



CSC STEEL
中鋁馬來西亞

2021

**CORPORATE SOCIAL
RESPONSIBILITY**

REPORT

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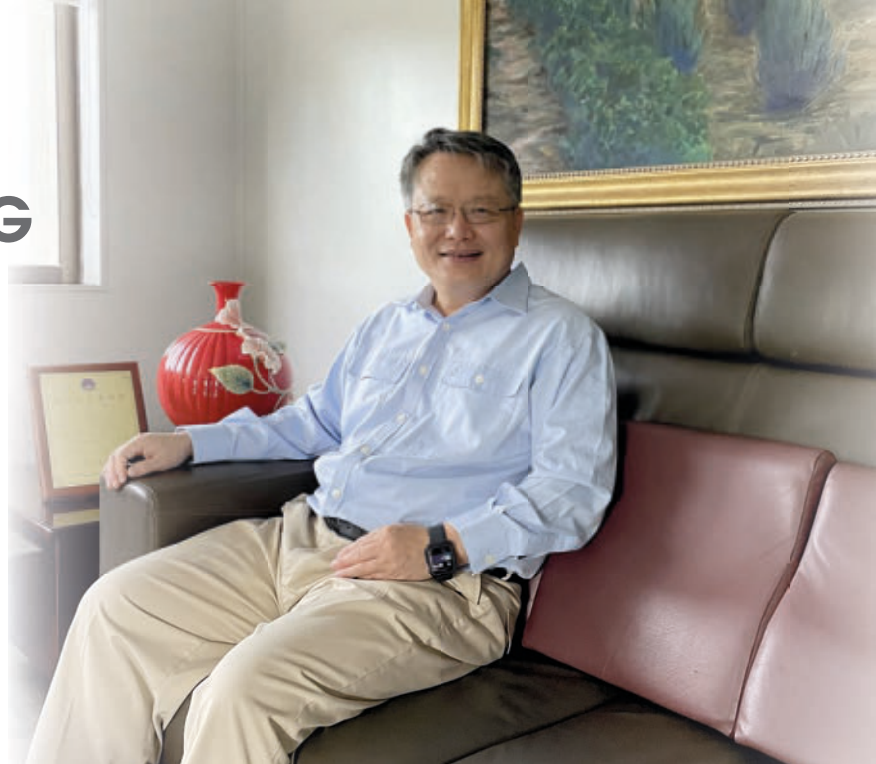
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STATEMENT FROM GROUP MANAGING DIRECTOR

Chiu, Ping-Tung 邱斌棟
Group Managing Director
集團董事總經理



2021 was turbulent mainly due to the COVID-19 pandemic. After the rollout of the COVID-19 vaccination program by the Malaysian government in the beginning of the year, business activities started to revert to normal. Meanwhile, the domestic steel market also picked up strongly as the steel demand experienced a surge due to the tight supply. However, another wave of COVID-19 cases in Malaysia forced the government to enforce another total lockdown in June. The Company halted operation fully for almost 3 months because of the imposition of a Full Movement Control Order (FMCO). We could only resume business in late August. In spite of all these challenges, our results remained strong.

Notwithstanding the difficult time in 2021, Environmental, Social and Governance (ESG) is still our priority. We always do our best to play our roles with great responsibility in ESG. Not only that, we took care of the health and safety issues of our employees while protecting the environment. The COVID-19 pandemic provided much opportunity for the Company to exercise our CSR. We funded a few non-profit organizations in their purchase of medical supplies to combat the outbreak: expensive items such as portable ventilators and less costly items such as masks and sanitizers.

On another note, we continue our support for education by removing hindrances to students' learning endeavours because we believe education is essential for a nation's prosperity. We create environments that make it easier for the students to learn. We provide resources such as

stationery and refurbished personal computers. We even fixed a school roof that was threatening to cave in. Not least of all, financial help in the form of scholarships and upgrading school facilities.

We facilitated some students' participation in national and international tournaments, which we hope would be beneficial by exposing them to a world outside their usual home and school environment. We also assisted by supplying resources to build a better place for the students' learning.

On the environmental conservation front, we have autonomously monitored, since 2009 and will continue to do so, our compliance to the ISO 14001:2015 Environmental Management Systems. We submit quarterly reports to the Department of Environment to assure the government that we are adhering strictly to regulations. We have replaced our traditional roofing with solar panels to reduce the electricity usage and also because solar energy produces zero greenhouse gases (GHG) and is pollution-free. Furthermore, we are planting trees around our factory not only to beautify our work environment but also to reduce our carbon footprint.

This report is a detailed overview of our efforts in carrying out our 2021 CSR activities. Thus, while coping with this COVID-19 pandemic, we continue to operate our business in the very best way to benefit the society we are in.

Thank you.

1.0 INTRODUCTION

1.1 Overview

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

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

The main products of CHB Group include Pickled and Oiled steel coils ("PO"), Cold Rolled steel coils ("CR"), Galvanized steel coils ("GI") and Pre-Painted steel coils ("PPGI"). 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 materials industry.

In addition, CHB Group is committed to increasing value for its shareholders and the community, as well as continuing its effort to reduce its 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 is fundamental for achieving CHB Group's vision:

- a. Sales and production advancement by implementing industrial upgrading
- b. Technical marketing for solidifying sales channels
- c. Talent cultivation for enhancing experience inheritance
- d. Social well-being by placing great importance on environment protection and public welfare

1.3 Core Values

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

Teamwork:

Replace internal rivalries with coordination and cooperation with a common goal in mind- the corporate objectives.

Pursuit of Innovation:

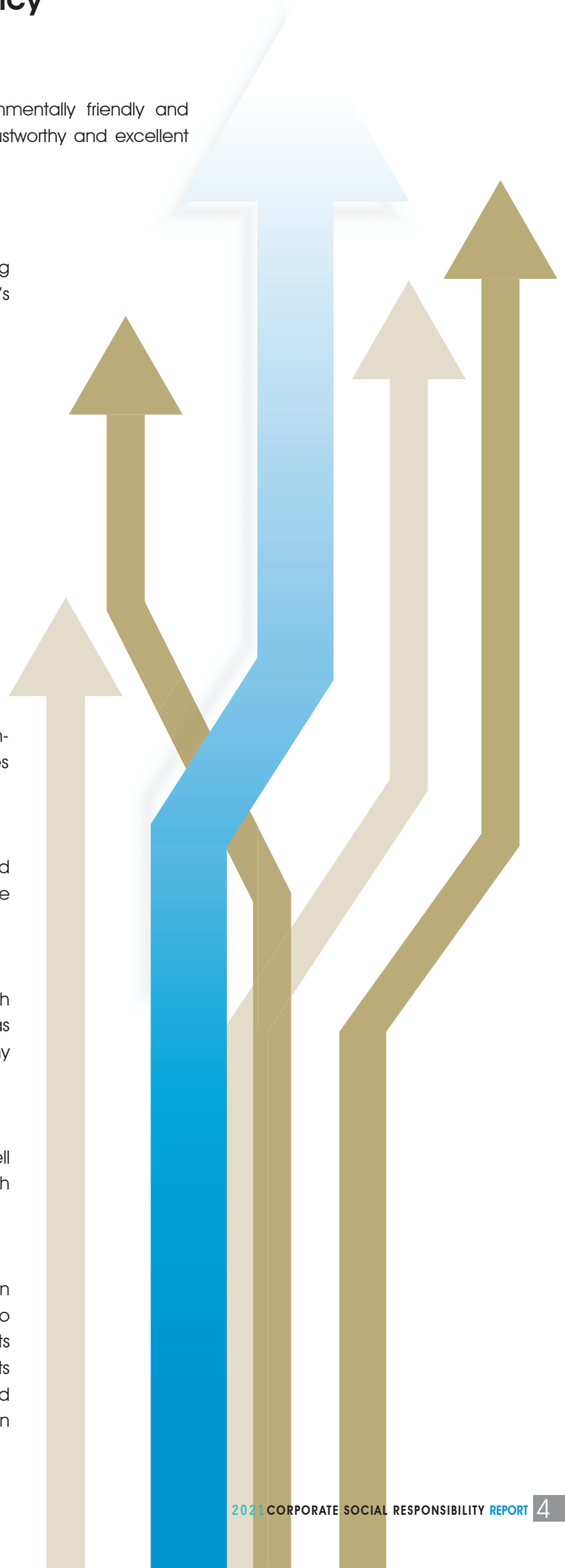
Managing people and processes through research and development that turn new ideas into profit. Being innovative keeps the company abreast of the latest industry development.

Down-to-Earthness:

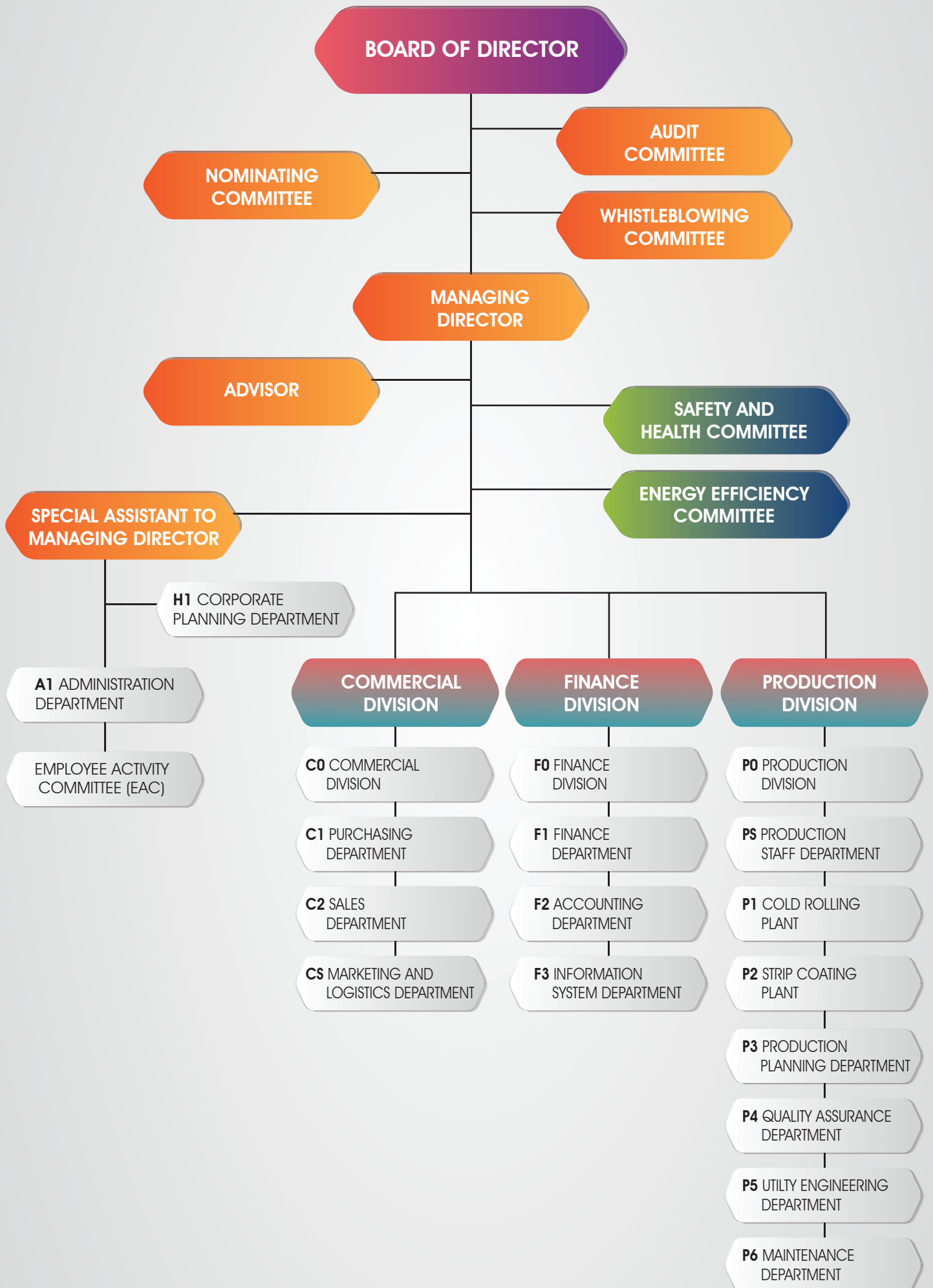
The state of being practical and realistic as well as making sensitive decisions as to deal with problems effectively.

Entrepreneurial Approach:

Stressing efficiency for the day-to-day operation to preserve growth. Has a responsibility to provide superior products and services to its customers and an environmentally for its employees to grow professionally and intellectually as well as satisfying return on shareholder's investment.



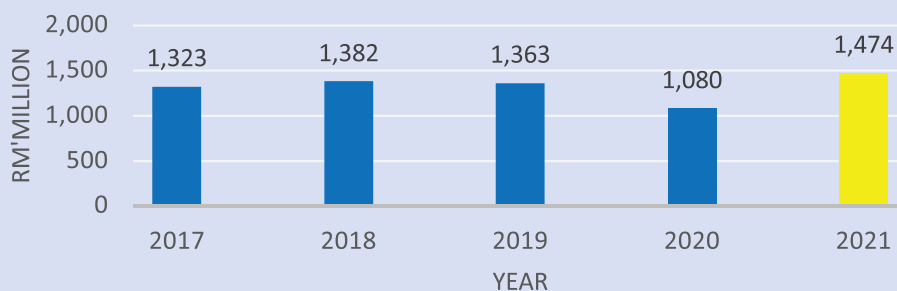
1.4 Organisation Structure



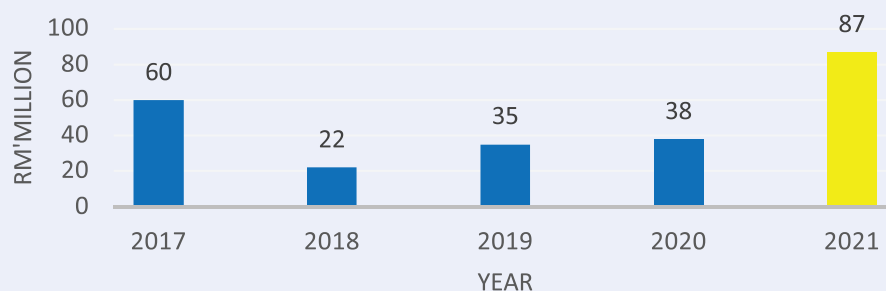
1.5 Our Business

The COVID-19 pandemic notwithstanding, CHB Group recorded its highest revenue of RM1.474 billion for the financial year ending 2021, approximately 37% higher than the RM 1.080 billion recorded in 2020. This is mainly due to a significant rise in steel prices. Despite CHB Group halting its factory operations for 85 days, CHB Group's profit after tax was RM87 million compared to RM 38 million a year earlier. CHB Group will continue to remain strong and resilient even with the current and upcoming uncertainties.

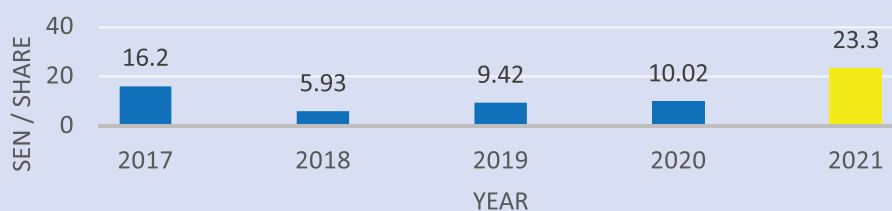
Revenue



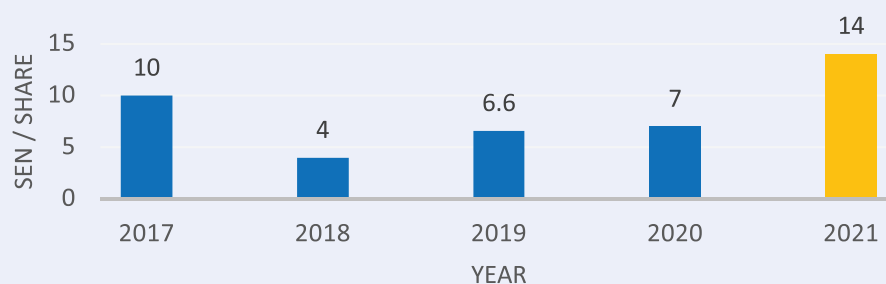
(Loss)/Profit after tax



(Loss)/Earning Per Share



Dividend



2.0 OUR COMMITMENT

2.1 Overview

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

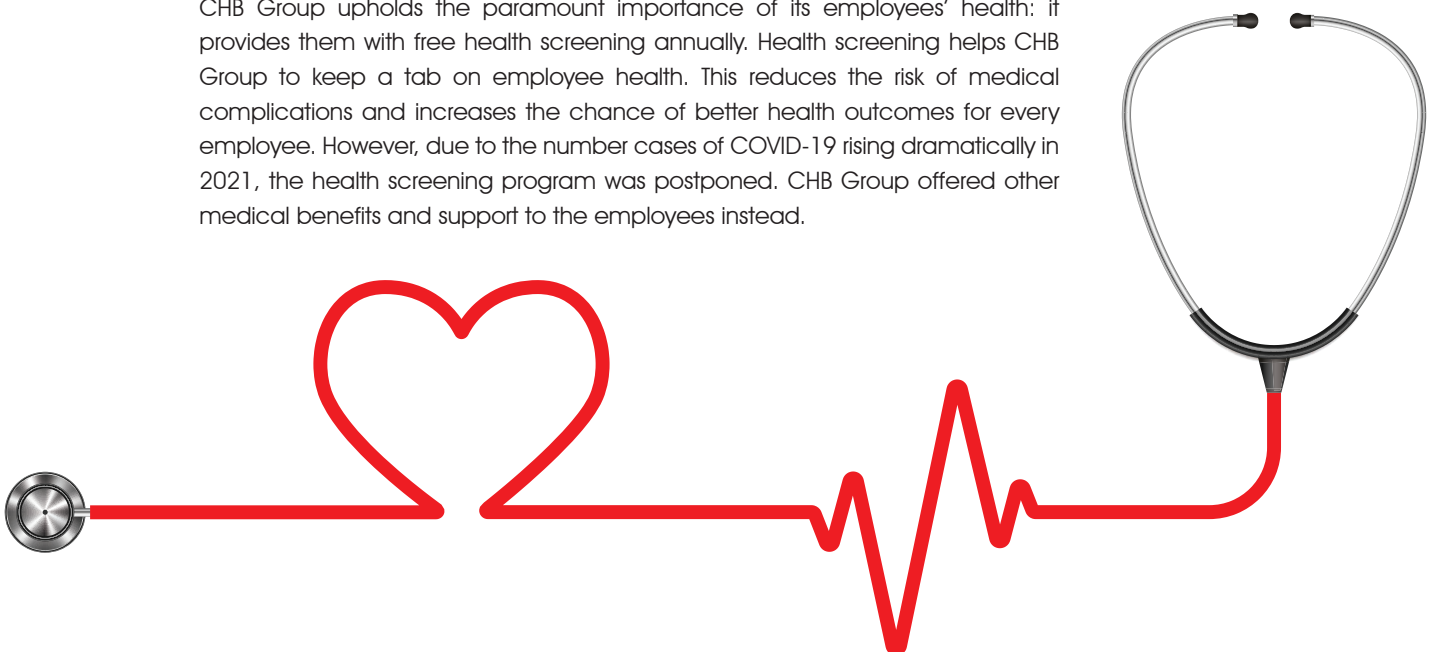
2.2 Employee welfare and fringe benefits

CHB Group sees its employees as one of its most valuable assets. CHB Group continues to enhance its employees' welfare and fringe benefits by providing a series of initiatives such as health screening and free nutritious meals. Furthermore, CHB Group provides training for up-skilling and re-skilling its employees.

Other than local employees, CHB Group has 38 foreign employees from Nepal and Myanmar. During the COVID-19 pandemic, the government instituted a Movement Control Order (MCO) and closed the Malaysian border. These workers were therefore unable to return to their home country. CHB Group took care of them by educating them on COVID-19 prevention measures like how to wear face masks properly, practise social distancing, and wash hands appropriately. They were advised to avoid crowded spaces to minimise the spread of the virus.

2.2.1 Health Screening

CHB Group upholds the paramount importance of its employees' health: it provides them with free health screening annually. Health screening helps CHB Group to keep a tab on employee health. This reduces the risk of medical complications and increases the chance of better health outcomes for every employee. However, due to the number cases of COVID-19 rising dramatically in 2021, the health screening program was postponed. CHB Group offered other medical benefits and support to the employees instead.



2.2.2 Complimentary Meals



CHB Group considers employees as part of its family. To validate this belief, CHB Group provides the employees with balanced, hygienic and nutritious meals within its premises. Daily meals are prepared in accordance to the healthy food pyramid, comprising grains, vegetables, meat, and fruits to provide a nutrient dense balanced diet.

During the COVID-19 pandemic, CHB Group offered pre-packed meals in stainless steel food containers or lunch boxes to minimise crowding in the canteen. Employees were encouraged to order their meals beforehand to prevent wastage due to over-purchasing and over-storage of raw food supplies.



2.2.3 Organisational Development

CHB Group believes that training relates strongly with employee performance, which would in turn affect productivity. In 2021, CHB Group provided numerous training and development activities to fully extend the abilities of its employees. Because travel restrictions and pandemic Standard Operating Procedures (SOPs) hampered face-to-face training and development activities, CHB Group opted for virtual training through online platforms to continue with employee training. Where face-to-face training is deemed absolutely necessary, it was conducted in strict compliance to the SOPs.

Approximately 700 employees were trained. The training hours were an average of 20.30 hours per employee. 11 categories of training were provided to cater to the needs of the different job functions. The chart below outlines the categories of training activities conducted in 2021.

Training Programs in

2021

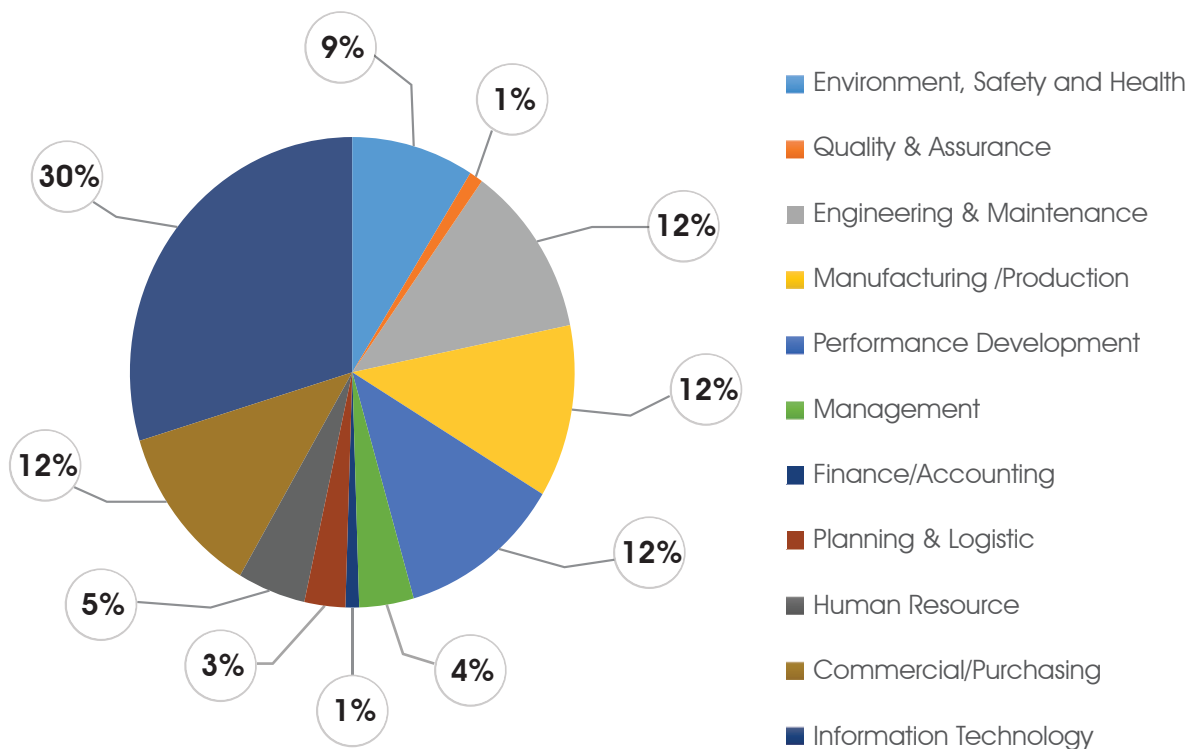


Figure 2.1: Categories of training programs conducted in 2021

CHB Group agrees internship is important for students to develop and strengthen their personal character and for enabling them to make a smooth transition from their learning institution to the work place. CHB Group collaborates closely with colleges and universities to provide students with hands-on industrial practice. CHB Group ensured the continuity of the internship programs despite the COVID-19 pandemic. In 2021, 11 students interned at CHB Group. They undertook a series of activities to apply their academic knowledge, which at the same time provided them with valuable insights into an organisation's daily operation.

2.3 Employee Engagement

Employee engagement is the feeling of passion on the part of the employees for their jobs and their commitment to the organisation. It is a driver for the employees in recognising their effort and contribution to the sustainability of the organisation. To strengthen the bond between the Company and its employees, the Employee Activity Committee (EAC) comprises members nominated by the employees themselves. The EAC plans and organises activities including, but not limited to, annual dinners, weekly sport activities, and sport tournaments with the objective of creating a sense of belonging among the employees. Even during the COVID-19 pandemic, the EAC continued with activities to engage and retain employees, but with strict compliance to SOPs.

2.3.1 Annual Appreciation Dinner

The annual dinner is one of the major events organised by the EAC to express CHB Group's gratitude for the employees' contribution throughout the year. As the COVID-19 cases spiked in 2021, the company annual appreciation dinner had to be cancelled. Nevertheless, the usual highlights of previous years' annual dinners were preserved. The Best Employee Award was still given, with a simple ceremony held within the Company premises. The award winners were given prizes and awards in appreciation for their outstanding performance.



CSC Steel Employee of the Year Awards Ceremony 2021

2.3.2 Employees Activities

Regular exercise is necessary for physical and emotional fitness, and for better health. CHB Group encourages its employees to exercise regularly. At the same time, CHB Group organises activities and tournaments like badminton, basketball, bowling, futsal, table tennis, and fishing. During the pandemic, CHB Group organised the table tennis tournament in strict adherence to the SOPs. These activities not only built relationships among the employees, they also created a more harmonious working environment. CHB Group values its employees' well being so much that, when creating a safety awareness program, CHB Group decided on a workplace safety poster drawing contest where there is minimal contact amongst the participants. It is in this manner that the Company managed to achieve its goal and at the same time safeguarded its employees' safety from the COVID-19 virus.



Table tennis tournament organised in strict adherence to SOPs.

2.4 Contribution to Local Communities

A devastating second wave of COVID-19 cases battered Malaysia in 2021. Whole families and communities became desperate. The general healthcare system was struggling as well, facing challenges like shortage of medical protective materials and equipment. To lighten their burden, CHB Group stepped in to assist, as described in following section.

2.4.1 People In Need

2.4.1.1 Donating medical supplies & equipment

During the COVID-19 pandemic in 2021, several charities such as St. John Ambulance (Melaka), Tzu Chi Melaka and government agencies approached CHB Group for financial assistance in purchasing medical supplies like masks and hand sanitizers, and medical equipment like ventilators. CHB Group granted their requests immediately as part of CHB Group effort to help everyone survive the COVID-19 pandemic together.



CHB Group donated transport ventilators to St. John Ambulance (Melaka)



We visited NGOs to donate food and daily necessities.



2.4.1.2 Donating food and daily necessities

Several lockdowns caused by the COVID-19 pandemic impacted many charities profoundly, especially their finances and operations. Many were hit by the increased demand, while others struggled to obtain funds because their fundraising activities were curtailed by the restrictions being imposed. Consequently, the donor pool shrank in size. CHB Group was well aware of the predicament faced by these charities. CHB Group played an active part in alleviating their suffering by donating food and daily necessities to some of them. Besides human charities, CHB Group also donated to animal charities as CHB Group always believes that both humans and animals should be valued equally.

2.4.1.3 Sponsoring an art competition entitled “My Favourite Place”

In conjunction with the “Childhood Cancer Awareness Month” which falls in September every year, National Cancer Society Malaysia (NCSM) and Lions Club organised an art competition entitled “My Favourite Place” with the goal of raising public awareness about childhood cancer. CHB Group was invited to be a full sponsor of this contest, which it accepted wholeheartedly. Further, to make this event more meaningful, the winning entries were featured in the CHB Group 2022 calendar.



Awards Ceremony of “My Favourite Place”

2.4.2 Education

CHB Group face many challenges in sustaining the quality of the education system being provided at present. A sound education base is essential in a knowledge based economy era. CHB Group is always enthusiastic in collaborating with both public and private institutions of higher learning to enhance the effectiveness and quality of education.

2.4.2.1 Replacing a roof for a school building

Early 2021, a secondary school in Melaka sought funds from CHB Group to replace the roof of a part of the school building. CHB Group visited the school. We saw that the roof was in a poor state and the ceiling was water stained. A substantially damaged roof could simply cave in at any moment. This is a great concern, especially since school children could be hurt. In the face of such a catastrophe, CHB Group provided financial aid to the school for replacing the roof, for the safety of the students and teachers there.

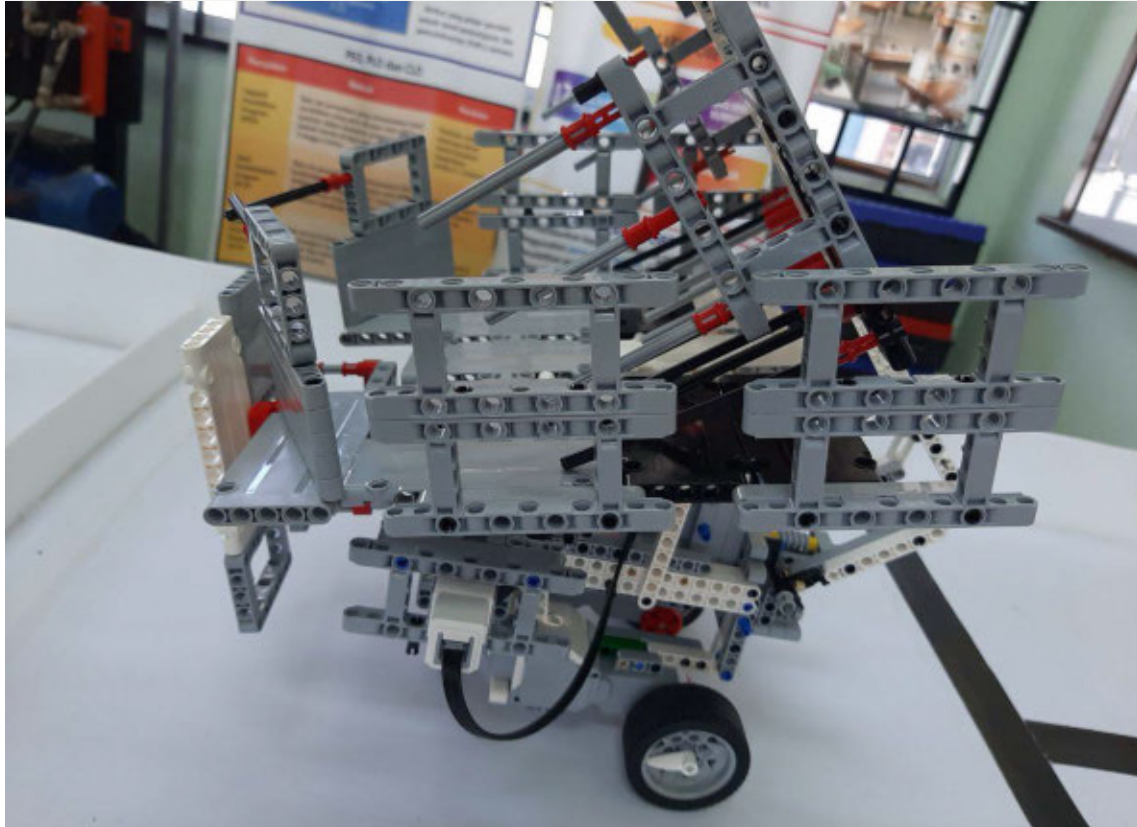


2.4.2.2 Monetary and non-monetary aid to schools

Likewise, CHB Group contributed generously to school scholarship funds meant for students from families who are financially destitute. Besides monetary aid, CHB Group also donated stationery to an orang asli (indigenous people) school in Melaka when it was reopening. With these helpful gifts, CHB Group hopes to motivate and help these children engage in the lessons being taught and learn better.

The pandemic caused a lot of restrictions. One of which was that school classes were conducted online. Although schools have eventually reverted to normal face-to-face teaching, the digital divide still very much exists. Hence, CHB Group continues to support education by donating used computers to those schools in need, to narrow the divide for students in a increasingly digital world.



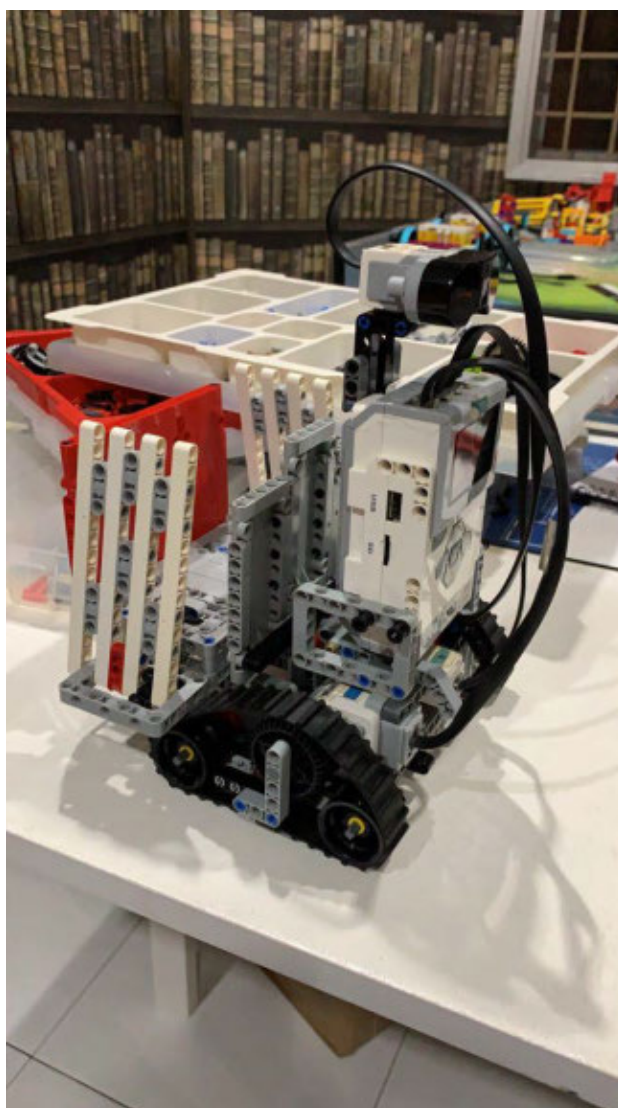


Pictures show some robot models that designed by the students.



2.4.2.3 Sponsoring the International Robotics Competition 2021 (Virtual)

The International Robotics Competition 2021 was carried out virtually by a primary school in Melaka with the aim of enabling students to develop creative and innovative thinking skills and to raise public awareness of environmental sustainability. The participants, ranging from 7 to 17 years of age, were from Malaysia, South Korea, Thailand and China. Considering that this event would be a good experience for students, CHB Group decided to contribute to this event when the event organiser approached it for the event sponsorship.



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. CHB 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 maximise utilisation 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 set up an Energy Conservation Committee ("ECC") with the following responsibilities:



- ✔ Organise 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 include ensuring the employees are all aware of the energy management, and reviewing the status of the program regularly to ensure its continuing suitability, adequacy and effectiveness.

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

Care For Live

Respect and value lives with an effective implementation of the energy efficiency, environmental protection, and occupational safety and health management programs. Progressively reduce energy consumption, prevent pollution and occupational injuries as well as illnesses. Other than that, promote the protection of future generations by optimising resources consumption, minimising waste generation and enhancing the health of our employees as well as that of other related parties.

Risk Management

Undertake risk and opportunity assessments by determining the internal and external effects on the operation control, integrating the accepted risk management practices into our decision making process and establishing hierarchy of risk control which includes 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 our employees, 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 the Management System with the participation and consultation of competent employees and employee 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 an effective risk-based thinking mechanism, aiming to fulfil our corporate social responsibilities and our ultimate goal of zero accident and health diseases.

Continuous Improvement

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



3.2 Environment Sustainability

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

3.2.1 Environmental Monitoring Program

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



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



A competent internal audit team carries out its audit once a year to assist the EMS implementation 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

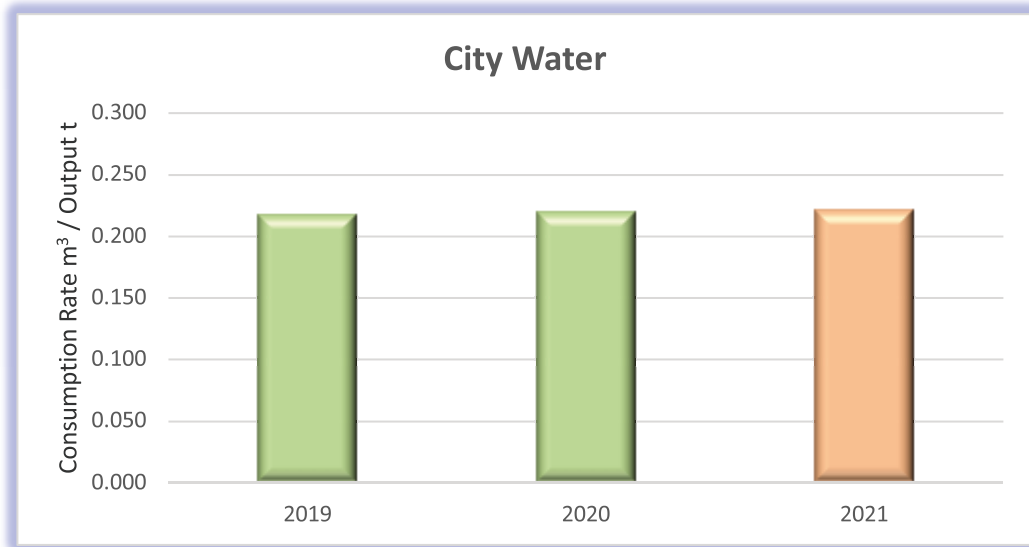


Figure 3.1: Consumption rate of city water from 2019 to 2021.

The figure above shows the city water consumption rate of CHB Group for the past three years. City water consumption is a measurement of the plant operation's water intensity. In 2021, the city water consumption rate is maintained at the same rate as 2020. The water conservation program is carried out continuously. The results are positive.

3.2.2.2 Treated Effluent

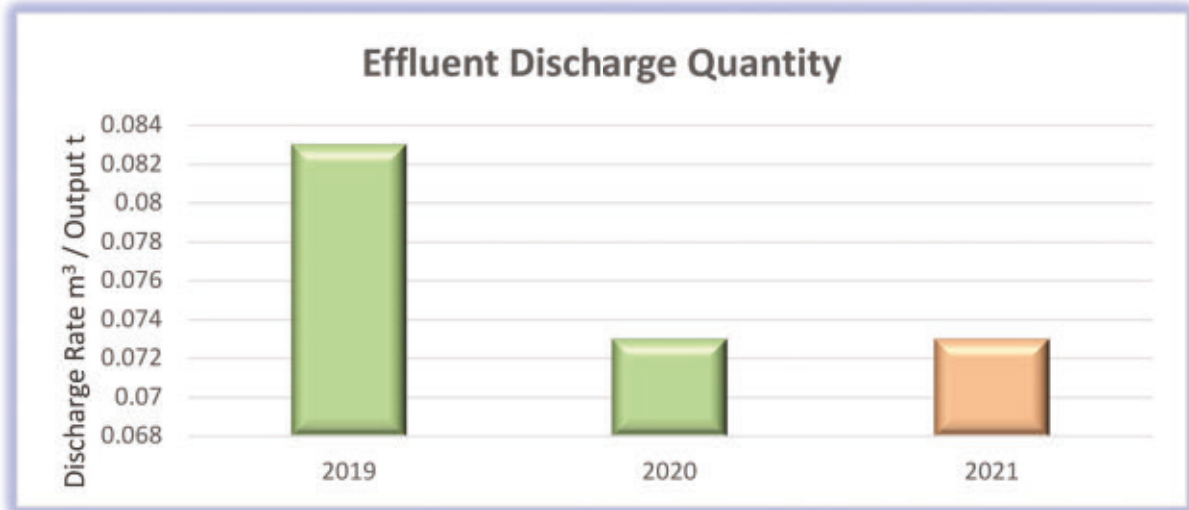


Figure 3.2: Effluent discharge quantity from 2019 to 2021

Figure 3.2 shows the effluent discharge quantity from 2019 to 2021. The waste water 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, and flow meter. CHB 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. The effluent discharge is maintained as at the same rate as 2020, which is 0.073m³/t. Production line total consumption of processed water (deionised water) has been optimised and is reduced significantly compared to the previous year.



3.2.2.3 Wastewater Treatment Plant

By holding to the commitment to contribute to environment cleanliness and zero pollution, wastewater is treated at CHB Group's wastewater treatment plant to ensure that it complies with the Malaysian Environmental Quality Act 1974, Environmental Quality (Industrial Effluent) Regulations 2009, particularly Standard B, before exiting the drainage of the Ayer Keroh Industrial Estate, and discharging to Sungai Putat (Putat River) and finally to Melaka River.

3.2.2.4 Effluent Discharge Quality

Samples are taken once a week by a third party accredited to safeguard all control parameters, especially heavy metals and harmful materials to become lower than the requirements, which complies with Standard B. The effluent quality Chemical Oxygen Demand (COD) for the past three years is shown below:

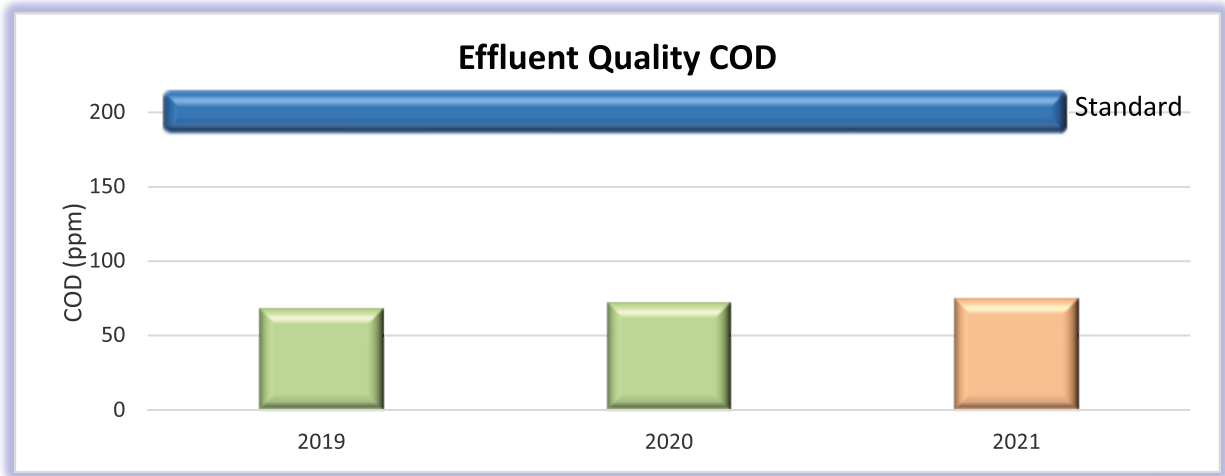


Figure 3.3: COD of effluent quality from 2019 to 2021

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 Environmental 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 Guidelines. 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.

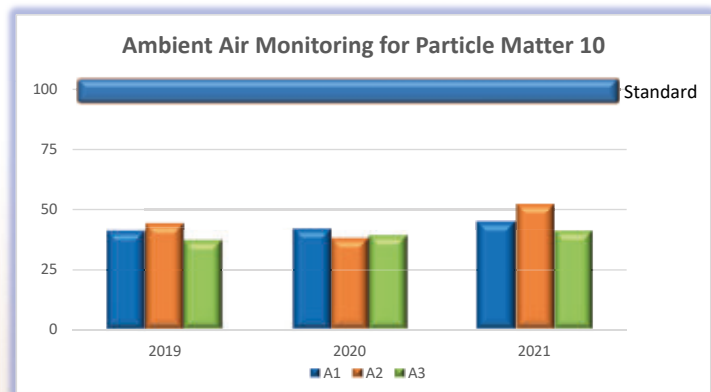


Figure 3.4: Ambient air quality from 2019 to 2021

3.3 Scheduled Waste Management

Scheduled waste contains harmful elements which may injure, poison and pollute the whole ecosystem. In order to have adequate protection of human health and the 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 a DOE licensed contractor, and fully comply with the Environmental Quality Act (Scheduled Wastes) Regulations 2005. CHB Group incorporates the "Cradle to Cradle" concept in its waste management system to ensure the sustainability of environmental development.



Metal Hydroxide Sludge (SW 204)

Recovered and to be utilised as raw material for cement making.



Zinc Dross (SW104)

Sent for recovery purpose.



Waste Oil (SW305)

Collected for recycling and blending into fuel oil.



Waste Solvents (SW322) and Empty Containers (SW409), Waste Filter Cloths (SW40), Waste Chromic Acid (SW206), and Miscellaneous (SW421)

Further recycling and recovery.





3.4 Biodiversity

Mother Earth is getting sick due to the over-emission of carbon dioxide from various human activities. There is global warming and climate change.

As a responsible corporate citizen, CHB Group has a responsibility in reducing these effects. One of the ways to contribute to the ecosystem is to plant more trees. The greatest benefits of tree planting are the conversion of carbon dioxide to oxygen and the amazing cooling effect. Hundreds of plants and trees were planted strategically around the Company compound, which would not only have a positive impact on the environment but would also beautify the physical appearance of CHB Group. As of 2021, 700 plants were successfully grown around the factory.

3.5 Energy Management

In 2013, CHB Group was the trailblazer in the Malaysian iron and steel industry when it obtained the Energy Management System ("EnMS"), ISO 50001:2011 certification. In 2020, the certification was upgraded to ISO 50001:2018. This proves that CHB Group has met most of the requirements in the key areas governing energy management. In this section, we show how we minimize the energy consumption in our factory and offices.



3.5.1 Energy Saving Activities

Greenhouse Gases (GHG) are by-products in the generation of electricity as well as in the combustion of Natural Gas (NG). The impact on Mother Earth could be minimised through energy-saving activities that reduce the emission of GHG. In 2021, a total of 1,502,101 kWh of energy (inclusive of electricity and NG) or 878.73 tons of carbon dioxide emissions were reduced. The efforts taken by CHB Group in lowering energy consumption are summarised as follows:

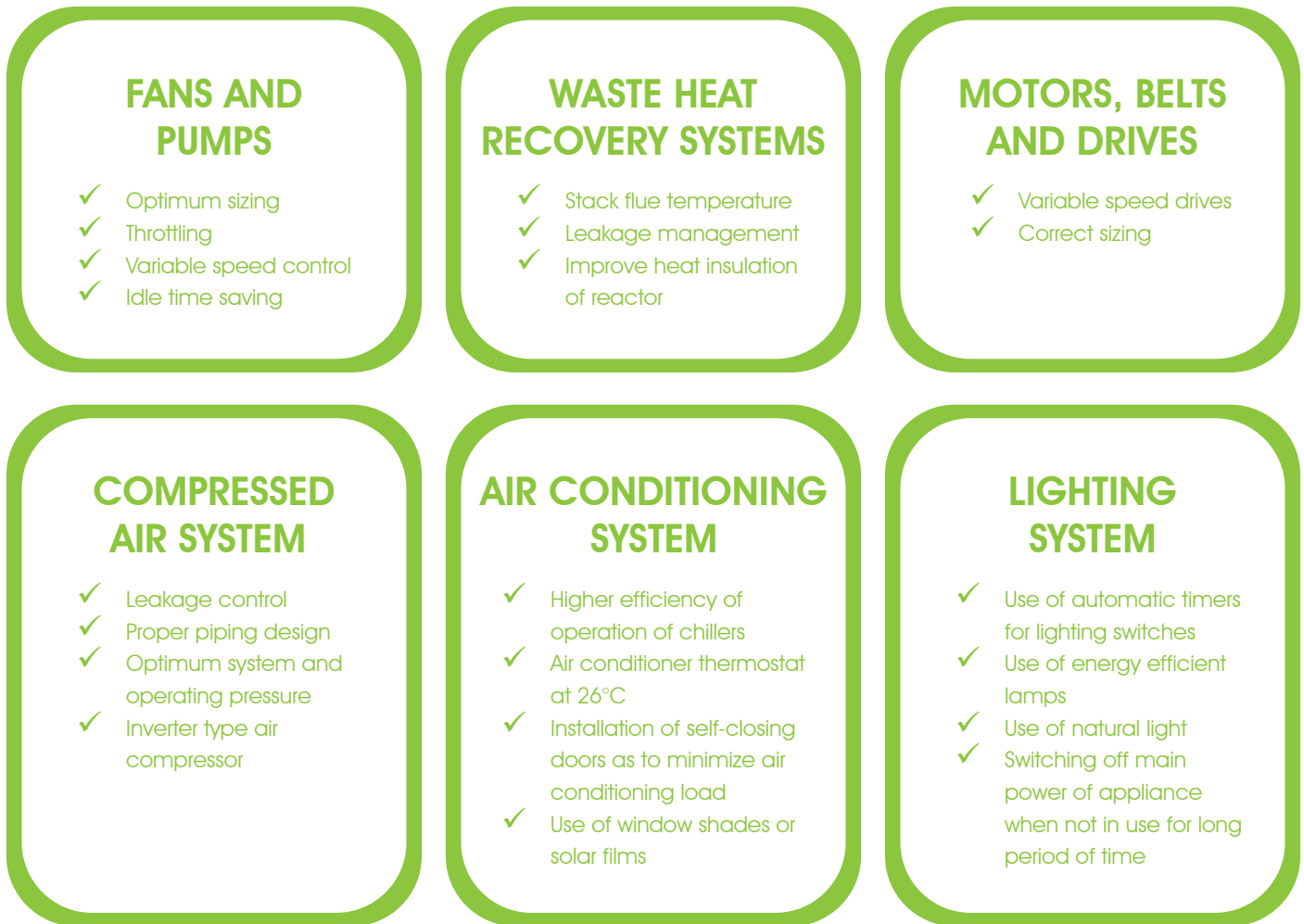


Table 3.1: Total energy saving from 2019 to 2021

Types of Energy	Total Energy Saving in kWh		
	2019	2020	2021
Electricity	104,783	494,353	1,123,734
Natural Gas	439,977	375,363	378,367
Total	544,760	869,716	1,502,101

Note: 1.

CO2 Emission Factor from SEDA: Electricity = 0.585kg CO2/kWh

1 Sm³ = 40 MJ; 1 MJ = 0.2778 kWh

CHB Group will continue to monitor the energy management program and energy-saving results. Particularly, 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 commitment from top management that aims to improve energy performance.
- II.** Invite energy experts 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 plan of actions in order to increase energy performance of processes and activities, and to analyse 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.** Notice board on which departmental energy saving activities are published to raise employees' awareness.
- VII.** Continuous updates on energy-related news on notice board, and via ERP system and 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 areas or industry premises.
- X.** Set up Process Management Information System (PMIS) and Utility Monitoring System (UMS) as tools that provide statistical and analytical data in monitoring electricity usage of processes.
- XI.** Conducting energy audits and section audits in order to analyse energy flows and identify potential areas of improvement.
- XII.** Conducting ISO 50001 EnMS awareness training during new employee induction training and also yearly training as a refresher 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 2020 is based on the established energy baseline.

Table 3.2: Electricity consumption from 2019 to 2021.

Year	Production (t)	Electricity (kWh)	kWh/t
2019	1,666,680	83,544,445	50.13
2020	1,425,861	73,466,694	51.52
2021	1,431,681	69,927,208	48.84

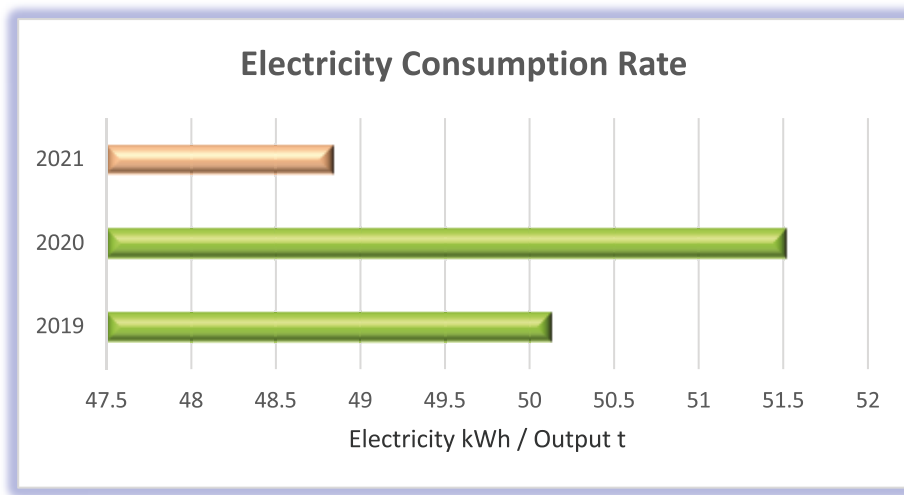


Figure 3.5: Electricity consumption rate from 2019 to 2021

The electricity consumption intensity in 2021 was 4.8% lower compared to 2020 due to an increase in production output.



Table 3.3 shows the targeted and actual energy saving in 2021.

Table 3.3: Targeted and actual energy saving in 2021

Objective	Target	Target Energy Saving		Actual Energy Saving	
		kWh	Gkcal	kWh	Gkcal
To improve energy efficiency in electricity consumption	To achieve an energy saving of 773,572 kWh in 2021 on compressed air consumption.	773,572	1.7297	552,407	1.2352
	To achieve an energy saving of 224,298 kWh in 2021 on motor application.	224,298	0.5015	83,185	0.1860
	To achieve an energy saving of 2,426 kWh in 2022 on motor application.	248	0.0006	262	0.0006
	To achieve an energy saving of 369,849 kWh in 2021 on compressor application.	272,232	0.6087	195,926	0.4381
	To achieve an energy saving of 59,294 kWh in 2021 on lighting application.	59,294	0.1326	53,763	0.1202
	To generate solar energy and achieve an average of 0.77% monthly reduction in electricity purchased by December 2021.	378,423	0.8462	238,190	0.5326
Sub Total:		1,708,067	3.819	1,123,734	2.513
Objective	Target	Target Energy Saving		Actual Energy Saving	
		Sm ³	Gkcal	Sm ³	Gkcal
To improve energy efficiency in NG consumption	To achieve 30,422Sm ³ /year saving on energy consumption by reducing oven exhausters' flow.	30,421	0.2879	29,237	0.2767
Sub Total:		30,421	0.2879	29,237	0.2767

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 Utilisation Performance

After electricity, natural gas is the next main source of energy. The consumption of natural gas is proportional to the increase in production output of thinner and thicker gauges of the strip.

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

The natural gas consumption intensity in year 2021 was lower compared to 2020 due to the increase in production idle time.

Table 3.4: Natural gas consumption intensity from 2019 to 2021

Year	Production (t)	NG (Sm ³)	Sm ³ /t
2019	1,816,360	15,623,918	8.60
2020	1,559,359	13,214,391	8.47
2021	1,566,147	13,440,468	8.58

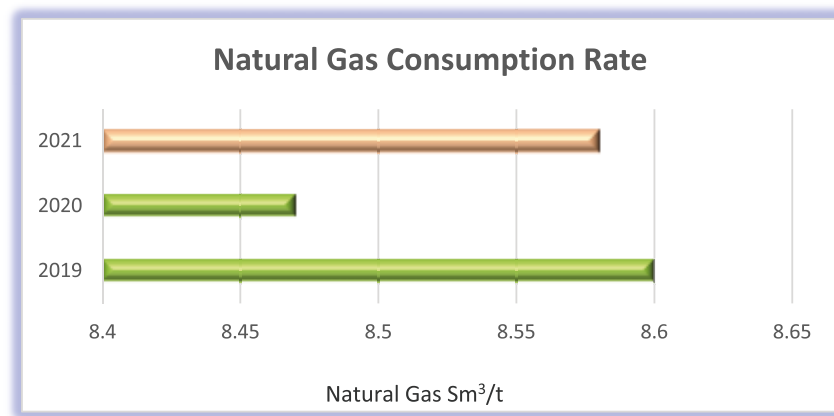


Figure 3.6: Natural gas consumption rate from 2019 to 2021

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 mindset and is concerned with the safety of its employees, contractors and transporters. CHB Group is committed to minimise the risk of accidents in the workplace.

3.6.1 Injury Rate

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

Table 3.5: Injury rate from 2019 to 2021

Description	2019	2020	2021
Minor (first-aid level) injury	7	4	1
Lost days (employees)	2	5	3
Lost days rate (employees)*	39.78	77.49	74.92
Injury rate (total workforce)	0.91	2.90	1.44
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 the employees through the ERP system to raise the safety awareness among employees. Meanwhile, safety briefings are conducted regularly as a way to control both the accident frequency rate and the severity rate. CHB Group consistently and actively creates and maintains a healthy and safety working culture. For instance, safety training has been conducted regularly to ensure the employees 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 high in 2011 at 9.06. CHB Group is proud to announce that it reduced spectacularly to 1.44 in 2021.

3.6.2 Potential Occupational Risk

The Safety Officer, Occupational Safety and Health Panels, and/or Heads of Departments are responsible for reviewing the control measures from time to time. In addition, employees are encouraged to submit a Job Safety Proposal (JSP) to report any near-miss cases. When the JSP is accepted by CHB Group, the submitter will be rewarded. Table 3.6 shows the potential hazard cases found and eliminated in the past three years.

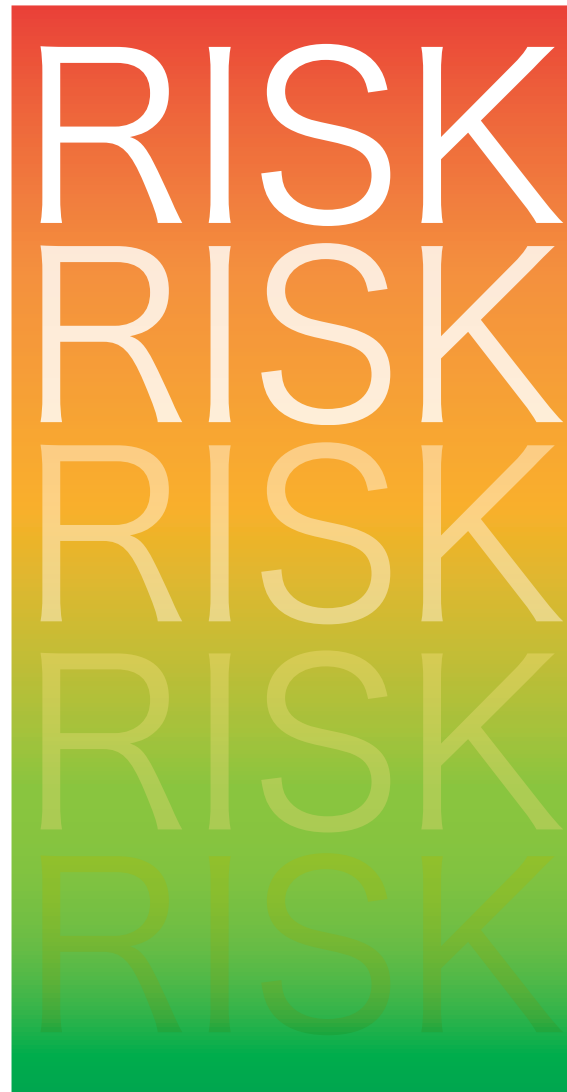


Table 3.6: Number of cases with potential risk being eliminated from 2019 to 2021

Description	Number		
	2019	2020	2021
Monthly Inspection lead by SHC Chairman	6	6	6
Weekly Inspection by Safety Inspectors / SHO	64	89	218
Job Safety Proposal (JSP) by Employees	305	210	291
Near-Miss Case	1	2	2
Total Cases of Potential Risk being Eliminated	293	307	517

3.6.3 Loss Time Injury

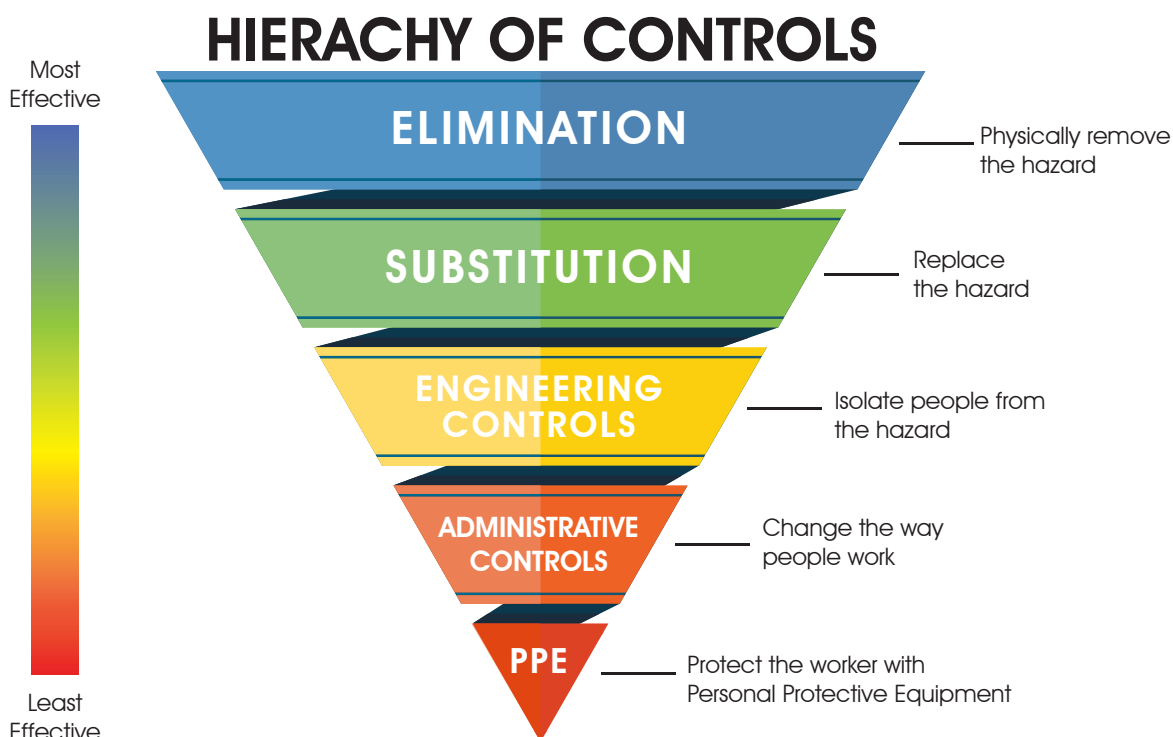
CHB Group set a target of 183 consecutive days without Loss Time Injury ("LTI") to raise safety awareness among the employees. Rewards will be given in the form of cash vouchers to all the employees if no injury occurs for 183 days consecutively. The above mechanism has been implemented for at least ten years. 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 within the Company compound. The contractors' safety management includes safety hierarchy, HIRARC assessment, and the type of work permit - STBO, which would be further elaborated as follows.

To prevent contractors having occupational accidents, which could result in bodily injuries and/or damage of the machinery, tools, equipment or facilities, CHB Group conducts risk assessments and prepares a Safe Job Procedure (SJP) for the respective job, to be performed by the contractors before starting work. By doing so, it will help contractors understand the risks in the work and to have a better understanding of the job scope.

There are many risks associated with contractors who work in unfamiliar workplaces. The potential hazards they may encounter, or may even create, place a heavy burden on the host employer. Safety training and orientation are compulsory for all contractors with 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 in the hierarchy of controls, which are being used to minimise or eliminate exposure to hazards and HIRARC (Hazard Identification, Risk Assessment and Risk Control) in safety and health management.



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

3.6.5 Logistics Safety

CHB Group has performed large-scale construction of concrete and asphalt-paved surfaces to upgrade and maintain the road around the sites, to make the transportation process safer. The infrastructure includes proper design, such as drainage systems, pavement, underground piping and truck parking spaces. The investment to enhance the logistic infrastructure is huge, but it is worthwhile.

Further, CHB Group has launched an intelligent transportation system project. It will improve the transportation safety of incoming raw materials and finished goods delivery, simplifying the truck route and enhancing the work safety of its employees. An RFID system will be established to control the entry and exit of the trucks, and accelerate the transporters' registration process, with better accuracy. At the same time, it will strengthen the truck flow monitoring system. Moreover, CHB Group developed its own smart phone application to facilitate the transportation system thus enhancing employee efficiency and workplace safety.



3.6.6 Responses to the COVID-19 pandemic

The COVID-19 pandemic has caused a significant global health threat. CHB Group has taken the initiatives to minimise the spread of the virus through the principle of "COVID-19 Prevention 235", which emphasizes the collaboration of its employees and management in embracing the new norm in the workplace. The "COVID-19 Prevention 235" is described below:

COVID-19 CORONAVIRUS

2 TARGETS

- To ensure employee workplace safety and health.
- To ensure continuity of business operation.

3 STRATEGIES

- Strengthen COVID-19 prevention management.
- Routine COVID-19 testing.
- Promote COVID-19 Vaccination.

5 PREVENTION MANAGEMENT PLANS

- Enhance Plant Entry Control.
- Practice 3W (wash, wear, warn) and Avoid 3C (crowded place, close conversation, confined space).
- Stimulate internal protocol of COVID-19 Preparedness and Response Plan.
- Close contact tracing and screening (outbreak investigation) and isolation (infection control).
- Strengthen employee awareness of COVID-19 prevention, and punishment for violating rules.



4.0

MARKETING AND PRODUCT DEVELOPMENT

4.1 Overview

CHB Group always strives to provide premium products to its customers through product enhancement and marketing. Marketing helps CHB Group to build brand awareness among customers and to 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

realzinc™ for Solar Photovoltaic (PV) System

In response to achieve national carbon neutrality, countries worldwide have shifted towards the use of reliable and environmentally friendly solar energy. On a path towards carbon emission reduction, the Malaysian government has set a goal of 20% of the country's energy to be generated from renewable sources by 2025. Today, one of the most focused renewable today energy sources is solar.

Generally, the common solar PV systems found in the local market are either rooftop or ground-mounted. A ground-mounted solar tracking system is preferable in a Large Scale Solar (LSS) photovoltaic plant, which has capacity packages ranging from 1MWac up to a maximum of 100MWac since the solar tracking system is able to track the perfect sunray orientation to maximise solar energy production. To ensure the return of investment (ROI), the LSS system supplier must assure that the solar PV system can be operated for a minimum of 21 to 25 years with the lowest maintenance cost. Therefore, relatively cost-friendly CHB Group's realzinc™ products, a well balanced galvanized steel (GI) with higher strength and excellent weathering corrosion resistance, is more suitable in a LSS photovoltaic plant compared to other materials such as aluminium and stainless steel.

As a local steel supplier, CHB Group can provide professional technical support on customer inquiries promptly during the pre-sales and after-sales service. CHB Group had cooperated with BaoJia New Energy Manufacturing Sdn Bhd (BaoJia), a prestigious solar product manufacturer in GI steel customised for the solar tracking system. BaoJia's major customer is Nextracker Inc., a top ranked solar tracker company in the world.

In 2021, CHB Group has successfully developed a new generation of SGC440(Mod2) and G380(Mod) with high strength and high formability properties (minimum elongation of 26% and 19% respectively). SGC440(Mod2) is produced by adding nano-alloy with low carbon steel under a proper heat-treating process to improve the material ductility. realzinc™ had been accredited with MS 2660:2020 product certification by SIRIM QAS International Sdn Bhd. This confidently announces to its customer that the product has undergone assessment and subjected to a program of supervision and control before it is ready to be used.

Since ground-mounted solar tracking systems are susceptible to high load bearing and wind loading, a precise bracket engineering design using high-strength materials can reduce material consumption while providing a solid foundation and the necessary strength to hold the solar PV system safely in place. Some solar tracking system designers have adopted high-strength GI steel with a thickness of 1.8 to 2.5mm in the bracket design.

CHB Group is able to provide multiple configurations to accommodate these solar tracking systems according to special customer requirements, as the Company is the only local steel manufacturer capable of producing GI steel with a thickness of more than 1.8mm. The ability to protect the solar PV system from environmental deterioration is critical since the equipment will be expected to be exposed to harsh environmental elements. Depending on the installation environment, the appropriate coating quality is an important factor in achieving the desired LSS PV system service life, which is usually 21 to 25 years. realzinc™ can be coated up to Z400 zinc code, the highest specification in Malaysia that enables the solar PV structure to fulfil the LSS service life requirement. The product provides galvanic protection for solar PV structure by offering self-sacrificing capability where zinc ions react with the corrosive agents and eventually prevent the exposed solar PV structure from rusting.

The newly developed SGC440(Mod2) and G380(Mod) have been verified by the Salt Spray test (SST) and Charpy Impact test that they could meet the corrosion resistance, design strength and formability requirements of the bracket and subsequently have been approved by international solar energy system manufacturers and solar energy equipment distributors, for export to major markets in United States and Canada.

CHB Group is honoured to be able to participate in global efforts to reduce carbon emissions, and hopes to introduce more special steel for solar PV systems for domestic LSS system use, and jointly move towards achieving a carbon neutral country.



(Source: Building & Investment magazine\July-August 2021\pg. 22-24)

4.3 Marketing Activities

Our promises are backed by our actions. CHB Group continuously delivers our value to enhance a long-term relationship with our customers and sustain itself as a market leader in the steel manufacturing industry. Amid the pandemic, CHB Group continued to collaborate with its customers to enhance product exposure and positioning in the steel industry.



4.3.1 Washable cloth face masks

As the COVID-19 situation continues impacting the worldwide, face masks have become mandatory. Besides distributing face masks (both washable and disposable 3-ply masks) to the employees, CHB Group has also purchased different coloured washable face masks printed with CHB Group corporate logo as corporate gifts for our customers with the goal of protecting our customers against the COVID-19 virus. To make the gift more meaningful, CHB Group attaches a heartfelt personalised message card. At the same time, CHB Group publicises its new product – realzinc™ HIGIENE – on the other side of the card in order to market the product.

A solution for your air ducting system


Higiene

realzinc

The real trusted anti-microbial GI by CSC Steel that halts the growth of bacteria and fungi

For more, contact our sales team
We're here to answer your questions.

WEAR A MASK, STAY SAFE, STAY HEALTHY!

 wish you and your loved ones
health and safety.

4.3.2 Pocket-sized sanitizer packs

One method of minimising the risk of infection during this COVID-19 pandemic is frequent washing of the hands with soap and water. But when soap and water are not available, sanitizers may be the best defence against germs and viruses. In light of this, CHB Group decided to collaborate with one of its biggest customer to distribute more than 30,000 pocket-sized sanitizer packs custom printed with its corporate logo to hardware shops in Kuala Lumpur and Penang. With the corporate logo printed on the sanitizer, it could lead to a big boost in brand awareness among the target market, and at the same time protect potential customers from germs and viruses.



4.3.3 Billboard advertising

CHB Group has collaborated with a customer in advertising its brand name and product on a billboard in Melaka. CHB Group did this to develop a greater relationship with its customer, while building brand awareness. CHB Group always strives to deliver more than what the customer expects and never hesitates to nurture its relationships with its customers.

4.3.3 Customer mailing system

The pandemic had restricted most face-to-face business initiatives. Employees had to work from home.

CHB Group saw this as an opportunity to develop a customer mailing system. Now, instead of sending physical greeting cards during festive seasons to its customers and the relevant government agencies, CHB Group uses this system to send e-Greeting cards instead. Thus CHB Group can still show its appreciation to its stakeholders while reducing its carbon footprint.

The customer emailing system has other benefits. It is a good tool for marketing new products.





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