

SUSTAINABILITY & CLIMATE CHANGE REPORT

2020

Masteel

MALAYSIA STEEL WORKS (KL) BHD

197101000213 (7878-V)



Malaysia Steel Works (KL) Bhd

197101000213 (7878-V)

Contents



About Masteel

Message from the CEO 5

About MASTEEL 7

What we produce 10

Where we operate 10



About this Report

About this Report 13

Reporting Boundaries 14

Data Preparation Methodology 14

Identification of Material Topics 15

Contact Information 16



Our Sustainability Approach

Our Sustainability Approach 17

Masteel Approach to Sustainability Governance 18

Masteel Sustainability Structure 18

Key documents 19

Organisational structure 19

Direct economic value generated and distributed 20

Membership of Associations, Societies, and Institutions 21

Attaining sustainable development goals – our inputs 22

Ethics and business conduct 24

Approach to promoting fair business practices 24

Anti-Bribery and Anti-Corruption risk management 24

Raising awareness of ethical business conduct 25

Whistleblowing Reporting 25



Sustainability Risk Management

Sustainability Risk Management 26



Stakeholder Engagement

Stakeholder Engagement 30

Communication Channels and Mechanisms 31

Customer satisfaction survey 32



Developing Our Employees

Developing our Employees 33

Workforce Structure 34

Human Rights 34

Workforce Diversity 34

Recruitment and Adaptation 37



Motivation & Engagement

Motivation and Engagement 38

Financial Motivation 39

Non-Financial Motivation 39

Social and Labour Conditions 40

Learning and Development 41

Goals for 2020 and the midterm period 43



Evolving Health, Safety & Environment

Evolving Health, Safety, and Environment 44

Environment Management 45

Environmental strategy 46

Lowering Air Emissions 47

CO2 Emission 48

Climate Change 48

Boosting energy efficiency 49

Balancing Water Supply 50

Waste Management 52



Supporting Local Communities

Supporting Local Communities 54

Management Approach 55

Local Community Support 57



Responsible Supply Chain



Appendix 1 GRI Content Index



Masteel Approach to Climate Change

Responsible Supply Chain 58

Contribution to the prosperity in areas Masteel operates 59

Appendix 1– GRI Content Index 60

Appendix 2– Scope of Environment indicators disclosure 65

Masteel Approach to Climate Change 66

Introduction 67

Masteel climate change-related initiatives and results 67

Message from the CEO 68

Our approach to climate change 69

Our principles 70

Climate change governance 70

Our business and climate change 70

Our approach to the management of climate-related risks 72

Climate scenario review 72

RCP Scenario 72

Assumptions and forecasts for the RCPs and complementary SSPs for each pathway 73

Discussion of findings from scenario analysis 73

Identified climate-related risks and opportunities 74

The future of the metals and steel industry 75

Focus of our GHG reduction activities 76

Technologies we currently employ to mitigate GHG emissions 76

Technologies that enable further decarbonisation 76

TCFD Index 77

Legal Disclaimer 78

Terms, abbreviations and definitions used in the report 79

Message from the CEO

Dear stakeholders,



Message from the CEO GRI102-14

I am pleased to present to you Malaysia Steel Works (KL) Bhd (“Masteel”) first Sustainability & Climate Change Report 2020. For the last three years, our sustainability initiatives have been limited to only Sustainability Statement, but this year given the pressing changes and calls for sustainable change, Masteel decided to take the initiative to extend its sustainability efforts in the field of occupational health and safety, social responsibility, environmental protection, and economic development.

I believe sustainability will be the game-changer in the near term and Environmental, Social and Governance (“ESG”) becoming one of Masteel's corporate pillar will be the main focus on how Masteel conducts its business. As one of the nation's largest steel producers, Masteel has an impact on a wide range of stakeholders, from customers and employees to the local communities. Thus, Masteel believes it is very important to operate in compliance with the best of global

sustainability practices and principles in order to achieve the United Nations Sustainable Development Goals.

This year's reporting was particularly challenging as we are setting our baseline for future reporting. The on-going pandemic saw our profit after tax for the Financial year 2020 plunged to negative RM14.7 million and our EBITDA for the financial year was RM38.8 million. However, being ever resilient, Masteel has taken various initiatives to boost its efficiency and reduce costs to improve its earnings moving forward. Masteel endeavours not only to provide all its customers with high-quality products and achieve better financial and operational goals but also make great efforts to protect the environment, support our local communities, provide safe working conditions and various career opportunities for our employees.

Occupational health and safety

Sustainability management forms an integral part of our corporate culture. Occupational health and safety for our employees and contractors are of the utmost importance to Masteel. We strive to mitigate operational risks and occupational hazard by organising safety-related events, and educational projects for our employees and contractors, improving working conditions, and developing the safety culture across Masteel's business operations.

Some of the main goals of Masteel in terms of occupational safety are achieving zero fatality rate and reduction of Lost Time Frequency Rate (“LTIFR”). In 2020, Masteel recorded zero LTIFR. I am pleased that Masteel has zero fatality during the financial year. Complacent is never Masteel's culture. To uphold our safety records, Masteel will improve its safeguards against work hazards and implement weekly safety briefings to all staff and contractors. These activities support the primary occupational safety of its employees by Masteel.

To further illustrate Masteel's commitment to occupational and health safety programmes, Masteel will train all its employees to identify potential hazards within its production facilities. The training aims to enhance the safety culture and form a proper attitude towards occupational risk by engaging with employees in health and safety management and a risk-oriented mindset which are inculcated in our everyday activities.

Human capital management

The well-being of Masteel employees is of great importance to the Group. And it is important for us that employees feel that they are actively contributing to their working conditions, possess a sense of common goals, and the overall success of Masteel. Masteel aspires to create favourable conditions for the development and fulfilment of the potential of our employees to achieve greater heights. Masteel's human capital philosophy focuses on three main areas: Training and Assessment, Feedback and Empowerment, Productivity and Reward.

Managing environmental impacts

The environmental aspects of a company's operations are becoming increasingly important and pertinent in the modern world and Masteel intends to play an important role to minimise impacts on the environment. Masteel aims to lead by example in providing comprehensive reports on its environmental impact as well as having an addendum report on climate change this year. Masteel will be establishing its environmental goals baseline this year and boosting resource efficiency. Masteel also upholds global initiatives including the UN Sustainable Development Goals to mitigate impacts on climate change. In this year's reporting, Masteel greenhouse gases ("GHG") intensity ratio for Bukit Raja Plant is 48 tCO₂ per tonne of steel. The energy intensity ratio per tonne of steel is 1.13 tCO₂/ per tonne of steel.

Community relations

Masteel takes great pride in providing assistance to the local communities and always maintaining an effective communication channel with the local communities. In this regard, Masteel thru its corporate social responsibility initiatives, sets annual priorities and creates a budget for social investments, and implements projects in the fields of education, local communities welfare, and others. Masteel sponsored several investment literary seminars for University students benefitting 1,500 participants and RM50,000 was contributed to the Ti-Ratana Charity Foundation.

I am confident that all these comprehensive activities on our part in the areas of corporate social responsibility, shareholder and stakeholder's relations, and adopting a responsible attitude towards the environment will help us ensure a sustainable future for Masteel.



DATO' SRI TAI HEAN LENG
@ TEK HEAN LENG

The image shows a vast industrial facility, likely a steel mill, with high ceilings and large structural columns. In the foreground, there are large stacks of steel coils on wooden pallets. Some of the coils have red and blue markings. In the background, two workers wearing red shirts and yellow hard hats are visible. One worker is standing on a raised platform, and another is further back. A large crane arm is visible on the right side of the frame. The overall scene is brightly lit, suggesting an open or well-lit industrial environment.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

197101000213 (7878-V)

About Masteel

ABOUT MASTEEL

Who we are

GRI102-1, GRI102-3, GRI102-6

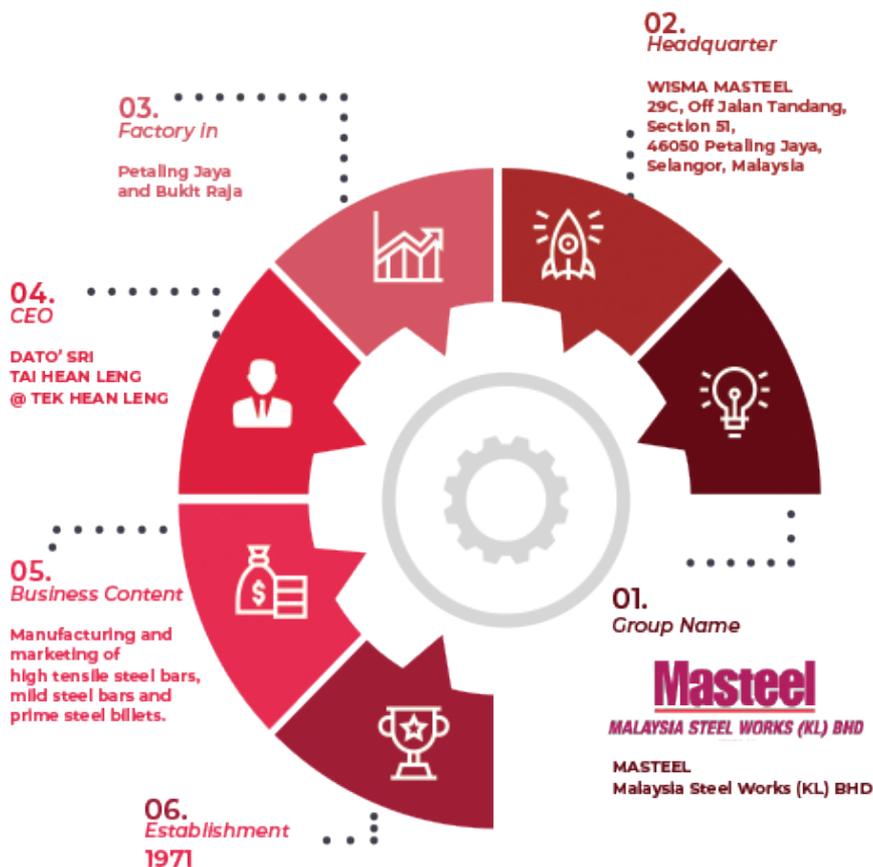
Masteel is a Malaysia leading producer of steel billets and steel rebars for the construction and infrastructure industries. Masteel has a 100%-owned subsidiary, i.e., MS Express Sdn Bhd (“MSX”) which is involved in transportation and logistics activities and MS Fabricon Sdn Bhd (“MSF”), another wholly-owned subsidiary of Masteel which was incorporated on 16 June 2020 is involved in fabrication and trading of steel product.

Masteel also has an associate company, Bio Molecular Industries Sdn Bhd (“Bio-M”), which is a BioNexus certified company that manufactures and undertakes research and development of radioisotopes that are used by hospitals for cancer imaging. These products fully comply with the Ministry of Health of Malaysia’s National Pharmaceutical Regulatory Affairs (“NPR”) regulations and standards. Bio-M’s facilities meet all the standards as set out by the Atomic Energy Licensing Board (“AELB”).

The manufacturing facilities of Masteel are located in Petaling Jaya and Bukit Raja, Klang, Selangor.

The geographical presence of the sales of its steel bars is primarily in the Klang Valley, Johor, and the East Coast of West Malaysia. Its radioisotopes manufacturing facility is located in Bandar Enstek, Negeri Sembilan. The main market for its radioisotopes is hospitals throughout Malaysia.

Masteel was listed on Bursa Malaysia Main Board on 7th February 2005.





Wisma Masteel

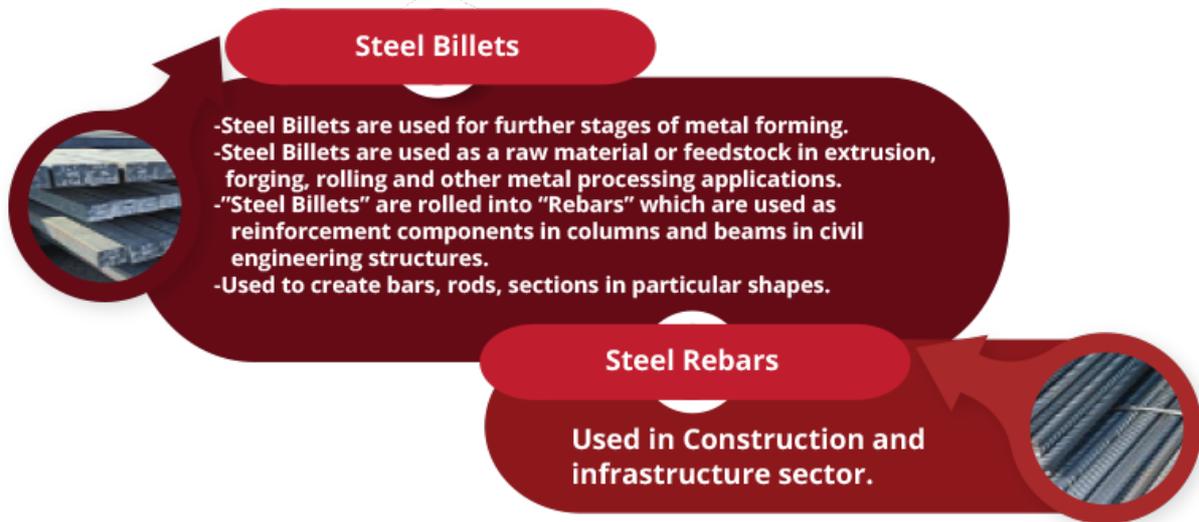


Masteel, Bukit Raja



What we produce GRI102-2, GRI102-7

The principal activities of Masteel are in the manufacturing and marketing of high tensile steel bars, mild steel bars, and prime steel billets. Masteel has a wide network of customers domestically as well as internationally. Masteel is constantly improving products and services and hence strengthening our long-term relationships with partners and customers. Our products are used mainly in the construction and infrastructure sector. Our products are built to the highest standards and our products are certified under SIRIM MS146:2014.



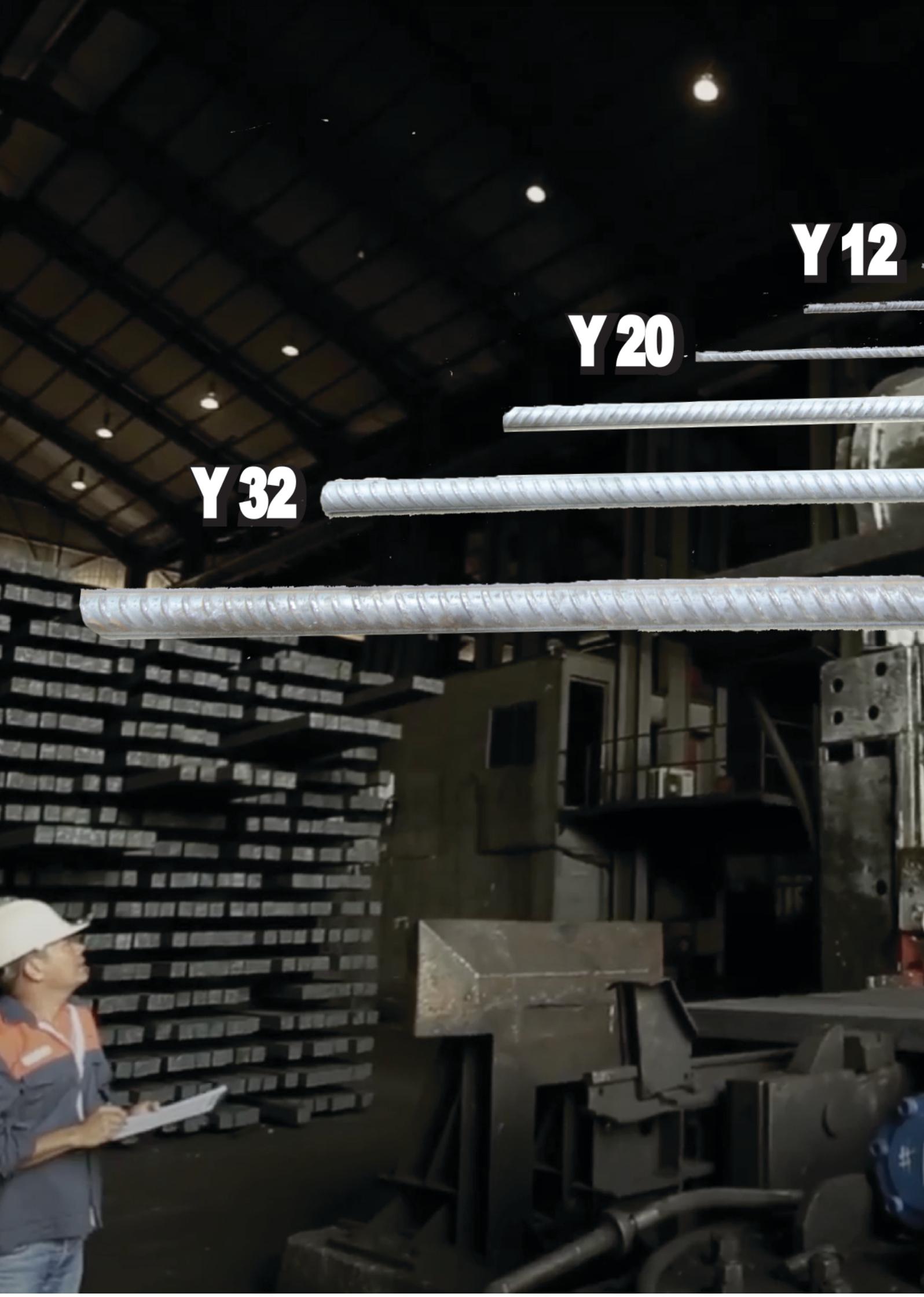
Where we operate GRI102-4, GRI102-7



Y12

Y20

Y32



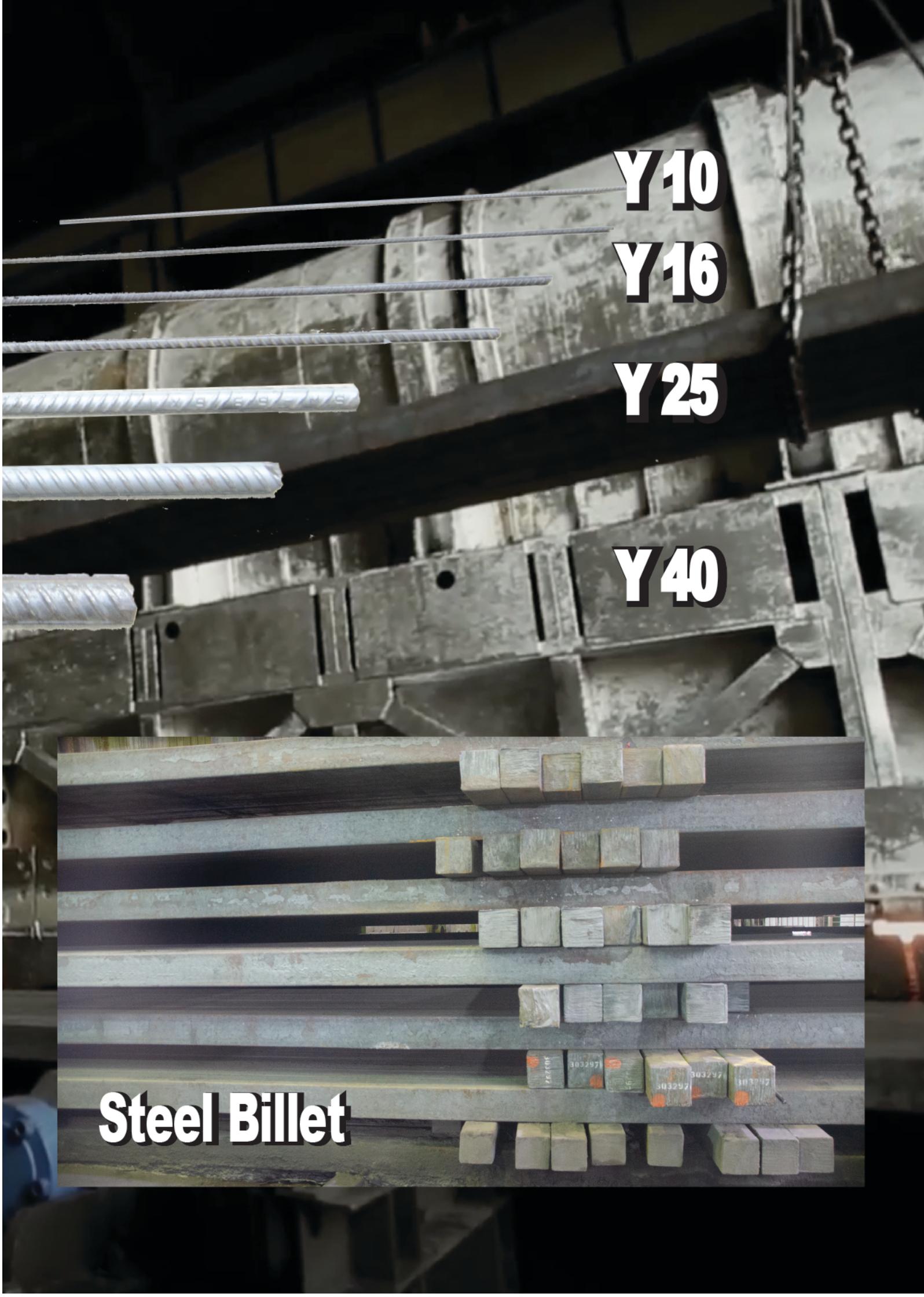
Y10

Y16

Y25

Y40

Steel Billet





About this Report

About this Report

GRI102-46

The 2020 Sustainability Report (“the Report”) contains Masteel's sustainability initiatives and performance between 1 January 2020 and 31 December 2020 (Financial Year 2020) and it also includes Masteel's plans for 2021-2023.

Reporting Boundaries

GRI102-45

The sustainability information contained in this Report covers the performance of the following Masteel assets unless otherwise indicated in the text of the Report:

<i>Segment</i>	<i>Assets Being Assessed</i>
<i>Steel</i>	Steel Billets, Steel Rebars Malaysia Steel Works (KL) Bhd
<i>Others</i>	Sales, Services and Logistic Companies

Data Preparation Methodology

The Report covering the events that took place in 2020 was prepared in accordance with the Global Reporting Initiative Sustainability Standards Core option (“GRI Standards”). GRI102-54

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with GRI Standard reporting principles and requirements. The basis of the current procedures are in placed for collection and preparation of Masteel management information.

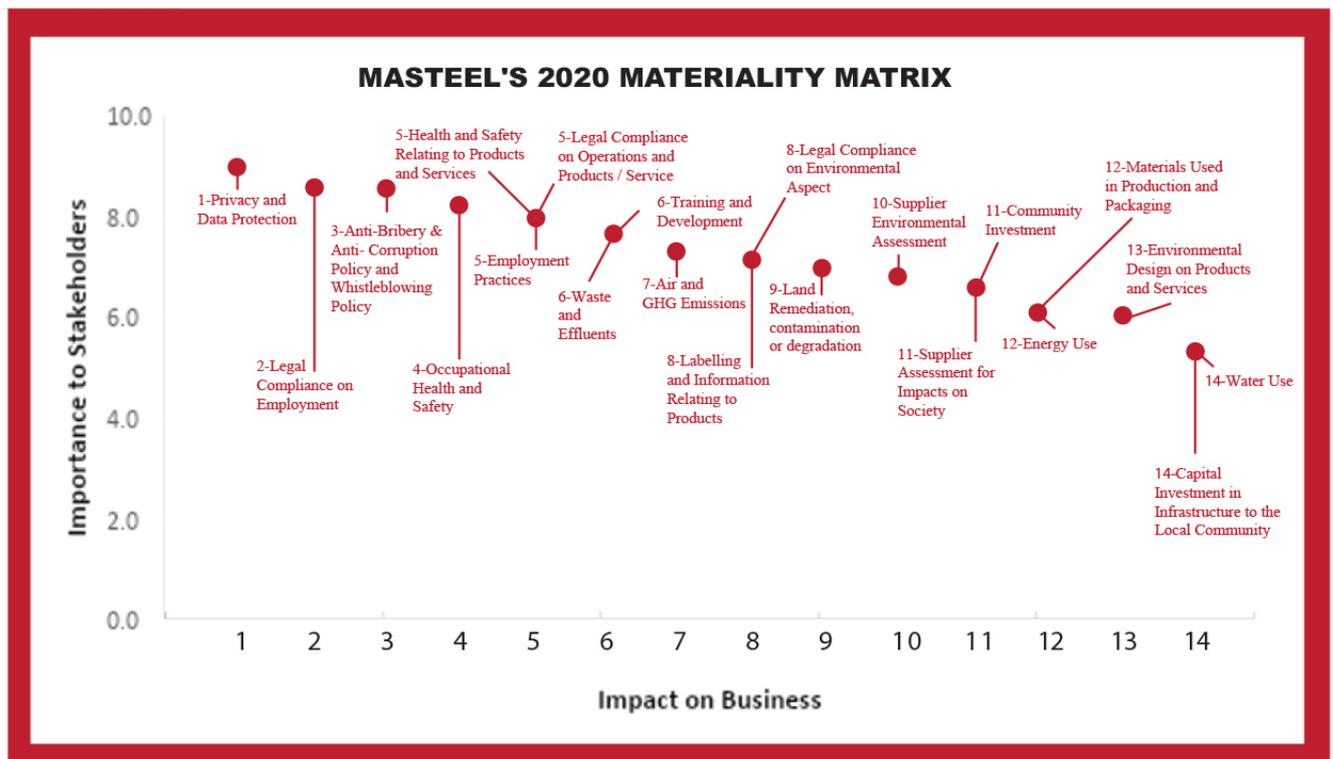
Financial information is presented in Ringgit Malaysia. If amounts were in US Dollars, the exchange rate adopted for 2019 were referenced to Bank Negara Malaysia’s rate. Performance indicators as well as data on sustainable development are presented in units of the International System of Units (SI).

Masteel will present the economic, environmental, social, and labour information for 2019 as a baseline in this sustainability report. Masteel will present the comparison of data in future reporting.

Identification of Material Topics

GRI102-46, GRI102-47

Masteel conducted a materiality assessment to select topics that mattered most to the business using Google Survey Form in this Report. The two main criteria considered to identify and prioritise Masteel's material sustainability matters: the significance of economic, environmental, or social (EES) impacts and the influence on stakeholder and business operations. The forms were disseminated to Masteel's internal and external stakeholders including employees, shareholders, suppliers and contractors, government authorities, and local communities to address their areas of concern. Subsequently, the findings of the materiality assessment with a list of material topics that reflects stakeholder's evolving interests were compiled and tabulated in the Masteel's 2020 Materiality Matrix.



In 2020, Masteel identified a total of 21 material sustainability matters as demonstrated in the matrix to be included in this report and it is used to establish a baseline for our future reporting.

Contact Information

GRI102-53

Masteel considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality information disclosed in its sustainability report, which helps improve our sustainability performance and non-financial reporting processes. We always welcome your suggestions about the Report.

Please send any questions and suggestions to:

Investor Relations

Ms Julia Pong

Tel : +603-2711 1391

Fax : +603-2070 6061

Email: masteel@investor.net.my



OUR SUSTAINABILITY APPROACH

Masteel Approach to Sustainability Governance

Masteel believes in upholding the principles and values of sustainable development and integrates them into its business processes. We believe that sustainable development is a crucial part of our operating success and is the foundation of creating value for our stakeholders. Masteel operates in four main areas of sustainable development as shown in the diagram below.



Masteel Sustainability Structure

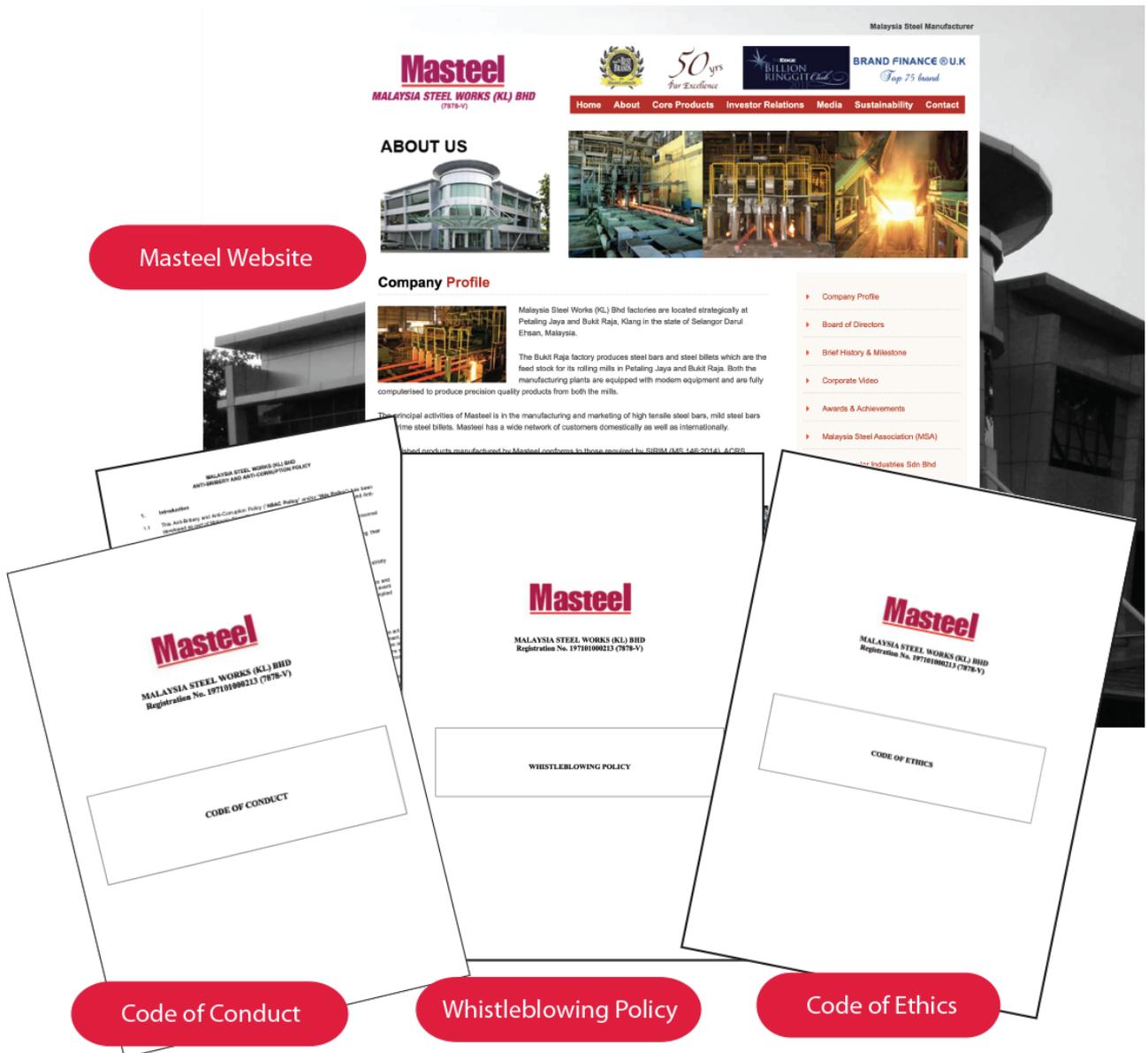
GRI102-18

We work closely with our stakeholders in order to maintain an effective system of sustainable development. Meanwhile, we endeavour to develop strong and transparent relations with all our stakeholders. We are actively developing our stakeholder’s engagement mechanism and continuously strive for better ways of communication. (Refer to the section on Stakeholder engagement, page 31).

We adhere to the best international standard practises and fully comply with Bursa Malaysia Sustainability Reporting Guidelines.

Key documents

During the process of developing our sustainability approach, we elaborate and update internal documents regulating the area of sustainable development. The main documents developed by Masteel are as follows:



Organisational structure

GRI102-18

Sustainable development is managed at all business units of Masteel. Masteel's Board of Directors and committees determine the general course for Masteel sustainable development, while the Chairman and Senior Executives of the Board supervise and monitor activities related to sustainability. Senior Managers are accountable to the Senior Board Executives and their duties include goal-setting and performing specific tasks corresponding to their functions. The manager of each business segment will implement sustainability initiatives in accordance with their responsibilities.

Direct economic value generated and distributed

GRI201-1

Masteel having been established since 1971 and was listed in 2005. Masteel has over the years created value for stakeholders, including shareholders, investors, employees, suppliers and contractors, government authorities, and local communities. The direct economic value generated and distributed demonstrates the wealth that we create through Masteel business operations and the economic value distributed among the stakeholder group.

Masteel adopted the information from the audited financial statements to prepare the table below in accordance with GRI recommendations for Disclosure. GRI201-1. Based on a comparison of two years of audited accounts, Masteel endeavour to boost the value generated and distributed, increase our contribution to society, maintain transparency and act with integrity when it comes to information disclosures.

In 2020, the value generated by Masteel amounted to RM1.38 billion, the value distributed is RM1.05 billion, and the value retained is RM0.35 billion.

Item	Stakeholder	2019 (RM'000)	2020 (RM'000)
Revenue from the sale of goods		1,195,306	1,383,513
Revenue from providing services		-	-
Revenue from financial investments		-	-
Other Operating Income		3,831	13,431
Direct economic value generated		1,199,137	1,396,944
Economic Value Distributed			
Operating Expenses	Suppliers and Contractors	(43,446)	(35,017)
Wages and other payments to employees	Employees	(44,877)	(44,021)
Payments to providers of capital			
payment to financial institution		(30,041)	(75,755)
payment to shareholders	Shareholders and Investors	-	-
payment to creditors		(835,910)	(943,991)
Payment to Government			
including income tax expenses	Government Authorities	(7,214)	(4,080)
Community investment	Local Communities	(20)	(20)
Economic Value Distributed		(961,508)	(1,102,883)
Economic Value Retained		237,628	294,061

Membership of Associations, Societies, and Institutions

GRI102-13

Masteel plays an active role of participating in prominent industry and business associations, society, and institutions. Masteel puts forward its ideas and assist in formulating new directions and policies in these organisations. In view of the characteristics of our industry, we integrate our sustainability principles into our participation of these associations. Masteel is a member of the following associations:-

Malaysia Steel Association (“MSA”)

Dato’ Sri Tai Hean Leng @ Tek Hean Leng, Managing Director/Chief Executive Officer of Masteel is the founding Board member and Vice President of MSA and concurrently undertakes the role of Honorary Treasurer of MSA.

Malaysia Steel Council (“MSC”)

The MSC is under the auspices of the Ministry of International Trade and Industry (“MITI”) which is chaired by the Minister of MITI. Various steel policies are approved at the MSA biannual meetings.

Dato’ Sri Tai Hean Leng @ Tek Hean Leng is MSA’s representative at MSC.

Malaysia Steel Institute (“MSI”)

MSI is a quasi Government agency that has a multi-faceted role to enhance and develop the steel sector of Malaysia.

Dato’ Sri Tai Hean Leng @ Tek Hean Leng is a Government appointee to the Board of MSI.

Malaysian Iron and Steel Industry Federation (“MISIF”)

Dato’ Sri Tai Hean Leng @ Tek Hean Leng had served previously as its council member for several years. Masteel has maintained its membership for over two decades.

Federation of Malaysian Manufacturers (“FMM”)

The FMM is Malaysia’s premier economic organisation. Since its establishment in 1968, the FMM has consistently led Malaysian manufacturers in spearheading the nation’s growth and modernisation.

Masteel has joined FMM as an ordinary member since 2015.

Attaining sustainable development goals – our inputs

3 GOOD HEALTH AND WELL-BEING



Ensuring healthy lives and promote well-being for all employees.

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learnings opportunities for all.

6 CLEAN WATER AND SANITATION



Ensure the availability and sustainable management of water and sanitation by reducing consumption of fresh water.

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all by reducing electricity usage in each segment of Masteel business.

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, employment and decent work for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Built resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities inclusive, resilient and sustainable by investing in the development of social infrastructure.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Ensure sustainable consumption and production by reducing the amount of waste generated and increasing the use of recycle.

13 CLIMATE
ACTION



Take urgent action to combat climate change and its impact.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Promote peaceful and inclusive societies for sustainable development by complying with all legislation including human rights.

17 PARTNERSHIPS
FOR THE GOALS



Strengthen global partnership for sustainable development.
Ethics and Business Conduct.

Ethics and business conduct

Approach to promoting fair business practices

GRI102-18 GRI102-16

Masteel strives to meet the highest standards of ethical business conduct and we adopt an attitude of zero tolerance towards corruption and bribery. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct when it occurs. Masteel adopted its Anti-Bribery and Anti-Corruption Policy on 29th May 2020. Masteel also constantly monitors breaches of unfair trade practises and norms of ethical and fair business conduct is to be strictly adhered to by all Masteel employees. The following policies are available on our corporate website at www.masteel.com.my:-

- The Code of Conduct;
- The Code of Ethics;
- The Anti-Bribery and Anti-Corruption Policy; and
- The Whistleblowing Policy.

We conduct background and criminal record checks when considering candidates, as well as due diligence checks in the case of contractors and suppliers.

Masteel communicates documents and policies to our stakeholders, including our employees and subsidiaries to fully comply with the provisions of documents at all times through various modes of communication, i.e., Internal Memo, Company Intranet, Face-to-Face Meeting, Townhall Meeting and Policies on the website.

GRI205-2

Business ethical behaviour is especially important for Masteel. Masteel has a set of process and due diligence procedures in place to ensure that business is conducted ethically. The procedures are implemented by the Integrity Committee (“IC”) which is assisted by the Compliance Officer who is in-charge of anti-bribery and corruption operational activities. The responsibilities of the IC, which reports to the Risk Management Committee (“RMC”), including overall monitoring of the efficiency of the anti-corruption system, examining corruption-related issues and monitoring compliance.

The duty of IC is to monitor and ensure employees’ compliance with internal regulations and investigate reported cases of misconduct and unethical behaviour. The IC vets potential and existing business partners and are involved in monitoring tender procedures, which are typically linked to higher risks of corruption. The IC also works with reports received through the whistleblowing channels on potential cases of corruption, bribery and misconduct. They present the results of the investigations and recommendations to the RMC and thereafter RMC will present them to the Board of Directors.

Anti-Bribery and Anti-Corruption risk management

GRI205-2

Masteel determines, evaluates, and manages corruption-related risk regularly. At the end of each financial year, our corporate governance director will analyse risks related to fraud and corruption. Masteel will evaluate its business processes and focuses on those areas that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. Detailed bribery risk assessment has been recently revised and validated by IC to provide a clear guidance to all Masteel directors, employees and third parties/associated persons, on Masteel’s commitment to address and manage bribery and corruption risks. To ensure the existing internal controls are adequate, Masteel will continue to review its policies annually.

The main documents regulating anti-bribery and anti-corruption are:

- Anti-Bribery and Anti-Corruption Policy; and
- Whistleblowing Policy.

Raising awareness of ethical business conduct

Masteel believes that information is key to preventing misconduct; in particular, fraud, corruption and bribery. Therefore, Masteel consistently informs stakeholders, including employees, business partners and about the principles of business conduct.

Masteel presents its Anti-Bribery and Anti-Corruption Policy on the company official website and make the documents available for all stakeholders. At the same time, to ensure that employees are informed about corporate behaviour standards and consequences of engaging in bribery and corruption, Masteel engages PKF Advisory Sdn Bhd to provide anti-bribery and anti-corruption training for management, executives, and administrative staff.

Among the topics covered by the training were “GEHTDS” collectively refers to Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship that is deemed acceptable to Masteel, and consulting with the managers when in doubt.

Masteel has a whistleblowing policy for stakeholders to raise their concerns and the policy is available on the company website. Masteel has also informed all its business partners about ethical business conduct and all suppliers must be acquainted with Masteel corporate principles relating to Anti-Bribery and Anti-Corruption Policy.

Whistleblowing Reporting

Masteel encourages all stakeholders to report any suspicious activities through Masteel whistleblowing channels. For convenience, the stakeholder can raise their concerns through several whistleblowing channels as listed below:

Areas of Financial Reporting, unethical and illegal Business Conduct

Head of Internal Audit,
Tel : +603-77811611
Email : fung_kl@yahoo.com

Audit Committee Chairman,
Email : rthean@hotmail.com

Other

Disclosures can be verbal or in writing and forwarded in a sealed envelope to the abovementioned contact person(s) labelling with a legend such as ***“To be opened by the Audit Committee or Head of Internal Audit only”***.

Masteel would like to report there are no incidents of corruption and fraud received during the financial reporting year. GRI205-3



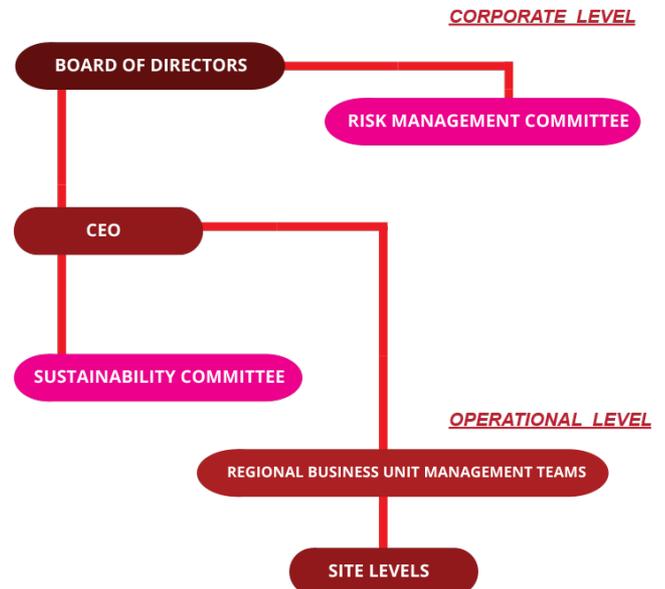
Sustainability Risk Management

GRI102-11

Risk Management plays a crucial role in addressing issues related to sustainability. We have not formalized any Sustainability Risk Management and presently will be working on a framework for identifying, assessing, and managing risk at both corporate and operational level. Our framework will consist of both financial and non-financial risks and set up the Task Force on Financial Climate Disclosures.

Our framework will consist of identification of types of risk, analysing, assessment and implementing appropriate measures to address the risk that is pivotal to our business, Masteel will also address risk related to sustainable development, environment, social and economic.

The framework in which Masteel addresses the sustainable risk are tabulated below:-



Areas to be Assessed	Description	Action to be taken
HSE: Environment	<p>Steelmaking carries an inherent risk of environmental impact and incidents relating to issues are as diverse as water usage, quality of water discharged, waste recycling, air emissions (including greenhouse gases), and community satisfaction.</p> <p>Consequently, Masteel faces risks including regulatory fines, penalties, adverse reputational impact and, in the extreme, suspension of plant environmental licences, which would curtail operations.</p> <p>Globally, there is an increase in regulatory scrutiny and pressure, as well as investor and customer expectations.</p>	<p>The environmental risk matrix is monitored regularly. Respective mitigation activity is developed and performed in response to the risks.</p> <p>Implementation of air emissions and water use reduction programmes at plants.</p> <p>Waste management improvement programmes.</p> <p>Updating on relevant environment statutory.</p>
HSE: Safety	<p>The potential danger of fire, explosions and electrocution, as well as risks specific to the usage of hazardous chemicals levels, and other accidents could lead to loss of</p>	<p>Management KPIs place significant emphasis on safety performance and the standardisation of critical safety programmes.</p>

	<p>personnel, outage or production delays, loss of material, equipment or product, or extensive damage compensation.</p> <p>Breach of any HSE laws, regulations and standards may result in fines, penalties and adverse reputational impacts and, in the extreme, the withdrawal of business operational licences, thereby curtailing operations for an indefinite period.</p>	<p>Implementation of an energy isolation programme. Further development of a programme of behavioural safety observations drives a more proactive approach to prevent injuries and incidents.</p> <p>Maintenance and repair modernisation programmes, downtime management system.</p> <p>Further development of occupational safety risk assessment methodology Analysis of the effectiveness of corrective measures to be taken.</p> <p>Analysis of anticipated risk that could occur.</p>
<i>Business Interruptions</i>	<p>Prolonged outages or production delays, could have a material effect on the Group's operation, financial well being and prospects. In addition, any long-term business interruption may result in a loss of customers and competitive advantage, as well as damage to the Group's reputation.</p>	<p>The Group has defined and established disaster recovery procedures that are subject to regular review.</p> <p>Detailed incident cause analysis is performed to develop and implement preventative actions.</p> <p>Records of minor interruptions are reviewed to identify any significant underlying issues.</p>
<i>Potential regulatory actions by governments, including trade, anti-competition, anti-dumping regulation, sanctions regimes, and other laws and regulations</i>	<p>Potential regulatory actions by governments, including trade, anti-competition, anti-dumping regulation, sanctions regimes, and other laws and regulations.</p>	<p>Masteel's CEO is a member of various national industry bodies, as a result, he contributes to the development of such bodies and, when appropriate, participate in relevant discussions with ministries and regulatory authorities.</p>
<i>Product Competition</i>	<p>Excessive supply on the global market and greater competition, mostly in the steel products market,</p>	<p>Expand product portfolio and venture into new target segments.</p>

	<p>primarily due to competitors' activity and introduction of new facilities.</p> <p>Low demand for construction products and increasing competition in this segment.</p>	<p>Develop and improve customer loyalty focus programmes and initiatives.</p> <p>Quality improvement initiatives.</p> <p>Expand the share of value-added products.</p>
<i>Social and Community Risk</i>	<p>Risks related to socio-economic instability in the regions where the Group operates, deteriorations in relations with local communities and authorities.</p>	<p>Taking part in social projects in our regions of operation.</p> <p>Supporting social, infrastructure, sport, educational, and cultural programmes.</p> <p>Stakeholder engagement and collaborations with cities and regional Authorities.</p> <p>Local urban infrastructure improvement.</p>
<i>Climate Change Risk</i>	<p>Risks related to climate change and extreme weather events could lead to business disruptions, resource shortages, and damage to the supply chain, equipment, and reputation.</p>	<p>Implementing energy efficiency projects and, as a result, lowering greenhouse gas emissions.</p> <p>Supporting global programmes to reduce GHG emissions.</p>
<i>HR and Employee Risk</i>	<p>Risks related to a lack of skills, a lack of succession planning, and reduced productivity due to labour unrest or low job satisfaction.</p>	<p>Introducing an assessment based promotion and remuneration structure.</p> <p>Implementing human capital development programme.</p> <p>Collaborating with universities and colleges to enhance educational programmes.</p> <p>Analysing employee engagement levels and how they can be improved.</p>
<i>Quality</i>	<p>Risks related to product quality.</p>	<p>Regular monitoring of customer satisfaction levels.</p> <p>Meeting and conducting feedback sessions with customers/Masteel management.</p> <p>Site visits to production assets.</p> <p>Production and quality improvement programmes.</p>



Stakeholder Engagement

Stakeholder Engagement

GRI102-40, GRI102-42, GRI102-43, GRI102-44

To maximise the value for our stakeholders, Masteel focuses on understanding and managing their needs and expectations. We encourage open dialogue and strive to maintain a close and cordial relationship with all our stakeholders. Masteel has identified the various stakeholder's group and determined their needs and expectations.

In our business processes, we endeavour to accommodate the interest and concerns of stakeholders, comply with the government authorities' guidelines, contractual obligations and most important of all to uphold the respect human rights.

Cooperation with our stakeholders and the creation of value for them is a significant part of achieving our strategic goals. Our overall key priorities are driven by market conditions and sound business fundamentals. Therefore, we focus on several groups of stakeholders as identified below:



Communication Channels and Mechanisms

Aligned with the continuous enhancement of stakeholder engagement activities, Masteel participates in various communication channels to ensure that we encompass all stakeholders, initiate a two-way dialogue, and invite more open-ended feedback in order to capture a wider perspective of stakeholder views.

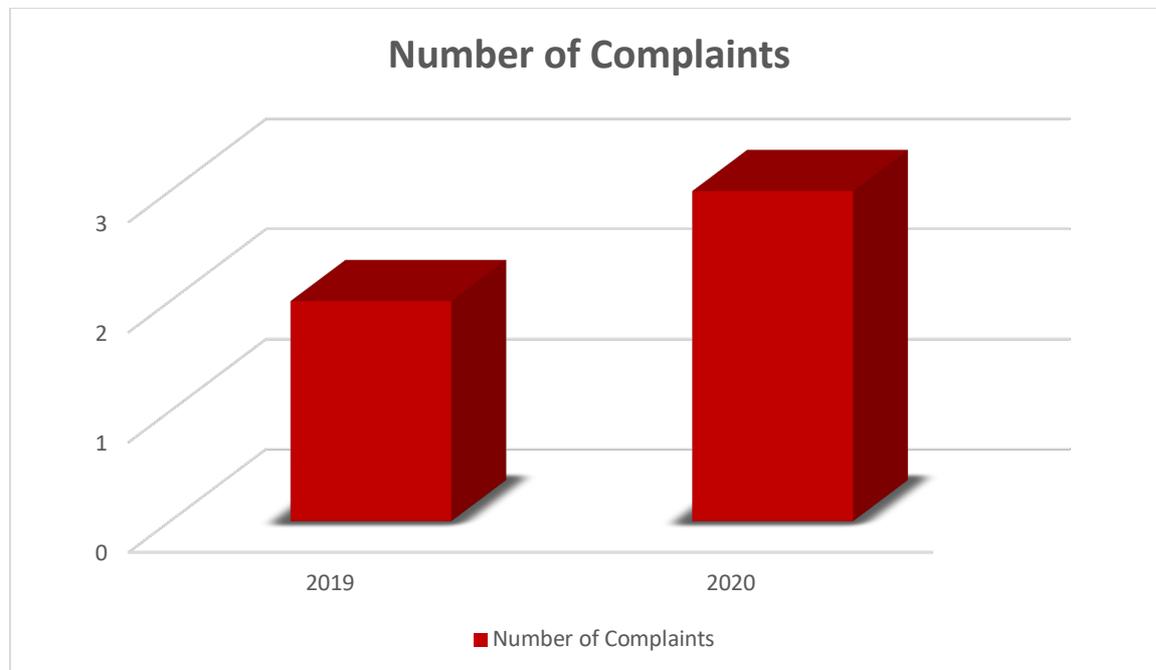
Masteel also engages a third-party Investor Relations consultant to assist Masteel in the task of engagement with stakeholders. In addition, Masteel constantly improves various communication channels to enable our stakeholders to gain easier access to Masteel. Masteel believes that open communication and information transparency are fundamental aspects of having a constructive dialogue with our stakeholders, therefore we strive to use the best and most efficient means of communication.

For example, during COVID-19 pandemic, Masteel deploys the use of various internet technologies to improve communication with stakeholders. The means of communication channels internally and externally are as follows:



Customer satisfaction survey

Every year Masteel conducts its customer satisfaction survey in order to gauge customer satisfaction levels with Masteel services and Masteel strives to improve the level of customer service. Masteel’s survey forms cover different aspects of the business. For the financial reporting year, Masteel received three complaints on its product quality. Masteel has rectified and taken the necessary corrective action to mitigate the reoccurrence of such complaints.





Developing Our Employees

Masteel unequivocally acknowledges the contribution of all its employees. Masteel places the utmost importance on its employees' welfare and always encourages the employees to adapt and improve according to the business environment and needs.

For this reason, we work continuously on ensuring the effectiveness of our personnel management practices, including those relating to employee recruitment, retention, training and development, performance management, strengthening employee engagement and developing internal social programmes. In addition, we take all possible measures to ensure respect and to provide equal rights and opportunities to all our employees.

Workforce Structure

The workforce headcount as of 31 December 2020 is 837. Compared to the previous year, Masteel headcount rose by 4.49%. An increase in headcount is due to an increase in production capacity and facility expansion.

Human Rights

GRI405-1

Masteel understands the importance of respecting human rights. Masteel does not have a formal policy on human rights. It places the highest priority to ensure the detection and rectification of any human rights violations, and it devotes special attention to ensuring the diversity of personnel.

Masteel has not conducted any supplier assessment on its human rights accord but will strive to do it in the next financial reporting year. All types of modern slavery, including child labour, forced labour, and human trafficking are violations of human rights and are strictly prohibited, both within Masteel Group and on the part of our suppliers. Masteel will continue to do its due diligence on its suppliers to ensure that they are strictly complying with the relevant act on matters pertaining to human trafficking.

Masteel is committed to adopting the Children and Young Person Act (Employment) 1966, Malaysia. Masteel does not employ anyone under the age of 18 years due to the hazardous environment and the nature of business.

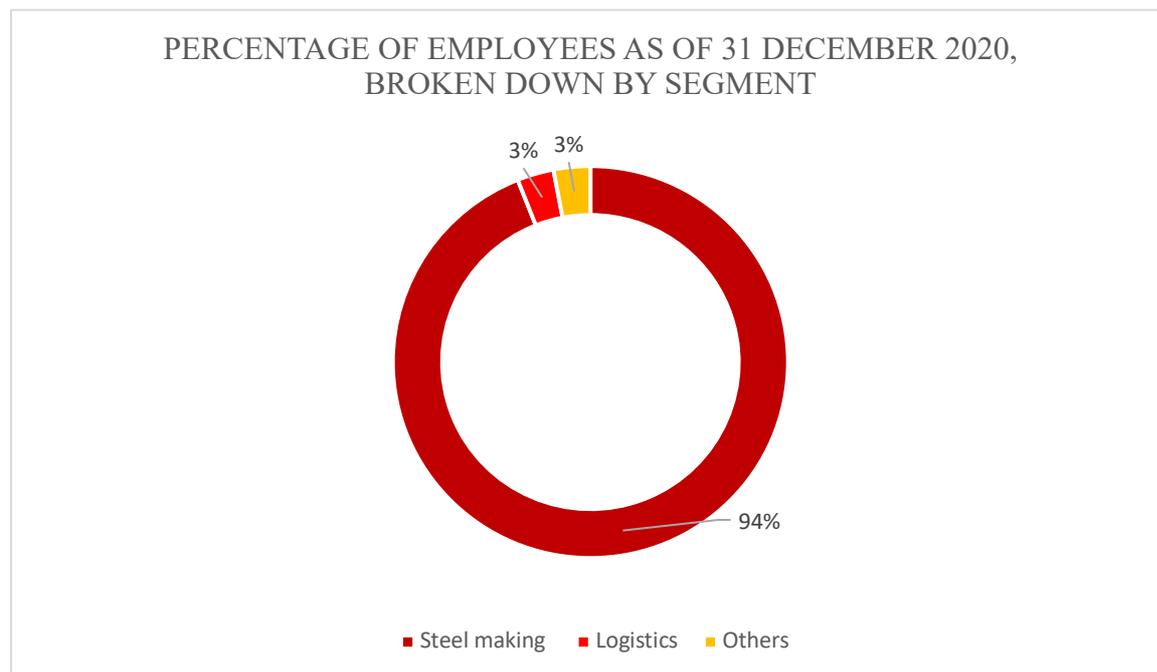
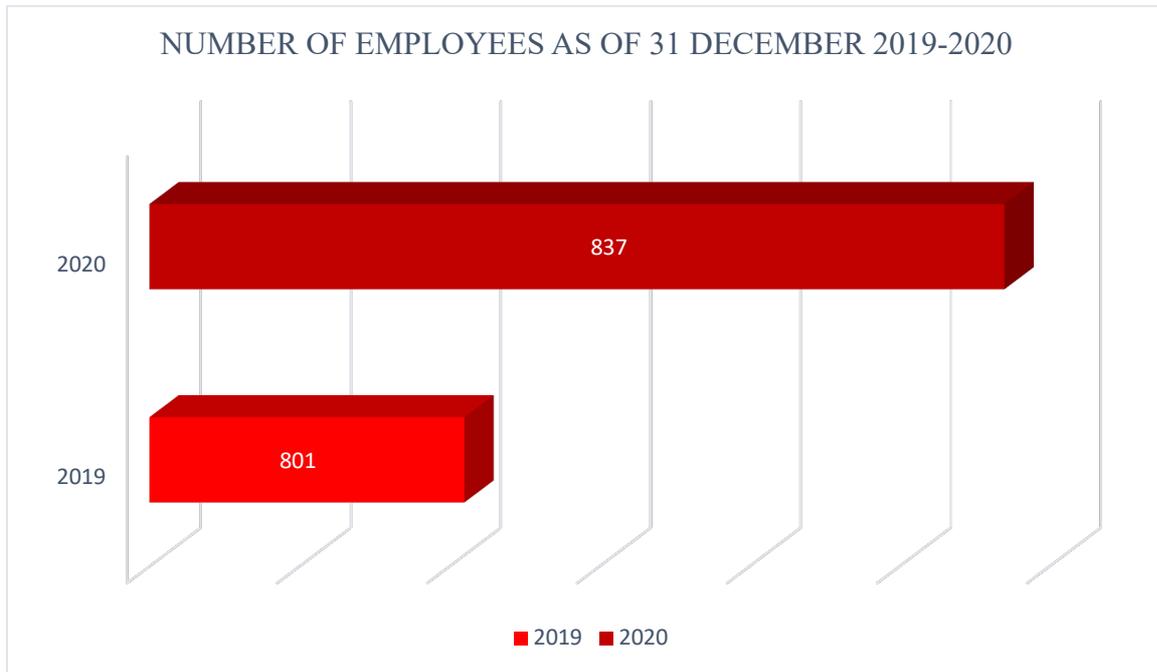
Workforce Diversity

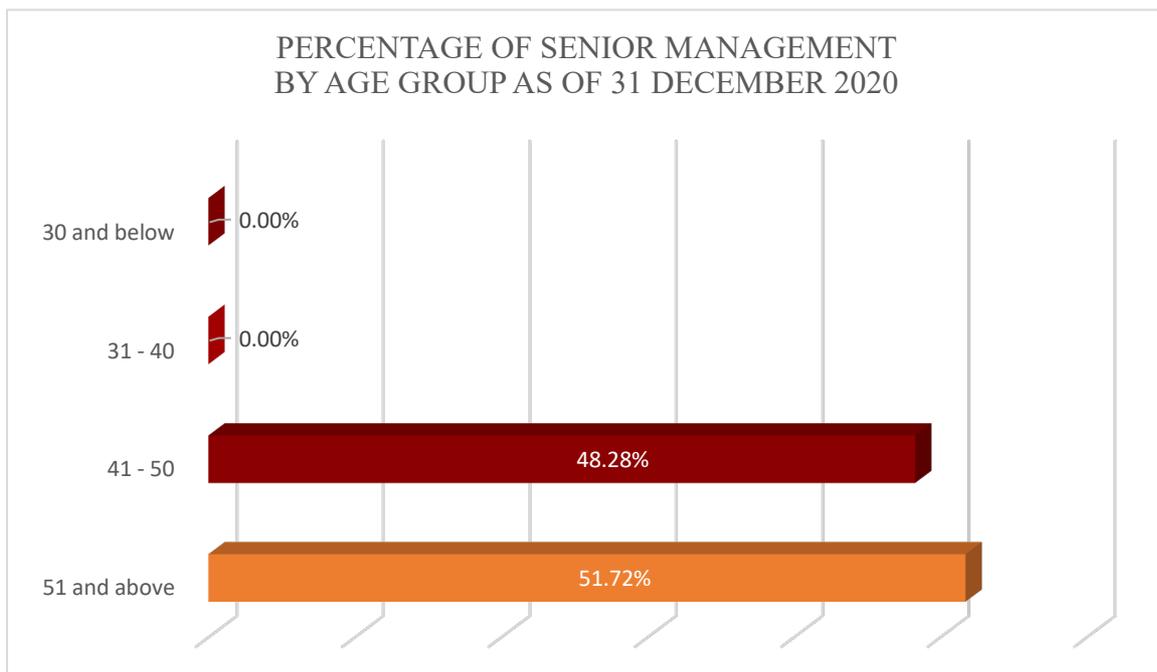
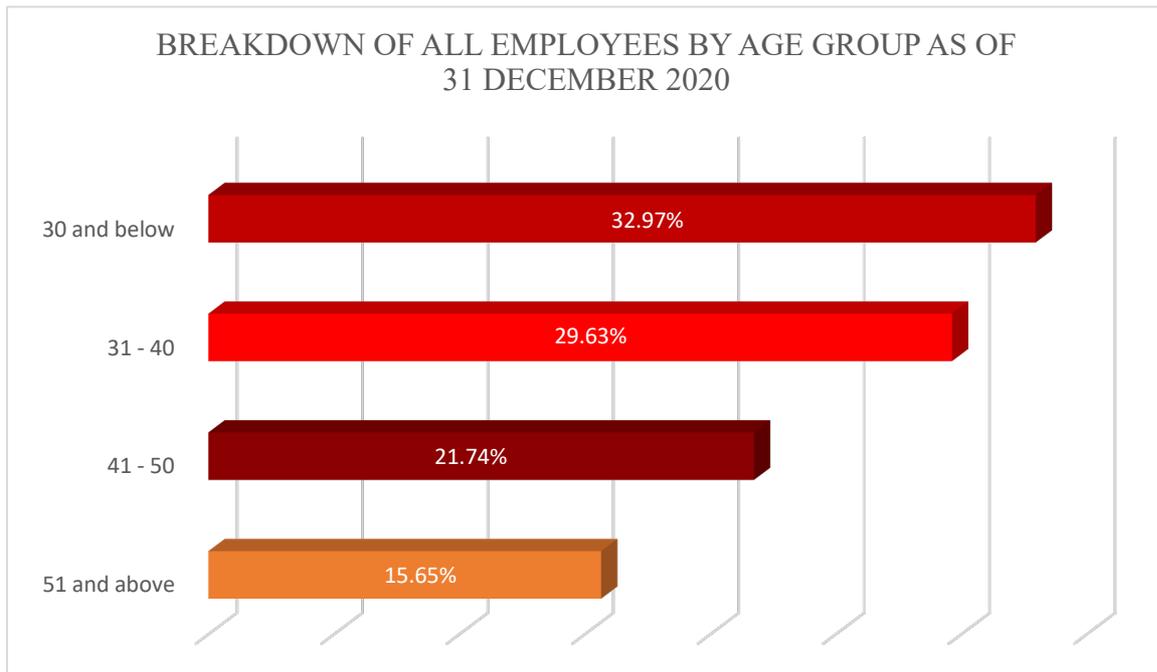
GRI405-1

Masteel appreciates how workforce diversity is a natural phenomenon especially in the era of globalisation. Masteel does not have any workforce diversity policy in place and will strive to have a diversity policy in the next financial reporting. However, Masteel does not discriminate against any gender or ethnicity etc. This policy with the human rights policy will be made available on our official website before the next financial reporting period.

Masteel is committed to creating a diversified workplace environment that is free from discrimination of any kind. All work-related decisions on current and potential employees are made based only on their professional skills, qualities, experience and abilities. Decisions made on any grounds other than an employee's performance (including race, ethnic origin, sex, religion, political views, nationality, age, sexual orientation, citizenship status, marital status, disability etc.) are prohibited by law and contravene our internal non-discrimination principles.

The low percentage of women working in Masteel is due to the hazardous working environment and Masteel adheres to the current Guidelines on Reproductive Health Policy & Programme at the workplace issued by the Department Of Occupational Safety And Health under the Ministry Of Human Resources. Masteel believes in providing an equal opportunity for women; therefore, we take great pride in providing a safe workplace for women.





Recruitment and Adaptation

Masteel plays a pivotal role in ensuring that all its employees are fully equipped with the necessary knowledge to adapt successfully in the company. Masteel wants to optimise and realise the employees' full potentials as early as possible.

As part of Masteel continuous development in 2020, Masteel focuses on improvement in attracting new talents. Being a major player in the steel industry located at Petaling Jaya and Klang, Masteel has continuously enhanced its recruitment processes.

Employment-related concerns can be reported to

Head of Human Resources

Tel no. 03-77811611

Email address : smithyong@masteel.com.my



Motivation & Engagement

Motivation and engagement

GRI401-2

As part of our motivation and engagement policy, Masteel recognises effective employee engagement in the form of financial and non-financial as well as conducive working conditions to drive our operational efficiency. For these reasons, Masteel devotes special attention to these issues as part of Masteel Human Resource Strategy.

Financial Motivation

Masteel endeavours to make its remuneration system transparent and equitable for all its employees. Currently, the company’s pay scale system is constantly updated but will further improve its remuneration system from time to time to ensure its relevancy and attractiveness. The new salary remuneration system will cover both fixed, contractual, intern and part-time employees across the organisation.

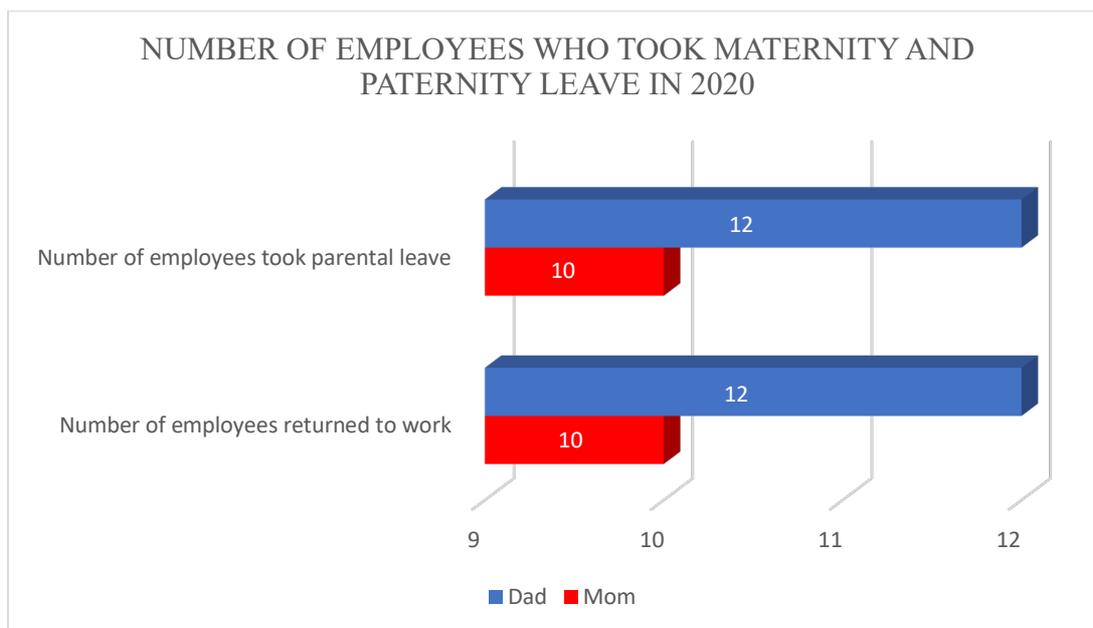
Masteel’s bonus system is based on its extensive evaluation methodology and bonus are at the discretion of the management. Masteel will continue to evaluate *best practices* in drafting the framework for the remuneration system.

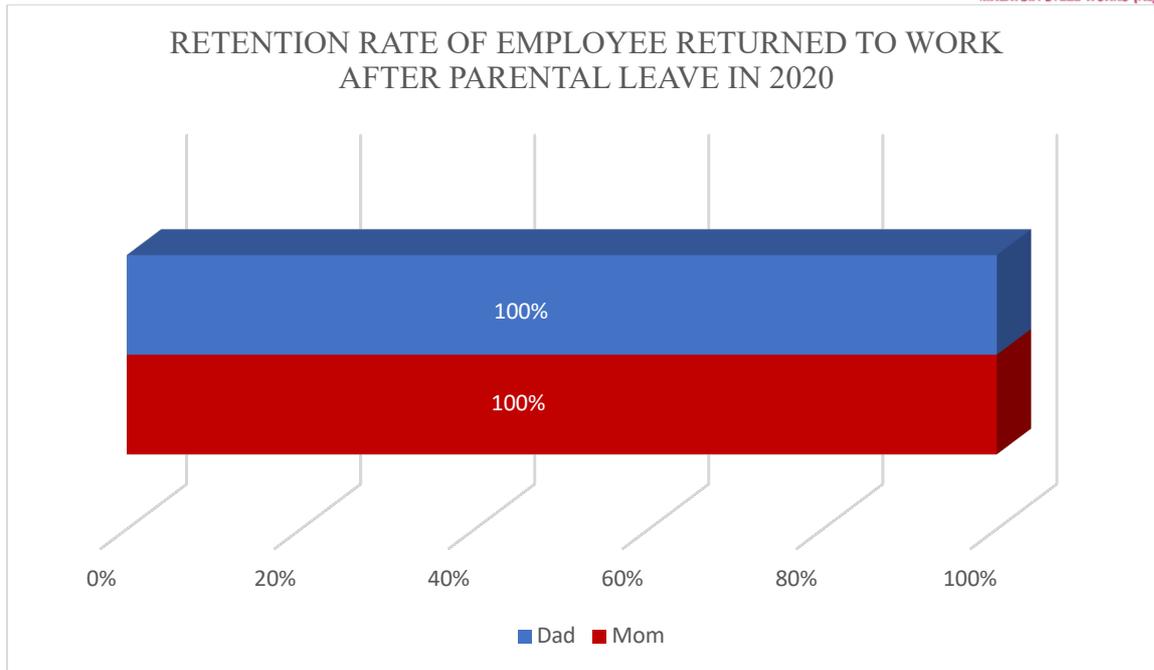
Non-Financial Motivation

GRI401-2

As a socially responsible company, Masteel offers employees a broad non-financial compensation package that complies with employment acts and forms part of the total remuneration. Masteel employees received statutory pension contribution (EPF), medical benefits and allowances entitlement under the employment act. Masteel provides annual leave, sick leave, compassionate leave, disaster leave, maternity and paternity leave, marriage leave, and examination leave. Masteel also provides personal accident and hospitalisation insurance to all employees.

For the year 2020, Masteel approved a total of 636 days of maternity and paternity leave. The chart below shows the total number of employees who took maternity and paternity leave.





Social and Labour Conditions

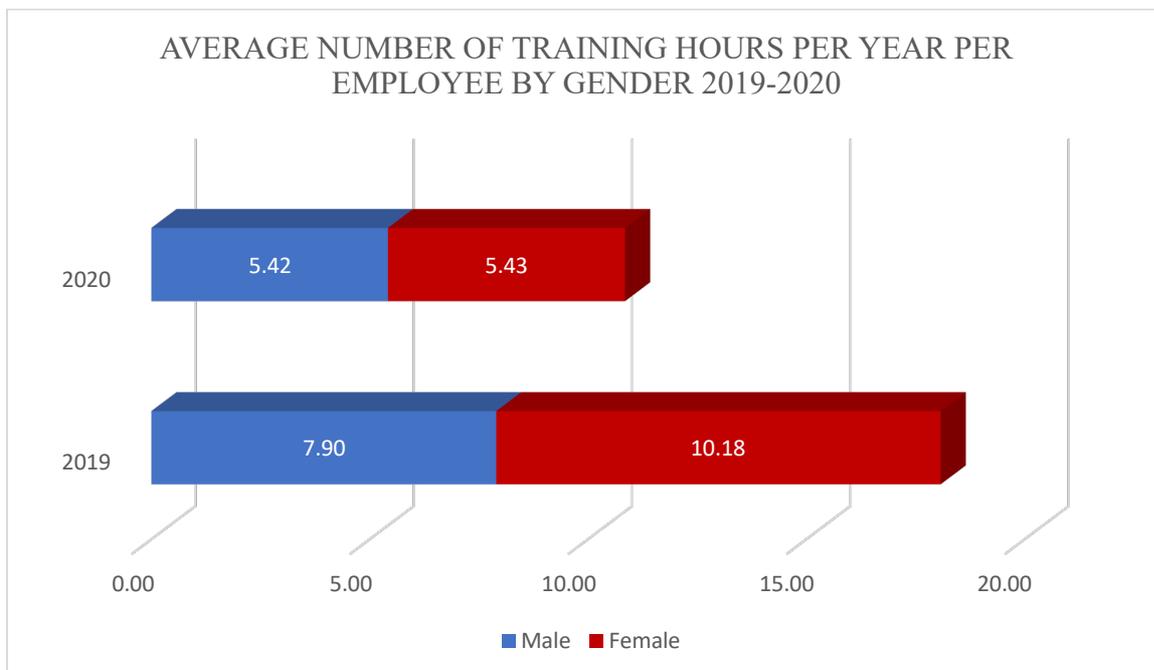
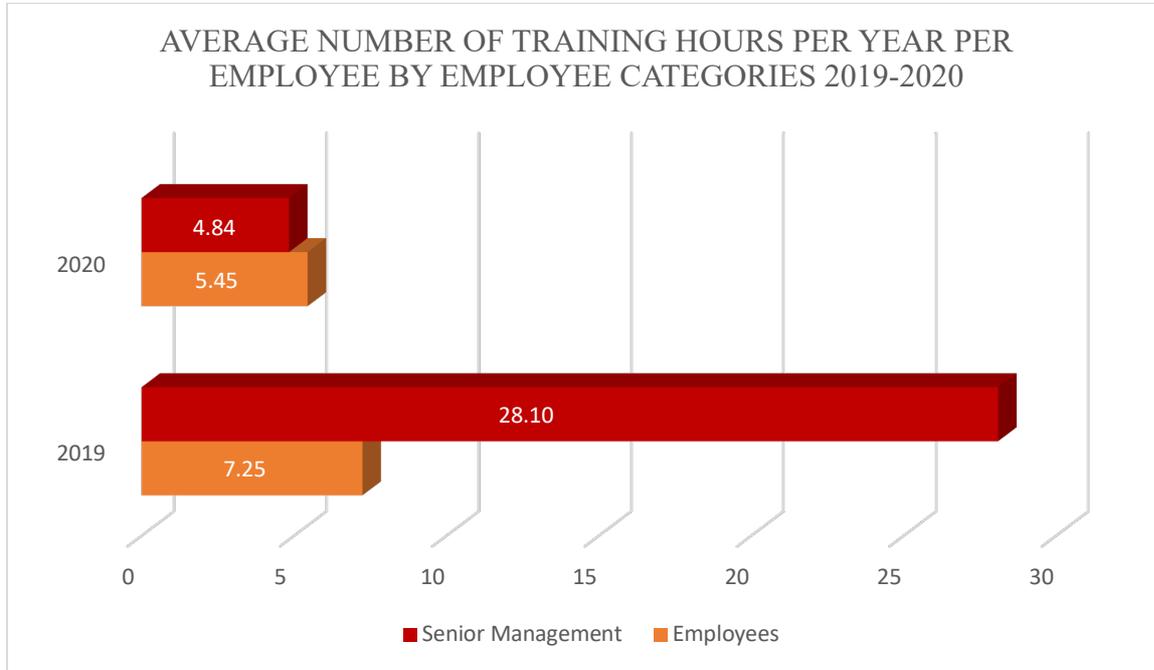
At Masteel, we care for our employees’ well-being. Therefore, we believe it is essential to provide them with comfortable working and living conditions. At the onset of the COVID-19 pandemic, Masteel takes several initiatives to address employees concerns about their well-being. Masteel has initiated the following COVID-19 measures to ensure Masteel minimise business disruption during the COVID-19 pandemic.

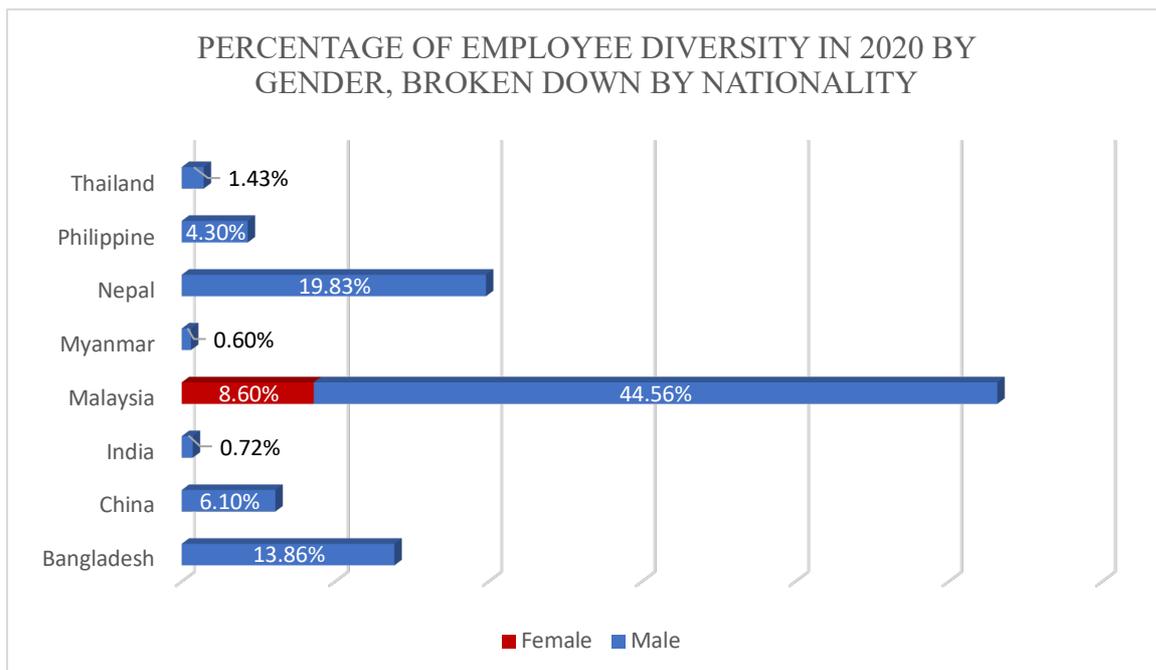
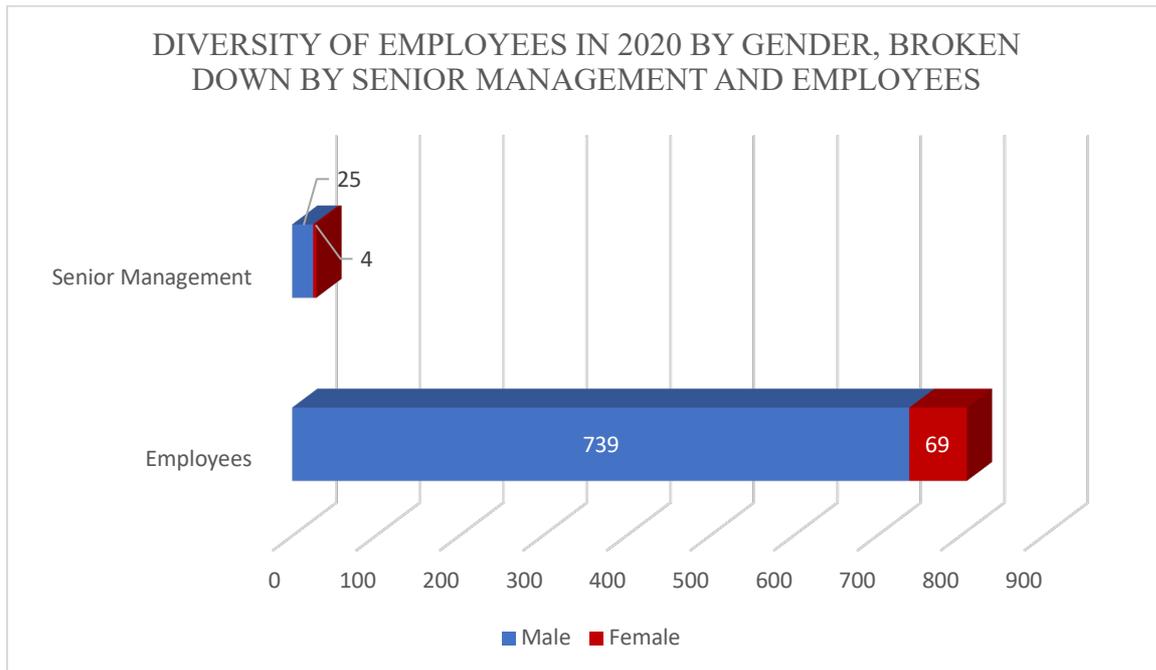
- Suspension of employees’ foreign business trip.
- Mandatory self-isolation at home for two weeks without loss of pay for employees identified close contacts with COVID-19 patients.
- Limitation of access and contact with external consultants and contractors to Masteel facilities.
- Handling business remotely with the use of virtual conference and video call systems.
- Supplying common areas with sanitisation and temperature checking.
- Regular disinfection of company’s vehicles and premises.
- Installation of registry for contact tracing and remote temperature checks for all employees, visitors, and contractors.
- Providing adequate Personal Protective Equipment (“PPE”).
- Conducting multiple COVID-19 screening using RTK antigen and RT PCR Tests exceeding Government requirements.
- Providing triweekly distribution of fruits which are high in Vitamin C.

Learning and Development

At Masteel, we believe instilling discipline character and building employee knowledge are essential parts of a company’s success. The learning and development programme building at Masteel was temporarily halted due to the pandemic, but Masteel will continue to explore various opportunities for its employees to further enhance their skills levels.

GRI404-1





Masteel does not discriminate salary between men and women. Masteel believes in equal opportunity regardless of gender. **GRI405-2**

Goals for 2020 and the midterm period

In anticipation of a post-COVID-19 recovery, Masteel will have to ramp up its recruitment drive to employ more staff to meet its demand. The Human Resource Department is preparing to conduct more roadshows, participate in the government’s Penjana Kerjaya Programmes, and other job fair exhibitions.

In anticipation to have more productive and efficient workforce, HR has also developed its training programmes to cater for the influx of new hires. Among the programmes to be prioritised this year would be Work Induction, Health and Safety Programmes, Equipment Safety Programmes and the importance of PPE etc.

Programmes to be made Priority	Expected Number of hours to be trained per employee
Health and Safety Programmes	16
Work Induction Programmes	4
PPE Training	2



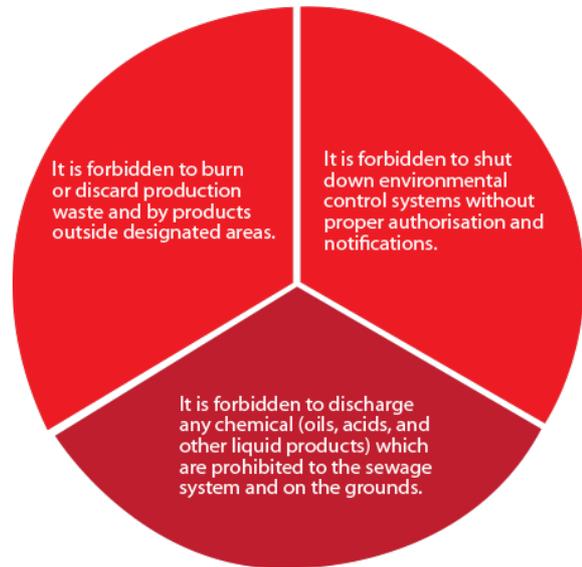
Evolving Health, Safety & Environment

Evolving health, safety and environment

Environment Management

As one of Malaysia largest steel producer, Mastel recognises that continuous growth in its production capacities could create significant environmental challenges and obligations. To manage business operations responsibly, Masteel has proposed the reduction of adverse environmental impacts to be of its primary goals. Masteel’s medium and long-term goals are to reduce the potential negative effects of our day-to-day activities in order to provide a safe environment in our place of business operations and surroundings.

We strive to comply with all applicable environmental regulations and to meet the expectations of our stakeholders. Masteel’s holistic approach to environmental issues is reflected in its business strategies and HSE Governance structure.



In line with our HSE policy, Masteel will use appropriate technology to complement the complexity of today’s environmental practices. To address our environmental issues, Masteel obtained the ISO 14001 certification which came into effect on 18th December 2020. Adhering to all applicable legal environment requirements set by the authorities have always been a norm for Masteel. To address our health and safety issue, Masteel also obtained ISO 45001 certification which is the world’s international standard for Occupational Health and Safety (OHS) which specifies requirement for management system and gives guidance for its use and to enable organisations to provide safe and healthy workplace by preventing work-related injury and ill health, as well as proactively improving its OHS performance.

GRI403-1

During the reporting period, Masteel was fined RM2,000 for non-compliance with environmental breaches. Masteel has taken the necessary steps to mitigate further sanctions by the regulators.

GRI307-1



Environmental strategy

Masteel environment committee has developed several key environmental issues as listed in the table below. Masteel is committed to developing sustainable business practices and implementing environmental principles into each of our business operations. Masteel will deploy all available technology to combat climate change.

Masteel will focus on GHG emissions, waste management and water reduction in all its manufacturing processes and will set an absolute target towards reduction. Being a major steel player in the country, Masteel will develop an environmental strategy over the next 5 years to prepare Masteel to meet the Paris Agreement 2030 Climate Change goals in GHG reduction.

Area of Assessment	Five-year target (2021-2025)	2020 results (Baseline) (Units)
NO2	Masteel will review its target and will report in the next report.	411.3
SO2		118.53
Particulate Matter		108.1
Water Consumption		
CO2	Maintain an intensity ratio of fewer than two tonnes of carbon dioxide equivalent (tCO2e) per tonne of crude steel production.	0.33 tCO2e per tonne of steel

The table below indicate the details of the key environmental concerns and operational support to ensure compliance.

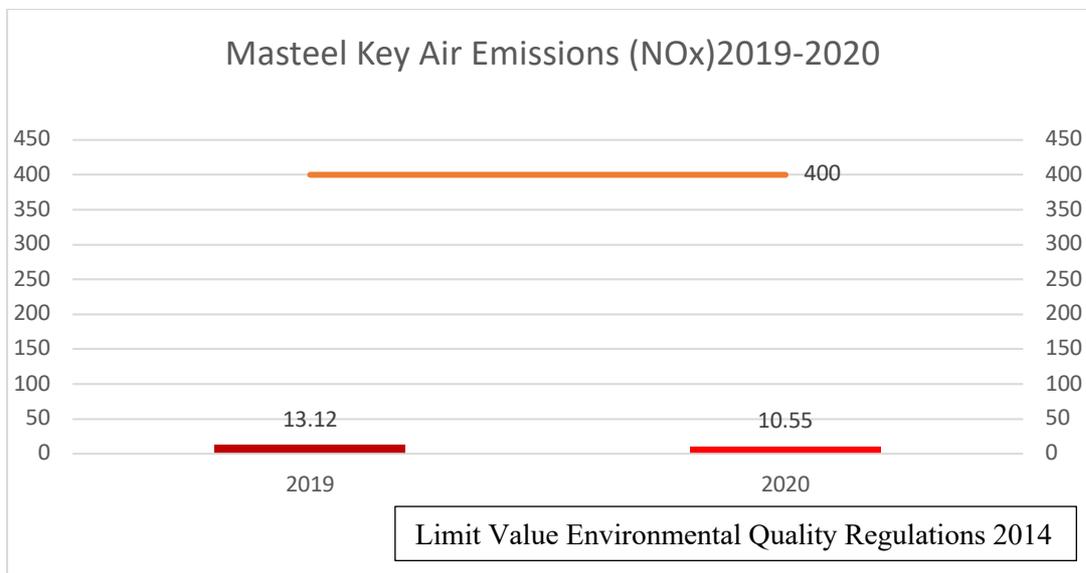
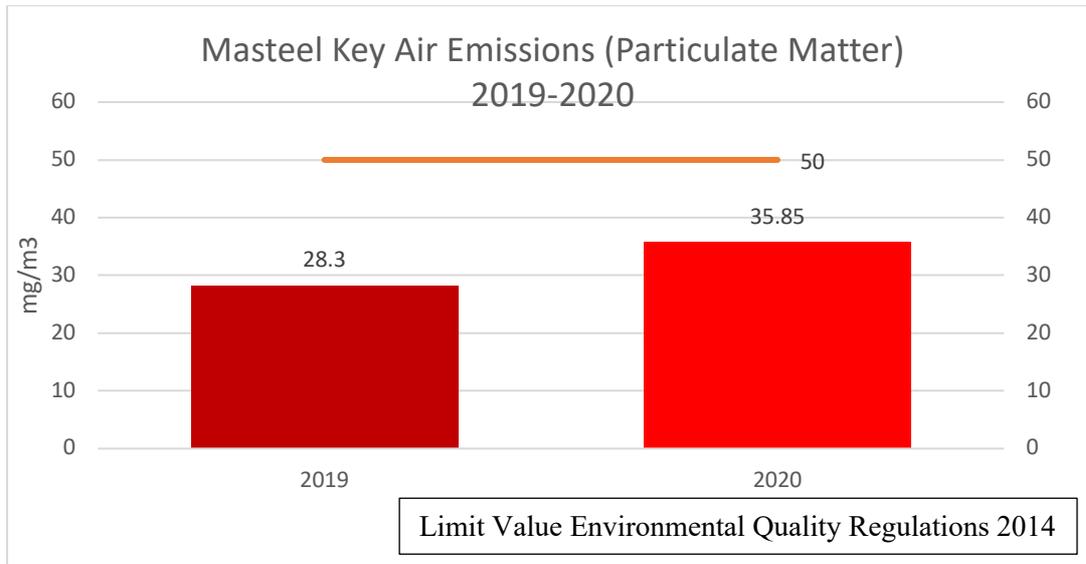
Key Environment Issues and Operational Support to ensure compliance
Environment Risk Assessment
Waste Management
Air Pollution and wastewater discharge control
Environmental Equipment maintenance
Operational Logistics and Processes
Industrial environment monitoring
Lead environmental compliance assurances
Environmental licenses and permit

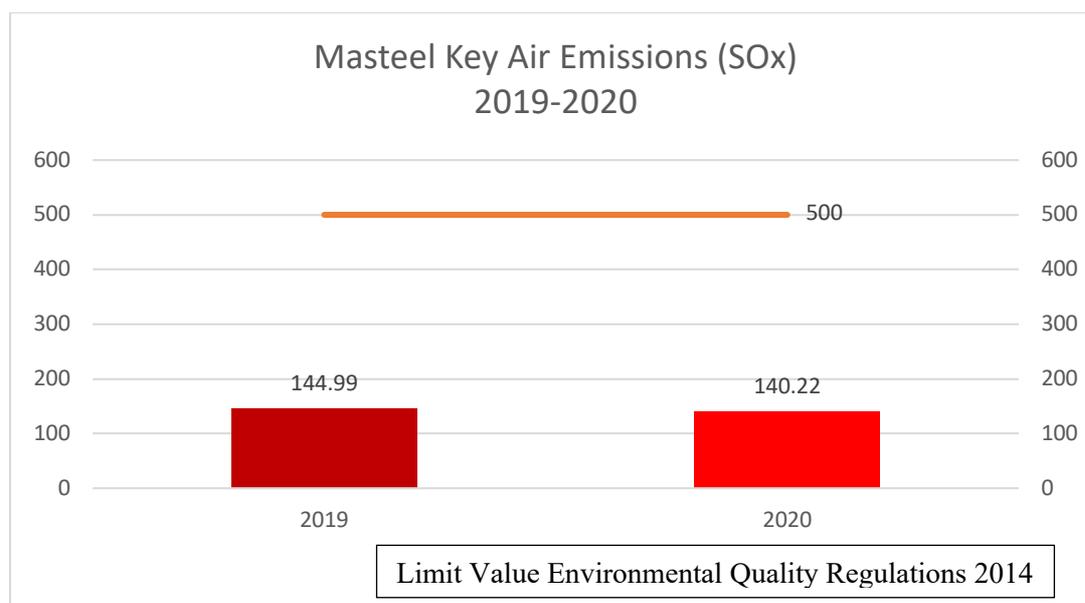
Lowering Air Emissions

Masteel production of both billets and bars will inevitably be accompanied by some air emissions which potentially can impact the environment and human health. To minimise this, Masteel applies the following innovative technological solution by upgrading the furnace and replacing obsolete equipment with modern systems. To ensure that our emissions not only stay within acceptable limits but is also reducing through time; we carry out regular monitoring activities.

Typical air pollutants associated with steel-making processes include particulate matter (dust), nitrogen oxide (NOx) and Sulphur Oxide (SOx). The charts below shows the amount of Masteel's key air emissions discharge for the year 2019 and 2020. [GRI305-7](#)

Masteel improves its manufacturing process by substituting a major part of its Electric Arc Furnace ("EAF") processes with Induction Furnaces ("IF") and the use high-quality low carbon scrap in its manufacturing.





CO2 Emission

CO2 emissions as a result of production and by-product processes contributed around 32,724 tCO2e. Masteel will identify areas of improvement to reduce the number of emissions and will set targets on CO2 emission.

Malaysia is a signatory party to both the Kyoto Protocol (12 March 1999) and the Paris Agreement. (22 April 2016) (Retrieved from United Nation Climate Change, <https://unfccc.int/node/61107>). Malaysia Intended Nationally Determined Contribution of the Government of Malaysia (INDC, Malaysia) will reduce CO2 emission unconditionally by 35% and a further 10% is a condition upon receipt of climate finance, technology transfer and capacity building from developed countries. In supporting Malaysia goals to climate change, Masteel will do its part to reduce its CO2 emission and undertake to reduce its CO2 emission targets as stipulated by INDC.

Climate Change

GRI201-2

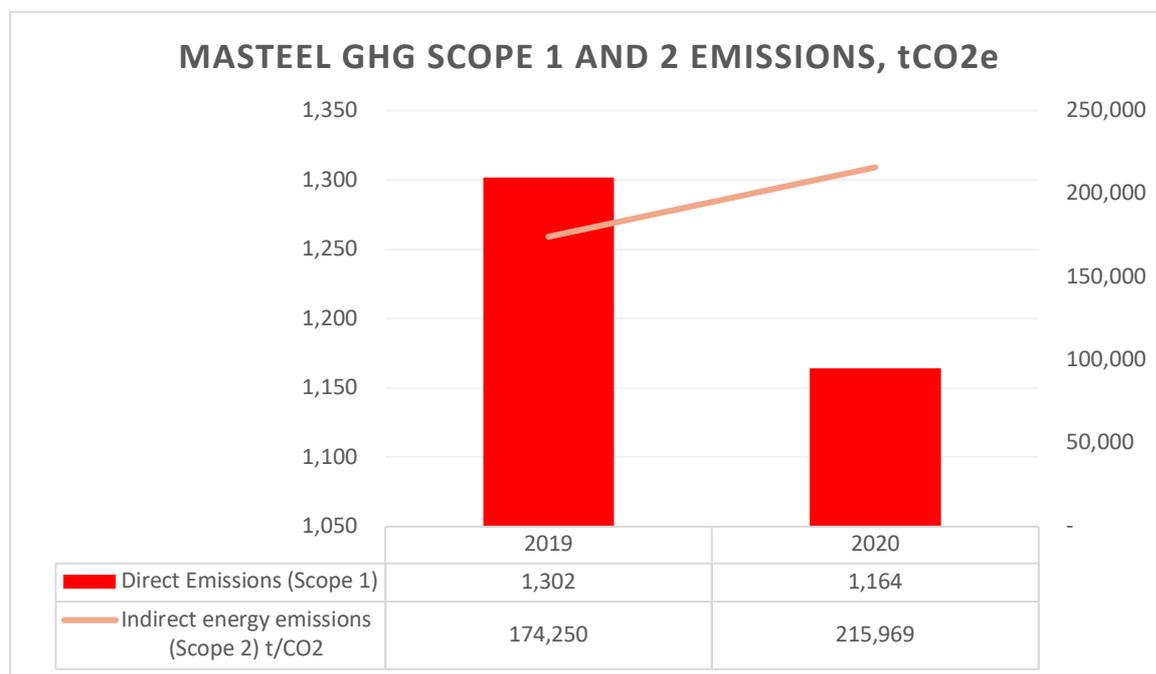
In response to climate change, Masteel is responding by being a responsible producer, will enhance its focus on climate change processes and address issues that require a significant amount of reduction in GHG emissions in its production.

To reduce impacts on the climate and to lessen the related risk, Masteel will support initiatives by the Government of Malaysia in their goals to reduce GHG by 35% before 2030. Masteel will undertake to study assessments on how to mitigate and reduce the emission of GHG.

Masteel adheres to the requirements of the 2006 International Planetary Climate Change (IPCC 2006) and the WRI GHG Protocol Corporate Accounting and Reporting Standard and applies the following approach to GHG emissions accounting.

Masteel reports GHG emissions for both segments of the business in tonne/CO2 calculated using the IPCC 2006 global warming principles. The chart below shows the amount of GHG emissions as a result of Masteel production. [GRI305-5](#)

GRI305-1, 305-2



Boosting energy efficiency

GRI302-1, GRI302-3

One of Masteel major cost is energy. Masteel constantly seeks to reduce energy consumption is one-way Masteel can lower the environmental impacts. For many years, Masteel constant seeks to innovate to reduce energy consumption at its production facilities.

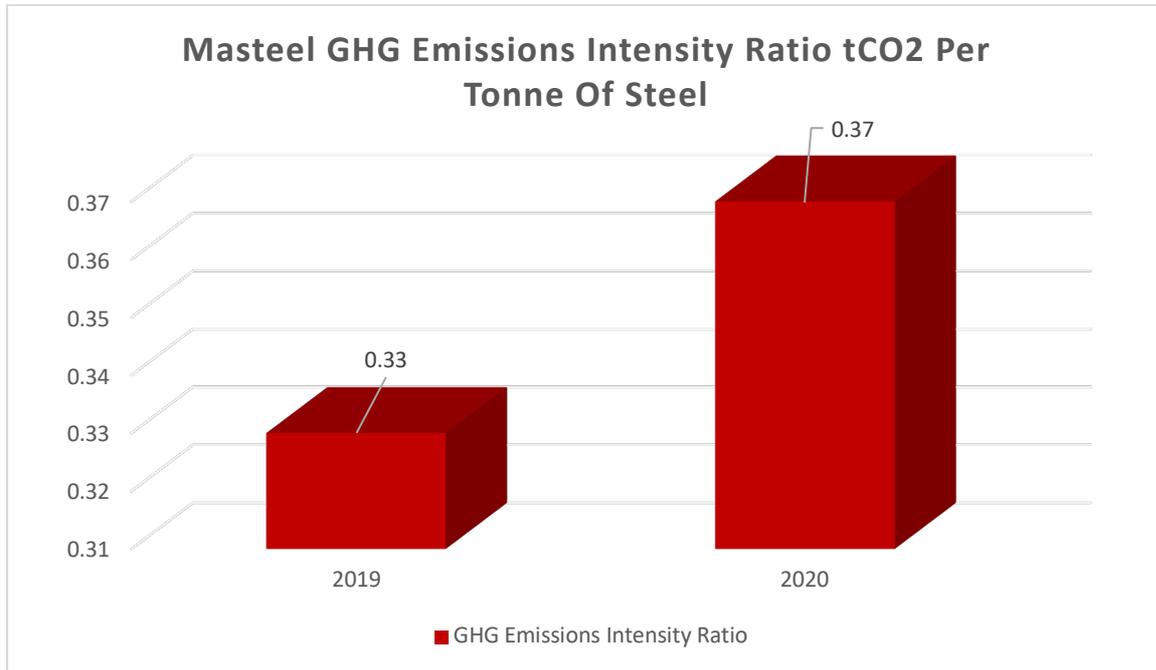
Masteel energy consumption like any major production facility rises with the increase in production output or the release of energy from the intensive metal melting process.

The Energy intensity level for Masteel is one of the key drivers for our energy efficiency programmes. Measures taken to boost energy efficiency include:

- Minimise errors in product specifications and enhancing quality to prevent loss of energy by remelting.
- Ensuring production error is minimised to prevent rejection by customers.

The chart below shows the energy intensity by Masteel. Masteel does not have any energy intensity Key Performance target as yet but will endeavour to look into drafting an energy policy soon to address issues relating to climate change.

GRI305-4



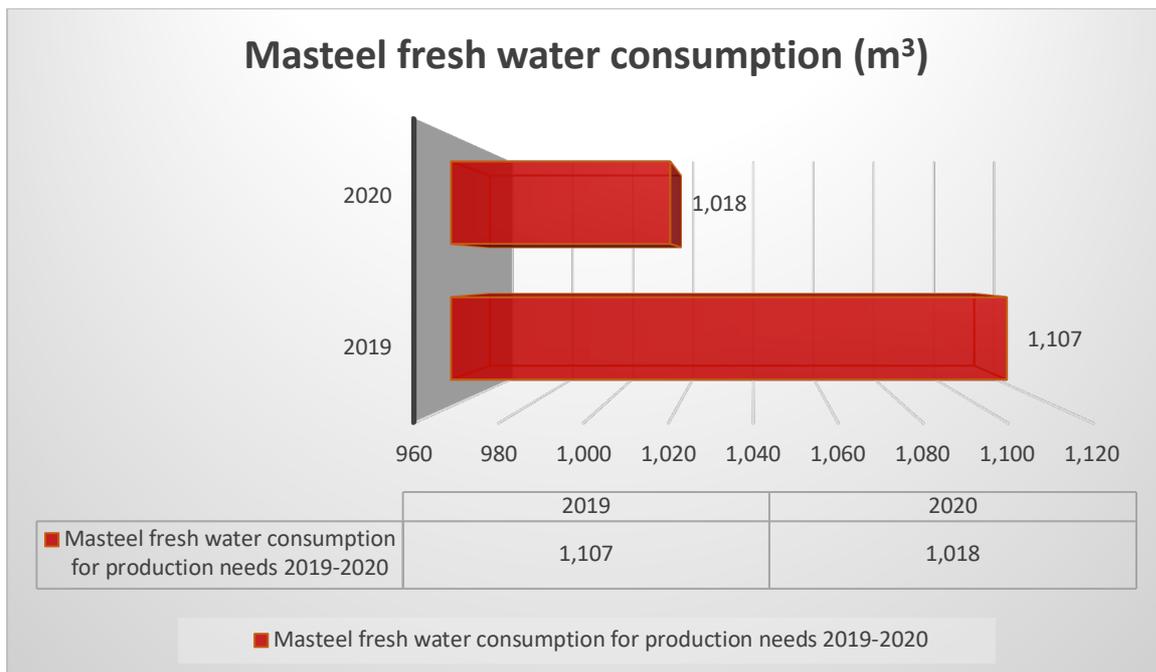
Balancing Water Supply

GRI303-1, GRI303-2

Masteel business operations require a significant volume of water daily. As water is an essential part of our production process, Masteel seeks to endeavour how to minimise the use of water and develop effective water management practices vis-à-vis water intake, recirculating of water and treatment of wastewater.

Freshwater resources are having significant environmental and economic importance for the world. Masteel consumes underground water for production processes, equipment cooling needs, fire safety and public water networks for drinking and household purposes.

Based on our environmental targets, we will need to reduce our water consumption level by 2% annually over the next five years and undertake various water cutting initiatives.

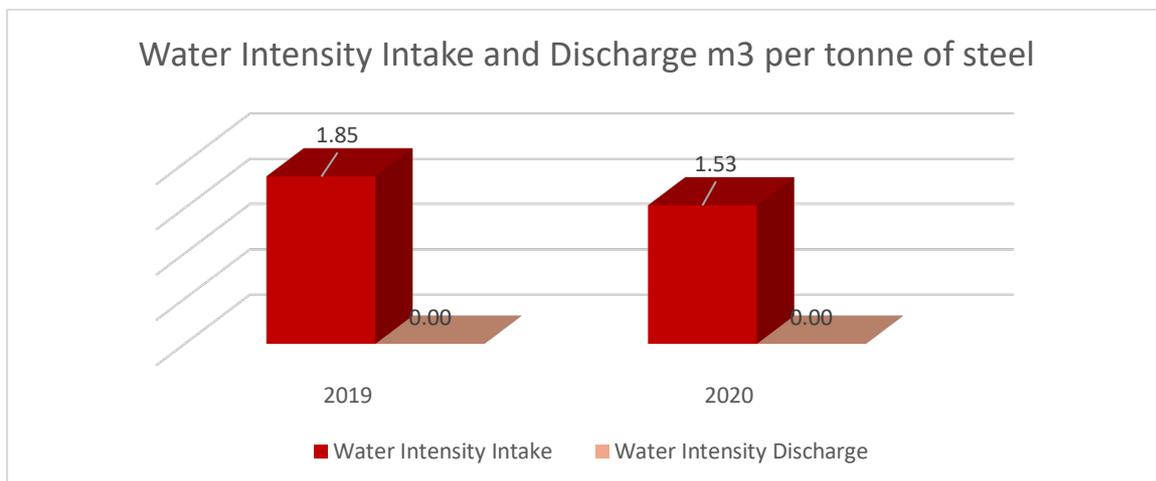


GRI303-3

Masteel water consumption source of water is mainly by the underground water. Our primary use of water is mainly used for cooling purposes and we used a “closed recycling systems”. Masteel does not discharge any wastewater as all its water are reticulated within its network for production use.

The water intensity rate (m³ of water used per tonne of steel cast) is 1.53 m³ for the year 2020.

GRI303-4



Promoting and developing water recirculation is an essential part of reducing the use of public network water. **GRI303-5**

Waste Management

During steel-making operations, Masteel generates several types of waste. The following are Masteel schedule waste as listed below:-

Waste Code	Schedule Waste Item	Handling Method
SW104	EAF Dust	Recovery
SW110	E-Waste	Recycle & Recovery
SW305	Spent Lubricating Oil	Recycle & Recovery
SW306	Spent Hydraulic Oil	Recycle & Recovery
SW409	Disposed container contaminated with chemical	Recycle & Recovery
SW410	Contaminated gloves, rags, plastics	Recycle & Recovery

Masteel endeavours to reduce, reuse and recycle its waste according to the Department of Environment (DOE) as per the schedule waste code shown above. Masteel will ensure that all its waste all properly handled, labelled, store and disposed of according to regulations. All scheduled waste and non-scheduled waste are being disposed of by licensed contractors or sold to third parties.

Masteel has its internal environment team in charge of all scheduled waste as per regulation guidelines and will strive to adopt best practices in handling its waste.

GRI306-2



Masteel generates around 21.6 tonnes of liquid waste comprising grease and all types of lubricants oil such as lubricant and hydraulic oil as shown in the table above whereas for solid waste such as slags and dust, Masteel generates around 38,617 tonnes for the year 2020.



In line with our Goals for 2021 and the mid-term period for Waste Management, the management will review a detailed waste management program as per DOE guidelines in the next financial reporting period and strive to improve its existing scheduled waste system as well as optimising its resources.



Supporting Local Communities

Supporting Local Communities

Management Approach

GRI413-1

Masteel aims to build positive and sustainable partnerships with local communities wherever we operate, by adhering to the best international standards of sustainable development and actively engaging with local communities. Masteel does not have a formal approach in engaging with local communities but Masteel has been supporting various education, social-economic programs for university students over the years. Masteel has been supporting various foundations, sponsoring financial literacy seminar and events since 2018.

All of the Masteel social investments are made voluntarily. Masteel strictly abides by the Anti-Bribery and Anti-Corruption Policy on social and gifts investment guidelines.





Local Community Support

GRI203-1

Masteel has been a strong pillar for the Ti-Ratana Foundation and Masteel has donated more than RM20,000 to this foundation for the financial reporting year. Masteel does not have any social investment policies but the following are Masteel areas of keen interest in social investment:

GRI203-2

Masteel for Kids

- Sponsoring educational programmes for children and young people, providing Scholarships;
- Financing the purchase of necessary school supplies, sports equipment, and developing territories around schools, youth centres, kindergartens and orphanages;
- Supporting children in orphanages, and supporting families with children with special needs.

GRI203-2

Masteel organises and participated in several youth-related programmes. The more recent event was to support financial literacy for university students.





Responsible Supply Chain

Responsible Supply Chain

Masteel aims to have responsible and efficient supply chain management to ensure business continuity and to support sustainable operations throughout the entire value chain. In our business practises, it is very important for Masteel that we develop a sustainable approach to our supply chain and adhere to applicable laws in the places we operate.

Masteel strategic goal is to become the leader in the steelmaking industry in terms of:

- Producing quality products at a competitive price.
- Managing procurement cost.
- To ensure Masteel facilities are well maintained in order to have max efficiency for the production.

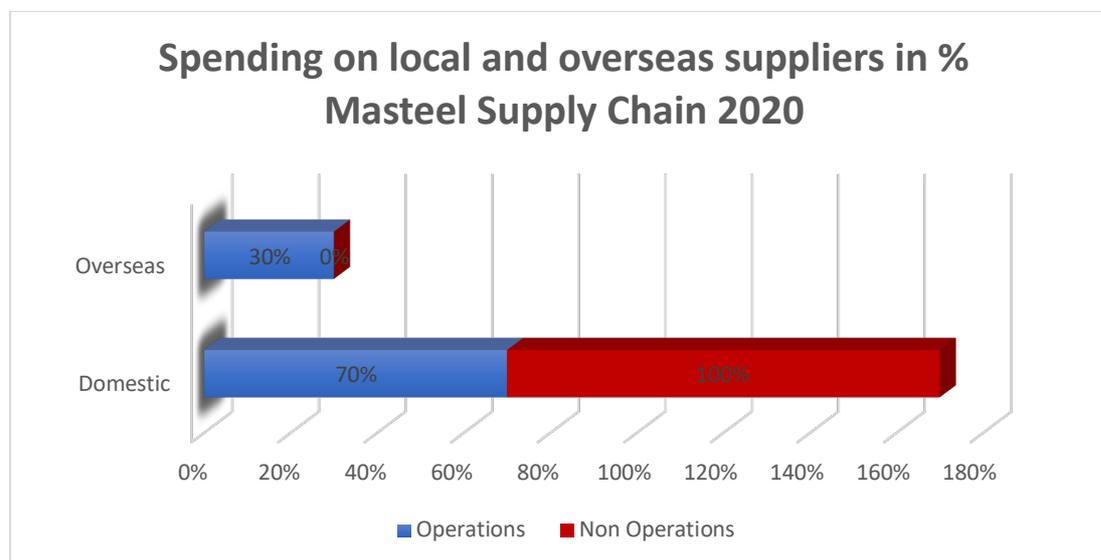
Contribution to the prosperity in areas Masteel operates

GRI102-10

Fruitful cooperation between Masteel and enterprises and their local partners contributes to the socio-economic development in areas Masteel operates. Masteel prioritises the procurement of goods and services from local suppliers that meet our requirements.

In 2020, no significant changes in our supply chain structure were recorded vis-à-vis the location of our suppliers. The total number of suppliers for Masteel is 275 with a total expenditure of RM605 million, while the share of local suppliers in Masteel procurement was 70%.

Masteel endeavour to continue to explore and give priority to local SMEs to contribute to the socio-economic improvement of this sector. [GRI204-1](#)



Masteel will continue to make efforts to enhance the quality and efficiency of procurement processes as part of our major goal of integrating sustainability aspects into supply chain management. For 2021, and the medium-term actions to facilitate improving the supply chain were:

- Upgrading the Supply Chain and Procurement Policy.
- Optimisation of distribution.
- Developing employees' competencies in supply chain management.
- Conducting benchmark analysis on supply chain procurement and implement best practices.



Appendix 1 – GRI Content Index GRI102-55

GRI Indicator	Disclosure	Description	Comments/ Omissions
GRI 102 General disclosures			
1. Organisational profile			
GRI 102-1	Name of the organisation	About Masteel	
GRI 102-2	Activities, brands, products, and services	What we produce	
GRI 102-3	Location of headquarters	Who we are	
GRI 102-4	Location of operations	Where we operate	
GRI 102-5	Ownership and legal form		Malaysia Steel Works (KL) Bhd
GRI 102-6	Markets served	Who we are	
GRI 102-7	The scale of the organisation	Where we operate	
		What we produce	
GRI 102-8	Information on employees and other workers	Human rights	Total number of employees by an employment contract (permanent and temporary) is disclosed by gender only.
GRI 102-9	Supply chain		
GRI 102-10	Significant changes to the organisation and its supply chain	Contribution to the prosperity in areas Masteel operates	
GRI 102-11	Precautionary Principle or approach	Sustainability risk management	
GRI 102-12	External initiatives		
GRI 102-13	Membership of associations	Memberships of associations, societies and institutions	
2. Strategy			
GRI 102-14	Statement from senior decision-maker	Message from the CEO	
3. Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	Ethics and business conduct	
4. Governance			
GRI 102-18	Governance structure	Masteel Sustainability Structure	
		Ethics and business conduct	
5. Stakeholder engagement			
GRI 102-40	List of stakeholder groups	Stakeholder engagement	
GRI 102-41	Collective bargaining agreements		
GRI 102-42	Identifying and selecting stakeholders	Stakeholder engagement	
GRI 102-43	Approach to stakeholder engagement	Stakeholder engagement	
GRI 102-44	Key topics and concerns raised	Stakeholder engagement	
6. Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	Reporting boundaries,	
GRI 102-46	Defining report content and topic boundaries	About this report	
		Identification of material topics	
GRI 102-47	List of material topics	Identification of material topics	
GRI 102-48	Restatements of information		No significant restatements of information were made.
GRI 102-49	Changes in reporting		No significant changes from previous reporting periods in the list of material topics and topic boundaries were made.
GRI 102-50	Reporting period		Annually
GRI 102-51	Date of the most recent report		1 st Year Reporting
GRI 102-52	Reporting cycle		

GRI 102-53	Contact point for questions regarding the report	Contact Information	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Data preparation methodology	
GRI 102-55	GRI content index	Appendix 1 – GRI Content Index	
GRI 102-56	External assurance	Appendix 5 – Independent assurance report	NOT APPLICABLE
Material topics			
GRI 200 Economic			
GRI 201 Economic performance			
GRI 103	Management Approach	Direct economic value generated and distributed	
GRI 201-1	Direct economic value generated and distributed	Direct economic value generated and distributed	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate change	
GRI 202 Market presence			
GRI 103	Management Approach	Motivation and engagement	
GRI 202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Motivation and engagement	The data without a breakdown by gender.
GRI 203 Indirect economic impacts			
GRI 103	Management Approach	Local communities support projects	
GRI 203-1	Infrastructure investments and services supported	Local communities support	
GRI 203-2	Significant indirect economic impacts	Local communities support	
GRI 204 Procurement practices			
GRI 103	Management Approach	Management approach	
GRI 204-1	The proportion of spending on local suppliers	Contribution to the prosperity in areas Masteel operates	The information concerning the share of local suppliers procurement in areas of our operations
GRI 205 Anti-Corruption			
GRI 103	Management Approach	Ethics and business conduct	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ethics and business conduct	
		Anti-Bribery and Anti-Corruption risk management	
GRI 205-3	Confirmed incidents of corruption and actions taken	Ethics and business conduct	
GRI 300 Environmental			
GRI 302 Energy			
GRI 103	Management Approach	Boosting energy efficiency	
GRI 302-1	Energy consumption within the organisation	Boosting energy efficiency	Energy consumption is disclosed for a limited number of enterprises that are stated in the text of the relevant section.
GRI 302-3	Energy intensity	Boosting energy efficiency	
GRI 303 Water			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Balancing water supply,	
GRI 303-1	Interactions with water as a shared resource	Balancing water supply	
GRI 303-2	Management of water discharge-related impacts	Balancing water supply	
GRI 303-3	Water withdrawal	Balancing water supply	Water withdrawal is disclosed as a specific indicator per RM revenue

GRI 303-4	Water discharge	Balancing water supply	The indicator disclosed in part, without a breakdown by type of destination.
GRI 303-5	Water consumption	Balancing water supply	Total water consumption is disclosed for Masteel. The breakdown of water consumption by sources is disclosed for Masteel overall, as well as for each reporting segment is disclosed as the size of areas rehabilitated.
GRI 305 Emissions			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Reducing air emissions	
		Climate change	
GRI 305-1	Direct (Scope 1) GHG emissions	Climate change	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate change	
GRI 305-4	GHG emissions intensity	Climate change	The intensity of GHG emissions is calculated as GHG emissions (kg CO ₂) divided by consolidated revenue, broken down by the reporting segments. GHG emissions intensity is also disclosed as a specific metric per tonne of steel cast (t CO ₂ e per tonne of steel cast).
GRI 305-5	Reduction of GHG emissions	Climate change	In 2020, Masteel operations demonstrated an increase in GHG emissions both in Scope 1 and Scope 2 due to higher steel production.
GRI 305-7	Nitrogen oxides (NO _x), sulphur oxides, (SO _x), and other significant air emissions	Lowering air emissions	Key air emissions of Masteel include SO _x , NO _x , PM.
GRI 306 Effluents and waste			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Waste stewardship	
GRI 306-2	Waste by type and disposal method	Waste Management	The information is disclosed for the following: — total non-mining waste and by-product generated by Masteel enterprises — shares of waste generated and received
GRI 306-3	Significant spills		During the reporting period, no significant environmental accidents occurred at the Group's enterprises. Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.
GRI 307 Environmental compliance			
GRI 103	Management Approach	Health, safety, and environmental governance	We make efforts to be compliant with all applicable environmental regulation and consistent with the expectations of our stakeholders.
		Environmental management	
		Management approach	
GRI 307-1	Non-compliance with environmental laws and regulations	Environmental management	The total amount of environmental fines and penalties is disclosed for 2020
GRI 400 Social			
GRI 401 Employment			
GRI 103	Management Approach	Employees, Management approach	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Motivation and engagement	MASTEEL provides the same benefits both to local and foreign
		Non-Financial Motivation	

GRI 403 Occupational health and safety			
GRI 103	Management Approach	Health, safety, and environmental governance	
GRI 403-1	Occupational health and safety management system	Evolving health, safety, and environment	
GRI 403-2	Hazard identification, risk assessment, and incident investigation		
GRI 403-3	Occupational health services		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		
GRI 403-5	Worker training on occupational health and safety		
GRI 403-6	Promotion of worker health		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
GRI 403-8	Workers covered by an occupational health and safety management system		Despite the fact that only the main enterprises of the Group are certified for compliance Health and Safety management, ISO 45001 by an occupational health and safety management system.
GRI 403-9	Work-related injuries	Occupational injury prevention	Injury rates are not included data on contractors as the number of hours worked is not recorded.
GRI 403-10	Work-related ill-health		Treating occupational diseases, there are no available statistics on the number of fatalities as a result of work-related ill-health. The Group doesn't collect data on contractors.
GRI 404 Training and education			
GRI 103	Management Approach	Learning and development	
GRI 404-1	Average hours of training per year per employee	Learning and development	
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes		
GRI 405 Diversity and equal opportunity			
GRI 405	Management Approach	Human rights	
GRI 405-1	Diversity of governance bodies and employees	Human rights	
		Workforce Diversity	
GRI 405-2	Ratio of basic salary and remuneration of women to men	Learning and development	
GRI 413 Local communities			
GRI 103	Management Approach	Community relations	
		Management approach	
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Supporting local communities	

Appendix 2 – Scope of Environment indicators disclosure

WATER INDICATORS

List of Locations where Environment Disclosure is obtained
Masteel – Petaling Jaya Malaysia
Bukit Raja – Klang – Malaysia

AIR EMISSIONS INDICATORS

List of Locations where Environment Disclosure is obtained
Masteel – Petaling Jaya Malaysia
Bukit Raja – Klang – Malaysia

WASTE INDICATORS

List of Locations where Environment Disclosure is obtained
Masteel – Petaling Jaya Malaysia
Bukit Raja – Klang – Malaysia

GHG INDICATORS

List of Locations where Environment Disclosure is obtained
Masteel – Petaling Jaya Malaysia
Bukit Raja – Klang – Malaysia



Masteel Approach to Climate Change

Introduction

Masteel understands the critical role it must play to address concerns on climate change. It has taken pro-active steps to ensure the minimum impact on the climate due to its activities.

Masteel climate change-related initiatives and results

Masteel had commenced its technological transformation in 2018 to ensure the reduction of raw materials, wastes and emission by 2023.

Message from the CEO

Our Vision

As one of the nations' largest and leading steel companies, we understand and recognise the growing importance of climate change. According to the Intergovernmental Panel on Climate Change ("IPCC"), the continuation of current trends in greenhouse gas emissions "(GHG)" could lead to the global average temperature rising by more than 4°C by the end of the century with drastic consequences for many regions of our planet.

The Paris Agreement, signed in 2015 by 195 countries set an ambitious target to keep global warming well below 2°C and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The steel industry is working towards reducing its GHG emissions, however, the industry remained relatively carbon-intensive and a transition to new production methods will be a gradual journey. At the same time, steel has a vital role to play in decarbonisation through the supply of materials required for the modernisation of energy, transport and construction sectors.

The construction sector is expected to rebound by 11% (*S BIRRUNTHA, The Malaysia Reserve, Feb 5th 2021, Construction sector earnings to recover by 11%*) and this will increase the demand for our steel products. At the same time, Masteel recognises its role in mitigating GHG emissions and seek to identify new opportunities in a low-carbon world.

As the effects of climate change become increasingly evident globally and the policies on environment evolves, large businesses like Masteel must consider on how to respond to merging risks and opportunities. With this inception report, which we have prepared based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have outlined the principles underpinning our approach to climate change and seek to provide greater insight for stakeholders on the actions taken by the company.

We hope this report will provide an insight into how Masteel looks at climate scenario risks and how we can further mitigate our risk moving forward.

Our action

Masteel recognises the importance of climate change and have taken several measures in defining our actions plans to strengthen our commitment to climate change.

In 2020, we have taken steps to set up the TCFD and to understand potential long-term risk and opportunities in addressing climate change. We initiated this journey by conducting a qualitative analysis of three climate scenarios, which envisage growth in global averages temperatures of – 1.5°C, 2.0°C and 4.5°C by 2100. Drawing on the climate scenarios developed by the IPCC – which provide insight into physical climate impacts for your planet under different scenarios and Shared Socioeconomic Pathways ("SSP"), which provide outlooks for socioeconomic factors corresponding to the different climate scenarios.

Masteel will undertake to study how these scenarios will impact its business and we will update yearly in our annual reporting.

Our approach to climate change

Significance of climate change

Masteel recognises the significance of the challenges posed by climate change and the urgency at which society must respond. We support the global effort to reduce GHG emissions released into the atmosphere and understand that businesses must take an active role in finding solutions, while also take measures to protect stakeholders from the risks posed by climate change.

Masteel follows the IPCC'S recommendations and supports global initiatives, including the United Nations Sustainable Development Goal 13 – Climate Action – and the recommendations of the World Steel Association to minimize the industry's impact on climate change.

Masteel operates in Malaysia, which is a signatory to the Paris Agreement on climate change, which set an overall goal to keep the growth in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Malaysia has its own Nationally Determined Contribution (“NDC”)– a specific goal to reduce GHG emissions.

The Nationally Determined Contributions of Malaysia where Masteel operates.

Country	Strategy	Annual GHG emissions, MtCO (2019)	Share of Global GHG emissions % (2019)
Malaysia	Malaysia intends to reduce its greenhouse gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. This consist of 35% on an unconditional basis and a further 10% is condition upon receipt of climate finance, technology transfer and capacity building from developed countries.	248.8 ¹	0.7 ²

¹Malaysia CO2 Emissions, Data Retrieved from <https://knoema.com/atlas/Malaysia/CO2-emissions>

² World total GHG Emission – 35,515.3 million ton CO2, Data retrieved from <https://knoema.com/atlas/ranks/CO2-emissions?baseRegion=MY>

Our principles

Our Environmental Strategy towards our approach to climate change is as follows:-

		
<p>Reduce GHG emissions of the Company's operations through employing new technologies</p>	<p>Improve resilience in our business model and adopting a new strategy by assessing climate-related risks and opportunities.</p>	<p>Collaborate with steel associations, Government agencies and international associations in support of climate change adaptation and mitigation.</p>
<p>In the year 2021-2030 Masteel will develop its climate change remediation which aimed to maintain a carbon intensity ratio below 2 tonnes of CO₂ per tonne of steel production. We will look into energy efficiency and capitalising on our equipment to address our CO₂ emission. We will monitor our Scope 1 and 2 GHG emissions and develop additional measures aimed at reducing our GHG and optimising our resources.</p>	<p>Masteel understands that climate change risk is a game-changer in the future and Masteel needs to evaluate its present business model in adaptation to climate change, understand the risks and opportunities, scenario analysis as described in this Report.</p>	<p>Masteel is a member of several Steel Associations and these associations will provide input on sustainable development and will serve as a platform within their industries to the best ways to enable Steel manufacturers can adapt to climate change.</p>

Climate change governance

Matters related to climate change, including governance, strategy, risk management and environmental targets are within the Sustainability Committee. The Board meets quarterly to discuss the climate change efforts, and oversees the process of managing climate-related risks and opportunities, and approves the risk appetite of the Masteel. Reference to be made to page 18 of this report for Sustainability Governance.

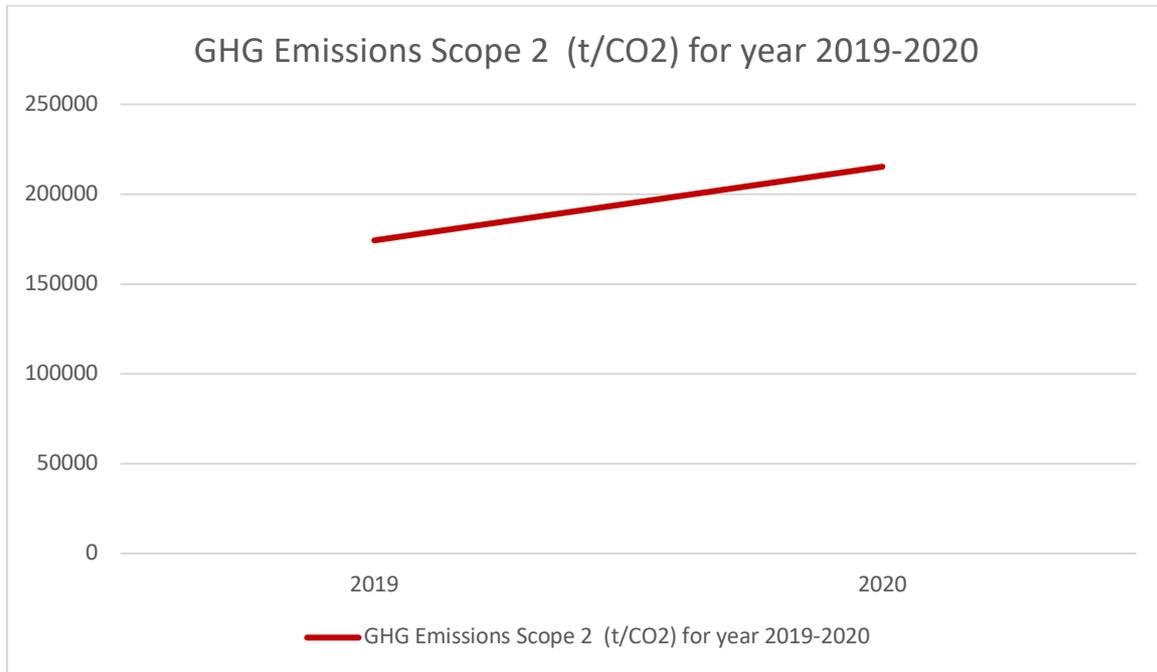
Our business and climate change

Climate indicators, targets and performance

Masteel understands the urgency of preventing climate change and supports global efforts to measure and reduce GHG emissions released into the atmosphere.

Masteel measures direct (Scope 1) and indirect (Scope 2) emissions from the use of electricity and heat. Scope 1 emissions' from Masteel activities were 1,164 t/CO₂ and Scope 2 emissions were 215,969 t/CO₂.

GHG emissions increased by almost 23% in 2020 compared to the previous year due to higher steel production. A more detailed account of the distribution of our GHG emissions is shown in the figure below:-



Our approach to the management of climate-related risks

Climate scenario review

As this is our inception report on Climate change, Masteel will need to understand how climate and socioeconomic conditions may evolve under different climate scenarios. Masteel evaluates its qualitative findings based on potential physical risks and transitions risks for future analysis.

Masteel review is based on two scenarios of the Representative Concentration Pathways (RCP) family used by IPCC. The scenarios were chosen due to their level of detail, use of authoritative sources and wide applications for risk assessment. The two different RCP Climate models are as follows:-

RCP Pathways	RCP Scenario
RCP2.6	According to the IPCC, RCP 2.6 requires that carbon dioxide (CO ₂) emissions start declining by 2020 and go to zero by 2100. It also requires that methane emissions (CH ₄) go to approximately half the CH ₄ levels of 2020, and that sulphur dioxide (SO ₂) emissions decline to approximately 10% of those of 1980–1990. RCP 2.6 requires negative CO ₂ emissions (such as CO ₂ absorption by trees). For RCP 2.6, those negative emissions would be 2 Gigatons of CO ₂ per year (GtCO ₂ /yr). RCP 2.6 is likely to keep global temperature rise below 2°C by 2100. ³
RCP 4.5	RCP 4.5 is described by the IPCC as an intermediate scenario. Emissions in RCP 4.5 peak around 2040, then decline. According to the IPCC, RCP 4.5 requires that carbon dioxide (CO ₂) emissions start declining by approximately 2045 to reach roughly half of the levels of 2050 by 2100. It also requires that methane emissions (CH ₄) stop increasing by 2050 and decline somewhat to about 75% of the CH ₄ levels of 2040, and that sulphur dioxide (SO ₂) emissions decline to approximately 20% of those of 1980–1990. Like all the other RCPs, RCP 4.5 requires negative CO ₂ emissions (such as CO ₂ absorption by trees). For RCP 4.5, those negative emissions would be 2 Gigatons of CO ₂ per year (GtCO ₂ /yr). RCP 4.5 is more likely than not to result in a global temperature rise between 2°C and 3°C, by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. ⁴

TCFD defines transition and physical risks as follows:

Transition risks	Physical risks
“Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations”.	“Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations’ financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations’ premises, operations, supply chain, transport needs, and employee safety.”

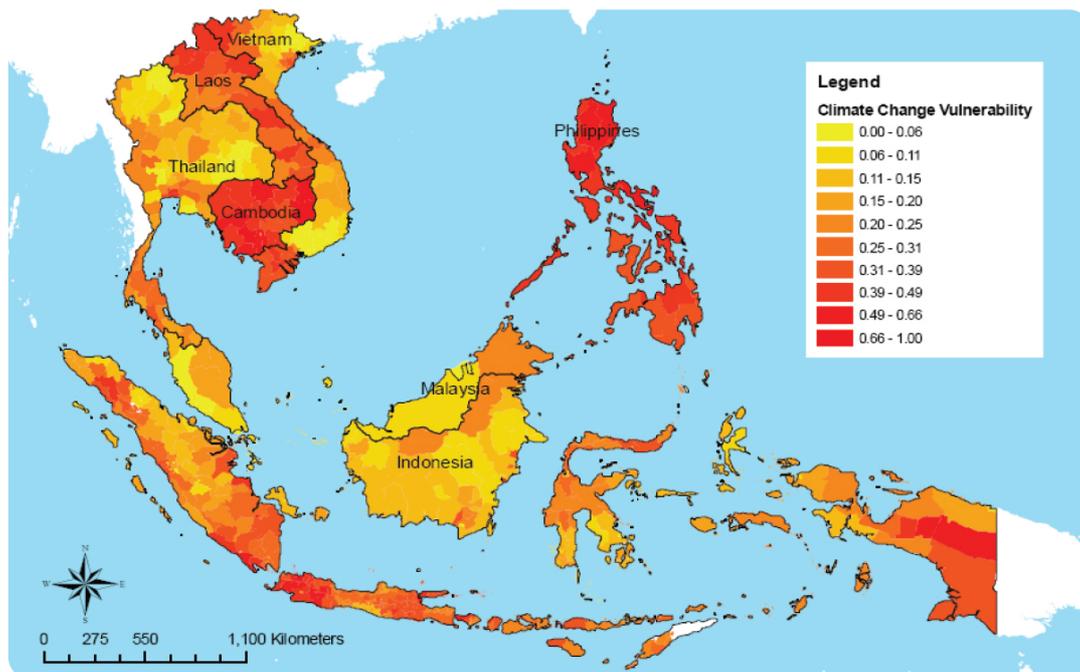
³ Representative Concentration Pathway, In Wikipedia
https://en.wikipedia.org/wiki/Representative_Concentration_Pathway#RCP_2.6

⁴ Representative Concentration Pathway,
https://en.wikipedia.org/wiki/Representative_Concentration_Pathway#RCP_4.5

Assumptions and forecasts for the RCPs and complementary SSPs for each pathway

Discussion of findings from scenario analysis

In the next section, we summarise the assumptions and forecasts for the RCP and complementary SSPs for each pathway. Please note for the assumption of our analysis, we draw on various sources and forecast. We used the following names for the two different scenarios under review. ‘Paris-compliant’; ‘Low-carbon development’.



Low-carbon development scenario

Climate scenario Representative Concentration Pathway	Complementary socioeconomic scenario Shared Socioeconomic Pathway	GHG emissions in 2050, MtCO ₂ e	Energy consumption in 2050, EJ
2.6	1	42,000	520

Average global temperature rise by 2050	Average global temperature rise by 2100	Global adaptation goals	Global mitigation goals
0.4 to 1.6° C	0.3 to 1.7° C	High ambition	Low ambition

Paris-compliant scenario

Climate scenario Representative Concentration Pathway	Complementary socioeconomic scenario Shared Socioeconomic Pathway	GHG emissions in 2050, MtCO ₂ e	Energy consumption in 2050, EJ
4.5	2	60,000	650

Average global temperature rise by 2050	Average global temperature rise by 2100	Global adaptation goals	Global mitigation goals
0.9 to 2.0° C	1.1 to 2.6° C	Medium ambition	Medium ambition

Identified climate-related risks and opportunities

Transition Risk

Masteel has identified the following transition risk. Masteel will monitor these risks through new regulations, disclosing publicly climate-related risks and opportunities in accordance with the recommendations TCFD and tracking the development of new technologies in steel production.

Type of Risks	Description
 <p>Carbon price</p>	Implementation of a carbon tax will likely have impacted our financial positions. More and more countries are adopting carbon pricing which may impact our industry.
 <p>Other regulatory risks</p>	New developments in regulatory to disclosed climate-related information for regulatory bodies and stock exchange aimed to transition to a low-carbon economy.
 <p>Technology & market risks</p>	Transition to a low-carbon economy means adaptation to new technology and opportunities from a low-carbon economy.
 <p>Reputational risks</p>	As stock exchanges place greater emphasis on climate-related risk, investors dedicate greater attention to companies on sustainability factors.
 <p>Fires and droughts</p>	Fire and Drought as a result of climate change will impact Masteel's customers thus impacting business operations.
 <p>Adverse weather events (hurricanes, storms, flooding)</p>	Acute changed in weather patterns will likely impact business interruptions caused by rising sea levels, rising floods, forest fire and its impact on Masteel business operations.
 <p>Change in rainfall patterns</p>	Change in rainfall patterns to affect coastal areas, lead to severe flooding, damage of properties and accessibility etc.

Opportunities

Masteel can leverage opportunities from the low-carbon economy. Some of the low-carbon economy opportunities for the steel industry are as follows: -

Resource Efficiency

- Enhance the use of scrap metal.
- Improved efficiency of water resources management (closed-loop water systems)
- Using more IF for melting.

Energy Sources

- Gradual transition to less carbon-intensive and more efficient energy resources.
- Gradual increase of renewable in our energy mix.

Markets and Products

- Identification of opportunities in new markets and new products related to the low-carbon economy transition and climate change adaptation and mitigation.

The future of the metals and steel industry

An Overview of Malaysia Steel Trends

Steel is a vital material for our future and cannot be easily replaced. Moreover, the global transition to a low-carbon economy will require infrastructural advances, renewable energy resources, electric vehicles, efficient industrial equipment all require lighter and stronger steel products. As a result, demand for metals will continue for the future growth in both developed and developing economies.

As a major contributor to the construction sector, Masteel is poised to meet the needs of stakeholders, who want to see us as a strong and resilient company in a changing world. This approach requires a reduction in GHG emissions, the responsibility of the management of natural resources, maximising the life cycle of metals and ensuring our suppliers comply with our environmental strategy as well.

Demand for steel bars in Malaysia, represented by the apparent consumption of steel bars, decreased from 2.82 million MT in 2017 to 2.81 million MT in 2019 at a negative CAGR of 0.18%. A decrease in apparent consumption of steel bars in Malaysia may be due to a lower YOY growth in the country's construction activities as well as an increase in exports of steel bars in 2019. The exports of steel bars increased by 256.77% from 90,870 MT in 2018 to 324,197 MT in 2019.

In view of the negative impact on most businesses as a result of the COVID-19 pandemic and the nationwide movement restrictions imposed by the Government, Smith Zander estimates the demand for steel bars, based on the apparent consumption of steel bars, to have declined by 6.41% from 2.81 million MT in 2019 to 2.63 million MT in 2020. Nevertheless, in view of the anticipated recovery of the steel bar market underpinned by the demand drivers outlined in Section 5.2.2, Smith Zander forecasts the demand for steel bars to grow by 4.94% from 2.63 million MT in 2020 to 2.76 million MT in 2021.⁵

The transitioning into Industrial Revolution 4.0 which will play a critical role to spur the needs for steel demand and production.

⁵ Malaysia Steel Works (M) Bhd, Circular to Shareholders, 8th February 2021, M&A Securities Sdn Bhd

Focus of our GHG reduction activities

We expect the industry to enhanced its technological capabilities to improve its efficiency and reduce GHG emissions. Masteel will keep a lookout for new technology that could be deployed to reduce GHG emissions. We also consider the cost-effectiveness of these technologies for our business. Masteel will look into areas to be improved and identify the type of technology in our bid to reduced GHG.

Scope 1 emissions primarily depend on our policy, mitigation of Scope 2 emissions may be influenced by the development of the energy system in Malaysia.

Technologies we currently employ to mitigate GHG emissions

Improved in the collection of scrap metals of better quality	Gradually transition to low-carbon energy sources	Reducing fuel consumption intensity through efficient energy resources.
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Processing of scrap metal in IFs

Processing scrap metal in IFs eliminates the need for the importation of coke, lime and other materials need in a normal furnace. In line with the concept of circular economy, Masteel will work with industry players to increase our raw materials based on clean high grade scrap metals to increased production.

As a general rule, steel become scrap after 10-50 years after its production. Service life is influenced by the method and intensity of product use. Therefore, demand will always outstrip the supply for scrap metals.

Low Carbon electricity

Masteel will focus on areas to use natural resources such as solar panels where possible for non-production use. Energy reduction in Scope 2 will have an impact on our carbon footprints and end of products.

Energy Efficiency

Masteel will look into the areas of how best to utilize energy for its steel production.

Technologies that enable further decarbonisation⁶

Decarbonisation Technology	Technology Description	Implementation Stages
Carbon capture and storage (CCS) AND carbon capture and utilisation (CCU).	Technologies that can separate carbon dioxide from already produced emissions for further disposal or processing. Installation of CCS/CCU could potentially reduce more than 85% of emissions of a plant, meaning that long-term investment in CCS will become more vital as governments across the global set stricter carbon regulations.	To further study and evaluate how CCS/CCU can be use in Masteel operations.
Biomass reductants.	This process uses biomass, such as palm oil waste in the form of Empty Fruit Brunch “(EFB)” as an alternative reductant or fuel that is regionally dependant such Malaysia.	Not Applicable

⁶ Decarbonization of Steel, June 3rd 2020, Retrieved from <https://www.mckinsey.com/industries/metals-and-mining/our-insights/decarbonization-challenge-for-steel#>

TCFD Index

This Report has been prepared in line with TCFD recommendations on climate-related financial disclosures. The following table presents the locations of our disclosures in this Report, as well as in our Annual Report and Sustainability and Climate Change Report 2020, in accordance with TCFD recommendations.

TCFD recommendations	Sustainability Report 2020
Governance	
Disclose the organisation's governance around climate-related risks and opportunities.	
Describe the board's oversight of climate-related risks and opportunities.	Page 70
Describe management's role in assessing and managing climate-related risks and opportunities.	Page 72
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Page 74
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Page 27
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 72
Describe the organisation's processes for identifying and assessing climate-related risks.	Page 27
Describe the organisation's processes for managing climate-related risks.	Page 27
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 27
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 48-53
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Page 48-53
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Page 48-53

Legal Disclaimer

This report contains forward-looking statements concerning the financial condition, results of operations and businesses of Masteel. All statements other than statements of historical fact are, or may be deemed to be forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding Masteel's present and future business strategies and the environment in which it will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside Masteel's control. These include changes in the political, social and regulatory framework in which Masteel will operate or in economic, technological trends or conditions; the success of business and operating initiatives; the actions of regulators; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; the behaviour of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals or similar transactions; the outcome of any litigation; the risk of doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics. Other unknown or unpredictable factors could cause actual results and developments to differ materially from those in forward-looking statements.

Neither Masteel nor any of its subsidiaries, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this report will occur. Neither Masteel nor any of its subsidiaries, undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. Each forward-looking statement speaks only as of the date of this report, i.e. 30 April 2021.

In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this report. No materials contained in this report constitute an offer, solicitation or recommendation to purchase or sell securities, or make investments. Readers should not place undue reliance on forward-looking statements.

Terms, abbreviations and definitions used in the report.

Carbon capture and storage carbon capture and Utilisation	CCS/CCU	CCUS encompasses methods and technologies to remove CO ₂ from the flue gas and from the atmosphere, followed by recycling the CO ₂ for utilisation and determining safe and permanent storage options. Despite the adoption of alternative energy sources and energy efficient systems to reduce the rate of CO ₂ emissions, the cumulative amount of CO ₂ in the atmosphere needs to be reduced to limit the detrimental impacts of climate change.
Electric arc furnace	EAF	A furnace that heats charged material utilizing an electric arc.
Greenhouse gases	GHG	GHG is any gas that has the property of absorbing infrared radiation (net heat energy) emitted from Earth's surface and reradiating it back to Earth's surface, thus contributing to the greenhouse effect. Carbon dioxide and methane are the most important GHG.
Intergovernmental Panel on Climate Change	IPCC	The IPCC is the United Nations body for assessing the science related to climate change. It was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.
Nationally Determined Contribution	NDC	NDC submitted by countries under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC) represent pledges on climate action that seek to limit global warming to well below 2°C, preferably to 1.5 °C, over pre-industrial levels.
Paris Agreement	---	An agreement within the UNFCCC, dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, agreed upon in 2015.
Representative Concentration Pathways	RCPs	RCPs are scenarios that include time series of emissions and concentrations of the full suite of GHG (GHGs). The word representative signifies that each RCP provides only one of many possible scenarios that would lead to specific radiative forcing characteristics. The term pathway emphasises that not only the long-term concentration levels are of interest, but also the trajectory has taken over time to reach that outcome.
Task Force on Climate-related Financial Disclosure	TCFD	The TCFD is an organisation that was established in December of 2015 with the goal of developing a set of voluntary climate-related financial risk disclosures which can be adopted by companies so that those companies can inform investors and other members of the public about the risks they face related to climate change.



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