

Masteel

MALAYSIA STEEL WORKS (KL) BHD
(7878-V)

SUSTAINABILITY REPORT 2024



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About Malaysia Steel Works (KL) Bhd

Malaysia Steel Works (KL) Bhd, commonly known as Masteel, is a leading integrated steel manufacturer listed on the Main Market of Bursa Malaysia Securities Berhad. As one of Malaysia's top five steel producers, Masteel specialises in manufacturing high-tensile deformed steel bars, mild steel round bars, and steel billets, catering to the construction and infrastructure sectors. Masteel's manufacturing operations are strategically located in Petaling Jaya and Bukit Raja, Klang, within the state of Selangor Darul Ehsan, Malaysia. The Bukit Raja plant serves as the cornerstone of Masteel's steel manufacturing capabilities, producing billets that form the foundational input for the company's rolling mills in Petaling Jaya and Bukit Raja. These plants are equipped with state-of-the-art, fully computerised systems, ensuring precision in steel production and adherence to the highest industry standards including sustainability standards.

Masteel's product portfolio is renowned for its adherence to both international and domestic quality standards, demonstrating the company's commitment to excellence, environmental responsibility, and safety. Masteel's products comply with stringent certifications, including SIRIM (MS 144:2014 & MS 146:2014), ISO 50001:2018 (Energy Management System), ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health and Safety Management Standard), Australasian Certification Authority for Reinforcing Steels Ltd ("ACRS"), UK Certification Authority for Reinforcing Steels ("CARES"), and TÜV NORD (Malaysia) Sdn Bhd and British Standards Institute ("BSI") certification. These accreditations reflect Masteel's unwavering commitment to delivering high-quality steel products while ensuring sustainability and safety across its operations.

Masteel has established a strong domestic distribution network, comprised of 68 dealers, while also maintaining a robust export presence. The company supplies steel products to key international markets, including Australia, Papua New Guinea, Indonesia, Singapore, Vietnam, the Philippines, Turkey, and China, further reinforcing its position as a trusted global steel provider. Beyond steel manufacturing, Masteel enhances its supply chain capabilities through its wholly-owned subsidiary, MS Express Sdn Bhd (MSX). Specialising in logistics and transportation, MSX ensures the efficient, timely, and secure delivery of Masteel's steel products. This integration enables Masteel to maintain superior quality control over its product distribution while optimising logistics efficiency and customer satisfaction.

About Malaysia Steel Works (KL) Bhd

Masteel is the first steel mill included in the FTSE4Good Bursa Malaysia Index and ranks among the Top 25% of Public Listed Companies assessed by FTSE Russell, achieving the highest ESG Rating of 4 Stars among all Main Market companies on Bursa Malaysia. Further solidifying its sustainability leadership, Masteel is the first steel manufacturer to secure the Platinum Sustainability Rating by RAM Sustainability. This recognition underscores the company's exceptional Environmental, Social, and Governance (ESG) performance, driven by its ultra-low carbon emissions technology, which supports Malaysia's transition to a greener construction sector.

As a cornerstone of the steel industry, Masteel remains dedicated to innovation, quality, and sustainability. Through its advanced manufacturing processes, stringent quality control measures, and integrated logistics via MS Express Sdn Bhd, Masteel continues to drive the future of steel manufacturing in Malaysia and beyond, contributing to the global construction and infrastructure sectors with reliable, high-quality steel products.



Membership and Associations

Masteel is a member of numerous associations, organisations, and networks, with our Executive Vice Chairman, Dato' Sri Tai Hean Leng, actively participating as a committee member and contributing to various industry initiatives. His involvement underscores Masteel's commitment to fostering collaboration, knowledge-sharing, and industry-wide sustainability efforts. Through this initiative, Masteel commits to transparently reporting our progress annually, reinforcing accountability and demonstrating leadership in sustainable business practices. By engaging with global sustainability frameworks, Masteel continues to strengthen our role in driving responsible and ethical business growth while supporting Malaysia's broader sustainability ambitions. Outlined below are associations in which Masteel holds membership or actively participates:



Malaysia Steel Association ("MSA")

Masteel Executive Vice Chairman is the Vice President of MSA

MSA is an association with the objective of upholding the interests of upstream steel companies, consolidating their strengths and providing a platform for the exchange of knowledge to achieve mutual goodwill, cooperation and unity for the benefit of all members in the Malaysian steel industry.



Malaysia Steel Institute ("MSI")

Masteel Executive Vice Chairman is the Malaysian Government appointed Executive Director of MSI

MSI is an industry driven enterprise supported and funded by the Ministry of International Trade & Industry (MITI) on shared responsibility basis with the industry. We have expressed commitment to support the government in policy formulation in particular to sustainability and climate change.



Federation of Malaysian Manufacturers ("FMM")

Masteel Executive Vice Chairman is the Vice Chairman of FMM Sustainable Development and Climate Change Committee

FMM is Malaysia's premier economic organisation and has consistently led Malaysian manufacturers in spearheading the nation's growth and modernisation. We have expressed commitment to support the FMM endeavour to raise awareness for sustainability and climate change through conferences, seminar and townhall session.

Membership and Associations



Malaysia Iron and Steel Industry Federation ("MISIF")

MISIF is the national industry association for manufacturers of iron and steel products. MISIF has noted the government's emphasis on decarbonising the iron and steel sector as a key priority under the New Industrial Master Plan (NIMP) 2030. In support of the national goal to achieve net-zero emissions by 2050, MISIF supports dialogue with the government to develop balanced and practical solutions that align with Malaysia's ESG aspirations while safeguarding the long-term competitiveness of the domestic iron and steel industry. We have expressed commitment to support MISIF in this agenda.



The United Nations Global Compact ("UNGC")

UNGC is a voluntary initiative launched by the United Nations to encourage businesses and organisations worldwide to adopt sustainable and socially responsible policies and to report on their implementation. It provides a framework for companies to align their strategies and operations with 10 principles in the areas of human rights, labour, environment and anti-corruption. By joining the Global Compact, Masteel commits to implementing these principles and submits an annual Communication on Progress to the UNGC. Masteel also expressed commitment to support the UNGC's endeavour to raise awareness for climate change by endorsing the UNGC's Climate Action Pledge.



Climate Governance Malaysia ("CGM")

Climate Governance Malaysia (CGM) is the Malaysian chapter of the World Economic Forum's Climate Governance Initiative (CGI), which supports companies in developing effective climate transition strategies. As a member of CGM, Masteel is committed to aligning our climate strategies with the broader goals and principles established by the CGI initiative.

About this Report

At Masteel, we are proud to present our Financial Year 2024 ("FY2024") Sustainability Report, underscoring our unwavering commitment to Environmental, Social, and Governance ("ESG") excellence. This year, we have further refined our sustainability management strategies, integrating responsible business practices that enhance operational efficiency, environmental stewardship, and corporate governance. A key focus of FY2024 has been optimizing the energy efficiency of our manufacturing processes.

Transparency remains a cornerstone of our sustainability agenda. We continue to report comprehensively on Scopes 1, 2, and 3 greenhouse gas ("GHG") emissions, aligning with the recommendations set forth by the International Financial Reporting Standards ("IFRS S1 & S2") established by the International Sustainability Standards Board ("ISSB"). By adhering to these rigorous disclosure standards, Masteel reinforces its dedication to financial transparency, environmental accountability, and responsible corporate governance.

The FY2024 Sustainability Report, alongside the IFRS S1 & S2 disclosures, provides a comprehensive overview of our ESG achievements, challenges, and forward-looking strategies. This report serves as a testament to our continuous strides in embedding sustainability into every facet of our operations.

At Masteel, sustainability is more than a commitment—it is a strategic imperative. As we navigate the evolving industrial landscape, we remain steadfast in driving innovation, fostering responsible business practices, and advancing our sustainability agenda. For a comprehensive insight into our sustainability journey, we invite stakeholders to read this report in conjunction with the 2024 IFRS S1 & S2 Report, which further details our commitment to sustainable value creation and long-term resilience.

About this Report

SCOPE OF REPORTING

This report covers the period from 1st January 2024, to 31st December 2024, referred to as “FY2024.” It includes disclosures specifically related to our steel production operations at two key facilities: Bukit Raja, Klang, and Petaling Jaya.

REPORT FRAMEWORK

The Masteel Sustainability and ISSB report for FY2024 has been developed in reference with the following reporting guidelines and frameworks.

1. Global Reporting Initiative (GRI) 2021
2. Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
3. Bursa Malaysia Illustrative Sustainability Reporting Guide
4. FTSE4GOOD Bursa Malaysia Index's Criteria
5. United Nations Sustainable Development Goals
6. Responsible Steel Standards
7. IFRS Sustainability Disclosure Standards

FEEDBACK

We sincerely welcome and appreciate feedback or requests for further clarification from our valued stakeholders. Please feel free to reach out to us at any time.

Mr Tay Tze Yi (Investor Relations)
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Awards

The Star Most Outstanding ESG Initiative of the Year and Gold Winner in Supply Chain Management (Large Companies)

Congratulations

Masteel

MALAYSIA STEEL WORKS (KL) BHD
197101000213 (7878-V)

Malaysia's 1st and most sustainable Integrated Steel Mill with ultra low carbon emissions

**Gold Winner in
Supply Chain Management
(Large Companies)**



**The Star Most Outstanding
ESG Initiative of the Year
(Large Companies)**



★★★★★ **4 stars in the Environmental, Social and Governance ("ESG") Ratings amongst all Main Market companies listed on Bursa Malaysia**
Top 25% Public Listed Companies assessed by FTSE Russell

In the complex and demanding realm of hard-to-abate greenhouse gas (GHG) sectors, Masteel proudly commemorates a remarkable milestone at the ESG Positive Impact Awards 2023 Gala Night, hosted by Star Media Group on 21 August 2024. These highly coveted awards celebrate industry pioneers who are not only charting a course toward a sustainable future but are also setting new standards for excellence, attracting visionary investors, and fortifying their resilience amidst the ever-evolving regulatory landscape and market dynamics.

Masteel is deeply honoured to be distinguished with the Most Outstanding ESG Initiative of the Year 2023 and the Gold Winner in Supply Chain Management. These prestigious accolades are a resounding affirmation of Masteel's unwavering commitment to seamlessly embedding ESG best practices across all aspects of its operations and extending these principles throughout its supply chain. As Masteel continues to forge ahead as an industry leader, these recognitions reinforce its relentless pursuit of achieving net-zero carbon emissions before 2050, solidifying its position as a vanguard in sustainable innovation.

WITH COMPLIMENTS FROM

CIEC | 热联集团
CIEC GROUP
91330100727508636T

C&D STEEL INTL
CHEONGFULI (XIAMEN)
CO., LTD.
91350200M00009R074

HK HANWA
HANWA SINGAPORE
(PRIVATE) LIMITED
197200466Z

ITOCHU
ITOCHU MALAYSIA
SDN. BHD.
199001017777
(205446-P)

JEBSEN & JESSEN
Metals
JEBSEN & JESSEN
METALS GMBH
HRB 162710

MITSUI & CO.
MITSUI & CO. (MALAYSIA)
SDN. BHD.
20060101657
(731407-U)

TENAGA NASIONAL
Better. Brighter.
TENAGA NASIONAL
BERHAD
196001005294
(200666-W)

YINSON
YINSON CORPORATION
SDN. BHD.
197301001762
(15033-M)

Awards

The EDGE ESG Award 2024 Gold Winner for “Most Improved Performance over 3 Years Below RM300M Market Capitalisation



★★★★ 4 stars in the **Environmental, Social and Governance (“ESG”)** Ratings amongst all **Main Market** companies listed on **Bursa Malaysia**
Top 25% Public Listed Companies assessed by **FTSE Russell**

In the challenging landscape of hard-to-abate greenhouse gas (GHG) sectors, Masteel proudly commemorates a remarkable milestone at the Edge ESG Awards Gala Night 2024, hosted by The Edge Malaysia in collaboration with Bursa Malaysia and FTSE Russell on 14 October 2024. This highly sought-after award honors trailblazing company that is not only driving the transition toward a sustainable future but also setting new benchmarks for excellence, attracting forward-thinking investors and enhancing resilience in a rapidly shifting regulatory and market environment. Masteel stands as the first and only steel mill included in the FTSE4Good Bursa Malaysia Index, achieving the highest ESG Rating of 4 stars among all Main Market companies listed on Bursa Malaysia.

Masteel is deeply honored to be recognised for the second consecutive year as the Gold Winner for Most Improved ESG Performance Over Three Years in the category for companies with a market capitalisation below RM300 million. In an industry renowned for its significant carbon footprint, Masteel is proactively tackling decarbonisation challenges by spearheading groundbreaking green steel-making practices and driving continuous innovation. Its advanced manufacturing facilities, have achieved a best-in-class carbon intensity, significantly curbing greenhouse gas emissions. As Masteel continues to lead the industry forward, this recognition reaffirms its unwavering commitment to achieving net-zero carbon emissions before 2050, solidifying its position as a vanguard in sustainable innovation.

Awards

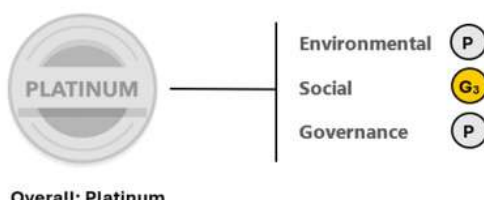
RAM Sustainability Platinum Rating 2024



Media Release

RAM Sustainability assigns the first *Platinum* Sustainability Rating to Masteel

SUSTAINABILITY RATING



RAM Sustainability has assigned its highest Sustainability Rating to Malaysia Steel Works (KL) Berhad (Masteel or the Group). The *Platinum* (P) rating awarded to Masteel indicates leadership in sustainability performance backed by extremely strong Environmental, Social and Governance fundamentals.

Platinum is RAM Sustainability's newest Sustainability Rating category introduced to reflect the advancement of the sustainability standards and performance of companies. We now have four rating levels: – Bronze, Silver, Gold and Platinum – to be assigned for an overall Sustainability Rating and each of its three components – Environmental, Social and Governance. The Bronze, Silver or Gold levels will carry the subscripts 1, 2 or 3. Subscript 1 indicates that the company ranks at the higher end of its generic rating category, subscript 2 indicates a mid-ranking, and subscript 3 indicates that the company ranks at the lower end of its generic rating category.

"The *Platinum* Sustainability Rating reflects Masteel's leadership and unwavering commitment to sustainability in steel manufacturing, which is a carbon-intensive sector," Group CEO and Executive Director of RAM Sustainability, Chris W.K. Lee, said. "This prestigious recognition highlights the Group's exemplary corporate and sustainability governance, especially in carbon emissions management. We believe Masteel is well placed to manage the impact from the future imposition of carbon tax in Malaysia," he added.

Operating within a hard-to-abate sector, Masteel has developed a structured carbon emissions management strategy to achieve a net-zero target before 2050. In 2023, Masteel's overall carbon emission intensity was 0.396 tCO₂eq/mt (2022: 0.519 tCO₂eq/mt), lower than the 2022 global averages of 0.68 tCO₂eq/mt for scrap-based electric arc furnaces (EAF) and 2.33 tCO₂eq/mt for blast furnace-basic oxygen furnace (BF-BOF) crude steel cast, respectively. This achievement places Masteel, which operates scrap-based induction furnace (IF), superior to global emission intensity averages highlighting the effectiveness of its carbon reduction strategies.

"At Masteel, we are determined to invest in advanced technologies and processes that reduce the Group's carbon footprint while enhancing operational efficiency," Masteel Executive Vice Chairman, Dato' Sri Tai Hean Leng, said. "We firmly believe that sustainability is not merely a cost to be managed but a powerful catalyst for innovation and growth. By integrating sustainable practices into our operations, we aim to create long-term value for our stakeholders and lead the way toward a more sustainable future," he added.

Awards

RAM Sustainability Platinum Rating 2024

Further underlining the Group's sustainability performance is its excellent governance, having met key best practices under the Malaysia Code on Corporate Governance, which promotes effective oversight of management and balanced decision-making. These include having a majority of its board consisting of independent members and having female board representation of more than 30%. In respect of sustainability governance, Masteel has integrated the reduction of GHG emissions into key performance indicators for management. By adopting additional sustainability standards, the Group's sustainability reporting has surpassed that of its Malaysian peers.

On the social front, Masteel exhibits strong human rights and human resource organisational readiness. Its comprehensive Human Rights Policy defines the Group's commitment to upholding and protecting the rights of its staff and the communities in which it operates. Masteel has achieved an 84% awareness rate of its Human Rights Policy through regular assessments of stakeholders. As a labour-intensive industry, the Group is dedicated to preventing child and forced labour, ensuring that these policies are accessible in multiple languages to be communicated effectively with its diverse workforce. The implementation of the Group's Occupational Health and Safety Policy and establishment of a Safety and Health Committee further illustrates its commitment to workplace safety. The Group has set a five-year target to continually enhance safety measures, manage risks, and prevent workplace accidents, reinforcing its dedication to creating a safe work environment.

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Date of release: 4 November 2024

Sustainability Highlights 2024

“FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Malaysia Steel Works (KL) Bhd has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.”



FTSE4Good

**TOP
25%**

PLCs assessed by
FTSE Russell



100%

Compliance to Human Rights Policy, Prevention of Child Labour and Forced Labour Policies

ZERO

Incidence of corruption



ZERO

Work related fatality



85.0%

Human Rights Awareness from stakeholder

HUMAN RIGHTS



87.09%

Customer Satisfaction Score



ZERO

Incidence of environmental issue

RM 431,850

Donated to support various CSR projects



Message from Executive Vice Chairman

As we move forward in 2024, Masteel remains deeply committed to strengthening our corporate governance, sustainability, and transparency to all stakeholders. In an era where responsible business practices define long-term success, we recognise that our ability to create lasting value depends on our dedication to sustainability principles and adherence to both local and globally recognised sustainability frameworks. We have systematically embedded internationally acclaimed ESG standards into our operations, including the Global Reporting Initiative (“GRI”), the United Nations Sustainable Development Goals (“UN SDGs”), the International Sustainability Standards Board (“ISSB”) both IFRS S1 and S2, and the Bursa Malaysia Sustainability Reporting Guide (3rd Edition). The adoption of these frameworks are in line with our vision as it serve as the foundation of our sustainability journey, ensuring that we operate with accountability, resilience, and a forward-thinking approach to risk management.



Dato' Sri Tai Hean Leng @ Tek Hean Leng

Masteel achieved the highest Sustainability Rating (Platinum) by RAM Sustainability, becoming the first company in Malaysia to receive this prestigious recognition. We have made other strides in sustainability by earning The Star Media Group's 2023 Most Outstanding ESG Initiative of the Year and Gold Winner in Supply Chain Management for Large Companies. For the second consecutive year, we secured The EDGE ESG Award 2024 Gold Winner for “Most Improved Performance over 3 Years” (below RM300M Market Capitalisation). Additionally, our 4-star FTSE Bursa Malaysia EMAS rating places us in the top 25% for ESG performance, reaffirming our commitment to responsible steel manufacturing.

Message from Executive Vice Chairman

In 2024, we reassessed our materiality matrix, reinforcing our Board's commitment to sustainability governance. Since 2022, we have disclosed Task Force on Climate-related Financial Disclosures ("TCFD") and further strengthened our reporting by adopting IFRS S1 & S2 in 2024, aligning with Malaysia's National Sustainability Reporting Framework ("NSRF") as part of our efforts to enhance our ability to identify and mitigate climate-related risks.

The significant difference / achievement between 2023 and 2024.

One of our most significant advancements in 2024 has been our continued investment in energy efficiency improvements and successfully obtaining the ISO 50001:2018 Energy Management Systems Certification. We have successfully become the 1st steel mill in Malaysia to incorporate the "Direct casting + Direct Rolling" technology that completely eliminates the use of fossil fuel in the heating of billets for the making of steel bars. Masteel mastery of this technology had reduce our reliance on external energy sources and significantly lowered our overall carbon footprint. Additionally, we successfully obtained the ISO14064 certification for Greenhouse Gas ("GHG") Validation and Verification from British Standards Institution ("BSI"), further solidifying our commitment to environmental responsibility. As a result, we have achieved a notable reduction in carbon intensity (Scope 1 & 2) across our operations recording a 0.489 tCO₂e/mt for our steelmaking plant and 0.112 tCO₂e/mt for our rolling mill plant in FY2024. These improvements are part of our long-term strategy to reduce carbon emissions, targeting a 10% reduction by 2026 and an additional 15% reduction by 2031, ultimately supporting our ambition to achieve net-zero emissions before 2050.

Driving Climate Awareness Through Research and Public Engagement

As our sustainability efforts evolve, we believe that public education on climate change is a corporate responsibility. In 2024, Masteel partnered with the Institute for Democracy and Economic Affairs ("IDEAS") to launch the research paper "Asserting Climate Change Leadership in ASEAN: Carbon Pricing for the Malaysian Steel Industry."

Message from Executive Vice Chairman

We also collaborated with the Malaysian Green Technology and Climate Change Corporation (“MGTC”) to construct a 1-tonne CO₂ Cube at MGTC’s compound, serving as a powerful visual representation of the impact of a metric tonne of carbon dioxide emissions. Through these initiatives, we reaffirm our commitment to raising public awareness, advocating for policy improvements, and leading the steel industry toward a more sustainable future.

Masteel Sustainability Grants: Driving Research and Innovation

As part of our corporate social responsibility (“CSR”) and commitment to sustainability, we initiated the Masteel Sustainability Grants, building on our Memorandum of Understanding (“MoU”) with Universiti Tunku Abdul Rahman (“UTAR”) in 2023. This initiative is designed to support academic research in Carbon Capture, Utilisation, and Storage (“CCUS”), a critical technology in the global transition toward a low-carbon economy and achieving net-zero carbon emissions by 2050. By fostering research collaborations, the Masteel Sustainability Grants will drive knowledge transfer, talent development, and industry-relevant innovation, benefiting not only the steel manufacturing sector but also government institutions, local communities, and global sustainability initiatives.

Continuing Upholding Human Rights & Ethical Business Practices

We are committed to upholding the highest standards of human rights within our operations and supply chain. As part of this commitment, we conduct an annual stakeholder survey to assess awareness and understanding of Masteel’s Human Rights Policy. In 2024, we achieved a notable milestone, with 85% of stakeholders acknowledging and understanding the principles outlined in our policy.

We maintain zero tolerance for human rights violations, ensuring strict compliance with ethical business practices across our entire value chain, including our partnerships with third-party affiliates. Our commitment to fairness, dignity, and respect remains unwavering as we continue to strengthen our corporate governance and ethical standards.

Message from Executive Vice Chairman

By embracing sustainability at every level of our organisation, we are reinforcing stakeholder confidence, fostering innovation, and future-proofing our company against evolving market demands and regulatory expectations.

Our commitment to ESG is not just a compliance measure, it is a fundamental part of Masteel's identity. We will continue to lead with responsibility, balancing economic growth with social and environmental stewardship, ensuring that we create sustainable value for our stakeholders, employees, and the communities we serve.

We thank all our stakeholders for their continued trust and support as we work together towards a more sustainable and resilient future.

Thank You

Dato' Sri Tai Hean Leng @ Tek Hean Leng

***DELIVERING THE MOST SUSTAINABLE
STEEL FOR MALAYSIA AND BEYOND***

External Assurance Statement



Independent Assurance Statement on GHG Emission Sustainability Report 2024

TUV NORD Malaysia Sdn Bhd as external auditors, have conducted an independent examination of Masteel's Scope 1 and Scope 2 greenhouse gas (GHG) emission sustainability and carbon intensity report for the reporting period from 01 January 2024 to 31 December 2024. Our examination was performed in accordance with ISO 14064-1:2018 and ISO 14404-2:2013.

Based on our examination, it is our professional opinion that the GHG emission sustainability report prepared by Masteel accurately reflects their GHG emission performance for the reporting period, in accordance with the stated criteria and methodologies. We have assessed the reliability and accuracy of the data and calculations provided in the report and have found them to be materially correct.

Our examination included assessing the internal controls and processes employed by Masteel in collecting, measuring, and reporting GHG emissions data. We found these controls to be adequate and effective in ensuring the integrity and reliability of the reported information.

However, it is important to note that our examination does not constitute a comprehensive audit of Masteel's overall sustainability performance or their compliance with all relevant environmental regulations and standards. Our assurance is limited to the Scope 1 and Scope 2 GHG emission.

In conclusion, based on our examination, we provide reasonable assurance that Masteel's GHG emission sustainability report presents a true and fair view of their GHG emission performance for the reporting period, in accordance with the specified criteria and established methodologies.

Statement of independence, Integrity and competence

TUV NORD is an independent professional services company that specializes in Health, Safety, Social and Environmental management system certification including assurance with over 30 years history in providing these services. No member of the assurance team has a business relationship with Masteel, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

TUV NORD has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information systems and processes. The assurance team has over 20 years combined experience in this field and an excellent understanding of TUV NORD GmbH standard methodology for the Assurance of Sustainability Reports.

Attestation:

Steven Lee, Lead Assessor (Managing Principal)
ESG Associates

Ir. Bill Kong, Country Manager
TUV NORD Malaysia

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SWIFT-Code: HBMBMYKL

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Tax No.: 5111/5773/2183

General Partner TUV NORD
International Verwaltungsgesellschaft
mbH, Essen

Registration Office Amtsgericht Essen HRB
17486

External Assurance Statement



ASSURED SUBJECT MATTER
MALAYSIA STEEL WORKS (KL) BHD

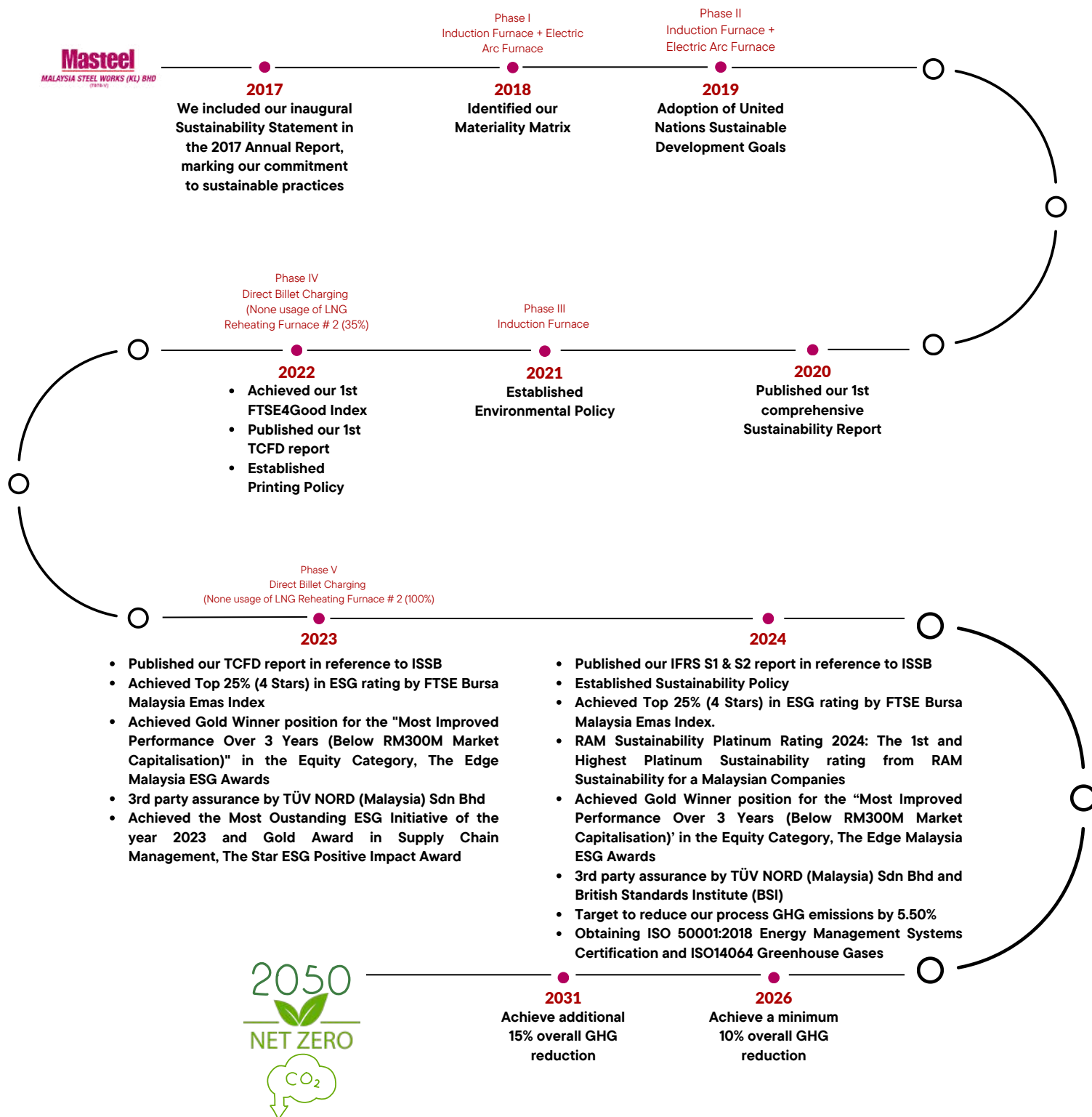
Disclosure Description	Assured
ENVIRONMENT: Energy and Climate Change	
GHG Emissions (tCO ₂ e)	
Scope 1 (Process)	Yes
Scope 1 (Diesel)	Yes
Scope 1 (Fugitive Gases)	Yes
Scope 2 (Energy Consumption)	Yes
Carbon Intensity (tCO ₂ e/mt)	Yes

Internal Review

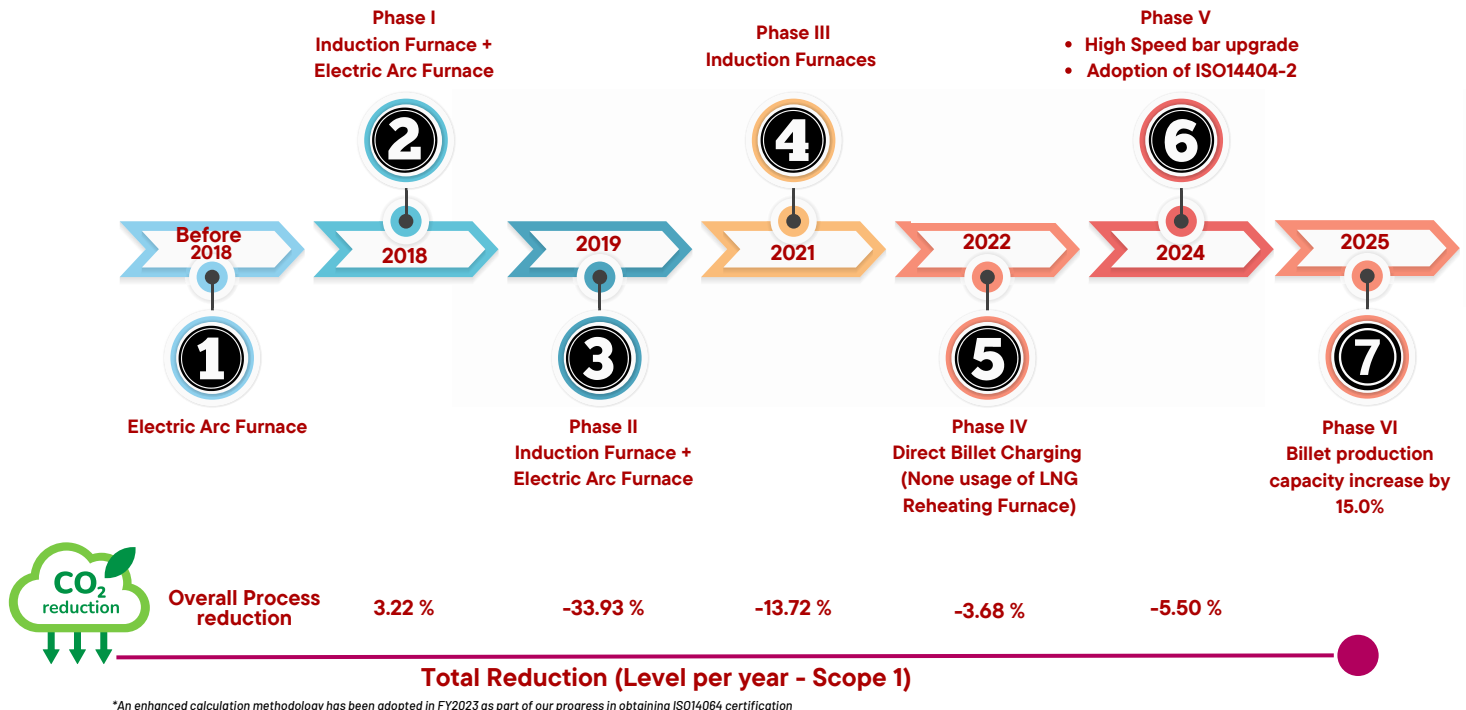
Our internal auditors meticulously review our reports to ensure accuracy, consistency, and alignment with our sustainability goals. In addition, our commitment to ISO 14001:2015 and ISO 45001:2018 standards reflects our dedication to exceeding global benchmarks in environmental management and occupational health and safety.

Type of Assurance	Subject Matter	Scope	Conclusion
Internal review	All contents of this Sustainability Report except Scope 1 and Scope 2 GHG emissions	- Bukit Raja plant - Petaling Jaya plant	Not applicable

Masteel's Sustainability Journey



Masteel's Green Transformation



Masteel has implemented a structured six-phase roadmap to enhance sustainability and reduce carbon emissions across our manufacturing processes from before 2018 to 2025. A significant reduction of 33.93% in emissions is due to our transition from an Electric Arc Furnace to an Induction Furnace combined with an Electric Arc Furnace in Phase I & II (2018-2019). By Phase III (2021), a full shift to Induction Furnaces further reduced emissions by 13.72%, followed by Phase IV (2022), where the adoption of Direct Billet Charging (eliminating LNG Reheating Furnaces) contributed an additional 3.68% reduction. Moving forward, Phase V (2024) will focus on a High-Speed Bar Upgrade and the adoption of ISO 14404-2, aiming for a further 5.50% reduction. Furthermore, in Phase VI (2025), we plans to increase billet production capacity by 15.0%, optimising operational efficiency while maintaining a strong commitment to sustainability. By integrating advanced methodologies, including enhanced emissions calculations in line with ISO 14404-2, Masteel is setting new industry benchmarks for sustainable steel manufacturing, reinforcing its dedication to environmental responsibility and Malaysia's green transition.

Masteel Approach to Sustainability

Sustainability Governance



We at Masteel remains unwavering in our commitment to sustainable governance, continuously strengthening the oversight and effectiveness of our two key committees which is the Sustainability Committee and the Risk Management Committee. As part of our ongoing efforts to align with international best practices, Mr. Smith Yong Weng Yeu was appointed as the Chief Sustainability Officer (“CSO”), entrusting him with the critical responsibility of overseeing Masteel's sustainability strategies, frameworks, and management systems. His role is pivotal in ensuring that our sustainability initiatives align with the IFRS S1 & S2 disclosure standards, reinforcing our commitment to transparent, climate-resilient, and risk-informed decision-making. In October 2024, Mr. Teo Chee Koon assumed the position, succeeding Mr. Smith Yong following his resignation. He is supported by Mr. Dani Khor Kiat Hong, who serves as the Deputy Sustainability Officer.

Masteel’s Sustainability Policy serves as the foundation for integrating ESG principles into our operations, ensuring that we not only meet regulatory expectations but also drive long-term value creation for our stakeholders. Our approach is rooted in comprehensive risk management, strategic sustainability planning, and compliance with globally recognised reporting standards, reflecting our proactive stance in addressing climate-related financial risks and opportunities.

For a comprehensive overview of our sustainability governance, risk assessment framework, and GHG disclosures, is detailed outline on pages 151 of our IFRS S1 & S2 Report. This section provides insights into our structured approach to sustainability, illustrating how Masteel integrates financial and non-financial performance metrics to enhance resilience and sustainable growth.

Masteel Approach to Sustainability

Stakeholder Engagement

Masteel is always committed to advancing our sustainability agenda through proactive, transparent, and meaningful engagement with all our stakeholders. We recognise that openness, accountability, and inclusivity are essential not only for reinforcing trust but also for sustaining long-term business resilience in a rapidly evolving steel industry landscape.

We systematically identify and engage key stakeholders to understanding their perceptions and expectations shape our corporate reputation, including regulators, investors, employees, customers, and local communities. They influence our business decisions and are directly impacted by our operations. Regular engagement forums, such as structured meetings, town hall sessions, and public dialogues, serve as vital platforms for fostering open discussions, gathering feedback, and ensuring that our sustainability strategies remain aligned with stakeholder priorities.

By actively listening to and addressing stakeholder concerns, we integrates sustainability considerations into corporate strategy, enabling us to make informed, responsible decisions that drive sustainable growth. Our approach ensures that we not only comply with evolving regulatory requirements but also anticipate emerging risks and opportunities in the steel manufacturing sector.

Moreover, our commitment to transparent communication extends beyond engagement where we remains dedicated to providing timely, clear, and data-driven disclosures on our sustainability performance, operational progress, and strategic direction. Through detailed reporting and continuous updates, we empower stakeholders with the information needed to assess our sustainability commitments and long-term value creation efforts.

By embedding stakeholder engagement at the core of our corporate governance framework, Masteel reaffirms our role as a responsible, forward-thinking industry leader, committed to ethical business practices, sustainable operations, and fostering long-term partnerships built on trust.

Masteel Approach to Sustainability

Stakeholder Engagement

Stakeholder	Engagement Channel	Area of Interest
Shareholders & Investors	• Future growth prospect • Return on investments • Corporate sustainability • Corporate exercises • Share performance • Dividends	• Annually during Annual General Meeting • As and when necessary through Bursa announcements, Investor Relations ("IR") and virtual briefing
Employees	• Safe and healthy work environment • Work-life balance • Equality and diversity at workplace • Career advancement and progression • Empowerment and learning opportunities	• Ad-hoc meeting through face to face discussion • Conducting regular training and development programmes and job enrichment and coaching • Weekly department meetings • Annually townhall sessions and annual performance review
Customers	• Timely product delivery • Product quality • Alignment to market needs	• Daily engagement session
Local Communities	• Pollution and waste • Supporting development of communities • Creation of employment opportunities	• Conducting Corporate Social Responsibility ("CSR") programme annually • As and when necessary through press release • Collaboration with local educational institution/government agencies regularly
Government & Regulators	• To date and comprehensive policies and legislation • Analysis of regulatory impact on the company • Engagement/representation for alternatives • Compliance	• Annually through direct meetings • As and when necessary through representatives from industry associations and stakeholders' engagements

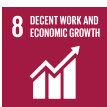
Masteel Approach to Sustainability

Stakeholder Engagement

Stakeholder	Engagement Channel	Area of Interest
Industry Associations	• Compliance with all applicable laws and regulations • Active membership to remain abreast of matters related to the industry • Collective consensus of opinion from Associations' members point of view	• Conducting regular meeting and consultation on a monthly basis or at least quarterly
Media	• Transparency • Easy access to top management and key personnel for up-to-date information • Speedy dissemination of information • Early engagement • Interview opportunities	• Press release throughout the year if necessary • Media queries and requests are responded to promptly as they are received through Public Relation Officer's contact and email address (via company website) • Regular updates on corporate development through the company website • As and when necessary through media interviews
Suppliers & Contractors	• Support for local suppliers • Fair procurement practices • Product compliance	• Ad-hoc face to face meetings and product quality feedback • Annual supplier performance assessments • Sustainability assessment and reporting

Masteel Sustainability Achievements



SDGs	SDG Targets We are Contributing Towards	Our Achievements
 3 GOOD HEALTH AND WELL-BEING	Our operations adhere to a rigorous health and safety management system that proactively identifies workplace hazards and risks, prioritising injury reduction and fatality prevention.	• Zero work related fatality . • Total loss time incident is 0.00 a significant achievement in FY2024.
 4 QUALITY EDUCATION	We foster continuous learning through employee training and university partnerships, equipping youth with employability and entrepreneurship skills. Masteel also supports CCUS research, driving sustainable innovation.	• Initiated Masteel Sustainability Grants • Donated RM100,000.00 to the Ti-Ratana Welfare Society to aid in child welfare and educational support. • Sponsored RM131,500.00 to MGTC to build 1-tonne CO₂ cube. • Sponsored RM200,350.00 to IDEAS for Carbon Pricing for Malaysia Steel Industry policy paper research.
 6 CLEAN WATER AND SANITATION	We've implemented best practices for water recycling, achieving zero wastewater discharge and maximising water-use efficiency. This supports sustainable freshwater management and helps mitigate water scarcity.	• Rainwater harvesting system at Petaling Jaya and Bukit Raja plant.
 7 AFFORDABLE AND CLEAN ENERGY	We've invested in feasibility studies for advanced technologies to optimise energy use and efficiency, including solar panel installations and technological advancement in our operations in supporting a greater shift toward renewable energy and energy saving initiatives.	• Undertook a feasibility study to explore the potential of solar energy as a renewable source for daily operations. • Established an Energy Management Policy. • Obtaining ISO 50001:2018 Energy Management Systems Certification
 8 DECENT WORK AND ECONOMIC GROWTH	We uphold good governance by enforcing human rights and labour policies to ensure fair treatment of employees. Our approach enhances productivity, creates quality jobs, fosters entrepreneurship, and supports SMEs, ultimately increasing employment and reducing youth unemployment.	• Established various policies such as Human Rights Policy, Prevention of Forced Labour Policy, Prevention of Child Labour Policy and Remuneration Policy. • Initiated Masteel Sustainability Grants.

Masteel Sustainability Achievements



SDGs	SDG Targets We are Contributing Towards	Our Achievements
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	We integrate cutting-edge technologies to enhance operational efficiency and drive sustainable industry upgrades. Our focus is on optimising resources and adopting clean, green solutions, inspiring nations to contribute within their capacities.	• Complete the switch from Electric Arc Furnace to Induction Furnace in steel production.
 11 SUSTAINABLE CITIES AND COMMUNITIES	We actively engage local staff and contractors while supporting charity events to strengthen community involvement. Our efforts focus on minimising urban environmental impacts, improving air quality, and enhancing waste management.	• No instances of non-compliance with environmental regulations. • Donated RM100,000.00 to the Ti-Ratana Welfare Society to aid in child welfare and educational support. • A RM331,850 sponsorship was provided to IDEAS and MGTC to support climate-related research and initiatives.
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We prioritise sustainable resource management by utilising scrap steel as our primary raw material, minimising waste through prevention, reduction, recycling, and reuse.	• Complete the switch from Electric Arc Furnace to Induction Furnace in steel production. • Implementing Continuous Casting Machine for reheating billets.
 13 CLIMATE ACTION	We are committed to transparently reporting our Scope 1, 2, and 3 GHG emissions and investing in solutions to reduce our carbon footprint. Our strategy integrates climate action while promoting education on mitigation, adaptation, and resilience.	• Obtained to ISO14064 • Conducted training on sustainability reporting and climate change mitigation for both employees and suppliers.
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We uphold strong governance by enforcing our Anti-Bribery and Anti-Corruption Policy across all employees and third-party affiliates, striving to eliminate corruption and bribery. Our goal is to build effective, accountable, and transparent institutions at all levels.	• Established Anti-Bribery and Anti-Corruption Policy. • Zero corruption case reported. • Foster workforce diversity.
 17 PARTNERSHIPS FOR THE GOALS	We actively collaborate with organisations committed to ESG principles, enhancing policy alignment for sustainable development.	• Partnership with MGTC to build 1-tonne CO₂ cube. • Partnership with IDEAS for Carbon Pricing for Malaysia Steel Industry policy paper research. • Partnership with UTAR to establish Masteel Sustainability Grants.

Masteel Risk Management

We have been upholding a resilient Risk Management Framework (“RMF”) designed to proactively identify, assess, and mitigate risks across economic, environmental, social, and operational domains in Masteel in ensuring business continuity and long-term value creation. Our Risk Management Committee (“RMC”) plays an important role in overseeing risk governance, adhering to an Enterprise Risk Management (“ERM”) approach that safeguards against financial losses, reputational damage, and operational disruptions while embedding risk considerations into corporate strategy and decision-making.

Recognising the growing impact of sustainability risks, we expanded our risk management scope in FY2022 to include climate-related risks, aligning with the Task Force on Climate-Related Financial Disclosures (“TCFD”) framework. In FY2023, with the establishment of the International Sustainability Standards Board (“ISSB”) and the introduction of IFRS S1 and S2 disclosure guidelines, we further strengthened our commitment to transparency in sustainability related financial reporting, ensuring alignment with evolving global standards.

In ensuring that Masteel remains resilient in an evolving global landscape, the RMC systematically identifies, evaluates, and mitigates risks related to climate change, regulatory shifts, resource scarcity, carbon transition, and other sustainability concerns. The RMC provides quarterly risk updates to the Board of Directors to strengthen governance and accountability, integrating emerging risks and response strategies into corporate oversight. Our risk management disclosures adhere to IFRS S1 (General Requirements for Sustainability-Related Financial Disclosures) and IFRS S2 (Climate-Related Disclosures), providing stakeholders with comprehensive, reliable, and comparable insights into our risk mitigation efforts and sustainability strategies. For further details on our risk management initiatives and sustainability risk integration, please refer to the IFRS S1 and S2 report (page 129) and our Annual Report.

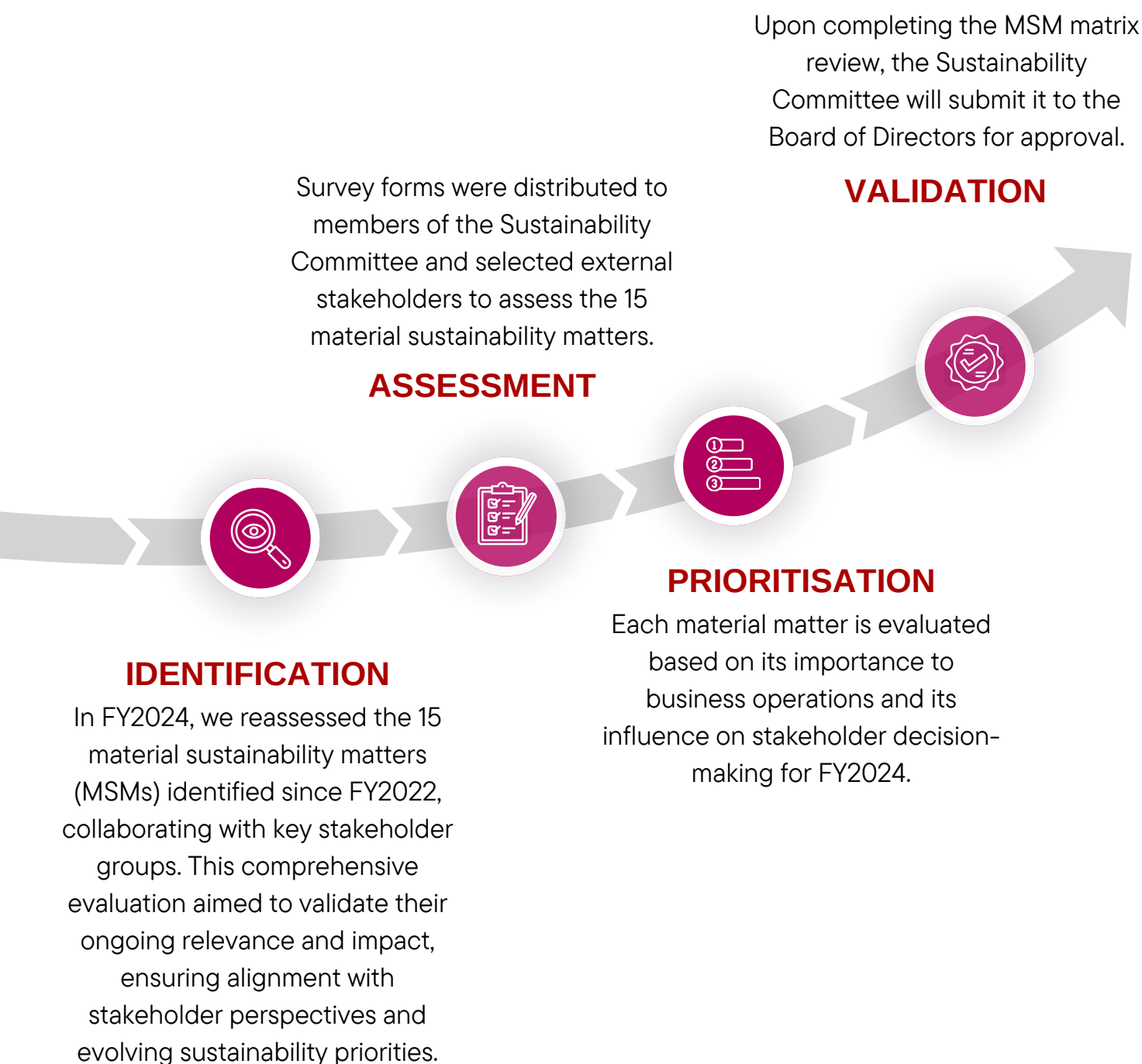
Material Sustainability Matters

In FY2024, we conducted a comprehensive reassessment of our material sustainability matters (“MSM”) through an online stakeholder survey, refining our sustainability focus in alignment with Bursa Malaysia’s Sustainability Toolkit: Materiality Assessment (3rd Edition) and Global Reporting Initiative (“GRI”) Standards. This reassessment aimed to reclassify and redefine the significance of various sustainability issues to Masteel, ensuring that our strategy remains responsive to stakeholder expectations, regulatory requirements, and industry advancements. As a result, we identified 15 key MSMs that are strategically important to our business resilience, governance, and environmental impact.

Understanding the evolving business landscape is essential for Masteel to capitalise on emerging opportunities while proactively mitigating risks that may affect long-term value creation. A robust materiality assessment is integral to this process, helping us identify, evaluate, and prioritise sustainability issues that hold the greatest significance for our stakeholders and business operations. The reclassification of MSMs in FY2024 was based on a thorough analysis of stakeholder perspectives, market trends, and regulatory shifts, considering their relevance to Masteel’s operational, financial, and sustainability performance. This process provided valuable insights into emerging risks, business impacts, and growth opportunities, reinforcing our commitment to embedding sustainability into our corporate strategy.

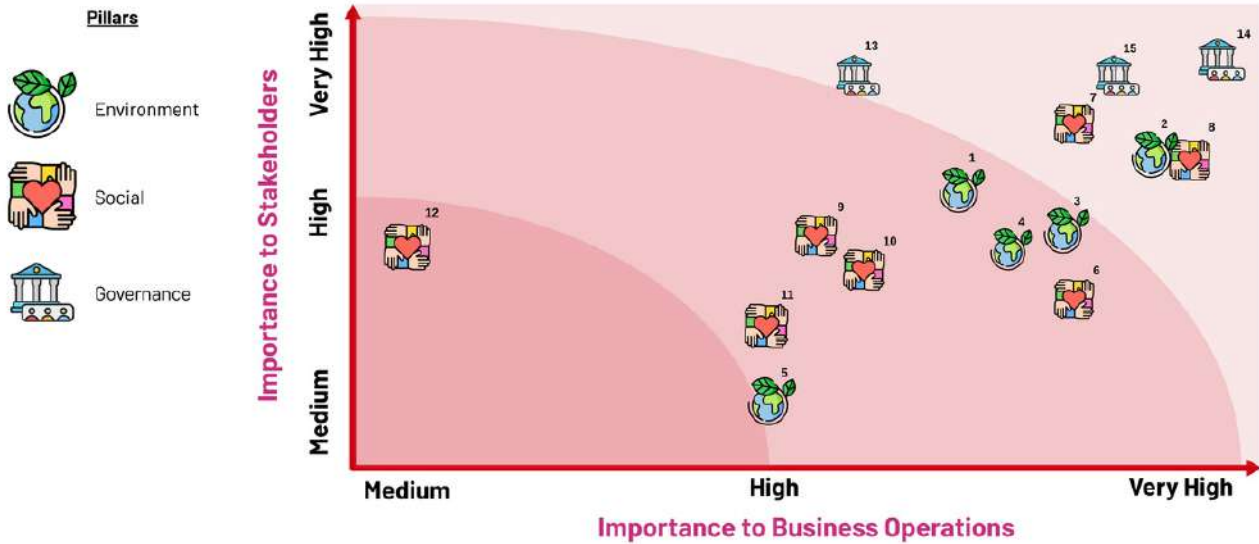
Our reassessment placed a stronger emphasis on climate action, resource efficiency, supply chain resilience, ethical governance, workforce well-being, and technological innovation, ensuring that our sustainability efforts align with both business imperatives and stakeholder priorities. This report details the four key stages of our materiality assessment and review process: identification, evaluation, prioritisation, and validation. It also outlines our structured approach to comprehensively understanding sustainability challenges and integrating these insights into strategic decision-making. By continuously refining our materiality framework, Masteel strengthens its ability to navigate sustainability-related risks and seize opportunities, fostering long-term resilience and value creation.

Material Sustainability Matters



Masteel Materiality Matrix

FY2024 Materiality Matrix



Environment

1. Waste and Effluents
2. Air and GHG Emissions
3. Energy Consumption
4. Water Withdrawal
5. Materials Used in Production and Packaging

Social

6. Occupational Health and Safety
7. Customer Satisfaction
8. Product Quality
9. Employment Practices
10. Training and Development
11. Responsible Supply Chain
12. Community Investments

Governance

13. Privacy and Data Protection
14. Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy
15. Legal Compliance

Mapping our Material Matters

Environment

UN SGD	Material matters	GRI Indicators	Key stakeholders
   	- Waste and Effluents - Air and GHG Emissions - Energy Consumption - Water Withdrawal - Materials Used in Production and Packaging	301-Materials 302-Energy 303-Water and Effluents 305-Emissions 306-Waste	- Government & Regulators - Industry Associations - Media

Social

UN SGD	Material matters	GRI Indicators	Key stakeholders
   	- Occupational Health and Safety - Customer Satisfaction - Product Quality - Employment Practices - Training and Development - Responsible Supply Chain - Community Investments	203-Indirect Economic Impacts 204-Procurement Practices 401-Employment 403-Occupational Health and Safety 404-Training and Education 405-Diversity and Equal Opportunity 406-Non-Discrimination 413-Local Communities	- Employees - Customers - Local Communities - Suppliers & Contractors

Governance

UN SGD	Material matters	GRI Indicators	Key stakeholders
 	- Privacy and Data Protection - Legal Compliance - Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy	205-Anti-Corruption 418-Customer Privacy 2-27-Compliance	- Shareholders & Investors - Government & Regulators

ENVIRONMENT



Waste and Effluents

Masteel continue to reaffirmed our unwavering commitment to environmental stewardship by achieving full compliance with environmental regulations, with no fines or penalties recorded in FY2024. This milestone again underscores our dedication to responsible waste management and our continuous efforts to minimise our overall environmental footprint. At the heart of our sustainability strategy lies a structured approach guided by the recycling principles of Reduce, Reuse, and Recycle (3Rs), ensuring that we optimise resources, minimise waste, and drive circular economy practices across our operations.

A key focus area in our waste management strategy is the recycling and repurposing of industrial by-products, particularly skull steel, a material that is reintroduced into our production cycle instead of being discarded. By prioritising material recovery and reuse, we not only reduce raw material consumption but also significantly cut down waste generation within Masteel. Additionally, we actively cultivate a recycling approach culture within our community, embedding sustainable practices into everyday operations and encouraging employees to adopt environmentally responsible behaviours. Our ultimate goal is to reduce waste directed to landfill, ensuring that every by-product or excess material is well managed with the highest level of resource efficiency.

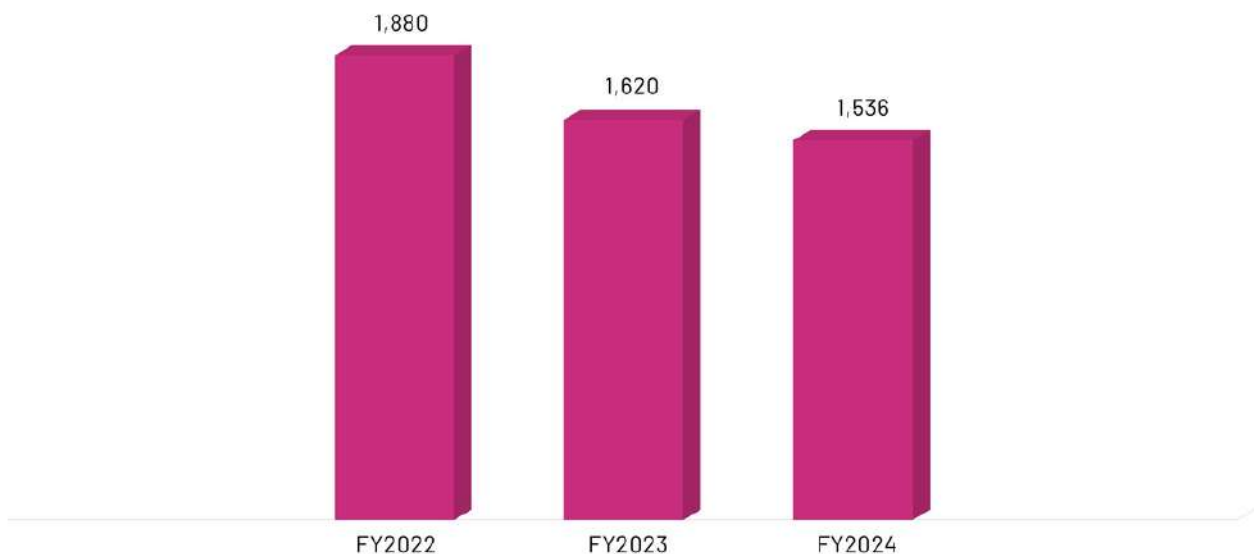
Furthermore, our sustainability initiatives extend beyond industrial waste management where we recognise the environmental impact of paper consumption. Since the established of our Printing Policy in 2022, we aim to systematically reduce paper consumption and to enhance our resource efficiency. This policy sets clear directives on responsible printing practices, including prioritising digital document sharing to minimise unnecessary printing, encouraging double-sided printing and the reuse of paper where possible, optimising the use of toner and envelopes to prevent excess consumption and promoting employee awareness and accountability in paper usage.

Through these targeted measures, we have significantly reduced our paper footprint, reinforcing our corporate responsibility towards resource conservation. More than a policy, this initiative represents Masteel's drive to integrate sustainability into daily workplace culture, ensuring that all employees contribute to our broader environmental protection goals.

Waste and Effluents

By embedding the 3Rs into our waste management and operational strategies, we remains steadfast in our mission to preserve natural resources, uphold the highest environmental standards, and set a benchmark for sustainability in the steel industry.

Paper Consumption (ream) FY2022-FY2024



In FY2024, we successfully reduced our overall paper usage to 1,536 reams, marking a reduction of 84 reams compared to FY2023, when consumption stood at 1,620 reams. This reduction is a direct outcome of our ongoing commitment to minimising resource waste and aligns with our broader sustainability objectives. Compared to FY2022 usage of 1,580 reams, our sustained reduction trajectory underscores the effectiveness of our waste-conscious policies and operational efficiencies. This strategic approach not only reduces paper dependency but also enhances operational efficiency, proving that sustainable practices can be seamlessly integrated into business operations without compromising productivity. Moreover, our reduction of 5.2% from FY2023 to FY2024 exceeded our annual reduction target of at least 5%, reinforcing our dedication to continuous improvement. This achievement further reflects Masteel’s holistic sustainability vision, which extends beyond compliance to proactively adopting environmentally responsible behaviors across our operations. Looking ahead, we remain committed to further reducing our reliance on paper by exploring enhanced digital workflows, paperless approvals, and automated documentation systems. These initiatives will ensure that our resource optimisation strategies continue to support both environmental responsibility and operational excellence.

Waste and Effluents

As a responsible steel producer, Masteel upholds strong environmental stewardship through a strict waste management system. We engage only DOE-certified waste collectors to ensure safe and compliant disposal practices. Adhering to DOE regulations, we ensure that all scheduled waste is disposed of within six months and that the total volume does not exceed 25 metric tonnes at any time. We successfully reduced the annual volume of scheduled waste by 9.49% compared to FY2022 through the adoption of best practices in our waste reduction initiatives. The increase in SW306 and SW410 waste is mainly attributed to the upgrading works for an additional wastewater treatment plant and the revamping process. Additionally, the rise in SW104 waste compared to FY2023 is due to a feasibility study conducted in 2023 aimed at recycling this waste back into the process, which had previously resulted in lower fume dust emissions that year. Beyond managing scheduled waste, we extend our commitment to sustainability by working with certified contractors to ensure the responsible collection and disposal of non-scheduled waste at legal landfill sites. Our holistic approach to waste management and resource efficiency reflects our dedication to reducing our environmental footprint while upholding the highest standards of compliance and sustainability. Looking ahead, we continue to explore innovative waste reduction strategies, recycling initiatives, and operational improvements to reinforce our long-term commitment to a cleaner, greener future.

Progress against previously set targets to reduce waste for short term

Targets by FY2027 (Baseline data FY2023)	Performance FY2024
• To reduce 1% of non-recycled waste • To reduce 1% of spent hydraulic oil (SW306) • To reduce 1% of lubricant oil waste (SW305) • To reduce 1% of fume dust (SW104) • To reduce 1% of contaminated rags (SW410) • To reduce 1% of mix waste (SW421) • To reduce 1% of overall hazardous waste	• Achieve 2.02% reduction of non-recycled waste • The increase is attributed to the upgrading works for the wastewater treatment plant and the revamping process. • Achieve 67.39% reduction of lubricant oil waste • Achieve 9.6% reduction of fume dust as compared to FY2022. • The increase is attributed to the upgrading works for the wastewater treatment plant. • Achieve 100% reduction of mix waste • Achieve 9.49% reduction of hazardous waste as compared to FY2022

Waste and Effluents

Non-recycled Waste (tonne)
FY2022-FY2024



We continue to monitor our non-recycled waste and ensure we are able to achieve our set target of 1% reduction every year. Thus, we achieved a notable 2.02% reduction in non-recycled waste in 2024, reinforcing our commitment to sustainable waste management and environmental responsibility. This progress reflects the effectiveness of our strategic waste reduction initiatives, which focus on optimising resource efficiency, enhancing recycling processes, and minimising waste generation across our operations. By embedding sustainability into our core business processes, we continue to mitigate the environmental impact of industrial activities while upholding the highest standards of operational efficiency and compliance.

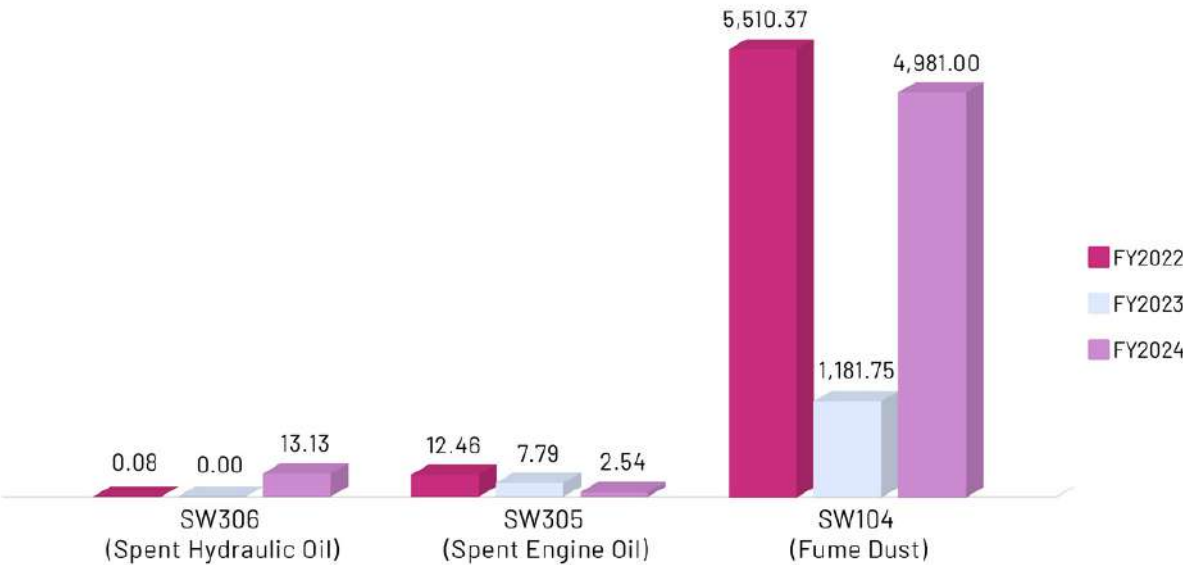
This achievement is particularly significant given the challenges associated with reducing non-recycled waste in heavy industries. It highlights Masteel's proactive adoption of best practices in waste segregation, material recovery, and responsible disposal. Our continuous investments in waste management improvements, coupled with a strong internal culture of resource optimisation and recycling, have played a pivotal role in this progress. We remain steadfast in driving innovation and sustainability as we advance towards our long-term zero waste goal, ensuring that waste reduction remains a fundamental pillar of our environmental strategy.

Waste and Effluents

Recycled Waste- Skull Steel (tonne)
FY2022-FY2024

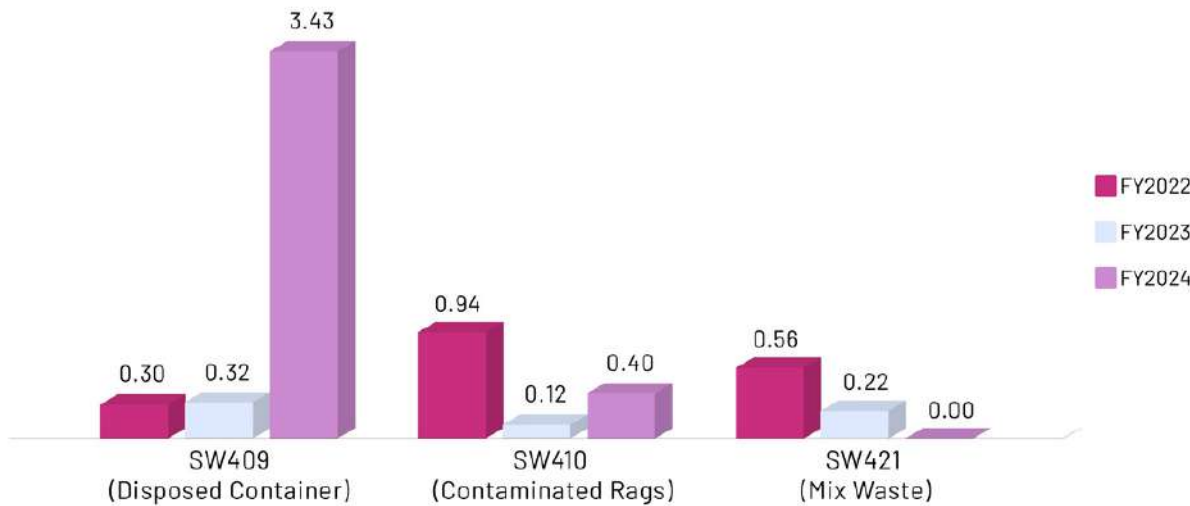


Recycled Waste- Scheduled Waste (tonne)
FY2022-FY2024



Waste and Effluents

Recycled Waste- Scheduled Waste (tonne)
FY2022-FY2024



Overall Hazardous Waste (tonne)
FY2022-FY2024



Waste and Effluents

Masteel remains devoted in our commitment to identifying and implementing innovative recycling opportunities, ensuring that materials once considered waste are effectively recovered and repurposed. Our waste management strategy prioritises the recycling of industrial by-products, such as skull steel, and the responsible handling of scheduled waste, ensuring these materials are processed and reintegrated into our operations in an environmentally sustainable manner. We reduce non-recycled waste, optimise resource utilisation, and enhance cost efficiency by embedding circular economy principles into our manufacturing processes. These efforts not only improve our environmental performance but also streamline operations, reinforcing our leadership in sustainable industrial practices.

As part of our strict environmental governance, we have set an internal benchmark to limit regulatory penalties related to waste management to a maximum of two per financial year. We are proud to report that in FY2024, our rigorous waste management protocols and strict compliance measures have resulted in zero penalties, underscoring our commitment to adhering to environmental laws and best practices. This achievement reflects Masteel's proactive approach to environmental stewardship, ensuring that we uphold the highest operational standards while maintaining full compliance with regulatory requirements. Since 2022, our Petaling Jaya plant has been ISO14001 certified, covering 50% of our operations under this internationally recognised environmental management standard. This certification reinforces our dedication to continuous improvement, sustainable resource management, and reducing our overall environmental impact as we work towards a greener and more sustainable future.

Air Emissions

Key Air Emissions- Isokinetic Dust Particulate (mg/m³) FY2022-FY2024



We recognise the critical importance of air quality management due to the significant environmental impact associated with industrial emissions. Thus, we have prioritised the vigilant monitoring of air emissions to ensure strict compliance with environmental regulations, aligning with the Malaysian Environmental Quality (Clean Air) Regulations 2014 set forth by the DOE. Since 2021, Masteel has implemented a sophisticated Continuous Emissions Monitoring System (“CEMS”) at our Bukit Raja plant, reinforcing our commitment to environmental stewardship and sustainable industrial operations.

The CEMS system is designed with strategically placed analysers throughout the facility to meticulously track, measure, and record ambient air emissions in real-time. This state-of-the-art system enhances our ability to gather precise, reliable data, serving as a foundation for continuous environmental assurance. The CEMS enables us to identify discrepancies or technical anomalies early by providing real-time monitoring, allowing for immediate corrective actions to minimise environmental impact and operational risks. Additionally, the system ensures that our emission levels remain within permissible limits, facilitating proactive regulatory compliance. Beyond compliance, our commitment to advanced emissions monitoring reflects Masteel’s broader sustainability vision, ensuring that we uphold the highest industry standards in air quality management while reducing our overall environmental footprint.

Air Emissions

Masteel's rigorous air emissions monitoring has consistently confirmed that all emissions from our operations remain well within regulatory limits, leading to zero penalties for air emissions violations over the past three years. This achievement highlights our strong commitment to environmental responsibility, reinforced by our strategic investments in advanced monitoring technologies such as the CEMS. By leveraging real-time data tracking and proactive compliance measures, we ensure that our emissions adhere to the stringent standards set by the authority.

Maintaining full compliance with air quality regulations not only protects the natural environment but also strengthens Masteel's reputation as a responsible industry leader. Our commitment to sustainability extends beyond compliance through continuous process optimisation, emission reduction initiatives, and advanced monitoring systems. We actively minimise our environmental footprint while enhancing operational efficiency by integrating best environmental practices into our core business strategy. Masteel sets a benchmark for responsible and sustainable industrial operations, ensuring that we uphold the highest standards of environmental stewardship now and into the future.

Progress against previously set targets to reduce pollution for short term

Targets by FY2027 (Baseline data FY2023)	Performance FY2024
• To reduce 1% of NOx emission • To reduce 1% of SOx emission	• Achieve 43.71% reduction of NOx emission • Increase 34.87% of SOx emission

Air Emissions

Key Air Emissions- Nitrogen Dioxide, NO₂ (tonne)
FY2022-FY2024



Key Air Emissions- Sulfur Dioxide, SO₂ (tonne)
FY2022-FY2024



Air Emissions

Nitrogen dioxide (NO₂) is a gaseous air pollutant composed of nitrogen and oxygen and is one of a group of related gases called nitrogen oxides (NOx)

Air Emission (Nitrogen Dioxide)	Q1	Q2	Q3 Tonnes	Q4	Total
2022	64.99	67.36	82.69	88.91	303.95
2023	88.91	77.96	67.01	60.79	294.67
2024	46.64	40.63	44.82	33.77	165.86

Sulfur dioxide (SO₂) is a gaseous air pollutant composed of nitrogen and oxygen and is one of a group of related gases called nitrogen oxides (SOx)

Air Emission (Sulfur Dioxide)	Q1	Q2	Q3 Tonnes	Q4	Total
2022	557.31	553.71	581.75	579.56	2,272.33
2023	579.56	557.83	101.08	94.31	1,332.78
2024	520.32	515.02	507.84	503.25	2,046.43

Air Emission (Volatile Organic Compounds, VOCs)	Q1	Q2	Q3 Kilograms	Q4	Total
2022	00.00	00.00	00.00	00.00	00.00
2023	00.00	00.00	00.00	00.00	00.00
2024	00.00	00.00	00.00	00.00	00.00

GHG EMISSIONS

Masteel has remained dedicated to transparent and comprehensive greenhouse gas (“GHG”) reporting, covering Scope 1, Scope 2, and Scope 3 emissions in 2024. Our approach aligns with the IFRS S2 Climate-related Disclosures and international climate action frameworks such as the Paris Climate Agreement (2015) and the United Nations’ sustainability initiatives. Climate change poses both risks and opportunities that directly impact Masteel’s long-term resilience, operational efficiency, and market competitiveness. As a renowned steel manufacturer, our processes are energy-intensive and carbon-emitting, making us highly exposed to evolving environmental regulations, stakeholder expectations, and global decarbonisation trends. The increasing urgency to reduce greenhouse gas emissions is reshaping the global steel industry, with governments introducing carbon pricing mechanisms, such as the EU’s Carbon Border Adjustment Mechanism (“CBAM”), and investors demanding greater climate-related disclosures. Failure to act may result in higher compliance costs, restricted market access, and reputational risks. At the same time, climate action presents an opportunity for Masteel to lead in green steel innovation, attract sustainability focused investors, and align with the growing demand for low-carbon materials in infrastructure and construction. By integrating climate considerations into our strategy, we future proof our business, enhance operational efficiency, and create long term value for stakeholders.

Masteel’s Scope 1 emissions arise from direct operations, mainly the combustion of natural gas and diesel in manufacturing. These are closely monitored and reported to enhance efficiency and reduce environmental impact. Since FY2023, we’ve adopted ISO 14064 for accurate and standardised carbon calculations. To decarbonise further, we’ve implemented technology upgrades to lower electricity and gas use, and continue exploring alternative fuels and process innovations.

Scope 2 emissions stem from purchased electricity used in our operations. Our commitment to reducing Scope 2 emissions is evident in our energy management initiatives, such as:

- Optimising electricity use by directly charging billets from the Continuous Casting Machine (“CCM”) to reduce reheating energy.
- Enhancing renewable energy integration, with solar panel installations being a key component of our sustainability roadmap.
- Implementing ISO 50001:2018 Energy Management Systems, ensuring continuous improvement in energy performance and efficiency.

GHG EMISSIONS

Scope 3 emissions are often the most complex to quantify, as they encompass indirect emissions that occur outside our direct control but within our broader value chain. To enhance transparency and accountability, Masteel actively tracks and reports five key Scope 3 categories, specifically in Category 6: Business Travel, Category 7: Employee Commuting, Category 8: Upstream Leased Assets, Category 9: Downstream Transportation and Distribution and Category 13: Downstream Leased Assets.

Our total GHG emissions in FY2024 from our Bukit Raja plant reflect our continuous efforts in carbon intensity reduction, with a recorded process carbon intensity of 0.489 tCO₂e/mt for the steelmaking plant and 0.112 tCO₂e/mt for the rolling mill plant. We have implemented strategic initiatives aimed at reducing our GHG emissions such as process optimisation, energy efficiency initiatives, and sustainable manufacturing practices. Our target commitment milestones include a 10% reduction in GHG emissions by 2026, followed by an additional 15% reduction by 2031. These initiatives underscore our responsibility to climate action, positioning Masteel as a leader in sustainable and responsible manufacturing. For a detailed breakdown and analysis of our Scope 1, Scope 2, and Scope 3 emissions, we direct stakeholders to pages 151 of our IFRS S1 & S2 report, which provides deeper insights into our carbon reduction strategies, emissions calculations, and long-term sustainability commitments.

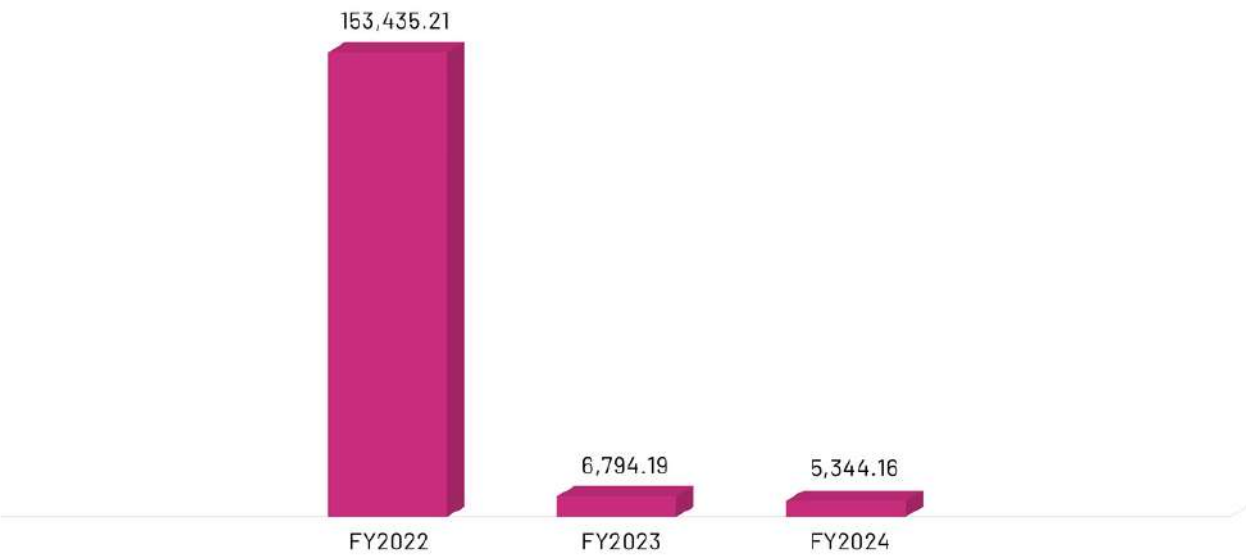
GHG Emissions (tCO₂e) - Scope 1, 2 & 3 FY2022-FY2024



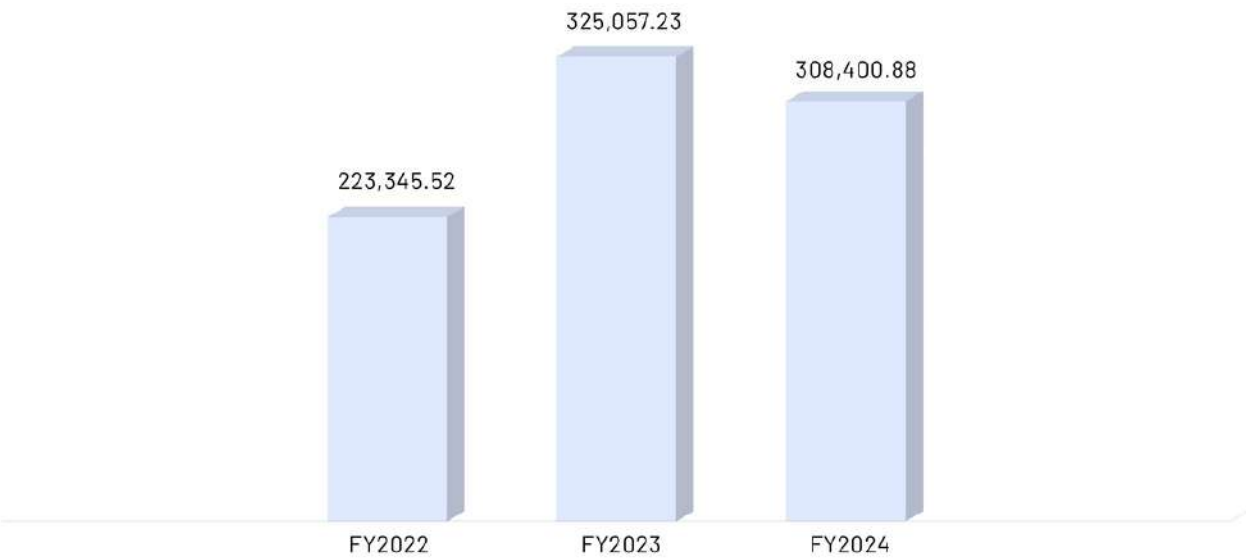
GHG EMISSIONS



GHG Emissions (tCO₂e) - Scope 1 FY2022-FY2024



GHG Emissions (tCO₂e) - Scope 2 FY2022-FY2024

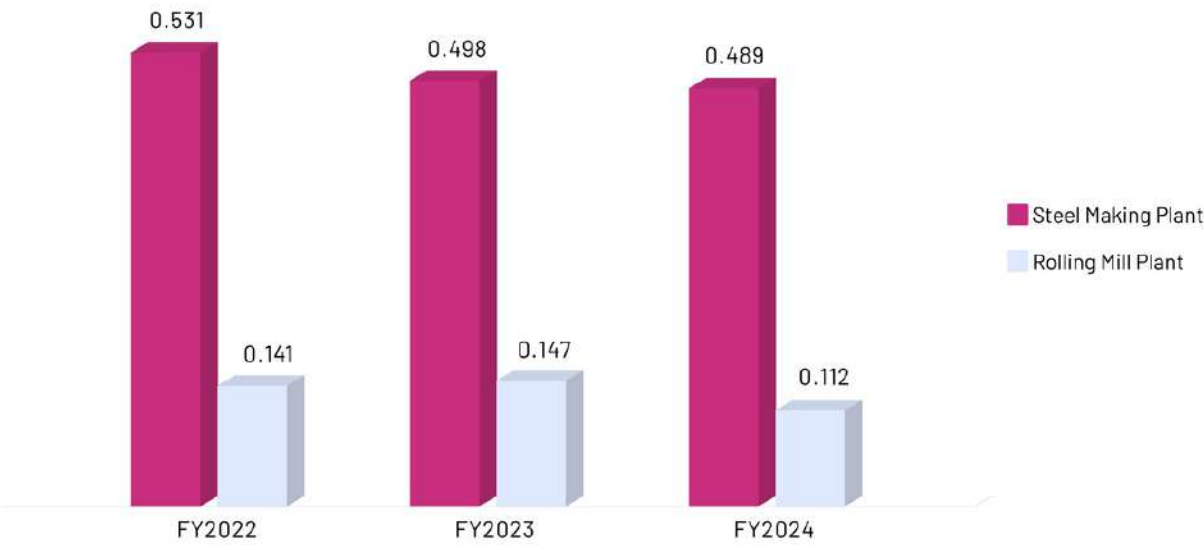


GHG EMISSIONS

GHG Emissions (tCO₂ e) - Scope 3
FY2022-FY2024

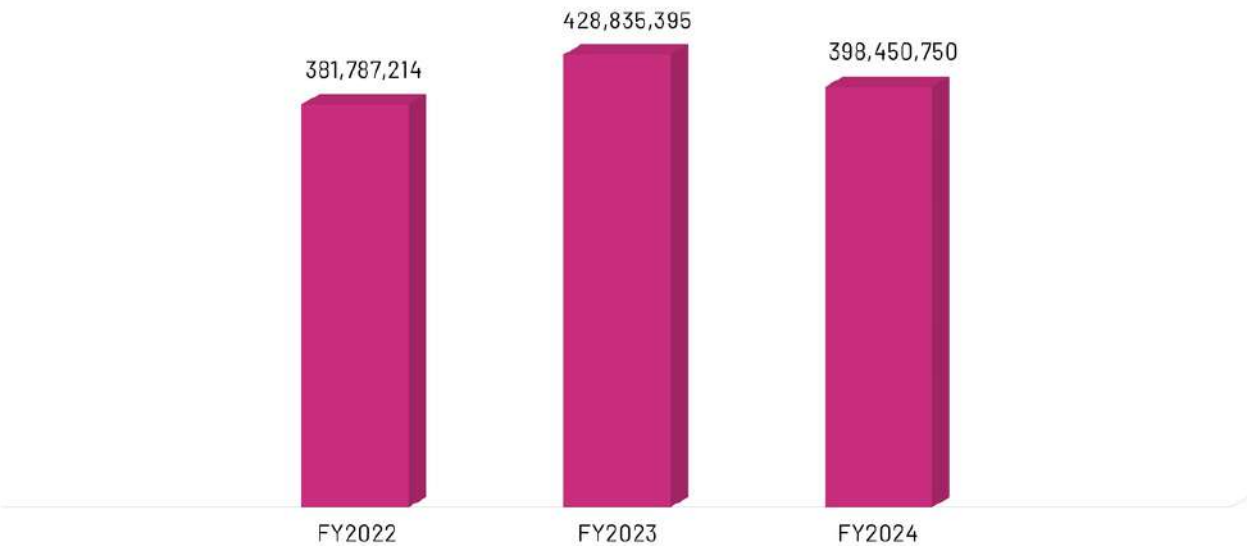


Process Carbon Intensity (tCO₂ e/mt)
FY2022-FY2024



Energy Consumption

Electricity Consumption (kWh) FY2022-FY2024



Energy	Consumption (Gigajoules, GJ)		
	FY2022	FY2023	FY2024
Electricity	1,374,433.97	1,543,807.42	1,434,422.70
Natural Gas	182,994.00	71,054.00	42,327.00
Diesel (Owned Machinery)	54,265.69	21,955.60	21,616.15
Total	1,611,693.66	1,636,817.02	1,498,365.85

The steelmaking industry is inherently energy intensive, with substantial electricity consumption driving production processes. At Masteel, we continuously enhance our technological capabilities and remain committed to optimising energy usage through our comprehensive Energy Management Policy. This policy is built upon five key pillars:

- 1. Energy Efficiency** – Implementing advanced technologies and best practices to enhance operational energy performance.
- 2. Solar Power** – Expanding renewable energy integration to reduce reliance on conventional energy sources.
- 3. Conservation** – Promoting responsible energy consumption across all production stages.
- 4. Compliance** – Adhering to national and international energy management standards.
- 5. Continuous Improvement** – Regularly evaluating and refining energy strategies for long-term sustainability.

Energy Consumption

In FY2024, Masteel achieved a significant milestone by successfully obtaining ISO 50001:2018 Energy Management Systems certification. This accreditation underscores our proactive approach to energy management and reinforces our commitment to sustainable steelmaking practices. By adhering to these stringent guidelines, we effectively identify and implement initiatives that enhance energy efficiency, reduce waste, and lower our carbon footprint. This achievement is instrumental in optimising energy consumption while supporting our long-term sustainability goals.

Since the full implementation of the Induction Furnace (“IF”) in 2022, Masteel has achieved significant improvements in energy efficiency and resource optimization. One of the most notable advancements has been the reduction in raw material consumption, particularly in natural gas and oxygen, which has directly contributed to lowering our carbon footprint. For FY2024, our total electricity consumption was recorded at 398,450,750 kilowatt-hours (kWh), marking a 7.1% reduction compared to FY2023’s 428,835,395 kWh. This decline in electricity usage translates into a measurable reduction in carbon emissions (5.1%), reinforcing our commitment to energy conservation and sustainable manufacturing.

The primary factor behind this improvement is the removal of the electric induction heater for billet reheating. Previously, billet reheating required additional electrical input; however, with process optimisation, we now directly charge billets from the Continuous Casting Machine (“CCM”). This approach leverages the residual heat from the CCM, reducing the need for external heating sources and, in turn, lowering overall energy consumption. This transition not only improves energy efficiency but also reduces production costs and emissions, making our steel manufacturing process more sustainable.

Operating in an energy-intensive industry, Masteel remains steadfast in its commitment to continuous improvement and adherence to global energy management standards. Our sustainability initiatives are aligned with broader environmental goals, ensuring that we take proactive measures to minimize our carbon footprint.

Energy Consumption

To further enhance our energy optimisation efforts, we actively promote a culture of energy conservation among our workforce, emphasising the importance of sustainable practices in day-to-day operations. Additionally, renewable energy integration, particularly through the installation of solar panels, plays a crucial role in our long-term strategy. By harnessing solar power, we aim to supplement our energy needs with clean energy sources, reinforcing our position as a responsible and forward-thinking industry player in the steel manufacturing sector.

Masteel remains committed to innovating, optimising, and investing in sustainable energy solutions, ensuring that we contribute positively to both the industry and the environment.

Water Management

Water Withdrawal (m³)
FY2022-FY2024



At Masteel, we recognise the critical importance of responsible water management and are deeply committed to mitigating water related risks while ensuring sustainable water withdrawal across our operational sites both at Bukit Raja and Petaling Jaya. Our proactive engagement with key stakeholders including local communities, regulatory bodies, and water management authorities, enables us to address potential concerns and collaboratively develop effective water stewardship strategies.

Our commitment to effective water resource stewardship is clearly outlined in Masteel's Water Conservation Policy, which serves as a guiding framework for our initiatives to optimise water use, minimise waste, and enhance long-term sustainability. We conduct regular stakeholder consultations to gain valuable insights into local water challenges, assess evolving risks, and identify opportunities for sustainable water use. These engagements reinforce our commitment to environmental responsibility and help us implement best practices that align with both regulatory requirements and community expectations. Transparency remains at the core of our water management strategy. We continuously provide comprehensive updates on our water withdrawal, risk assessments, and mitigation measures annually.

Water Management

We leverage on advanced tools such as the World Resources Institute's Aqueduct Water Risk Atlas, which allows us to assess potential water risks across our operations. This enable us to further enhance our risk evaluation capabilities and our analysis confirms that both our Petaling Jaya and Bukit Raja facilities are categorised as low-risk areas, with no water withdrawals or consumption occurring in water-stressed regions.

Operation Sites	Latitude	Longitude	Country	State	Baseline Water Stress
29e, Jln Tandang, Seksyen 51, 46050 Petaling Jaya, Selangor, Malaysia	3.088861	101.632699	Malaysia	Selangor	Low (<10%)
Taman Perindustrian Bukit Raja, 41050 Klang, Selangor, Malaysia	3.071336	101.462783	Malaysia	Selangor	Low (<10%)

*Source: https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&geoStore=788bbec6d8caflae96a1109436c187ec&indicator=bws_cat&lat=61.270232790000634&lng=14.589843750000002&mapMode=analysis&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&threshold&timeScale=annual&year=baseline&zoom=2

Despite operating in low-risk water zones, we remain committed to preserving water resources. Our rainwater harvesting system installation at our Bukit Raja site exemplifies our dedication to water conservation. This initiative supports our broader sustainability goals by reducing reliance on municipal water sources and enhancing water efficiency in our operations. In FY2024, Masteel recorded a total water withdrawal of 372,527.88 m³, an increase from 303,603.53 m³ in FY2023. The increase is primarily attributed to the upgrading works at the Bukit Raja facility, which included the addition of a new wastewater treatment plant. This led to higher water usage, particularly during the commissioning phase of the new system. In addition, the increase was also contributed by the rainwater harvesting systems implemented at both Bukit Raja and Petaling Jaya.

In response to this increase, we remains committed to sustainable water management, implementing initiatives such as water recycling, rainwater harvesting, and efficiency upgrades. Masteel will continue optimising water use while balancing operational growth with environmental responsibility guided by our Water Conservation Policy.

Water Management

Masteel has installed two Rainwater Harvesting Systems (“RHS”) across all our operational sites, including Bukit Raja and Petaling Jaya, as part of our ongoing sustainability initiatives. Implemented in collaboration with our site workers, these systems are designed to efficiently collect and store rainwater to support our daily operations. This initiative helps mitigate the risk of water shortages, ensuring business continuity while reinforcing our commitment to environmental sustainability. These systems are designed to capture and store rainwater, which is then reused primarily for cooling processes in steel production, including product cooling, equipment cooling, and other operational needs. By utilising harvested rainwater, Masteel reduces our dependence on treated water sources, enhances water resource efficiency, and contributes to the broader environmental goals of sustainable manufacturing. This initiative is aligned with Masteel’s commitment to responsible water management and its role in supporting Malaysia’s ESG and circular economy aspirations.

This proactive measure enhances water availability for essential non-industrial uses while reducing dependence on municipal water supplies. Thus, in FY2024, we successfully harvested a total of 14,293.88 m³, comprising 12,718.98 m³ from Petaling Jaya and 1,574.90 m³ from Bukit Raja. Furthermore, we prioritise employee education and awareness programs on water-saving practices in alignment with the Masteel Water Conservation Policy. By fostering a culture of responsible water use, we aim to systematically reduce raw water withdrawal and reinforce the importance of efficient water management.



Water Management

Our primary water source remains municipal water supplies, and we do not extract water from natural bodies. The only exception is rainwater harvesting, which supplements our water needs while reducing reliance on external sources. The majority of our water usage is dedicated to domestic purposes and cooling processes within our operations. We have optimised our cooling systems by implementing closed-loop water circulation, significantly reducing water withdrawal and improving efficiency to further minimise our overall consumption.

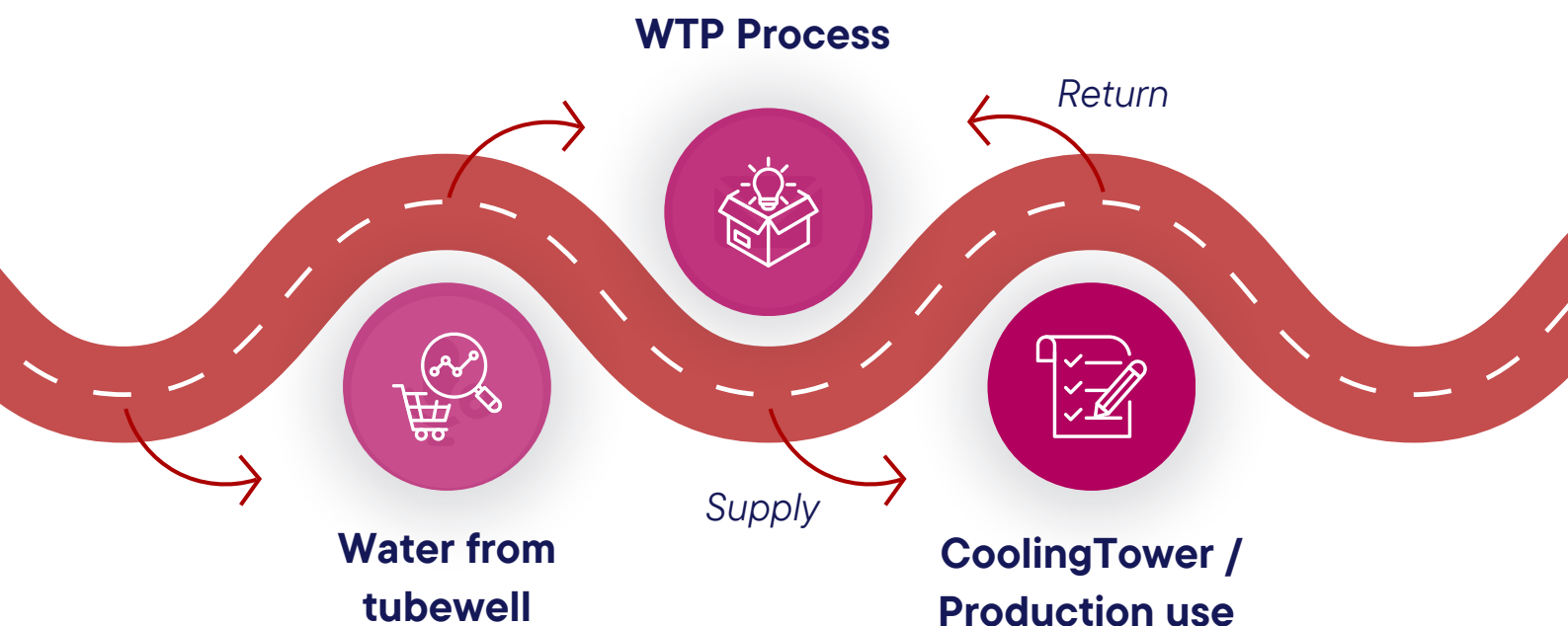
Additionally, we 100% recycle the wastewater generated within our operation for cooling purposes in our machinery and products, which has resulted in zero water discharge since the start of our operations. Before any wastewater is reintegrated into our systems, it undergoes rigorous treatment and strict adherence to local environmental regulations to ensure compliance and sustainability. This closed-loop approach aligns with our commitment to the principles of a circular economy, emphasising waste minimisation and maximum resource efficiency. We are in the process of securing official recognition and certification from the Department of Environment (“DOE”) Malaysia for our 100% recycled wastewater initiative. to further solidify our environmental leadership. As a result of our zero-water discharge approach, no water discharge data has been collected, reinforcing our dedication to water conservation.

Location	Discharge destination	Water Discharge (million m ³)		
		FY2022	FY2023	FY2024
Petaling Jaya, Selangor, Malaysia	-	-	-	-
Bukit Raja, Klang, Selangor, Malaysia	-	-	-	-

We have implemented an advanced wastewater recycling treatment process that seamlessly integrates environmental sustainability with operational efficiency. This state-of-the-art system is designed to minimise water wastage, reduce reliance on external water sources, and ensure compliance with stringent environmental regulations. Our approach is structured around the following key stages, each meticulously designed to optimise water reuse while maintaining high-quality standards in our operations

Water Management

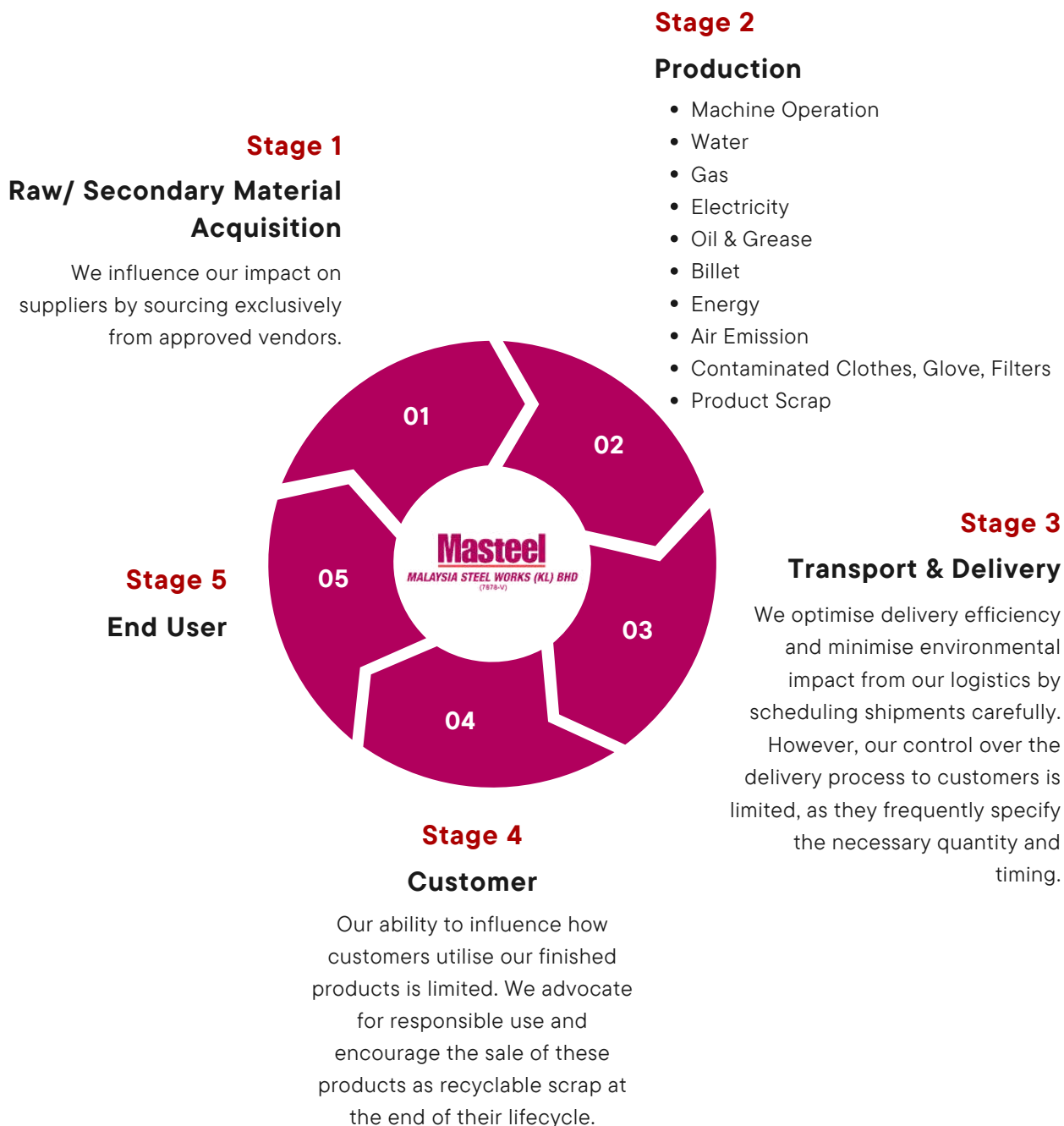
Summary of Process Flowchart



Location	Source	Water Withdrawal (m ³)		
		FY2022	FY2023	FY2024
Petaling Jaya, Selangor, Malaysia	Municipal portable water	30,396.00	21,605.00	23,305.00
	Harvested rainwater	0.00	0.00	12,718.98
Bukit Raja, Klang, Selangor, Malaysia	Tubewell	252,551.00	244,818.00	295,698.00
	Municipal portable water	31,988.00	35,940.00	39,231.00
	Harvested rainwater	0.00	1,240.53	1,574.90

Masteel's unwavering commitment to sustainable water management is further demonstrated by our impeccable compliance record, with zero incidents of non-compliance related to water quality, quantity permits, or regulatory standards. This achievement is a testament to our stringent monitoring systems, continuous improvements in water efficiency, and proactive engagement with environmental regulations. As we move forward, we will continue to explore and implement innovative water-saving technologies, expand our rainwater harvesting capabilities, and enhance employee-driven conservation initiatives. Through these concerted efforts, Masteel remains focused in our mission to protect and preserve this finite and precious resource, ensuring sustainable water management across our operations.

Life Cycle Perspective



Masteel's Lifecycle Perspective, outlining five key stages from raw material acquisition to end-user consumption. It highlights our company's efforts to ensure responsible sourcing, optimise resource use in production, minimise environmental impact in logistics, and advocate for product recycling. Masteel integrates sustainability at every stage by improving efficiency, reducing waste, and promoting circular economy practices, reinforcing our commitment to responsible steel manufacturing.

Circular Economy

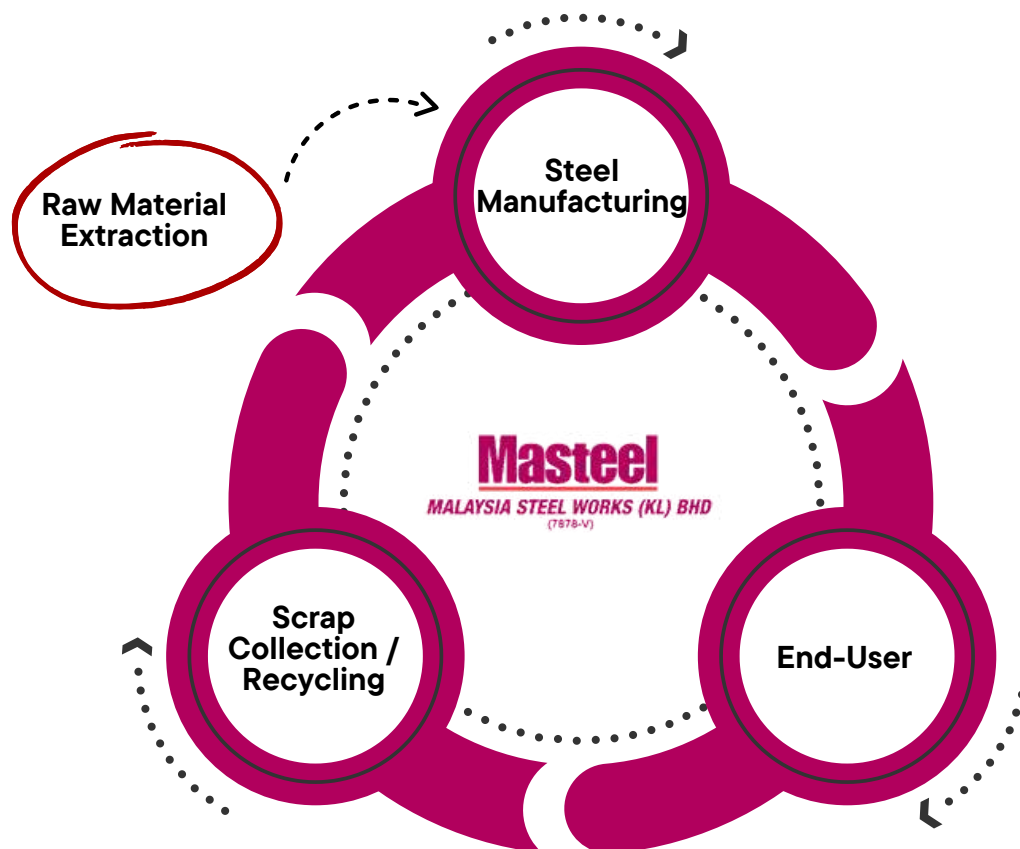
Steel is the world's most recycled material, embodying the core principles of a circular economy through our ability to be infinitely recycled without compromise in quality. We actively embrace this sustainability model by incorporating a significant amount of recycled steel scrap into our steelmaking processes. This practice aligns with our broader objective of reducing raw material dependence, conserving natural resources, and minimising industrial waste. This reinforcing our commitment to a more sustainable steel player locally and abroad.

As part of our zero waste strategy, we are dedicated to recycling and reusing co-products generated during our manufacturing operations. Our approach includes recovering and repurposing by-products such as steel slag and mill scale ensuring that valuable materials are reintegrated into the production cycle rather than disposed of as waste. This initiative not only enhances resource efficiency but also reduces our environmental footprint, demonstrating how circular economy principles can be successfully embedded within industrial operations.

Furthermore, our efforts extend beyond internal recycling. Masteel actively collaborates with stakeholders, including suppliers and customers, to promote responsible material usage, end-of-life product recycling, and sustainable supply chain practices. By advocating for a closed-loop steel production system, we support industry-wide transitions towards low-carbon, energy-efficient manufacturing methods that align with global sustainability goals.

Through these initiatives, We are positioning ourselves as a leader in environmental stewardship within the steel sector through these initiatives by integrating circular economy principles. This includes the reducing material use, reusing co-products, and recycling steel efficiently where we contribute to a more sustainable and resource-efficient economy. This forward thinking approach not only ensures the preservation of finite resources but also supports Malaysia's and the global industry's transition toward a low-carbon, sustainable future.

Circular Economy



Raw Materials	FY2022	FY2023 Tonnes	FY2024
Fesi	132.62	43.21	16.58
SiMn	4,127.00	4,838.91	4,264.22
Coke	911.50	104.10	46.53
CaO	2,235.43	157.70	459.49
Total	7,406.55	5,143.92	4,786.82

Targets by FY2027 (Baseline data FY2023)

- To achieve 5% reduction in raw material consumption

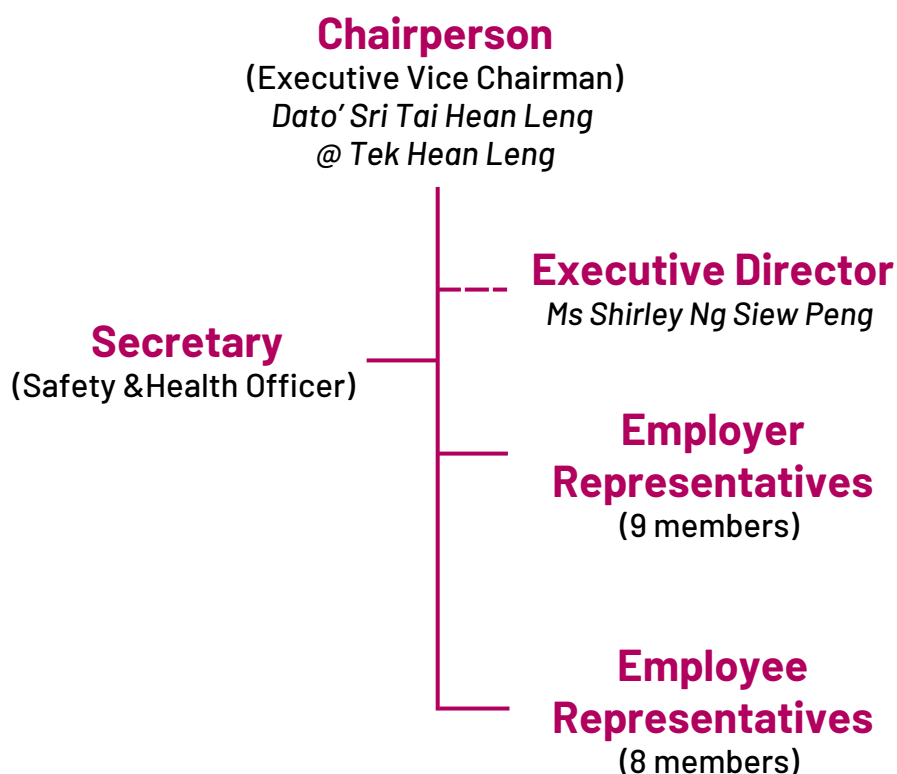
Performance FY2024

- Achieve 6.9% reduction in raw material consumption.



Occupational Health and Safety Training

Safety and Health Committee



At Masteel, Occupational Health & Safety (“OH&S”) is a core pillar of our sustainability framework, championed by the Board of Directors and Senior Management. Our commitment to creating a safe and healthy work environment is reinforced through continuous monitoring, proactive risk mitigation, and structured safety governance. Each of our operating sites boasts a dedicated Safety and Health Committee, which plays a pivotal role in overseeing workplace safety compliance and risk management. These committees are led by our Executive Vice Chairman, with oversight from Ms. Shirley Ng, who serves as the Executive Director on the Board, ensuring that safety measures are consistently reviewed and enhanced. When safety and health issues cannot be resolved at the Safety and Health Committee level, Ms. Shirley Ng proactively escalates these matters to the Board of Directors (“BOD”) for discussion and resolution. This structured escalation process ensures that critical concerns receive top-level scrutiny and prompt action, reinforcing Masteel’s unwavering commitment to workplace safety and employee well-being.

Occupational Health and Safety Training

The safety and well-being of our employees take precedence in every decision and action we undertake. Recognising the critical importance of workplace safety, we are dedicated to maintaining rigorous occupational health and safety (“OH&S”) standards, ensuring that protecting our workforce remains our top priority. As part of our commitment to safety excellence, a comprehensive Occupational Health & Safety (“OH&S”) Policy has been established, serving as a structured framework for both management and employees to cultivate a safe and secure working environment.

Occupational Health and Safety policy:

- a. Defines clear safety protocols to mitigate workplace risks.
- b. Establishes accountability at all levels to uphold safety best practices.
- c. Includes third-party contractors and service providers, requiring them to undergo a mandatory safety briefing before beginning work at any Masteel facility.

To drive ongoing improvements in reducing health and safety impact we:

- a. Continuously assess OH&S performance, reviewing incident reports, safety metrics, and workplace data to identify potential risks and areas for enhancement.
- b. Implement corrective measures based on findings, ensuring our OH&S strategies remain effective, responsive, and adaptable to emerging risks.
- c. Hold quarterly OH&S committee meetings to evaluate safety protocols, discuss updates, and escalate critical safety concerns to management for immediate action.

We at Masteel continuously adopting a systematic approach to mitigating workplace safety risks, focusing on:

- a. Proactive risk assessments and hazard identification to enable early intervention and prevent incidents.
- b. Monthly updates to safety protocols, ensuring compliance with regulatory standards and industry best practices.
- c. Targeted employee safety training programs, equipping our workforce with the knowledge, skills, and awareness to maintain a secure and injury-free workplace.

Occupational Health and Safety Training

Our Occupational Health & Safety (“OH&S”) Policy and management system reflect our strong commitment to workplace safety, having achieved OHSAS 18001/ISO 45001 certification for our Petaling Jaya and Bukit Raja facilities since 2022. Since then, this certification was extended to 100% of Masteel’s operation sites, reinforcing our dedication to maintaining the highest safety standards across all operations.

To ensure compliance with ISO 45001's stringent requirements, we conduct regular internal and external audits across all divisions. This rigorous approach not only ensures alignment with industry best practices but also underscores our commitment to continuous improvement, risk mitigation, and creating a safe working environment for our employees.

The Safety and Health goals are clearly defined within the ISO 45001 framework, forming an essential part of the occupational health and safety policies for the Bukit Raja and Petaling Jaya plants. The table below details the specific targets established for FY2024, reflecting a commitment to maintaining a safe and compliant work environment.

Petaling Jaya Plant	Bukit Raja Plant
• Zero fatality case • Zero compounds from authorities • To ensure 100% of new employees to complete safety and health induction training within two days of joining. • To achieve at least 95% participation of Safety and Health Committee Meeting	• To achieve more than 8,000 operating hours without plant shut down due to injury and accident. • Zero fatality case • Not more than 2 cases of the compound from authorities per year • To ensure 100% of new employees to complete safety and health induction training within two days of joining. • To ensure at least 95% attendance for the Safety and Health Committee Meeting

Occupational Health and Safety Training

Since 2024, we committed to establishing long-term safety goals for the 2024–2028 period to align with Masteel’s Safety and Health objectives under ISO 45001 standards. Our primary focus is on enhancing workplace safety, mitigating risks, and preventing accidents, ensuring a safe and compliant working environment.

Our five year targets (2024-2028)

- Maintain more than 8,000 operating hours without plant shutdowns due to injuries or accidents, year on year.
- Zero fatality cases, reinforcing Masteel’s commitment to employee safety. year on year.
- Zero safety-related compounds from authorities, ensuring full regulatory compliance, before 2028.
- 100% of new employees to complete safety and health induction training within two days of joining, year on year.
- Achieve at least 95% participation in Safety and Health Committee Meetings to strengthen engagement and oversight, year on year.

At Masteel, the Safety and Health team is committed to maintaining the highest occupational health and safety standards by conducting comprehensive risk assessments across both current operations and future projects. These assessments utilise the Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) methodology, a structured approach to identifying, evaluating, and mitigating workplace hazards.

HIRARC assessments have been successfully implemented in high-risk operational areas, including the Electric Arc Furnace (“EAF”) and Induction Furnace (“IF”) units. Additionally, these assessments extend to new and upcoming projects, such as the High-Speed Bar Project, ensuring that potential risks are proactively managed even before any operations commence. This forward-looking approach reinforces our commitment to workplace safety and operational resilience.

Comprehensive Employee Safety Coverage

We ensures that all employees are adequately protected under our OH&S management system, which includes enrolment in Social Security Fund (“SOCSO”) and Group Personal Accident Insurance (“GPA”). These measures provide financial and medical security in the event of work-related injuries, reflecting our dedication to employee well-being and workplace protection.

Occupational Health and Safety Training

Safety Performance Indicators for Continuous Improvement

To strengthen accountability and proactive risk management, we have introduced a safety focused Key Performance Indicator (“KPI”) aimed at limiting workplace accidents to fewer than three per year. This KPI:

- a. Serves as a measurable benchmark for evaluating workplace safety performance.
- b. Reinforces our commitment to continuous risk reduction and the prevention of occupational hazards.
- c. Encourages a culture of collective responsibility, ensuring that employees actively participate in safety initiatives and adhere to established protocols.

Description	FY2022	FY2023	FY2024
Total Hours Worked	2,046,912	2,729,872	2,085,120
Number of lost time injuries	4	1	0
Work related fatalities (Employees)	1	0	0
Work related fatalities (Contractors)	0	0	0
Lost time incident rate (LTIR)	0.39	0.07	0.00

The Lost Time Incident Rate is calculated in accordance with the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) as follow

Lost Time Incident Rate (“LTIR”) = $(A/B) \times 200,000$

where A = Number of lost time injuries in the reporting period

B = Total number of hours worked in the reporting period

Note

[1] LTIR is calculated as a rate, where the number of lost time incidents during the reporting period are expressed per the total number of hours worked as at the end of the reporting period which is 2,085,120 hours for FY2024.

[2] The value of 200,000 represents a standardised value of the total amount of hours that 100 employees work weekly for 40 hours for a duration of 50 weeks $(100 \times 40 \times 50 = 200,000)$.

Occupational Health and Safety Training

In FY2024, Masteel recorded a total of 2,085,120 working hours with zero workplace incidents, successfully achieving our annual safety target of fewer than three workplace accidents. This outstanding safety record underscores Masteel's unwavering commitment to occupational health and safety and the effectiveness of our proactive safety strategies.

Throughout the year, we observed significant improvements in overall safety performance, driven by our continuous enhancement of safety protocols, rigorous risk management strategies, and comprehensive safety training programs. By fostering a culture of safety awareness and compliance, we have ensured that all employees operate in a secure and well-regulated environment.

This notable milestone of zero workplace injuries is a testament to Masteel's proactive approach to risk prevention, including regular safety drills, strict adherence to industry best practices, and continuous investment in workplace safety enhancements. Our preventive measures and structured safety policies play a crucial role in protecting our workforce, ensuring a safe and productive work environment. Achieving zero incidents is not just a target, it reflects Masteel's deep-rooted commitment to safeguarding employee well-being while maintaining operational excellence. As we continue to enhance our safety standards, Masteel remains dedicated to fostering a safe, compliant, and injury-free workplace, reinforcing our position as a leader in workplace safety within the steel industry.

Comprehensive Safety and Health Training for Employees

As part of our ongoing efforts to enhance workplace safety awareness and preparedness, Masteel collaborates with both internal and external stakeholders to deliver tailored safety and health training programs. In FY2024, a total of 689 employees attended in various health and safety training sessions designed to equip employees with the knowledge and skills to identify, prevent, and manage workplace safety hazards and strengthen Masteel's overall safety culture by fostering active employee engagement in workplace safety initiatives.

Occupational Health and Safety Training

These training programs cover a broad range of occupational health and safety topics, ensuring that employees remain vigilant, well-trained, and prepared to address potential risks in the workplace. Below is a detailed summary of the safety training sessions conducted at our Bukit Raja and Petaling Jaya facilities.

Internal	Petaling Jaya Plant	Bukit Raja Plant
	Briefing on Environmental Awareness	Briefing on Environmental Procedure
	Briefing on Safety & Environmental Policy	Briefing on Safety Procedure
	Briefing on Safety Awareness	Carbon Footprint and Greenhouse Gases Reporting
	Charting The Path: Navigating The Masteel Esg Journey	Chemical Handling
	Chemical Handling	Cutting ,Grinding & Welding Safety
	Chemical Pollution Awareness In Workplace	Domestic and Scheduled Waste Management
	Cylinder Hazards and Safety	Emergency Evacuation
	Dust and Fume Hazards	Fire Drill Training
	Electrical Hazard Awareness In Workplace	Fire Drill With Bomba
	Emergency Response & Preparedness	Fire-Fighting
	Environmental Awareness Training	Forklift Training
	Ergonomic Awareness at Workplace	Incident or Accident Reporting
	Ergonomic Training	Orientation by Safety
	Eye Safety Hazards	Overhead Crane Training
	First Aid Training	Personal Protective Equipment Training
	Forklift Training	Safe Handling, Transporting & Storing Gas Cylinder
	Hearing Conservation Program	Working at Height
	Hearing Protection Noise Safety	
	Importance of Housekeeping In Workplace	

Occupational Health and Safety Training

Internal	Petaling Jaya Plant	Bukit Raja Plant
	Importance of Personal Protective Equipment Job Safety Analysis (JSA) Lifting / Transferring Billet Lock Out Tag Out Orientation By Safety Overhead Crane Handling And Safety Overhead Crane Training Personal Protective Equipment Usage And Handling Proper Usage Of Hand Tools Proper Usage Of Ladder Save Energy In Workplace Scheduled Waste Awareness Standard Operating Procedures & HIRARC Stress & Fatigue At Workplace The Use Of Power Tools Toolbox Training By Bomba Usage Of Respirator And Mask Awareness	
External	Petaling Jaya Plant	Bukit Raja Plant
		Certified Environmental Professional In Scheduled Waste Management (CePsWaM) Radiation Protection Officer Course

Occupational Health and Safety Training



Emergency Plan



Fire Emergency Plan



Chemical spillage Emergency Plan

Masteel is committed to ensuring a safe and resilient working environment by adopting a proactive approach to emergency preparedness. To enhance crisis management capabilities, we have developed multiple comprehensive emergency response plans. These initiatives are designed to ensure swift, coordinated, and effective responses to potential emergencies, safeguarding our employees, assets, and operations. The development of our three emergency response plans is the result of meticulous scenario analysis and strategic planning, covering a wide range of potential emergencies, including fire incidents, chemical spills, and medical emergencies. These tailored response protocols ensure that Masteel remains fully equipped to handle unforeseen incidents while minimising risks to personnel and business continuity.

We recognise that a truly safe work environment goes beyond physical safety measures. Our approach to OH&S is holistic and employee-centered, incorporating both preventive safety protocols and psychological well-being initiatives. We are committed to fostering a workplace culture where employees feel secure, valued, and supported at all times.

To reinforce our commitment, we continuously

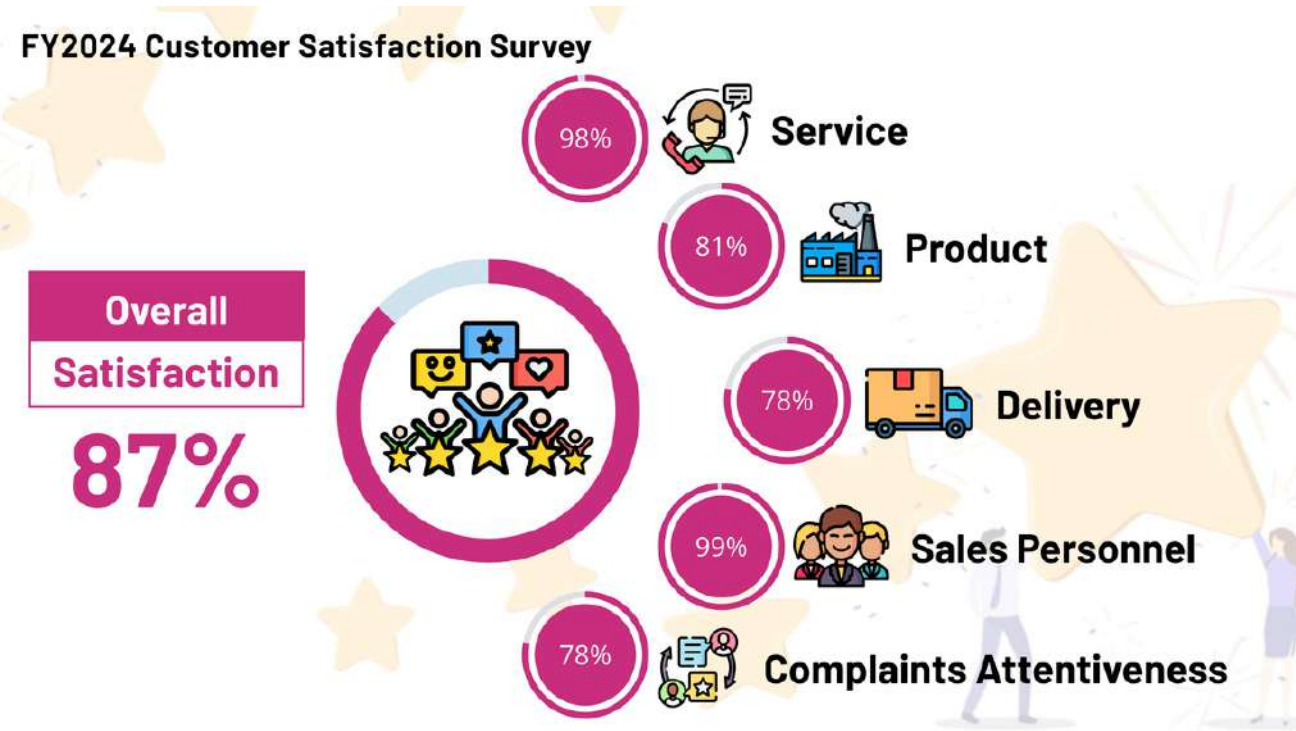
- Maintains a robust OH&S Policy, continuously evolving to address workplace risks effectively.
- Implements ongoing safety programs that emphasise risk awareness, hazard prevention, and emergency preparedness.
- Sets clear and measurable safety goals, ensuring continuous improvement in workplace safety performance.
- Provides mental health and well-being support, ensuring employees feel psychologically safe and motivated in their work environment.

Through proactive safety initiatives, structured emergency response planning, and a people-focused approach, Masteel is forging a path toward a safer, healthier, and more productive workplace for all employees.

Occupational Health and Safety Training



Customer Satisfaction



Customer satisfaction is a key priority at Masteel, and we actively seek feedback to ensure our products and services meet the highest quality standards. In line with ISO 9001:2015, we conduct annual customer satisfaction surveys, and for FY2024, we are proud to report an 87.09% satisfaction score, surpassing our 85.0% target. This reflects our commitment to superior product quality, service excellence, and strong customer relationships. To ensure transparent communication, Masteel provides a dedicated feedback and complaint channel, guaranteeing responses within one working day. We received zero complaints in 2024, reinforcing our high service standards and customer-centric approach. Through continuous improvements and adherence to international quality management systems, we remain committed to delivering excellence and building long-term partnerships.

Description	FY2022	FY2023	FY2024
Customer Satisfaction Score	92.50%	87.50%	87.09%

Product Quality

Masteel is committed to producing high-quality steel products that meet and exceed customer expectations and industry standards. Our robust internal Quality Management System (“QMS”), guided by our Quality Manual and Standard Operating Procedures (“SOPs”), ensures strict compliance with quality benchmarks at every stage of production. To further reinforce our commitment to excellence, our manufacturing operations are certified under ISO 9001:2015 and SIRIM, specifically MS 146:2014, which certifies adherence to local industrial standards for high-tensile steel bars. This certification underscores Masteel’s dedication to delivering reliable, high-performance steel products for the infrastructure and construction sectors, ensuring structural integrity, durability, and safety. By maintaining rigorous quality assurance protocols and continuous process improvements, we strengthen customer confidence and reinforce our position as a trusted leader in the steel industry.



Employment Practices and Labour Standards

Masteel's Labour Five Best Practices



Masteel is dedicated to cultivating a thriving, equitable, and inclusive workplace, ensuring that every employee is treated fairly, respectfully, and in accordance with ethical labor standards. Our core principles guide the consistent implementation of our top five best workplace practices, reinforcing our commitment to employee well-being and diversity. We uphold strict compliance with the Prevention of Child Labour Policy, Prevention of Forced Labour Policy, and Human Rights Policy, which were formally introduced in 2021. These policies are thoroughly communicated to our internal and external stakeholders through email, town hall sessions and official Masteel website and made accessible in multiple languages, including English, Nepali, Thai, Bengali, Burmese, Filipino, and Chinese, ensuring that all stakeholders fully understand their rights. In FY2024, 131 new employees received comprehensive training on the Human Rights Policy while existing employees were informed through monthly meetings and brochure distribution.

We are committed to a fair and transparent hiring process, ensuring equal opportunities for all. Our recruitment practices strictly prohibit discrimination based on race, religion, gender, age, sexual orientation, disabilities, or nationality. We value diversity and merit, recognising that an inclusive workforce drives innovation and collaboration. In FY2024, Masteel recorded zero cases of discrimination, child labor, or forced labor, with no human rights-related grievances reported. This reaffirms our commitment to ethical employment and workplace integrity. Through proactive policy enforcement, continuous employee engagement, and a strong compliance framework, we remain dedicated to fostering a safe, inclusive, and respectful workplace.

Employment Practices and Labour Standards

Prevention of Child Labour Policy



We do not provide employment to children and young persons' before they are of legally employable age



We expect our business partners and associates to have and hold similar standards regarding the prevention of child labour



We are responsible for implementing and ensuring compliance with the policy at all of our operations and facilities



We will take serious action, such as discontinuation of business if any of our business partners and associates have violated these principles and have not rectified their actions

Masteel is firmly committed to upholding local labour laws and maintaining zero tolerance for child labour across all operations. This commitment is embedded within our employment policies and practices, ensuring strict compliance through rigorous hiring procedures. Our Prevention of Child Labour Policy clearly defines measures to prevent all forms of child labour, which are explicitly outlined in our Employee Handbook, alongside our employment terms and conditions. This policy also extends to our suppliers and contractors, ensuring that they align with our standards and expectations. All suppliers and contractors are required to adhere to the principles outlined in this policy, maintaining compliance with regulatory requirements, ethical business practices, and quality standards in their operations and engagements with our organisation.

To uphold this zero-employment policy for children and young persons, Masteel's Human Resources department conducts thorough verification and inspections during the recruitment process to ensure full compliance. Additionally, any suspected violations can be reported through our whistleblowing platform as outlined in our Whistleblowing Policy, with direct escalation to the Chief Sustainability Officer, Group Human Resource Manager, or Head of Internal Audit for immediate action. Masteel remains committed to ensuring a responsible, ethical, and legally compliant work environment, reinforcing our dedication to human rights and fair labour practices.

Employment Practices and Labour Standards

Prevention of Forced Labour Policy

Similarly, Masteel maintains a zero-tolerance policy against forced or compulsory labour, reinforcing our commitment to protecting the rights and well-being of all employees and associated workers. As part of this commitment, our Prevention of Forced Labour Policy outlines four key guiding principles designed to effectively prevent and mitigate any instances of forced labour across our operations.

1

PREVENTION

- To respect, promote and realise the fundamental principles and rights at work.
- To promote freedom of association and collective bargaining for at-risk workers to join worker organisations.
- To address discrimination and reduce the risk of forced labor, we will conduct programs such as an induction program for new hires and town hall meetings with employees. Additionally, we will provide an online grievance reporting platform, designed according to the indicators specified by the International Labour Organization (ILO).
- To conduct training programmes for at-risk groups to increase employability.

2

PROTECTION

- To increase the efforts to identify and release victims of forced or compulsory labour.
- To ensure unconditional protective measures are provided to victims of forced labour
- To eliminate abuses and fraudulent practices by labour recruiters and employment agencies.
- To meet the need for immediate assistance, long-term recovery, and rehabilitation for all victims.

3

REMEDIES

- To ensure victims can access the court, tribunals, and other mechanisms to pursue remedies.
- To provide victims access to pursue compensations and damages from perpetrators.
- To provide legal information, advice, and assistance to victims.
- To allow victims to pursue appropriate administrative, civil, and criminal remedies.

4

ENFORCEMENT

- To impose penalties and penal sanctions accordingly.
- To ensure legal persons can be held liable for violating the prohibition of forced labour.

Respecting Human Rights

Masteel continue to remain steadfast committed to upholding human rights, ensuring compliance with globally recognised standards, including the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights. Our approach is further guided by the International Labour Organisation's ("ILO") Declaration on Fundamental Principles and Rights at Work, reinforcing our commitment to fair labor practices, workplace equity, and ethical operations.

To ensure effective oversight and accountability, Ms. Zueraini Ahmad Basri, Independent Non-Executive Director and member of the Board of Directors, is responsible for monitoring human rights compliance across the Group. This governance structure ensures that we effectively integrates human rights considerations into our business operations and decision-making processes, aligning with local and international guidelines on corporate responsibility and ethical business conduct.

Prevention of Forced Labour Policy

Masteel proactively identifies, assesses, and mitigates human rights risks within our operations, supply chain, and stakeholder engagements. Our risk assessment framework, aligned with the UN Guiding Principles on Business and Human Rights, evaluates both positive and negative social impacts of our business activities, particularly those related to labour rights, working conditions, and supply chain management.

These assessments also ensure compliance with Masteel's Human Rights Policy, which prioritises:

- a. Upholding local labour laws and fair employment practices
- b. Ensuring safe and conducive working conditions
- c. Protecting employee health, safety, and well-being
- d. Promoting community welfare and responsible corporate citizenship
- e. Implementing ethical supply chain management

Respecting Human Rights

Transparency, Reporting, and Grievance Mechanisms

Masteel has established formal reporting channels in accordance with our Human Rights Policy and Grievance Procedures, as detailed in our Employee Handbook. Employees, suppliers, and other stakeholders are encouraged to report any human rights-related concerns through our dedicated grievance mechanisms, ensuring confidentiality and non-retaliation.

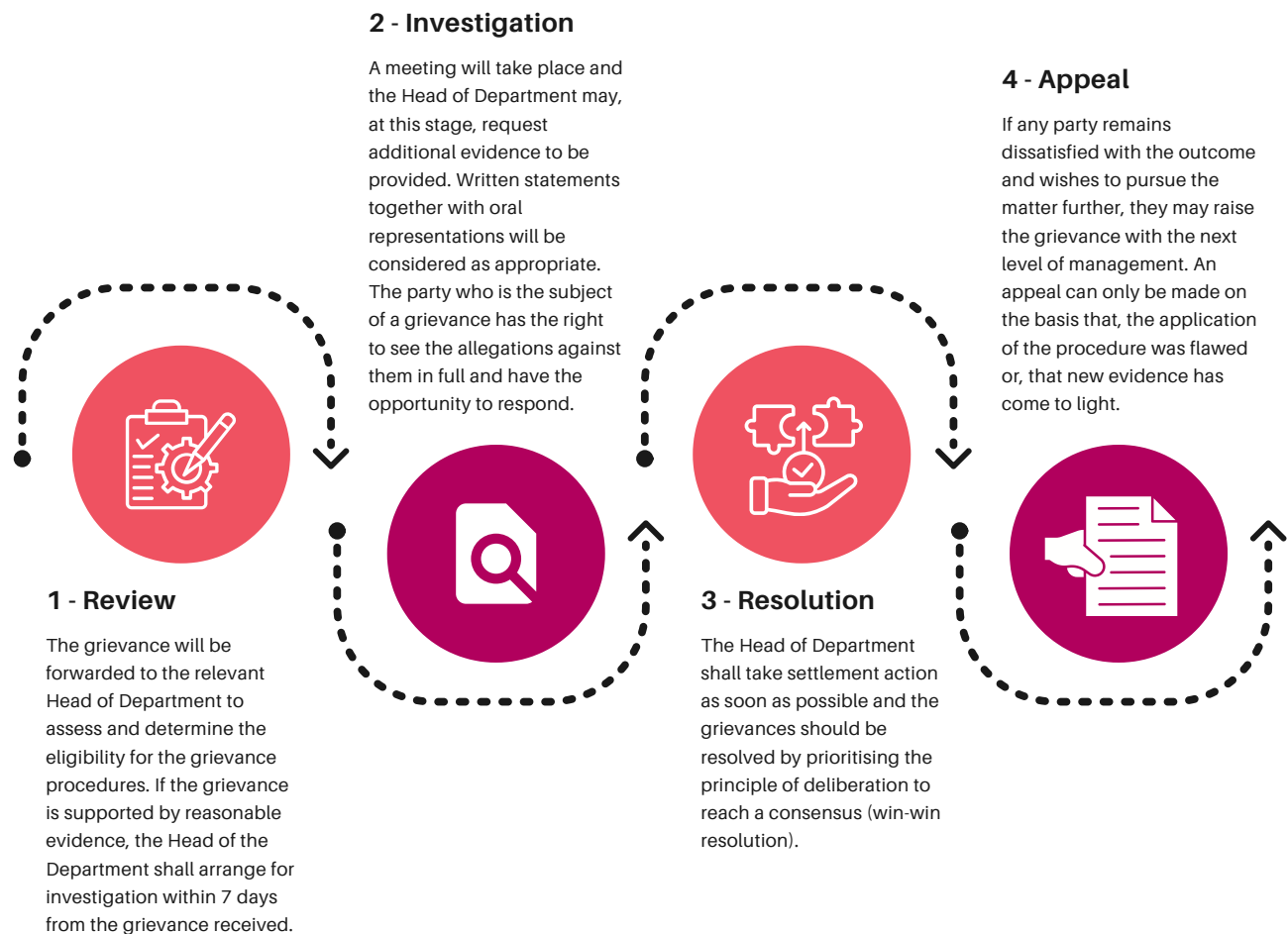
Furthermore, Masteel prioritises transparency by openly communicating action plans to address human rights challenges and reporting on progress achieved. This approach ensures accountability, continuous improvement, and alignment with global best practices, reinforcing Masteel's role as a responsible and ethical corporate leader.

We are committed to proactively identifying, assessing, and managing human rights risks across our entire value chain. As part of our Human Rights Policy, we have established robust protocols to mitigate potential human rights impacts and ensure responsible business practices at every operational level.

A key component of this commitment is the implementation of a secure and anonymous grievance mechanism, allowing employees, suppliers, and other stakeholders to report concerns confidentially and without fear of retaliation. All grievances submitted through this platform are handled with the highest level of sensitivity and in strict compliance with our ethical and regulatory standards.

Within the "Safeguard" section of Masteel's Human Rights Policy, we reaffirm our accountability in addressing any human rights impacts linked to our business operations. In cases where Masteel is found to be directly or indirectly involved in human rights violations, we are fully committed to taking immediate corrective action, engaging with relevant stakeholders, and implementing remedial measures to prevent recurrence.

Respecting Human Rights

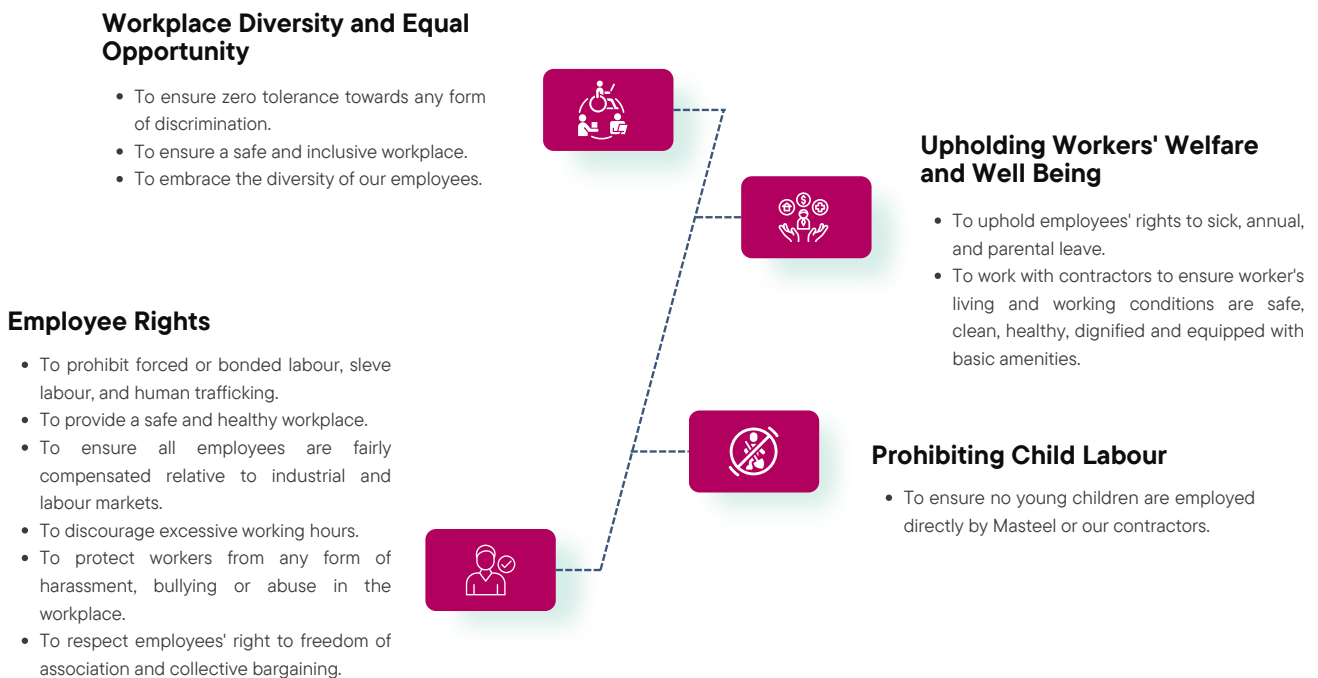


To ensure transparency and effective resolution of human rights-related concerns, our grievance management process follows a structured four-step framework, which is designed to provide timely, fair, and comprehensive resolution of all reported issues.

Key actions to mitigate salient human right issues

- Introduce a confidential online grievance reporting platform in different preferred languages for employees to raise any grievances related to discrimination, harassment in the workplace or hostels, safety and health issues, community well-being, and other employment-related issues
- Developed explicit policies and standards regarding human rights
- Conduct regular training and awareness programs

Respecting Human Rights



Masteel is dedicated to upholding the highest standards of human rights and labour practices, ensuring a safe, inclusive, and ethical work environment. Our commitment extends beyond compliance with local and international labour laws to actively fostering a workplace culture built on diversity, fairness, and respect. These principles are embedded in our policies and daily operations, reinforcing our dedication to corporate responsibility, employee well-being, and ethical supply chain management.

To strengthen this commitment, we have established four primary guiding principles that serve as the foundation of our human rights framework. These principles encompass Workplace Diversity and Equal Opportunity, Employee Rights and Fair Treatment, Upholding Workers' Welfare and Well-being, and Prohibiting Child Labour. Each principle is supported by clear policies and initiatives aimed at ensuring ethical employment practices, protecting workers' rights, and fostering a responsible business ecosystem. The above figure provides a comprehensive overview of Masteel's human rights commitments, outlining the key measures we have implemented to safeguard the dignity and rights of all employees, contractors, and stakeholders.

Respecting Human Rights

Gender Balance

In recent years, Masteel has made significant progress in fostering gender balance within its top management. A key milestone in this journey has been the increased representation of women on our Board of Directors. As of FY2023, women comprise 37.5% of the Board, with three female executive directors actively contributing to strategic decision-making. This achievement underscores our ongoing commitment to promoting gender diversity at the highest levels of leadership, aligning with global best practices and corporate governance standards.

While the steel manufacturing industry remains traditionally male-dominated, we recognise the importance of fostering an inclusive and equitable workplace. Since 2021, we have actively championed equal pay for equal work, ensuring that all employees are compensated fairly regardless of gender. We conduct annual equal pay reviews to uphold pay equity, evaluating compensation structures to eliminate any disparities and reinforcing our dedication to fair remuneration practices.

Moreover, Masteel's recruitment and talent development strategies are firmly rooted in a merit-based approach, where hiring decisions are based solely on qualifications, performance, skills, and experience. By fostering a culture of fairness and inclusivity, we strive to create an environment where all employees regardless of gender where we can thrive, advance, and contribute meaningfully to the company's growth.

We continues to drive positive change, demonstrating that gender diversity and inclusion are integral to building a sustainable and high-performing organisation through all these ongoing efforts and initiatives.

Respecting Human Rights

FY2024 Human Rights Assessment

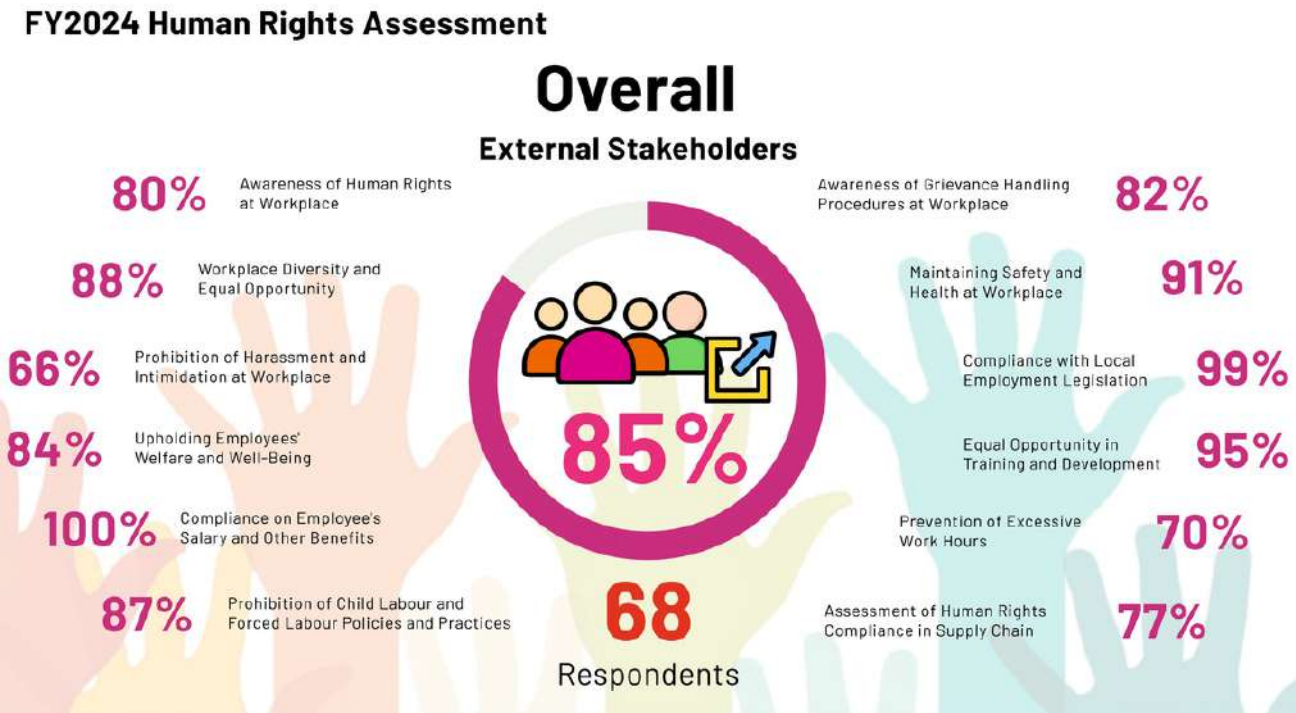
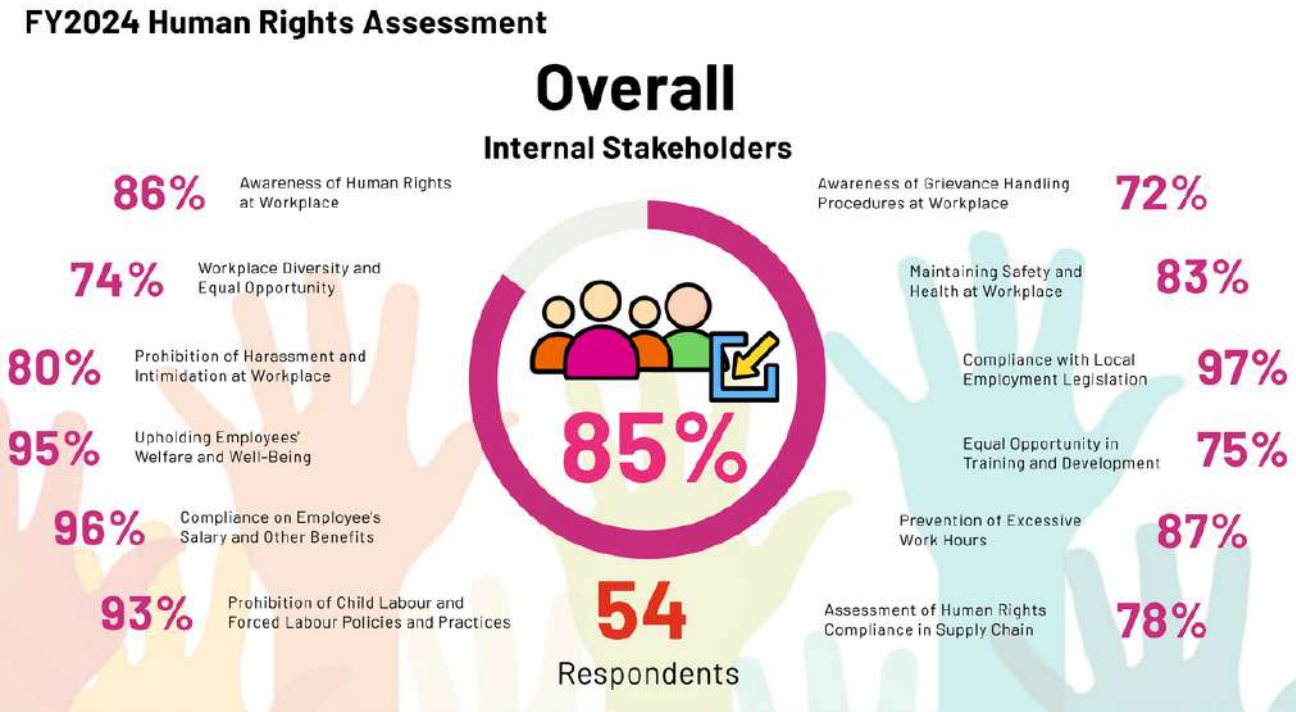


Masteel's continuously engaging with our internal and external stakeholders to enable us to identify and address your eight key salient labour issues within our business operations and value chain, as outlined in our Human Rights Policy. As part of our rigorous due diligence process, we conducted a comprehensive Human Rights Risk Assessment to assess both actual and potential labour related risks. This assessment involved 122 respondents, including 54 internal stakeholders and 68 external parties, providing a holistic understanding of labour challenges across our operations. The insights gained from this process serve as a foundation for targeted interventions and continuous improvements, reinforcing Masteel's commitment to ethical labour practices and responsible business conduct.

Eight (8) potential salient labour issues

1. Forced labour and responsible recruitment;
2. Child labour recruitment;
3. Health and safety at work;
4. Living income and living wage;
5. Gender equity, non-discrimination and non-harassment;
6. Equal opportunity in training and development;
7. Right to non-excessive of working hours; and
8. Right to employees' welfare and well-being.

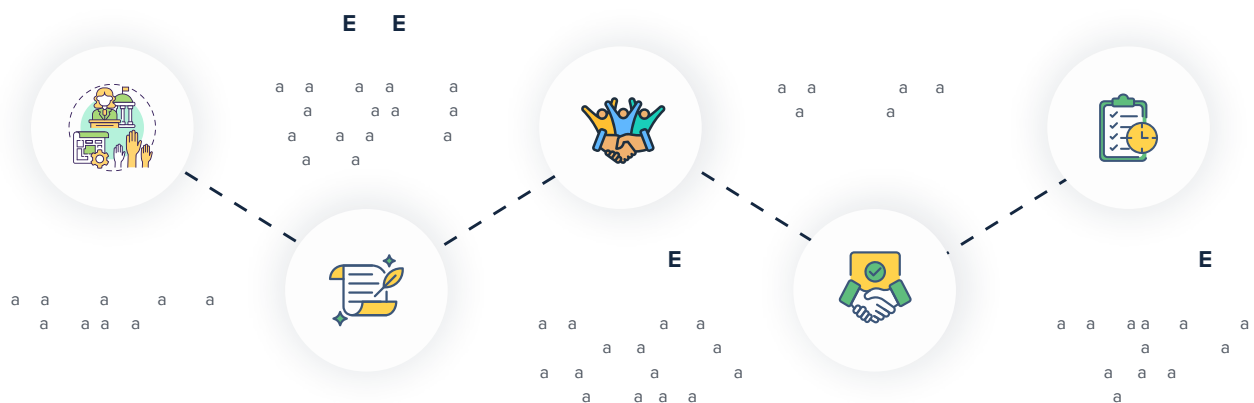
Respecting Human Rights



Respecting Human Rights

In FY2024, the assessment results provided valuable insights, revealing that 85% of respondents have a clear understanding and awareness of Masteel's Human Rights Policy. This strong level of awareness reflects the effectiveness of our ongoing stakeholder engagement initiatives, reinforcing the impact of our efforts to communicate and uphold human rights standards within our operations.

These findings validate the success of our current engagement strategies and serve as a foundation for continuous improvement. Encouraged by the positive response, we remain committed to enhancing our approach, ensuring that all stakeholders maintain a deep understanding and commitment to respecting and upholding human rights principles at Masteel.



To enhance our ability to evaluate, manage, and transparently report on human rights risks, we have developed targeted action plans for each salient labor issue identified. These plans establish a structured approach to assessing, mitigating, and communicating our efforts, ensuring that the necessary steps are taken across our value chain while identifying opportunities for collaborative action. Our strategies are further reinforced by five key enablers, which serve as the foundation for implementing effective and sustainable human rights practices within Masteel's operations.

Respecting Human Rights

Salient Issues	Mitigation Measures
Forced labour and responsible recruitment	• Involve in regular assessments to verify that all labour practices comply with international and local standards, ensuring that workers are recruited ethically, without force, and that they work under fair conditions. • Provide training to all employees on identifying and preventing forced labour. • A grievance mechanism to report any violations safely and confidentially.
Child labour recruitment	• Enforcing strict age verification processes within our recruitment practices to ensure compliance with minimum legal working age requirements. This includes conducting thorough audits of our supply chain to verify that no child labour is employed at any stage of operations. • Collaborate with local communities and NGOs to support educational opportunities for children through our contribution to Ti-Ratana Welfare Society, thereby reducing the risk of child labour.
Health and safety at work	• Increased the safety training and safety briefing to identified potential safety risks at all level of operations.
Living income and living wage	• Ensures all employees and workers in our supply chain receive a living wage that meets or exceeds local standard and requirement. This involves conducting regular wage assessments to align with the cost of living and ensuring that compensation covers basic needs such as food, housing, healthcare, and education. • Engage with suppliers to promote fair wage practices.

Respecting Human Rights

Salient Issues	Mitigation Measures
Gender equity, non-discrimination and non-harassment	- Implementing and strictly enforcing comprehensive policies that promote gender equity, non-discrimination, and non-harassment in the workplace. This includes providing regular training and education programs for all employees on recognising and preventing discrimination and harassment. - Established clear reporting mechanisms that ensure confidentiality and protection for those who report incidents, coupled with a zero-tolerance approach to violations. - Promote equal opportunities for all genders in recruitment, promotions, and professional development, and actively monitor and address any gender disparities in pay and representation within the organisation.
Equal opportunity in training and development	Established a transparent and inclusive training and development program that ensures all employees have equal access to learning opportunities, regardless of gender, race, or any other characteristic. This includes setting up clear criteria for participation in training programs, actively promoting these opportunities across the organisation, and monitoring participation to identify and address any disparities.
Right to non-excessive of working hours	- Implementing strict policies that regulate working hours in accordance with local labour laws and international standards, ensuring that all employees are protected from excessive work demands. This includes establishing clear guidelines for maximum working hours, mandatory rest periods, and overtime compensation. - Regularly monitor and audit work schedules across the organisation and supply chain to ensure compliance, and provide employees with mechanisms to report violations without fear of retaliation. - Promote a healthy work-life balance by encouraging time off and providing resources for stress management and well-being.

Respecting Human Rights

Salient Issues	Mitigation Measures
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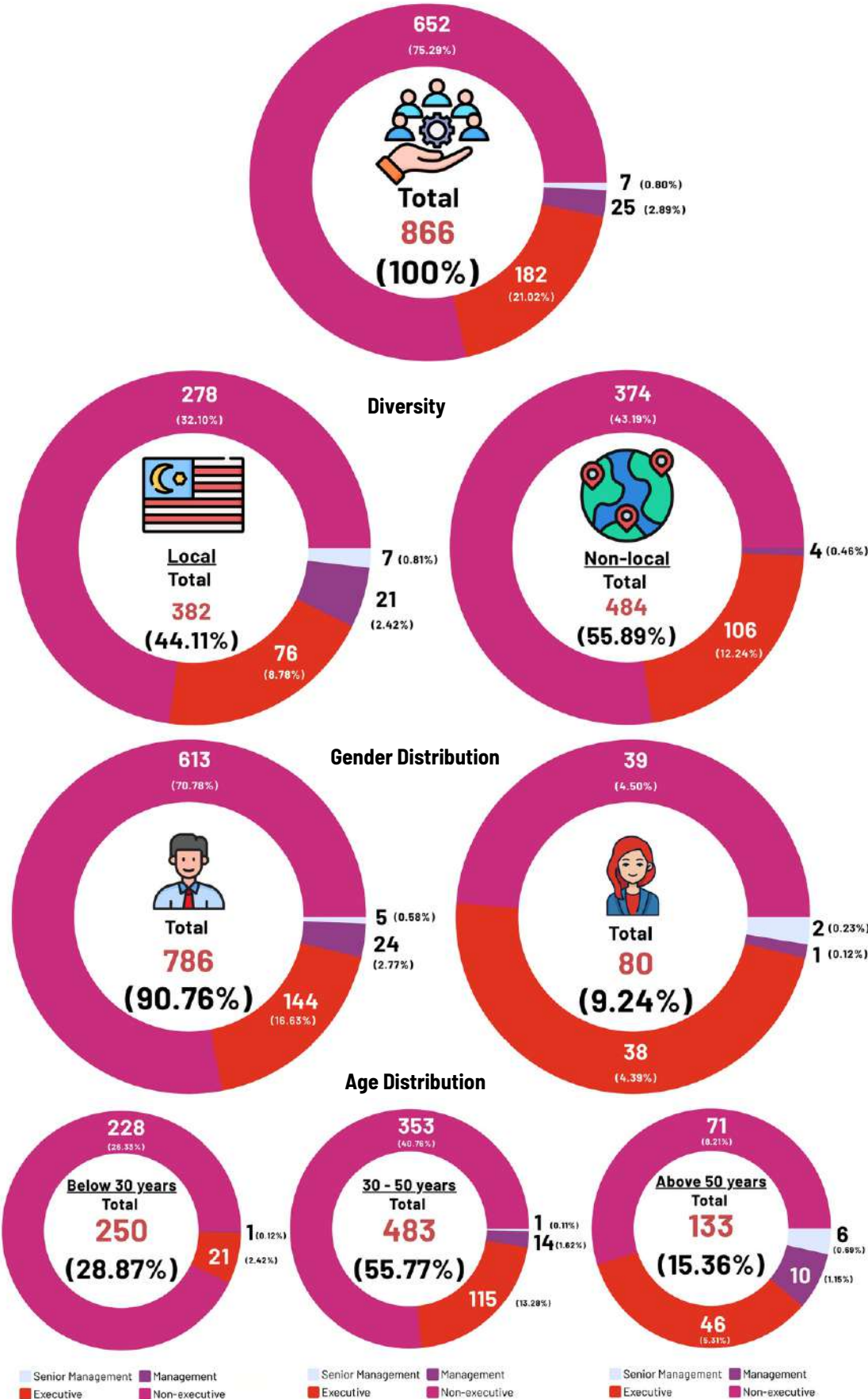
Right to employees' welfare and well-being

- Offering health and wellness benefits, such as access to healthcare services, mental health support, and fitness programs.
- Ensure safe and healthy working conditions by conducting regular safety audits and providing training on workplace safety practices.



Employee Diversity

FY2024 Employment Category Distribution



Employee Diversity

In FY2024, Masteel consist a total of 866 employees across our Bukit Raja and Petaling Jaya operations. The workforce consisted of 382 local employees (44.11%) and 484 non-local employees (55.89%), reflecting the company's balanced approach to talent acquisition. Among the total workforce, 59.93% or 519 employees were engaged on a contract basis, while the remaining 40.07% or 347 employees held permanent positions. Masteel remains committed to maintaining fair employment opportunities and fostering a stable workforce to support long-term business growth. While we currently do not have employees with disabilities (0.00%) as of 2024, our hiring policies strictly adhere to a non-discrimination framework, ensuring equal opportunities for all, including individuals with disabilities. Our recruitment strategy places a strong emphasis on supporting local talent, particularly by providing employment opportunities for underprivileged groups and unemployed youths. By doing so, we contribute to economic stimulation and community development, aligning our workforce strategy with broader social impact goals.

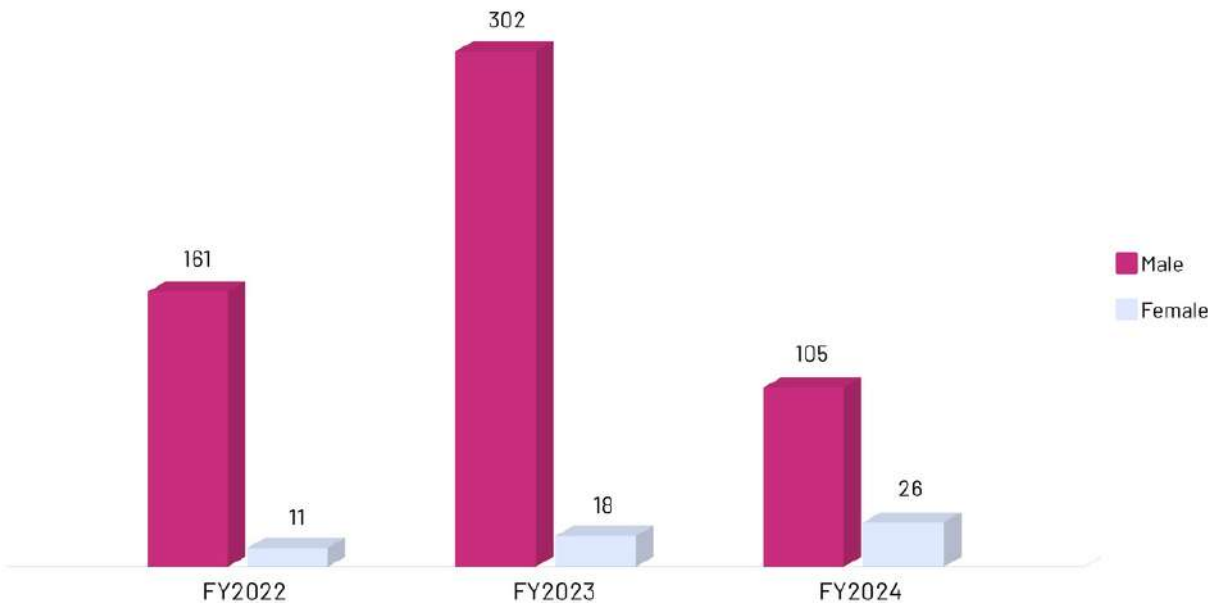
Masteel is committed to talent development and workforce diversity through strategic partnerships with local universities, providing young professionals with industry experience and specialised skills while ensuring equal career opportunities for all, regardless of nationality, gender, religion, or race. To support local economic growth, we prioritise hiring underprivileged groups and unemployed youths, fostering stronger communities. Since 2023, Masteel has strengthened our recruitment efforts by establishing MOUs with Xiamen University Malaysia, Universiti Tunku Abdul Rahman, and Universiti Kuala Lumpur, reinforcing industry-academia collaboration to develop a skilled and sustainable workforce.

Our workforce remains predominantly male, with 786 male employees (90.76%) and 80 female employees (9.24%). This gender distribution reflects the nature of the steel manufacturing industry, which involves physically demanding roles within a factory environment. Despite this, our Human Rights Policy ensures that gender equality is upheld, and no form of discrimination is tolerated in our recruitment or workplace practices. We actively maintain a welcoming and inclusive work environment, encouraging diverse talents to join and thrive within our organisation. We are committed to equal pay for equal work, ensuring fair compensation for all employees performing the same roles, regardless of gender. Annual equal pay reviews help us identify and address any disparities, reinforcing our commitment to fairness and transparency. Recruitment, placement, training, compensation, and career advancement are based solely on qualifications, performance, skills, and experience.

Employee Diversity

The majority of our workforce falls within the 30 to 50 age group (55.77%), highlighting a strong base of experienced professionals. Employees under 30 years old constitute 28.87%, bringing fresh perspectives and energy to our operations. Meanwhile, 15.36% of our employees are aged over 50, contributing decades of industry expertise to the company. Reflecting the labour intensive nature of steel manufacturing, non-executive roles account for 75.29% of the workforce. These roles form the backbone of our operations, ensuring smooth and efficient production processes. Masteel remains committed to up-skilling and developing our workforce, equipping employees with the necessary expertise to adapt to technological advancements and enhance overall productivity.

New Employee Hires FY2022-FY2024



Masteel welcomed 131 new employees, comprising 105 males and 26 females in 2024, as part of its ongoing efforts to strengthen and sustain its workforce. This hiring initiative aligns with Masteel’s commitment to workforce expansion, talent acquisition, and ensuring a steady pipeline of skilled professionals to support our operations. During the same period, we experienced an employee turnover of 270 individuals, reflecting a 31.18% turnover rate. The group consisted of 253 male and 17 female employees, including 3 in management, 39 executives, and 228 non-executive or technical staff. While turnover is an inherent aspect of dynamic industrial operations, this trend highlights the competitive nature of the steel manufacturing industry, where factors such as job demands, career transitions, and market conditions can influence employee retention.

Employee Diversity

Full Time Employee Voluntary Turnover FY2022-FY2024



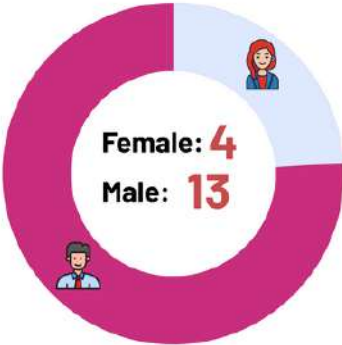
	FY2022	FY2023	FY2024
Full time employee voluntary turnover rates	16.69%	13.53%	31.18%

Despite this turnover, Masteel remains dedicated to creating a positive work environment, promoting equal opportunities, and upholding employee rights in line with our corporate policies. The company continuously evaluates our employee engagement strategies, career development programs, and workplace conditions to enhance retention and job satisfaction.

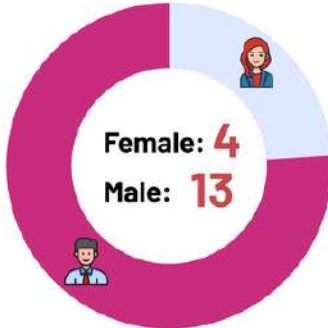
Masteel recognises that a balanced approach to hiring and retention is crucial to maintaining an efficient and motivated workforce. By investing in training, fostering career growth, and enhancing workplace culture, we ensures that it remains an attractive employer while addressing the evolving needs of our employees.

Employee Diversity

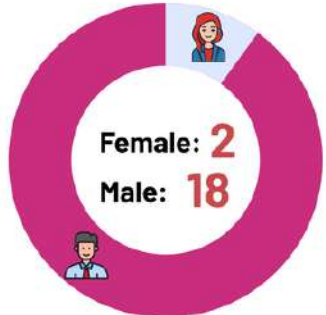
FY2024 Parental Leave



Number of employees that took parental leave in FY2024.



Number of employees that returned to work after parental leave ended.



Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.

A total of 17 employees at Masteel took parental leave in 2024, and all 17 successfully returned to work upon completing their leave. More significantly, every returning employee remained with Masteel for at least 12 months post-return, maintaining the 100% retention rate observed in the previous year.

This consistent trend highlights the strong parental support policies Masteel has in place, ensuring employees can effectively balance their family responsibilities and professional commitments. The company's family-friendly policies, flexible return to work arrangements, and comprehensive employee benefits contribute to a positive work environment that prioritises both career progression and personal well-being.

By fostering a supportive and inclusive workplace, Masteel not only enhances employee satisfaction and loyalty but also strengthens our ability to retain skilled professionals. The continued high retention rate among employees taking parental leave underscores the company's long-term commitment to employee well-being, playing a crucial role in workforce stability and talent development. Masteel recognises that work-life balance is essential to maintaining a productive workforce. By continuing to offer structured support during significant life events, the company reinforces our position as a responsible and people-centric employer, helping to drive employee engagement, morale, and long-term business growth.

Employee Diversity

Masteel Embraces Diversity: Celebrating Unity Through Festive Traditions

At Masteel, we take pride in honouring and embracing the rich cultural and religious diversity within our workforce. As part of our commitment to fostering inclusivity and unity, we celebrate various festive occasions throughout the year, ensuring that all employees feel valued and respected regardless of their backgrounds. Each year, we organise joyous celebrations for Chinese New Year, Hari Raya Aidilfitri, Deepavali, National Day, Malaysia Day, and Christmas, bringing together employees from all walks of life to strengthen camaraderie and cultural appreciation. These celebrations include festive meals and decorations, and gift distributions, allowing employees to share in the spirit of each occasion while fostering a sense of belonging within the organisation.

Beyond festivities, Masteel actively promotes cross-cultural understanding by incorporating educational elements, interactive activities, and engagement programs that highlight the significance of each festival. Through these initiatives, we reinforce our workplace culture of mutual respect, unity, and inclusivity, ensuring that diversity remains a cornerstone of our corporate values.

By celebrating our multicultural workforce, Masteel continues to build a harmonious and supportive work environment, where employees are not only encouraged to embrace their cultural identities but also to appreciate and learn from one another. Our commitment to diversity extends beyond just celebrations, this is a reflection of our core belief that a diverse and inclusive workforce drives innovation, collaboration, and long-term success.

Employee Diversity

Masteel Embraces Diversity: Celebrating Unity Through Festive Traditions



Happy Chinese New Year 2024



Selamat Hari Raya Aidilfitri 2024

Employee Diversity

Masteel Embraces Diversity: Celebrating Unity Through Festive Traditions



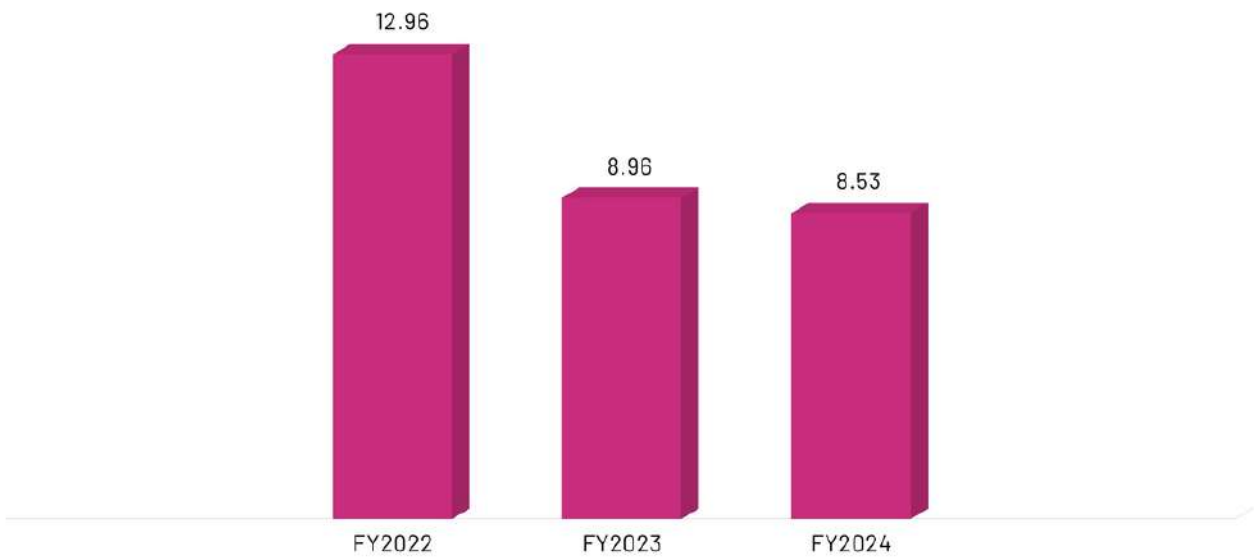
Happy Deepavali 2024



Merry Christmas 2024

Training and Development

Average Training Hours per Employee
FY2022-FY2024

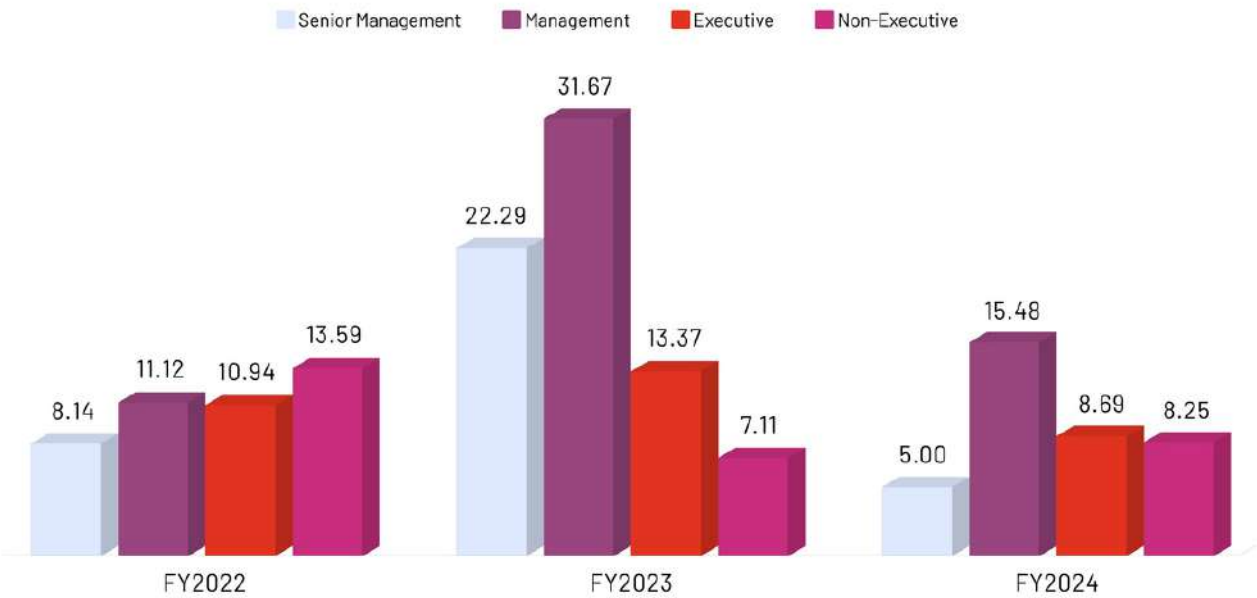


Average Training Hours by Gender
FY2022-FY2024

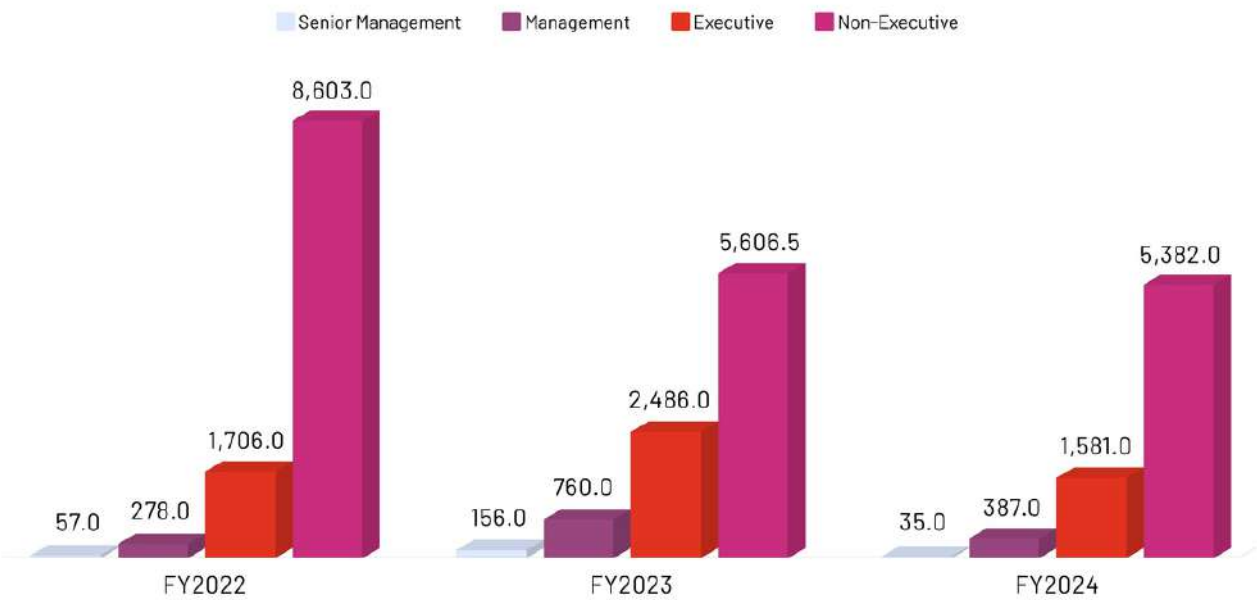


Training and Development

Average Training Hours by Employment Category
FY2022-FY2024



Total Training Hours by Employment Category
FY2022-FY2024



Training and Development

At Masteel, we are deeply committed to the continuous upskilling and professional development of our employees to ensure they remain equipped with the latest industry knowledge and technical expertise. Our average training hours per employee stood at 8.53 hours in 2024, reflecting our ongoing efforts to cultivate a skilled, knowledgeable, and adaptable workforce.

Recognising that effective training goes beyond just meeting quotas, we have taken a strategic approach to enhancing the quality and relevance of our training programs. Through a comprehensive curriculum review, we have streamlined our training sessions, eliminated redundancies, and addressed inefficiencies to deliver high-impact learning experiences. This initiative has enabled us to develop targeted training modules, specifically designed to meet the evolving skill demands of our industry and address key operational challenges.

By prioritising quality over quantity, we ensure that employees receive focused, meaningful training that directly contributes to their job performance, career growth, and overall engagement. Our efforts in refining and optimising learning opportunities allow us to allocate resources effectively, ensuring that training remains aligned with business objectives and industry advancements.

This structured and impact-driven approach to employee development not only strengthens Masteel's competitive edge but also reinforces our commitment to long-term workforce sustainability. By continuously enhancing skills, fostering innovation, and adapting to changing industry landscapes, we empower our employees to drive operational excellence while securing Masteel's position as a leader in the steel manufacturing sector.

Training and Development

To support this, we are committed to nurturing our employees' personal and professional development by providing a diverse array of training programs and workshops tailored to enhance both technical and non-technical skills, as well as compliance knowledge.

By investing in upskilling and reskilling initiatives, we empower our employees to stay ahead of industry advancements, improve operational efficiency, and adapt to evolving business demands. Our structured learning programs not only enhance job proficiency but also foster a culture of innovation, safety, and compliance within the organisation. Below is a summary of the training sessions and workshops conducted during FY2024, reflecting our ongoing commitment to employee development and career progression:

Internal	Petaling Jaya Plant	Bukit Raja Plant
	ISO 50001 Awareness	Bend and Rebend Test Follow The Manduel Diameter Procedure
	ISO 50001 Internal Audit	Billet Quality Requirement
	Mechanical Testing Of Rubber / Plastics / Metals In Accordance With National And International Method Of Test	Briefing on New Tensile Machine Usage
	Orientation by Hr	Briefing on Profile Data
		Briefing on Teams Platform
		Equipment (Part 1)
		Equipment (Part 2)
		Ergonomic Awareness
		ISO50001 Awareness
		ISO50001 Internal Audit
		Measuring Aplha & Beta
		Mechanical Testing of Rubber/Plastics.Metal in Accordance With National and International Method of Test
		Orientation by Hr
		Procedure on Checking Rib Inclination
		Process Parameter Control
		Quality Control of the Final Product

Internal	Petaling Jaya Plant	Bukit Raja Plant
		Roll Pass Design Rolling Process (Part 1) Rolling Process (Part 2) RTMT :Thermo Mechanically Treated Utilities Requirement Work Instruction for Tensile, Bend and Re-Bend Test
External	Petaling Jaya Plant	Bukit Raja Plant
	Certified Energy Manager Training Course Companies Act 2016. Practical Guide for Company Secretaries E-Invoicing: All You Need to Know E-Invoicing: Latest Updates and Implementation Strategies With Myinvois System Validation Experience Energy Efficiency Approach & Digitalised Technology Energy Savings Measurement & Calculation Global ESG Symposium Introduction to the Carbon Footprint and Green House Gases Reporting Loan to Directors and other Parties Mastering Employment Act (Latest Amendment) Navigating ESG Risk In The Supply Chain Sustainability Reporting Masterclass The Beneficial Ownership Reporting Framework For Companies Based on the Companies (Amendment) Act 2024	Certified Energy Manager Training Course

Responsible Supply Chain Management

Masteel's Corporate Green Awards 2023

Since the inception of the Masteel's Corporate Green Awards in 2023, this initiative has been instrumental in promoting environmental stewardship, social responsibility, and strong governance within our suppliers/contractors. The award serves as a key incentive for our partners to embed sustainability into their core operations, aligning with Masteel's broader ESG objectives and reinforcing a collective commitment to responsible business practices.

We are proud to recognise and celebrate the achievements of five outstanding suppliers/contractors that have demonstrated exceptional commitment to sustainable practices:

- a. Intergreen Metals Sdn Bhd
- b. Top-Mech Provincial Sdn Bhd
- c. NBH Marketing Sdn Bhd
- d. Jingang Sdn Bhd
- e. Soon Hin Hardware Sendirian Berhad

The prestigious award ceremony took place on 24 July 2024, at Bursa Malaysia's office, in collaboration with Bursa Malaysia and Alliance Bank. This strategic partnership underscores our shared vision for driving sustainability across industries, encouraging businesses to adopt more responsible environmental and social practices.



Responsible Supply Chain Management

Expanding Our Sustainability Mission Beyond Masteel



Masteel remains steadfast in supporting and guiding our suppliers and contractors in their sustainability journey, ensuring that the impact of responsible business practices extends beyond our organisation. As part of this commitment, Masteel is proud to be among the first 100 subscribers to the Centralised Sustainability Intelligence (“CSI”) platform under Bursa Malaysia.

By subscribing to this platform, we can actively assist and monitor our suppliers’ and contractors’ carbon footprints, providing them with the necessary insights to reduce emissions and improve environmental performance. This marks a significant milestone in Masteel’s sustainability strategy, ensuring that our efforts do not remain confined within our company but instead extend across our entire supply chain, fostering a more resilient and sustainable industry.

The Masteel Corporate Green Award is more than just a recognition, where it is a catalyst for change, encouraging our network to embrace and implement sustainable practices. Through this initiative, Masteel continues to lead by example, championing environmental responsibility and reinforcing our role as a driving force in the steel industry’s sustainability transformation. By empowering our stakeholders and fostering a culture of continuous improvement, we remains at the forefront of sustainability excellence, ensuring that we collectively build a greener, more responsible future for generations to come.

Responsible Supply Chain Management



As a leading player in the local steel industry, Masteel is deeply committed to building and maintaining a sustainable, responsible, and ethical supply chain. This commitment is not only essential for ensuring an uninterrupted flow of high-quality materials but also for upholding stringent ESG standards across our operations and supplier network. Masteel actively encourages our suppliers to adopt sustainable and responsible business practices, reinforcing our collective role in driving environmental stewardship, social responsibility, and ethical governance. Furthermore, we place a strong emphasis on supporting the local economy, with 82% of our suppliers sourced locally and only 18% from international sources. This approach strengthens domestic industry resilience, enhances regional economic growth, and reduces carbon emissions associated with long-distance supply chains.

Since 2022, Masteel has integrated ESG assessments into its supplier and contractor due diligence framework, ensuring all partners meet strict environmental and ethical standards before engagement. This mandatory screening process, based on five key criteria, aligns suppliers with Masteel's sustainability objectives, reinforcing responsible sourcing and minimising the environmental impact of steel manufacturing. By enforcing these measures, Masteel elevates industry standards, mitigates non-compliance risks, and fosters a transparent, ethical supply chain. Through these initiatives, we reaffirm our role as a corporate leader in sustainability, driving a greener, more responsible future while ensuring long-term supply chain integrity.

Corporate Social Responsibility

At Masteel, we are deeply committed to making a meaningful impact on society through our comprehensive Corporate Social Responsibility (“CSR”) program, which focuses on sustainable and inclusive community development. Our continuous dedicated efforts culminated in a substantial contribution of RM100,000.00 to the Ti-Ratana Welfare Society in 2024, a charitable organisation established on 9 February 1994, under the Registrar of Societies Act, and officiated on 21 June 1997. Today, this foundation serves as a sanctuary for individuals in need, providing shelter, education, and care to the needy of all ages, regardless of race and creed. There have a total of six programmes catering for various needs such as Light Up Children, Light Up Elderly Folks, Light Up Women, Light Up Community, Light Up Health and Light Up Handicap. Their mission is to foster a happy and healthy society through compassionate community service. In alignment with our commitment to upholding international human rights standards, Masteel supports the "Light Up Children" program which is a core initiative of the Ti-Ratana Welfare Society. It is dedicated to enhancing child welfare and educational support. We firmly believe that every child has the right to education on an equal opportunity basis, as outlined in the United Nations Convention on the Rights of the Child (UNCRC). Through our annual contributions and active employee participation, we aim to support children's rights, ensure their access to basic necessities, and help close the gaps in inequality. Furthermore, we aim to make a positive and lasting impact on the lives of more than 500 individuals across these critical sectors. By addressing the unique needs of these demographics, we contribute to the well-being and development of the communities we serve.

Our commitment goes beyond financial support, emphasising active employee involvement. In FY2024, Masteel dedicated around 950 hours to CSR programs through employee participation in volunteer and outreach activities. This hands-on engagement strengthens community ties and helps us better understand and address local needs. Partnering with organisations like the Ti-Ratana Welfare Society, we remain committed to driving meaningful social impact in particularly in upholding children’s rights and promoting equal access to opportunities for all.



Corporate Social Responsibility

In FY2024, Masteel expanded our CSR initiatives by collaborating with policy institutions to promote sustainable practices, particularly in carbon emissions reduction. Demonstrating this commitment, Masteel sponsored the Institute for Democracy and Economic Affairs (IDEAS) with RM200,350.00 to support the development of the policy paper titled "Asserting Climate Change Leadership in ASEAN: Carbon Pricing for the Malaysian Steel Industry."



This paper was officially launched on 30 April 2024 at the Park Royal Collection Kuala Lumpur and till now it has been downloaded by 2,351 from public audiences. The IDEAS report addresses the pressing issue of greenhouse gas (GHG) emissions within Malaysia's steel sector, which is projected to potentially triple by 2030 if unmitigated. It emphasises the critical need for immediate interventions to align the industry with sustainability objectives. As an effective strategy to curb emissions and guide the steel industry towards a more sustainable future is through the implementation of carbon pricing mechanisms which is the central recommendation of this report. Recognising the steel sector's significant role in Malaysia's economy, Masteel's sponsorship aims to elevate national and governmental awareness regarding the industry's substantial emissions. By advocating for actionable solutions, such as those proposed in the IDEAS report, Masteel seeks to support Malaysia's climate commitments and facilitate the transition to a low-carbon economy. This initiative reflects Masteel's dedication to fostering sustainable development and underscores the importance of industry collaboration in addressing environmental challenges.

IDEAS 
 INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS



Corporate Social Responsibility



Masteel has contributed RM131,500.00 to support an impactful environmental awareness initiative in collaboration with the Malaysian Green Technology and Climate Change Corporation (“MGTC”) in 2024. This initiative was launched by MGTC on 22 February 2024 and focuses on educating the public about carbon emissions through the creation of a 1-tonne CO₂ cube, a physical representation designed to help communities visualise the actual volume of one metric ton of carbon dioxide emissions.

Serving as an educational hub, the CO₂ cube provides valuable insights into the environmental impact of daily activities and emphasises the importance of responsible living in addressing climate change. This initiative impacted over 1,000,000 visitors in 2024 and encourages individuals and businesses to take meaningful steps towards emission reduction and sustainable practices by offering a tangible understanding of carbon emissions.

This collaboration underscores our strong commitment to public education on climate action and we aim to raise awareness on how to prevent and reduce carbon emissions. This is aligning with Malaysia’s national ambition of achieving net-zero carbon emissions by 2050. This contribution further reinforces our dedication to environmental stewardship and fostering a sustainable future for generations to come.

Corporate Social Responsibility

Masteel Sustainability Grants

As part of Masteel's commitment to sustainability, innovation, and corporate social responsibility ("CSR"), we have initiated the Masteel Sustainability Grants, evolving from our Memorandum of Understanding ("MoU") with Universiti Tunku Abdul Rahman ("UTAR") in 2023. This initiative is designed to support university academicians in researching Carbon Capture, Utilisation, and Storage ("CCUS") which is a critical technology in the global effort to reduce carbon emissions and transition to a low-carbon economy to achieve net-zero carbon by 2050.

The Masteel Sustainability Grants play a multifaceted role in driving knowledge transfer, talent development, and industry-relevant research, benefiting not only the steel manufacturing sector but also government bodies, the community, and global sustainability efforts. By fostering collaboration between academia and industry, the program provides financial and technical support to researchers, enabling them to explore innovative CCUS solutions that can be practically applied to industrial operations, policy frameworks, and environmental management strategies.

Additionally, this initiative contributes to talent development by nurturing the next generation of experts in decarbonisation technologies, equipping students and researchers with the skills to tackle real-world sustainability challenges. We ensure that young professionals gain hands-on experience in industrial sustainability practices, strengthening the pipeline of skilled talent for Malaysia's green economy through internships, research collaborations, and industry engagements.

As part of our broader CSR commitment, Masteel sees this grant as an opportunity to bridge the gap between academia, industry, and policy-making, ensuring that scientific advancements in CCUS are effectively translated into industry practices and regulatory frameworks. This initiative aligns with national and international climate goals, reinforcing Malaysia's position as a leader in sustainable industrial transformation while contributing to global decarbonization efforts. We remain dedicated to driving impactful research, fostering industry-academia partnerships, and empowering future talent, ensuring that our knowledge-sharing initiatives create long-term value for industry, government, and society as a whole through the Masteel Sustainability Grants.

Masteel Green Initiatives

In 2024, Masteel continues its commitment to sustainability, embarking on a transformative journey with impactful green initiatives aimed at reducing our environmental footprint and driving positive change for a more sustainable and healthier future.



CONTINUOUS CASTING MACHINE

Masteel's Bukit Raja Rolling Mill Plant optimised our process by eliminating the electric induction heater for billet reheating and instead directly charging billets from the Continuous Casting Machine ("CCM"), utilising residual heat. This improvement enhances energy efficiency, reduces operational costs, and supports Masteel's commitment to sustainable manufacturing.



CSI PLATFORM

Masteel is proud to be among the first 100 subscribers to the Centralised Sustainability Intelligence ("CSI") platform under Bursa Malaysia. This platform is used to monitor our carbon footprint together with our suppliers and contractors.



MASTEEL SUSTAINABILITY GRANTS

Building on the Memorandum of Understanding ("MoU") signed with UTAR in 2023, Masteel has initiated the Masteel Sustainability Grants to support academic research and talent development in Carbon Capture, Utilisation, and Storage ("CCUS"). This initiative underscores Masteel's commitment to fostering innovation and collaboration with academia, enabling researchers to explore cutting-edge CCUS technologies that contribute to decarbonisation and sustainable industrial practices. By investing in university led research, Masteel aims to drive scientific advancements, industry adoption, and the development of skilled professionals in the transition to a low-carbon future.

Masteel Green Initiatives

BUILT A 1-TONNE CO₂ CUBE AT MGTC



Masteel has constructed a 1 tonne of CO₂ Cube at the MGTC compound to raise public awareness about the environmental impact of a metric tonne of carbon dioxide emissions. Officially launched by MGTC on 22 February 2024, this initiative underscores the critical role of individual and collective choices in safeguarding our planet's health. The Carbon Cube stands as a powerful and tangible reminder of the pressing need for concerted efforts to reduce carbon emissions and combat climate change.

SPONSORSHIP OF IDEAS RESEARCH PAPER ON CARBON PRICING IN MALAYSIA



Masteel has sponsored the Institute for Democracy and Economic Affairs ("IDEAS") to launch the research paper "Asserting Climate Change Leadership in ASEAN: Carbon Pricing for the Malaysian Steel Industry," unveiled on 30 April 2024 at Park Royal Collection Kuala Lumpur. The paper underscores the urgent need to address GHG emissions within the steel industry, emphasizing carbon pricing as a key solution to mitigate emissions and guide the sector towards sustainability. As the steel sector is crucial to Malaysia's economy, this sponsorship by Masteel aims to raise national and governmental awareness of the industry's high emissions and advocate for actionable solutions to support Malaysia's climate commitments and transition to a low-carbon economy.

VOLUNTARY CARBON MARKET



We actively participated in the Voluntary Carbon Market exchange facilitated by Bursa Carbon Exchange, where our efforts culminated in a successful engagement and the securing of a prosperous auction outcome. By actively engaging in this market, we contribute to environmental sustainability and underscore our commitment to carbon reduction initiatives. This achievement reinforces our dedication to responsible business practices and aligns with our broader commitment to mitigating climate change.

Masteel Green Initiatives



MEMORANDUM OF COLLABORATION ("MOC")

Masteel has entered into an MOC with Bursa Malaysia Information Sdn Bhd, marking the initiation of a strategic partnership. The collaboration is centered around conducting a Proof of Concept ("POC") for both the Sustainability Reporting Platform and the Sustainability Financing Platform. This joint effort signifies a significant step towards enhancing sustainability practices within our operations and underscores our commitment to advancing responsible business practices and furthering our contributions to the realm of sustainability.

RAINWATER HARVESTING PROJECT



Masteel has taken proactive measures to reduce water withdrawal by implementing a rainwater harvesting system at both our Bukit Raja and Petaling Jaya plant. This initiative underscores our commitment to sustainable practices and environmental stewardship. By harnessing rainwater, we not only decrease our reliance on traditional water sources but also minimize our environmental footprint. This investment in water conservation aligns with our broader mission to operate responsibly and mitigate our impact on the environment.

HYDROPONIC VERTICAL FARMING



Masteel implements hydroponic vertical farming at the Bukit Raja plant since 2022. This sustainable practice promotes eco-friendly vegetable growth, reduces greenhouse gases, and enhances biodiversity without disturbing land surfaces. It aligns with Masteel's commitment to ESG principles and promotes healthy eating habits among staff. Vegetables harvested are distributed to staff for free as part of corporate social responsibility initiatives.

GOVERNANCE



At Masteel, we recognise that good corporate governance and ethical business practices are fundamental to cultivating a sustainable and reputable organisation. Our leadership and workforce remain steadfast in upholding our Code of Conduct and Code of Ethics, which outline the principles, standards, and behavioural expectations for all employees, including the Board of Directors and Management. In FY2024, we are proud to report that Masteel has maintained full compliance with these codes with zero case being reported, reinforcing our commitment to integrity and responsible business conduct.

We continue to maintain high transparency and accountability to serve as the cornerstone of stakeholder trust. We ensure that all employees receive comprehensive training on our Code of Conduct and Code of Ethics during onboarding, with easy access to these guidelines on our corporate website. We conduct bi-annual reviews of our Code of Conduct and Code of Ethics to ensure they remain effective, relevant, and aligned with current standards and expectations. This ongoing emphasis on ethical governance strengthens our internal culture and supports our long-term sustainability goals.

Masteel has taken significant strides in FY2024 to drive sustainability within our operations and the broader industry in building on our sustainability initiatives. Our Executive Vice Chairman has been continuously engaged in key sustainability forums and industry discussions, sharing insights on our progress in decarbonising steel production, implementing circular economy practices, and enhancing supply chain transparency. Building on our previous initiative, Masteel's Corporate Green Award, these engagements have reinforced Masteel's leadership in advancing supply chain sustainability. We continue to drive progress in low-carbon manufacturing, energy efficiency improvements, and responsible sourcing of raw materials, further solidifying our commitment to a greener and more sustainable industry.

Our commitment to sustainability has also been recognised through new partnerships and collaborations with stakeholders, reinforcing our role in advancing sustainability standards. We remain dedicated to integrating sustainable development into our corporate strategy, driving measurable impact, and contributing to a greener, more responsible industrial landscape.

HLB's 11th Sustainability Roundtable: Greening the Supply Chain in Malaysia

26 July 2024

During Hong Leong Bank's 11th Sustainability Roundtable, themed "Greening the Supply Chain: The Malaysian Corporate Sector and the Global Sustainability Revolution – A Win-Win Convergence", our Executive Vice Chairman, Dato' Sri Tai Hean Leng shared key insights on the urgent need for greener innovations in the steel industry. He highlighted that without decisive action to reduce carbon emissions, the sector risks losing its competitive edge in the global market, particularly as more countries impose stricter environmental regulations and carbon border tariffs. To address these challenges, Masteel has actively transitioned from electric arc furnaces ("EAF") to induction furnaces ("IF"), a strategic move aimed at reducing emissions, minimising energy consumption, and lowering waste generation. This shift aligns with Masteel's broader sustainability goals, reinforcing our commitment to responsible steel manufacturing and supply chain decarbonisation.

Dato' Sri Tai emphasised that integrating sustainable practices throughout the supply chain is not just an environmental responsibility but also a business imperative. As global industries move towards more stringent ESG standards, companies that adopt low carbon technologies will be better positioned to secure international partnerships, meet regulatory requirements, and enhance their long-term profitability. His participation in the roundtable underscores Masteel's role as an industry leader in sustainable steel production, setting a precedent for greener supply chain practices in Malaysia's manufacturing sector.



Privacy and Data Protection

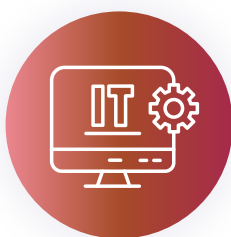
Masteel continue to report that we received no complaints or reports regarding data breaches or leakage of employee and customer information in FY2024. This reflects our unwavering commitment to safeguarding data privacy and cybersecurity, ensuring full compliance with regulatory frameworks, and reinforcing stakeholder trust.

We have implemented a comprehensive Personal Data Protection Policy in recognising that cyber threats and data breaches pose significant risks to business continuity and operational resilience. This policy outlines the types of employee data collected, the permissible usage within Masteel's operations, and the rights of employees to address concerns regarding their personal data. To ensure accessibility, this policy is integrated into the Employee Handbook, available in various main languages.

Furthermore, our Information Technology ("IT") Policy serves as a critical pillar in managing the Group's IT systems securely. This policy includes stringent cybersecurity protocols, such as:

- 1.Enforcing strong access controls to prevent unauthorised access.
- 2.Implementing mandatory lock screens and password protection on company devices.
- 3.Deploying antivirus software and conducting regular security audits.
- 4.Ensuring proper data storage and backup management to mitigate the risks of cyber threats.

Scenario Planning and Response Plans for Cybersecurity Risks



Scenario Planning for Cyber Threats and Data Breaches

- We conduct regular cybersecurity risk assessments and simulations to evaluate potential vulnerabilities within our IT infrastructure.
- Simulated data breach exercises and penetration testing are performed to assess the effectiveness of our security protocols and identify areas for improvement.



Comprehensive Cybersecurity Response Plans

- Masteel has established detailed incident response plans to ensure rapid mitigation in the event of a cyberattack or data breach.
- Our response strategy includes real-time threat monitoring, escalation procedures, and data recovery protocols to minimise business disruptions.
- To enhance business continuity, we maintain secure cloud storage solutions and backup systems in offsite locations, ensuring that critical operational data remains protected.

Privacy and Data Protection

Data Security and Backup Protocols

We at Masteel carefully balances the adoption of cloud technology with data confidentiality and integrity by conducting regular system assessments and security updates. To prevent data loss, the Information Technology Policy mandates:

- a. Weekly data backups by Department Managers to external hard disks.
- b. Storage of backup media in designated secure locations, separate from employees' workstations.
- c. Clear labelling of storage devices with the statement: "Property of Masteel" to prevent unauthorised access or removal.
- d. Controlled access to external storage media, ensuring that no device is removed without proper authorisation.

These measures are designed to maintain operational resilience, reduce downtime, and safeguard productivity in the face of cybersecurity threats. By integrating robust cybersecurity governance with scenario planning and response strategies, Masteel remains committed to upholding industry best practices and enhancing our sustainability resilience.



Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

We remain unwavering in our commitment to ethical business practices and corporate integrity, demonstrated through the formalisation of our Anti-Bribery & Anti-Corruption (“ABAC”) Policy and the reinforcement of our Whistleblowing Policy. These policies establish a clear framework for transparency, accountability, and ethical decision-making, ensuring compliance across all levels of our organisation.

Our ABAC Policy serves as a cornerstone of our corporate governance, emphasising honesty, integrity, and zero tolerance for bribery and corruption. It outlines stringent risk management protocols, structured reporting mechanisms, and mandatory training programs to mitigate corruption-related risks. The policy explicitly addresses key areas prone to unethical practices, including:

- a. Gift-giving and hospitality
- b. Entertainment and travel expenses
- c. Donations and sponsorships
- d. Potential or perceived conflicts of interest

To complement these measures, our Whistleblowing Policy has been further strengthened to ensure a safe, confidential, and anonymous reporting channel for employees and stakeholders. This mechanism empowers individuals to report concerns without fear of retaliation, reinforcing Masteel’s culture of transparency and accountability.

Governance Oversight and Compliance

Masteel’s Board of Directors conducts periodic reviews and updates of the ABAC Policy to maintain alignment with evolving regulatory frameworks, including the Malaysia Anti-Corruption Commission (Amendment) Act 2018. Our commitment to good governance extends beyond internal operations, ensuring that our third-party partners and suppliers also uphold the same ethical standards.

Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

Ensuring Awareness and Compliance

To foster a corporate environment free from corruption and unethical practices, we actively communicates our ABAC Policy to all employees, directors, and business partners through corporate website disclosures, internal memoranda and policy briefings, employee induction programs and ongoing training and awareness sessions. We ensure that every Masteel employee is well-informed and empowered to identify and report any instances of bribery or corruption. By embedding these principles within our corporate culture, we continues to strengthen its reputation as a responsible and ethical industry leader, reinforcing trust with stakeholders and ensuring long-term business sustainability.

At Masteel, we continue to uphold the highest standards of integrity and ethical business conduct by ensuring that all employees and suppliers formally commit to our ABAC Policy. As part of our best practices, we require all new employees and suppliers to sign an anti-bribery and anti-corruption declaration, affirming their understanding and commitment to compliance. During their orientation program, new employees are introduced to our ABAC Policy, reinforcing our zero-tolerance stance on bribery and corruption across all levels of the organisation.

This initiative is critical to Masteel's efforts in minimising bribery risks across 100% of our operations, particularly in high-risk areas identified through our comprehensive risk assessments. Our assessment highlighted that divisions handling import and export activities, outsourced operations, and third-party engagements face an elevated risk of bribery exposure. To mitigate these risks, Masteel implements stringent due diligence procedures before engaging with any third party, including screening potential partners through the Corruption Offenders Database on the Malaysia Anti-Corruption Commission ("MACC") website.

Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

Reinforcing Whistleblower Protection and Risk Mitigation

Masteel's Whistleblowing Policy provides a secure and confidential platform for employees and stakeholders to report concerns regarding bribery or unethical conduct. This policy:

- a. Clearly outlines the reporting procedures for whistleblowers.
- b. Defines the roles and responsibilities of personnel handling investigations.
- c. Guarantees anonymity and protection for whistleblowers who report in good faith, ensuring they are safeguarded from retaliation.

Commitment to Ethical Business and Political Neutrality

To strengthen awareness and adherence to the ABAC Policy, Masteel conducted dedicated training sessions that reached a total of 138 employees across different organizational levels. The participants included 12 management personnel (8.7%), 34 executives (24.63%), and 93 non-executives (66.67%). These policies are publicly accessible on our corporate website, ensuring transparency and accessibility for all stakeholders.

We take pride in reporting that in FY2024, Masteel continue to record zero incidents or fines related to corruption, marking our fifth consecutive year of maintaining a corruption-free record. As a publicly listed entity, Masteel maintains strict political neutrality where we do not support, endorse, or fund political parties or organisations, nor do we make political donations.

By embedding strong anti-corruption measures, continuous risk assessments, and rigorous compliance training, Masteel reinforces our commitment to ethical governance and long-term corporate sustainability.

Risk Management

Commitment to Auditors Independence and Transparency

Masteel is deeply committed to maintaining the highest standards of financial integrity and transparency. To uphold this commitment, we have adopted a Statutory Auditors and Statutory Audit and Non-Audit Services Frameworks and implement the following practices.

a) Regular rotation of Auditors/Audit partner

Masteel is committed to maintaining audit integrity and transparency through its External Auditors Assessment Policy, which mandates the regular rotation of audit partners every seven (7) financial years and observe a cooling-off period of three (3) years. This practice ensures fresh perspectives and upholds the independence of financial audits, aligning with industry best practices. By rotating audit partners, Masteel proactively mitigates familiarity risks that could arise from long-term associations, preserving the objectivity and impartiality of the audit process. In addition to rotation, Masteel continuously monitors and assesses the audit firm's performance to ensure the audit process remains robust, independent, and adaptable to regulatory changes. This policy is a crucial element of Masteel's broader governance framework, designed to foster an environment where auditors can deliver unbiased assessments of the company's financial health, thereby reinforcing stakeholder confidence in the transparency and accuracy of Masteel's financial reporting.

b) Tendering for a New Audit Firm

In addition to rotating audit partners, Masteel is steadfast in our commitment to maintaining the independence and transparency of our audit process. This commitment is reinforced through rigorous annual assessments designed to ensure that the audit firm remains fully independent throughout its engagement, adhering to all relevant professional regulatory requirements. These assessments are crucial in verifying that the audit firm is not influenced by long-term relationships or conflicts of interest, thereby safeguarding the integrity of the financial reporting process.

The Audit Committee ("AC") of Masteel, composed entirely of independent directors, plays a key role in evaluating the performance, suitability, and independence of our external auditors. The AC is responsible for the appointment, resignation, remuneration, and removal of External Auditors, in compliance with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Risk Management

This oversight ensures that the audit firm operates under stringent governance standards. Re-appointment of the External Auditors is subject to shareholder approval during the Annual General Meeting, following a comprehensive evaluation by the AC. Additionally, the AC holds the authority to recommend a change in the External Auditor if it is deemed necessary to uphold the integrity of the audit process, further reinforcing Masteel's commitment to audit independence and transparency.

By adhering to these practices, Masteel ensures that our financial reporting remains reliable, accurate, and trustworthy, reinforcing the confidence of our investors, regulators, and the broader market.

Legal Compliance

At Masteel, strict compliance with all applicable laws and regulations set by regulatory authorities is a fundamental priority. We have established robust monitoring and mitigation measures to proactively identify, assess, and address potential compliance risks, as documented in our Risk Register.

To uphold the highest standards of regulatory adherence, Masteel remains vigilant and responsive to new and evolving compliance requirements relevant to our operations. Our proactive compliance framework includes:

- a. Regular compliance assessments using a comprehensive risk reporting checklist to ensure alignment with the latest regulatory standards.
- b. Ongoing monitoring mechanisms to detect and mitigate any emerging risks before they escalate.
- c. Routine internal audits and evaluations to reinforce adherence across all operational processes.

As a result of our stringent compliance oversight, Masteel is pleased to report zero instances of non-compliance recorded for FY2024, reinforcing our commitment to corporate governance, regulatory excellence, and operational integrity.

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
<u>Waste and Chemical Related</u>			
Solid Waste and Public Cleansing Management Act 2007	Disposal via licensed contractor	Disposal of domestic wastes	Contractor's Service Report/Invoice
Occupational Safety and Health Act 1994 Section 20, 21, 22, 23, 27; Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000	5-Chemical register 9 & 10-Chemical health risk assessment 16-PPE 20 & 21-Labelling & re-labelling 25-Safety Data Sheet	All chemicals used	- CHRA Reports - Chemical Registry - Stock Cards

Legal Compliance

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
<u>Noise and Statutory Nuisance</u>			
Occupational Safety and Health Act 1994 Section 15, 17, 18, 24, 28; Occupational Safety and Health (Noise Exposure) Regulations 2019	• 3 & 6-Noise exposure monitoring & limits • 4-Noise risk assessment by certified assessor • 5-Training & supervision • 7 & 8-Hearing protection • 9 & 10-Audiometric testing • 11-Record keeping	• Noise from all process areas	• Yearly Noise Monitoring Report • Audiometric test report for employees with high noise exposure • Hearing conservation training records
<u>Health and Safety Related</u>			
Occupational Health and Safety Act, 1994	• Section 15(1) & 17-OHS risk assessment • Section 16-Establishment of Safety Policy	• All activities	• HIRARC & Review of Environmental, Occupational Health & Safety Policy during yearly management review or when required
Occupational Safety and Health Act 1994 Section 29 OSH (Safety & Health Officer) Regulation 1997	• 4,5,6,7,8,9,10,11,12,13-Registration of Safety & Health Officer • 14-Notification of Safety & Health Officer • 18,19,20-Duties of Safety & Health Officer	• All activities	• Safety Officer's green book

Legal Compliance

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
<u>Health and Safety Related</u>			
Occupational Safety and Health Act 1994 Section 30, 31 OSH (Safety & Health Committee) Regulation 1996	• 4, 28-Duties of employers • 5,6,7,8,9,10-Membership & appointment of committee • 11,12,13,14,15,16,17, 18,19,20-Functions & responsibilities • 21,22,23,24,25,26, 27-Committee Meeting • 29-Duties to provide training • 30-Documentation & Information	• All activities	• Safety & Health Committee Chart • Quarterly meeting minutes
Occupational Health and Safety Act, 1994 Section 32 OSH (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004	• 4,5,6,7,8-Notification and reporting of accident and dangerous occurrence • 9-No interference at accident scene or dangerous occurrence scene • 10 & 11-Record submission & record keeping	• All activities	• MyKKP portal's data & report

Legal Compliance

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
<u>Factory and Machinery Related</u>			
FMA (Safety & Health Welfare) Regulations 1970 amended 1983	• 6-Maintenance of floor • 7-Access of place of work • 9-Stairway • 12-Working at height • 13-Confined spaces • 16-Precaution against ignition • 20-Stacking of material • 21 & 22-Fire precaution & firefighting • 32-Working cloths, PPE & appliance • 38-First Aid	• All activities	• SHE Monitoring & Measurement Table in procedure MSW-8-P05
FMA (Notification, Certificate of Fitness & Inspection) Regulation, 1970 amended 2009	• 3-Operation of factory and use of machinery • 5-Factory general register • 10,12,28-Machinery requiring certificate of fitness to have current & valid certificate for operation • 14 & 22-Regular inspection	• Use of Lifting Hoist (Overhead Crane) Compressors	• JKKP Logbook • License Register
<u>Others</u>			
Fire Service Act 1988	• 2-Storage of water & fire hydrant for fire-fighting in premise • 23-Notice of work affecting fire hydrants • 28,29,30,32,33-Fire certificate	• All activities	• Fire Certificate renewal record

Legal Compliance

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
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Others

Companies Act 2016	To comply all sections of Companies Act, 2016 and submit necessary returns to Companies Commission of Malaysia	Corporate Compliance	Risk reporting checklist
Bursa Malaysia Listing Requirements	To comply all Chapters, Practice Notes, and Directives of Main Market Listing Requirement as well as amendments on Listing Requirements from time to time	Listing status on Bursa Malaysia	Risk reporting checklist

Masteel remains unwavering in our commitment to embedding Environmental, Social, and Governance (“ESG”) values at the core of our business operations. As a leading steel manufacturer, we recognise our responsibility to drive sustainable growth while balancing economic, environmental, and social considerations. Encouraged by the expectations and trust of our stakeholders including investors, customers, employees, and regulators, we are further strengthening our commitment to ESG principles as a key pillar of our long-term strategy.

This commitment marks a significant milestone in Masteel’s ongoing sustainability journey. Looking ahead, we have identified a series of targeted ESG initiatives aimed at enhancing our environmental stewardship, fostering social responsibility, and reinforcing strong governance practices.



To establish a Memorandum of Agreement (MOA) with Universiti Tunku Abdul Rahman (UTAR) for the creation of the Masteel Sustainability Grants, dedicated to supporting research in Carbon Capture, Utilization, and Storage (CCUS) initiatives



To optimise our process, we aim to eliminate the electric induction heater for billet reheating and instead directly charge billets from the Continuous Casting Machine (CCM), enhancing energy efficiency and reducing electricity consumption.



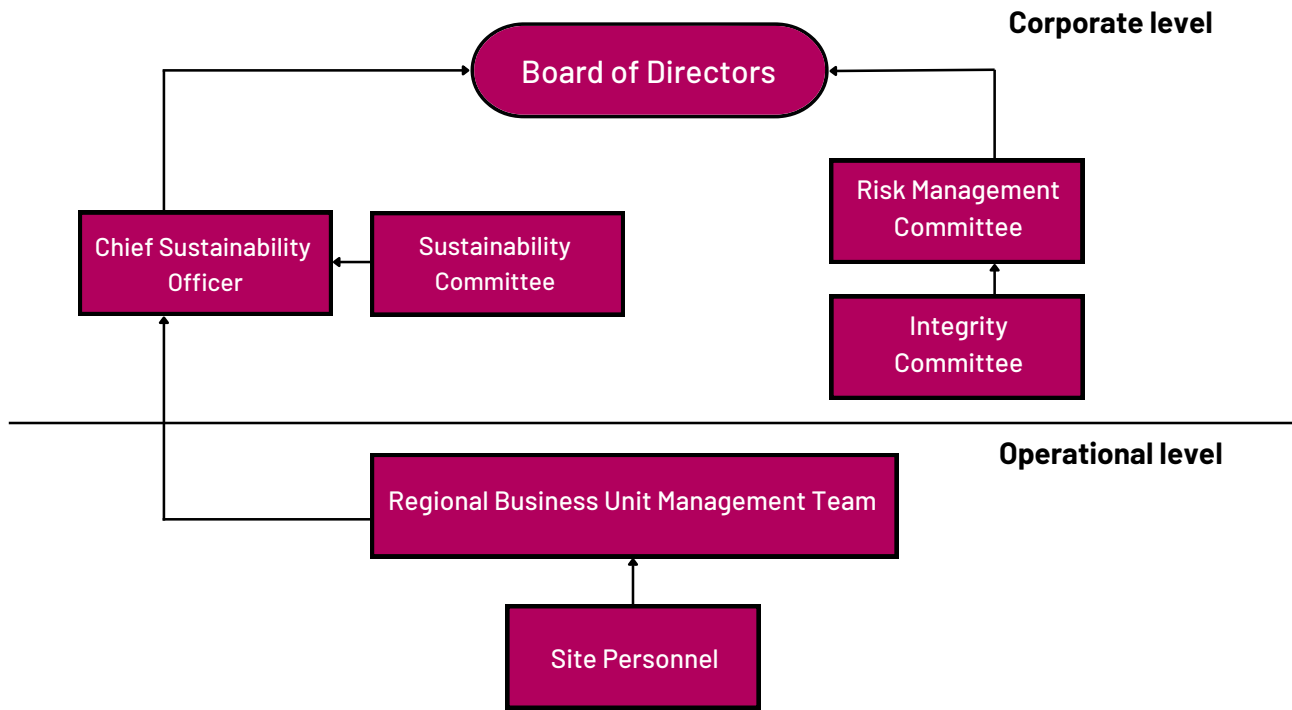
To achieve a more sustainable future, Masteel is committed to reducing overall GHG emissions by at least 10% by 2026, followed by an additional 15% reduction by 2031, demonstrating our dedication to environmental responsibility and sustainable manufacturing.

Masteel

MALAYSIA STEEL WORKS (KL) BHD
(7878-V)

IFRS S2 REPORT 2024





The Masteel sustainability matters are overseeing by the Board of Directors which comprises of 8 members, with 50% being independent directors. The Sustainability Committee, a dedicated subcommittee, provides strategic oversight on sustainability risks, while the Risk Management Committee ensures that sustainability risks are effectively integrated into enterprise risk management. Additionally, the Remuneration Committee is responsible for linking executive compensation to sustainability performance, reinforcing accountability at the leadership level. Board-level discussions on sustainability matters occur quarterly, with an increasing focus on carbon footprint management, supply chain sustainability, and regulatory compliance.

Accountability for sustainability performance is reinforced through executive incentives, where a percentage of key executives' performance-based remuneration is tied to sustainability goals such as emission reductions and ethical supply chain practices. We also provides sustainability related training for board members to enhance their understanding of sustainability risks and practices. We have established a robust stakeholder engagement framework align with our transparency in ensuring open communication with investors, regulatory bodies, and local communities.

Ethical governance is also a cornerstone of Masteel's corporate policies where the Whistleblower Protection Policy is in place to ensure ethical business conduct, particularly in procurement and contracting activities. Furthermore, we have implemented a supplier due diligence program, auditing its raw material suppliers to ensure compliance with sustainability standards and reduce risks associated with unsustainable procurement practices.

Ms. Zueraini Ahmad Basri serves as an Independent Non-Executive Director, where she plays an important role in overseeing both the Sustainability Committee and the Risk Management Committee. In her capacity, she is ultimately responsible for supervising Masteel's approach to climate change and broader sustainability governance, ensuring that these matters are effectively integrated into the company's strategic direction and risk management framework.

Her leadership encompasses the review and approval of Masteel's sustainability objectives, strategies, targets, and policies, ensuring that they align with global and local sustainability reporting standards, including the new IFRS S1. Masteel continuously identifying, assessing and managing its climate related financial risks and opportunities through the oversight by Ms Zueraini. These are all embedded within our corporate governance and operational decision making processes.

In reference with IFRS S1 disclosure requirements, all sustainability-related issues undergo thorough evaluation and discussion during Board meetings. They are systematically assessed for their financial materiality, regulatory compliance, and long-term business impact to Masteel. These matters receive formal endorsement from the Board only after rigorous deliberation and review before being disclosed to stakeholders. Ms. Zueraini's role is instrumental in ensuring that Masteel's climate-related and sustainability disclosures remain transparent, data-driven, and strategically aligned with investor and regulatory expectations, further strengthening Masteel's commitment to sustainable growth and responsible corporate governance.

Mr. Smith Yong Weng Yeu serves as the Chief Sustainability Officer of Masteel in 2024, where he is entrusted with overseeing the company's sustainability frameworks, management systems, and sustainability related processes in accordance with its comprehensive Sustainability Policy. His leadership ensures that Masteel's sustainability governance aligns with IFRS S1 standards, particularly in disclosing sustainability-related financial information, identifying material ESG risks, and enhancing transparency in reporting. Following his resignation, Mr. Teo Chee Koon took over the role in October 2024, supported by Mr. Dani Khor Kiat Hong, who serves as the Deputy Sustainability Officer.

He oversees the integration of sustainability risks and opportunities into Masteel's corporate strategy, ensuring that key governance mechanisms such as board oversight, risk management frameworks, and ESG disclosures are well structured to meet regulatory and investor expectations aligning with the IFRS S1 governance requirements. His role also includes implementing internal controls for sustainability data accuracy, third-party assurance of ESG disclosures, and ensuring compliance with Bursa Malaysia's sustainability reporting guidelines. He actively engages with regulatory bodies, investors, and industry stakeholders to strengthen Masteel's position as a transparent, sustainability compliant leader in the steel manufacturing sector.

He plays a key role in ensuring that Masteel's sustainability disclosures are decision useful, financially relevant, and fully integrated into corporate risk assessment and long-term strategic planning. This enable to reinforce Masteel's commitment to responsible corporate governance, sustainable business growth, and compliance with evolving global and local sustainability regulations.

The Sustainability Committee at Masteel is responsible to drives Masteel's sustainability goals, managing climate-related risks and opportunities while integrating sustainability into corporate strategy. It oversees the collection and reporting of greenhouse gas ("GHG") emissions data, ensuring compliance with IFRS S1 and S2 and enhancing climate-related disclosures. Additionally, the committee safeguards employee and contractor well-being, monitors critical environmental risks, and promotes sustainable development initiatives.

Meanwhile, the Risk Management Committee plays a key role in overseeing Masteel's approach to climate-related risks and opportunities, ensuring alignment with IFRS S1 disclosure requirements. The company's risk management framework has been expanded to integrate sustainability related risks, enhancing the identification, assessment, and mitigation of sustainability challenges.

Supporting this effort, the Integrity Committee reinforces ethical governance, regulatory compliance, and corporate integrity, ensuring that sustainability related risks are transparently managed and in accordance with IFRS S1 financial materiality principles. Both committees convene at least three times annually to review Masteel's sustainability strategy, climate risks, and transition opportunities. Outcomes from these meetings, particularly those related to Malaysia's commitment to the Paris Climate Agreement, are reported to the Board of Directors for strategic discussion and approval, ensuring sustainability risks are effectively embedded into Masteel's corporate decision-making.

At Masteel, sustainability related performance metrics are embedded in remuneration policies to align executive incentives with sustainability goals and IFRS S1 compliance. The Remuneration Committee ensures that key performance indicators, such as reducing carbon emissions, improving energy efficacy, ensuring regulatory compliance, and strengthening corporate transparency, are integrated into compensation structures. Adherence to ethical governance, risk management, and workplace health and safety standards plays a crucial role in executive evaluations. Incentives include annual bonuses linked to sustainability targets and performance is assessed annually to ensure sustainability objectives drive leadership decisions and align with Masteel's corporate strategy.

Masteel has strategically embedded sustainability and climate related considerations into our financial planning and decision-making processes, addressing both short-term (1-5 years) and long-term (5-10 years) horizons. As part of this approach, we continuously assess the potential financial and operational impacts of evolving sustainable and climate regulations, including the anticipated implementation of carbon taxes. These regulatory shifts, alongside commitments under the Paris Climate Agreement 2015, signal a growing global emphasis on reducing greenhouse gas (“GHG”) emissions and transitioning to a low-carbon economy. In response, Masteel is proactively developing strategies to mitigate cost implications associated with carbon pricing while identifying new business opportunities within sustainable and energy efficient industrial practices.

Recognising the material impact of sustainability and climate change on our financial resilience and competitive positioning, we have made significant investments in targeted initiatives to reduce GHG emissions across our operations. This includes optimising energy efficiency, exploring cleaner production technologies, and integrating low-carbon solutions into our supply chain. To further strengthen our commitment, we have established a dedicated strategy team responsible for aligning our sustainability initiatives with emerging regulatory frameworks and ensuring that we remain well-positioned for a carbon constrained economy.

Through comprehensive risk assessments and scenario analyses, we have identified key sustainability and climate related risks, ranging from regulatory compliance costs to supply chain disruptions and shifting customer preferences. These insights inform our strategic and financial planning, allowing us to anticipate transition risks, mitigate potential business vulnerabilities, and leverage opportunities in green innovation and low-carbon steel production. By embedding these considerations into our strategy, Masteel enhances our resilience, safeguards long-term profitability, and ensures sustained value creation in an increasingly sustainable and climate-conscious market landscape.

Sustainability Related Risk & Opportunities

Risk type	Time Horizon	Potential Financial Impact	Description of Risk	Mitigation Strategy
Regulatory Compliance	Short-term and Long-term	Institutional investors increasingly require sustainability-aligned disclosures.	Adhering to regulatory compliance demands detailed disclosures on sustainability practices. Ensuring compliance may require significant enhancements to current reporting systems and processes.	As a short-term mitigation measure, the sustainability committee will continue reporting to the Board of Directors and Risk Management Committee.
		Non-compliance may result in divestment or exclusion from sustainability-focused funds.	Non-compliance could lead to regulatory penalties and damage to Masteel's reputation.	Provide related training to relevant department and personnel to ensure full compliance to any regulatory requirements.
		Potential loss of strategic customers or delayed contracts, potentially affecting 5-10% of annual revenue.		Continue to engage with investors, key customers, and regulators to identify their expectations and material concerns.
				Continue to align sustainability priorities with what matters most to external stakeholders and business impact.
				As for long term, embed ESG in performance KPIs, employee scorecards, and corporate values to uphold the full compliance to any regulatory requirements.
				Consider future carbon pricing in financial models and ROI projections.

Sustainability Related Risk & Opportunities

Risk type	Time Horizon	Potential Financial Impact	Description of Risk	Mitigation Strategy
Supply Chain Transparency	Short-term and Long-term	If raw materials are traced to environmentally or ethically non-compliant sources (e.g., conflict minerals, forced labor), Masteel may face restrictions on exports or loss of licenses. Allegations of sourcing from polluting or unethical suppliers may affect brand trust, investor confidence, and ratings. This might result to an approximately loss of contract that contribute to 5-10% of Masteel revenue. Sustainability-conscious customers (especially multinational developers, infrastructure firms) may exclude Masteel from tenders if full traceability or compliance cannot be demonstrated.	Suppliers of our raw materials might come from opaque supply chains, increasing difficulty in assessing environmental and social risks.	As for short term, we educate our suppliers to the important of sustainability disclosure and reporting. In addition, we categorise them based on ESG exposure: high, medium, low risk. To equip Masteel's procurement and sourcing teams knowledge and skills on ESG due diligence, red flag detection, and sustainable procurement practices. As for long term, to incorporate ESG compliance and audit into the procurement assessment. Implement traceability platforms to track the origin, environmental footprint, and chain-of-custody of raw materials. Integrate with suppliers' systems via portals or shared sustainability dashboards (example: CSI Platform by Bursa Malaysia).

Sustainability Related Risk & Opportunities

Risk type	Time Horizon	Potential Financial Impact	Description of Risk	Mitigation Strategy
Cybersecurity Risks in Data Reporting Systems	Short-term and Long-term	Cyberattacks could halt production, delay deliveries, or disrupt energy monitoring and emissions tracking. This will result to a projection of losses more than RM500,000.00 per incident, depending on downtime duration and recovery costs. Breaches affecting customer, investor, or employee data may lead to a loss of confidence and damage to Masteel's brand value.	Masteel might faces increasing cybersecurity risks such as data breaches, ransomware, or system intrusions could disrupt operations, compromise sensitive data.	As for short term, we will conduct audit and identify vulnerabilities across both OT (Operational Technology) and IT systems. Implement strict user access control and multi-factor authentication for sensitive systems. Conduct regular cybersecurity awareness programs, phishing simulations, and training for all staff, especially those handling sensitive and important information. As for long term, we will secure and periodically review a comprehensive cyber insurance policy that covers ransomware, and business interruptions due to cybersecurity attack.

Sustainability Related Risk & Opportunities

Risk type	Time Horizon	Potential Financial Impact	Description of Risk	Mitigation Strategy
Human Capital Risk	Short-term and Long-term	Increased of operation cost due to the hiring expenses resulted from the frequent turnover of skilled operators and engineers.	High employee turnover and skill shortages in plant operations could affect production continuity. These issues can disrupt production flow, delay project execution, increase training costs, and reduce overall productivity. High attrition also contributes to the loss of institutional knowledge and affects safety performance in hazardous work environments.	Masteel has launched structured talent retention strategies including enhanced career progression pathways, performance linked incentives, and engagement programs. Simultaneously, technical upskilling initiatives such as cross-functional training, certification support, and mentorship, are being implemented to close the skills gap and stabilise the workforce.
Safety and Compliance Risk	Short-term and Long-term	Additional expenses related to treatment, workers' compensation, and rehabilitation of injured employees. This estimated to an annual additional cost of RM100,000.00 per each accident that happen.	Masteel faces inherent risks related to workplace injuries due to the nature of steel manufacturing that involving heavy machinery, high-temperature processes, and physically demanding tasks. Serious incidents could result in legal liabilities, regulatory penalties, increased insurance premiums, and operational disruptions due to lost-time injuries. Furthermore, frequent or severe safety incidents may negatively affect employee morale, turnover, and the company's reputation among customers and investors.	Masteel is enhancing its Occupational Health & Safety program through behavior-based safety training, improved safety culture, near-miss tracking systems, and investment in automation to reduce manual exposure. These initiatives aim to create a proactive safety environment and reduce incident frequency and severity.

Sustainability Related Risk & Opportunities

Opportunity type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Green Steel Market	Long-term	Increased competitiveness in tenders from ESG-focused buyers or organisation requiring sustainability disclosures. This will increase Masteel production and boost the overall revenue.	As sustainability becomes a core procurement criterion for developers, governments, and ESG-driven companies, demand is rising for low-carbon or “green” steel produced with reduced emissions, recycled materials, and renewable energy. Capturing this opportunity will not only open new market segments but also enhance brand value, improve access to green financing, and align Masteel with global climate and ESG expectations.	Masteel is well-positioned to serve this growing segment by investing in cleaner technologies, changing from electric arc furnace (“EAF”) to Induction Furnace (“IF”) operations, and branding a sustainable steel product line. Increase recycled steel content in products and introduce take-back programs for steel waste. Improve energy intensity and reduce emissions through advanced technology.
Government Incentives & Grants	Long-term	Financial support such as grants, green loan, and allowances for ESG-aligned investments from government and banks.	As part of Malaysia’s broader commitment to sustainability and green growth, early adopters of sustainability standards such as IFRS S1 & S2 are increasingly eligible for government incentives, grants, and tax reliefs. Proactively tapping into these schemes could significantly reduce capital expenditure on sustainability initiatives, enhance cash flow, and support Masteel’s long-term transition toward a lower-carbon, digitally enabled business model.	The implementation of Green procurement and green financing programs. Participate in national policy consultations and pilots to stay ahead of funding trends and opportunities. Position Masteel to register and trade carbon credits in Malaysia’s Voluntary Carbon Market (“VCM”).

Climate-Related Risks Physical: Acute and Chronic

Risk type	Time Horizon	Potential Financial Impact	Description of Risk	Mitigation Strategy
Weather: Heavy precipitation and flooding	Short-term and Long-term	Company revenue may be affected by production and delivery delays, leading to potential disruptions in the supply chain and order fulfillment of steel products.	Masteel's manufacturing facilities are located in areas prone to heavy rainfall and flooding, which can disrupt logistics, supply chains, and workforce availability due to commuting challenges. These disruptions may impact production schedules and delivery commitments. However, our elevated plant positioning in Bukit Raja, Klang, mitigates the risk of flood damage to critical machinery, ensuring operational continuity. To further enhance resilience, Masteel continues to implement logistical contingency plans, workforce management strategies, and infrastructure reinforcements to minimise weather-related disruptions.	As a short-term mitigation measure, Masteel maintains ample liquidity in a sinking fund to cover operational costs and fixed financial obligations, including potential repairs to plants and machinery caused by extreme weather events. Additionally, we have secured comprehensive insurance coverage for our facilities and equipment to minimise financial exposure from climate-related damages. For long-term resilience, we are actively evaluating alternative plant locations to reduce exposure to high-risk areas. This includes assessing suitable financing options, such as debt or equity, to support potential relocation and infrastructure investments, ensuring sustainable business continuity.

Climate-Related Opportunities Transition: Technology

Risk type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Invest in low emission technology - Induction Furnace (IF)	Short-term and Long-term	It allows us to achieve cost savings of approximately 10.6% per metric tonne in billet production.	Masteel's transition from an Electric Arc Furnace (EAF) to an Induction Furnace (IF) presents a strategic opportunity to enhance cost efficiency and market resilience by significantly reducing operational expenses. This shift results in an approximately 42.87% reduction in CO₂ per metric tonne, aligning with global sustainability expectations and strengthening our appeal to environmentally conscious investors and customers. By investing in sustainable, low-emission technology, Masteel is positioning ourselves for long-term profitability, regulatory compliance, and competitive differentiation in a carbon-conscious market. This transition not only enhances cost savings but also supports our commitment to sustainable growth and responsible steel production.	To capitalise on this opportunity, Masteel is securing strategic funding and deploying advanced Induction Furnace (IF) technology to enhance operational efficiency and sustainability. This transition reduces the risk of regulatory non-compliance and potential penalties and taxes, ensuring alignment with evolving environmental standards. A dedicated operational team has been established to oversee the implementation and optimise the performance of the IF equipment, ensuring a seamless transition and long-term operational success. These efforts reinforce Masteel's commitment to sustainable growth, cost efficiency, and sustainable driven market competitiveness.

Climate-Related Opportunities Transition: Technology

Risk type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Invest in Hi-Speed Bar Project	Short-term and Long-term	We plan to allocate an estimated CAPEX budget of RM64 million for the Hi-Speed Bar Project, aiming to enhance production efficiency and cost optimisation. This investment is expected to lower bar production costs by approximately 4.0% per metric tonne, while significantly increasing steel bar production capacity, more than doubling annual output.	Masteel's adoption of Induction Furnace (IF) technology presents a significant opportunity to enhance profit margins by reducing bar production costs, overhead expenses, and logistics costs. These operational efficiencies strengthen our competitive position in the market. Additionally, the transition to low-emission technology supports a substantial reduction in CO₂ emissions, aligning with sustainability priorities. This enhances Masteel's attractiveness to environmentally conscious investors and customers, driving long-term market growth and reinforcing our commitment to sustainable steel production.	Masteel's strategy to capitalise on this opportunity involves securing strategic funding and deploying the most efficient Induction Furnace (IF) technology for the Hi-Speed Bar Project. This initiative is designed to enhance production efficiency, reduce costs, and lower emissions, aligning with both financial and sustainability objectives. To ensure a successful implementation, Masteel is evaluating optimal financing options, including internal capital allocation, debt financing, or strategic partnerships, to support the deployment of this technology. By integrating advanced manufacturing processes, we aim to maximise output, improve energy efficiency, and strengthen our position in the sustainable steel market.

Climate-Related Opportunities Transition: Technology

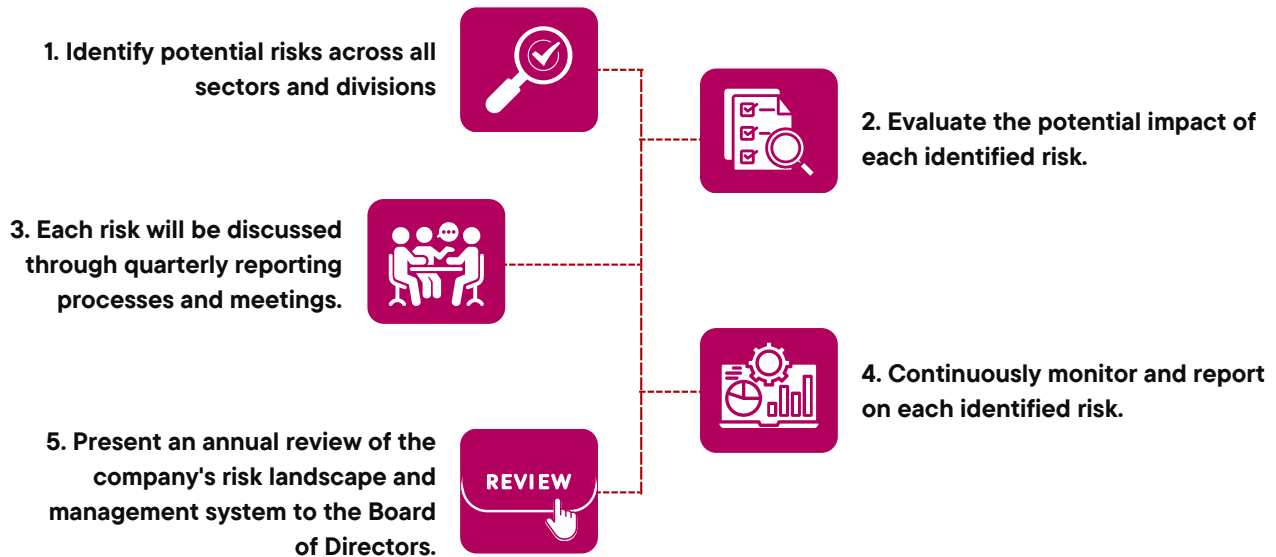
Risk type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Increased in water usage saving - Rainwater harvesting system	Short-term and Long-term	We invested RM200,000 in installing a rainwater harvesting system at our Petaling Jaya plant, enabling us to reduce annual water withdrawal and lower overall water costs.	This opportunity aligns with Masteel's commitment to integrating sustainability principles into our core business strategy, reinforcing our dedication to sustainable and responsible manufacturing. By adopting advanced technology and resource-efficient processes, Masteel can significantly reduce water withdrawal, contributing to improved environmental stewardship and compliance with evolving sustainability regulations. Additionally, these improvements will drive operational cost reductions, enhancing overall financial resilience while strengthening our market position among sustainable conscious investors, customers, and stakeholders. This initiative supports Masteel's long-term strategy of balancing profitability with sustainability, ensuring continued growth in an increasingly climate-conscious business environment.	Masteel is actively leveraging this opportunity by implementing a rainwater recycling system to enhance water conservation and support our sustainability commitments. This initiative reduces reliance on external water sources, minimising operational costs while strengthening climate resilience in the face of potential water scarcity risks. The system is designed to capture and store rainwater efficiently, utilising the factory's roof gutters to direct runoff into holding tanks with a 20,000-gallon capacity. This collected rainwater is then filtered and distributed across various operational areas, ensuring optimal water resource management within our production processes. By integrating this solution, Masteel aligns with regulatory expectations for sustainable water usage while reinforcing our commitment to responsible resource management, cost efficiency, and long-term environmental sustainability.

Climate-Related Opportunities Transition: Market

Risk type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Access to new and emerging markets	Long-term	Our commitment to ESG practices is expected to drive a minimum 15% increase in sales in the near term, contributing to stronger financial performance and revenue growth.	By capitalising on this opportunity, Masteel is strategically positioning itself as a global leader in sustainability commitment, enhancing our competitive advantage in sustainability focused markets. This transition aligns with evolving regulatory and investor expectations, opening access to new customers and investment opportunities that prioritise high sustainability standards in their supply chains. Expanding our presence in sustainable driven markets, such as Singapore and other sustainability-conscious regions, strengthens our market differentiation and long-term growth potential. This proactive approach reinforces Masteel's ability to adapt to global market shifts, attract sustainability-focused investors, and secure partnerships with environmentally responsible stakeholders.	Masteel's strategy to seize this opportunity involves ongoing investment in sustainability initiatives and enhancing sustainability practices to strengthen our market position. A key focus is maintaining our listing on the FTSE4Good Bursa Malaysia Index, reinforcing our commitment to transparent ESG performance and long-term stakeholder confidence. By continuously aligning with global sustainability standards, we aim to attract sustainability-focused investors, enhance corporate credibility, and expand access to sustainability-driven markets. This commitment ensures Masteel remains competitive in an increasingly sustainability-conscious business environment.

Climate-Related Opportunities Transition: Reputation

Risk type	Time Horizon	Potential Financial Impact	Description of Opportunities	Strategy to Realise Opportunities
Achieving a net-zero strategy before 2050	Long-term	The company anticipates a positive financial impact, with projected annual gains of RM6.5 million.	Masteel's commitment to reducing greenhouse gas (GHG) emissions reinforces our position as a responsible and sustainable industry leader, enhancing our global reputation. By integrating strong sustainability practices into our operations, we align with international sustainability benchmarks, demonstrating accountability to investors, customers, and regulatory bodies. This proactive approach strengthens stakeholder trust and differentiates Masteel in the global market, attracting new customers and long-term investors who prioritise sustainability and ethical business practices. By continuously advancing our low-carbon initiatives, Masteel enhances brand credibility, ensuring long-term market relevance and resilience in an increasingly sustainability-driven business environment.	Masteel is committed to reducing greenhouse gas (GHG) emissions as part of our long-term sustainability strategy, reinforcing our position as a leader in sustainable steel production. Our approach includes a targeted 10% reduction in emissions over the next four years (2023-2026), followed by an additional 15% reduction by 2031, aligning with global climate action goals and regulatory expectations. To achieve these targets, Masteel is implementing a comprehensive sustainability roadmap, which includes investments in innovative low-carbon technologies, energy efficiency improvements, and operational process optimisations. These initiatives will not only enhance environmental sustainability but also improve cost efficiency, regulatory compliance, and investor confidence, ensuring long-term business resilience in a carbon-conscious global market.



Masteel has established comprehensive risk management policies and procedures to reinforce our commitment to identifying, assessing, and mitigating risks across our diverse operations. Our approach aligns with IFRS S1 and S2, ensuring transparency and resilience in managing sustainability-related and enterprise-wide risks while enhancing financial disclosures.

Our risk governance framework is led by Executive Vice Chairman, an Independent Non-Executive Director, Executive Director, and the Chief Sustainability Officer. This leadership team oversees the strategic direction, governance, and integration of sustainability-related risks into financial and operational decision-making, ensuring compliance with evolving regulatory and market expectations.

Masteel integrates the Enterprise Risk Management (“ERM”) Model as the foundation of our risk management framework while referencing the external COSO standard to enhance the credibility, transparency, and robustness of our risk assessment and disclosure practices. This structured approach ensures that material risks, including sustainability-related financial risks, regulatory shifts, and operational disruptions, are effectively identified, assessed, and mitigated. By aligning with IFRS S1 and S2, Masteel ensures a proactive risk management approach, resilience against sustainability-related and operational risks, and enhanced financial reporting, reinforcing our long-term sustainability and financial stability.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Emerging and current regulations	Relevant, always included	Masteel proactively integrates emerging and existing regulations into our risk assessment framework, ensuring that compliance remains a core component of our operational strategy. This approach is critical for mitigating financial risks associated with non-compliance, avoiding potential regulatory penalties, and maintaining alignment with evolving environmental and sustainability requirements under IFRS S1 & S2. To strengthen our environmental risk management, Masteel has deployed a computerised emissions monitoring system to track and verify that furnace air emissions remain compliant with Department of Environment (“DOE”) regulations. This system enhances real-time monitoring, transparency, and regulatory adherence, reducing the risk of environmental liabilities. Masteel also adheres to strict waste management protocols, ensuring that scheduled wastes are stored in designated secure areas and disposed of in accordance with authoritative guidelines and best practices. This minimizes environmental impact and reinforces our commitment to responsible resource management. To further mitigate environmental risks, Masteel has implemented a strategic sustainability plan with time-specific targets that exceed regulatory requirements. This plan focuses on: • Reducing or eliminating pollution through cleaner production methods. • Enhancing waste management practices to minimise hazardous material disposal. • Optimising resource utilisation, ensuring sustainable and cost-effective operations. By embedding regulatory compliance and environmental risk mitigation into our enterprise risk management system, Masteel enhances operational resilience, safeguards long-term financial performance, and upholds stakeholder confidence in an increasingly sustainability-conscious regulatory landscape.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Legal	Relevant, always included	Masteel proactively manages regulatory and legal risks across our Petaling Jaya and Bukit Raja manufacturing plants, ensuring strict compliance with environmental permits and adherence to evolving legislation. As part of our risk assessment framework under IFRS S1 & S2, we continuously monitor policy changes, permit enforcement trends, and regulatory developments to anticipate potential financial and operational impacts. Legal risks are integrated into our climate risk assessments, allowing us to identify and implement swift mitigation strategies in response to changes in permit conditions or regulatory enforcement. By operating strictly within permit parameters, we safeguard our operational license, maintain business continuity, and minimise financial risks associated with production constraints or regulatory penalties. Masteel remains committed to regulatory vigilance, ensuring that compliance is embedded within our enterprise risk management (“ERM”) system, reinforcing long-term resilience and operational stability in an increasingly climate-conscious and regulated business environment.
Market	Relevant, always included	Masteel recognises that climate change is reshaping market dynamics, creating new business opportunities while also introducing market risks. As part of our risk assessment framework under IFRS S1 & S2, we conduct thorough market risk evaluations to anticipate shifts in demand, regulatory developments, and competitive pressures associated with the global transition to a low-carbon economy. Evolving consumer preferences in particularly the increasing demand for environmentally sustainable and socially responsible materials, may directly impact the market positioning and competitiveness of Masteel’s products. To mitigate these risks and capitalise on emerging opportunities, Masteel continuously aligns its product offerings with sustainability expectations, ensuring compliance with sustainability standards and reinforcing our market relevance. By integrating market risk assessments into our ERM framework, Masteel enhances adaptability, customer engagement, and financial resilience in a rapidly evolving market.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Technology	Relevant, always included	Technological advancements are a key enabler in Masteel's net-zero strategy, driving carbon emission reductions and minimising our environmental footprint. Given the rapid pace of technological change, continuous risk monitoring and evaluation are essential to ensure seamless adaptation and competitiveness. Masteel is committed to leading the adoption of advanced technologies to lower greenhouse gas emissions and enhance operational efficiency. As part of our strategic planning framework, assessing technology risks is a critical focus, particularly in relation to the modernization of production plant technologies to align with sustainability goals.
Reputation	Relevant, always included	Masteel systematically evaluates reputational risks associated with business decisions, ensuring alignment with market expectations and evolving societal emphasis on climate-conscious and environmentally responsible production. As part of our IFRS S1 & S2-aligned risk management framework, we recognise that stakeholder perceptions, regulatory scrutiny, and sustainability commitments play a crucial role in maintaining corporate integrity and long-term business. Key reputational risks considered in our assessment include: • Carbon footprint from business operations, including the frequency and necessity of air travel. • Waste management and disposal practices, ensuring compliance with sustainability regulations and industry best practices. • Employee well-being and fair treatment, emphasising workplace safety, diversity, and ethical labor practices. • Community impact of production activities, addressing environmental and social concerns to mitigate adverse effects on local communities. By integrating reputational risk management into our (ERM) framework, Masteel strengthens stakeholder confidence, brand equity, and long-term resilience in an increasingly sustainability-driven business environment.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Geographical	Relevant, always included	Masteel systematically assesses geographical risks in all business decisions, ensuring alignment with market trends toward sustainable and climate-conscious production. As part of our risk management framework under IFRS S1 & S2, we recognise that regional differences in consumer preferences, regulatory policies, and technological advancements can significantly impact business operations and strategic planning. Key geographical risks include: - Regional variations in demand for low-carbon steel, influenced by carbon footprint considerations, evolving sustainability regulations, and consumer preferences. Markets with stricter carbon policies may accelerate the transition to green steel, impacting product demand and competitive positioning. - Disparities in technological advancements across regions, affecting the adoption of innovative production methods. Companies operating in areas with slower technological adoption may face challenges in keeping pace with sustainability-driven industry shifts, regulatory compliance, and operational efficiency. By integrating geographical risk assessments into our ERM framework, Masteel ensures proactive market adaptation, regulatory compliance, and strategic resilience, strengthening our position in an increasingly sustainability-conscious global economy.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Acute	Relevant, sometimes included	Masteel recognises severe weather events as a significant physical risk to both personnel and assets, with direct operational and financial implications. As part of our IFRS S1 & S2, aligned risk management framework, we assess the impact of extreme weather conditions, such as heavy rainfall, flooding, and storms, on business continuity and supply chain resilience. One critical risk is logistics disruption, where adverse weather conditions can delay the transportation of raw materials and finished steel products, impacting supply chain efficiency and customer delivery timelines. Such disruptions may lead to increased operational costs, contractual penalties, and reputational risks if delivery commitments are not met. To mitigate these risks, Masteel integrates climate resilience strategies into our ERM framework, including: • Supply chain diversification to reduce dependency on high-risk routes. • Enhanced logistics planning with contingency measures for extreme weather events. • Infrastructure reinforcement to safeguard assets from climate-related damages. By proactively managing weather-related risks, Masteel ensures business continuity, supply chain resilience, and long-term financial stability in an increasingly climate-volatile environment.

Risk Types

Transition: Risk types in Sustainability and Climate-related Risk Assessment

Risk type	Relevance in risk assessment	Description
Chronic	Relevant, sometimes included	Currently, Masteel's production and operations remain unaffected by persistent climate change phenomena such as sea level rise, temperature fluctuations, and increased wind intensity. However, as part of our IFRS S1 & S2, aligned risk management framework, we recognise that these long-term climate risks may pose future challenges to our operations and supply chain. One key risk is the potential impact on water resources, as rising temperatures and changing weather patterns could affect water availability for industrial use. Limited access to water may disrupt critical cooling and production processes, leading to operational inefficiencies and increased costs. Additionally, infrastructure resilience may be tested by more frequent and intense weather events, requiring proactive adaptation strategies. To address these evolving risks, Masteel is committed to continuous monitoring, scenario analysis, and long-term adaptation planning within our enterprise ERM framework. This includes: • Assessing climate-related vulnerabilities that may emerge over time. • Exploring alternative water sources, such as rainwater harvesting and water recycling initiatives. • Enhancing infrastructure resilience to withstand potential climate-related disruptions. By integrating forward-looking climate risk assessments, Masteel ensures operational stability, resource efficiency, and long-term business sustainability in an evolving climate landscape.

In line with Masteel's commitment to transparent and accurate climate-related disclosures, we have strengthened our GHG emissions reporting framework to align with IFRS S2 Climate-related Disclosures and international best practices. As part of our efforts to achieve net-zero carbon emissions before 2050, we have enhanced our calculation methodologies and expanded Scope 1 emissions reporting to include fugitive gases, ensuring a more comprehensive and precise measurement of our direct emissions since FY2023.

For FY2024, Scope 1 emissions have been calculated following ISO 14404-4:2020 (Calculation Method of Carbon Dioxide Emission Intensity from Iron and Steel Production Standards). Scope 2 emissions have been measured using the Malaysian Energy Commission Grid Emission Factor 2022, ensuring consistency in emissions calculations for purchased electricity. Continuing our established approach since FY2022, we maintain the disclosure of five key Scope 3 categories, specifically on Category 6: Business Travel, Category 7: Employee Commuting, Category 8: Upstream Leased Assets, Category 9: Downstream Transportation and Distribution and Category 13: Downstream Leased Assets.

The calculation of Scope 3 emissions integrates both the Malaysian Energy Commission Grid Emission Factor 2022 and the United States EPA Emission Factor 2024, ensuring a standardised and globally recognised approach to indirect emissions reporting. These enhanced methodologies reflect Masteel's commitment to compliance with IFRS S2 reporting requirements, strengthening climate risk management, emissions transparency, and sustainability performance tracking across our value chain.

GHG Emissions (tCO ₂ e)			
Metric	2022	2023*	2024
Scope 1 (Process)	152,306.57	4,943.03	3,228.77
Scope 1 (Diesel)	1,128.64	1,505.08	1,622.61
Scope 1 (Fugitive Gases)	-	346.08	492.78
Scope 2 (Energy Consumption)	223,345.52	325,057.23	308,400.88
<i>Process Carbon Intensity (tCO₂e/mt)</i>			
Steel Making Plant	0.531	0.498	0.489
Rolling Mill Plant (Induction Heater)	0.141	0.147	0.112
Scope 3 (C6-Business Travel)	0.47	4.86	8.40
Scope 3 (C7-Employee Commuting)	580.29	467.70	457.78
Scope 3 (C8-Upstream leased assets)	142.07	358.16	435.86
**Scope 3 (C9-Downstream transportation and distribution)	2,178.48	2,161.99	1,257.08
Scope 3 (C13-Downstream leased assets)	747.71	1,398.29	518.48
Total	380,429.75	336,242.42	316,422.64
Overall Carbon Intensity (tCO ₂ e/mt)	0.519	0.396	0.369

• Scope 1 GHG emissions are calculated according to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Stationary and Mobile Combustion (FY2022).
 • Scope 1 GHG emissions are calculated according to the ISO14044-4:2020 and the United States Environmental Protection Agency Emission Factor 2023 (FY2023 & FY2024).
 • Scope 2 GHG emission is calculated according to the Malaysia 2017 CDM Electricity Baseline (FY2022).
 • Scope 2 GHG emission is calculated according to the Malaysia Energy Commission Grid Emissions Factor 2021 (FY2023).
 • Scope 2 GHG emission is calculated according to the Malaysia Energy Commission Grid Emissions Factor 2022 (FY2024).
 • Scope 3 GHG emissions are calculated according to the United States Environmental Protection Agency Emission Factor 2022, 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Mobile Combustion, and Malaysia's 2017 CDM Electricity Baseline (FY2022).
 • Scope 3 GHG emissions are calculated according to the United States Environmental Protection Agency Emission Factor 2023, 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Mobile Combustion and the Malaysia Energy Commission Grid Emissions Factor 2021 (FY2023).
 • Scope 3 GHG emissions are calculated according to the United States Environmental Protection Agency Emission Factor 2024, 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Mobile Combustion and the Malaysia Energy Commission Grid Emissions Factor 2022 (FY2024).
 *An enhanced calculation methodology has been adopted in FY2023 as part of our progress in obtaining ISO14064 certification.
 ** Reclassified from Category C11 (Use of Sold Products) to C9 (Downstream Transportation and Distribution) to more accurately reflect the nature of the disclosure.

Masteel's total greenhouse gas ("GHG") emissions, covering Scope 1 and Scope 2 in 2024, amounted to 313,599.94 metric tonnes, while Scope 3 emissions were recorded at 2,677.60 metric tonnes, bringing the total GHG emissions to 316,422.64 metric tonnes. As part of our climate-related financial disclosures, we also provide a carbon intensity breakdown relative to our production activities. For FY2024, our steelmaking plant recorded a carbon intensity of 0.489 tCO₂e/mt, whereas our rolling mill plant reported a carbon intensity of 0.112 tCO₂e/mt.

Masteel is committed to reducing GHG emissions by implementing targeted energy efficiency measures, process optimisation, and increased reliance on renewable energy sources to mitigate our environmental impact. Our emission reduction strategies align with international sustainability frameworks, including the United Nations Sustainable Development Goals ("SDGs"), and guidelines from the World Health Organization ("WHO") and the Organization for Economic Co-operation and Development ("OECD"). Furthermore, as a key contributor to Malaysia's steel industry, Masteel actively supports the Twelfth Malaysia Plan's objectives for sustainable industrial growth and carbon reduction.

Our GHG emissions reporting adheres to IFRS S2 Climate-related Disclosures, ensuring enhanced transparency, comparability, and accountability in climate-related risks and opportunities. By integrating science-based emissions calculations and industry best practices, we remain committed to advancing a low-carbon future while strengthening our resilience to climate-related challenges.

Masteel has set science-based GHG emission reduction targets to align with global climate commitments and IFRS S2 Climate-related Disclosures. Our goal is to reduce Scope 1, Scope 2, and Scope 3 emissions by 10% by 2026, with an additional 15% reduction by 2031, reinforcing our long-term commitment to decarbonisation.

We conduct climate scenario analyses to assess the potential impact of climate-related risks and transition pathways on our business and to track progress toward these targets. These analyses consider three future temperature rise scenarios (1.5°C, 2.0°C, and 4.5°C) by 2100, based on Representative Concentration Pathways (“RCPs”) developed by the Intergovernmental Panel on Climate Change (“IPCC”). These scenarios help us evaluate physical climate risks, policy-driven market transitions, and operational resilience under varying climate conditions.

A detailed overview of the specific RCP climate models used in our scenario analysis is provided in the following table. This structured approach ensures that Masteel remains proactive in climate risk management, enabling informed decision-making and strategic planning to support our net-zero ambition before 2050.

RCP Scenario	
RCP 2.6	RCP 2.6 requires that CO ₂ emissions begin declining in 2020 and are reduced to zero by 2100. It also requires a reduction in CH ₄ and SO ₂ emissions. This scenario also relies on the overall absorption of CO ₂ by the environment (such as trees), amounting to 2 gigatons per year. Under this scenario, the global temperature rise will likely remain below 2°C by 2100.
RCP 4.5	RCP 4.5 is described by the IPCC as an intermediate scenario. Under RCP 4.5, CO ₂ emissions peak in 2040 before beginning to decline. CH ₄ and SO ₂ emissions also decline, but not as rapidly as under RCP 2.6. RCP 4.5 is likely to result in global temperature rise between 2°C and 3°C by 2100, with mean sea level rise 35% higher than that of RCP 2.6. Additionally, it is predicted that many plant and animal species will be unable to adapt to the effects of RCP 4.5.

Masteel is deeply committed to embedding sustainability at the core of our operations, ensuring that our business decisions align with global best practices in ESG. With strong support from our Board of Directors and dedicated teams across the organisation, we actively integrate climate risk management, transparent disclosures, and sustainability-driven strategies into our corporate framework. Our commitment extends beyond compliance where we are dedicated to leading the steel industry towards a low-carbon, responsible, and sustainable future.

As part of this effort, we have embraced IFRS S1 and IFRS S2 disclosure standards, reinforcing our commitment to transparent and comprehensive sustainability reporting. By aligning with IFRS S1, Masteel ensures that stakeholders receive consistent, reliable, and comparable sustainability information, enabling informed decision-making. Additionally, through IFRS S2, we provide detailed insights into how climate risks and opportunities impact our business strategy, risk management, and financial performance. This structured approach enhances our accountability, investor confidence, and long-term resilience in an evolving regulatory landscape.

With a proactive stakeholder engagement strategy, including close collaboration with vendors, suppliers, and industry partners, Masteel remains committed to achieving our environmental targets, most notably our ambition to reach net-zero carbon emissions before 2050.

We have implemented strategic initiatives aimed at reducing our GHG emissions. Key milestones include a 10% reduction in GHG emissions by 2026, followed by an additional 15% reduction by 2031. These initiatives underscore our responsibility to climate action, positioning Masteel as a leader in sustainable and responsible manufacturing. As a conscientious participant in the steel industry, Masteel is determined to lead by example in the fight against climate change. We uphold a firm stance against any business activities that may adversely impact the environment, ensuring that our operations align with ESG best practices. Through these dedicated efforts, Masteel is setting a new benchmark for the steel industry by actively mitigating environmental risks, fostering social responsibility, and upholding exemplary governance practices. Our goal is not only to enhance our own sustainability but to encourage a broader industry shift towards more responsible and climate-conscious operations.

Masteel's unwavering focus on sustainability driven innovation and operational excellence has not only reinforced our sustainability credentials but also strengthened our financial health. Through efficient resource utilisation, strategic partnerships, and proactive risk management, we continue to enhance financial performance year over year. Looking ahead, our robust sustainability framework will remain a key driver of long-term value creation, enabling us to lead the industry in responsible and sustainable steel manufacturing.

By integrating sustainability at the core of our business, we are paving the way for a steel industry that harmonises economic growth with environmental responsibility. With the collective effort of the Masteel community, we are well-positioned to continue leading by example, demonstrating that ESG-driven strategies are not just ethical imperatives but also a catalyst for long-term business success and industry transformation.

Performance Data Table from BURSA ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	8,838.85	2,605.04	6,103.20
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	8,498.41	2,277.11	5,781.88
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	340.44	327.93	321.32
Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes)	Metric tonnes	303.95	294.67 *	165.86
Disclosure of three years of Sulphur Oxide (SOx) emissions (tonnes)	Metric tonnes	2,272.33	1,332.78 *	2,046.43
Disclosure of three years of Volatile Organic Compounds (VOCs) emissions (kilograms)	Kilograms	0.00	0.00	0.00
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	5,524.71	1,190.20 *	5,000.50
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	340.44	327.93 *	321.32
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	8,498.41	2,277.11 *	5,781.88
Total costs of environmental fines and penalties during financial year	MYR	0.00	0.00	0.00
Percentage of sites covered by recognized environmental management systems such as ISO 14001 or EMAS	Percentage	50.00	50.00	50.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	153,435.21	6,632.96	5,344.16
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	223,345.52	325,057.23	308,400.88
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	3,649.02	4,391.00	2,677.60
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	381,787.21	428,835.40	398,450.75
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megallitres	314,935,000	303,603,000 *	372,527,000
Company discloses the number and/or proportion of sites with a water management plan	Number	100	100	100
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	0	0
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Cubic meters	252,551.00	244,818.00 *	295,698.00
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Cubic meters	62,384.00	57,545.00 *	62,536.00
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Cubic meters	0.00	1,240.53 *	14,293.88
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	314,935.00	303,603.53 *	372,527.88
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	1	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.39	0.07	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	451	627	689
Percentage of sites with OHSAS 18001 certification	Percentage	100.00	100.00	100.00

Internal assurance

External assurance

No assurance

(*) Restated

Performance Data Table

from BURSA ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Number of work-related employee fatalities, over last 3 years	Number	1	1	1
Number of work-related contractor fatalities, over last 3 years	Number	0	0	0
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	335	916	422
Executive	Hours	1,707	2,486	1,581
Non-executive/Technical Staff	Hours	8,602	5,607	5,382
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	49.94	62.79	59.93
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	4	3	3
Executive	Number	29	34	39
Non-executive/Technical Staff	Number	104	99	228
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0.00	0.10	0.12
Management Between 30-50	Percentage	1.71	1.39	1.73
Management Above 50	Percentage	2.19	1.59	1.84
Executive Under 30	Percentage	2.31	2.09	2.42
Executive Between 30-50	Percentage	11.57	11.64	13.28
Executive Above 50	Percentage	5.12	4.78	5.31
Non-executive/Technical Staff Under 30	Percentage	25.70	28.06	26.33
Non-executive/Technical Staff Between 30-50	Percentage	41.05	42.59	40.76
Non-executive/Technical Staff Above 50	Percentage	10.35	7.76	8.21
Gender Group by Employee Category				
Management Male	Percentage	3.41	2.68	3.35
Management Female	Percentage	0.48	0.40	0.35
Executive Male	Percentage	15.95	15.62	16.63
Executive Female	Percentage	3.05	2.89	4.39
Non-executive/Technical Staff Male	Percentage	71.99	74.63	70.78
Non-executive/Technical Staff Female	Percentage	5.12	3.78	4.50
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	78.00	62.50	62.50
Female	Percentage	22.00	37.50	37.50
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	22.00	25.00	25.00
Above 50	Percentage	78.00	75.00	75.00
Percentage of global staff with a disability	Percentage	0.00	0.00	0.00
Percentage of women in the global workforce	Percentage	9.00	7.06	9.24
Number of Board Directors	Number	9	8	8
Number of independent Directors on the board	Number	5	4	4
Number of women on the board	Number	2	3	3

Internal assurance

External assurance

No assurance

(*)Restated

Performance Data Table from BURSA ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Percentage of women on the Executive committee or equivalent.	Percentage	22.00	37.50	37.50
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	84.00	93.45 *	82.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	85,000.00	100,000.00	431,850.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	500	500	1,002,851
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	0.24	2.99	8.70
Executive	Percentage	1.10	7.86	24.63
Non-executive/Technical Staff	Percentage	15.71	9.75	66.67
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Disclosure of total amount of political contributions made	MYR	0.00	0.00	0.00
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	0
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00	0.00	0.00
Bursa (Corporate Governance)				
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	28	28	28
Number of fines/settlements over the previous 3 years where each is valued > US \$100 million	Number	0	0	0
Combined total value of fines/settlements over the previous 3 years where each is valued > US \$100 million	MYR	0.00	0.00	0.00

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