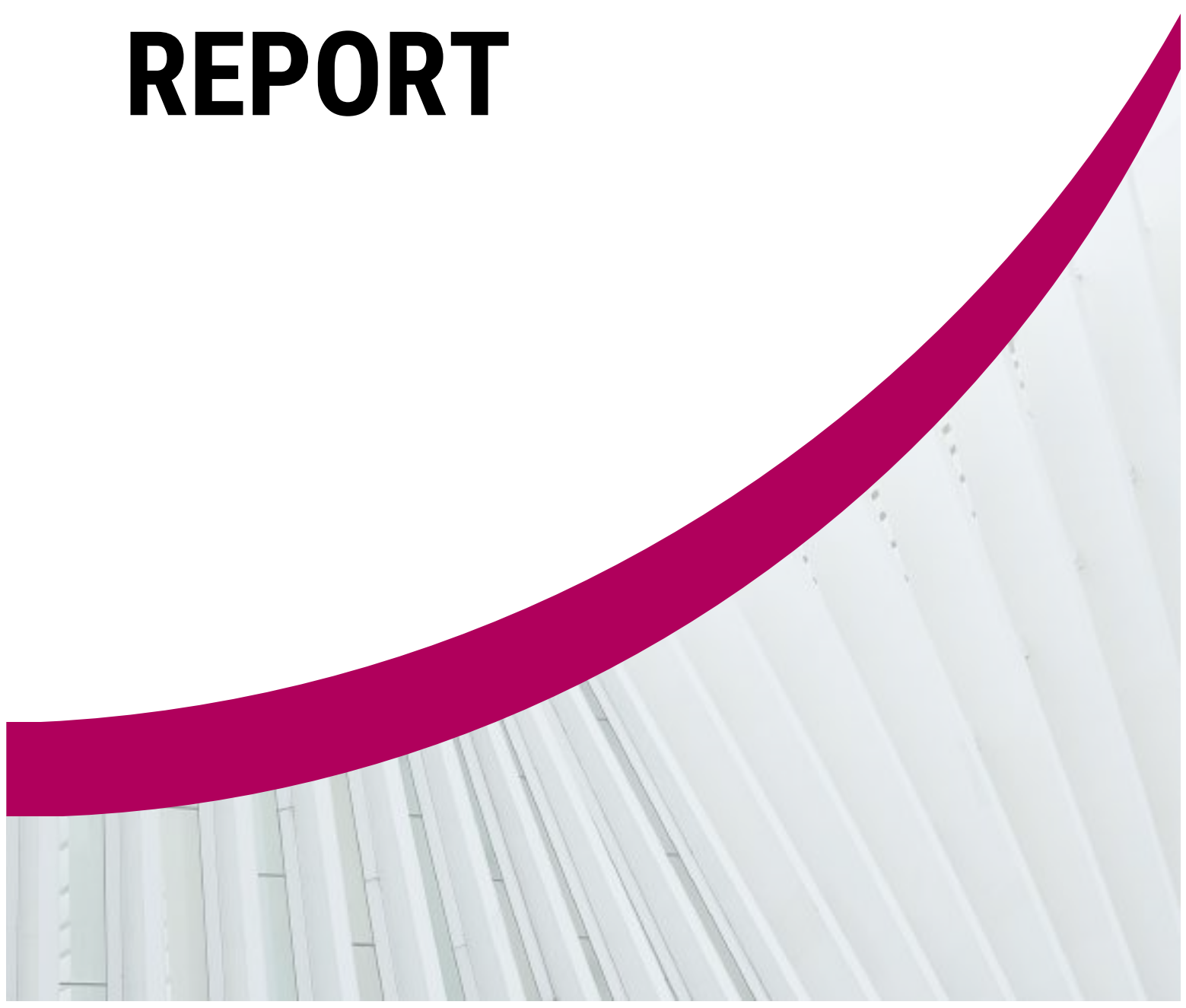


**Masteel**

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

**2022**

**SUSTAINABILITY  
REPORT**



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# About Malaysia Steelworks (KL) Berhad

Malaysia Steel Works (KL) Berhad ("Masteel") is one of Malaysia's leading steel manufacturers specialising in the production of high tensile steel bars, mild steel bars, and prime steel billets most commonly used for construction and infrastructure development works.

Masteel factories are located strategically at Petaling Jaya and Bukit Raja, Klang, in Selangor Darul Ehsan, Malaysia. The Bukit Raja complex is our primary steel production facility. The billets produced are used as feedstock for its rolling mills in Petaling Jaya and Bukit Raja plants. Both manufacturing plants are equipped with modern equipment and are fully computerised to produce precision quality products from both mills. Masteel has a wide network of domestic and international customers from the Philippines, China, Australia, and Singapore.

The finished products manufactured by Masteel conform to those required by SIRIM (MS 146:2014), the ISO 9001:2015 (Quality Management System); ISO 14001:2015 (Environmental Management Systems) & 45001:2018 (Occupational Health and Safety Management Systems), TÜV NORD (Germany) as well as Australasian Certification Authority for Reinforcing and Structural Steels [("ACRS") (Australia)] accreditation for the construction and infrastructure sectors.

In addition to our steel manufacturing plants, Masteel has a wholly-owned subsidiary, MS Express Sdn Bhd ("MSX") mainly deals with logistics and transportation activities of Masteel's steel products.

# Memberships and Associations

Masteel is affiliated with the following associations, organisations and networks. Our CEO, Dato' Sri Tai Hean Leng is actively engaging with and contributing to these associations as committee members. In addition, Dato' Sri is passionate and committed to assisting his counterpart, especially in embarking on a sustainability journey.



**Malaysia Steel Association ("MSA")**  
**Masteel CEO is the Vice President of MSA**



**Malaysia Steel Institute ("MSI")\***  
**Masteel CEO is the Malaysian Government appointed Executive Director of MSI**



**Federation of Malaysian Manufacturers ("FMM")**  
**Masteel CEO is the Vice Chairman of FMM Sustainable Development and Climate Change Committee**



**Malaysia Iron and Steel Industry Federation ("MISIF")**

*\*MSI is an agency under the Ministry of International Trade & Industry ("MITI")*

# About This Report

We, at Masteel, are content to present our Financial Year 2022 ("FY2022") Sustainability Report. We continue to improve our management approach and business performance, which focuses on the three main pillars of sustainability: Environment, Social, and Governance ("ESG"). In FY2022, we have continued our efforts to strengthen our sustainability culture throughout the organization.

Masteel takes a step ahead by disclosing Scopes 1, 2, and 3 together with the Task Force on Climate-Related Financial Disclosures ("TCFD") in FY2022.

This FY2022 Sustainability Report and TCFD highlight our efforts and success across the three ESG pillars. In addition, Masteel outlined our future plans, and forging a sustainable path for our business will always remain the top priority of the Group.

This report should be read in conjunction with the 2022 TCFD Report.



# About This Report



## SCOPE OF REPORTING

This report encompasses the financial year from 1st January 2022 to 31st December 2022 (FY2022). All the disclosures in this report focus on our two steel production facilities located in Bukit Raja, Klang and Petaling Jaya

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## REPORT FRAMEWORK

Masteel Sustainability and TCFD report for FY2022 has been prepared in line with the following reporting guidelines and frameworks.

1. Global Reporting Initiative (GRI) 2020
2. Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
3. FTSE4GOOD Bursa Malaysia Index's Criteria
4. United Nations Sustainable Development Goals
5. Responsible Steel Standards



## FEEDBACK

We strongly encourage and welcome any feedback from our valued stakeholders or request further clarification, kindly contact

Ms Julie Pong (Investor Relations)  
Email: [masteel@investor.net.my](mailto:masteel@investor.net.my)



FTSE4Good

"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."

**TOP  
26-50 %**

PLCs assessed by FTSE Russell

# Sustainability Highlights

## 2022



THE GLOBAL GOALS



**42.9%**

Reduction of CO<sub>2</sub> emission with full IF implementation



**50.5%**

Saving in water consumption



**26.5%**

Reduction in paper consumption



**10,640 hrs**

Training hours delivered to employees



**RM 85,000**

Donated to various CSR projects



**92.5%**

Customer satisfaction score



**Zero**

Incidence of corruption



**100%**

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



**Zero**

Incidence of environmental issue

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# Message from our CEO

*Dato' Sri Tai Hean Leng @ Tek Hean Leng*

Dear Stakeholders,

It is my privilege to present to you our Sustainability Report for the financial year 2022. This report is part of the integral step by our Board and management to achieve our goal of fully integrated sustainability reporting and to be ahead of Bursa's timelines for Task Force on Climate-Related Financial Disclosure ("TCFD") and Scope 3 reporting.

In recognition of our relentless efforts to improve key pillars under Environment, Sustainability and Governance, in December of 2022, Bursa awarded to Masteel 3 Stars (out of a maximum of 4 Stars) ratings in FBM EMAS and is recognised as the Top 26-50% of all public listed companies in Bursa assessed by FTSE Russell.

Masteel has also set a new industry standard for being the 1st ultra-low emitter of greenhouse gases amongst its peers in the steel sector in Malaysia.

The impetus for ESG implementation at Masteel is set from the top, with the Board of Directors having primary oversight and responsibility for our sustainability strategy, risk and opportunities, and initiatives. The Board is also ultimately responsible for our management and response to climate-related risks and opportunities.



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# Message from our CEO

*Dato' Sri Tai Hean Leng @ Tek Hean Leng*

This year, we also conducted an extensive materiality assessment process, to identify, prioritise, and validate the key sustainability matters that are material to our business and our stakeholders. The Sustainability Committee and the Board were both involved in this process, with the Board endorsing the materiality matrix produced from the assessment. In the continuation of our thrust to achieve our goal of fully integrated sustainability reporting, in 2022, we have voluntarily expanded our reporting to include the following areas:

## **TCFD**

TCFD is a framework that Masteel uses to assess and publicly disclose the climate-related risks and opportunities for our steel manufacturing industry. This includes the consistency of Masteel in reporting and engaging with our stakeholders on the climate action plan and enhancing market transparency. There are four pillars under the TCFD which are Governance, Strategy, Risk Management and Metrics & Targets. Masteel is able to closely assess and manage our climate-related risks and opportunities, as well as identify various strategies and financial planning, thanks to TCFD. Thus, it allows Masteel to grow positively despite the climate change issue.

## **Scope 3 Disclosures**

As of 2022, Masteel took the lead in the steel industry by disclosing 5 categories out of the total 15 categories under Scope 3. This includes the categories 6 – Business travel, 7 – Employee Commuting, 8 – Upstream Leased Assets, 11 – Use of sold products and 13 – Downstream Leased Assets.

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# Message from our CEO

*Dato' Sri Tai Hean Leng @ Tek Hean Leng*

Pursuant to the latest amendments to the Main Market Listing Requirements on 26 September 2022, Public Listed Company is only required to disclose 2 categories of Scope 3 for the financial year ending on or after 31 December 2024. And in the coming year, Masteel plans to disclose category 5 – Waste generated in operations.

In 2022, Masteel disclosed a total of 3649.02 metric tonnes of GHG emissions covering five categories under Scope 3. This underscores Masteel's commitment to achieving net-zero carbon by 2050 and ensuring Masteel is on track to achieving this goal.

## ***The Significant difference/achievement between 2021 and 2022***

Masteel continues to reduce our GHG emissions despite the fact that operations in 2022 will be at full capacity as compared to 2021 due to the Movement Control Order (MCO). In 2021, Masteel fully switched from conventional EAF to IF which saw a huge reduction in GHG emissions under scope 1 by 13.9% as compared to year 2020. In 2022, the total GHG emissions will be 376,780.73 metric tonnes covering Scope 1 and 2 as compared to 368,081.57 metric tonnes in 2021. There has been a marginal increase of 2.36% due to Masteel operating at full capacity in 2022 as opposed to 2020 and 2021 due to the Covid-19 pandemic business restriction.

## ***Our target for future CO<sub>2</sub> emissions reduction***

Masteel is fully committed to achieving its set targets of a further 10% reduction by 2026 and another 15% by 2031 with various green and sustainable initiatives.

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# Message from our CEO

*Dato' Sri Tai Hean Leng @ Tek Hean Leng*

## ***The working environment***

This year, we introduced a series of new policies designed to protect our workforce and all individuals employed throughout our supply chain. The policies: Human Rights Policy, Prevention of Child Labour Policy, and Prevention of Forced Labour Policy, are comprehensive and focused, and apply both to Masteel's staff as well as third parties we engage with. The policies address a myriad of issues such as non-discrimination, equal opportunity, employee's rights; which include freedom of association and prevention of excessive working hours, and overall worker's wellbeing, including the provision of a safe, clean, and conducive working environment. The policies will be made available in a range of languages, for easy comprehension by all members of our diverse workforce.

To sum up, FY2022 has been the watershed moment in the corporate history of Masteel where previous years of intensive capital investments coupled with the Board and management's reprioritisation had resulted in outstanding ESG practices and a reduction in greenhouse gases.

Masteel is striving not only to meet all regulatory requirements on sustainability practices but to exceed them and aims to be the industry leader to achieve net zero carbon well before 2050.

**"1st ultra-low emitter of greenhouse gases amongst its peers in the steel sector in Malaysia"**

# Internal Assurance

In FY2022, Masteel verified our Greenhouse Gas (GHG) emissions internally and had them approved by the Masteel Audit Committee.

The scope of verification included:

- a. Scope 1: Steel manufacturing and Mobile Combustion (Company Vehicle)
- b. Scope 2: Purchased electricity
- c. Scope 3: Categories 6 - Business Travel
  - : Categories 7 - Employee Commuting
  - : Categories 8 - Upstream Leased Assets
  - : Categories 11 - Use of Sold Products
  - : Categories 13 - Downstream Leased Assets

The internal certification assures all our stakeholders that Masteel upholds the target set of being responsible, sustainable, and ethical, with necessary measures to mitigate climate-related risks. We comply with ISO 14001: 2015 (Environmental Management Systems, EMS), ISO 45001: 2018 (Occupational Health and Safety Management Systems).

The remaining information outlined in this report has execute a detailed review to ensure data accuracy.

# Masteel's Approach to Sustainability

## Sustainability Governance



At Masteel, our commitment to sustainability governance is helmed by the Board of Directors (Board), and the Sustainability Committee, and the Risk Management Committee. The detailed outline for this section is presented on TCFD pages 77-78.

## Stakeholder Engagement

Masteel practices an active and transparent engagement with our stakeholders, as we believe the strong stakeholder engagement will boost and uphold our reputation as a trusted and responsible entity. This remarkably helps position us as a leading steel manufacturer in this region.

We identify the key stakeholders that will significantly influence our business and those who are also impacted by our business. Regular communication with our stakeholders via various channels enables us to continuously develop and implement measures to constructively manage their concerns and interests in our business strategy decisions.

Moreover, Masteel always keeps our stakeholders updated and aware of our activities, progress and future plans and ambitions.



Key Stakeholder Group	Area of Interest	How Masteel Engages
Shareholders & Investors	<ul style="list-style-type: none"> <li>• Future growth prospect</li> <li>• Return on investments</li> <li>• Corporate sustainability</li> <li>• Corporate exercises</li> <li>• Share performance</li> <li>• Dividends</li> </ul>	<ul style="list-style-type: none"> <li>• Annually during Annual General Meeting</li> <li>• As and when necessary through Bursa announcements, Investor Relations ("IR") and virtual briefing</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Safe and healthy work environment</li> <li>• Work-life balance</li> <li>• Equality and diversity at workplace</li> <li>• Career advancement and progression</li> <li>• Empowerment and learning opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Ad-hoc meeting through face to face discussion</li> <li>• Conducting regular training and development programmes and job enrichment and coaching</li> <li>• Weekly department meetings</li> <li>• Annually townhall sessions and annual performance review</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Timely product delivery</li> <li>• Product quality</li> <li>• Alignment to market needs</li> </ul>	<ul style="list-style-type: none"> <li>• Daily engagement session</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>• Pollution and waste</li> <li>• Supporting development of communities</li> <li>• Creation of employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting Corporate Social Responsibility ("CSR") programme annually</li> <li>• As and when necessary through press release</li> <li>• Collaboration with local educational institution/government agencies regularly</li> </ul>

Key Stakeholder Group	Area of Interest	How Masteel Engages
Government & Regulators	<ul style="list-style-type: none"> <li>• To date and comprehensive policies and legislation</li> <li>• Analysis of regulatory impact on the company</li> <li>• Engagement/representation for alternatives</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Annually through direct meetings</li> <li>• As and when necessary through representatives from industry associations and stakeholders' engagements</li> </ul>
Industry Associations	<ul style="list-style-type: none"> <li>• Compliance with all applicable laws and regulations</li> <li>• Active membership to remain abreast of matters related to the industry</li> <li>• Collective consensus of opinion from Associations' members point of view</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting regular meeting and consultation on a monthly basis or at least quarterly</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Easy access to top management and key personnel for up-to-date information</li> <li>• Speedy dissemination of information</li> <li>• Early engagement</li> <li>• Interview opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Press release throughout the year if necessary</li> <li>• Media queries and requests are responded to promptly as they are received through Public Relation Officer's contact and email address (via company website)</li> <li>• Regular updates on corporate development through the company website</li> <li>• As and when necessary through media interviews</li> </ul>
Suppliers & Contractors	<ul style="list-style-type: none"> <li>• Support for local suppliers</li> <li>• Fair procurement practices</li> <li>• Product compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Ad-hoc face to face meetings and product quality feedback</li> <li>• Annual supplier performance assessments</li> </ul>

# The United Nations Sustainable Development Goals



At Masteel, we are committed to and support Malaysia's commitment to the 17 Sustainable Development Goals ("UN SDGs"). Of the 17 UN SDGs, Masteel adopted 11 UN SDGs related to our business and outlined each of our contributions below.



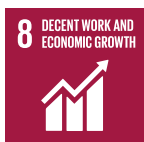
We implement a strict health and safety management system in our operation to promote the proactive identification of potential hazards and risks in the workplace.

We encourage employees to upskill and develop by attending a range of technical and non-technical training provided and conducted by the company.



We implemented a good practice of recycling the water in our processes system, resulting in zero wastewater discharge from our daily operations.

We invested in the feasibility study on new technology to reduce and improve energy consumption and efficiency, including solar panel installation.



We practice good governance policies to ensure our employees are covered by our human rights and labour policies, which ensure fair and equal treatment of the entire workforce.

We continue to utilise new and innovative technology wherever possible to improve our process efficiency.



# The United Nations Sustainable Development Goals



THE GLOBAL GOALS



We continue to invest in our communities through various engagement initiatives with local staff and contractors and by supporting local charity events.

We are responsible for our waste management using our scrap steel as most of our raw material inputs.



We committed to disclosing our GHG emissions, including Scope 1, 2, and 3, and continue investing in materials and technology to reduce our GHG emissions.

We maintain good governance in ensuring our Anti-Bribery and Anti-Corruption Policy is practiced and applicable to all staff and third parties associated with Masteel.



We continue to associate with like-minded organisations who value ESG issues, such as MSA and FMM; and our bankers, HSBC Bank Malaysia Berhad, OCBC Bank (Malaysia) Berhad, Hong Leong Bank Berhad, and Standard Chartered Bank Malaysia Berhad.

# Risk Management



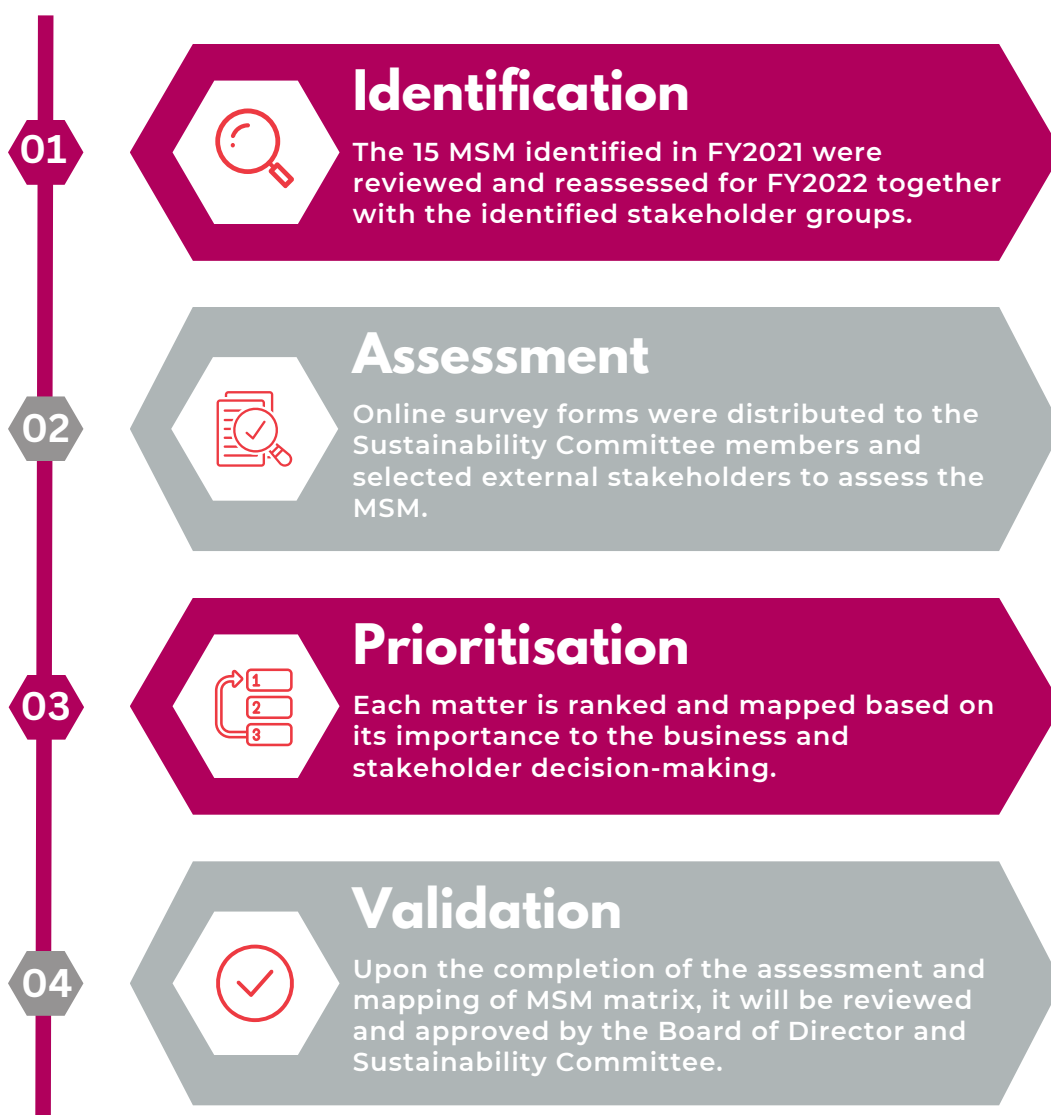
The Risk Management Committee continuously monitors and manages our risk effectively according to Masteel Risk Management Framework ("RMF"). In addition, RMF is guided by our Risk Management Policy based on the Enterprise Risk Management approach. In FY2022, Masteel expanded the RMF better to encompass the Environment, Social, and Governance risk and their mitigation measures.

The details of risk management are outlined on the TCFD pages 87-90 and our Annual Report.

# Material Sustainability Matters

Masteel conducted the materiality assessment in FY2020. As a result, we revised the material sustainability matters ("MSM") from 21 MSM in FY2020 to 15 MSM in FY2021 to reflect our focus areas in achieving our sustainable goals. As for FY2022, we conducted a reassessment via an online survey and concluded that the 15 MSM for FY2021 is still a critical matter for FY2022.

The reassessment results were analysed and disclosed in this section to portray the importance of each material matter from the stakeholder's perspective toward our business growth. This will enable us to better analysed and manage our sustainability risks and opportunities in the years to come. The illustration below represents the four assessment steps: identification, assessment, prioritisation and validation.



# FY2022 Materiality Matrix



## Environment

1. Waste and Effluents
2. Air and GHG Emissions
3. Energy Consumption
4. Water Consumption
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. Legal Compliance
15. Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

# Mapping our Material Matters

The following table shows Masteel's efforts to disclose a comprehensive report on managing each material matter. It is mapped to the corresponding SDGs and stakeholders as well as the relevant GRI indicators to enhance our disclosure in each area.

Material Matters	GRI Indicators	Key Stakeholder	United Nations SDGs
------------------	----------------	-----------------	---------------------

## ENVIRONMENT

- Waste and Effluents
- Air and GHG Emissions
- Energy Consumption
- Water Consumption
- Materials Used in Production and Packaging

- 301-Materials
- 302-Energy
- 303-Water and Effluents
- 305-Emissions
- 306-Waste

- Government & Regulators
- Industry Associations
- Media



## SOCIAL

- 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





Material Matters

GRI Indicators

Key  
Stakeholder

United Nations SDGs

## GOVERNANCE

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"><li>• Privacy and Data Protection</li><li>• Legal Compliance</li><li>• Anti-Bribery &amp; Anti-Corruption Policy and Whistleblowing Policy</li></ul> | <ul style="list-style-type: none"><li>• 205-Anti-Corruption</li><li>• 418-Customer Privacy</li><li>• 2-27-Compliance</li></ul> | <ul style="list-style-type: none"><li>• Shareholders &amp; Investors</li><li>• Government &amp; Regulators</li></ul> |
|--|--|--|



# Environment

## Key Highlights

42.9% reduction in CO<sub>2</sub> emission with full IF implementation

50.48% water saving

26.5% reduction in paper consumption

Life Cycle Perspective for PJ Rolling Mill



Masteel fully embraces the sustainable journey by setting environmental targets, tracking our manufacturing processes, and assessing our progress toward improving the Group's overall environmental footprint. We are committed and responsible for managing our waste and effluents, monitoring our air and GHG emissions, reducing energy and water consumption, and assessing the life cycle perspective analysis.

Masteel's Petaling Jaya plant is certified under ISO14001:2015 (Environmental Management System), and therefore, we are subjected to an annual third-party audit and certifying all our environmental data. We continue to invest and upgrade the existing system, which allows us to reduce our carbon footprint further.

In FY2022, we take a step further by disclosing Scope 1, 2, and 3 together with TCFD. As of Scope 3, we are disclosing 5 categories out of the total 15 categories, including 6 - Business Travel, 7 - Employee Commuting, 8- Upstream Leased Assets, 11 - Use of Sold Products and 13 - Downstream Leased Assets.

# Waste and Effluents

We are committed and responsible for our waste commitment to continuously reducing waste generation from our operation and are accountable for handling any waste we generate. This is clearly outlined in our Environmental Policy. Our long-term goal is to have zero waste in landfill, and we try to adopt this goal by implementing recycling waste within our Group. We adopted the 3R concepts (Reduce, Reuse, and Recycle) as part of the waste mitigation that focuses on recycling our skull steel and cultivating a recycling habit within the Masteel community. Various recycling campaigns were conducted to provide recycling awareness and encourage employees to adopt the 3R concepts in the workplace.

In FY2022, we established the Printing Policy intending to reduce 5% of paper consumption every year. The policy outlined the guidelines for using printer paper, toner, and envelopes. This green initiative resulted in a massive reduction in paper consumption, recording a further decrease of 26.5% from FY2021. The total paper consumption for the three reporting financial years is shown below.

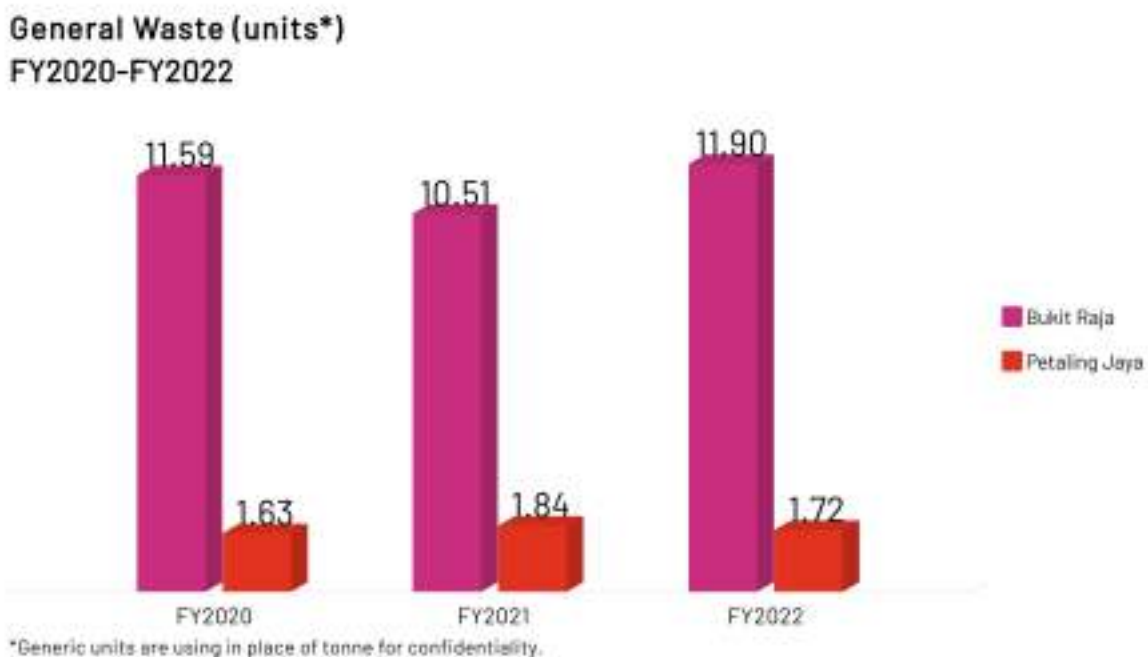
Paper Consumption (unit ordered)  
FY2020-FY2022



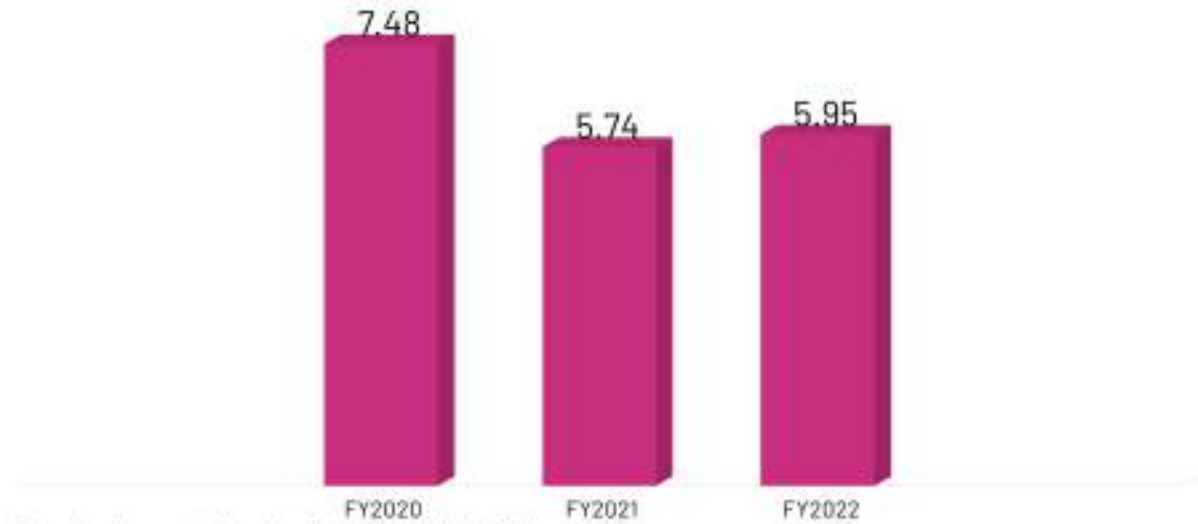
As a responsible industry, we only engaged with certified and licensed scheduled waste collectors endorsed by the Department of Environment ("DOE") to ensure safe collection and disposal. According to the regulations, all scheduled waste must be disposed of within six months, and the total volume cannot exceed 25 metric tonnes. With good practices, Masteel continues to reduce our scheduled waste every year, especially in spent hydraulic and engine oil. Similarly, we also engaged with certified contractors to collect and manage our non-scheduled waste to be disposed of at legal landfill sites.

Masteel set an internal target of at most two compounds related to waste management within each financial year. During this reporting period, we are proud to disclose that we received zero compounds related to waste management resulting from the stringent and good practices adopted by the Group.

The total general waste generated by Masteel for three conservative years is presented in the graph below, followed by the total recycled waste of skull steel and scheduled waste. In FY2022, there is a 10% increase in general waste due to the full operation of Masteel compared to the partial lockdown in FY2021. We continue to work towards the zero waste goal in the coming years.

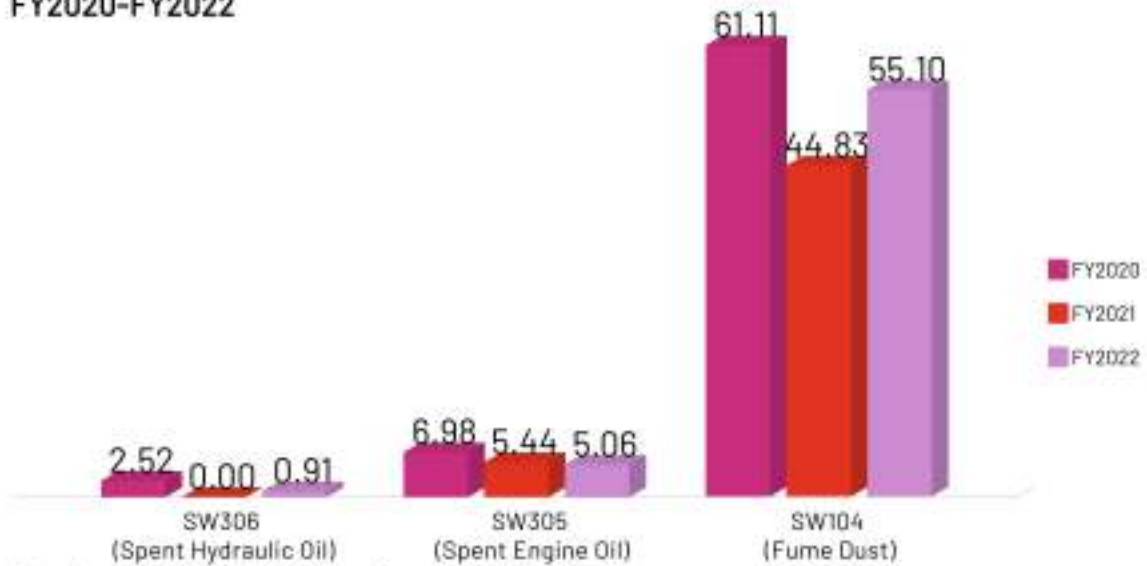


**Recycled Waste- Skull Steel (units\*)  
FY2020-FY2022**



\*Generic units are using in place of tonne for confidentiality.

**Recycled Waste- Scheduled Waste (units\*)  
FY2020-FY2022**



\*Generic units are using in place of tonne for confidentiality.

# Air Emissions

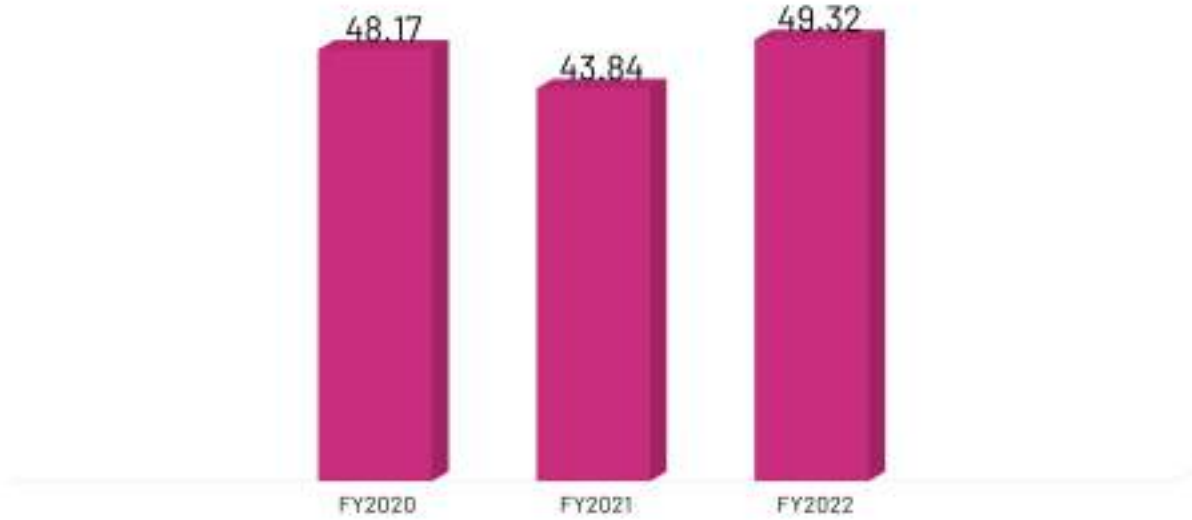
As a steel manufacturing company, it is vital to closely monitor air emissions because they are a primary pollutant resulting from the operations. Since 2021, we have installed an internal Continuous Emissions Monitoring System ("CEMS") at the Bukit Raja plant to track our ambient air emissions by installing analysers. This CEMS enable us to track and record our emission to ensure that we comply with the emissions limit that is allowable by DOE in accordance with the Malaysian Environmental Quality (Clean Air) Regulation 2014. Moreover, this system is more accurate in data collection, provides robust assurance, and permits early detection of any technical failure.

The different types of air emissions generated across three (3) reporting years are shown below, with all complying to the regulation limits.

Key Air Emissions- Isokinetic Dust Particulate (mg/m<sup>3</sup>)  
FY2020-FY2022



**Key Air Emissions- Nitrogen Dioxide, NO<sub>2</sub> (mg/m<sup>3</sup>)  
FY2020-FY2022**



**Key Air Emissions- Sulfur Dioxide, SO<sub>2</sub> (mg/m<sup>3</sup>)  
FY2020-FY2022**



# GHG Emissions



In FY2022, Masteel took the lead in disclosing our GHG emissions for Scope 1, 2, and 3, covering 5 of the 15 categories stated under Scope 3. This shows our strong commitment to addressing climate change, which aligns with the Paris Climate Agreement 2015 and the United Nations initiatives. Our Scope 1 emissions include the emissions generated from our combustion of carbon fuel sources such as natural gas from our operations. In contrast, Scope 2 emissions include indirect emissions from purchased grid electricity. As for Scope 3 emissions, we include categories 6 - Business Travel, 7 - Employee Commuting, 8- Upstream Leased Assets, 11 - Use of Sold Products, and 13 - Downstream Leased Assets. Our total GHG emissions from our Bukit Raja plant are illustrated below. The details breakdown and explanation of each Scope GHG emission are included in our TCFD report on pages 91-92.

GHG Emissions (tCO<sub>2</sub>e) - Scope 1, 2 & 3  
FY2020-FY2022

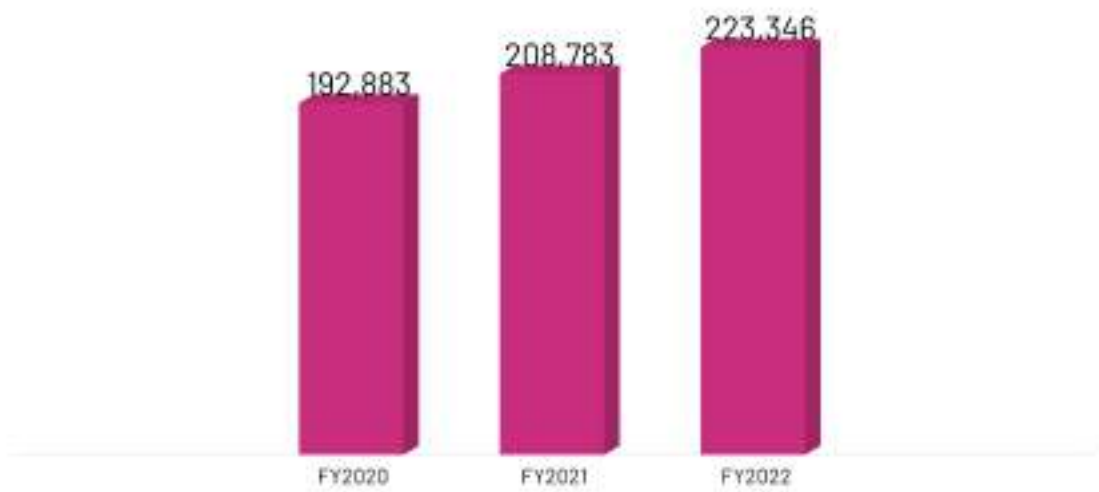




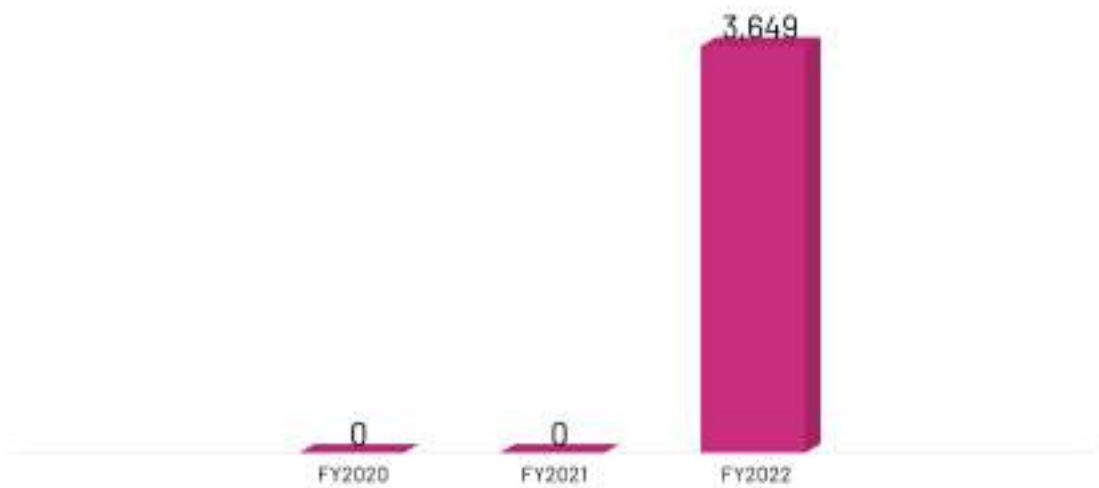
**GHG Emissions (tCO<sub>2</sub>e) - Scope 1**  
FY2020-FY2022



**GHG Emissions (tCO<sub>2</sub>e) - Scope 2**  
FY2020-FY2022



**GHG Emissions (tCO<sub>2</sub>e) - Scope 3**  
FY2020-FY2022



# Energy Consumption

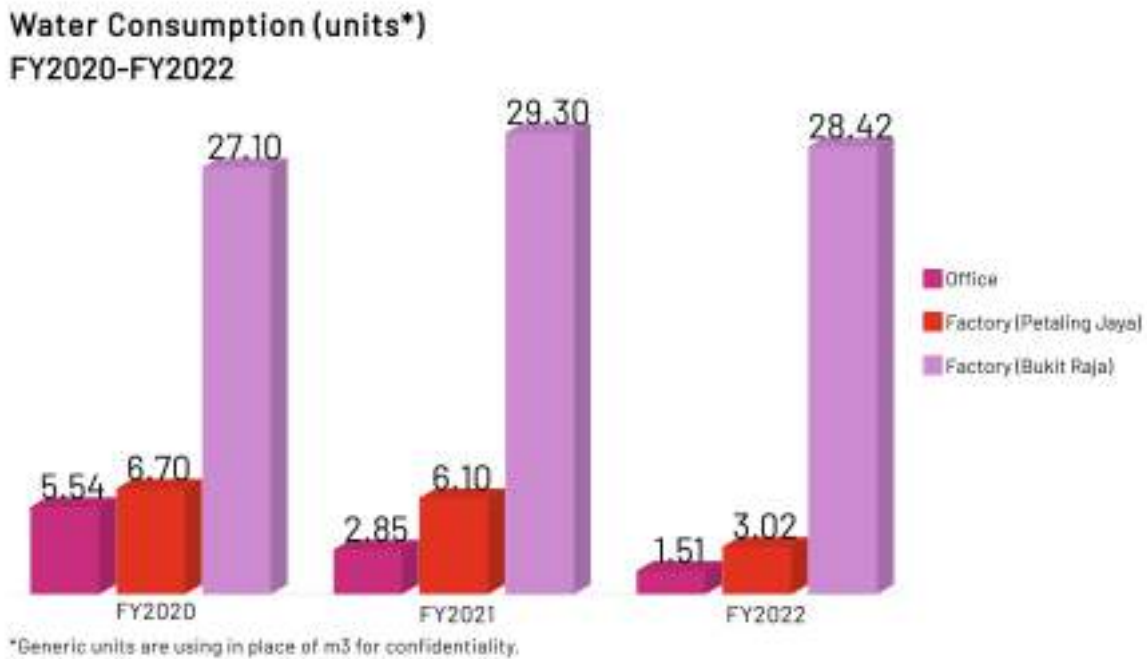
Electricity Consumption (units\*)  
FY2020-FY2022



\*Generic units are using in place of kWh for confidentiality.

We continue to improve our technology to increase the energy-saving efficiency of our operations with the aim of further reducing the impact on the environment. In FY2022, we are fully operating with induction furnaces ("IF") replacing the conventional electric arc furnaces ("EAF"), and this resulted in a substantial reduction in raw material consumption of natural gas and oxygen. The conventional EAF needed oxygen in the production process, whereas with the implementation of IF, it does not require any oxygen in the production process. This yielded positive results with reduced natural gas usage of  $>9 \text{ Sm}^3 / \text{mt}$  and  $>7 \text{ Nm}^3 / \text{mt}^2$  for oxygen. This aids in the preservation of raw materials as the primary resource. The full implementation of IF enables Masteel to reduce approximately 42.9% of CO<sub>2</sub> emissions.

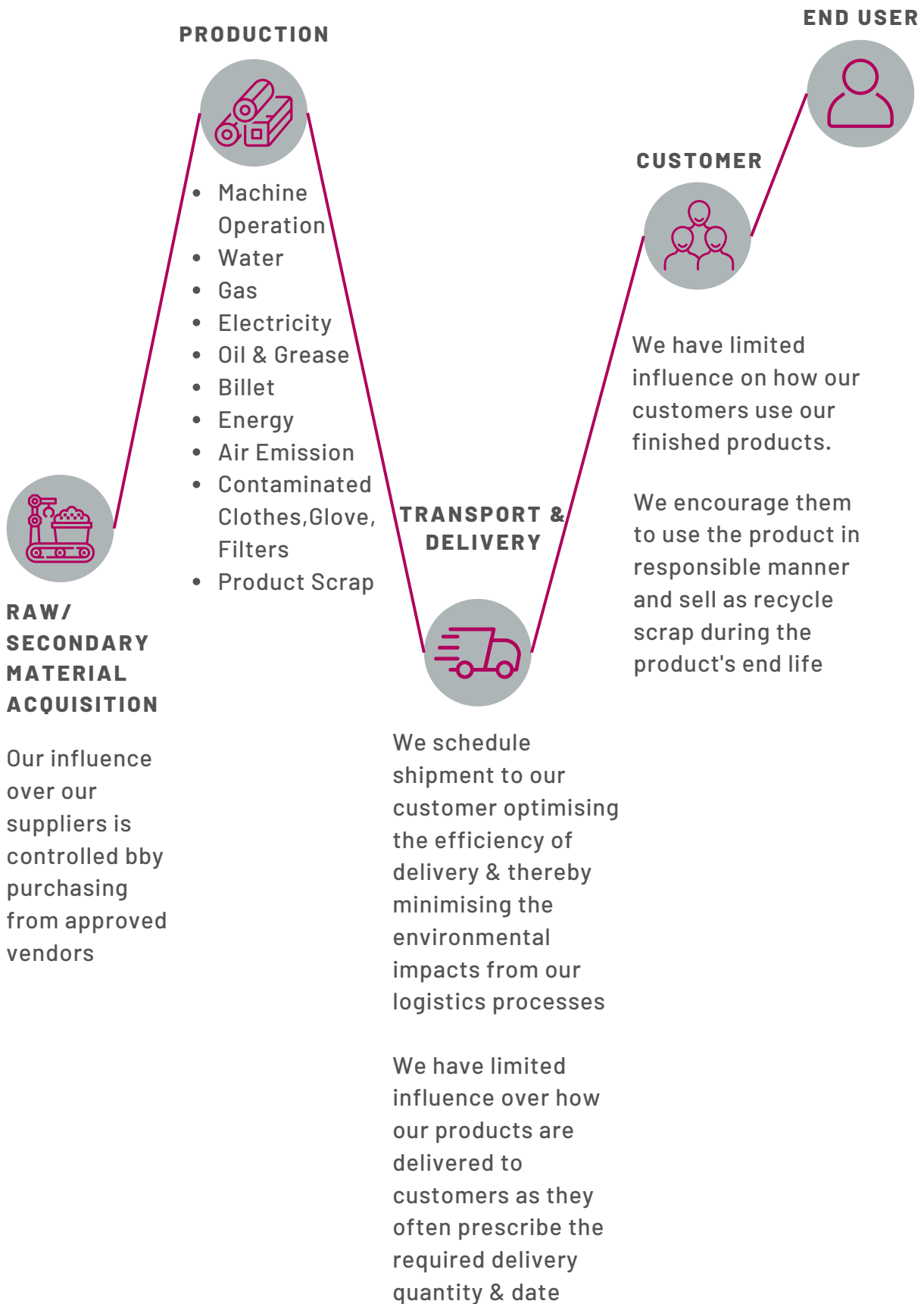
# Water Consumption



At Masteel, we have a clear objective of water management to balance the water demands of the production process with environmental protection and sustainability. This involves efficiently using water resources for various processes, minimising water waste and loss, treating and disposing wastewater in an environmentally responsible manner, reducing the risk of water-related impacts and emergencies, and continuously monitoring and improving water management practices to meet changing regulations and standards.

In FY2022, we invested approximately RM200,000.00 to install a rainwater harvesting system ("RHS") at the Petaling Jaya plant, which recorded a water saving of 50.5% in FY2022 compared to FY2021. RHS can reduce the demand for freshwater, a finite resource, particularly in regions with water scarcity. This helps in preserving this precious resource. As a result, we can save approximately 45.8% of our total water bill in FY2022. In addition, Masteel's Water Conservation Policy, enforced in 2022, clearly outlined the mitigation steps for conserving water. This initiative also contributed to the positive and promising water-saving recorded during this reporting period.

# Life Cycle Perspective



# Social

## Key Highlights

Approximately 10,640 training hours for employees  
Zero incidences of any discrimination or violations of child labour,  
forced labour, and human rights  
RM85000.00 for Corporate Social Responsibility

We at Masteel consistently aim to deliver our very best performance value to our customers while valuing each of our employees and the local community. We continuously strive to be a socially responsible business by practising responsible employment practices and productive community engagement. We want our people to be proud of being part of the Masteel family.

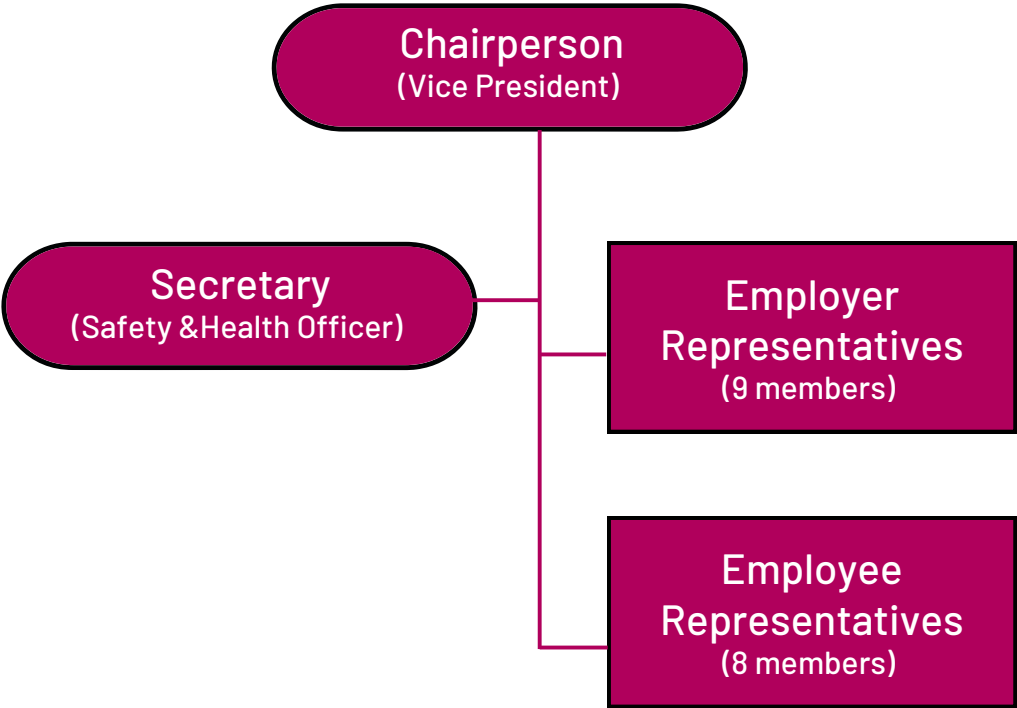
## Occupational Health and Safety

We always implement stringent occupational health and safety measures to protect our employees, which is always the absolute top priority at Masteel. We are committed to continuously improving and providing our employees with a conducive and safe workplace. Thus, we have developed an Occupational Safety and Health ("OH&S") Policy as part of the Group enforcement initiative to assist the management and employee in providing a safe working environment at all times. To strengthen the implementation, we set an annual safety-related key performance indicator ("KPI") of fewer than three accidents per year.

We are guided by our OH&S Policy together with the OH&S management system. The comprehensive policy and management system enables us to be certified under ISO45001 (Occupational Health and Safety Management). To ensure it continuously aligns with the certification criteria, each division is subject to internal and external audits.

The Safety and Health Committee is responsible for overseeing the good implementation of the OH&S management system. This committee consists of both employer and employee with a dedicated safety and health officer and lead by a senior manager as the chairperson. The committee meets quarterly to review and report the update to the management on OH&S matters.

The OH&S Policy also applies to Masteel third-party contractors and any service providers via a safety briefing prior to any commencement of work at our plants.



### Safety and Health Committee

Masteel is aware of the various inherent safety risks and hazards in the steel manufacturing industry, especially in the presence of extreme heat and heavy machinery. Therefore, we implemented Hazard Identification, Risk Management, Risk Control ("HIRARC") system with the aim to minimise any potential risk and accident to occur. HIRARC is a system for safe observation reporting that includes stopping work orders, unsafe acts, and unsafe condition reporting. We ensure that all of our employees are covered by our OH&S management system, the social security fund ("SOCSO"), and the group personal accident ("GPA").

In FY2022, we recorded a total of 8760 working hours, and unfortunately, it recorded four injuries with one fatality despite the stringent safety enforcement being implemented within the Group. Masteel takes this safety incident seriously by conducting a detailed investigation into the root cause and taking immediate mitigation steps to prevent similar incidents. To the investigation, the fatality incident happened when the billet accidentally hit the worker while transporting it to the rejected billet area. This incident was reported to the Department of Safety and Health ("DOSH"), and the five officers were investigated. Masteel immediately reviewed our Safe Working Procedures and updated the HIRARC by extending the reject billet cutting area to 12m in length. In addition, we revamped the orientation of servicing the tundish to ensure the worker is away from the billet transfer area. The Safety Department and External Trainer conducted additional internal and external Crane Safety Training.

Description	FY2020	FY2021	FY2022
Work related injuries	3	1	4
Work related fatalities (Employees)	0	0	1
Work related fatalities (Contractors)	0	0	0
Incident rate	3.77	1.33	5.08



Thus, Masteel takes the immediate mitigation step to provide additional safety training and stringent the safety operating procedure at the workplace. In addition, we have established an emergency response team together with several emergency plans as below.



During this reporting period, we actively conducted safety-related training and workshop for 451 of our employees in both the Bukit Raja and Petaling Jaya plants to cultivate a responsible and safe working environment for all. The key health and safety training and workshop conducted in FY2022 are listed in the following table.

Internal	External
----------	----------

**Petaling Jaya Plant**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Environmental Impact due to Production Waste</li> <li>• Fire Alarm Control Panel Testing and Training</li> <li>• Fire Extinguisher Training</li> <li>• General Briefing &amp; Covid Briefing</li> <li>• Machine Shop SOP Briefing</li> <li>• Manual Handling Lifting Training</li> <li>• Safety Orientation</li> <li>• Personal Protective Equipment (PPE)</li> <li>• Safe Lifting Training / Crane Lifting Training</li> <li>• Spillage Control Training</li> <li>• Toolbox Talk</li> <li>• Training on Proper Lifting of Heavy Materials</li> <li>• Water Pollution</li> </ul> | <ul style="list-style-type: none"> <li>• Certified Environment Professional in Scheduled Waste Management</li> <li>• Coronavirus (Covid-19) Compliance Saety</li> <li>• Environmental Awareness Training</li> <li>• First Aid Training</li> <li>• Forum on Environment Quality Act</li> <li>• Hearing Conservation Program</li> <li>• ISO14001:2015 Environmental Management System Awareness &amp; Understanding</li> <li>• Internal Auditor Training for ISO14001:2015 Environmental Management System</li> <li>• Internal Auditor Training for ISO45001:2018 Occupational Health and Safety Management System</li> <li>• LOTO Safety Awareness Program</li> <li>• Operation Safety in Iron and Steel Industry</li> <li>• Overhead Crane Safety</li> </ul> |
|---|--|

**Bukit Raja Plant**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Aluminized Suit for Production Use</li> <li>• Fire Fighting Training</li> <li>• First Aid Box Inspection &amp; Checklist</li> <li>• Safety Orientation</li> <li>• Permit to Work - Hot Work</li> <li>• Personal Protective Equipment (PPE)</li> </ul> | <ul style="list-style-type: none"> <li>• Chemical Handling Training</li> <li>• Confined Space Training</li> <li>• Coronavirus (Covid-19) Compliance Saety</li> <li>• First Aid Training</li> <li>• Forklift Training</li> <li>• Forum on Environment Quality Act</li> <li>• Hazard Identification, Risk Assessment &amp; Risk Control (HIRARC) Training</li> <li>• Hearing Conservation Program</li> <li>• Operation Safety in Iron and Steel Industry</li> <li>• Overhead Crane Safety</li> <li>• Understanding ISO45001:2018 Requirements Training</li> </ul> |
|--|---|

# Occupational Health and Safety



# Occupational Health and Safety



# Customer Satisfaction

At Masteel, we value our customer's feedback by conducting customer satisfaction surveys annually in accordance with ISO 9001:2015 (Quality Management) to ensure we deliver the best possible products and services. This survey will enable Masteel to gauge and understand our customers' impressions and feedback on our products and services. We are proud to disclose that overall, our customers are very satisfied with our products and services, where we scored a 92.5% for customer satisfaction in FY2022. We continuously improve our manufacturing operations and services to deliver the best products.

In addition, we provide our customers a platform to lodge a complaint and feedback for our continual quality improvement. Our customers can submit a formal complaint to us via email or through messaging application to our sales representatives. As we have in our policy, we will be sure to respond to the complaint within at least one working day. During this reporting period, we have not received any complaints.

Description	FY2020	FY2021	FY2022
Customer Satisfaction Score	95.7%	89.9%	92.5%

# Product Quality

Masteel always ensures we manufacture top-quality products to meet our customer's expectations. We have implemented a strict and comprehensive internal quality management system ("QMS") guided by our Quality Manual and Standard Operation Procedure. In addition, our manufacturing operation is certified by ISO 9001:2015 and SIRIM, specifically under MS 146:2014. This certified that our products meet the local industrial standard for high-tensile steel bars. Hence, we assure our customers' confidence in using our steel bars for the infrastructure and construction industry.



# Employment Practices

**MASTEEL'S LABOUR FIVE BEST PRACTICES**



Employee grievance mechanisms to report cases of discrimination or harassment	Effective communication of any changes to terms of employment	Priority given to employment of under-privileged groups, and unemployed youths	Compliance to legal minimum wage, overtime pay, and other remuneration	Equal opportunity to all in our hiring procedures
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At Masteel, we are committed to cultivating a healthy work environment by emphasising a sustainable workforce firmly upholding the Group's principles. Furthermore, we continue to employ our five (5) best practices within the Group. This is to ensure that each of our employees will receive fair treatment and that their welfare is well taken care of by the Group.

In addition, we continue to ensure full compliance with the Prevention of Child Labour Policy, Prevention of Forced Labour Policy, and Human Rights Policy which was first introduced in 2021. These policies are well communicated with our employees and available in different languages such as English, Bahasa Melayu, Nepali, and Thai.

We are proud to disclose that we recorded no discrimination or violations of child labour, forced labour or human rights for FY2022.

# Prevention of Child Labour Policy

The prevention of child labour always remains the top priority across Masteel in ensuring strict compliance with relevant local labour laws and ordinances. We continue to be committed to zero children and young persons' employment by enforcing stringent procedures in our hiring process.

This policy outlined the fundamental practices to prevent any form of child labour. It is clearly stated, together with our employment terms and conditions that are elucidated in the Employee Handbook. These practices include the following.

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

The HR department will conduct internal audits and inspections regularly to ensure zero violations of this policy. In any circumstances, any child labour violations can be reported directly to our Sustainability Officer, Group Human Resource Manager, or Head of Internal Audit through the whistleblowing platform that is clearly stated in our Whistleblowing Policy.

# Prevention of Forced Labour Policy

AT Masteel, we do not tolerate any form of forced or compulsory labour as part of our commitment to protecting our employees and associated workers. Therefore, our prevention of forced labour policy distinctly states the four guiding principles below to prevent us from any forced labour issue.

## Prevention of Forced Labour Principles

### 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 conduct programmes to combat discrimination and lessen the risk of forced labour.
- 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.

# Human Rights Policy

Masteel strictly emphasises full compliance with the Group Human Rights policy in respecting and protecting the rights of each of our workers, regardless of their position and rank, and the wider communities. We have outlined four main human rights guiding principles to ensure we comply with the policy and respect international human rights standards.

## Principles

1

### WORKPLACE DIVERSITY AND EQUAL OPPORTUNITY

- To ensure zero tolerance towards any form of discrimination.
- To ensure a safe and inclusive workplace.
- To embrace the diversity of our employees.

2

### UPHOLDING WORKERS' WELFARE AND WELL BEING

- To uphold employees' rights to sick, annual, and parental leave.
- To work with contractors to ensure worker's living and working conditions are safe, clean, healthy, dignified and equipped with basic amenities.

3

### PROHIBITING CHILD LABOUR

- To ensure no young children are employed directly by Masteel or our contractors.

4

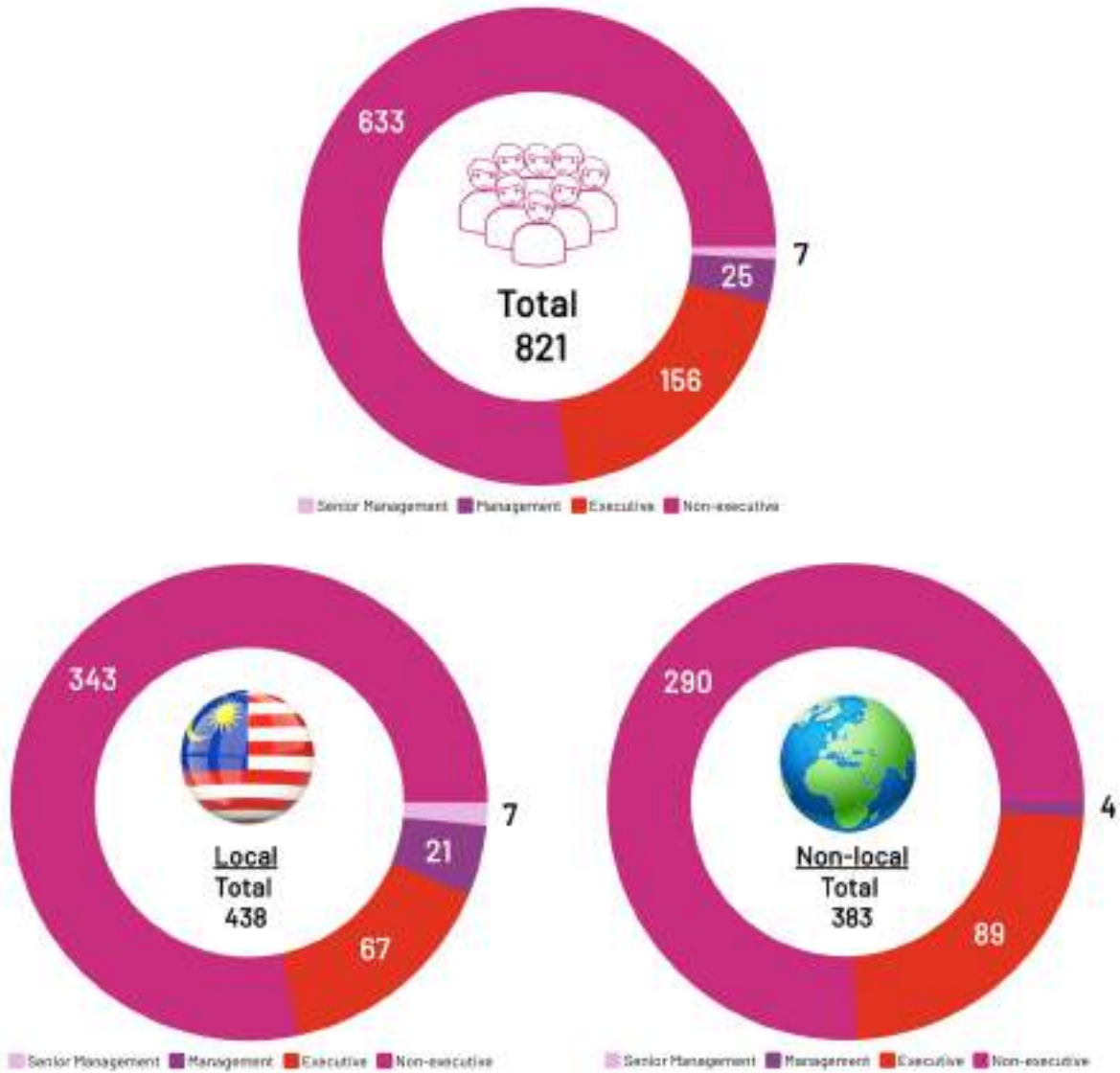
### EMPLOYEE RIGHTS

- To prohibit forced or bonded labour, slave labour, and human trafficking.
- To provide a safe and healthy workplace.
- To ensure all employees are fairly compensated relative to industrial and labour markets.
- To discourage excessive working hours.
- To protect workers from any form of harassment, bullying or abuse in the workplace.
- To respect employees' right to freedom of association and collective bargaining.



# Employee Diversity

FY2022 Employment Category Distribution



Masteel constantly focuses on our employee diversity to strive to be a competent and responsible employer to ensure the team performs to their best ability to provide the business with the utmost quality. In FY2022, we have 821 employees across all of our subsidiaries, accounting for 438 local employees (53%) and 383 non-local employees (47%). We continue to support local talents, especially in hiring underprivileged groups and unemployed youths to boost the local economy and communities. We continuously embrace and support the professional growth of all our employees regardless of their nationality, gender, religion, and race.

**New Employee Hires  
FY2020-FY2022**

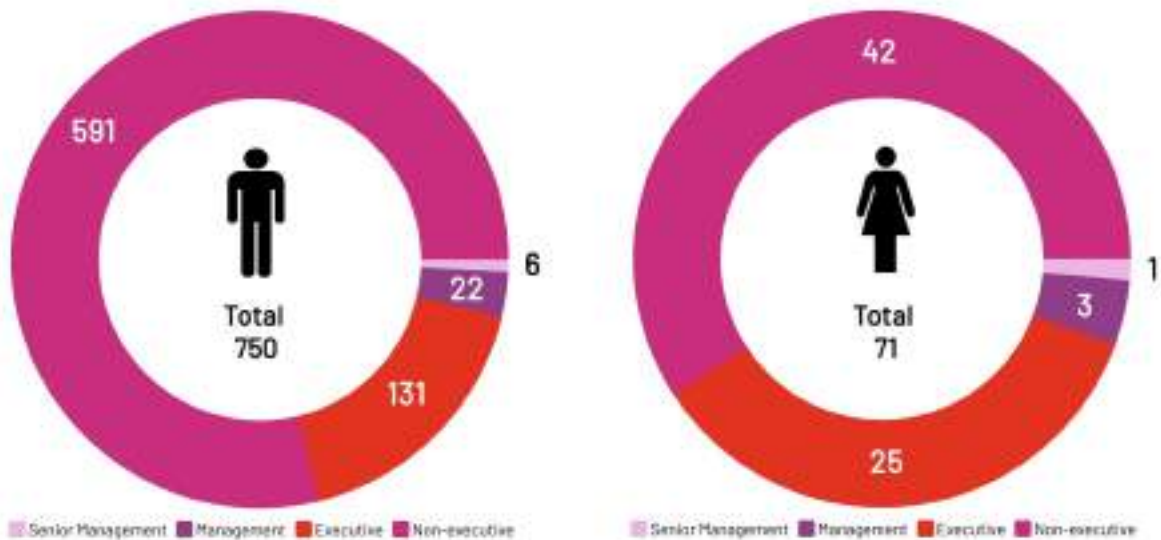


**Employee Resignations  
FY2020-FY2022**



We continue to attract new talents to the Group, which saw 172 new employees comprising 161 males and 11 females. However, the turnover rate was 137 employees left Masteel, comprising 122 males and 15 females. Compared to the previous financial year, Masteel sees an increase in new hires and a reduction in resignations for FY2022. This proves that Masteel is upholding its commitment to ensuring a healthy work environment that gives equal opportunity to all employees and, at the same time, protects and respects their rights which outlines in Masteel's policies.

### FY2022 Gender Distribution



Generally, the Group is dominated by males (91%) compared to females (9%). This is mainly due to the business nature of Masteel, a steel manufacturing industry requiring intense physical work and a factory environment. However, we do not discriminate against any individual who is willing to join the Group based on their gender, as this is clearly stated in our Human Rights policy.

### FY2022 Age Distribution



At Masteel, generally, our employees' age group is between 30-50 years old, accounting for 54%, followed by 28% for the age group below 30 years old. Approximately 18% of our employees are above 50 years old. Meanwhile, the Group recorded a majority of 77% of non-executives due to the labour-intensive nature of the Masteel business.

**FY2022 Parental Leave**



In FY2022, in total, 16 employees have taken parental leave, and all 16 employees returned to work after the parental leave ended. In addition, a total of 10 employees took parental leave in FY2021, and we saw that all of the 10 employees retained their employment with Masteel for the 12 months after their return to work. This shows the strong support and benefits provided by Masteel to all their employees. This positive outlook enables Masteel to continue to grow in its business by retaining its talents.

# Training and Development

In order to retain our talents, we continue to nurture their personal growth and talent by continuously providing our employees with various technical, non-technical, and compliance training and workshop. The list of training and workshop conducted in FY2022 is shown in the table below.

Internal	External
----------	----------

## Petaling Jaya Plant

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Briefing on Anti-Bribery and Corruption</li> <li>• HR Orientation</li> </ul> | <ul style="list-style-type: none"> <li>• Amendments to Employment Act 1955 passed by Dewan Rakyat &amp; proposed Amendments to Trade Unions Act 1959.</li> <li>• Communication Skills</li> <li>• Continual Improvement</li> <li>• Covid creates unique governance issues</li> <li>• Extended iron making</li> <li>• Fundamental of steel making technology &amp; process</li> <li>• Introduction of steel product</li> <li>• Introduction to steel making industry</li> <li>• Iron making</li> <li>• Mechanical testing of rubber/composite/metal in compliance with national &amp; international method of test</li> <li>• MEF-ILO workshop on violence and harrassement in the world of work</li> <li>• Raw material for steel making</li> <li>• Rolling process</li> <li>• Steel making maintenance</li> <li>• Steel making operation</li> <li>• Sustainability management and reporting</li> <li>• The fundamental of the steel product quality system</li> <li>• The updated Malaysian Code on corporate governance</li> <li>• Webinar series: Board Succession, Evaluation and Recruitment</li> <li>• Webinar series: ESG and Sustainability Reporting</li> </ul> |
|---|---|

# Training and Development

Internal

External

## Petaling Jaya Plant

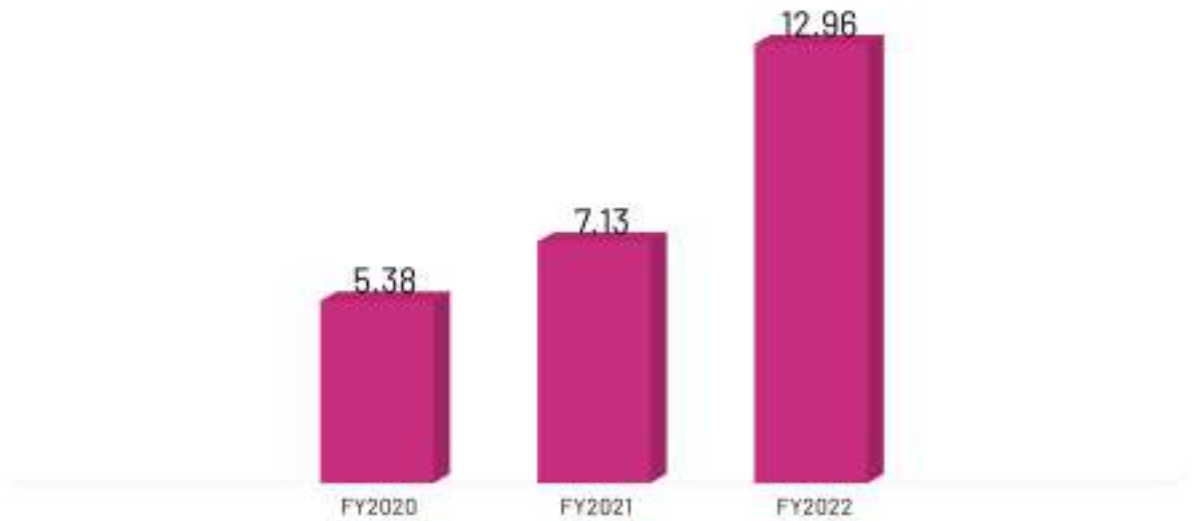
- Webinar series: Fundamentals of Board Governance
- Webinar series: MBRS Revision for Preparers, Makers, and Lodgers of Financial Statement
- Webinar series: Practical Secretarial Issues and Challenges 1 - Case Studies on AML/CTF, Directors and Conflicts of Interest

## Bukit Raja Plant

- Ergonomics
- HR Orientation
- Communication Skills
- Continual Improvement
- Continuous Casting of Steel Billet
- Electric Furnace Steelmaking (EAF)
- Extended Iron Making
- Fundamentals of Steel Making Technology & Process
- Introduction of Steel Product
- Introduction to Steelmaking Industry
- Iron Making
- Ladle Refining
- Oxygen Steelmaking Processes (BOF)
- Raw Material for Steel Making
- Refining of Stainless Steel
- Rolling Process
- Solidification of Steel
- Steel Making Maintenance
- Steel Making Operation
- Steel Making Refractories
- Steel Plant Refractories
- The Fundamental of the Steel Product Quality System
- Tundish Operation
- Vacuum Degassing

*\*This list excludes Occupational Health and Safety Training*

### Average Training Hours per Employee FY2020-FY2022



We recorded almost double the training hours conducted to our employees from 5627 hours in FY2021 to 10640 hours in FY2022. Similarly, it recorded an increase of approximately 82% in average training hours per employee in FY2022 compared to FY2021. This is in line with our commitment to provide training and development programmes that will enable our employees to be equipped with the latest technology and skills. Through the enhanced training programmes, our employees can gain sufficient knowledge to strengthen the company's growth.

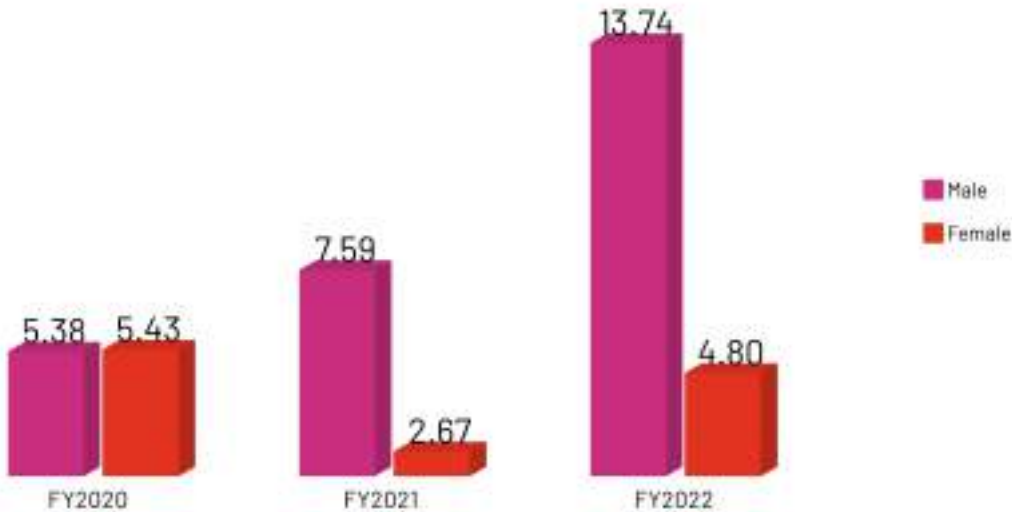
With the rapid development of the industry, we further support the development of our employees through the appraisal assessment, which is conducted yearly. The primary purpose of this assessment is to identify areas for improvement to better equip our employees with the latest knowledge and skills. In addition, through this assessment, we are able to better understand the employees' performance for potential promotions. We conducted the performance review successfully for all our 821 employees for FY2022.



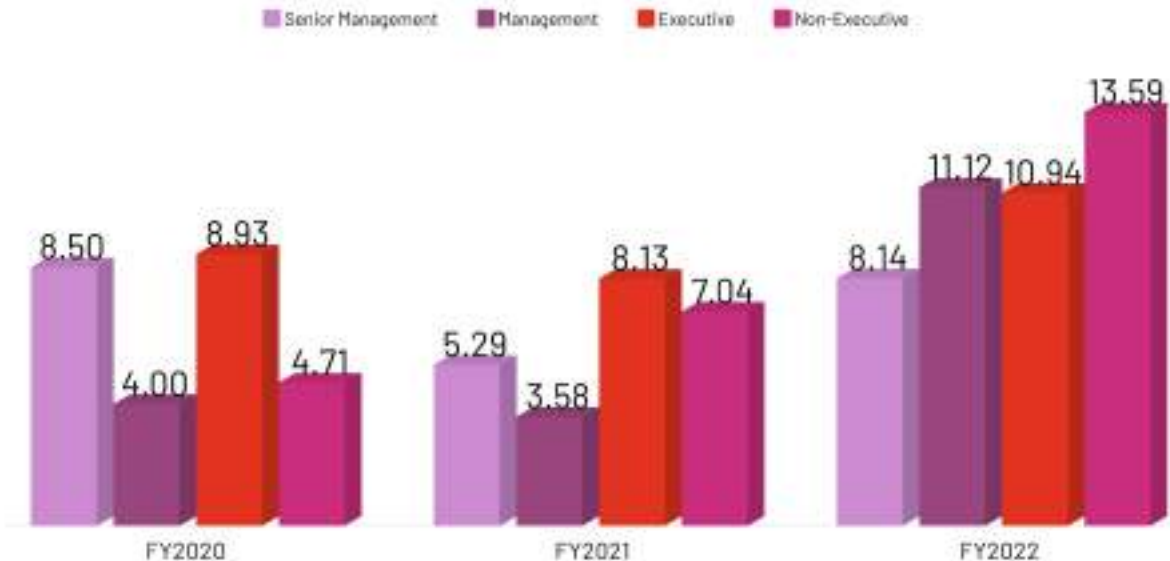
In FY2022, we newly adopted two principles for developing our employees' competencies and awareness through

- Malaysia Steel Institute (MSI) training - Technical and safety awareness training was conducted for all new hires.
- Yearly Training Plan - A Training Needs Analysis ("TNA") was conducted to identify existing employees' skill gaps and training needs. The outcome of this analysis will then be used to develop the Yearly Training Plan.

**Average Training Hours by Gender  
FY2020-FY2022**



**Average Training Hours by Employment Category  
FY2020-FY2022**





# Employees Satisfaction

## FY2022 Employee Satisfaction Survey

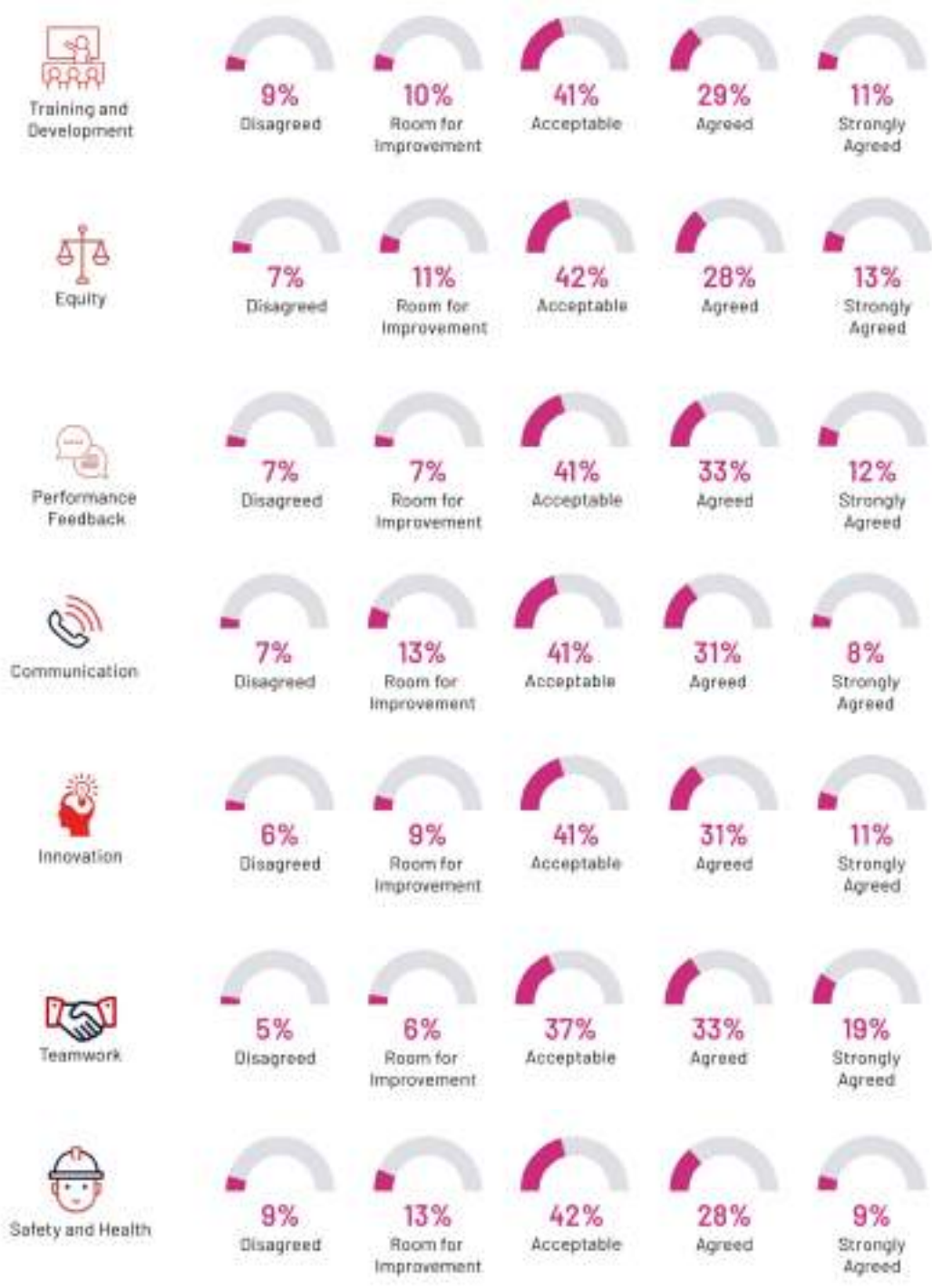


272 Respondents



## FY2022 Employee Satisfaction Survey (by Indicators)





# Responsible Supply Chain Management

As a significant player in the local steel industry, we believe in building a sustainable and ethical supply chain that ensures the continuous supply of goods without interruption while upholding our Environment, Social, and Governance aspects. We have encouraged our supply chain to implement a responsible and sustainable approach to conducting their business. Moreover, we continue to support the local market, where most of our suppliers are local, with 84.0% and only 16.0% being overseas suppliers.

In FY2022, we implemented the ESG assessment for all our suppliers and contractors as part of our supplier due diligence process. In addition, we are committed to reducing the environmental footprint in our steel manufacturing. Thus, we require all our suppliers and contractors to undergo a screening assessment before signing a contract with Masteel. This is to ensure that all our suppliers and contractors comply with Masteel's requirements. The screening assessment involves five (5) criteria, as stated below.



A score of 0-4 is allocated for each criterion which is then totaled to obtain the overall score or rating. If a supplier scores lower than 12 points, we will notify the supplier of the rating outcome and request immediate corrective action. In the event of five consecutive scores of lower than 12 points, we will deregister the supplier from our Approved Supplier List unless a specific concession is given. We strictly ensure our Approved Supplier List consistently demonstrates a high quality of service and products. Moreover, when we are selecting new suppliers, those who had been deregistering from our list will be given lower priority.

# Corporate Social Responsibility

At Masteel, we actively engaged and contributed back to society through our Corporate Social Responsibility ("CSR") programme. In this reporting period, we have invested RM85,000.00 in social programmes. We continuously focus on our CSR programme to improve the quality of life for the communities close to our area of operations. One of our key support is the Ti-Ratana Foundation where this organisation focuses on child and women support, senior citizens, and healthcare programs.



In addition, we contributed to the Malaysian Nature Society in support of the society's vision and mission of protecting, managing, and conserving natural heritage and rich biological diversity as part of environmental education. Masteel also emphasises the importance of quality education as part of the SDGs goals by contributing to the Royal Malaysia Police College Kuala Lumpur. We supported the college's construction of a green landscape to support a green environment.

In FY2022, we have made an additional effort by achieving approximately 800 hours of CSR programmes that involve our employees. This is to cultivate a sense of responsibility among our employees toward the local communities.



# Corporate Social Responsibility



## Masteel Green Initiative

Masteel, committed to ESG implementation, had introduced a green initiative by starting the hydroponic vertical farming system at the Bukit Raja plant. This green initiative is one of the many good ESG concepts being practised in the company. Hydroponic vertical farming is a soilless medium that only uses water to provide a rich and balanced vegetable-growing diet. Masteel utilises this green initiative to promote a sustainable and environmentally friendly approach to growing vegetables to reduce global greenhouse gases. In addition, this vertical farming helps to improve biodiversity because it does not cause any land surface disturbance.

Moreover, the crops from such farming methods will be able to eliminate the need for pesticides and produce healthier vegetables. Furthermore, this hydroponic concept can use far less water and be recycled. Thus, it is virtually no water wasted in this system.

Such a farming system aligns with the company's commitment to promoting and implementing ESG within the Masteel community. Furthermore, through this initiative, Masteel is continuously promoting healthy eating habits among our staff as part of the company's commitment to taking good care of the staff's welfare. Therefore, all the vegetables harvested from this farming system are then distributed to all Masteel staff for free as part of Masteel's corporate social responsibility initiatives.

# Hydroponic Vertical Farming





# Governance

## Key Highlights

Align to Masteel's policies  
Zero incidence of corruption  
Zero incidence of environmental issues

Masteel's management and employees acknowledge their key role in building a sustainable and reputable business through strong corporate governance. All employees at Masteel must abide by our Code of Conduct and Code of Ethics in upholding the company's reputation. The Codes outlined the principles, standards, and norms of behaviour expected by all employees, including the Board of Directors and Management. Masteel stressed transparency and accountability as the key to establishing stakeholder trust and strengthening the Masteel community to work with integrity. All the information is supplied to all staff during onboarding and publically available on our corporate website.

## Privacy and Data Protection

Masteel's practices and fully committed to safeguarding and protecting the personal data of both employees and customers. Our Personal Data Protection Policy clearly outlined the range of personal data that can be obtained from our staff, how the Group can use this data, and who is the contact point should any employees have any concerns about their personal data and its use. This policy is part of the Employee Handbook, spelled out in two languages (Bahasa Inggeris and Bahasa Melayu).



In addition, Information Technology Policy is also clearly outlined in the Employee Handbook, which covers the handling of the Group's IT systems that protect the personal data of our employees, customers, and partners. This policy includes the procedure to safeguard the security of computer workstations and portable devices that encompass lock screens, strong passwords, and antivirus software. All employees are reminded to abide by the restrictions outlined in the Policy to safeguard the cybersecurity of the Group's systems.

## Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

Since 2020, Masteel already formalised our Anti-Bribery & Anti-Corruption Policy ("ABAC Policy") and updated our Whistleblowing Policy, proving our strong commitment to cultivating a high standard of ethics and behaviour that enables our business to operate transparently and responsibly. These policies outline our responsibility to be honest and to create a system of accountability and anonymous reporting. Our good governance principles and accountability apply to all employees across the Group, including any third parties we engage with. All these policies are well communicated with all employees via internal memorandums, briefings, and training sessions.

As of 2022, we have conducted 20 training related to ABAC Policy which were attended by 207 (25.2%) employees from all levels. Meanwhile, these policies are also available publicly on our corporate website. We are proud to disclose that we recorded zero corruption cases in FY2022. This is our third consecutive year recording zero cases of corruption.

Our employed third parties will be required to sign an anti-bribery and anti-corruption declaration prior to any engagement with Masteel. This declaration is important to ensure Masteel prevents any potential bribery risks relating to third parties from occurring, which we identify during our risk assessment process. According to our risk assessment outcome, the risk of bribery was deemed high in the division of import and export of goods and engagement with an outsourced activity or association of a third party.

In addition, Masteel took an additional precaution step prior to any third-party engagement; Masteel will undergo a due diligence process to search for the third party company on The Corruption Offenders Database, which is publicly available on the Malaysian Anti-Corruption Commission's website.

The ABAC Policy details the types of bribery and corruption, including other potential risk areas such as giving gifts, entertainment, travel, hospitality, donation, and sponsorship. Furthermore, the policy also highlights the prevention ways in the event of a potential or perceived conflict of interest.

Meanwhile, the Whistleblowing Policy clearly outlines the standard procedure for a whistleblower to lodge a report, including the personnel roles and responsibilities assigned to investigate the whistleblower's claim. Masteel always ensures that the whistleblower's identity remains confidential and anonymous. Furthermore, we take full responsibility for protecting whistleblowers from retaliation when lodging a report in good faith.

# Legal Compliance

We at Masteel always uphold business compliance with all related laws and regulations set by the authorities. We execute continuous effective monitoring and mitigation steps to identify potential compliance risks through our risk register. We also keep up-to-date on any new or revised compliance regulations directly related to our business. Therefore, we conduct regular checks via a risk reporting checklist to ensure we are always complying with the latest laws and regulations. The stringent and close monitoring helped us to record zero non-compliance cases for FY2022.

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
<b><u>Waste and Chemical Related</u></b>			
Solid Waste and Public Cleansing Management Act 2007	<ul style="list-style-type: none"> <li>Disposal via licensed contractor</li> </ul>	<ul style="list-style-type: none"> <li>Disposal of domestic wastes</li> </ul>	<ul style="list-style-type: none"> <li>Contractor's Service Report/Invoice</li> </ul>
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	<ul style="list-style-type: none"> <li>5-Chemical register</li> <li>9 &amp; 10-Chemical health risk assessment</li> <li>16-PPE</li> <li>20 &amp; 21- Labelling &amp; re-labelling</li> <li>25-Safety Data Sheet</li> </ul>	<ul style="list-style-type: none"> <li>All chemicals used</li> </ul>	<ul style="list-style-type: none"> <li>CHRA Reports</li> <li>Chemical Registry</li> <li>Stock Cards</li> </ul>

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
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**Noise and Statutory Nuisance**

Occupational Safety and Health Act 1994 Section 15, 17, 18, 24, 28; Occupational Safety and Health (Noise Exposure) Regulations 2019	<ul style="list-style-type: none"> <li>• 3 &amp; 6-Noise exposure monitoring &amp; limits</li> <li>• 4-Noise risk assessment by certified assessor</li> <li>• 5-Training &amp; supervision</li> <li>• 7 &amp; 8-Hearing protection</li> <li>• 9 &amp; 10-Audiometric testing</li> <li>• 11-Record keeping</li> </ul>	<ul style="list-style-type: none"> <li>• Noise from all process areas</li> </ul>	<ul style="list-style-type: none"> <li>• Yearly Noise Monitoring Report</li> <li>• Audiometric test report for employees with high noise exposure</li> <li>• Hearing conservation training records</li> </ul>
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**Health and Safety Related**

Occupational Health and Safety Act, 1994	<ul style="list-style-type: none"> <li>• Section 15(1) &amp; 17-OHS risk assessment</li> <li>• Section 16-Establishment of Safety Policy</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• HIRARC &amp; Review of Environmental, Occupational Health &amp; Safety Policy during yearly management review or when required</li> </ul>
Occupational Safety and Health Act 1994 Section 29 OSH (Safety & Health Officer) Regulation 1997	<ul style="list-style-type: none"> <li>• 4,5,6,7,8,9,10,11,12,13-Registration of Safety &amp; Health Officer</li> <li>• 14-Notification of Safety &amp; Health Officer</li> <li>• 18,19,20-Duties of Safety &amp; Health Officer</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Officer's green book</li> </ul>

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
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Health and Safety Related

Occupational Safety and Health Act 1994 Section 30, 31 OSH (Safety & Health Committee) Regulation 1996	<ul style="list-style-type: none"> <li>• 4, 28-Duties of employers</li> <li>• 5,6,7,8,9,10-Membership &amp; appointment of committee</li> <li>• 11,12,13,14,15,16,17, 18,19,20-Functions &amp; responsibilities</li> <li>• 21,22,23,24,25,26, 27-Committee Meeting</li> <li>• 29-Duties to provide training</li> <li>• 30-Documentation &amp; Information</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• Safety &amp; Health Committee Chart</li> <li>• Quarterly meeting minutes</li> </ul>
Occupational Health and Safety Act, 1994 Section 32 OSH (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004	<ul style="list-style-type: none"> <li>• 4,5,6,7,8- Notification and reporting of accident and dangerous occurrence</li> <li>• 9-No interference at accident scene or dangerous occurrence scene</li> <li>• 10 &amp; 11-Record submission &amp; record keeping</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• MyKKP portal's data &amp; report</li> </ul>

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
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Factory and Machinery Related

FMA (Safety & Health Welfare) Regulations 1970 amended 1983	<ul style="list-style-type: none"> <li>• 6-Maintenance of floor</li> <li>• 7-Access of place of work</li> <li>• 9-Stairway</li> <li>• 12-Working at height</li> <li>• 13-Confined spaces</li> <li>• 16-Precaution against ignition</li> <li>• 20-Stacking of material</li> <li>• 21 &amp; 22-Fire precaution &amp; firefighting</li> <li>• 32-Working cloths, PPE &amp; appliance</li> <li>• 38-First Aid</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• SHE Monitoring &amp; Measurement Table in procedure MSW-8-P05</li> </ul>
FMA (Notification, Certificate of Fitness & Inspection) Regulation, 1970 amended 2009	<ul style="list-style-type: none"> <li>• 3-Operation of factory and use of machinery</li> <li>• 5-Factory general register</li> <li>• 10,12,28-Machinery requiring certificate of fitness to have current &amp; valid certificate for operation</li> <li>• 14 &amp; 22-Regular inspection</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Lifting Hoist (Overhead Crane)</li> <li>• Compressors</li> </ul>	<ul style="list-style-type: none"> <li>• JKKP Logbook</li> <li>• License Register</li> </ul>

Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
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Others

Fire Service Act 1988	<ul style="list-style-type: none"> <li>• 22-Storage of water &amp; fire hydrant for fire-fighting in premise</li> <li>• 23-Notice of work affecting fire hydrants</li> <li>• 28,29,30,32,33-Fire certificate</li> </ul>	<ul style="list-style-type: none"> <li>• All activities</li> </ul>	<ul style="list-style-type: none"> <li>• Fire Certificate renewal record</li> </ul>
Companies Act 2016	<ul style="list-style-type: none"> <li>• To comply all sections of Companies Act, 2016 and submit necessary returns to Companies Commission of Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Risk reporting checklist</li> </ul>
Bursa Malaysia Listing Requirements	<ul style="list-style-type: none"> <li>• To comply all Chapters, Practice Notes, and Directives of Main Market Listing Requirement as well as amendments on Listing Requirements from time to time</li> </ul>	<ul style="list-style-type: none"> <li>• Listing status on Bursa Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>• Risk reporting checklist</li> </ul>

# Our Future Plans

Masteel is fully committed to embarking on the ESG journey with continuous support from all stakeholders and plans to enhance our sustainability initiatives further and report in the coming years. Below are the target initiatives.

