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	• Climate Change and Energy • Effluent and Waste Management • Noise Management • Water Efficiency	• Strengthen business processes to best service customers • Manage cash resources for operational effectiveness

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.

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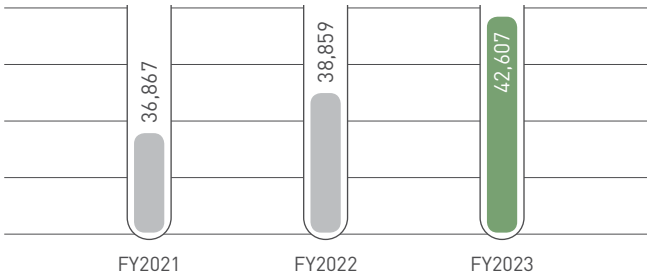
Our Performance

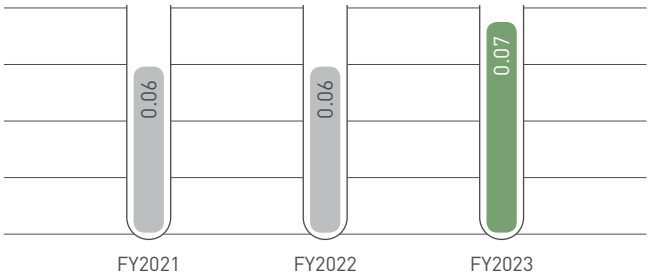
Total Energy Consumption

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)



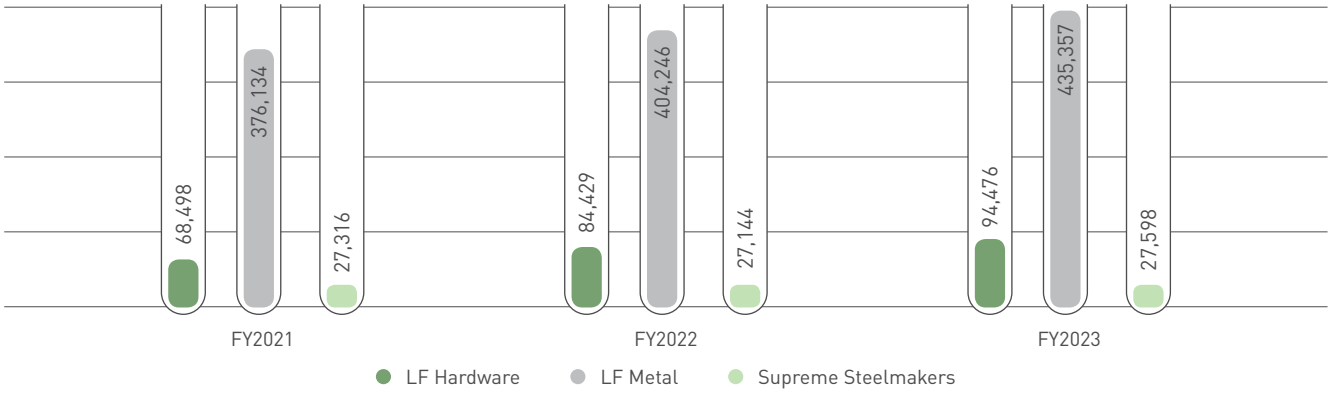
Group Energy Intensity (GJ/ft²)



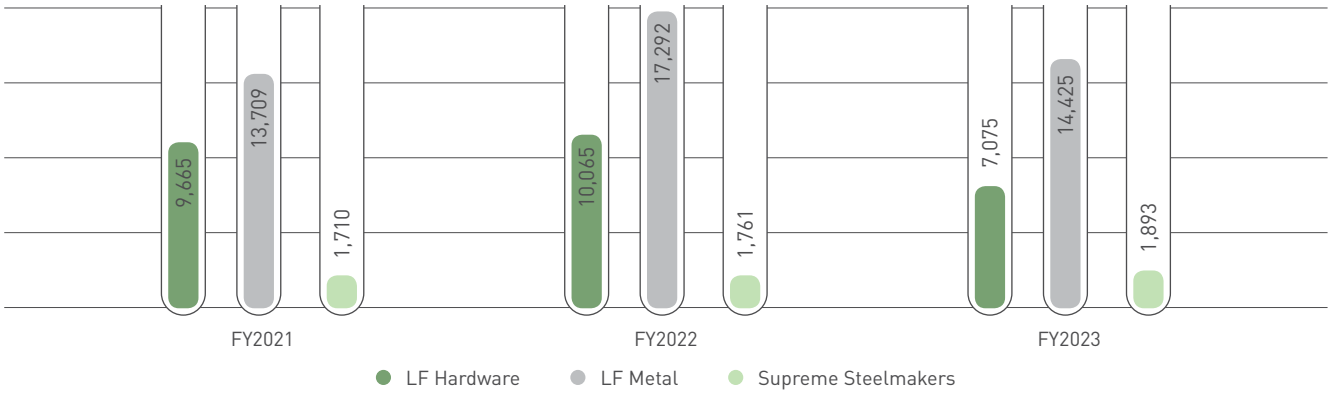
Fuel Consumption

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)

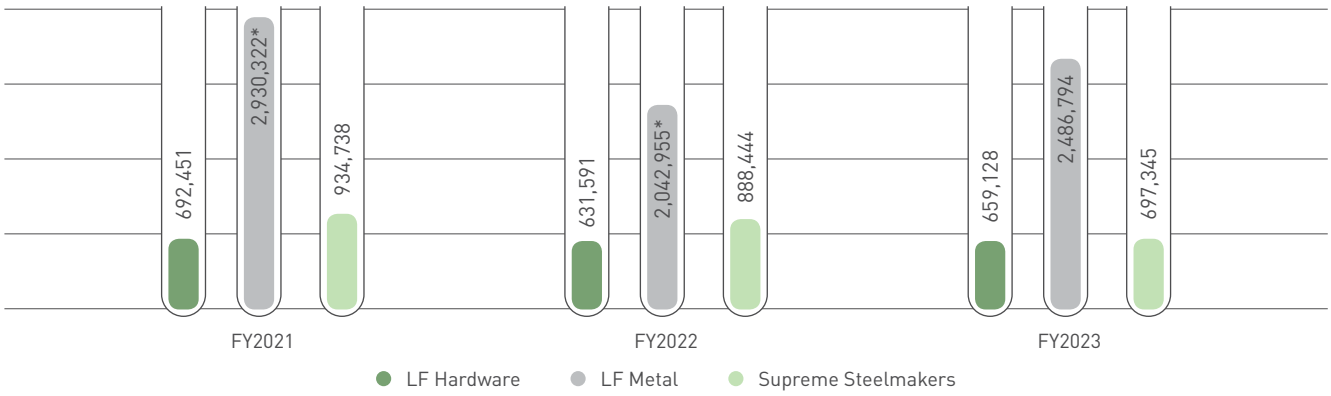


SUSTAINABILITY REPORT

Electricity Consumption and Intensity

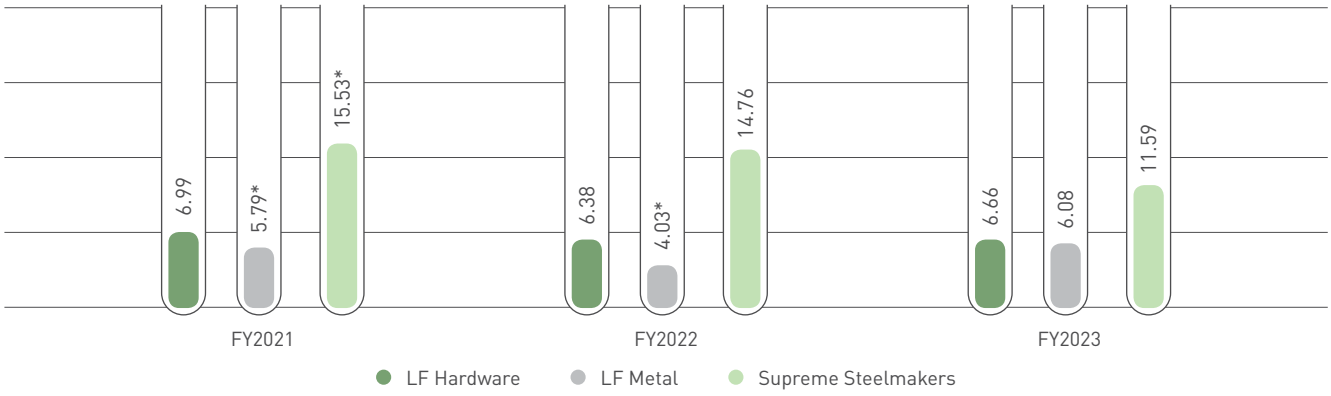
In FY2023, our combined electricity consumption reached 3,843,267 kWh, representing a 7.9% increase compared to the prior year.

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/ft².

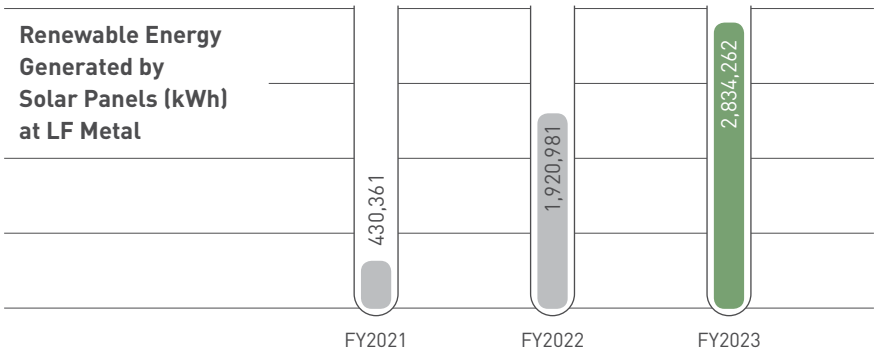
Electricity Intensity (kWh/ft²)



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.

Renewable Energy Generated by Solar Panels (kWh) at LF Metal



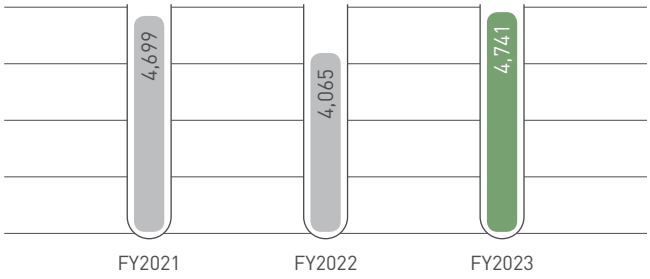
** Data has been restated.*

SUSTAINABILITY REPORT

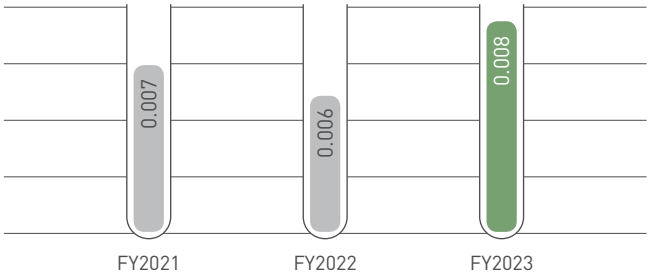
GHG Emissions

In FY2023, the combined emissions from our three (3) main subsidiaries amounted to 4,741 tCO_2e. The breakdown includes 1,455 tCO_2e under Scope 1, 2,914 tCO_2e under Scope 2 and 373 tCO_2e under Scope 3.

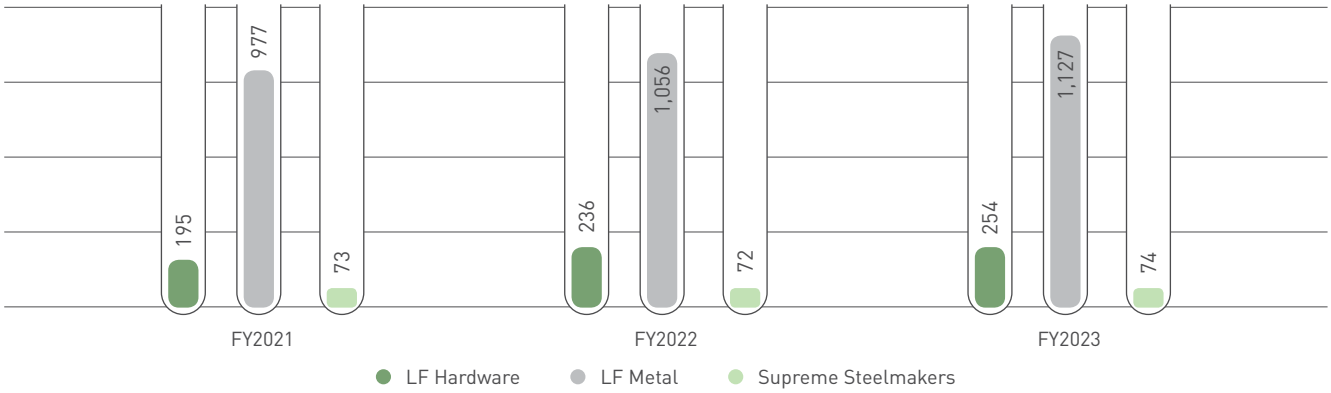
Total GHG Emissions (tCO_2e)



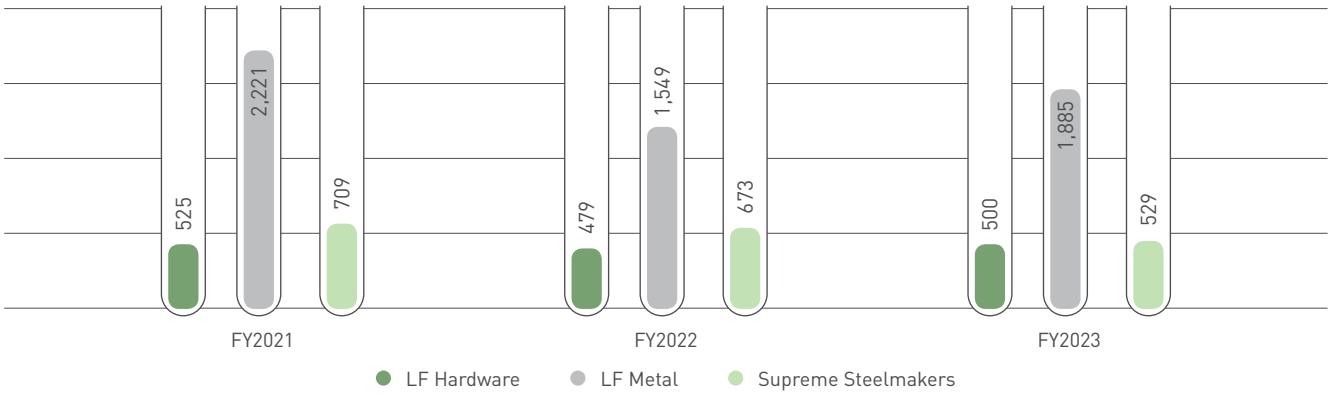
Total GHG Intensity (tCO_2e/ft^2)



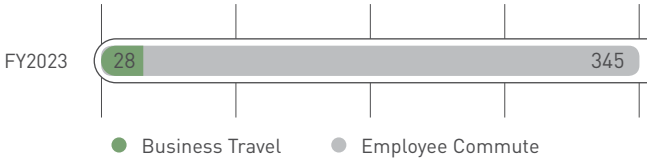
Scope 1 GHG Emissions (tCO_2e)



Scope 2 GHG Emissions (tCO_2e)



Scope 3 GHG Emissions (tCO_2e)



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

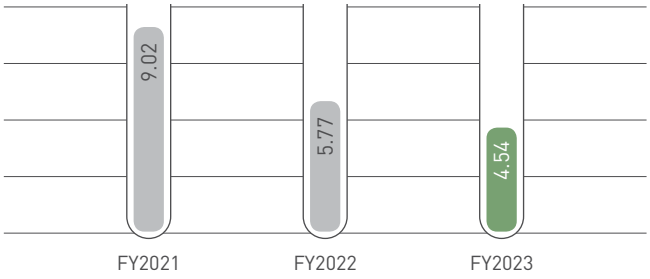
LF Metal recorded a steady decline in the quantity of its non-scheduled waste over the past three (3) years. This positive trend can be attributed to the efficacy of our environmentally conscious initiatives, including the installation of recycling bins in offices and a strategic transition towards minimising 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_3-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_3-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.

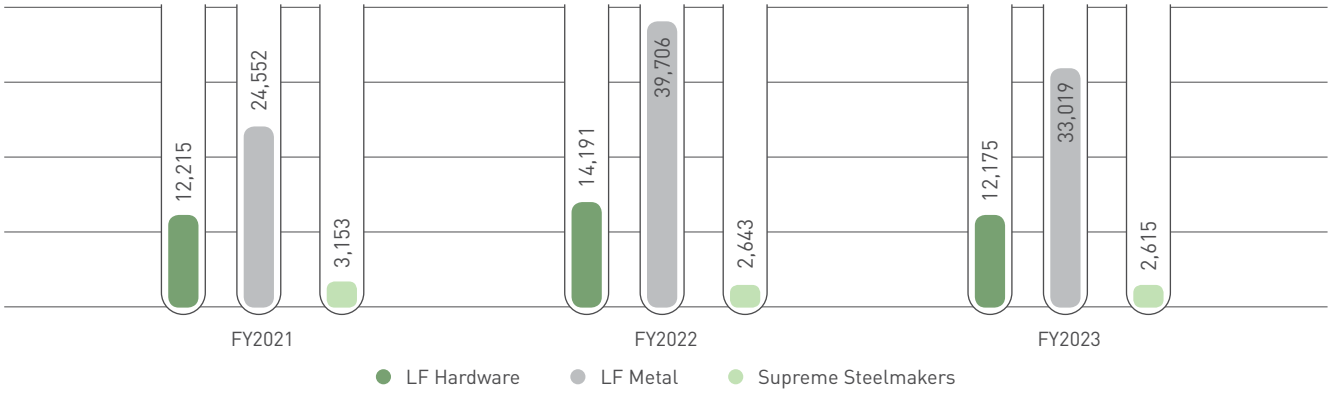
Our Approach

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^3. Over the course of the three (3) financial years, LF Metal consistently registered the highest water consumption, reaching 33,019 m^3, attributed to the extensive machinery within its facility. Conversely, Supreme Steelmakers recorded the lowest water consumption at 2,615 m^3.

Water Consumption (m^3)



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^3/ft^2 after excluding the floorspace no longer utilised for business.

Water Consumption Intensity (m^3/ft^2)