



**LEON FUAT BERHAD**

Registration No. 200601036648 (756407-D)



# **SUSTAINING FOCUS AND MOMENTUM**

SUSTAINABILITY REPORT **2023**

# SUSTAINABILITY REPORT

## A BRIEF INSIGHT INTO OUR REPORT

Steel, an indispensable part of human civilisation, comprises key components of our infrastructure, transportation, everyday appliances and even lifesaving surgical instruments. As a specialised steel trading, processing and manufacturing (collectively referred to as “processing”) company, we at Leon Fuat Berhad (“Leon Fuat” or “the Group”) are dedicated to pursuing operational excellence while making a sustainable impact within this important industry.

We are honoured to present our Sustainability Report for the financial year 2023 (“FY2023”). This report provides insights into our ongoing sustainability journey within the steel industry. It elaborates on the environmental, social and governance (“ESG”) developments that shaped our operations during this period and the strides we have taken to advance the steel industry’s contribution to a more sustainable world.

### Establishing the Scope and Boundary

The sustainability report covers data from 1<sup>st</sup> January to 31<sup>st</sup> December of 2023 and will also incorporate comparative data from the past two (2) financial years (FY2022 and FY2021) where applicable to demonstrate our annual trends and monitor our performance.

This report discloses the ESG performance of Leon Fuat’s three (3) main subsidiaries located in Selangor and Kuala Lumpur:

1. Leon Fuat Hardware Sdn. Bhd. (“LF Hardware”)
2. Leon Fuat Metal Sdn. Bhd. (“LF Metal”)
3. Supreme Steelmakers Sdn. Bhd. (“Supreme Steelmakers”)

### Our Reporting Framework

The Group’s sustainability report was prepared with reference to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Sustainability Reporting Guide (3<sup>rd</sup> edition) and the Illustrative Sustainability Reporting Guide issued by Bursa Securities. Our report also references the Global Reporting Initiative (“GRI”) Standards and the United Nations Sustainable Development Goals (“UN SDGs”). These guidelines ensure reliable reporting regarding our sustainability performance and goals.



## SUSTAINABILITY REPORT



### Contribute Your Feedback

External feedback continuously enhances our sustainability reporting. Any feedback regarding any aspect of our sustainability practices, performance and the report itself is most welcome. Please send any feedback or questions to the point of contact listed below:

#### Tan Kien Yap

Chief Financial Officer

Email: tanky@lfb.com.my

#### Wisma Leon Fuat

No. 11, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.

### Memberships and Associations

Leon Fuat stays actively engaged with our industry by holding memberships in the following industry associations, allowing us to remain up-to-date on industry trends and informed on important matters impacting the industry.



Federation of Malaysian Manufacturers



Persatuan Tinsmith Wilayah Persekutuan dan Selangor



Malaysia Steel and Metal Distributor's Association



Malaysia Institute of Human Resource Management



The Selangor & Kuala Lumpur Foundry & Engineering Industries Association

### Assurance Statement

All non-financial data were internally validated by the respective data owners and subsidiaries. While Leon Fuat had not sought independent data verification as of this publication, we recognise its importance in upholding the credibility of our sustainability reporting. Thus, we plan to garner external assurance for future disclosures.

# SUSTAINABILITY REPORT

## REFLECTING ON OUR SUSTAINABILITY PERFORMANCE

### RESPONSIBLE GOVERNANCE



Cases of Bribery and Corruption

**ZERO**



Whistleblowing Cases Reported

**ZERO**



Incidents of Data Privacy and Cybersecurity Breach

**ZERO**

### ECONOMIC PROSPERITY



Economic Value Generated (Revenue)

**RM928.05 Million**



Proportion of Spending on Local Suppliers

**17.4%**

### ENVIRONMENTAL STEWARDSHIP



Initiated  
**Scope 3 GHG Emissions Reporting**



Renewable Energy Generated from Solar Panels

**2,834,262 kWh**



Reduction in Water Consumption

**15.4%**

### SOCIAL RESPONSIBILITY



Reduction in Lost-Time Incident Rate

**23.8%**



Cases of Human Rights Violation

**ZERO**



Total Training Hours

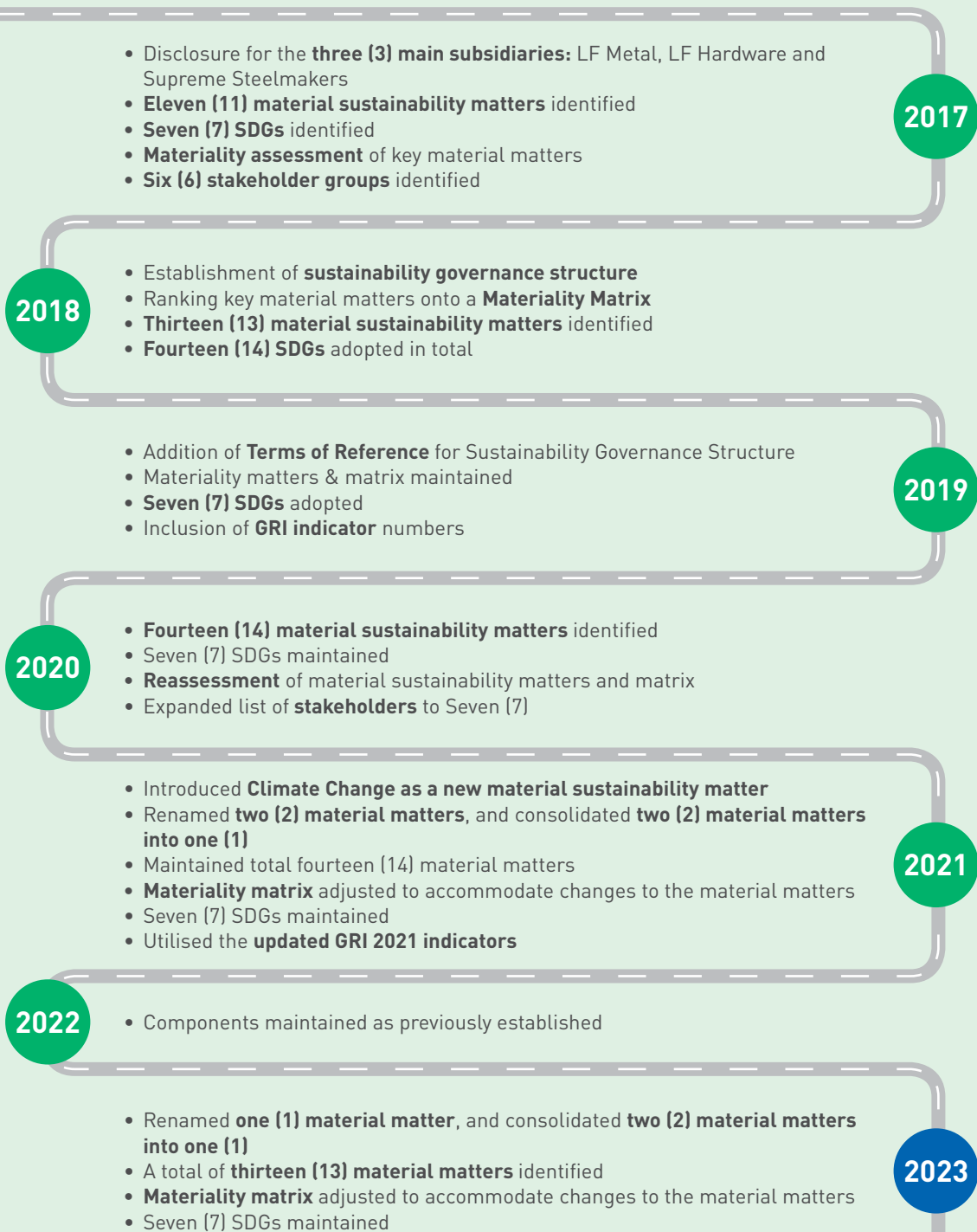
**1,837 hours**



## SUSTAINABILITY REPORT

### FORGING AHEAD IN OUR SUSTAINABILITY JOURNEY

Since the initiation of our reporting in FY2017, Leon Fuat has consistently dedicated efforts to improving our sustainability disclosures. The Group has increasingly emphasised the integration of robust business practices and initiatives with our ESG aspirations, resulting in further advancements towards our sustainability goals. Over the past seven (7) years, our journey has reflected our progression, positioning the Group on a promising path towards attaining our sustainability objectives.

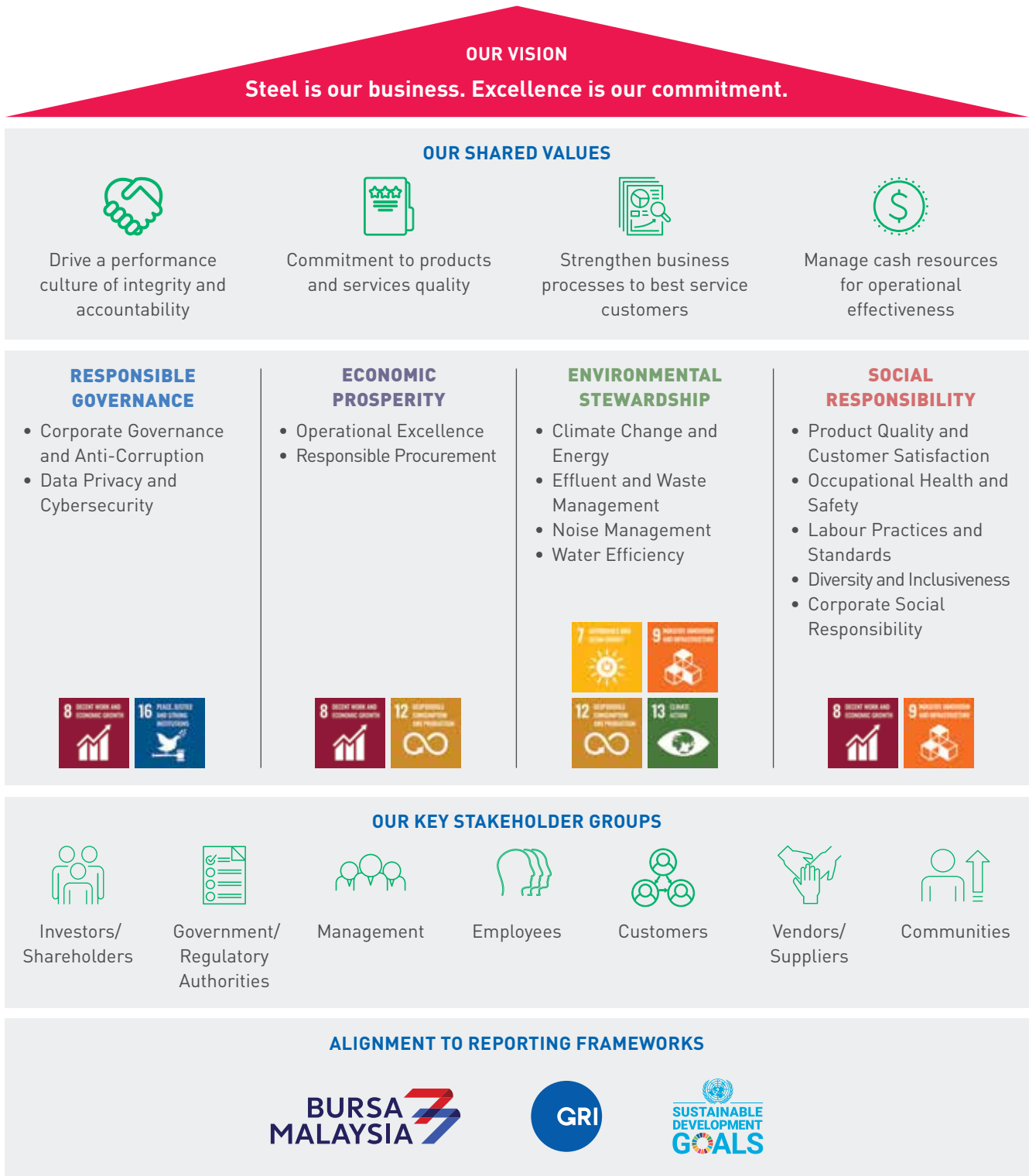


# SUSTAINABILITY REPORT

## OVERVIEW OF OUR SUSTAINABILITY APPROACH

### ESG Framework

For FY2023, we developed an overarching ESG framework that encompasses our mission, vision and core values. The framework is built on pillars that guide our sustainability initiatives, with each anchored in specific material sustainability matters that are critical for our business operations and our stakeholders.



## SUSTAINABILITY REPORT

### Furthering the UN SDGs

Aligned with the 2030 Agenda for Sustainable Development, Leon Fuat has embraced seven (7) UN SDGs and their corresponding targets that are relevant to our steel trading and processing operations (hereinafter collectively referred to as “operations”, unless otherwise specified). This reaffirms our dedication to the worldwide effort of fostering peace and prosperity for both humanity and the environment.



# SUSTAINABILITY REPORT

## Reinforcing Our Foundations

Leon Fuat’s three-tiered Sustainability Governance Structure allocates distinct roles and responsibilities for the development and implementation of sustainability policies, practices and procedures.

At the top, the Board of Directors (“the Board”) provides oversight for sustainability strategies, policies and targets. Their guidance ensures that sustainability remains at the core of our corporate governance. Supporting the Board, the Sustainability Committee (“SC”) operates at the management level, supervising the execution of the Group’s sustainable activities in alignment with our broader sustainability objectives.

On a day-to-day basis, the Sustainability Task Force Committee (“STFC”) takes the reins in administering our sustainability programmes and projects. Their diligent efforts translate our sustainability aspirations into tangible actions and they consistently report progress to the SC.

### Leon Fuat’s Sustainability Governance Structure





# SUSTAINABILITY REPORT

## Leon Fuat's Sustainability Policy

In FY2023, we established a Board-approved Sustainability Policy across Leon Fuat's three (3) main subsidiaries. This policy serves as a guiding framework based on our four (4) pillars: Responsible Governance, Economic Prosperity, Environmental Stewardship and Social Responsibility. The Group also incorporated greenhouse gas mitigation commitments into our policy, facilitating our transition to a low-carbon future.

01

### RESPONSIBLE GOVERNANCE

- Adhere strictly to laws, regulations and industry standards relevant to our operations by regularly assessing our compliance mechanisms and updating policies as needed to meet evolving legal requirements.
- Maintain transparent and open communication with our stakeholders.
- Uphold the highest level of ethics and integrity in our business operations, encouraging a culture of honesty, fairness and accountability.
- Implement robust risk management strategies, identifying potential risks associated with environmental impact, social issues and governance concerns and proactively taking measures to mitigate them.

02

### ECONOMIC PROSPERITY

- Adopt a sustainable business model that emphasises quality products, value-added services and ethical practices.
- Prioritise delivering superior returns to our shareholders while considering the long-term impacts of our actions.
- Prioritise suppliers with strong sustainability practices.
- Conduct regular assessments to identify and mitigate any potential risks associated with our supply chain, ensuring compliance with ethical and responsible sourcing practices.
- Drive the continuous innovation of sustainable products and services.

03

### ENVIRONMENTAL STEWARDSHIP

- Continuously improve energy efficiency, monitor and reduce our carbon footprint.
- Ensure compliance with environmental regulations and legal requirements.
- Prevent environmental pollution and improve the quality of environmental management.
- Embrace the principles of a circular economy, with a focus on recycling, reusing and reducing waste.
- Develop initiatives to extend the lifecycle of products, promoting responsible consumption and production.
- Monitor water consumption and implement water conservation practices in our facilities.

04

### SOCIAL RESPONSIBILITY

- Prioritise the health, safety and well-being of our employees by implementing stringent safety guidelines and protocols.
- Conduct regular health and safety training to foster a safe and healthy work environment.
- Support the well-being and growth of our employees by cultivating a workplace culture that encourages their development.
- Encourage employee growth and development through training programmes, career advancement opportunities and performance recognition.
- Foster a culture of diversity and inclusion by implementing policies and practices that promote equal opportunities and eliminate discrimination.
- Engage in community development initiatives.

# SUSTAINABILITY REPORT

## Steering Towards Net-Zero

Leon Fuat is keenly aware of the growing significance of climate issues and green advancements within the steel industry. Keeping with our ongoing ESG efforts, we took proactive steps towards bolstering our decarbonisation efforts by adopting best practices in climate-related reporting.

Through implementing these practices, we deepen our understanding of our climate-related risks and opportunities, enhancing the resilience of our operations and our contributions to a lower carbon economy.

## Governance

### Board’s oversight on climate-related risks and opportunities

The Board of Directors at Leon Fuat plays a pivotal role in providing strategic oversight over ESG-related matters, including climate-related risks and opportunities. It provides approval for sustainability strategies proposed by the SC and conducts an annual review of sustainability policies and initiatives.

Quarterly board meetings serve as forums for in-depth discussions on various business matters, prominently featuring deliberations on climate-related risks and opportunities. In FY2023, the Board demonstrated its resolution to stay abreast of industry best practices by participating in a training session covering Carbon Footprint and Reporting Guide. This training equips the Board with the knowledge necessary for accurate reporting of environmental performance and impacts, fostering more informed decision-making processes for the benefit of the Group and its stakeholders.

### Management’s role in assessing and managing climate-related risks and opportunities

The assessment and management of climate-related risks and opportunities at Leon Fuat are entrusted to the SC, which is spearheaded by the Executive Director and Chief Financial Officer, with additional support from selected managers across various subsidiaries.

The SC, functioning as the driving force behind sustainability initiatives, assumes the responsibility of implementing these strategies and reporting the outcomes to the Board. Through its dedicated efforts, the SC conducts thorough assessments of climate-related risks and opportunities, subsequently formulating strategic recommendations for consideration by the Board. This dynamic process ensures that management actively engages with and addresses the evolving sustainability landscape.

## Strategy

Leon Fuat’s climate-related risks can be divided into two (2) categories: transition risks and physical risks. Transition risks are challenges linked to the shift toward a sustainable, low-carbon economy, driven by regulatory changes and market shifts. Physical risks result from the direct impacts of climate change, such as extreme weather events and rising temperatures, affecting assets and operations. The impacts primarily involve increased costs, revenue fluctuations, as well as the potential for damages and disruptions caused by short-term and long-term climate-related events.

### Transition Risks

Transition Risks	Potential Impact	Opportunities
Policy and Legal	Stringent environmental regulations and policies aimed at reducing carbon emissions may impact the steel industry. This includes Carbon Border Adjust Mechanisms (“CBAM”), emissions trading systems or carbon taxes.	Aligning with or surpassing anticipated environmental regulations enables us to successfully enter new markets and pre-emptively address potential legal challenges.
Technology	Advances in technology, such as breakthroughs in low-carbon steel production or the development of alternative materials, could disrupt the traditional steel processing operations. Failing to adopt or invest in innovative technologies may face competitive disadvantages.	Investing in and adopting innovative technologies that reduce carbon emissions in the steel processing operations can position Leon Fuat as a leader in sustainable steel processing segment.

# SUSTAINABILITY REPORT

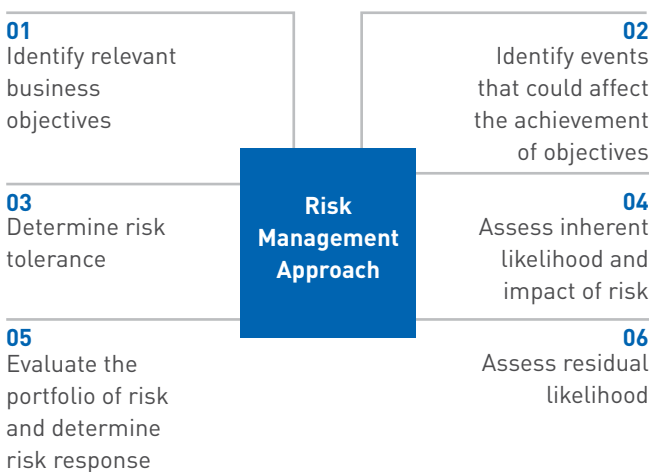
Transition Risks	Potential Impact	Opportunities
Market	Changes in consumer preferences and increasing demand for low-carbon products may affect the market for traditional steel products. The industry may face challenges if there is a shift towards alternative materials or a preference for products with lower embedded carbon.	By communicating and marketing our commitment to sustainability, we can differentiate ourselves and attract environmentally conscious customers.
Supply Chain	The shift toward a low-carbon economy may necessitate changes in our supply chain. Suppliers not aligning with sustainability goals or failing to adapt to evolving environmental standards pose risks to our operations.	Ensuring a sustainable and transparent supply chain, from raw material sourcing to end-product delivery, can appeal to customers who prioritise sustainability in their value chain.

## Physical Risk

Physical Risks	Potential Impact	Opportunities
Acute	Severe weather events or natural disasters may disrupt supply chains, damage infrastructure, and threaten safety, impacting operational continuity.	Proactive planning for acute physical risks presents an opportunity to enhance strategic resilience. Thorough risk assessments and investments in resilient infrastructure can mitigate immediate impacts.
Chronic	Prolonged environmental changes, such as rising temperatures and shifting precipitation patterns, pose persistent challenges, potentially affecting infrastructure, resource availability and our worker’s health over the long term.	Integrating sustainable practices, investing in energy-efficient technologies, and adopting climate-resilient infrastructure can mitigate long-term impacts.

## Risk Management

The Group’s risk management framework adheres to international principles, encompassing four (4) key elements: risk identification, impact assessment, profiling matrix and risk mitigation plans, which are subject to ongoing review and enhancement. In FY2023, recognising the escalating significance of climate risk, particularly as a steel trader and manufacturer, we are actively integrating this dimension into our Enterprise Risk Management.



## Metrics and Targets

Leon Fuat quantifies carbon emissions, waste, energy and water consumption. We measure carbon emissions in tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”), water consumption in cubic metres (“m<sup>3</sup>”), waste in tonnes and total energy consumption in gigajoules (“GJ”) which comprises electricity consumption in kilowatt-hour (“kWh”) and fuel consumption in litres (“L”). To determine greenhouse gas (“GHG”), energy and water intensity, we calculate absolute values and normalise them by dividing against the floor space of our operations in square feet (“ft<sup>2</sup>”). Additionally, we quantify the contribution of renewable energy from our solar panels within our overall energy consumption mix in kWh.

Leon Fuat monitors and reports Scope 1, Scope 2 and limited Scope 3 emissions. Our Scope 3 coverage includes emissions from business travel and employee commute. Additional details regarding our management approach and performance data can be found in the “Climate Change and Energy”, page 54-57.





# SUSTAINABILITY REPORT

## ENGAGING WITH OUR STAKEHOLDERS

### Delivering Beyond Expectations




Leon Fuat places great emphasis on understanding our stakeholders’ expectations. We recognise that their perspectives are fundamental to our decision-making, with successful engagement strengthening our reputation as a trusted steel specialist. As a result, we cultivate robust relationships with our stakeholders through proactive engagement across multiple channels. This enables us to gain insight into the material concerns most important to them. Overall, we gain a great awareness of their needs and interests, further refining our goals and sustainability initiatives to better serve them.

We maintain open communication with seven (7) stakeholder groups to effectively meet their needs and expectations.

Engagement Platforms	Areas of Interest	Our Responses
 <b>INVESTORS/SHAREHOLDERS</b> Their ownership, voting rights, financial contributions and return expectations collectively shape the Group’s direction, enabling us to fulfil our mission in providing high quality steel products.		
<b>Ongoing</b> <ul style="list-style-type: none"> <li>Investor Relations in corporate website</li> </ul> <b>Quarterly</b> <ul style="list-style-type: none"> <li>Financial results announcements</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Company reputation</li> <li>Mitigation and adaptation to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly financial results and annual reports</li> <li>Uphold good governance practices</li> <li>Outline carbon reduction strategies</li> <li>Monitor sustainability performance and targets</li> </ul>
 <b>GOVERNMENT/REGULATORY AUTHORITIES</b> The government and regulatory authorities play an important role in providing regulatory frameworks and legal authorisations necessary for operations.		
<b>As needed</b> <ul style="list-style-type: none"> <li>Meetings</li> <li>Seminars/Webinars</li> <li>Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Anti-bribery and corruption</li> <li>Corporate governance practices</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with ISO37001: 2016 Anti-Bribery Management System (“ABMS”)</li> <li>Establishment of Good Corporate Governance and Whistleblowing Policy</li> <li>Full compliance with regulatory requirements</li> </ul>
 <b>MANAGEMENT</b> The management is responsible for guiding and overseeing our organisational operations to achieve strategic goals and ensure sustained success.		
<b>As needed</b> <ul style="list-style-type: none"> <li>Coordination meetings</li> </ul> <b>Quarterly</b> <ul style="list-style-type: none"> <li>Business unit meetings</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>ISO management review</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Service requirements</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Framework adhering to international principles</li> <li>Compliant with ISO9001:2015 Quality Management System</li> </ul>
 <b>EMPLOYEES</b> Employees serve as the valuable human capital of Leon Fuat, actively contributing their skills and efforts to propel the Group toward our objectives and overall success.		
<b>Ongoing</b> <ul style="list-style-type: none"> <li>Internal communications</li> </ul> <b>As needed</b> <ul style="list-style-type: none"> <li>Workshops and trainings</li> <li>Staff meetings</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Employee performance appraisals</li> <li>Annual dinner</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building</li> <li>Occupational health and safety</li> <li>Fair labour practices</li> <li>Whistleblowing policy/procedures</li> </ul>	<ul style="list-style-type: none"> <li>Provide relevant upskilling and development opportunities</li> <li>Compliant with Occupational Safety and Health Act 1994</li> <li>Compliant with laws governing work hours and wages</li> <li>Promote transparent communication with employees</li> </ul>



# SUSTAINABILITY REPORT

Engagement Platforms	Areas of Interest	Our Responses
 <b>CUSTOMERS</b> Customers drive Leon Fuat’s success by engaging in transactions and providing valuable feedback that informs product and service enhancements.		
<b>As needed</b> • Meetings • Feedback survey <b>Annually</b> • Satisfaction assessment	• Product quality and safety • Customer data privacy	• Compliant with ISO9001:2015 Quality Management System • Compliant with Personal Data Protection Act 2010
 <b>VENDORS/SUPPLIERS</b> Vendors and suppliers collaborate with Leon Fuat to provide essential goods and services, ensuring a reliable supply chain and contributing to the overall efficiency of operations.		
<b>As needed</b> • Product quality feedback <b>Bi-annually</b> • Performance reviews • Procurement processes	• Fair procurement practices • Support of local suppliers	• Supplier Selection Procedure • Supplier Performance Assessment • 17.4% of procurement sourced from local suppliers
 <b>COMMUNITY</b> The community plays a reciprocal role, shaping and being shaped by the Group’s actions, contributions and engagement, fostering a mutually beneficial relationship.		
<b>As needed</b> • Community impact programmes	• Community development and support	• Local community development • Philanthropy

## UNDERSTANDING WHAT IS MATERIAL

### Materiality Assessment

Materiality assessments are invaluable tools for identifying the material matters that most significantly impacts our business and stakeholders. These matters encapsulate the influence our business has on the local economy, the environment and most importantly, the welfare of people. Having a comprehensive grasp of our material matters empowers us to delineate our strategy and allocate resources effectively. This enables us to capitalise on opportunities and mitigate risks effectively.

In FY2023, we conducted a comprehensive reassessment to realign our material concerns with the latest sustainability trends and evolving industry dynamics. This process led us to identify thirteen (13) key sustainability matters.



1.

### Identification

Thirteen (13) material sustainability matters were identified based on relevance to Leon Fuat and our stakeholders, including global trends, and streamlined according to Bursa Malaysia’s Enhanced Sustainability Reporting requirements in the current reporting period.



2.

### Ranking

Stakeholders were engaged via an online Google survey form to rank material matters in order of importance to the business and to stakeholders.



3.

### Prioritisation

A materiality matrix was generated to visualise the prioritised material matters.



4.

### Validation

The materiality matrix was presented to the Senior Management for validation and the Board of Directors for approval.

# SUSTAINABILITY REPORT

## Materiality Matrix

We plotted our thirteen (13) material sustainability matters onto a materiality matrix to illustrate their importance to stakeholders and influence on our business. These concerns were classified into three (3) levels of significance: medium, high and very high.

In doing so, we identified our top three (3) material matters as Operational Excellence, Product Quality and Customer Satisfaction, and Occupational Health and Safety. By prioritising these aspects, we emphasise their centrality in guiding our Group’s sustainability initiatives. These strategic focal points are instrumental in ensuring that our operations meet the highest standards, embodying excellence and responsibility in every facet of our business.



RESPONSIBLE GOVERNANCE	ECONOMIC PROSPERITY	ENVIRONMENTAL STEWARDSHIP	SOCIAL RESPONSIBILITY
4 Corporate Governance and Anti-Corruption	1 Operational Excellence	7 Climate Change and Energy	2 Product Quality and Customer Satisfaction
6 Data Privacy and Cybersecurity	8 Responsible Procurement	9 Effluent and Waste Management	3 Occupational Health and Safety
		12 Noise Management	5 Labour Practices and Standards
		13 Water Efficiency	10 Diversity and Inclusiveness
			11 Corporate Social Responsibility

# SUSTAINABILITY REPORT

## Mapping of Material Sustainability Matters

To demonstrate the integration of our sustainability commitments and efforts, we aligned the material sustainability matters with the UN SDGs adopted by the Group, relevant stakeholder groups, and GRI indicators.

Material Matter	GRI Indicators	UN SDGs	Stakeholder Groups
<b>RESPONSIBLE GOVERNANCE</b>			
Corporate Governance and Anti-Corruption	2: General Disclosures 3: Material Topics 205: Anti-Corruption		<ul style="list-style-type: none"> <li>Investors/Shareholders</li> <li>Government/Regulatory Authorities</li> <li>Management</li> <li>Employees</li> <li>Vendors/Suppliers</li> </ul>
Data Privacy and Cybersecurity	2: General Disclosures 3: Material Topics 418: Customer Privacy		<ul style="list-style-type: none"> <li>Investors/Shareholders</li> <li>Management</li> <li>Customers</li> <li>Employees</li> </ul>
<b>ECONOMIC PROSPERITY</b>			
Operational Excellence	2-27: Compliance with Laws and Regulations 3: Material Topics		<ul style="list-style-type: none"> <li>Investors/Shareholders</li> <li>Management</li> <li>Customers</li> <li>Suppliers</li> </ul>
Responsible Procurement	2: General Disclosures 3: Material Topics 204: Procurement Practices		<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> </ul>
<b>ENVIRONMENTAL STEWARDSHIP</b>			
Climate Change and Energy	2: General Disclosures 3: Material Topics 302: Energy 305: Emissions	 	<ul style="list-style-type: none"> <li>Investors/Shareholders</li> <li>Government/Regulatory Authorities</li> <li>Communities</li> </ul>
Effluent and Waste Management	2: General Disclosures 3: Material Topics 303: Water and Effluents 306: Waste		<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Communities</li> </ul>
Noise Management	3: Material Topics		<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Communities</li> </ul>
Water Efficiency	3: Material Topics 303: Water and Effluents		<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Communities</li> </ul>
<b>SOCIAL RESPONSIBILITY</b>			
Product Quality and Customer Satisfaction	3: Material Topics 417: Marketing and Labelling		<ul style="list-style-type: none"> <li>Management</li> <li>Customers</li> </ul>
Occupational Health and Safety	2: General Disclosures 3: Material Topics 403: Occupational Health and Safety		<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Management</li> <li>Employees</li> </ul>
Labour Practices and Standards	2: General Disclosures 3: Material Topics 401: Employment 404: Training and Education 408: Child Labour 409: Forced or Compulsory Labour		<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Management</li> <li>Employees</li> </ul>
Diversity and Inclusiveness	2: General Disclosures 3: Material Topics 405: Diversity and Equal Opportunity 406: Non-discrimination		<ul style="list-style-type: none"> <li>Employees</li> </ul>
Corporate Social Responsibility	3: Material Topics 413: Local Communities		<ul style="list-style-type: none"> <li>Communities</li> </ul>

## SUSTAINABILITY REPORT

# RESPONSIBLE GOVERNANCE



Leon Fuat’s comprehensive governance framework, policies, management systems and code of conduct lay out our ethical principles, ensuring the maintenance of high ethical standards throughout our operations.

Key Stakeholders	Material Sustainability Matters	Our Shared Values
Investors/Shareholders Government/Regulatory Authorities Management Employees Customers Vendors/Suppliers	<ul style="list-style-type: none"> <li>• Corporate Governance and Anti-Corruption</li> <li>• Data Privacy and Cybersecurity</li> </ul>	Drive a performance culture of integrity and accountability


### CORPORATE GOVERNANCE AND ANTI-CORRUPTION

#### Why is this Important?


Effective corporate governance is crucial for the long-term success of any organisation. It establishes a framework for ethical decision-making, transparency and accountability, fostering trust among stakeholders and minimising the risk of misconduct.

#### Our Approach

The dedication to ethical business practices, good conduct and transparency across our business segments is anchored by our fundamental policies, reinforced by our Anti-Bribery Management System.

 Anti-Bribery Policy	 Whistleblowing Policy	 Code of Ethics and Conduct
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In addition to our fundamental policies and Anti-Bribery Management System, we are committed to complying with all applicable rules and regulations in the places we operate.

 Regulatory Compliance	<ul style="list-style-type: none"> <li>• Capital Markets and Services Act 2007</li> <li>• Companies Act 2016</li> <li>• Employment Act 1955</li> <li>• Environmental Quality Act 1974</li> <li>• Factories and Machinery Act 1967</li> <li>• Income Tax Act 1967</li> <li>• Minimum Wages Order 2018</li> <li>• Occupational Safety and Health Act 1994</li> </ul>
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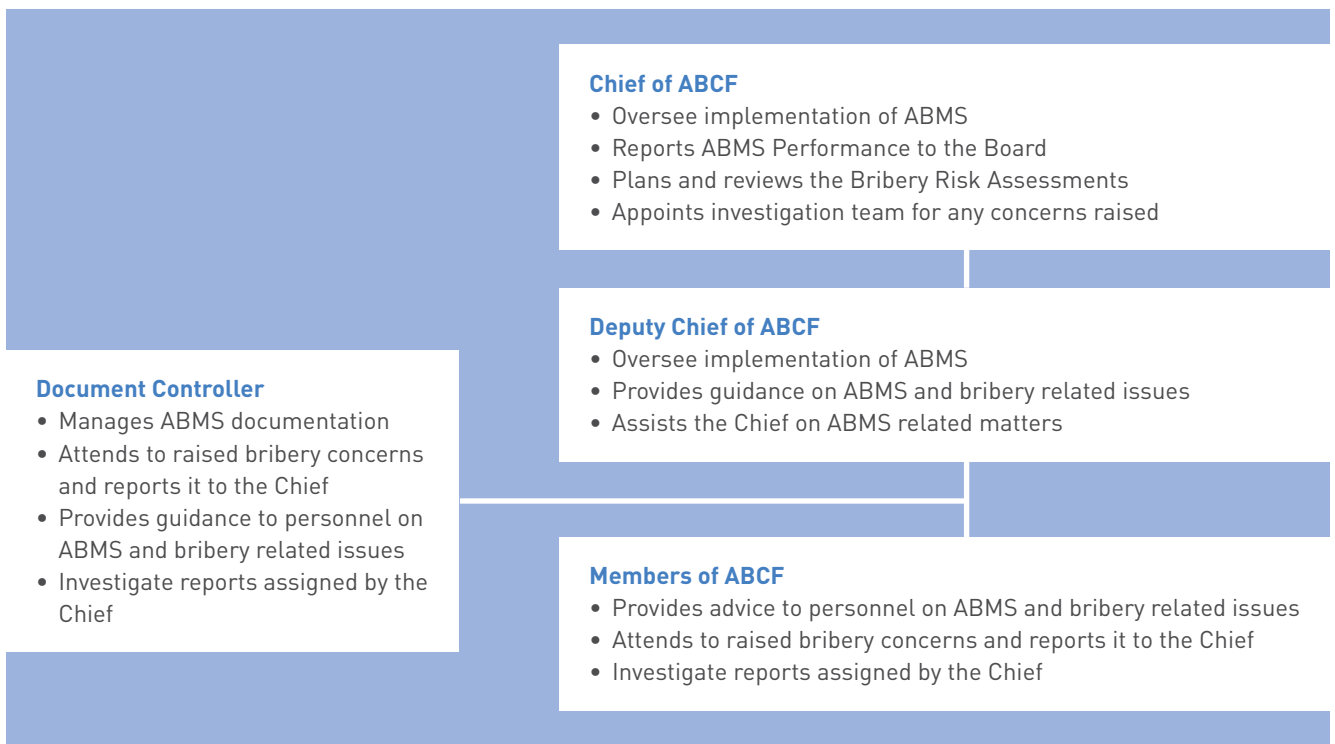


## SUSTAINABILITY REPORT

### Anti-Bribery Management System ("ABMS")

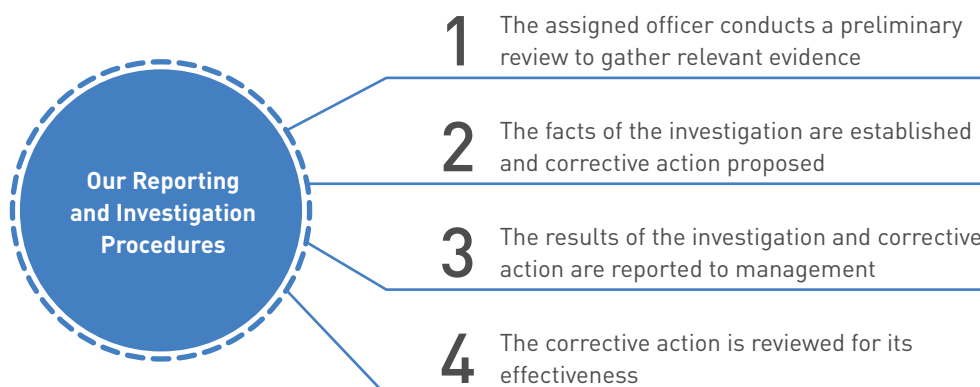
In FY2020, the Group implemented the ABMS to foster ethical operations. This system employs a preventative risk-based approach to identify and address bribery risks in our business activities and organisational committee. We are committed to conforming with the principles of ABMS (MS ISO 37001). The ABMS is complemented by the Anti-Bribery Manual which comprehensively defines the scope of the management system.

The Group also established the Anti-Bribery Compliance Function ("ABCF"), which oversees the implementation and management of the ABMS, maintains its documentation and handles bribery-related concerns.



### Grievance Mechanism and Whistleblowing Procedures

We have a grievance mechanism in place to address any suspected unlawful or improper conduct within the Group. Any interested party can file a complaint by sending an email to the Group's designated personnel. Throughout the process, all reports filed in good faith will be treated with confidentiality. Whistleblowers are shielded from reprisal, and their identities are kept strictly confidential until prior authorisation to reveal them is obtained.



# SUSTAINABILITY REPORT

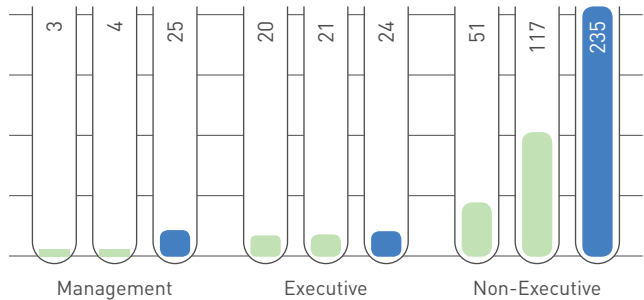
## Our Performance

### Bribery Prevention via Communication and Training

We effectively communicate our anti-bribery policies to our employees through various channels, including the employee handbook, orientation programmes for new hires and regular anti-bribery training sessions. Our policies are also readily accessible on our corporate website.

In FY2023, anti-bribery training was attended by two hundred and thirty-five (235) Non-Executive employees, twenty-four (24) Executive employees and twenty-five (25) Management employees across LF Hardware and LF Metal.

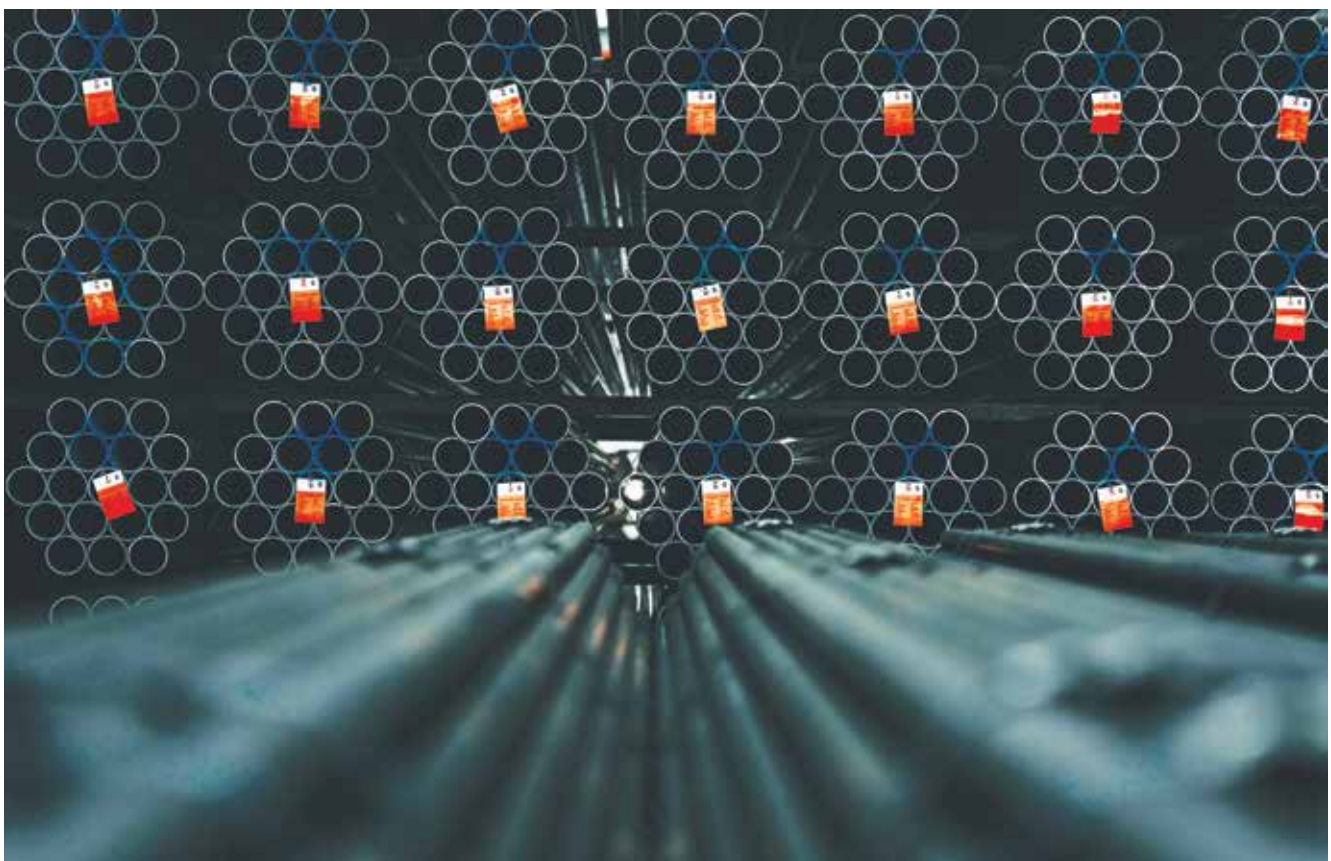
Employee Category	Attendance		
	FY2021	FY2022	FY2023
Management	3	4	25
Executive	20	21	24
Non-Executive	51	117	235



### Bribery, Corruption and Whistleblowing Incidents

In FY2023, we maintained our outstanding record of zero (0) bribery and corruption cases as well as whistleblowing incidents across the Group. This achievement is a testament to the effectiveness of our comprehensive anti-bribery and anti-corruption trainings and our robust grievance mechanism.

	FY2021	FY2022	FY2023
No. of confirmed bribery and corruption incidents	0	0	0
No. of incidents of whistleblowing	0	0	0



# SUSTAINABILITY REPORT

## DATA PRIVACY AND CYBERSECURITY

### Why is this Important?

In an era where digital transformation is integral to business operations, the pervasive shift to remote work and reliance on digital technologies underscore the importance of data privacy and cybersecurity. As cyber threats continue to escalate, safeguarding sensitive information from potential breaches is a legal requirement and a strategic imperative for maintaining trust, integrity, and the uninterrupted flow of business activities.

### Our Approach

At Leon Fuat, our approach to data privacy and cybersecurity is guided by the Personal Data Protection Act of 2010 (“PDPA 2010”). This regulation governs the acquisition, use, disclosure and maintenance of personal data, forming the legal foundation for our operations. In accordance with PDPA 2010, we provide clear communication through a Personal Data Protection Notice to our employees and customers, outlining the purposes of personal data processing and any potential disclosures.



### Our Performance

In FY2023, there were zero (0) substantiated complaints related to data privacy and cybersecurity breaches.

	FY2021	FY2022	FY2023
No. of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

## SUSTAINABILITY REPORT

## ECONOMIC PROSPERITY



Leon Fuat delivers value to customers, partners and communities through sustainable business practices and nurturing innovative culture. We prioritise excellence across the steel value chain, from raw material procurement to the final product delivered to customers, promoting efficiency and effectiveness.

Key Stakeholders	Material Sustainability Matters	Our Shared Values
Investors/Shareholders Management Customers Vendors/Suppliers	<ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Responsible Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to products and services quality</li> <li>Manage cash resources for operational effectiveness</li> </ul>

## OPERATIONAL EXCELLENCE

## Why is this Important?

Our economic performance showcased robust growth, highlighting the success attributed to our operational excellence achieved through strategic and efficient resource allocation. This secures the creation of long-term value in alignment with the Group's sustainability agenda. With an unwavering resolve, we aim to achieve long-term resilience by leveraging our assets and sharing the generated wealth with our stakeholders.

## Our Approach

At Leon Fuat, we prioritise sustainable steel processing, optimising material input while maximising economic output. With a primary focus on steel trading and processing – specialising in carbon steel, alloy steel and stainless steel – we bolstered our economic performance through investments in cutting-edge technologies, streamlined operational processes and a customer-centric approach.

We have designated three (3) machines for permanent night shifts, with plans to further increase capacity next year to bolster operational excellence. Ad-hoc night shifts are scheduled based on order volume and delivery lead times, utilising advanced technology like fibre laser cutting. This approach enhances production efficiency, operating faster and consuming less power compared to conventional laser technology, contributing to increased overall productivity and enhanced energy efficiency at LF Metal and Supreme Steelmakers.

## Our Performance

In FY2023, economic performance of our three (3) main subsidiaries and other entities within our Group showcased robust growth, a testament to our operational excellence achieved through strategic and efficient resource allocation.

Economic Performance	Ringgit Malaysia (RM 'million)		
	FY2021	FY2022	FY2023
Economic value generated (revenue)	886.58	1,025.12	928.05
Less: Economic value distributed			
• Operating cost	653.86	922.34	815.73
• Employee wages and benefits	34.84	33.89	36.92
• Payment to provider of capital (dividends)	6.82	6.82	5.12
• Payment to government (tax)	16.77	30.78	7.38
• Community investments	0.02	#	0.01
<b>Net economic value generated</b>	<b>174.27</b>	<b>31.29</b>	<b>62.89</b>

# Less than RM10,000.



# SUSTAINABILITY REPORT

## RESPONSIBLE PROCUREMENT

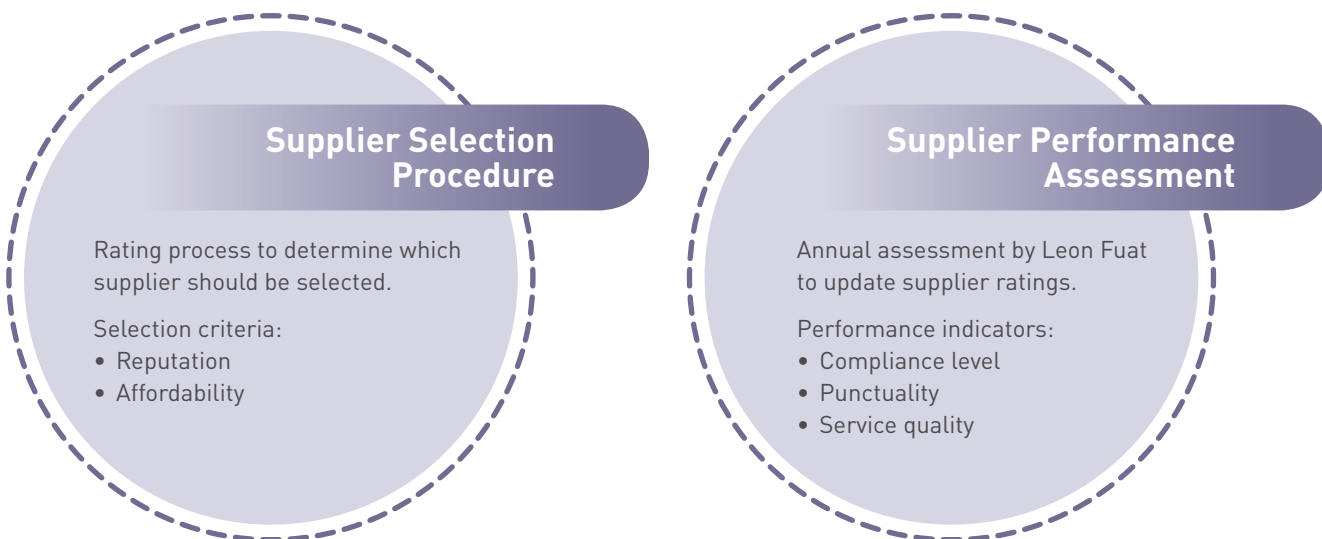
### Why is this Important?

Responsible procurement is paramount for our operations, aligning seamlessly with our mission to both decarbonise our supply chain and fortify the local economy. By engaging local suppliers, we stimulate local economic growth and foster job creation. Responsible sourcing also curtails the environmental impact associated with the long-distance transportation of materials.

### Our Approach

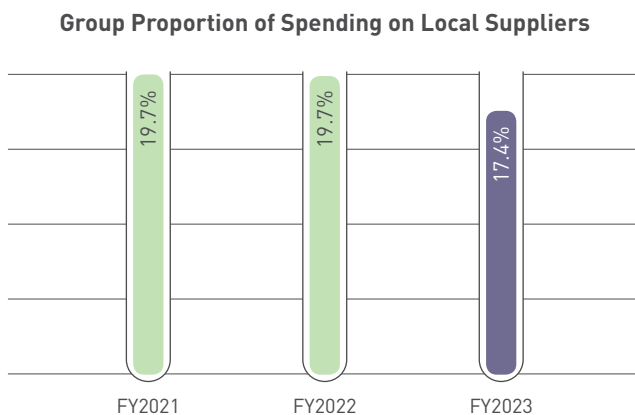
The Procurement Policies articulate the fair business practices that form the foundation of Leon Fuat’s operations, and we expect our suppliers to uphold these principles. We require that our suppliers, service providers and other collaborators adhere to ethical standards in accordance with Leon Fuat’s corporate values.

At Leon Fuat, we prioritise ensuring that our selected suppliers are committed to the standards that drive procurement excellence. We mandate new suppliers to complete a Vendor Registration Form. Our approach involves the application of precise selection criteria and the implementation of thorough supplier performance evaluations.



### Our Performance

In FY2023, local suppliers accounted for 17.4% of our total supplier distribution.



## SUSTAINABILITY REPORT

# ENVIRONMENTAL STEWARDSHIP



We are aware that the steel production and trade industries are resource-intensive, potentially impacting the environment through emissions and effluents. To reduce our environmental footprint, we pledge to adopt the most efficient processing routes, actively minimise waste output and invest in cutting-edge technologies. Through these initiatives, we aim to balance the indispensable role of steel with a dedication to environmentally conscious and sustainable practices.

Key Stakeholders	Material Sustainability Matters	Our Shared Values
Investors/Shareholders Government/Regulatory Authorities Communities	<ul style="list-style-type: none"> <li>• Climate Change and Energy</li> <li>• Effluent and Waste Management</li> <li>• Noise Management</li> <li>• Water Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen business processes to best service customers</li> <li>• Manage cash resources for operational effectiveness</li> </ul>

### CLIMATE CHANGE AND ENERGY

#### Why is this Important?

Our operations are energy-intensive processes and can exert a notable influence on both the environment and operational costs if not effectively controlled. Prioritising climate action positions us to actively contribute to a sustainable future in line with our dedication to mitigating the adverse impacts of climate change.

#### Our Approach

Our GHG emissions disclosure encompasses Scope 1, addressing direct emissions from fuel combustion; Scope 2, which includes indirect emissions from purchased electricity; and limited Scope 3, relating to emissions stemming from employee commutes and business travels, which we started tracking in FY2023.

In our ongoing efforts to mitigate GHG emissions from fuel consumption, we implemented the use of delivery vehicles fuelled by Euro5 diesel, featuring a significantly lower emission limit (0.5g/km of CO compared to Euro2's 1.0g/km of CO) and reduced maximum sulphur content (10ppm for Euro5 versus 500ppm for Euro2). Currently, our fleet comprises 97.1% green diesel trucks and 2.9% conventional diesel trucks. This strategic composition allows for efficient fuel utilisation and a substantial reduction in our overall GHG emissions.

To further mitigate our energy consumption, we deployed solar panels across LF Metal factories. Commencing in FY2021, we initiated installations at two (2) factories and expanded to two (2) more in FY2022. The cumulative solar panel capacity across these four (4) factories now reaches approximately 2,300 kilowatts peak ("kWp"). Moreover, we successfully converted twenty-four (24) conventional 400W building street lights in the vicinity of LF Metal factory to solar-powered units. This initiative is expected to yield an annual energy savings of 42,048 kWh. Supreme Steelmakers is also currently in the process of transitioning to solar-powered street lights.



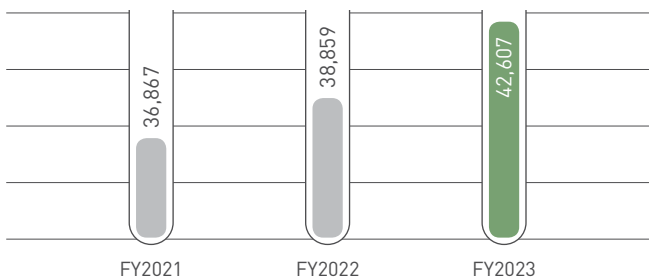
# SUSTAINABILITY REPORT

## Our Performance

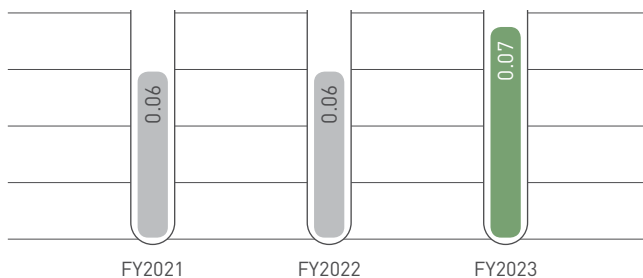
### Total Energy Consumption

Overall, our Group's total energy consumption, encompassing fuel, electricity and renewable energy generated from our solar panels, amounted to 42,607 GJ. The excess energy generated from our solar panels was exported to the grid through our subscription to the Net Energy Metering Scheme.

Group Total Energy Consumption (GJ)



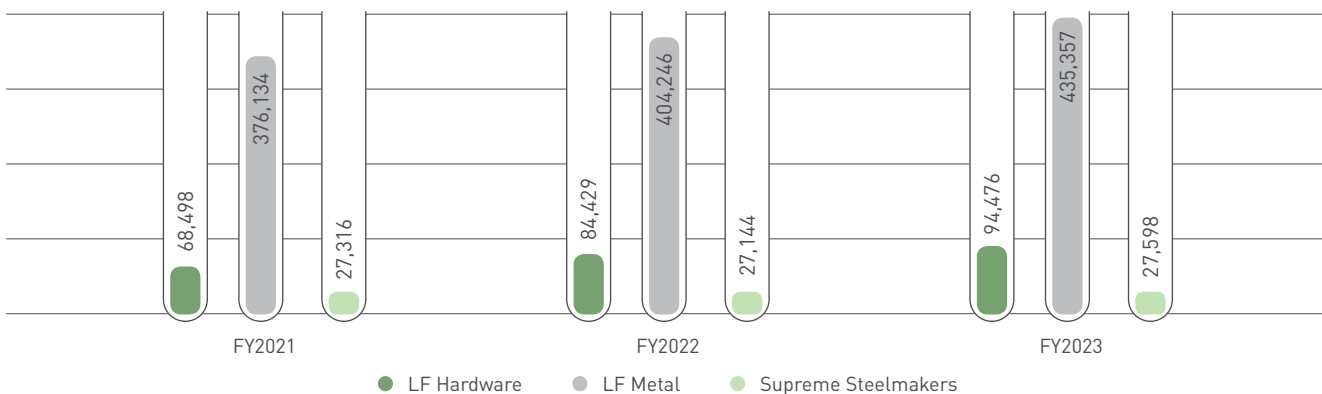
Group Energy Intensity (GJ/ft²)



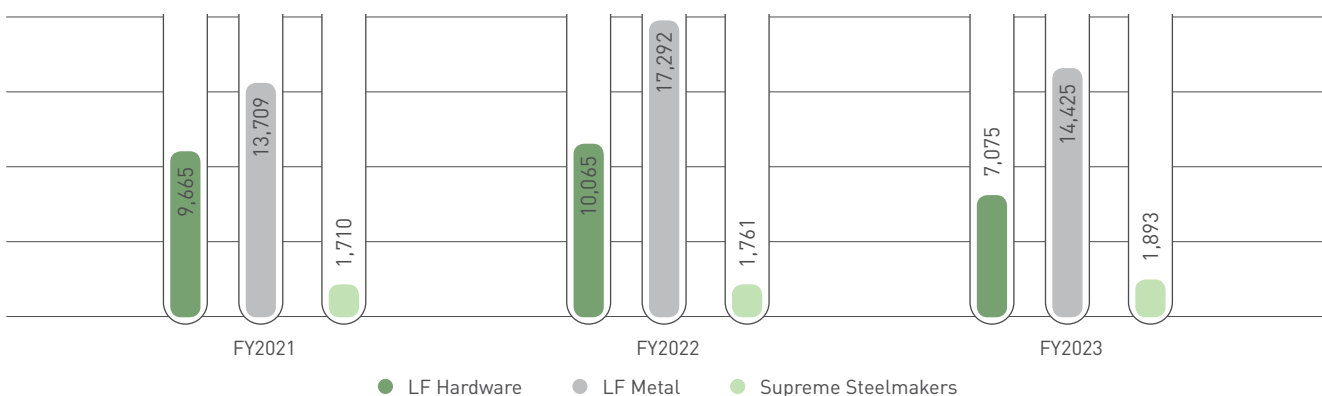
### Fuel Consumption

The Group's overall diesel consumption totalled 557,431L in FY2023, displaying an 8.1% increase as compared to FY2022. Petrol consumption in FY2023 totalled 23,393L, reflecting a 19.7% reduction from the previous year.

Diesel Consumption (L)



Petrol Consumption (L)

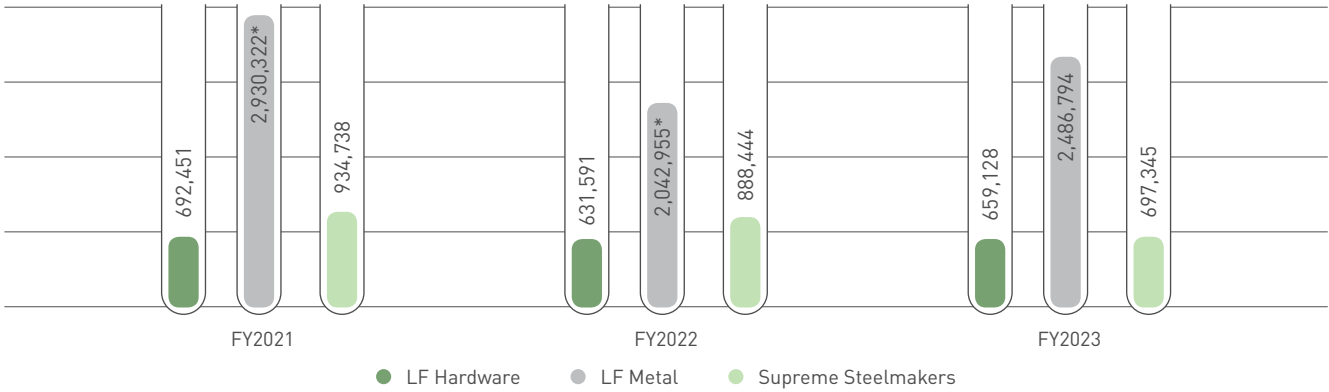


# SUSTAINABILITY REPORT

## Electricity Consumption and Intensity

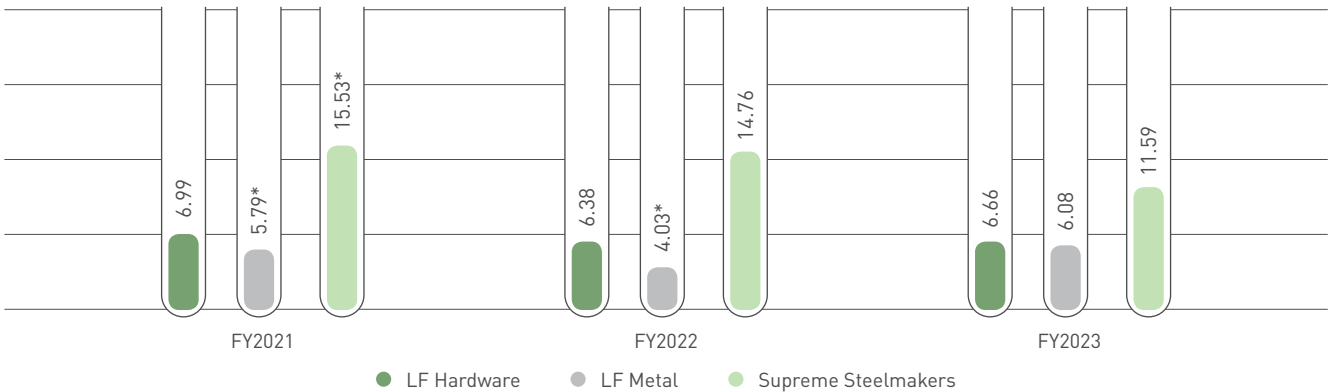
In FY2023, our combined electricity consumption reached 3,843,267 kWh, representing a 7.9% increase compared to the prior year.

**Electricity Consumption (kWh)**



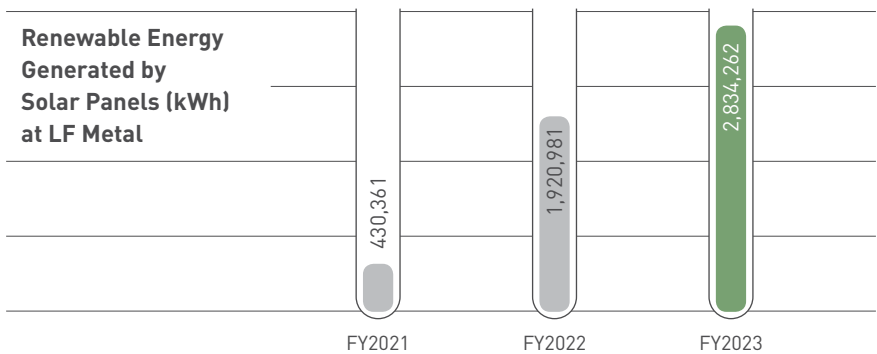
At Supreme Steelmakers, our electricity intensity decreased by 21.5%, attributable to enhanced efficiency measures. Meanwhile, despite excluding the floorspace no longer utilised for business operations in FY2023 at LF Metal, our electricity consumption increased, resulting in an increased intensity to 6.08 kWh/ft<sup>2</sup>.

**Electricity Intensity (kWh/ft<sup>2</sup>)**



## Renewable Energy

In FY2023, our renewable energy generation reached an impressive milestone of 2,834,262 kWh, leading to a remarkable 47.5% increase in our renewable energy production.



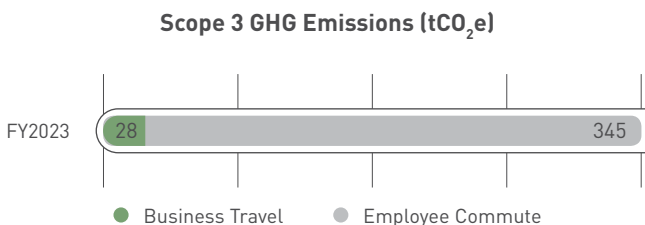
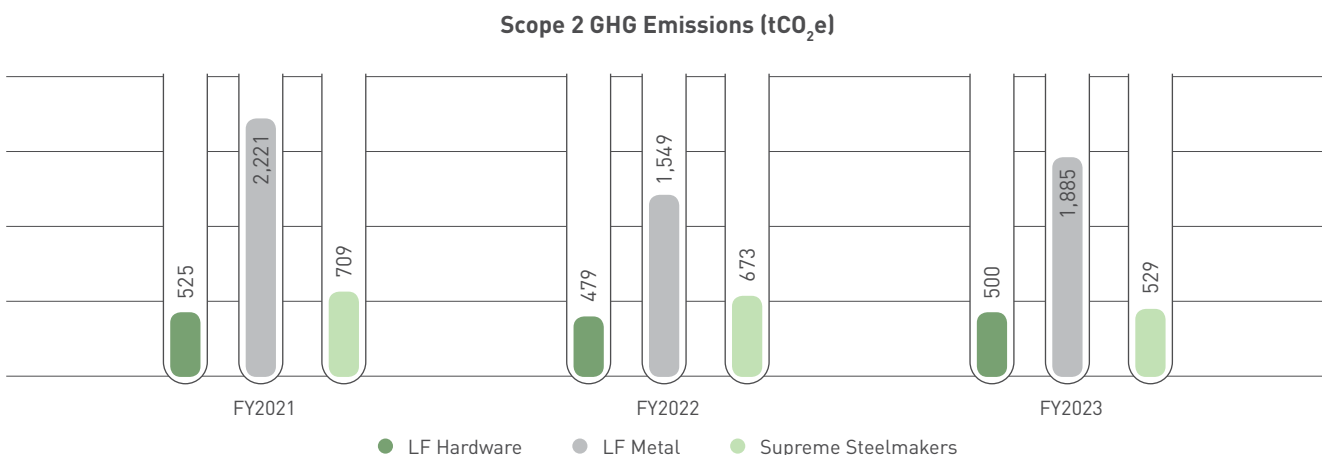
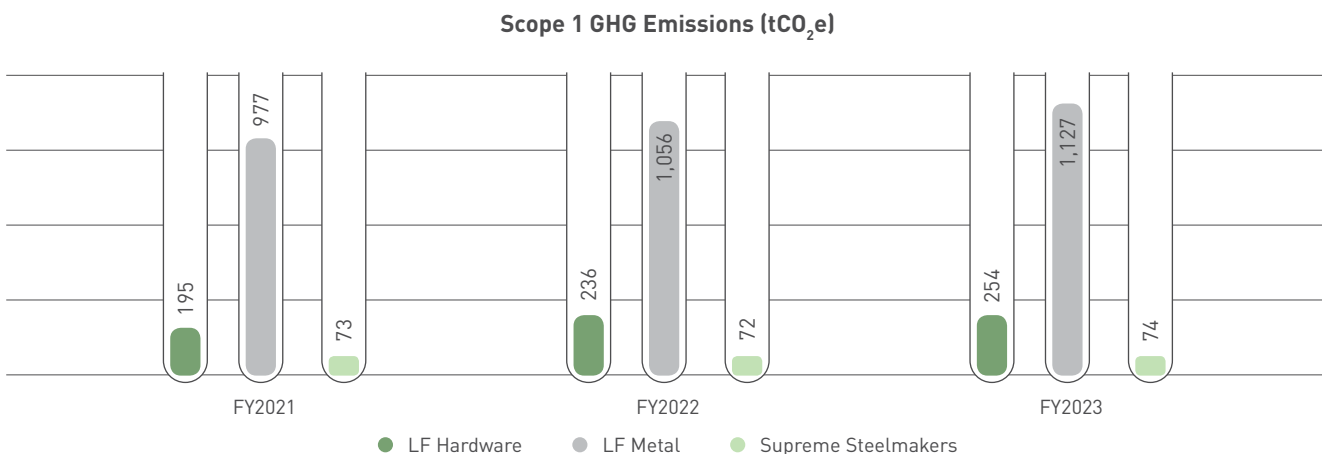
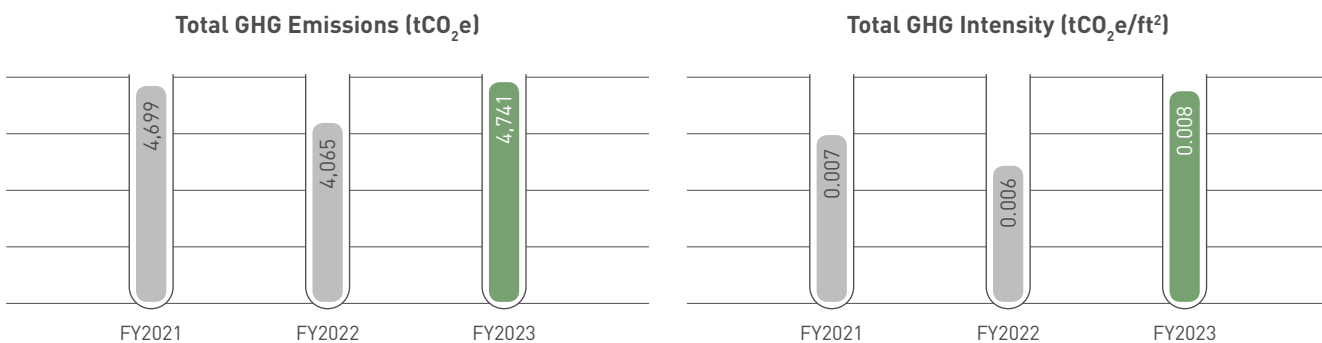
\* Data has been restated.



# SUSTAINABILITY REPORT

## GHG Emissions

In FY2023, the combined emissions from our three (3) main subsidiaries amounted to 4,741 tCO<sub>2</sub>e. The breakdown includes 1,455 tCO<sub>2</sub>e under Scope 1, 2,914 tCO<sub>2</sub>e under Scope 2 and 373 tCO<sub>2</sub>e under Scope 3.



- Note:*
1. FY2021 and FY2022 data for Scope 1 and Scope 2 GHG Emissions has been restated.
  2. Business Travel data is limited to LF Metal.
  3. Calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standards.
  4. Scope 1 and 3 emissions factors were sourced from the UK Government's GHG Conversion Factor 2023.
  5. Scope 2 emissions factor were sourced from the National Energy Commission: Grid Emissions Factor (GEF) in Malaysia 2021.

## SUSTAINABILITY REPORT

### WASTE AND EFFLUENT MANAGEMENT

#### Why is this Important?

Effective effluent and waste management is integral to our environmental sustainability and regulatory compliance. By implementing robust waste management practices, we minimise the environmental impact of our steel processing, reduce the risk of pollution and contribute to the overall well-being of the communities in which we operate.

#### Our Approach

Leon Fuat remains dedicated to upholding the Environmental Quality Act of 1974 ("EQA 1974") and the Local Government Act of 1976. These particularly concern the handling and disposal of both scheduled and non-scheduled waste, as well as the discharge of effluents. In strict adherence to these regulations, we established a waste management system designed to efficiently control the treatment and disposal processes for all categories of waste.

Oversight of this system is entrusted to a designated safety and health officer, who collaborates with production and procurement staff for the effective implementation of waste management protocols. This underscores our proactive approach to environmental responsibility and regulatory compliance.

#### Our Performance

##### Waste

LF Metal observed a decrease in SW104 and SW409 waste generation by 1.58 tonnes and 0.75 tonnes respectively in FY2023 as compared to FY2022.

**Amount of Scheduled Waste Generated (tonnes)**

Code	Description	LF Metal			Supreme Steelmakers		
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
SW104	Dust, slag, dross or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory	1.10	3.42	1.84	0	0	0
SW306	Spent lubricating oil	0	0	0	2.28	2.11	2.30
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.41	0.93	0.18	0	0	0

## SUSTAINABILITY REPORT

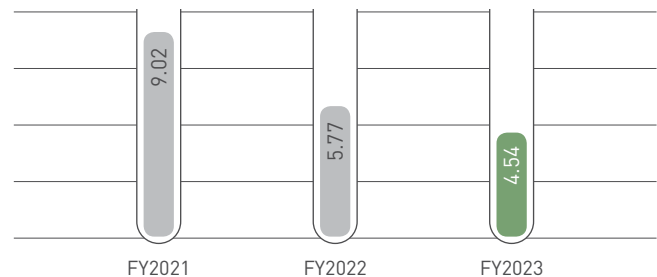
LF Metal recorded a steady decline in the quantity of its non-scheduled waste over the past three (3) years. This positive trend can be attributed to the efficacy of our environmentally conscious initiatives, including the installation of recycling bins in offices and a strategic transition towards minimising hardcopy information distribution, such as ISO manuals and regulations. Instead, we prioritise digital formats to share information.

### Amount of Non-Scheduled Waste Generated (tonnes)

Types of Waste	LF Hardware			LF Metal			Supreme Steelmakers		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Papers	0.26	0.05	0.05	-	-	-	0.66	-	-
Plastics	0.01	-	-	-	-	-	-	-	-
General	0.10	0.10	0.21	5.30	4.84	4.28	-	-	0.06

In FY2023, our total recycled waste across all subsidiaries amounted to 4.54 tonnes.

### Waste Recycled/Recovered (tonnes)



### Effluent

We actively monitor and document the quality of LF Metal's effluent discharge, ensuring strict adherence to the legal limits stipulated by the EQA 1974. The evaluation encompasses five (5) key water quality criteria: Chemical Oxygen Demand ("COD"), Biological Oxygen Demand ("BOD"), Total Suspended Solids ("TSS"), Oil and Grease and Ammoniacal Nitrogen ("NH<sub>3</sub>-N"). As illustrated in the accompanying table, our effluent discharge for the current reporting period remains well below the established minimum levels of Standards A and B outlined in the EQA 1974.

Effluent Sampling Results (mg/L)	Std. A	Std. B	FY2021	FY2022	FY2023
COD	120	200	31	67	58
BOD	20	50	9	18	17
TSS	50	100	10	15	23
Oil and Grease	20	20	0	0	0
NH <sub>3</sub> -N	50	50	11	11	16

## SUSTAINABILITY REPORT

### NOISE MANAGEMENT

#### Why is this Important?

Prolonged exposure to elevated noise levels can impact the workforce by heightening stress levels, diminishing concentration, increasing fatigue, reducing productivity and potentially leading to hearing impairments. By actively addressing noise control, we prioritise the well-being of our employees, fostering a healthier and more conducive working environment.

#### Our Approach and Performance

At Leon Fuat, we strictly observe the latest noise laws and legal requirements which is exemplified by our compliance with the 2019 Noise Regulations. In FY2022, Supreme Steelmakers conducted its Noise Risk Assessment over the course of two (2) days, with a total of thirty-two (32) non-executive employees participating in this assessment. Noise Risk Assessments are conducted every five (5) years, with the next scheduled for FY2026.

Meanwhile, LF Metal performs audiometric checks on an annual basis. In FY2023, a total of fifty-three (53) employees were tested for a duration of three (3) hours. Our top priority is increasing staff awareness through Noise Awareness Training, delivering safety briefings regarding potential hearing problems. In addition, we equip employees with hearing protectors, such as Anti-Noise Ear Shields, to effectively mitigate the impact of noise levels at our plants.



# SUSTAINABILITY REPORT

## WATER EFFICIENCY

### Why is this Important?

Recognising the substantial water demands inherent to the steel production process, notably during the chilling and descaling stages, Leon Fuat places a high value on efficient water management within our steel processing operations. By prioritising water efficiency, we contribute to sustainable resource utilisation, minimising our impact on water resources and promoting long-term operational sustainability.

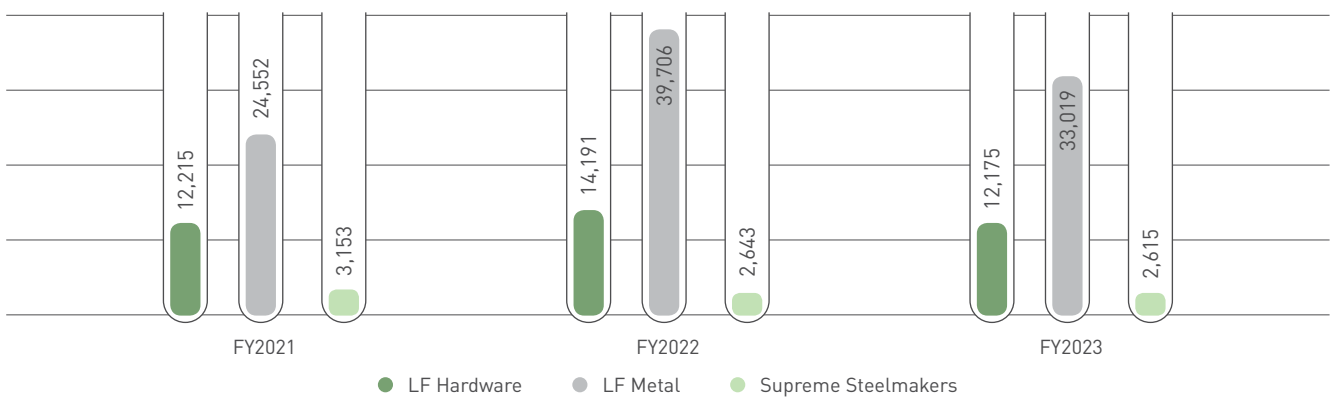
### Our Approach

We adopted a proactive water efficiency strategy that entails ongoing water consumption monitoring across all subsidiaries. This meticulous approach allows us to precisely pinpoint our steel processing operations and machinery that may require optimisation for enhanced water conservation. By regularly analysing and identifying areas for improvement, we promote responsible water usage and streamline our production processes, contributing to overall operational efficiency.

### Our Performance

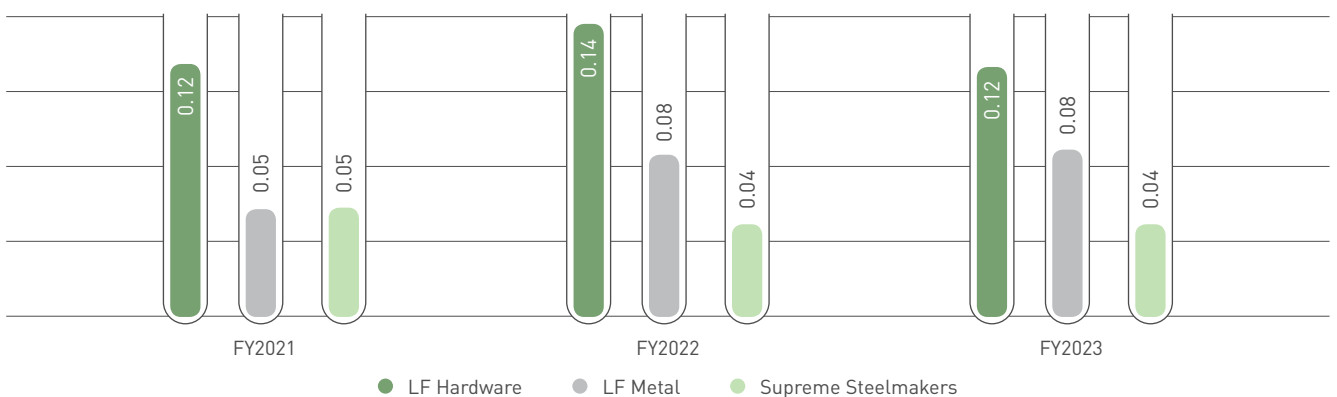
In FY2023, the total water consumption for the three (3) main subsidiaries amounted to 47,809 m<sup>3</sup>. Over the course of the three (3) financial years, LF Metal consistently registered the highest water consumption, reaching 33,019 m<sup>3</sup>, attributed to the extensive machinery within its facility. Conversely, Supreme Steelmakers recorded the lowest water consumption at 2,615 m<sup>3</sup>.

Water Consumption (m<sup>3</sup>)



For FY2023, LF Hardware achieved a 14.3% decrease in water consumption intensity, signalling improved water efficiency. However, water consumption intensity at LF Metal remained at 0.08 m<sup>3</sup>/ft<sup>2</sup> after excluding the floorspace no longer utilised for business.

Water Consumption Intensity (m<sup>3</sup>/ft<sup>2</sup>)



## SUSTAINABILITY REPORT

# SOCIAL RESPONSIBILITY



The social responsibility initiatives at Leon Fuat are centred on the welfare of our employees, the local community and society at large. Achieving equilibrium between economic development, environmental sustainability and community benefits is integral to our business practices. Accordingly, we proactively uphold a solid foundation for corporate social responsibility and adhere to a robust Corporate Social Responsibility framework. This pledge exemplifies our drive to meaningfully contribute to our people and the broader societal landscape.

Key Stakeholders	Material Sustainability Matters	Our Shared Values
Government/Regulatory Authorities Management Employees Customers Communities	<ul style="list-style-type: none"> <li>Product Quality and Customer Satisfaction</li> <li>Occupational Health and Safety</li> <li>Labour Practices and Standards</li> <li>Diversity and Inclusiveness</li> <li>Corporate Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen business processes to best service customers</li> <li>Commitment to products and services quality</li> </ul>

### OCCUPATIONAL HEALTH AND SAFETY

#### Why is this Important?

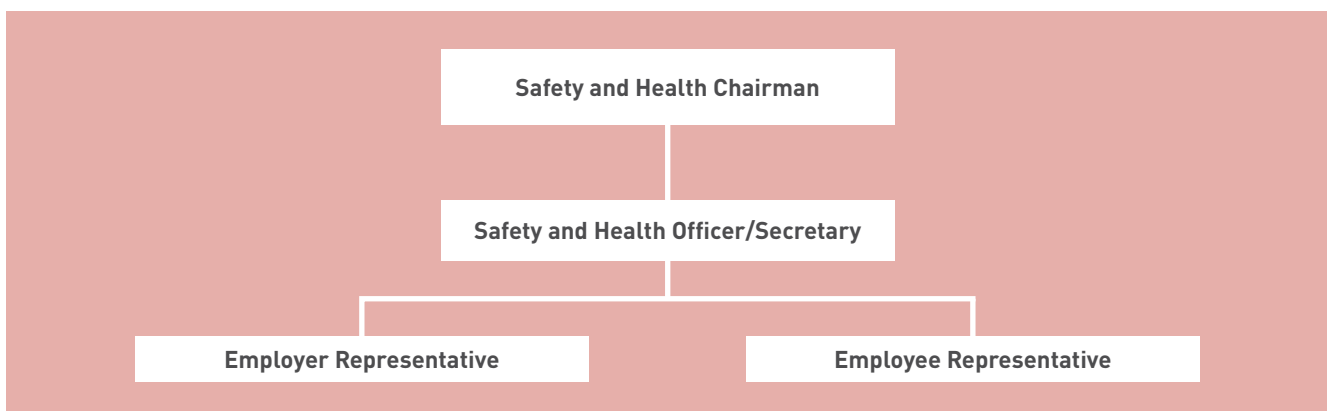
By preserving the health and safety of our employees, we safeguard their physical and mental well-being while bolstering overall productivity and job satisfaction. Our dedication to maintaining a secure working environment is rooted in this awareness. Leon Fuat works to safeguard our employees by adhering to stringent health and safety standards, actively mitigating workplace risks and fostering a culture of responsibility.

#### Our Approach

Our mission to attain zero (0) injuries among our employees, contractors and the communities where we operate is steered by our Safety and Health Policy. It directs us in cultivating a safety-conscious culture through frequent training sessions that emphasises the development and upkeep of safe workplace practices.

In tandem with our policy, we implemented a comprehensive Safety and Health Manual. This manual serves as a control system overseen by the Safety and Health Committee to ensure operational safety. It delineates the tasks and responsibilities of the appointed Safety and Health Officer, along with essential safety procedures tailored to our steel trading and processing facilities. Routine inspections are conducted to uphold health and safety standards.

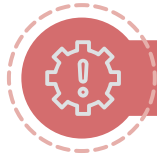
At LF Metal, a three-tiered Safety and Health Committee allows us to establish robust OHS performance. Led by the Safety and Health Chairman, which is assisted by the Safety and Health Officer, the third tier comprises employer and employee representatives, fostering a collaborative approach to workplace safety.





## SUSTAINABILITY REPORT

We employ two (2) risk assessment procedures, each crucial in identifying potential hazards and implementing the requisite control measures. By strategically applying these procedures we enhance our ability to pre-emptively address risks, creating an environment where safety is a top priority.



### Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) Procedure

- Established in FY2017 as a mechanism to facilitate the identification of potential hazards and to establish appropriate control measures.
- The HIRARC Procedure calculates the level of risk associated with a particular activity from two (2) interconnected factors:
  - the severity of an injury or illness resulting from the hazard; and
  - the likelihood of the injury or illness occurring.



### 2-Minute Hazard Report Card

- Used to identify the severity of a hazard and indicates whether to stop or continue an activity.

## Our Performance

In the course of this reporting period, the three (3) main subsidiaries documented a collective total of 928,225 working hours. This year marked a significant 23.8% reduction in the Lost-Time Incident Rate compared to FY2022. In FY2023, we recorded one (1) fatality case, prompting immediate response. We implemented a series of safety measures including the installation of a full interlocking system, erection of fencing barriers and the installation of rotating safety warning lights and sirens. Rotating warning lights are lights that provide an eye-catching warning of hazardous conditions and obstacles. Workers involved in machine slitter operations were provided rigorous Safe Work Procedures (“SWP”) training sessions. To further emphasise safety protocols, Leon Fuat prominently displayed operation protocols and outlined the SWP on the machines.

### Health and Safety Performance

	FY2021	FY2022	FY2023
<b>Total Hours Worked</b>	749,569	832,897*	928,225
<b>No. of Lost-Time Incidents**</b>	14	20	17
<b>Lost-Time Incident Rate</b>	3.74	4.80	3.66

\* Data has been restated.

\*\* Included in the Lost-Time Incidents was one (1) fatality each recorded for FY2021 and FY2023 respectively.

## SUSTAINABILITY REPORT

Our dedication in cultivating a safety-conscious work environment is evident through the implementation of various training programmes. These initiatives aim to enhance the skills and knowledge of our workforce and instil a culture where safety is paramount.

Throughout FY2023, we documented a total of seventy-one (71) attendees for our health and safety training sessions.

Occupational Health and Safety Training Programmes	No. of Attendees	Duration
FMM Briefing on Dengue at the workplace by Jabatan Kesihatan Negeri Selangor ("JKNS")	1	3
Internal Training: Preparation Briefing and Actions to Take Before & After Getting Treatment in the Case of an Emergency (Injury)	11	4
Hazard Identification, Risk Assessment and Determining Control at The Workplace ("HIRADC")	1	14
Basic Occupational First Aid, CPR and AED	23	21
Emergency Response Plan & Preparedness	18	7
Safe Work Procedure – The Activity of Removing Coil Pieces from the Machine	4	1
Overhead Travelling Crane (OTC) Train The Trainer Course	1	21
Internal Training: Forklift Driver Training	8	2
Basic Occupational Fire Fighting	1	14
Occupational Safety & Health Coordinator Programme	3	21

### LABOUR PRACTICES AND STANDARDS

#### Why is this important?

Upholding fundamental human rights within Leon Fuat necessitates equitable employment and decent work conditions. We strive to promote an environment where every employee is treated with respect, aligning with our ethical principles and responsible business practices, thus contributing to the overall well-being of our workforce.

#### Our Approach

##### Upskilling and Talent Acquisition of Our Employees

At Leon Fuat, we cultivate performance excellence through continuous development and unique incentive programmes. Our training initiatives foster a culture that embraces diverse ideas, nurtures new skill sets and attracts top talent. New hires experience a two-session induction: the first introduces them to the Group and operations, while the second focuses on department-specific SOPs. Regardless of their position, we provide ongoing skill development for all employees through regular training sessions.

#### Training Programmes

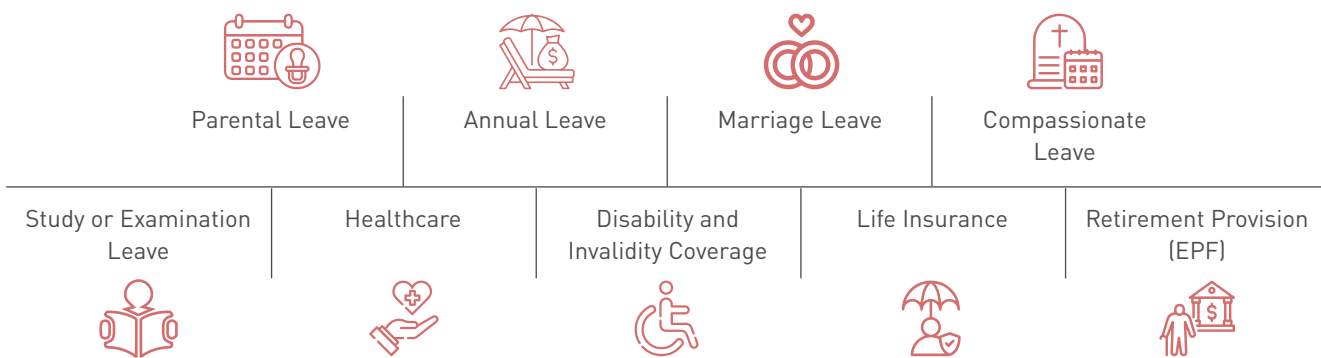
- Amazing Microsoft Excel Time Saving Workshop
- Budget 2024 Unleash the T.I.G.E.R.
- Climate Change
- Financial Modelling for Forecasting, Budgeting & Financial Statements in Excel
- FMM Selangor & Kuala Lumpur and MACC Selangor – Workshop on Corporate Liability Provision (Section 17A of MACC Act 2009)
- How To Handle Difficult Customers and Complaints Effectively
- Internal Training: Basic Machine Operation
- Internal Training: The Employment (Amendment) Act 2022
- Internal Training: One-To-One Excel Training
- Internal ISO 9001 (QMS) Auditor Training
- ISO 9001:2015 Understanding and Implementing (QMS02)
- Microsoft Office Excel 2013 - (Intermediate & Advanced)
- Overhead Travelling Crane (OTC) Train the Trainer Course
- Practical Approach to Accounting Principles and Practices Series
- Professional Course in Electrical Services Operation and Maintenance
- Root Cause Analysis Training
- SAP e-Invoicing Workshop
- Seminar on Foreign Worker Management
- Smart Warehousing Operation & Management
- Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Footprint and Reporting Guide
- Taxation on Foreign Workers
- Vistage Chief Executive (VCE) Programme
- Vistage Small Business (VSB) Programme
- Whistleblowing, PDPA & No Gift Policy Training

# SUSTAINABILITY REPORT

At LF Metal, we actively promote employee participation in educational initiatives that mutually benefit individuals and the business. Our department heads conduct education counselling sessions, guiding employees toward educational opportunities that correlate with their career aspirations. To support our employees, we offer paid examination leave, providing up to five (5) days for them to concentrate on their academic pursuits.

## Employee Benefits

We believe that the provision of employee benefits enhances the quality of life of our valued employees. These benefits, ranging from healthcare and insurance coverage to flexible working and professional development opportunities, are designed to prioritise the welfare of our employees.

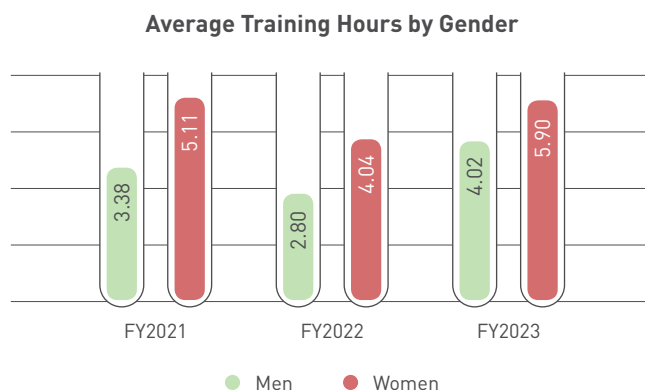
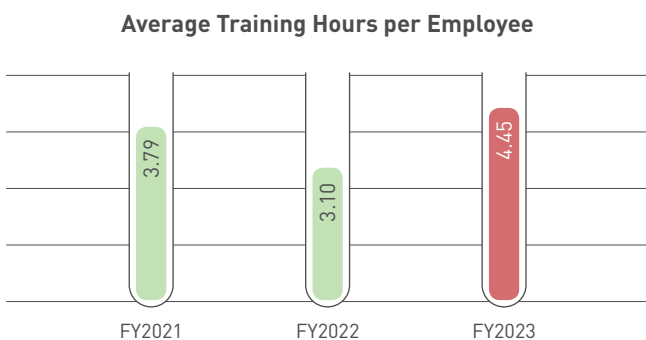
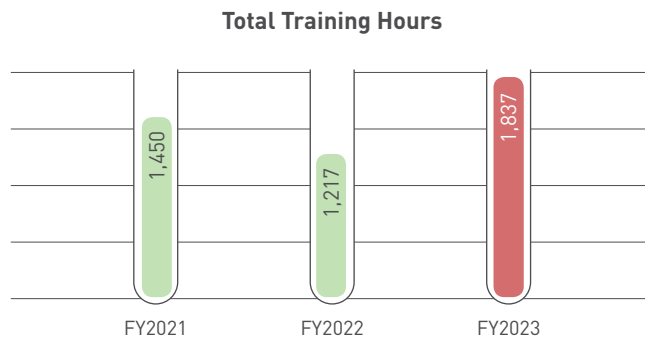


## Our Performance

### Training and Talent Management

Leon Fuat nurtures the professional growth of our employees through a diverse array of training programmes. In FY2023, we allocated approximately 1,837 training hours to this initiative, leveraging a combination of virtual and physical training sessions for accessibility.

Employee Category	Total Training Hours		
	FY2021	FY2022	FY2023
Senior Management	180	126	127
Management	130	212	333
Executive	431	276	355
Non-Executive	709	603	1,022



● Men ● Women

# SUSTAINABILITY REPORT

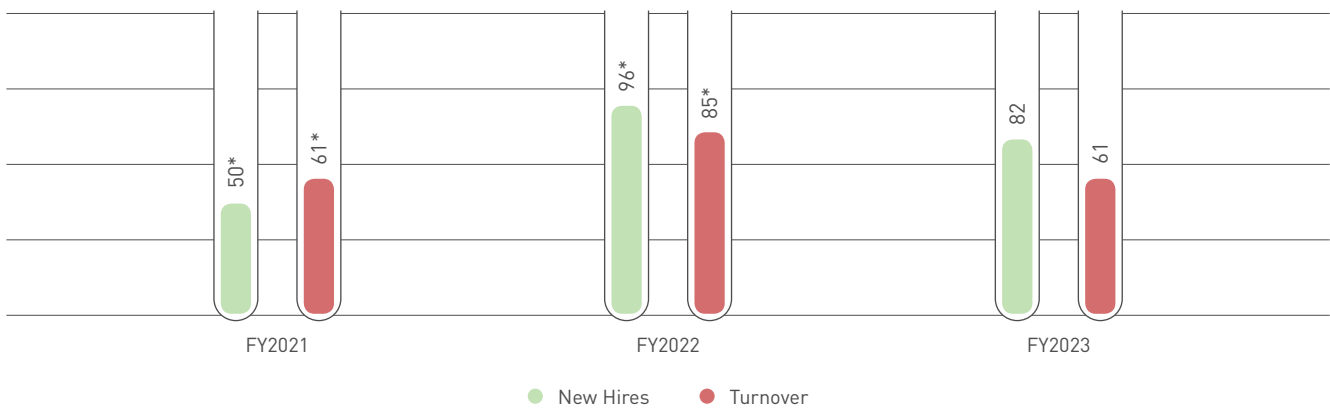
Employee Category	Average Training Hours		
	FY2021	FY2022	FY2023
Senior Management	17.95	12.55	12.70
Management	3.82	6.43	10.08
Executive	7.18	4.52	6.24
Non-Executive	2.55	2.09	3.27

Note: FY2021 and FY2022 data for "Training and Talent Management" has been restated.

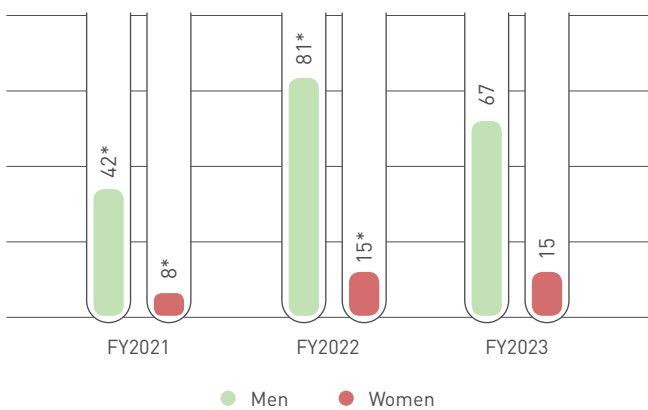
## Employee New Hires and Turnover

The Group recorded eighty-two (82) new hires, demonstrating the Group's capacity to provide qualified individuals with new employment opportunities.

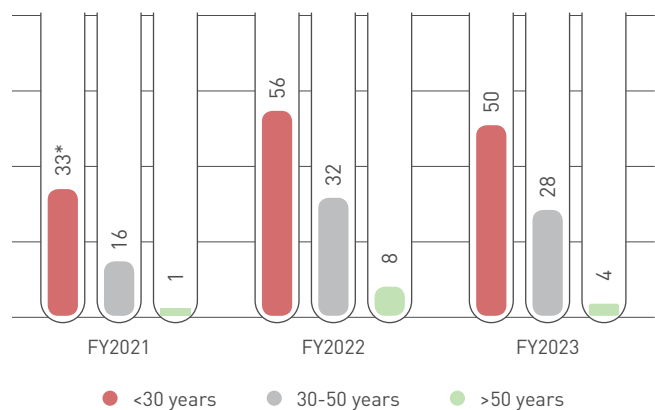
Total New Hires and Turnovers



New Hires by Gender



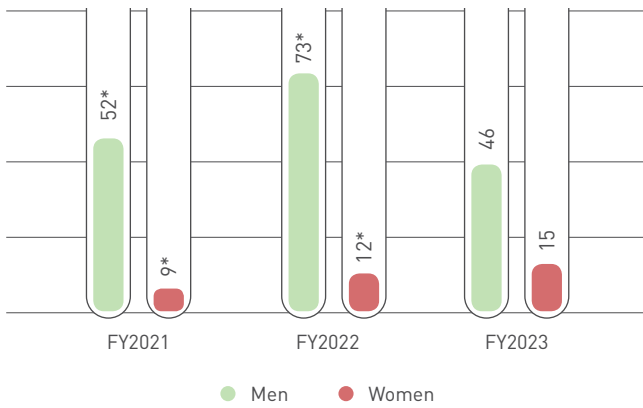
New Hires by Age



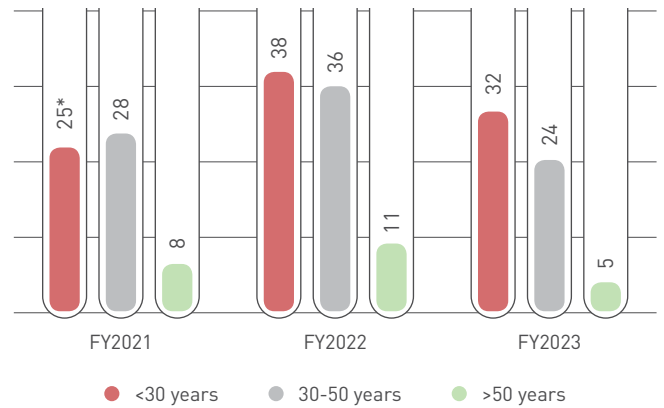
\* Data has been restated.

# SUSTAINABILITY REPORT

**Turnover by Gender**



**Turnover by Age**



\* Data has been restated.

Employee Category	Total Number of Employee Turnover		
	FY2021	FY2022	FY2023
Senior Management	0	0	0
Management	0	0	1
Executive	8	8	9
Non-Executive	53	77	51

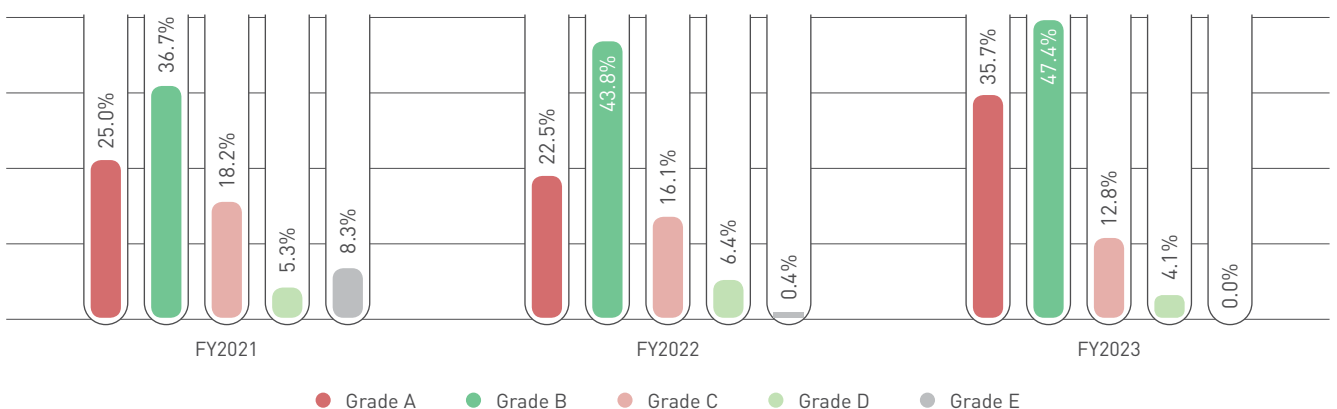
Note: FY2021 and FY2022 data for "Employee New Hires and Turnover" has been restated.

## Employee Appraisal

At Leon Fuat, we conduct annual assessments for our employees to understand their preferences and needs, enabling us to create a motivating work environment that maximises the productivity of our personnel.

The Group provides our employees upskilling courses, offering them opportunities to advance their careers and enhance key competencies. In FY2023, two hundred and sixty-six (266) employees at LF Metal underwent annual performance evaluations to assess their performance. The results revealed that 35.7% of employees achieved Grade A and 47.4% Grade B, indicating excellent performance.

**Employee Performance Appraisal**



# SUSTAINABILITY REPORT

## Parental Leave

The Group recorded a 70% return-to-work rate among the eight (8) women and twelve (12) men employees who took parental leave in FY2023. Twelve (12) months after their return from parental leave, fourteen (14) out of twenty (20) of employees maintained their employment.

	FY2021		FY2022		FY2023	
	Men	Women	Men	Women	Men	Women
No. of employees that took parental leave	0	4	0	0	12	8
No. of employees that returned after parental leave	0	3	0	0	12	5
No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	3	0	0	10	4

Note: FY2021 and FY2022 data for "Parental leave" has been restated.

## DIVERSITY AND INCLUSIVENESS

### Why is this important?

Promoting diversity and inclusiveness is of utmost importance to Leon Fuat, reflective of our aspiration to create a harmonious work environment. Embracing diversity enhances our workplace and fortifies our capacity for innovation, ensuring a dynamic organisational culture.

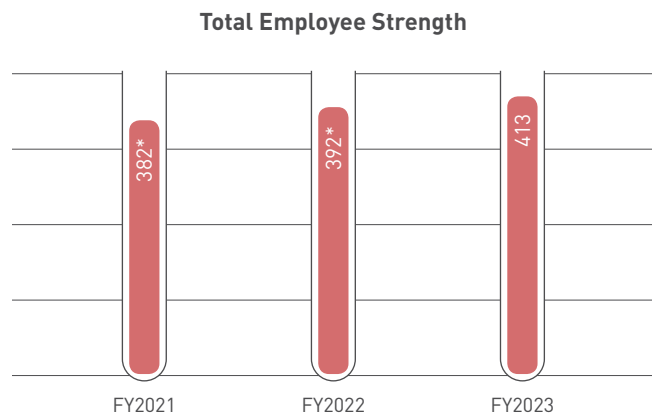
### Our Approach

Prioritising an equitable workplace and a diverse workforce is a central focus for us. At Leon Fuat, we actively embrace diversity across cultural, ethnic, age and gender dimensions within our workforce.

We reinforce this directive through our Discrimination and Harassment Policy, clearly stating our zero-tolerance stance towards any form of discrimination and harassment. To establish strict adherence to the policy at all levels, we consistently disseminate it among our workforce through comprehensive awareness training.

### Our Performance

Leon Fuat recognises that men aged between thirty (30) and fifty (50) years currently constitute the majority of our workforce, largely due to the labour-intensive nature of the steel trading and processing industry. However, we actively advocate for and welcome individuals of all genders, ages, ethnicities and nationalities to contribute and be part of our diverse team.

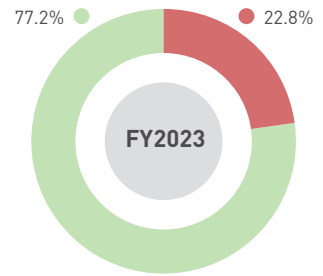
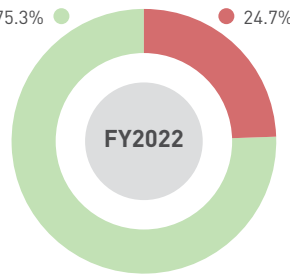
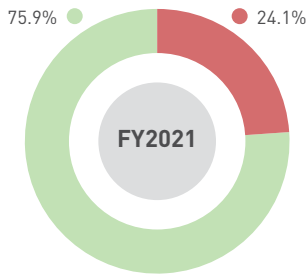


\* Data has been restated.



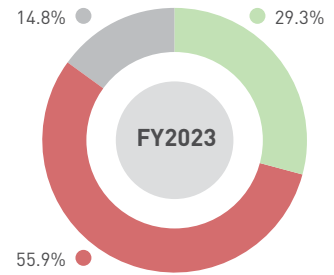
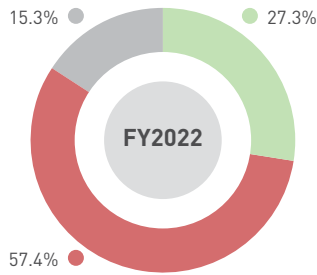
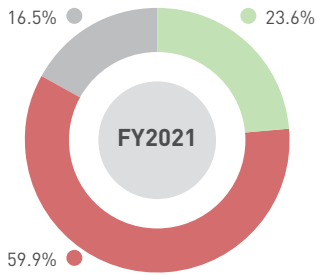
# SUSTAINABILITY REPORT

## Employee Diversity by Gender



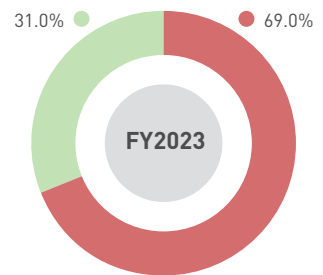
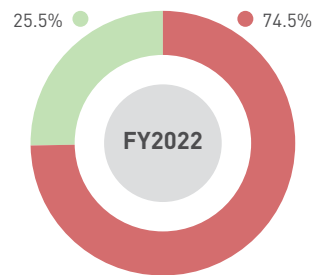
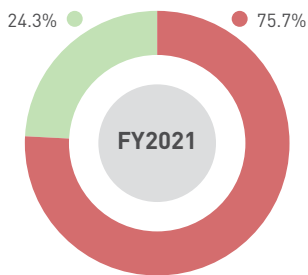
● Men ● Women

## Employee Diversity by Age



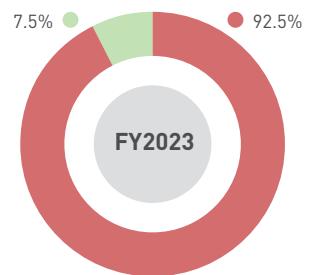
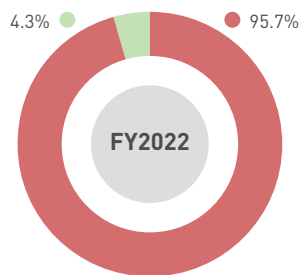
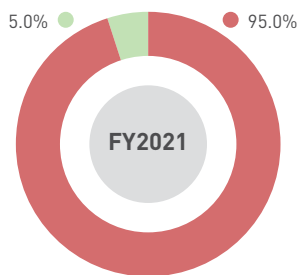
● <30 years ● 30-50 years ● >50 years

## Employee Diversity by Nationality



● Non-Local ● Local

## Employee Composition



● Contract ● Permanent

## SUSTAINABILITY REPORT

### Gender Diversity by Employee Category (%)

Employee Category	Gender	FY2021	FY2022	FY2023
Senior Management	Men	100.0	100.0	100.0
	Women	0.0	0.0	0.0
Management	Men	47.1	48.5	48.5
	Women	52.9	51.5	51.5
Executive	Men	20.0	19.7	19.3
	Women	80.0	80.3	80.7
Non-Executive	Men	90.6	89.2	90.1
	Women	9.4	10.8	9.9

### Age Diversity by Employee Category (%)

Employee Category	Age	FY2021	FY2022	FY2023
Senior Management	<30	0.0	0.0	0.0
	30-50	20.0	20.0	20.0
	>50	80.0	80.0	80.0
Management	<30	2.9	3.0	3.0
	30-50	85.3	87.9	87.9
	>50	11.8	9.1	9.1
Executive	<30	25.0	26.2	19.3
	30-50	58.3	59.0	64.9
	>50	16.7	14.8	15.8
Non-Executive	<30	26.6	31.3	34.8
	30-50	58.6	54.9	52.1
	>50	14.7	13.9	13.1

Note: FY2021 and FY2022 data for "Diversity and Inclusiveness" has been restated.

## PRODUCT QUALITY AND CUSTOMER SATISFACTION

### Why is this important?

Understanding the inherent connection between high-quality goods, first-rate services and satisfied customers, we are dedicated to consistently delivering products that meet and exceed expectations. Combined with attentive customer service, these efforts bolster our reputation and cultivate lasting relationships with our valued customers.

### Our Approach

Leon Fuat employs a multifaceted approach to uphold product quality and customer satisfaction. Regular customer engagement and annual satisfaction surveys foster positive relationships and provide valuable insights. Our established customer complaint procedure addresses issues, with the Customer Return Note system ensuring a systematic approach to recording and addressing customer concerns.

Our three (3) main subsidiaries adhere to the ISO 9001:2015 (Quality Management Systems), enabling us to identify potential areas for improvement and also assures our capacity to surpass customer expectations.

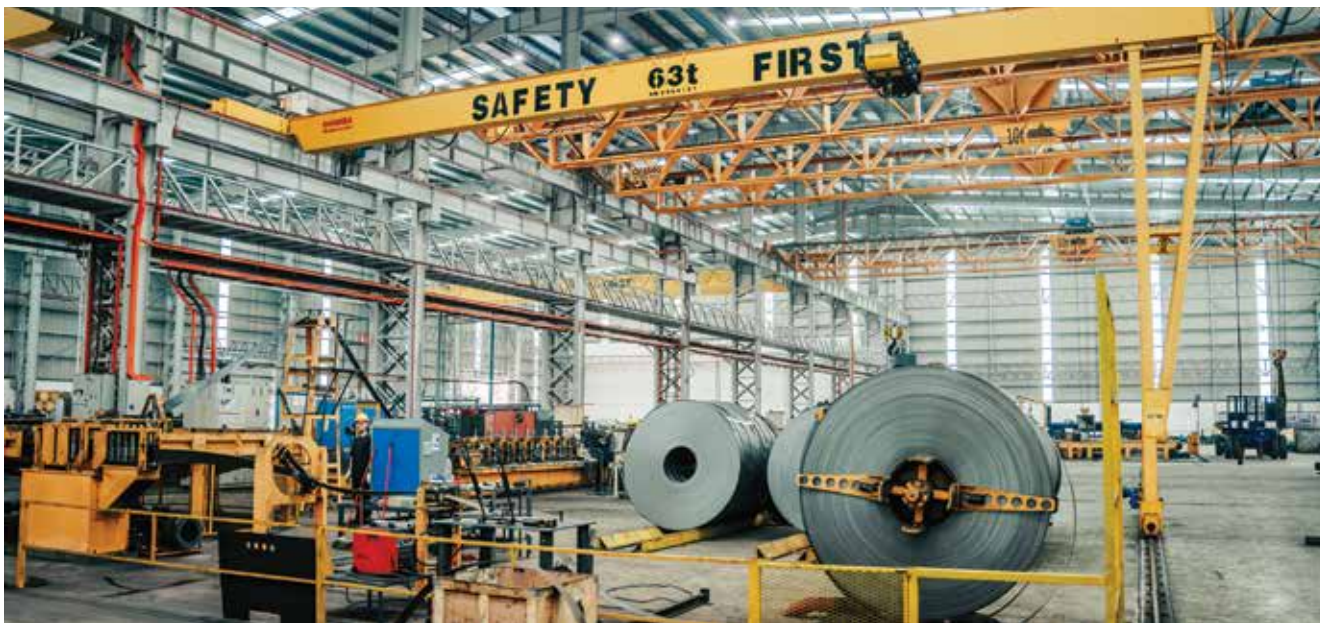
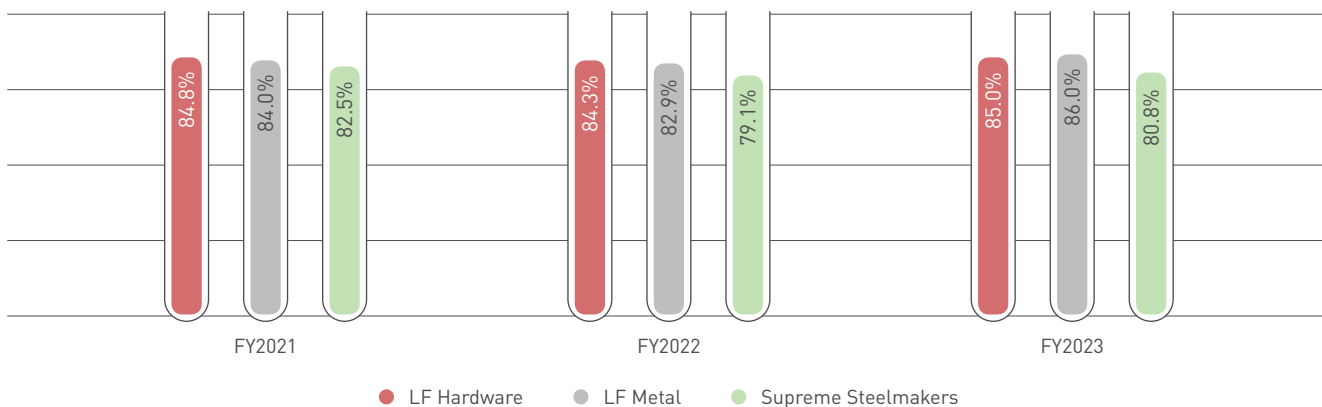
# SUSTAINABILITY REPORT

## Our Performance



At Leon Fuat, we consistently maintain the highest standards in the quality of our steel products, as evidenced by our customer satisfaction ratings. LF Hardware achieved an impressive 85.0%, LF Metal reached 86.0% and Supreme Steelmakers also attained 80.8%.

### Customer Satisfaction Scores



## SUSTAINABILITY REPORT

### CORPORATE SOCIAL RESPONSIBILITY

#### Why is this important?

In an era where businesses play a significant role in shaping social and environmental landscapes, Leon Fuat strongly believes that corporate social responsibility (“CSR”) is crucial for fostering positive relationships between businesses and communities. It is the pathway to achieving social inclusion and long-term benefits, nurturing trust among stakeholders and establishing our reputation as a responsible corporate citizen.

#### Our Approach

We are motivated to positively impact communities through meaningful community investment initiatives and active participation in CSR programmes, made possible by the work of Leon Fuat’s CSR team. The team collaborates with other companies to co-create efficient and long-term solutions to development concerns.

#### Our Performance

In FY2023, we channeled up to RM9,650 worth of donations towards community investments.

	FY2021	FY2022	FY2023
<b>Total Amount Invested in CSR Programmes</b>	RM20,500	RM3,000	RM9,650
<b>Number of Individual or Organisation Beneficiaries</b>	45 Individuals	3 Organisations and 1 Individual	10 Organisations

No.	Project Title	Donation Amount (RM)
1.	Yuk Chyun LPS Fund – Smart Classroom Equipment Upgrade	3,000
2.	PIBG SJK (C) Yak Chee – Classroom Upgrade Fundraising	100
3.	SJK @ Connaught 2 – Jogathon 2023 (Classroom Upgrade Fundraising)	50
4.	SJK (C) Yak Chee Teaching Board – School Magazine Sponsorship	600
5.	Malaysian Red Crescent Society (MRCS) Penang Branch – Annual Fundraising	1,000
6.	Lions Nilai Abad Club – Fundraising	1,000
7.	Unilifesity Sdn Bhd – Seniors Citizens Education Development	300
8.	The Beacon Society – Charity	1,000
9.	Persatuan Kebajikan Kasih OKU Selangor – Charity	600
10.	Persatuan Kebajikan Amal Da Ai Malaysia – Medical and Surgery Support	2,000

## SUSTAINABILITY REPORT

### REFLECTING ON OUR WAY FORWARD

Leon Fuat's resolution to making a positive impact on the environment and society drives us forward, guiding us to optimise energy consumption while prioritising worker health and safety across our steel processing operations. Embracing a continuous improvement mindset, we are devoted to adopting industry best practices that ensure sustained long-term value creation, reaffirming our vision: "Steel is our business. Excellence is our commitment".

As we look ahead, sustainability remains the core of our vision, providing stability amid the dynamic challenges of the steel industry. Leon Fuat pledges to continue the pursuit of environmental responsibility and operational excellence, shaping a greener and more promising tomorrow.

### PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM OF BURSA SECURITIES

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	8.80	12.10	75.80
Executive	Percentage	33.30	34.40	42.10
Non-executive	Percentage	18.30	40.60	75.10
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	19.70	19.70	17.40
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	10,241.00	10,794.00	11,835.00
Bursa C4(a) Total energy consumption	Gigajoules	36,867.00	38,859.00	42,607.00
<b>Bursa (Emissions management)</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	1,245.00	1,364.00	1,455.00
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	3,455.00	2,701.00	2,914.00
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	373.00
<b>Bursa (Waste management)</b>				
Bursa C10(a) Total waste generated	Metric tonnes	10.12	11.45	8.92
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	9.02	5.77	4.54
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1.10	5.68	4.38
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	39.920000	56.540000	47.809000
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	1	0	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.74	4.80	3.66
Bursa C5(c) Number of employees trained on health and safety standards	Number	276	111	71

## SUSTAINABILITY REPORT

## PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM OF BURSA SECURITIES

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	180	126	127
Management	Hours	130	212	333
Executive	Hours	431	276	355
Non-executive	Hours	709	603	1,022
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.00	4.30	7.50
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	0	0
Management	Number	0	0	1
Executive	Number	8	8	9
Non-executive	Number	53	77	51
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	20.00	20.00	20.00
Senior Management Above 50	Percentage	80.00	80.00	80.00
Management Under 30	Percentage	2.90	3.00	3.00
Management Between 30-50	Percentage	85.30	87.90	87.90
Management Above 50	Percentage	11.80	9.10	9.10
Executive Under 30	Percentage	25.00	26.20	19.30
Executive Between 30-50	Percentage	58.30	59.00	64.90
Executive Above 50	Percentage	16.70	14.80	15.80
Non-executive Under 30	Percentage	26.60	31.30	34.80
Non-executive Between 30-50	Percentage	58.60	54.90	52.10
Non-executive Above 50	Percentage	14.70	13.90	13.10
Gender Group by Employee Category				
Senior Management Male	Percentage	100.00	100.00	100.00
Senior Management Female	Percentage	0.00	0.00	0.00
Management Male	Percentage	47.10	48.50	48.50
Management Female	Percentage	52.90	51.50	51.50
Executive Male	Percentage	20.00	19.70	19.30
Executive Female	Percentage	80.00	80.30	80.70
Non-executive Male	Percentage	90.60	89.20	90.10
Non-executive Female	Percentage	9.40	10.80	9.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	100.00	100.00	88.90
Female	Percentage	0.00	0.00	11.10
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	33.30	33.30	33.30
Above 50	Percentage	66.70	66.70	66.70
<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	20,500.00	3,000.00	9,650.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	45	4	10



# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	Leon Fuat Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)	
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	34	
	2-2 Entities included in the organisation's sustainability reporting	34	
	2-3 Reporting period, frequency and contact point	34	
	2-5 External assurance	-	
	2-6 Activities, value chain and other business relationships	-	
	2-7 Employees	68	
	2-8 Workers who are not employees	-	
	2-9 Governance structure and composition	40	
	2-10 Nomination and selection of the highest governance body	-	
	2-11 Chair of the highest governance body	-	
	2-12 Role of the highest governance body in overseeing the management of impacts	-	
	2-13 Delegation of responsibility for managing impacts	-	
	2-14 Role of the highest governance body in sustainability reporting	-	
	2-16 Communication of critical concerns	-	
	2-17 Collective knowledge of the highest governance body	-	
	2-18 Evaluation of the performance of the highest governance body	-	
	2-19 Remuneration policies	-	
	2-20 Process to determine remuneration	-	
	2-22 Statement on sustainable development strategy	-	
	2-23 Policy commitments	41	
	2-24 Embedding policy commitments	-	
	2-25 Processes to remediate negative impacts	42-43	
	2-26 Mechanisms for seeking advice and raising concerns	49	
	2-27 Compliance with laws and regulations	48	
	2-28 Membership associations	35	
	2-29 Approach to stakeholder engagement	44-45	
	2-30 Collective bargaining agreements	-	
	<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	45
		3-2 List of material topics	46
		3-3 Management of material topics	Throughout

## SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
<b>GRI 201: Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change	-
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	53
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	-
	205-2 Communication and training about anti-corruption policies and procedures	48-50
	205-3 Confirmed incidents of corruption and actions taken	50
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	-
	301-2 Recycled input materials used	-
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	55
	302-2 Energy consumption outside of the organisation	57
	302-3 Energy intensity	55
	302-4 Reduction of energy consumption	-
	302-5 Reductions in energy requirements of products and services	-
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	-
	303-2 Management of water discharge-related impacts	-
	303-3 Water withdrawal	-
	303-4 Water discharge	-
	303-5 Water consumption	61
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	57
	305-2 Energy indirect (Scope 2) GHG emissions	57
	305-3 Other indirect (Scope 3) GHG emissions	57
	305-4 GHG emissions intensity	57
	305-5 Reduction of GHG emissions	-
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	58-59
	306-2 Management of significant waste-related impacts	-
	306-3 Waste generated	58-59
	306-4 Waste diverted from disposal	59
	306-5 Waste directed to disposal	-
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	66-67
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
	401-3 Parental leave	68

## SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	62-64
	403-2 Hazard identification, risk assessment, and incident investigation	63
	403-3 Occupational health services	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	-
	403-5 Worker training on occupational health and safety	64
	403-6 Promotion of worker health	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
	403-8 Workers covered by an occupational health and safety management system	-
	403-9 Work-related injuries	63
	403-10 Work-related ill health	-
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	65
	404-2 Programmes for upgrading employee skills and transition assistance programs	64
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	69-70
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	-
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	-
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	-
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	-
	413-2 Operations with significant actual and potential negative impacts on local communities	-
<b>GRI 417: Marketing and Labelling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labelling	-
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51