



SUSTAINABILITY REPORT 2022

**YE CHIU
METAL SMELTING
SDN BHD**



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ABOUT THIS REPORT

It is the first sustainability report which cover Governance, Environment, and Social practices which implemented by Ye Chiu Metal Smelting Sdn. Bhd. This report is made to improve transparency to stakeholders and allow them to have a better understanding on Ye Chiu's ESG practices. Data provided in this report are for the calendar year 2022, unless stated otherwise.

Ye Chiu Group is a global company. In this report, the appellation "Ye Chiu" only refers to the below business unit, unless stated otherwise.

Ye Chiu Metal Smelting Sdn. Bhd.

Address: PLO 472, Jalan Keluli, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor,

SGS-CSTC Standards Technical Services Co., Ltd. Suzhou Branch was engaged by Ye Chiu Metal Smelting Sdn. Bhd. to provide an independent verification of its Greenhouse Gas (GHG) emissions in 2022 using ISO 14064 standards as reference. The scope of verification includes Scope 1 direct GHG emission, Scope 2 and Scope 3 indirect GHG emission.

The rest of the information presented in this report had undergone a thorough review process to ensure accuracy and representativeness of data.

COMPANY PROFILE

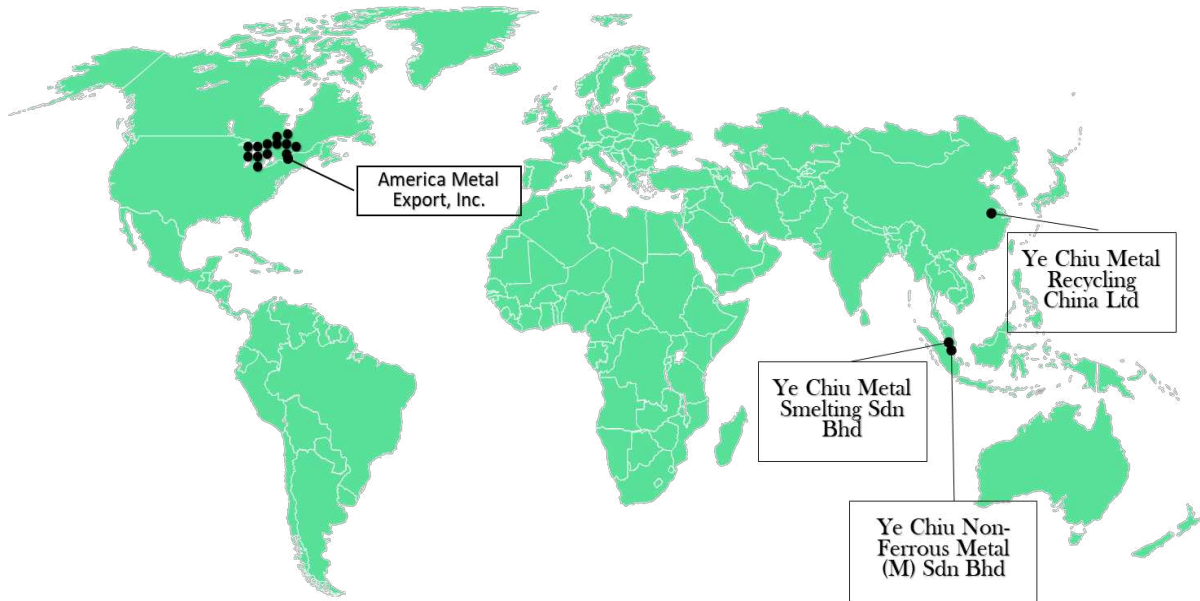


Cherish resources and protect the environment.

It sums up how Ye Chiu Group has approached conserving the environment. With resources depleting in today's society, Ye Chiu 's recycling aluminum resources save various natural resources. Ye Chiu Group is bent on providing the community with safe and environmentally friendly green products.

Ye Chiu Group is one of the world's leaders and Asia largest aluminum recycle factory producing aluminum alloy. Ye Chiu Group converts aluminum scraps into reusable aluminum alloy ingots for a growing number of applications in various industries.

Ye Chiu Group, a modern enterprise with its presence covering Asia and America is always committed to realizing its objective of industry globalization. Since the establishment of Ye Chiu Metal Smelting Sdn. Bhd. in Malaysia in 1984, it always insists on the business philosophies of Commitment to Excellence, Innovation, and Sustainability, with a global outlook. During nearly 30 years of growth, Ye Chiu Group is pacing into success steadily. In 2001, the establishment of Ye Chiu Metal Recycling (China) Ltd. (Formerly Ye Chiu Metal Taicang Co., Ltd.) rapidly facilitated the Ye Chiu products to enter into Chinese market. And it helps Ye Chiu Group to hold the leading position in Chinese industry. In 2002, Ye Chiu Group established America Metal Export, Inc. in the United States, thus assuring the continuous and stable raw material supply of Ye Chiu Group. As the stable growth of its revenue, Ye Chiu Group built the fourth plant in Tanjung Langsat Estate (Ye Chiu Non-Ferrous Metal (M) Sdn. Bhd.).



With its well-recognized reputation from long-term operation and management, Ye Chiu Group has established the stable partnership with various international enterprises all over the world, and overwhelmingly boosted the import and export revenues.

Ye Chiu Group always highly emphasize the industrial environmental protection while its rapid growth. It has become a member of BIR (Bureau of International Recycling) and ISRI (Institute of Scrap Recycling Industries. Inc.), cooperating with other members from all countries to protect our own earth. It is rejoiced that Ye Chiu’s products have met the strict standard of the global market as joining London Metal Exchange (LME) on 8th Nov 1995.



It is believed that a promising future awaits Ye Chiu Group in Malaysia as long as it continues to aggressively engage in the research and development of new technology. Ye Chiu Group always remind ourselves in continuing to offer pledge in the following:

- ✓ To treat each & every acquaintance with utmost sincerity.
- ✓ To attain each & every target through perseverance.
- ✓ To present each & every customer with uncompromising quality.
- ✓ To reward members of our staff genuine concern & quality.

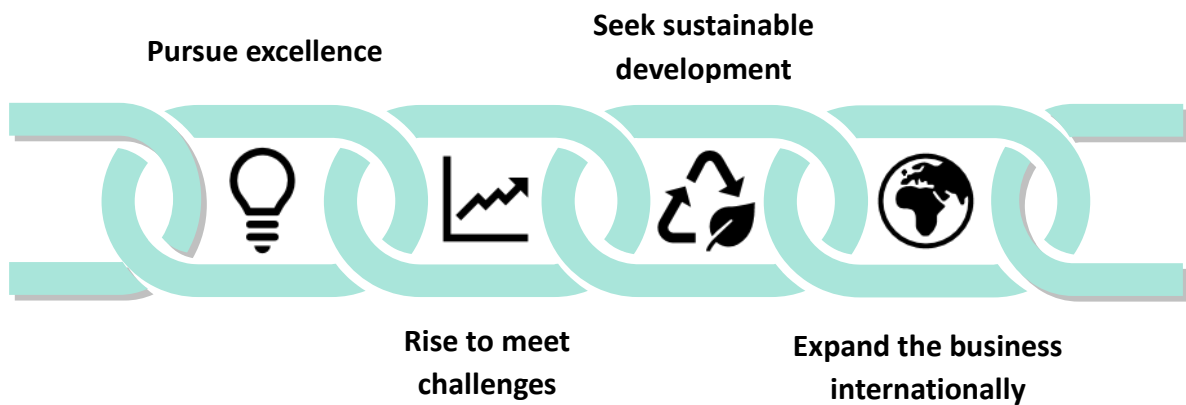
Ye Chiu Group adheres to a "people-oriented" philosophy, with emphasis on training safety awareness. The company has established comprehensive employee training programs, safety evaluation systems and emergency drill mechanisms. Ye Chiu Group is committed to create a safe working environment for our employees. Aside from abiding by government and industry standards to issue protective appliances to our employees, Ye Chiu Group has also installed several facilities to improve the working environment.

COMPANY CULTURE

Vision

Expand the recycling business and create a first-class secondary aluminum facility.

Mission



Values

The core values in Ye Chiu includes loyalty, responsibility, efficiency, discipline and teamwork, which lay the basis for the criteria of all employees in Ye Chiu.



Policies

Ye Chiu had established and implemented several Environmental, Social and Governance (ESG) aspects related policies to provide a framework and direction on ESG practices in the company. Among these Ye Chiu policies are:

Quality and Environmental Policy

Ye Chiu Group as a secondary aluminum alloy ingot manufacturer, are committed to meet the expectations and needs of our customers and other interested parties by complying with quality & environment management system and applicable regulations requirements, including:

- Strives for continual improvement;
- Protection of the environment, including prevention of pollution;
- Implements Guided Self-Regulation (GSR), including environmental mainstreaming tools (EMT);
- Fulfill other specific commitment(s) relevant to the context of the organization;
- Provides the framework for establishing the quality and environmental objectives.

Labor and Business Ethics Policy

- Respect human rights and comply with laws and regulations;
- Operate with integrity, strive for continuous improvement.

Respect Human Rights Policy:

- Respect human rights;
- Prohibit forced labor;
- Prohibit child labor;
- Prohibit harassment and violence;
- Respect rights of Indigenous Peoples.

Intellectual Property Policy:

- Encourage innovation, effective implementation, manage scientifically, sustainable development.

Occupational Health and Safety Policy

Ye Chiu Group is committed to protecting the health and safety of all employees and the persons who may be affected by its activities. Both management and employees shall work together to achieve the below policy objectives:

- Provide and maintain a safe and healthy working condition for the prevention of work-related injury and ill-health;
- Provides the framework for establishing the occupational health and safety objectives;
- Ensure consultation and participation of workers and workers' representatives in the decision-making process of occupational safety and health management system, including provides employees with the relevant information, instruction, training, and supervision;
- Investigate all accidents, disease, poisoning, and dangerous occurrence and take measures to prevent reoccurrence;
- Comply with all applicable occupational safety and health laws and regulations and other requirements;
- Provide adequate welfare facilities for all employees;
- Identify and eliminate safety hazards and reduce occupational health and safety risks;
- Strives for continual improvement of the occupational health and safety management system.

Responsible sourcing policy:

- Take responsibility for the source of aluminum;
- Work against all forms of corruption;
- Respect human rights in accordance with the applicable local or international law and regulations
- Do not provide support for the armed conflict or human rights violations in conflict-affected or high-risk areas;
- Establish procedures to enable stakeholders to raise concerns about the aluminum supply chain;
- Provide healthy and safe working environment;
- Committed to protect environment, and reduce the negative impacts toward environment.

Certification

ISO 9001: 2015 (Quality Management System)

Original certification date: 22 Oct 2019

Expiry date: 20 Oct 2023

Cert No.: QMS 03476

ISO 14001: 2015 (Environmental Management System)

Original certification date: 07 March 2019

Expiry date: 20 Oct 2023

Cert No.: EMS 00855

ISO 45001: 2015 (Occupational Health & Safety Management System)

Original certification date: 09 Sep 2022

Expiry date: 08 Sep 2025

Cert No.: OHS 00899-S1

PRODUCT MANAGEMENT

Ye Chiu Group's management system covers the entire production and management process. Using the PDCA cycle, Ye Chiu able to standardize the production process with the fixed purpose of continuous improvement on quality management systems and process, thereby enhancing the reliability of manufacturing operations and the capability to meet with customer demands.

Ye Chiu's cutting-edge technology is utilized in the stages of raw material pre-treatment and smelting processes. In the pretreatment stage, Ye Chiu is using its self-developed fully automated crushing/sorting system to perform high-speed, high-quality sorting. In smelting process, it uses a unique residual heat recovery system to preheat the raw material, this saves energy and reduce burning-induced loss. Coupled with an innovative contact-free blending technique, the unit energy consumption rate is much lower than most of Ye Chiu's competitors, making Ye Chiu one of the leaders in this industry.

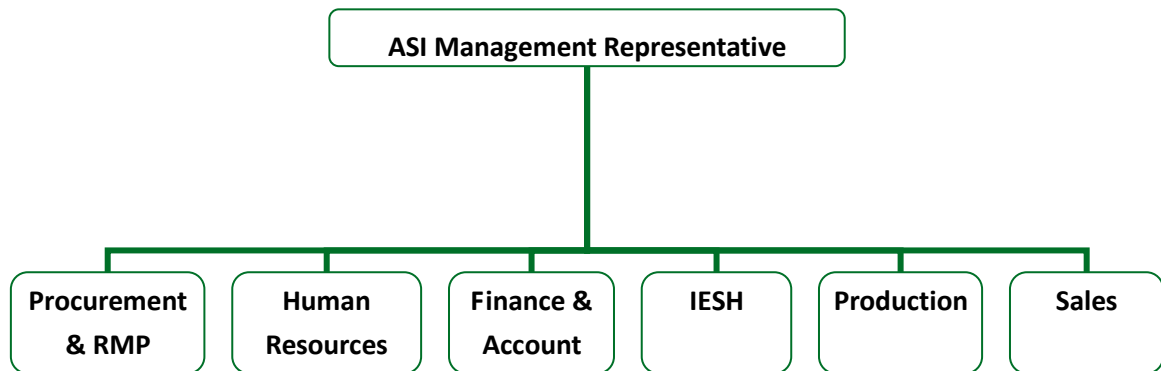
To obtain the customers' recognition on the product quality, Ye Chiu has established Quality Assurance (QA) division and purchased the advanced testing instruments, such as spectrometer, Brinell hardness tester, metallurgical microscope and digital precision densimeter, etc. These sophisticated measures of proven data analysis methodology can completely assure the product quality.



GOVERNANCE

ESG Management System

To support the implementation of ESG (Environmental, Social and Governance) management system in Ye Chiu in accordance with the ASI (Aluminium Stewardship Initiative) Performance Standard, an ASI committee was established to supervise and accelerate sustainability agenda.



Roles/Departments	Responsibilities
Representative	
ASI Management Representative	Oversee the implementation of ESG practices and ensure conformance with requirements of ASI Performance Standard, provide adequate resources for the implementation of ESG management system.
Procurement & RMP (Raw Material Purchase)	Supplier due diligence, suppliers' performance monitoring and evaluation

Roles/Departments	Responsibilities
Representative	
Human Resources	Employees development and diversity, human rights and labor rights issues, compliance with business ethics and anti-corruption policy, internal audit
Finance & Account	Payment to government
IESH (ISO, Environmental, Safety & Health)	Handling of environmental and occupational safety and health issues, internal audit, sustainability reporting
Production	Support company’s ESG practices, enhance product quality
Sales	Handling of customer issues

Business Integrity

Ye Chiu upholds strong commitment to comply with all applicable international, national and local laws and regulations. “Laws, Regulations, Standards and Other Requirements Management Procedure” is established for a compliance obligation and evaluation process.

Ye Chiu adopts a zero-tolerance attitude towards bribery and corruption. With the establishment of “Anti-Bribery & Corruption policy”, Ye Chiu is committed to conducting business professionally, fairly and with integrity wherever Ye Chiu operate. A transparent and accessible reporting procedure is described in “Business Ethics and Code of Conduct” to allow anyone to report the bribery or corruption activities found.

All the payments to government are made on a legal and contractual basis such as tax and fine. Total tax payment of RM 8.7 million was recorded for 2022. In 2022, Ye Chiu made no political contribution. While compliance is a minimum, it is still important that Ye Chiu received no material fine in 2022 for non-compliance with applicable law.

Responsible sourcing

Ye Chiu is committed to maintaining a mutually beneficial cooperative relationship with suppliers and contributing to a responsible supply chain. Ye Chiu established “Supplier Due Diligence Management Procedure” which requires Ye Chiu to communicate the responsible sourcing policy to suppliers as well as conduct regular due diligence process towards the suppliers on the ESG compliance.

Stakeholder Communication

Stakeholders are an important part of the company's sustainable development. It is required to strengthen communication and participation with stakeholders, ensure stakeholders' right to know, right to participate and right to supervise, and realize transparency, in order to obtain the trust and support of stakeholders.

Stakeholder Communication Channel:

Stakeholders	Requirements and Expectations	Response
Government	<ul style="list-style-type: none"> Legal operation 	<ul style="list-style-type: none"> ✓ Payment of tax with compliance with law ✓ Regular reporting work ✓ Safe production ✓ Pollutant discharge within standard
Shareholders	<ul style="list-style-type: none"> Enhance profitability Improve corporate governance structure Fulfilling information disclosure obligations Ensure asset value preservation 	<ul style="list-style-type: none"> ✓ Regular reporting work

	and appreciation	
Customers	<ul style="list-style-type: none"> • Compliance with business ethics • High-quality product 	<ul style="list-style-type: none"> ✓ Handling of customer complaints ✓ Conduct customer satisfaction surveys
Suppliers	<ul style="list-style-type: none"> • Fair competition with other suppliers 	<ul style="list-style-type: none"> ✓ Proper evaluation of suppliers
Employees	<ul style="list-style-type: none"> • Provide reasonable salary and benefits • Emphasis on career development and training • Create a good working environment 	<ul style="list-style-type: none"> ✓ Employee training program ✓ Collect and respond to employees' opinions and suggestions
Community/ Public	<ul style="list-style-type: none"> • Participate in social welfare • Serve the community 	<ul style="list-style-type: none"> ✓ Maintain communication with government departments and community

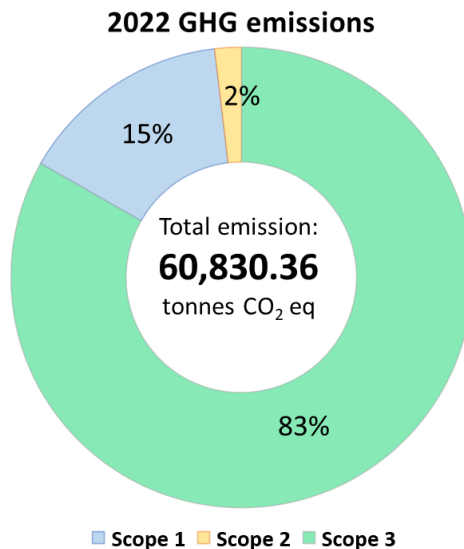
A clear complaint, grievance resolution mechanism is established for Ye Chiu to handle complaints or grievance issued by the stakeholders and is clearly described in “Communication Management Procedure”. External parties are welcome to raise the concern or complaints via the hotline or mailbox in the company website.

ENVIRONMENTAL

Greenhouse Gases (GHG) Emission and Energy Use

As in “Greenhouse Gases Information Management Procedure”, Ye Chiu has set up a greenhouse gas inventory team to conduct an annual inventory of greenhouse gas emissions, and combine company's actual situation to formulate GHG emission reduction targets for the next 5 years using 2022 data as baseline. In 2023, Ye Chiu Metal Smelting Sdn. Bhd. firstly seek a certified third-party organization to verify the company's GHG emission inventory in the year 2022.

All GHG emissions are converted to CO₂eq using the global warming potential (GWP) in the IPCC 6th assessment report. Ye Chiu total CO₂eq emissions in the year 2022 was 60,830.36 tonnes, in which 9,082.05 tonnes from Scope 1 direct emission, 1,127.79 tonnes and 50,620.52 tonnes from Scope 2 and 3 indirect emissions respectively.



Energy consumptions in 2022 are mainly due to the electricity, natural gas and diesel use for production of the ingot which contribute to a total of 172.49 TJ overall energy consumption in 2022. With the use of the existing residual heat recovery system in smelting production line, it improve the energy efficiency and consequently reduce the CO₂ emission.

Source	Energy consumption in 2022 (TJ)
Electricity	7.38
Natural gas	159.93
Diesel	5.18
Total	172.49

Align with 1.5 Degree scenario modelled by the International Aluminium Institute (IAI) for net zero CO₂ emission by 2050 as a target, Ye Chiu planned to have 6% reduction of GHG emission (all direct and indirect emissions) for the year 2023 to 2028 as intermediate target, compared to 2022 baseline data. Several measures are planned to be implemented for achieving the GHG reduction target, including:

- i. Promote silicon suppliers to calculate carbon footprint and reduce GHG emission (4% reduction);
- ii. Purchase of green electricity (1% reduction);
- iii. Use of energy-saving equipment or fuel (1% reduction).

Emission to air

Emissions to air from Ye Chiu's operation mainly from the combustion gases due to smelting process such as nitrous oxide (NO_x, from the natural gas-based combustion processes), sulphur dioxide (SO_x) and dust. These air pollutants are released from 2 chimneys (Chimney 1 and Chimney 2). To minimize the air pollutant emission, Air Pollution Control System (APCS) installed which in compliance with Environmental Quality (Clean Air)

Regulations 2014. From the environmental monitoring conducted and feedback from stakeholders, there is no significant impact of air emission towards surrounding environment.

From the isokinetic stack air monitoring conducted in 2022 on both chimneys, it found out that the concentration of the air pollutants (total particulate matters, SO₂ and NO₂) released were well below the limit stipulated in Environmental Quality (Clean Air) Regulations 2014 (CAR 2014).

Air Pollutants	Chimney 1 (mg/m ³)	Chimney 2 (mg/m ³)	CAR 2014 limit (mg/m ³)
Total particulate matters	5	2	10
Sum of SO ₂ and SO ₃ expressed as SO ₂	61	13	400
Sum of NO and NO ₂ expressed as NO ₂	40	8	500

Management of Spills and Leakages

Ye Chiu implemented measure in accordance with relevant laws and regulations to prevent any accidental spillage or leakage. Risk assessment was conducted on the spillage and leakage within the Ye Chiu’s operation. Secondary containment is used for the chemicals or wastes in liquid form. Besides, emergency spillage team is established to handle any significant spills. Training and briefing are provided to the employees to raise their awareness on spillage and leakage as well as ways to handle with spillage and leakage. In the year 2022, Ye Chiu did not record any significant spillage or leakage.

Waste management

In compliance with Waste and Public Cleansing Management Act 2007, collection, handling and disposal of general wastes are described in “General Waste Management Procedure”. According to the principle of "reduce, recycle and reuse", Ye Chiu actively

explores ways to maximize the utilization and recycling of waste, as well as reduces the waste discharge. The general wastes generated were disposed by the licensed contractor via landfill.

Ye Chiu strictly complies with Environmental Quality (Scheduled Waste) Regulations 2005 for the storage, handling and disposal of scheduled waste, Department of Environment (DOE) licensed contractors were assigned for the disposal of scheduled wastes which mainly recovery or landfill of scheduled wastes. “Scheduled Waste Management Procedure” was established for the management of scheduled wastes. The main scheduled wastes generated by Ye Chiu are SW104 Aluminium dross and SW501 Aluminium residue which are from the smelting operations.

A total of 7222.692 tonnes of wastes generated in 2022 in which including the general waste and scheduled wastes.

Types of waste	Amount Generated (tonnes)
General waste	13.607
Scheduled waste	7209.085
Total	7222.692

Biodiversity Management

Ye Chiu was constructed within the industrial areas which are totally avoided designated protected area and avoided as far as possible other environmentally sensitive areas. In accordance to the Environmental Quality Act 1974 and its regulations, environmental impact assessments (EIA) were conducted prior to the construction for evaluation of the potential biodiversity impact during construction and operational stage. EIA reports were reviewed and approved by the Department of Environment Malaysia.

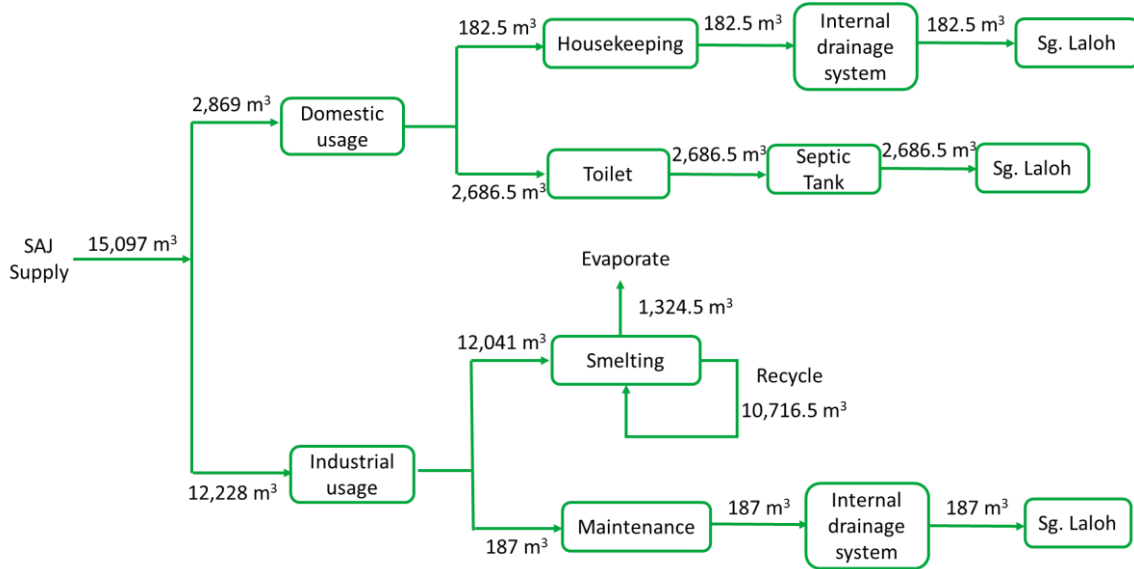
The raw materials that imported from oversea suppliers through maritime transportation may introduce the spread of alien species via ballast water of the cargo vessels. Hence, “Alien Species Management Procedure” was implemented to identify and prevent the spread of alien species in Malaysia.

Water management

Ye Chiu withdraws piped water from local water treatment plant (SAJ supply). During the process of smelting for manufacture of aluminium alloy ingots, no industrial wastewater discharged as water circulation system implemented. Most of the water is used for the cooling process and will be recirculated or evaporated upon use. The domestic sewage is treated in septic tank before discharge and the sewage discharge was within the permissible limits as stipulated in the Environmental Quality (Sewage) Regulations 2009. On the other hands, water used for normal housekeeping and by maintenance process for cleaning of vehicle were discharged to Sg. Laloh after treatment by oil and water separator in the internal drainage system.

Generally, no significant water related risk were recorded in 2022.

In 2022, Ye Chiu recorded a water withdrawal of 15907 m³ from SAJ supply and the usage and discharge of the water is described in the water balance map below.



SOCIAL

Human Rights

Ye Chiu respects human rights including women's rights and Indigenous People's rights as well as comply with the applicable national government laws and regulations. Ye Chiu conducted a structured human rights due diligence process within the organization to identify, prevent, mitigate and account for human rights impacts which includes both actual impacts occurring now and potential impacts that could occur in the future. In general, the human right due diligence process showed that Ye Chiu has no indication of non-compliance with the Code of Conduct and no human rights violation found.

If the activities or operation in Ye Chiu might affect the rights and interests of the affected populations such as neighborhood or community, communication and consultation with the affected parties will be done prior to the operation to mitigate the impacts.

Ye Chiu promotes gender equity and women's empowerment by implementing the actions below. In 2022, the proportion of female employees in leadership role is 35.7%. No gender discrimination and harassment case or complaints are received. The below controls are deemed effective.

- Ensure all workers are paid directly and using mutually agreed methods;
- Provide maternity and paternity leaves in accordance with Employment Act 1955 and there is no penalty for taking it;
- Ensure meetings and management committees are organized to include both women and men, and facilitate the active participation of both;
- Ensure that pregnant and nursing women do not perform work that may compromise the health of the mother or the child which include working during

night hours;

- Prevent workplace harassment and abuse through awareness poster and training;
- Ensure women representative is involved in harassment investigation team.

Labor rights

With strict compliance with Employment Act 1955 and other related governmental laws and regulations, Ye Chiu established "Social Responsibility Management Manual" for social management system of the organization. Ye Chiu prohibits any form of discrimination, forced labor, child labor and any other unethical behavior. In accordance with the principles of legitimate, impartial, equality, mutual consensus, honesty and credibility, Ye Chiu signs employment contracts with all employees in a timely manner, and specify the rights and obligations of both parties in the employment contract to protect the legitimate rights and interests of employees. To protect data privacy, the personal data of the employees are strictly protected to prevent misused of information in accordance with Personal Data Protection Act 2010. The feedback and suggestion from employees are collected via employee satisfaction questionnaires and suggestion boxes, and Ye Chiu deals with feedback in a timely manner to improve the working environment. Under Employees' Social Security Act 1969, employees' social security is protected via both employer and employee monthly contribution to SOCSO (Social Security Organization).

Modern Slavery Statement

Ye Chiu is committed to ensuring no modern slavery and human trafficking in the business or supply chain and preventing modern slavery and human trafficking occurred in the business activities.






Ye Chiu is committed to act professionally, fairly and with integrity in all business

dealings and relationships. Ye Chiu conducts due diligence on ESG aspects on all raw materials and auxiliary material suppliers before allowing them to become one of our suppliers.

Ye Chiu ensures the compliance with the relevant national labor law. Ye Chiu recruits and selects own workers and determine the terms and conditions of their employment. Employees are free to accept or reject any employment offers made. Ye Chiu undertakes verification of the identity and age during recruitment process. Ye Chiu always ensure that the salary paid to the employees at or above the legal minimum wage standard in Malaysia. Ye Chiu conducts internal human rights due diligence process to determine the risk of modern slavery and human trafficking in Ye Chiu.

Workplace diversity

Until December 2022, there are 353 employees in Ye Chiu Malaysia in which all of them are full-time employees. The data was aggregate data from Ye Chiu Metal Smelting Sdn. Bhd and Ye Chiu Non-Ferrous Metal (M) Sdn. Bhd (whose works related to Ye Chiu Metal Smelting Sdn. Bhd. at PLO 472).

Total employees	 353 employees		
Gender	 276 male employees	 77 female employees	
Age group	< 30 years old: 215 employees	30-50 years old: 122 employees	>50 years old: 16 employees
Nationality	 260 local employees	 93 foreign employees	

Health and Safety

Beyond compliance with the relevant legal provision and industrial standards, Ye Chiu places the utmost importance on the protection of health and safety of all employees as well as the persons who may be affected by its activities. Ye Chiu provides and maintains a safe and healthy working environment for the prevention of work-related injury and ill health. To improve the safety and health performance, ongoing efforts such as regular safety inspection, Hazard Identification, Risk Assessment and Risk Control (HIRARC), emergency response plan and regular drill are conducted. Safety and Health Committee is established to ensure effective communication of the production safety issues in the organization. A clear incident investigation procedure is established to prevent reoccurrence of the incident.

Ye Chiu also provides safety training to promote the safety awareness to the employees such as safety induction training, fire awareness training, ERP training, forklift safety training, etc. In 2022, 100% of the employees participated in the occupational health and safety (OHS) training including compliance training and general safety trainings passed the training attended.

There are total 2 cases of occupational incidents happened in PLO 472 Ye Chiu Metal Smelting throughout the year 2022 provided that the average employee is 77. In 2022, Malaysia recorded 2.22 of the incident rates per 1,000 workers while the fatality rate per 100,000 workers marked 2.06. Meanwhile, Ye Chiu achieved zero fatality rate and 25.97 of incident rate in 2022. In short, Ye Chiu attained a commendable performance of zero fatalities, whilst Ye Chiu will continually improve the OHS practices in order to reduce the incident rate.