018 to 2020.

Description	Number		
	2018	2019	2020
Monthly Inspection lead by SHC Chairman	6	6	6
Weekly Inspection by Safety Inspectors / SHO	78	64	89
Job Safety Proposal (JSP) by Employees	365	305	210
Near-Missed Case	7	1	2
Total Cases of Potential Risk being Eliminated	356	293	307

3.6.3 Loss Time Injury

A target of 183 consecutive days without Loss Time Injury (“LTI”) was set by CHB Group with the objective to raise safety awareness among employees. Rewards will be given in the form of cash vouchers to all

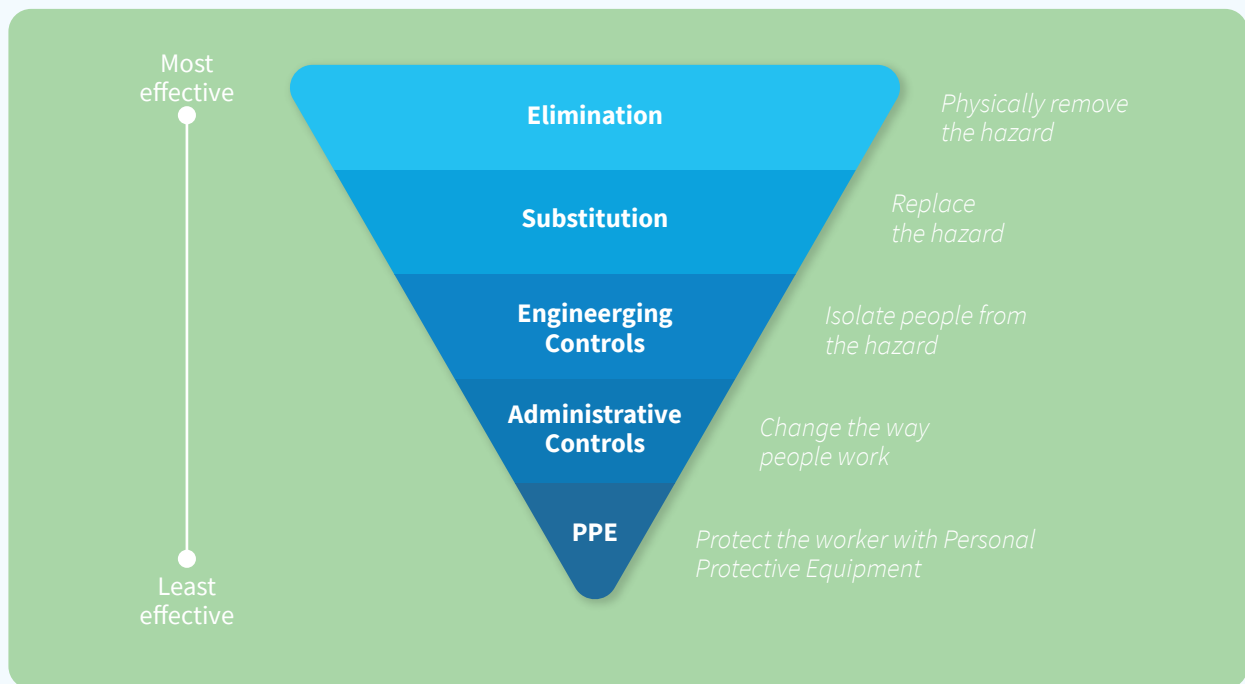
employees if there is no injury for 183 days consecutively. The above mechanism has been implemented for not less than ten years, and the highest record was 703 consecutive days without LTI.

3.6.4 Contractor Safety

Apart from the safety of employees, CHB Group is also concerned with the safety of contract transporters during their loading activities in the compound of the Group. Contractors' safety management in the Group includes, safety hierarchy, HIRARC assessment, and type of work permit- STBO, which would be further elaborated in the following.

To prevent contractors suffering from occupational accidents, which could result in bodily injuries and/or damage of the machineries, tools or equipment, or facilities, CHB Group conducts risk assessment and prepares Safe Job Procedure (SJP) of the job to be performed prior to all contractors at the beginning of work. By doing so, it will help contractors understand the risks involved with the work and have a better understanding of the job scopes.

There are many risks associated with contractors who work in unfamiliar workplaces and the potential hazards they may encounter or even create can place a heavy burden on the host employer. Safety trainings and orientations are compulsory for all contractors in CHB Group. The contractors' performance during the training periods will lead to the decision of CHB Group on whether to collaborate with them in the future. In addition, CHB Group focuses on hierarchy controls to minimize or eliminate exposure to hazards and HIRARC (Hazard Identification, Risk Assessment and Risk Control) in safety and health management.



Permit to work

The aim of Specific Task Before Operation (STBO) Report, Work Permits – is to provide systematic instruction in conveying information concerning on environment, safety & health and a systematic process used to authorize controlled work in nonstandard, potentially hazardous conditions, in order to alert and remind workers on the aspect that could cause impact or harm to the environment, safety and health of any person within the company premises.

3.6.5 Logistic Safety

CHB Group has performed large-scale construction of concrete and asphalt-paved surfaces to upgrade and maintain the road around the sites, with the aim of improving the safety of transportation. The infrastructure includes proper design, such as drainage systems, pavement, underground piping and truck parking spaces. The huge investment to enhance the logistic infrastructure is crucial and meaningful.

Furthermore, CHB Group has begun to launch the intelligent transportation system project, with the initial aim to improve the transportation safety of raw material receiving and goods delivery process, simplify the truck route and enhance the work safety of employees. An RFID system will be established that is able to control the entry and exit of trucks, accelerated and accuracy transporters' registration process, and strengthen the trucks' flow monitoring system. In addition, CHB Group also has initiated self-develop smartphone applications to facilitate the transportation systems, thus enhancing employees' efficiency and workplace safety.



4.0

MARKETING AND PRODUCT DEVELOPMENT

4.1 Overview

CHB Group always strives to provide premium products to customers through product enhancement and marketing. Marketing helps the Group to build brand awareness among customers and attract new potential customers. New product development, on the other hand, ensures the capability of CHB Group to sustain in the steel industry.

4.2 New Product Development

Antimicrobial Coated Galvanized Steel

As defined by Malaysia's Department of Occupational Safety and Health (DOSH), Indoor Air Quality (IAQ) describes the air quality inside a structure or building, associated to the health and comfort of its occupants. Poor IAQ due to pollution from major roads and freeways as well as contaminant build-up in ventilation system has been linked to various building-related illnesses including headaches and fatigue, commonly known as "sick building syndrome". The widespread of contaminants such as microscopic organisms and other pollutants can be accelerated by temperature, moisture, and other substance for growth. Furthermore, these contaminants are easily transmitted through fomites, liquid droplets and airborne, which greatly affect one's health.

CHB Group has built its strength in meeting all challenges – from providing steel products for the construction of intricately designed structures to responding to market demands according to the latest situation. In year 2020, CHB Group has expanded its range of products by developing antimicrobial coated galvanized steel (antimicrobial GI) which is suitable for the production of heating, ventilation and air-conditioning (HVAC) ducting systems to protect building occupants not only in times of COVID-19 pandemic, but all year around. CHB Group is the first local manufacturer in Malaysia that produces and supplies antimicrobial GI in the market.

CHB Group's antimicrobial GI is the galvanized steel comprises with nanotech antimicrobial function. It is certified by Food Industry Research and Development Institute in compliance with JIS Z 2801 and SGS in compliance with ASTM G21, which is not only efficient in suppressing the growth of a list of bacteria and fungus(mold), but it also provides excellent anti-white rust resistance protection compared to conventional metallic coated steel sheets. CHB Group's antimicrobial GI also has anti-finger print characteristic and complied to stringent environmental guidelines i.e. RoHS & REACH.

Early intervention is the key to dealing with air pollution, which has often been characterized as a “silent and invisible killer”, but better still is adopting a “prevention is better than cure” approach to maintain IAQ. CHB Group’s antimicrobial GI does not only clean up current problems, but also prevent future infestation to ensure that the building and its occupants remain healthy all year round.

New Generation of High Ductility SGC440 Galvanized Steel for the Renewable Energy Large Scale Solar (LSS) System

In response to the continuous development of large scale solar (LSS) power generation plant in various countries to increase the proportion of national green energy, it has been assessed that the conventional galvanized steel grade SGC440 (min. elongation of 18%) may not be fully meeting the high load-bearing and wind-resistant steel requirement of LSS panel brackets. In year 2020, CHB has successfully developed the new generation of SGC440M2 with high strength and high formability properties (min. elongation of 26%). SGC440M2 is produced by nano-alloy added with low carbon steel using proper heat treating process to improve the material ductility. This newly developed SGC440M2 has been assessed that it could meet the design strength and formability requirements of the bracket and subsequently been approved by international solar energy system manufacturer and distributor of solar energy equipment, which will be exported to major markets in the United States and Canada.

Another Green Product from CSC Steel, Now for Automotive - Chrome-Free Anti Finger Print (AFP) Galvanized Steel for Automobile Window Lifting Parts, adding in another proud chapter of “Made in Malaysia”

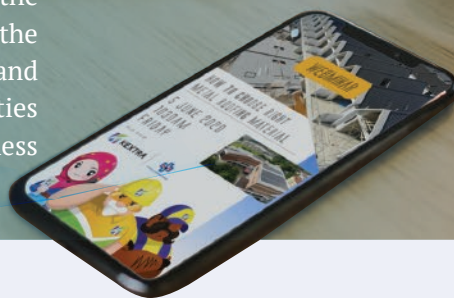
In July 2020, a customer engaged in automotive parts processing, approached CHB to develop and supply Chrome-Free AFP galvanized steel sheets for the usage in four automobile window lifting parts to replace the imported Japanese material. Steel grades involved namely SGCD1, SGCC and SGC400. CHB promptly studied and completed the production trial development in early September 2020. The production trial materials had successfully passed the end user’s dimensional, mechanical and forming requirements. Besides the successful development of this product, apart from helping customer to solve the shortage of imported materials, CHB has also succeeded in producing and supplying greener and sustainable galvanized steel for the automotive industry.

4.3 Marketing Activities

Our promises are backed by our actions. CHB Group continuously delivers value to enhance a long-term relationship with our customers and sustain as one of the market leaders in steel manufacturing industry. In year 2020, CHB Group has collaborated with its customers on a few activities to enhance product exposure and positioning in the steel industry.

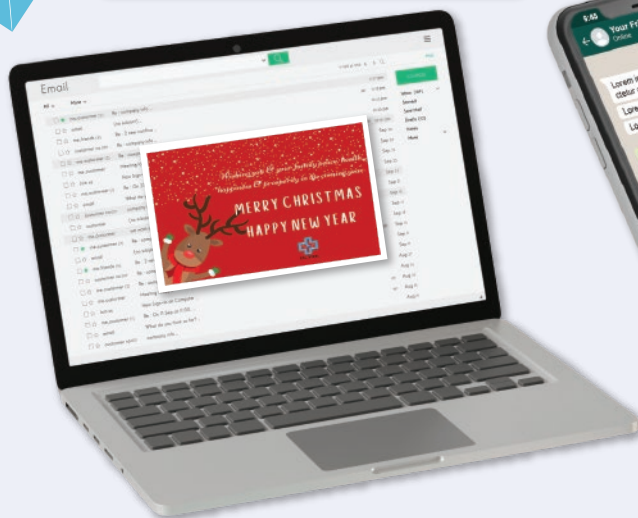
4.3.1 Webinar - How to Choose Right Metal Roofing Material

A roll forming manufacturer in Malaysia has organized a webinar entitled “How To Choose Right Metal Roofing Material” on 5th June 2020 and the Group was invited to collaborate with them for the event. The purpose of the webinar is to create a platform for the company to have interaction with the participants such as architect, consultant and etc. Meanwhile, it also creates opportunities to increase the companies’ brand awareness among the participants.



4.3.2 Corporate E-Greeting Cards

Amid the COVID-19 pandemic, CHB Group has taken the opportunity to express its’ gratitude to all the customers, government sectors and so forth during festive seasons, by sending them the corporate e-greeting cards through e-mail, WhatsApp and the company website. Besides conveying genuine gratitude to them, it is also a good way to nurture the relationship in preparation for future work.



4.3.3 Digital Mobile Brochures

The survey indicated that the COVID-19 pandemic has sped up the rise of the digital economy. Hence, to engage with the businesses and end-users during this period, CHB Group has taken the initiative to send out customized digital mobile brochures. The brochures do not only include information of the raw materials supplied by the Group but also information of the end-products produced by their customers. By using digital brochures, the viewers could access the information anywhere and anytime. Besides that, as a socially responsible company, CHB Group tends to practice paperless environment that eliminates paper usages and moves forward digitally.



4.3.4 Free Gifts Campaign

While businesses have been hit hard by the effects of the COVID-19 pandemic, CHB Group facilitated its customers in the retail market segment to get back on track via collaboration on activities. For instance, CHB Group gives away exclusive free gifts to every end-users that purchase the products from their customers. As a result of that, it is a great way to increase the customers' sales and build up CHB Group's brand image at the same time.





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