



**KPI
PERFORMANCE
INDICATORS
FOR MOST
MATERIAL
MATTERS 2020**



To use 90% of forest based products for production



2019 :91%

To register 15% usage of biodegradable and environmentally-friendly chemicals



2019 :16.9%



NEW

To produce moulded pulp casings > 90% from carton trim waste as part of recycling effort to achieve zero manufacturing waste.



NEW

To purchase one waste plastic recycling machine, targeted for installation by Q1 2020

TARGET MET installed on 21 February 2020



NEW

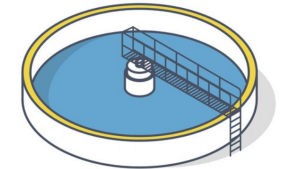
To reduce rejection rate of setting waste to maximum 5%.



NEW

To install waste water treatment plant by Q4 2020

TARGET MET installed on 30 October 2020





ECONOMIC KPIs

ENERGY EFFICIENCY

NEW

To replace **90% of factory lightings to LED** by Q3 2020

ACHIEVED 100%

Q3 2020

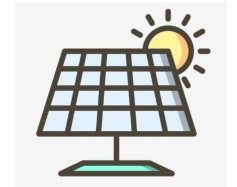


NEW

To **install solar panels** at manufacturing facilities

ON GOING

Target completion in Q3 2021



NEW

To replace **boiler system from light fuel oil to Liquefied Petroleum Gas** by Q1 2020

TARGET MET installed on

29 February 2020





SOCIAL KPIs

STRINGENT QUALITY CONTROL PROCEDURES

To **reduce customer's rejection rate** (reject/delivered orders):



Carton Division: 1%

ACHIEVED

0.11%

2019: 0.42%



Paper Division: 1%

Not achieved:

1.68%

2019: 1.43%

Action plan:

- To change the glue formation
- To mitigate the curing time and temperature

NEW

To **reduce total production rejection rate:**



Carton Division < 13%

Not achieved:

13.05%



Paper Division < 0.5%

Not achieved:

1.90%

Action plan:

- To recycle 100% waste
- To ensure proper maintenance of equipment and machinery



SOCIAL KPIs

PROTECTING THE SAFETY AND HEALTH OF WORKERS

NEW

To achieve 100% compliance with **COVID-19 measures**:



Temperature checks on site.



Full PPE for all workers.



Swab test for all employees.



Rearrangement of workstations for social distancing.



Conversion to online meetings.

✓ **ACHIEVED**
100%

NEW

To comply 100% with **Workers' Minimum Standards of Housing & Amenities Act 2019**:



TARGET MET
100%

NEW

To adhere to operating guidelines with **zero accidents and incidents**:

Not achieved:
3 Accidents



SOCIAL KPIs

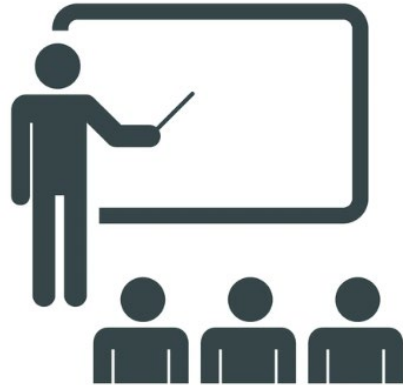
PROTECTING THE SAFETY AND HEALTH OF WORKERS

NEW

To **train and promote** 15 employees:



✓ **TARGET MET**
16 employees.



ENGAGING LOCAL COMMUNITIES

To **distribute hand sanitisers** to Primary Schools in Kulai – Target 50 schools



✓ **TARGET MET**
73 Schools



SOCIAL KPIs

ELIMINATING BRIBERY AND CORRUPTION

CBB takes a zero-tolerance approach toward bribery and corruption, and is committed to conducting themselves professionally, ethically, and with integrity in all business dealings and relationships. The Anti-Bribery and Corruption Policy was formulated and approved by the Board on 16 March 2020 and applies to the CBB Group, its Board of Directors, all employees, its controlled organisations, and business associates acting on CBB Group's behalf.

All employees, including those at subsidiary companies are expected to abide by the Policy's rules and regulations to counter bribery and corruption.

CBB's Anti-Bribery and Corruption Policy





SOCIAL KPIs

STRINGENT QUALITY CONTROL PROCEDURES

Based on the stringent Quality Assurance/Control (“QA/QC”) procedures, CBB oversees that all stages of the manufacturing process is handled correctly and diligently. This is to ensure that quality objectives and goals are met by strictly following all of the outlined action plans.

Through proper execution of the action plans and various evaluation methods, which included the measuring of monthly delivery performance, inspection forms and records, and risk analyses, CBB continued to increase its lot acceptance rate and successfully reduced the rejection rate of products as well as customer complaints.

CERTIFICATIONS

QA-D/MYS/GMP/0011

Good Manufacturing Practices
(WHO-GMP)

QA-D/MYS/GMP/0014

Good Manufacturing Practices
(WHO-GMP)

ISO 9001:2015

Quality Management System

ISO 14001:2015

Environmental Management System





ECONOMIC AND BUSINESS PERFORMANCE

ECONOMIC AND BUSINESS PERFORMANCE



Despite earlier concerns that the pandemic would severely impact our financial performance, the Group returned encouraging results for the year in review with our core businesses driving significant growth. The steady growth in revenue, especially in the context of navigating through unprecedented headwinds to continue operating amidst disruptions Group-wide, was a testament of how we came together to rise above the challenges.

Better yet, we reached a significant milestone by increasing revenue to above the billion ringgit mark, proving the Group's ability to build resilience to ride the waves of uncertainty and generating financial performance that exceeded expectations.

The Group's ability to maintain its economic performance is essential to our stakeholders, particularly investors and owners, as this performance eventually provides them with a return on their investment. Other stakeholders, including employees and the society at large, are also deemed to benefit from such financial benefits, albeit less directly.

HIRING FROM THE LOCAL COMMUNITY

Large companies, including public-listed entities, form a critical component of the economic ecosystem in local communities by providing employment. While the information provided under this disclosure covers the operations within Malaysia and our overseas operations, our reporting scope is focused on our Malaysian operations.

Although CBB endeavours to prioritise local hires at all positions across the Group, it should be noted that the pool of general workers, particularly at our manufacturing subsidiaries, have a significant proportion of migrant workers on their payroll. This is due to locals nominally opting for more attractive jobs with better pay.

Nonetheless, at the executive level, the Group is made up of predominantly Malaysians.



PROCUREMENT PRACTICES



Often relegated as a secondary process, behind demand-side functions to generate revenue and profits, procurement is in fact a strategic consideration that has a significant impact on the bottomline.

Good procurement practices within a company serve to build a solid foundation to develop, and sustain, a reliable and resilient supply chain. It also enhances product quality, has benefits in cost optimisation, and improves compliance with regulations and standards governing materials and their respective sources.

CBB has an established Procurement Policy in place with SOPs covering all aspects of the process: from vendor assessment to evaluation; quality of products or services, reliability of service delivery, competitive pricing, bidding for contracts, invoicing, inventory responsibility, and other relevant factors.

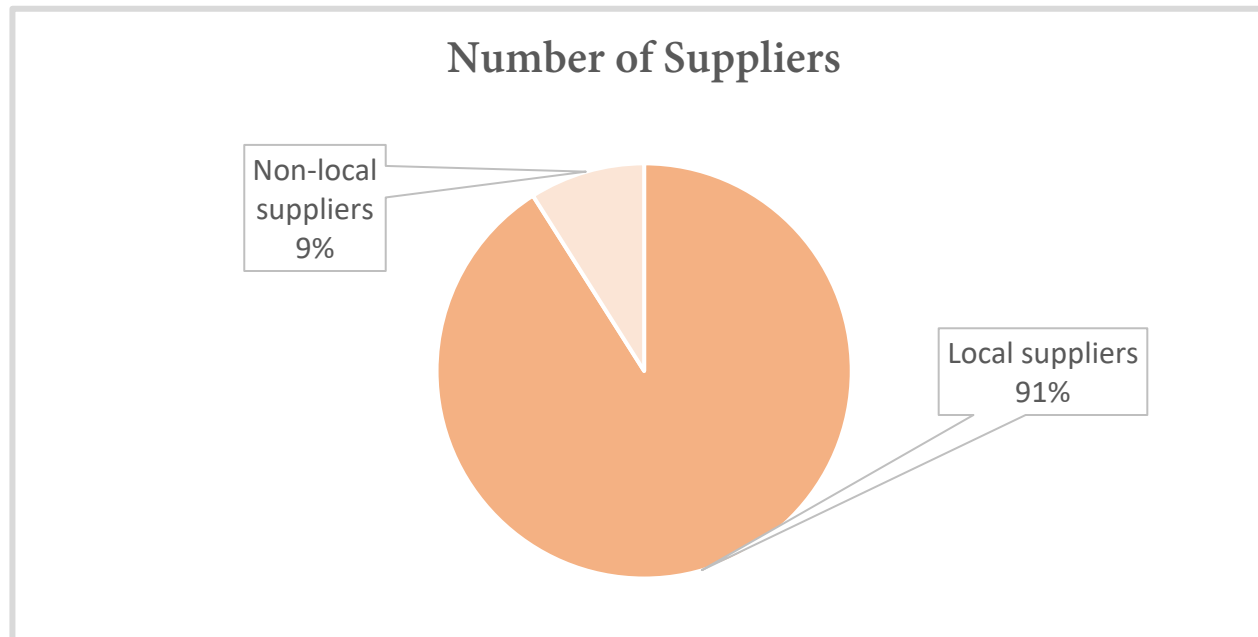
Such policies and SOPs cover the procurement practices of all our subsidiary companies, and are mandated to further improve the processes according to the changing demands of their business operations.

CBB is an integrated packaging solutions manufacturer for cement bag products, non-cement bags and box cartons, serving Malaysian and overseas clientele. CBB conducts the Supplier Initial Assessment to evaluate all new suppliers, assessing their quality system, product markings, prices, delivery capability and payment terms. CBB evaluates all existing suppliers based on pre-determined criteria of service offerings, quality, delivery capability and payment terms annually.

PROCUREMENT PRACTICES (continued)

In 2020, CBB contracted a total of 1,954 suppliers, leveraging the benefits of local sourcing, accounting for 91% or 1,771 compared to 9% or 183 non-local suppliers. The escalating cost of materials and labour drove CBB to aim for supplier consolidation, reducing the number of suppliers and vendors to cushion the strain on finding cost-saving initiatives and reducing risk.

This strategy has also allowed CBB more time to focus on improving core suppliers' quality, efficiency, and overall performance.



ENVIRONMENTAL STEWARDSHIP



SUSTAINABLE MATERIALS

CBB is an innovative integrated packaging solutions provider that ensures at least 90% of the raw paper used for production come from responsibly-managed forests that provide EES benefits to their stakeholders. CBB successfully achieved this KPI under its most material matters during the year in review.

Another initiative was to increase the use of environmentally-friendly chemicals in the manufacturing process to reduce environmental pollution. CBB exceeded this KPI with its biodegradable chemicals usage, which accounted for 18% of total usage.



ENERGY MANAGEMENT

The packaging solutions provider introduced two initiatives during the year in review. The first was to replace 90% of its lighting to LED systems by Q3 2020, and the second was to replace light fuel oil boilers with LPG, at its Nilai plant in Negeri Sembilan, which was fully outfitted in Q1 2020. The energy cost savings of the more efficient LPG burners have direct environmental benefits with an immediate reduction in GHG emissions.

To further reduce consumption, CBB plans to install solar panels to provide ancillary power to improve energy efficiency for non-production consumption such as lightings. This is slated for completion by Q3 2021.



CHEMICAL MANAGEMENT

In 2020, CBB utilised 65 various chemicals in its manufacturing operations. Of these, 12 are classified as biodegradable chemicals. Chemical waste is classified as scheduled waste and is safely stored for disposal by licensed third-party contractors.

CBB continuously looks at new options to increase its usage of biodegradable chemicals. The advantages of chemicals and products that contain more natural ingredients reduce the potential of health hazards among workers exposed to these substances daily and for others in the workplace. Typically, biodegradable chemicals are much safer as they do not contain chemicals that can cause significant air or water pollution.

Biodegradable materials are generally plant-based (e.g. wood, vegetable oil), animal-based (e.g. manure) or natural mineral-based products (e.g. carbon fibre polymers). In general, materials derived from nature retain some of their original chemical properties, which provides a mechanism for microbes that can be chemically decomposed (broken down to simpler components) by natural biological processes (e.g. soil bacteria, weather, plants, animals).

Biodegradable Chemicals



1. Apple Green
2. Caramel
3. Coltide HPVP
4. Forestall
5. Linear Alkylbenzenes ("LABS")
6. Miranol C2M Conc NP
7. Proxel GXL
8. Salt
9. Sodium Laureth Sulfate ("SLES")
10. Sodium Citrate
11. Tergitol 26
12. Yellow No 5

EMISSIONS

CBB regularly monitors the emissions from its heat and power generation to measure emissions as per guidelines under the Environmental Quality (Clean Air) Regulations 2014. During the reporting period, air monitoring at Chimney of Boiler No. 1 verified that CBB complied with the regulations.



Chimney of Boiler No. 1

Results: Complied with Environmental Quality (Clean Air) Regulations 2014.



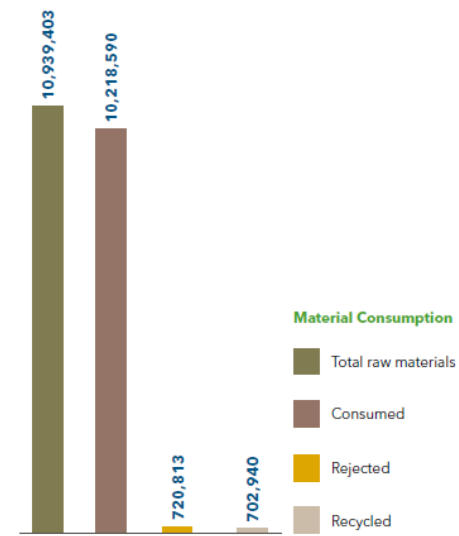
WASTE MANAGEMENT

CBB practices zero waste in its paper-based production, reflecting its total adoption of a circular economy in optimising resources. All raw or input materials are either used in production, recycled for internal use or sent to an external recycling company.

In 2020, 741,849 kg of carton trim waste was recycled and turned into moulded pulp casings. This generated a revenue of RM5,627,208.13 compared with 491,760 kg, which generated a revenue of RM2,625,107.81 in 2019.

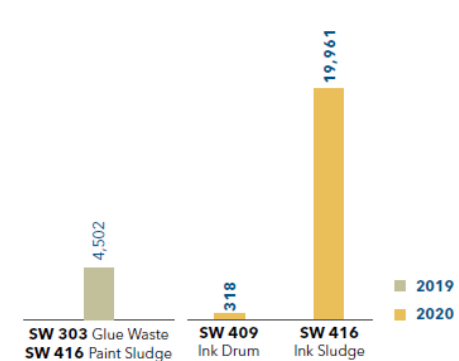
Nevertheless, CBB has always been committed to recycle all production waste and will ensure proper maintenance of equipment and machinery. This represents CBB's seriousness and concerns in integrating the 3Rs and engaging competent waste management services to reduce and further avoid the amount of waste being sent to landfills or incinerators. CBB also installed a new plastic recycling machine in February 2020, enabling the company to recycle high quality plastic pellets from wastage and in doing so, improving cost efficiencies and production lead times. Previously, the recycling of plastic waste was outsourced, resulting in low quality plastic pallets at much higher costs.

RAW MATERIAL CONSUMPTION/RECYCLED 2020 (KG)



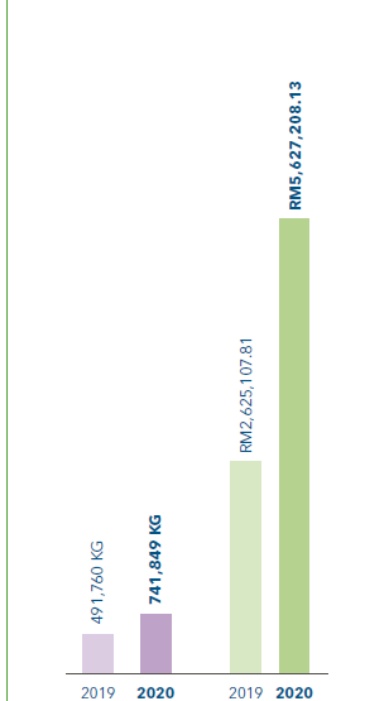
2020 is the baseline year for this initiative.

TOTAL SCHEDULED WASTE FOR DISPOSAL IN 2019 & 2020 (KG)



In 2019, the total weight stated was based on these two scheduled waste types. From 2021, we will be recording data according to waste type.

PULP MOULDING FROM RECYCLED CARTON TRIM WASTE 2019 & 2020 (KG/REVENUE)



WASTE MANAGEMENT (continued)

Responding to the Government's call to reduce industrial waste generated from manufacturing activities, we organised a series of Waste Management Training Programmes for all our manufacturing subsidiary companies. Dr Theng Lee Chong, an environment and waste specialist from SoluWaste Management Consultants, highlighted the facets of municipal solid wastes and scheduled wastes. Employees from attended the sessions on September 2020 at the factory premises in Senai.

Participants were also briefed on new laws, regulations and enforcement measures in the context of the manufacturing sector and the Government's current initiatives on the subject matter.

Dr Theng had on-site tours of all manufacturing operations and in-depth discussions were focussed on existing waste management practices, potential issues, and risk factors.

Thereafter, the manufacturing subsidiary companies drew up strategies to execute action plans on improving waste management practices and efforts to achieve long-term targets of reducing the amount of waste produced and minimising their environmental footprint.



Participants of the waste management training at CBB Senai, Johor held on 22 September 2020 with Dr Theng Lee Chong seated third from right.



END OF REPORT



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