PRESS METAL ALUMINIUM HOLDINGS BERHAD

CLOSURE, DECOMMISSIONING AND DIVESTMENT PLAN

Contents

1. INTRODUCTION

1.1 Purpose of this closure, decommissioning and divestment plan

This plan has been developed to outline the general closure, decommissioning and divestment plan of Press Metal's aluminium-related operations (further information set out in Section 1.3 below). The aim of this plan is to inform interested parties such as government agencies and community groups on how unwanted facilities and infrastructure will be decommissioned and the area currently used for operations, roads and infrastructure to be returned to usable land.

1.2 Objectives

This plan has been developed in line with Press Metal's safety and environmental objectives by ensuring that: -

(i) focus on environmental and safety standards is maintained
(ii) planning for future use of operations or infrastructure will involve community and other interested parties
(iii) site is left in a condition that is safe, self-sustaining and suitable for future use
(iv) any residual waste is minimised or recycled
(v) site is liability free when utilised by another entity

1.3 Background

Currently, Press Metal's operations comprise the following: -

(i) Smelting operations in Mukah, Sarawak in Malaysia
(ii) Smelting operations in Samalaju, Sarawak in Malaysia
(iii) Aluminium extrusion plant in Foshan, Guangzhou in China
(iv) Aluminium extrusion plant in Kapar, Klang in Malaysia

Press Metal has investment in the following: -

(a) 25% of an alumina refinery plant in Bintan Island, Indonesia
(b) 50% of Japan Alumina Associates, effectively 5% of Worsley Alumina refinery in Perth, Australia
(c) 20% of a carbon anode plant in Shandong, China

For avoidance of doubt, the closure and decommissioning policies and procedures would be applicable to operations in which Press Metal would be able to undertake a controlling position. The divestment policies and procedures would be applicable to operations which is an investment for Press Metal as we do not form part of management of operations and have no decision-making authority.

1.4 Government and Regulatory obligations

An enquiry was made internally as to the relevant legislation and government department guidelines to ensure that Press Metal has encompassed all best practise requirements in this plan.

The main governmental body for Malaysia operations would be Department of Occupational Safety and Health (DOSH) and Department of Environment (DOE).

The main governmental body for China operations would be Environmental Department of Foshan City or Sanshui District or Leping Town.

2. STAKEHOLDER INVOLVEMENT

A stakeholder consultation process is proposed to be undertaken as the following benefits are anticipated to be derived from it:

(i) Improved planning decisions
(ii) Better staff motivation
(iii) Improved relationships with government
(iv) Better acceptance of closure or decommissioning decisions
(v) Enhanced public image and reputation
(vi) Improved community receptiveness to future operations

2.1 Closure and Decommissioning Plan Review

The closure and decommissioning plan are an evolving process. The document and associated action plans shall be reviewed at least annually and updated. As the date for closure approaches, the closure plan shall become more detailed with specific actions and timeline.

The review should incorporate representatives of relevant operational or business functions. The following representatives should be considered: -

(i) General manager
(ii) Plant or operations manager
(iii) EHS professionals
(iv) HR professionals
(v) Finance professionals
(vi) Legal professionals
(vii) [etc]

2.2 Government and Community Communication and Consultation

An important part of the closure process involves the identification of stakeholders and other interested parties.

At the earliest practicable time, Press Metal shall communicate intent to close or decommission the operation to local government and community. Adequate resourcing shall be provided to ensure effectiveness of the consultation process.

2.3 Employee Communication and Consultation

Employees of the intended operations for closure or decommissioning should be engaged at the earliest possible convenience.

3. RISK ASSESSMENT

The closure and decommissioning process must involve identification of the full range of risks and potential outcomes associated with the closure of operation in order to minimise any negative environment, health and safety, community, financial or other impacts.

Potential closure risks may include, but are not limited to: -

(i) Environmental or safety issues that impact reputation
(ii) Environmental or safety issues with legal implications
(iii) Community reaction
(iv) Changes in legislation
(v) Changes in market conditions, impacting original valuations
(vi) Third party actions
(vii) Under-provisioning
(viii) Liability from disposal of assets
(ix) Increased project cost

4. CLOSURE/ DECOMMISSIONING CRITERIA

A closure and decommissioning criteria must be set out to ensure that regulatory standards including any criteria agreed to during government and community consultations are met before completing closure.

5. CLOSURE/ DECOMMISSIONING COSTS

All liabilities to the business must be understood and adequately provisioned. This includes current cost of closure and estimated cost at the expected closure date. It should also include costs for environmental monitoring and unexpected circumstances.

It is imperative that such costs be estimated as early as possible. This cost may be indicated based on general industry experience.

The closure costs should be reviewed at least annually to adjust for inflation and other closure requirements not previously indicated. Through reassessment should be undertaken to account for changing community standards and expectations. Any return on sale of assets or salvage value should not be used to offset closure costs due to difficulty to determine final value.

Generally accepted accounting standards should be the basis used for financial provisions.

6. CLOSURE/ DECOMMISSIONING ACTION PLAN

6.1 Human Resources and Responsibilities

Health, safety and well-being of Press Metal's employees are an important part of our vision and mission. Employees are more often than not, a forgotten aspect of a closure plan. Any closure of operations may traumatically affect employees at all levels of the operations and within the group. As such, effective communication with employees is essential during closure planning and decommissioning phases.

Press Metal strives to provide the required assistance and support to employees prior to the closure to minimise trauma and stress related from the closure. This may include providing information as early as possible on compensation, professional services i.e. financial planners, career counsellors and investment information or other employee assistance programs. Impact of the closure on families of employees may also need to be considered.

Every attempt will be made to relocate employees to other businesses or operations, and where possible, in comparable positions. For employees who are unable to be relocated, professional services may be engaged to help with alternative employment opportunities.

Training for management may be required to equip managers with skills and knowledge to deal with employees during closure. All employees must be aware of the proper code of conduct during closure to ensure that closure is implemented safely and ethically. Code of conduct should be prepared in line with Press Metal's values and shared with employees.

Press Metal shall determine if the skills of existing employees could be used to contribute to the closure process. Such employees shall be properly informed on their role during closure, which may deviate from the usual work performed, with appropriate training given where necessary.

6.2 Demolition Works

6.2.1 Dismantling and removal of infrastructure

All infrastructure at the closure site shall remain until a decision has been made regarding its final use. In general, infrastructure that can be reused will be first offered to other Press Metal operations, and remaining infrastructure will be sold. Items not sold will be demolished by licensed contractors. Any materials that can be reused or recycled will be salvaged where possible.

All infrastructure is to be removed down to bare earth to allow for rehabilitation, unless approval has been obtained for any structure to remain or any particular purpose. Underground pipes etc will be removed where possible. Power and water services will be isolated prior to any dismantling activities.

6.2.2 Office and Buildings

All buildings on site will be assessed before demolition and dismantling works. This is undertaken to identify materials that can be salvaged for recycling and hazardous materials for proper handling.

6.2.3 Workshops

Workshop buildings are steel-framed structures. All salvageable items such as cranes will be offered to other Press Metal sites or disposed. Remaining structures to be recycled where possible. Any other unwanted or unrecyclable material to be buried or sent to landfill.

6.2.4 Storage Tanks

There are bulk tanks on site for storage of diesel, oils and other chemicals. All unused drums can be returned to the supplier while used drums can be sent to recycling facility. Where tanks can be re-used by another Press Metal site, the tanks will be emptied and purged by specialist tank cleaning contractors.

6.2.5 Electricity/ power lines

Critical equipment such as water distribution system, waste water and sewage plants will be fully decommissioned before the electrical power being disconnected. The entire electrical distribution system will then be removed from site.

6.2.6 Fencing

Fencing no longer required for post closure use will be removed and recycled for scrap. Inert material such as concrete foundations will be disposed of with other building rubble.

6.2.7 Road Network

Gravel roads no longer required for post closure use will be reshaped for free drainage, ripped and covered with stockpiled topsoil. Tarred roads no longer required for post closure use will first have the top layer works removed (and carted to a safe disposal facility), and then rehabilitated as per gravel roads. All concrete lined drainage channels, sumps and culverts associated with closed roads will be broken up and disposed of with other building rubble.

6.3 Environmental

6.3.1 Hazardous Excavations and Infrastructure

The hazardous infrastructure must be removed or decommissioned and rehabilitated in a manner that it does not present a long-term safety and/or stability risk. Physical harm to third parties and animals from potentially hazardous excavations and infrastructure must be prevented.

Monitoring and maintenance will take place to observe whether the relevant long term safety objectives have been achieved and to identify the need for additional intervention where the objectives have not been met.

6.3.2 Loss of Soil Resources and Land Capability through Contamination

All hazardous chemicals (new and used), dirty water, mineralised wastes and non-mineralised wastes are transported, handled and stored in a manner that they do not pollute soils. A land contamination assessment must be conducted. The handling and disposal of general and hazardous waste is undertaken in accordance with the waste management procedure.

Specifications for post rehabilitation audit criteria to ascertain whether the remediation of any polluted soils and re-establishment of soil functionality has been successful and if not, to recommend and implement further measures. During the rehabilitation/closure phase, inspections will be undertaken to ensure that the management/mitigation actions as described have satisfied the objectives of the closure plan.

6.3.3 Physical Destruction and General Disturbance of Biodiversity

The loss of biodiversity and related ecosystem functionality is unacceptable and must be prevented.

Operational related activities will be kept within the development footprint and designated operational areas.

Excessive dust fallout and noise related impacts will be managed in accordance with mitigation measures/actions.

6.3.4 Pollution to Surface Water and Contamination of Groundwater

The pollution of surface water and contamination of groundwater resources poses harm to water users (people, animals and biodiversity).

Measures will focus on the prevention of pollution, the containment of pollution sources, and the remediation of contamination incidents should they occur. All hazardous chemicals (new and used), incoming raw materials, product, dirty water, mineralised wastes, and non-mineralised wastes must be handled in a manner that they do not pollute surface and groundwater.

The clean and dirty water systems will be designed, implemented and managed. These systems will be routinely inspected to detect possible breaches and implement preventative or corrective action.

Infrastructure that has the potential to cause groundwater contamination will be identified and included in pollution management plan as part of the operational responsibility. Design and intervention measures must be implemented to prevent, eliminate and/or control the pollution plume.

6.3.5 Air Pollution

The management of air quality impact such that third party receptors do not experience air pollution exceedances. Emission testing and dust fallout sampling will be conducted to determine if levels are acceptable in accordance to regulations.

7. MANAGEMENT OF HAZARDOUS MATERIALS

The EHS team will undertake inspection before dismantling or demolition of any infrastructure. The objective of the inspection is to identify all hazardous materials and ensure all personnel are made aware of the hazards. Relevant contractors with experience in handling hazardous materials are to be appointed.

All Government regulations and requirements will be properly abided in handling and disposing of all hazardous materials.

8. MANAGEMENT OF WASTE MATERIALS

The closure and decommissioning process is expected to generate an increase is current waste volume. Extra bins will be brought on site to handle the increase. Bins will be available for recycled products such as steel and other metals. Appointed contractors will be educated to ensure which products are recyclable instead of going to the landfill.

All scrap metal such as but not limited to structural steel, metal framing and roofing, rails, pipes and electrical cabling will be collected and recycled.

Concrete is expected to be buried or disposed to landfill facility, in accordance with Government regulations and requirements.

9. DIVESTMENT

In the divestment of operations, Press Metal will rely on professional valuers appointed by the potential buyer in determining the value of the operations.

Only in the situation where Press Metal opines that the valuation of the professional valuer appointed by the potential buyer is unacceptable, Press Metal will engage its own professional to undertake a valuation of the same.