

Masteel

MALAYSIA STEEL WORKS (KL) BHD



Malaysia Steel Works (KL) Bhd
Sustainability Report 2021



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ABOUT MALAYSIA STEELWORKS (KL) BHD.

Malaysia Steel Works (KL) Berhad (“Masteel” or “the Group”) is one of Malaysia’s leading steel manufacturers specialising in the production of high tensile steel bars, mild steel bars, and prime steel billets. These steel products are most commonly used for construction and infrastructure development works.

Masteel has two manufacturing plants, one in Bukit Raja and the other in Petaling Jaya. The Bukit Raja factory is our leading producer of steel bars and steel billets, which is then fed into the rolling mills of both the Petaling Jaya and Bukit Raja plants. The main markets for our steel products are located in the Klang Valley, Johor, and the East Coast of the Peninsular of Malaysia, with some international customers from the Philippines, China, Australia, and Singapore.

In addition to our steel manufacturing plants, Masteel has one other wholly-owned subsidiary, MS Express Sdn. Bhd. (“MSX”). MSX deals with the logistics and transportation activities of Masteel’s steel products.

We also hold a significant share in Bio Molecular Industries Sdn. Bhd. (“Bio-M”), a BioNexus certified company. Bio-M is a research and development company that manufactures radioisotopes used for medical imaging. Bio-M’s manufacturing facility is situated in Bandar Enstek, Negeri Sembilan, with their radioisotope products sold to hospitals throughout Malaysia.

Masteel has been publicly listed on Bursa Malaysia’s Main Market since 7th February 2005.

Memberships and Associations

Masteel is currently a member of the following associations, organisations and networks:

- Malaysia Steel Association (“MSA”)
- Malaysia Steel Institute (“MSI”)
- Malaysia Iron and Steel Industry Federation (“MISIF”)
- Federation of Malaysian Manufacturers (“FMM”)

ABOUT THIS REPORT

In 2020, we produced our first standalone Sustainability & Climate Change report, which highlighted our efforts towards the three main pillars of sustainability, Environmental, Social, and Governance (“ESG”). This year, we have maintained that momentum and expanded our efforts, further embedding commitment to our ESG journey. This FY2021 Sustainability Report showcases our continued effort across the ESG pillars, highlights our successes from the year, and outlines our plans for the future as we continue to forge a sustainable path for our business.


Scope of Reporting

This Report encompasses the financial year from 1 January 2021 to 31 December 2021 (“FY2021”). Disclosures in this report focus on our two steel production facilities located in Bukit Raja, Klang, and Petaling Jaya.



Report Framework

The use of recognised reporting frameworks increases accountability, report transparency, and comparability between reporting years. This Sustainability Report has been prepared with reference to the following reporting standards and frameworks:

Principal Reporting Frameworks	
<ul style="list-style-type: none">Global Reporting Initiative (“GRI”) 2020	
<ul style="list-style-type: none">Bursa Malaysia Sustainability Reporting Guide 2nd Edition	
Additional Guidance	
<ul style="list-style-type: none">United Nations Sustainable Development Goals	
<ul style="list-style-type: none">ResponsibleSteel Standards	

Feedback

We encourage and welcome any feedback from our valued stakeholders on the completeness, objectivity, and materiality information disclosed in this year’s sustainability report. Kindly direct any comments, questions, or suggestions to:

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SUSTAINABILITY HIGHLIGHTS



Introduction of new Human Rights Policy, and Prevention of Child Labour and Forced Labour Policies



Zero fatalities recorded



Re-assessed our Material Sustainability Matters and generated a new Materiality Matrix



98% of inputs into the manufacturing process were recyclable materials

Report Highlights FY2021



RM 32,000 donated to the Ti-Ratana foundation for social welfare



Achieved a customer satisfaction score of 89.9%



Total greenhouse gas emissions reduced by 2.5% from previous year



5,627 hours of training delivered to staff

A MESSAGE FROM OUR CEO

Dear Stakeholders,

It brings me great pride to introduce our Sustainability Report for the financial year 2021. This report follows our inaugural “Sustainability and Climate Change Report” published in 2020 in response to the growing global demand for ESG recognition and action. Over the last two years of unprecedented global challenges, Masteel has risen to the task of tackling sustainability matters head-on. Despite the restricted movements, lockdowns, and economic impacts of the COVID-19 pandemic, we remain steadfast in our commitment to sustainability and environmental protection.

This year, we undertook a comprehensive Gap Analysis exercise to identify and prioritise improvement areas in our ESG performance. The Gap Analysis was conducted with reference to the GRI Standards, as well as the ResponsibleSteel standards. ResponsibleSteel is the industry’s first international, multi-stakeholder standard and certification initiative, designed to allow leading producers to meet the sustainability needs of their customers, and to provide a platform for producers and stakeholders to discuss ESG issues. Through the Gap Analysis, we established a series of action plans to guide our initiatives for this financial year as well as future years. Following these action plans, we have introduced several new initiatives in our sustainability practices this year, which are highlighted throughout this report. Some of our key achievements include:

Good corporate governance

The tone for ESG action 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. 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.



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Climate change and emissions

This year, we have assessed and reported both our Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions. Our ongoing efforts, including the transition to induction furnaces which began in 2018, have resulted in a significant decrease of our overall emissions over time. Compared to the baseline year of 2017, our emissions have decreased by 47%. Over the last year alone, emissions have decreased by 2.5% from 2020 to 2021. The majority of this decrease is attributable to the reduction in scope 1 emissions from the steelmaking process, due to our shift from electric arc furnaces to induction furnaces. Looking to maintain this positive momentum, we have established both short and long-term emissions reduction targets, with a goal of reducing emissions by a further 10% by 2026, and 15% by 2031.

In addition to our carbon emissions mitigation measures, we remain focused on minimising other air pollutants. This year, we installed a Continuous Emissions Monitoring System at the Bukit Raja plant, which is capable of tracking our particulate matter, NO₂ and SO₂ emissions in real-time.

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.

In conclusion, FY2021 has been a year of accomplishments and forward momentum towards a more sustainable future at Masteel. We hope to maintain this momentum as we continue on our sustainability journey towards improving our ESG performance and creating a sustainable future for all.

MASTEEL'S APPROACH TO SUSTAINABILITY

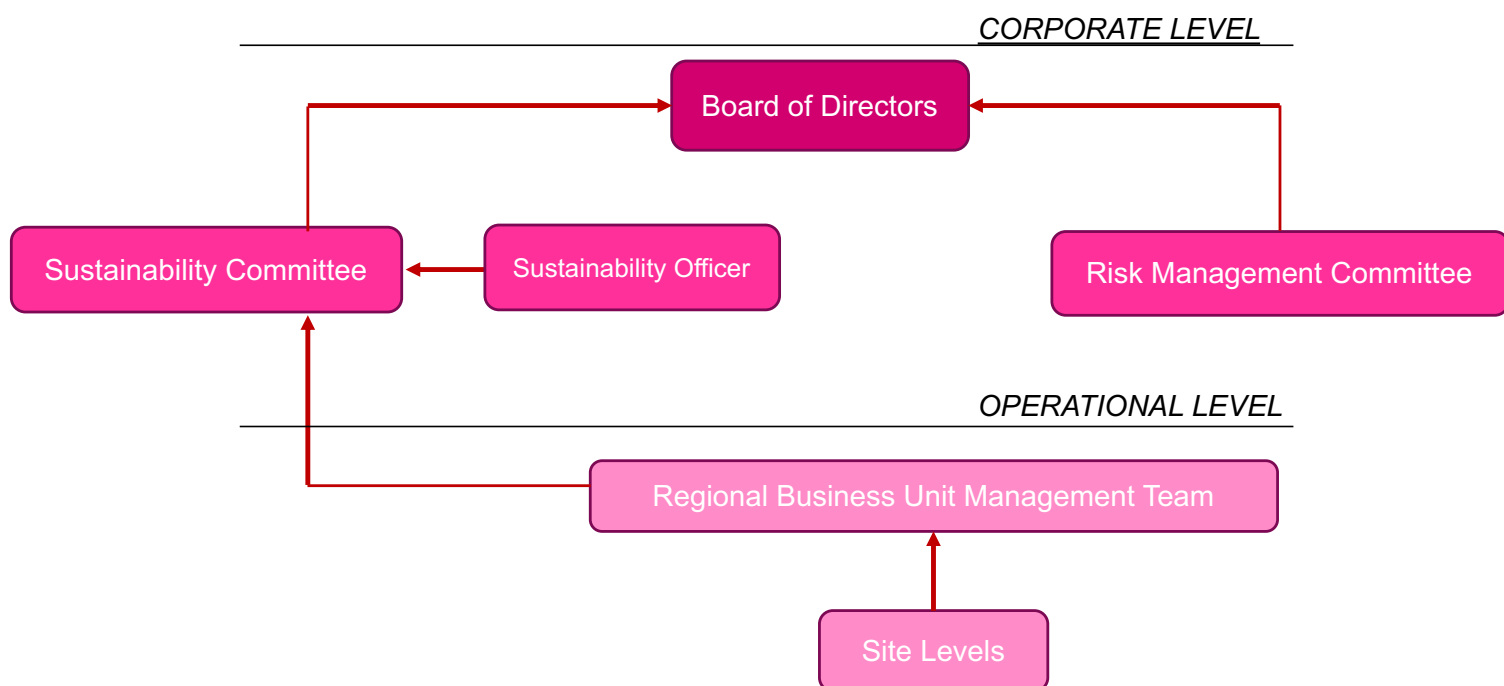
Sustainability Governance

To fully incorporate the ESG mindset in all levels of our operations, we understand it is essential to set the tone for sustainability from the top, with our Board of Directors ("the Board"). The Board sits at the pinnacle of our sustainability governance structure and has the ultimate responsibility to approve our policies, initiatives, material sustainability matters, and the Sustainability Report.

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The Board is supported by the Sustainability Committee, comprised of key representatives from our various business divisions, with an assigned Principal Sustainability Officer reporting directly to the Board. At an operational level, the Sustainability Committee is supported by the management teams of our regional business units, who are responsible for providing data as requested for the Sustainability Report, and for implementing the sustainability initiatives.





Sustainability Governance Structure



Approach to Stakeholder Engagement

Active and transparent communication with our stakeholders is the key to establish long-term relationships with a foundation of trust. We regularly engage with our key stakeholder groups using a variety of communication channels. This active communication ensures our stakeholder's concerns and interests are always kept in mind when the Group is making business strategy decisions. Additionally, it keeps our stakeholders up to date and aware of Masteel's activities, progress, and future ambitions.

Stakeholder Engagement			
Key Stakeholder Group	Stakeholder's Areas of Interest	Masteel's Method of Engagement	Engagement Frequency
 <p>Shareholders & Investors</p>	<ul style="list-style-type: none"> • Future growth prospect • Return on investments • Corporate sustainability • Corporate exercises • Share performance • Dividends 	<ul style="list-style-type: none"> • Annual General Meeting • Bursa announcements • Investor Relations ("IR") • Virtual briefing 	<ul style="list-style-type: none"> • Annually • As and when necessary • As and when necessary • As and when necessary
 <p>Employees</p>	<ul style="list-style-type: none"> • Safe and healthy work environment • Work-life balance • Equality and diversity at workplace • Career advancement and progression • Empowerment and learning opportunities 	<ul style="list-style-type: none"> • Face to face discussions • Department meetings • Townhall sessions • Annual performance review • Training and development programmes • Job enrichment and coaching 	<ul style="list-style-type: none"> • Ad-hoc • Weekly • Annually • Annually • On-going • On-going
 <p>Customers</p>	<ul style="list-style-type: none"> • Timely product delivery • Product quality • Alignment to market needs 	<ul style="list-style-type: none"> • Daily engagement 	<ul style="list-style-type: none"> • Daily
 <p>Local Communities</p>	<ul style="list-style-type: none"> • Pollution and waste • Supporting development of communities • Creation of employment opportunities 	<ul style="list-style-type: none"> • Corporate Social Responsibility ("CSR") programme • Press release • Collaboration with local educational institution/government agencies 	<ul style="list-style-type: none"> • Annually • As and when necessary • On-going





Stakeholder Engagement			
Key Stakeholder Group	Stakeholder's Areas of Interest	Masteel's Method of Engagement	Engagement Frequency
 <p>Government & Regulators</p>	<ul style="list-style-type: none"> To-date and comprehensive policies and legislation Analysis of regulatory impact on the company Engagement/representation for alternatives Compliance 	<ul style="list-style-type: none"> Direct meetings Representatives through industry associations Stakeholders' engagements 	<ul style="list-style-type: none"> Annually As and when necessary
 <p>Industry Associations</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Regular meeting and consultation 	<ul style="list-style-type: none"> Typically monthly, but quarterly at a minimum
 <p>Media</p>	<ul style="list-style-type: none"> Transparency Easy access to top management and key personnel for up-to-date information Speedy dissemination of information Early engagement Interview opportunities 	<ul style="list-style-type: none"> Press release Public Relation Officer's contact and email address (via the Company website) Updates on the latest corporate developments (via the company website) Media interviews 	<ul style="list-style-type: none"> Throughout the year as necessary Media queries and requests are responded to promptly as they are received Regular updates on corporate development As and when necessary
 <p>Suppliers & Contractors</p>	<ul style="list-style-type: none"> Support for local suppliers Fair procurement practices Product compliance 	<ul style="list-style-type: none"> Face-to-face meetings Supplier performance assessments Product quality feedback 	<ul style="list-style-type: none"> Ad-hoc Annually Ad-hoc

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The United Nations Sustainable Development Goals

In 2015, the United Nations introduced a set of 17 Sustainable Development Goals (“UN SDGs”), which aim to provide a blueprint to address global sustainability challenges holistically by 2030. The UN SDGs were formally approved by all UN member states, including Malaysia, and are ambitious and broad-reaching in their ambition.

In support of Malaysia’s commitment to the UN SDGs, we have adopted the Goals which align with the nature of our business, our areas of operation, and where we believe our contributions can have the most meaningful impact. Our contributions towards each of our adopted UN SDGs are outlined below.

 <p>3 GOOD HEALTH AND WELL-BEING</p>	We operate under a strict health and safety management system that promotes proactive identification of potential hazards and risks in the workplace	 <p>8 DECENT WORK & ECONOMIC GROWTH</p>	Our employees are covered by our human rights and labour policies, which ensure fair and equal treatment of the entire workforce	 <p>13 CLIMATE ACTION</p>	We record and report our greenhouse gas emissions, and are committed to investing in materials and technology that will reduce our carbon emissions.
 <p>4 QUALITY EDUCATION</p>	Employee upskilling and development is encouraged for all staff, with a range of technical and soft-skill trainings provided each year	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	We utilise new and innovative technology wherever possible to improve our process efficiency	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Our Anti-Bribery and Anti-Corruption Policy is applicable to all staff and third parties associated with Masteel.
 <p>6 CLEAN WATER AND SANITATION</p>	Water used by our processes is continuously recycled back into the system, resulting in zero discharge of waste water from our operations.	 <p>11 SUSTAINABLE CITIES & COMMUNITIES</p>	We invest back in our communities through the engagement of local staff and contractors, and through support of local charity programmes	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	We associate with like-minded organisations who value ESG issues, such as the MSA and FMM; and our bankers HSBC*, OCBC*, HLBB* and SCB*.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	We are constantly looking for ways to improve energy efficiency of our operations, including through use of new technologies or machine upgrades	 <p>12 RESPONSIBLE CONSUMPTION & PRODUCTION</p>	Use of scrap steel as a majority of our raw material inputs		

*HSBC – HSBC Bank Malaysia Berhad, OCBC – OCBC Bank (Malaysia) Berhad, HLBB – Hong Leong Bank Berhad, SCB – Standard Chartered Bank Malaysia Berhad.

RISK MANAGEMENT

Managing risks in a holistic and effective manner is crucial for any business regardless of industry. As such, Masteel has an established Risk Management Committee and a Risk Management Framework (“RMF”). The RMF is guided by our Risk Management Policy, based around an Enterprise Risk Management approach. Our current RMF does not include specified ESG risks, however we are in the process of identifying and including these relevant risks in the Framework for 2022. In FY2020, we identified a preliminary range of key sustainability focus areas for risk assessment. These include:

- Health, Safety, and Environment (“HSE”)
- Business interruptions, including disaster recovery
- Potential regulatory actions by governments, including trade, anti-competition, anti-dumping regulations, sanctions regimes, and other laws and regulations
- Product competition, including demand for new products
- Social and community risk
- Climate change risk
- Human Resources and employee risk
- Product quality

For further information on the Risk Management Committee and risk evaluation process, refer to the relevant section of our Annual Report.

MATERIAL SUSTAINABILITY MATTERS

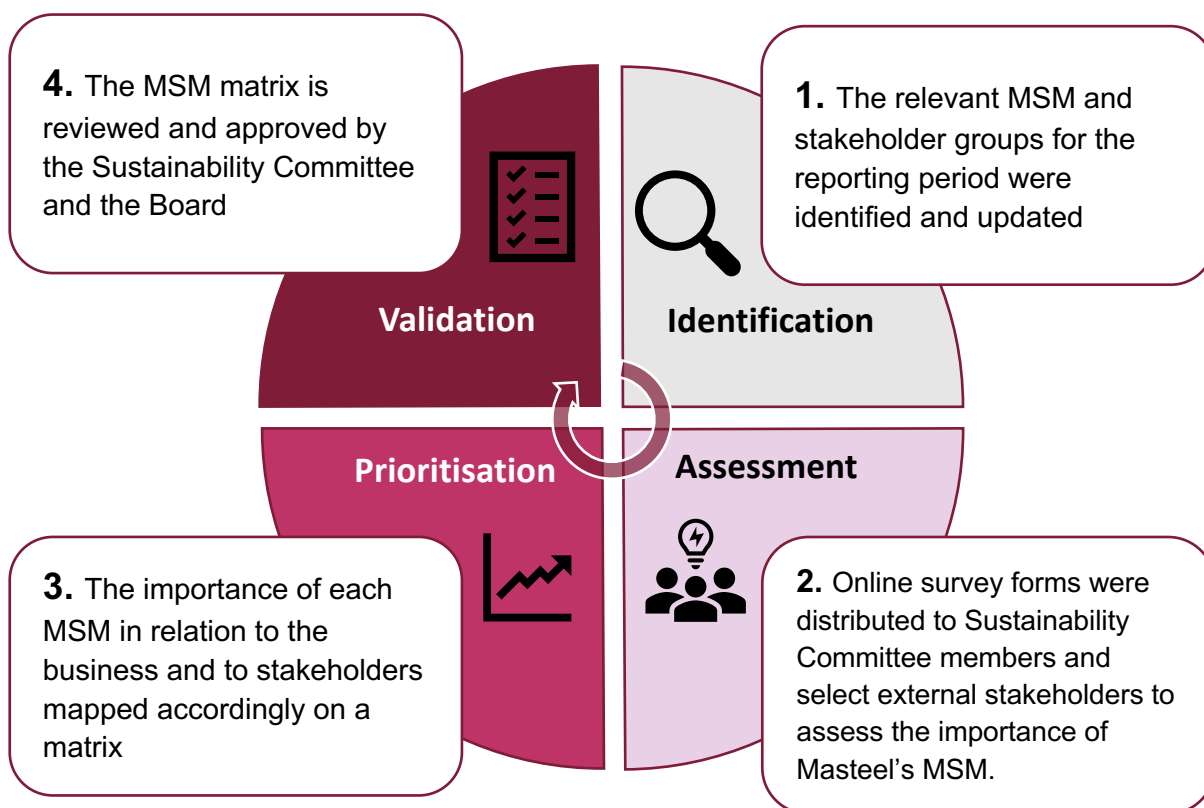
Masteel previously conducted a materiality assessment in FY2020, in which we identified 21 material sustainability matters (“MSM”). For FY2021, we have conducted a reassessment of our material matters to better reflect the current priorities and ambitions of the Group. We have consolidated, removed, and introduced new material matters that better reflect our focus areas. The list of material sustainability matters for FY2021, including relevant changes from last year is as follows:

- Consolidated:
 - i. Legal Compliance on Employment, Legal Compliance on Operations and Products/Services, and Legal Compliance on Environmental have been combined into **Legal Compliance**;
 - ii. Supplier Environmental Assessment and Supplier Assessment for Impacts on Society have been combined into **Responsible Supply Chain**;
 - iii. Capital Investment in Infrastructure to the Local Community has been renamed to **Community Investment**.
- New material matters have been introduced:
 - i. **Product Quality**,
 - ii. **Customer Satisfaction**

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- Several MSM were retained from FY2020:
 - i. Waste and Effluents
 - ii. Air and GHG Emissions
 - iii. Energy Consumption
 - iv. Water Consumption
 - v. Materials Used in Production and Packaging
 - vi. Occupational Health and Safety
 - vii. Employment Practices
 - viii. Training and Development
 - ix. Privacy and Data Protection
 - x. Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

In total, we have identified 15 MSM for FY2021. The methodology of the materiality assessment process is summarised below:



The results of the reassessment have been plotted into a materiality matrix:

FY2021 Materiality Matrix






















 Environmental	 Social	 Governance
7. Air and GHG Emissions 8. Waste and Effluents 9. Energy Consumption 11. Water Consumption 15. Materials Used in Production and Packaging	3. Occupational Health and Safety 4. Product Quality 5. Customer Satisfaction 6. Privacy and Data Protection 10. Employment Practices 12. Training and Development 13. Responsible Supply Chain 14. Community Investment	1. Legal Compliance 2. Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy

Mapping Our MSM

To demonstrate the interconnectedness between our sustainability comments with material sustainability matters, stakeholder groups, and adopted SDGs, we have mapped the material matters against these topics, as well as the relevant GRI indicators used to enhance our disclosures in each area:

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Material Sustainability Matters	United Nations SDGs	GRI Indicators	Key Stakeholder Groups
ENVIRONMENT			
Waste and Effluents Air and GHG Emissions Energy Consumption Water Consumption Materials Used in Production and Packaging	   	<ul style="list-style-type: none"> • 306 - Waste • 305 – Emissions • 302 - Energy • 303 – Water and Effluents • 301 – Materials 	  
SOCIAL			
Occupational Health and Safety Customer Satisfaction Product Quality Employment Practices Training and Development Responsible Supply Chain Community Investments	   	<ul style="list-style-type: none"> • 403 – Occupational Health and Safety • 401 – Employment • 405 – Diversity and Equal Opportunity • 406 – Non-Discrimination • 404 – Training and Education • 204 – Procurement Practices • 203 – Indirect Economic Impacts • 413 – Local Communities 	   
GOVERNANCE			
Privacy and Data Protection Legal Compliance Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy	 	<ul style="list-style-type: none"> • 418 – Customer Privacy • 2-27 – Compliance • 205 – Anti-Corruption 	 

ENVIRONMENT

We acknowledge that the steel industry is resource-intensive, and can be responsible for the production of waste, pollution, and various air emissions. At Masteel, we are committed to reduce these impacts wherever possible, both for the health of our environment, and also for the wellbeing of our surrounding communities.

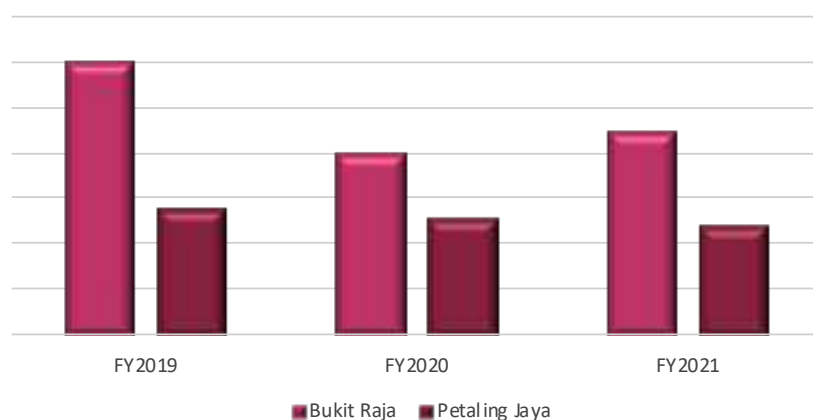
Masteel's Petaling Jaya plant is ISO 14001:2015 (Environmental Management Systems) certified. In order to maintain this certification, annual third-party audits are conducted on all environmental data. We have implemented a range of initiatives to improve efficiency of our operations, including investments in upgrading our technologies which are able to reduce energy and raw materials consumption.

Waste and Effluents

Our commitment to reduce waste is outlined in our Environmental Policy, which states our commitment towards continuous improvement in reducing both waste and pollutant outputs from our operations.

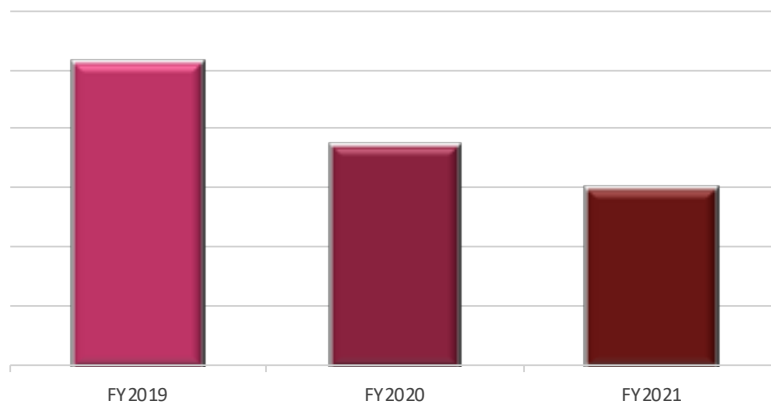
Scheduled waste at the factories is collected by a certified Department of Environment ("DOE") contractor to ensure correct handling and disposal. Scheduled wastes are not permitted to be kept on-site for more than six months, and are not kept in volumes of greater than 25 MT. Non-scheduled waste is collected by a certified contractor for disposal at legal landfill sites. We have established an internal target to not exceed two compounds related to waste generated each year. For FY2021, we received zero compounds thanks to commitment and adherence to our waste management practices.

General Waste

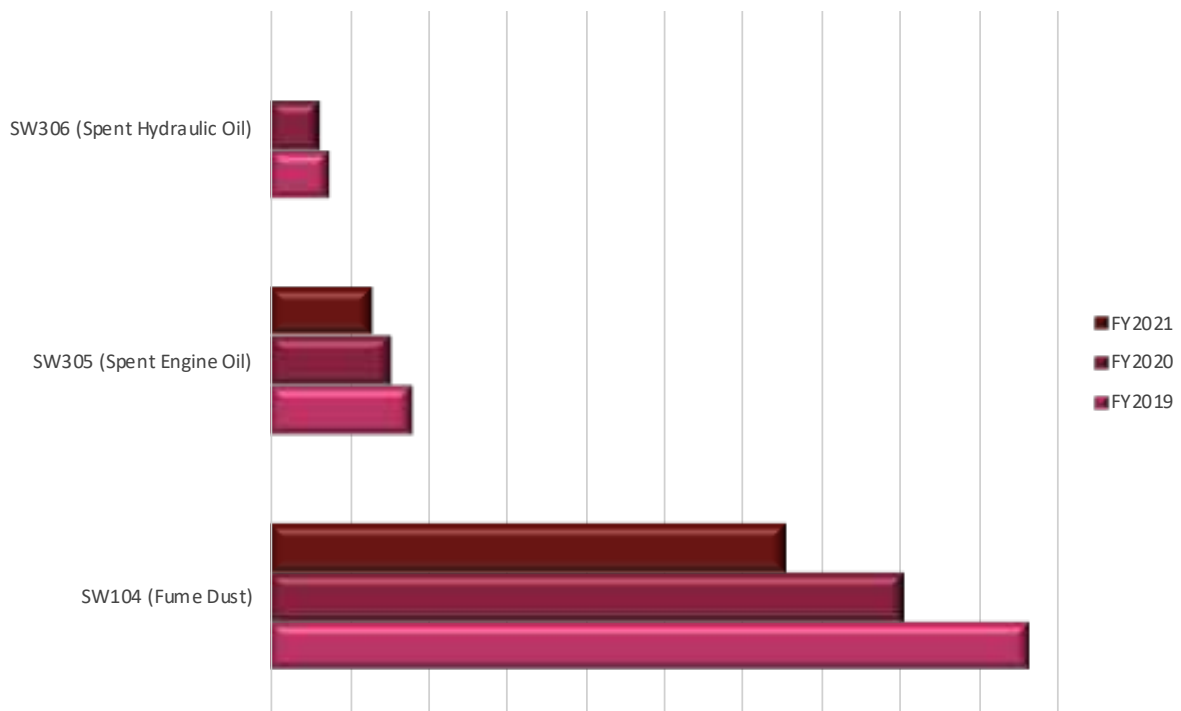


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Recycled Waste - (Skull Steel)



Recycled Waste - (Scheduled Waste)



We promote the “three Rs” of Reduce, Reuse and Recycle throughout the workplace, to encourage our staff to consider their actions and the potential for waste reduction within their day-to-day activities. We recently finalised an official Printing Policy for the office, with the goal of reducing paper consumption by 5% each year. The Policy sets out guidelines for use of printer paper, toner, and envelopes to ensure excessive wastage is avoided. Compared to FY2020, we have recorded a 17% decrease in paper consumption for the most recent financial year, which is a 6.5% reduction when compared to FY2019.

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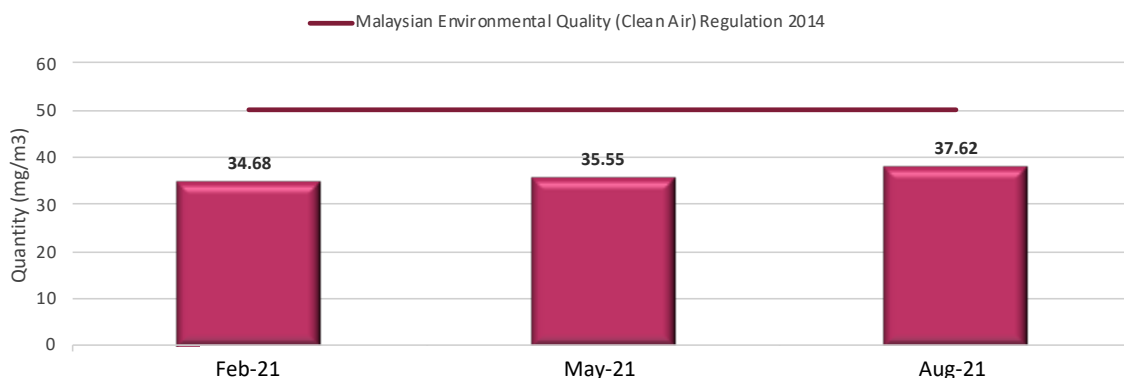
Paper Consumption (units ordered)	
FY2019	2,300
FY2020	2,600
FY2021	2,150

Air and GHG Emissions

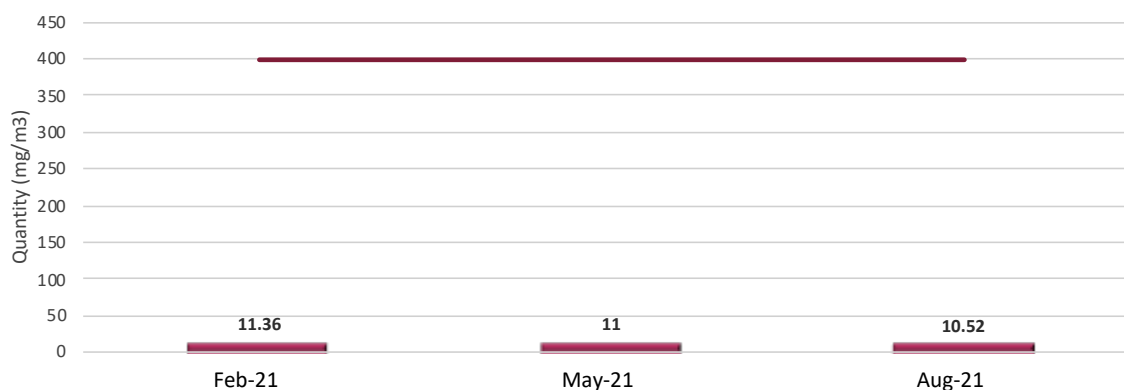
Air emissions are one of the primary pollutant outputs of our operations. In October 2021, we installed Continuous Emissions Monitoring Systems (“CEMS”) at the Bukit Raja factory. These systems enable constant monitoring and recording of emissions data, to ensure that emissions are not more than permitted amounts under the DOE, in accordance with the Malaysian Environmental Quality (Clean Air) Regulation 2014. Additionally, the CEMS system enables early detection of technical issues, as upwards trends in emissions can be noted and analysed immediately. Air emissions were further reduced this year through the upgrading of one of our rolling mills from a reheating furnace, which uses a combustion process, to a direct hot charging method, which does not require the process of burning. All fume plants are staffed by competent persons at all times, and bag filters undergo continuous maintenance to ensure they are operating at maximum efficiency. The figures below illustrate our air emissions taken at different sampling points throughout the financial year, in comparison with the Clean Air Regulation 2014 limits.

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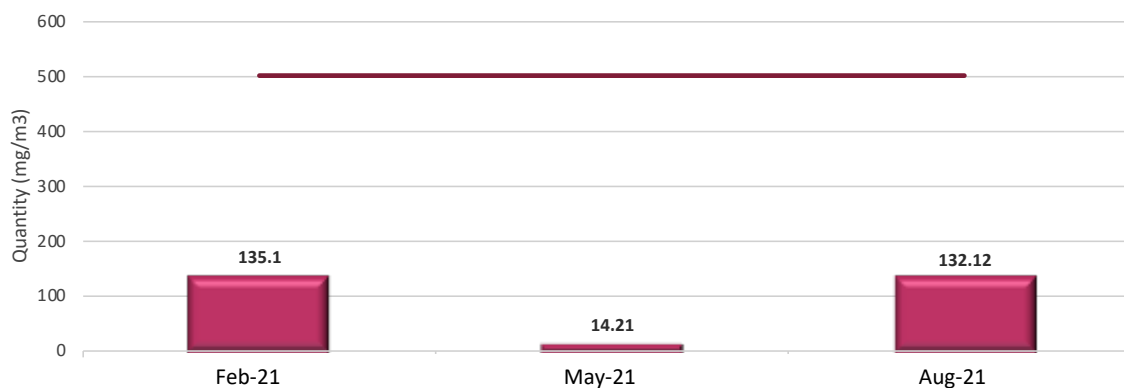
Key Air Emissions (Isokinetic Dust Particulate)



Key Air Emissions (Nitrogen Dioxide, NO₂)



Key Air Emissions (Sulfur Dioxide, SO₂)



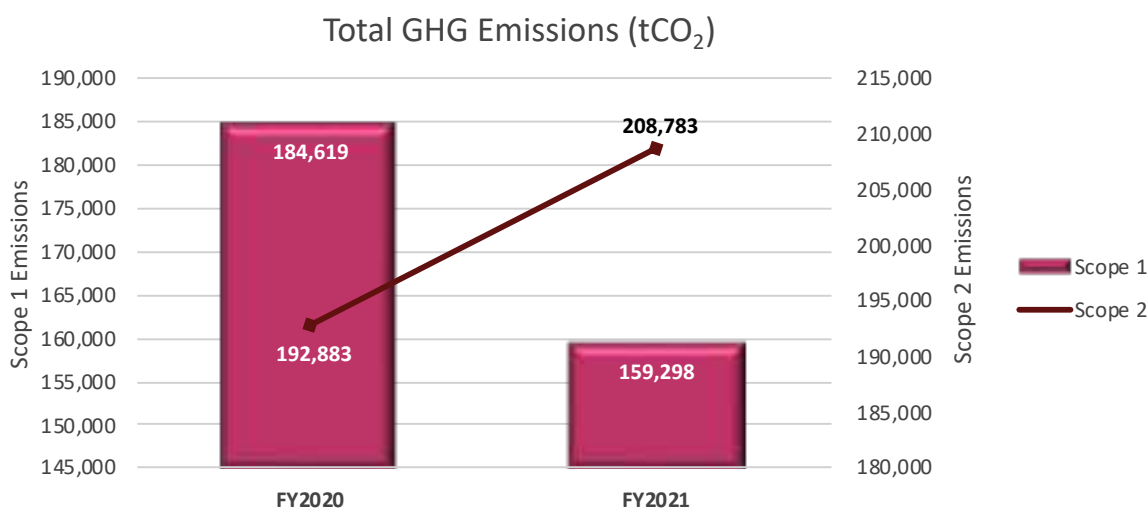
In addition to the air pollutants reported above, Masteel is currently recording our Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions. Scope 1 (direct) emissions are those resulting from the combustion of carbon fuel sources, such as the natural gas used in our operations, and diesel from company vehicles. Scope 2 (indirect) emissions are those resulting the consumption of grid electricity.¹ Our total GHG emissions from the Bukit Raja plant are presented below:

¹ Scope 1 emissions have been calculated using the emissions factors from the 2006 IPCC Guidelines for Iron and Steel Production. Emissions from diesel are calculated using the 2006 IPCC Guidelines for Stationary Combustion. Scope 2 emissions are calculated using the emission factor for peninsular Malaysia from the 2017 CDM Electricity Baseline for Malaysia report, prepared by Malaysian Green Technology Corporation.

GHG Emissions (tCO₂) by Source

	FY2020	FY2021
Scope 1 – Process Emissions	183,763.66	158,264.89
Scope 1 – Company Vehicles	855.02	1,033.19
Scope 2 – Electricity Consumption	192,882.72	208,783.49
TOTAL	377,501.40	368,081.57

Our total GHG emissions have reduced by 2.5% from the previous year. As shown in the table above, this is due to a reduction from our primary emission source, the manufacturing process. Emissions resulting from electricity consumption and company vehicle usage have both increased slightly for this year. It is our goal to maintain this momentum with emissions reduction, and we have established a target to reduce overall GHG emissions by **10%** within the next five years (by 2026), with a long-term target of reducing emissions by **15%** by 2031.



Climate Change and Our Commitment to the TCFD

Masteel recognises climate change as a real and present risk, not only for our business, but for the globe. The steel industry is carbon-intensive, and we feel it is our responsibility to reduce and mitigate our climate impacts wherever possible. This also aligns Masteel with global movements towards emission reduction, with Climate Change being recognised as a topic of concern by the United Nations, the World Health Organization (“WHO”) and the

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Organization for Economic Co-operations and Development (“OECD”). Nationally, our efforts support Malaysia’s participation in the Paris Climate Agreement, and the Twelfth Malaysia Plan’s commitment to reduce GHG emissions by up to 45% of GDP by 2030. Masteel is also a member of several Steel Associations (including the Federation of Malaysia Manufacturers and the Malaysia Steel Association). Membership with these associations provides us input on sustainable development and serves as a platform within the industry to promote the best ways to enable steel manufacturers to adapt to climate change.

In 2020, Masteel took steps to begin following the Task Force for Climate-Related Financial Disclosures (“TCFD”), including conducting a climate scenario analysis for three different temperature scenarios (1.5°, 2.0°, and 4.5°C by 2100). The climate scenario evaluates two Representative Concentration Pathways (“RCP”) used by the Intergovernmental Panel on Climate Change (“IPCC”). These scenarios were selected due to their level of detail and the wide application for risk assessment. The RCP climate models referred to as RCP2.6 and RCP4.5, identify the following global requirements.

RCP Scenario	
RCP2.6	RCP2.6 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. The 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 is likely to remain below 2°C by 2100.
RCP4.5	RCP4.5 is described by the IPCC as an intermediate scenario. Under RCP4.5, CO ₂ emissions peak in 2040 before beginning to decline. CH ₄ and SO ₂ emissions also decline, but not as rapidly as under RCP2.6. RCP4.5 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 RCP2.6. Additionally, it is predicted that many plant and animal species will be unable to adapt to the effects of RCP4.5

As part of our risk assessment process, we have also identified a series of climate-related risks specific to our operations. These fall under four general categories:

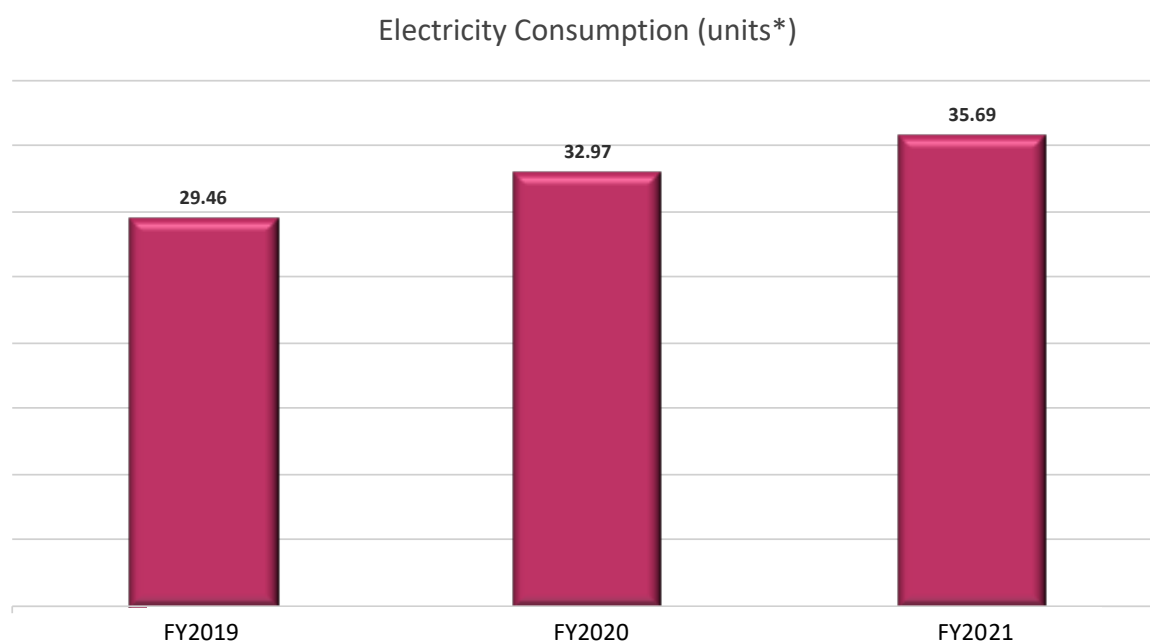
- 1. Weather-related risks:** The risks related to extreme weather are considered to be low. The company's operations are not likely to be exposed to weather-related risks except under exceptional circumstances such as gale-force weather and lightning strikes that might damage the plant's structures and/or interrupt its power supplies. Due to the location of the plants, the risks of flooding are deemed to be non-existent. Tropical storms could affect the delivery times of supplies arriving internationally, but these instances are extremely infrequent.
- 2. Supply chain disruption risk:** The possibility of supply chain disruption due to climate is a possibility but the extent and frequency of disruptions are difficult to quantify based on historical data.
- 3. Regulatory risks:** The possibility of temporary and/or permanent legislation coming into force to combat climate change factors could result in business disruptions. These could include restrictions on transportation infrastructure, restrictions on power and water supply, or the introduction of a carbon tax, all of which would have financial implications for the business.

- 4. Reputational risks:** As customers and investors place greater emphasis on climate-related risks, businesses, including Masteel, will be required to adapt accordingly to meet the market's expectations.

All matters related to climate change, including governance, strategy, risk management and environmental targets are within the purview of the Sustainability Committee. The Board meets quarterly to discuss climate change efforts, oversees the process of managing climate-related risks and opportunities, and approves the risk appetite of Masteel. Currently, approximately RM60.66 million is being invested in our various carbon-reduction initiatives, which aim to reduce total CO₂ emissions by approximately 7,300 tonnes by FY2022.

Energy Consumption

Electricity consumption accounts for about 1% of our total greenhouse gas emissions. Improving the energy efficiency of our operations will reduce our impacts on the climate, as well as reducing our overall operating costs, increasing value for our stakeholders. Power consumption at the factories is recorded daily and organised into monthly reports, so any unusual activity can be identified and rectified immediately.



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

Our factories also consume energy in the form of natural gas. At the Bukit Raja factory, we are converting our electric arc furnaces (“EAF”) to induction furnaces (“IF”) which reduces the energy inputs required from both fuel (natural gas) and oxygen. In March 2021, we completed the construction of a curtain wall on the furnace, which acts to further reduce natural gas usage. These improvements are already showing positive results, with an estimated reduction

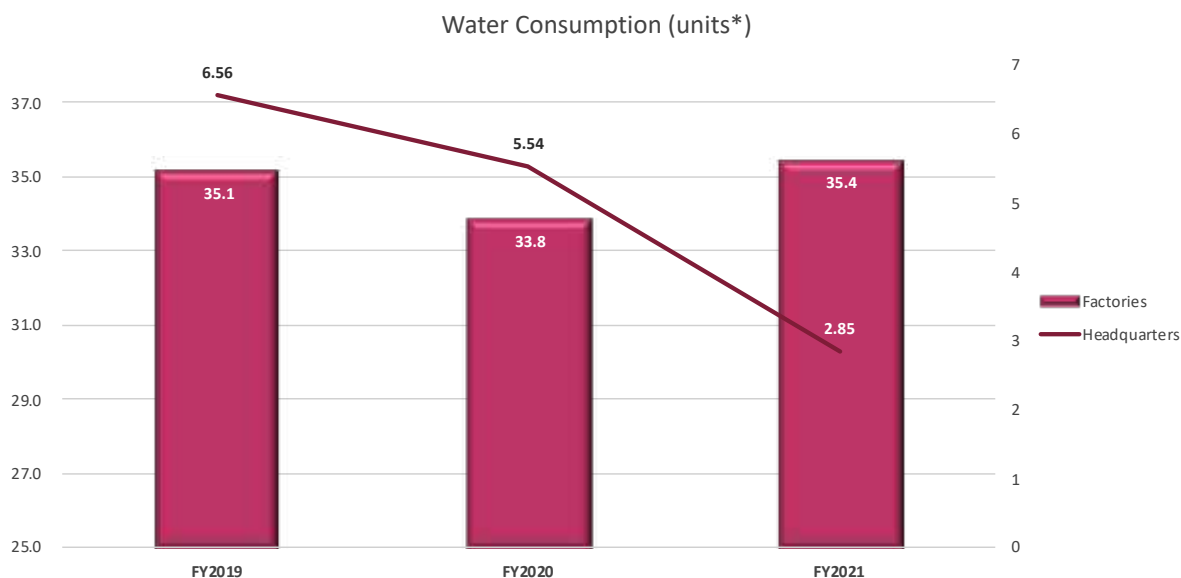
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in natural gas usage of $>9 \text{ Sm}^3/\text{mt}$ and a reduction of oxygen of $>7 \text{ Nm}^3/\text{mt}^2$. The improvements also serve to reduce mill downtime.

Water Consumption

Our operations utilise continuous recirculation of water, therefore not producing any effluents or wastewater, as output water is recycled back into the systems. Water used in operations is primarily for the cooling of machinery, with general consumption of water also occurring at the staff canteen, office, and toilets. We prioritise the efficient use of water wherever possible, and are currently in the process of installing a rainwater harvesting system to further reduce our consumption of mains water.

We have an ongoing target to reduce our overall water consumption by 2% each year. From FY2019 to FY2020, we recorded a 3.6% reduction in water consumption. This year, our total water consumption decreased at headquarters, but overall consumption increased by 4.8%.



*Generic units are using in place of m^3 for confidentiality.

Materials Used in Production and Packaging

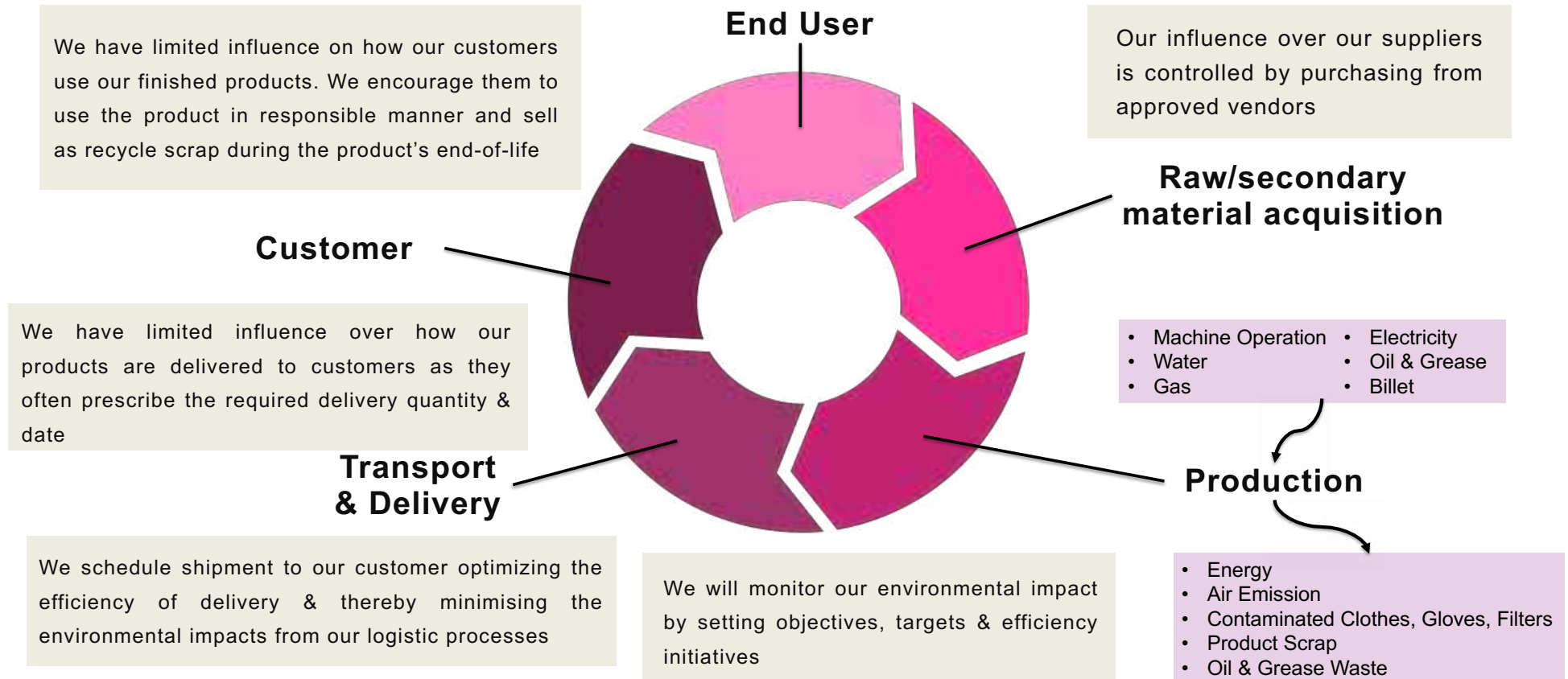
Life Cycle Analysis

To better understand our products and the potential long-term impacts on the environment, Masteel conducted a Life Cycle Perspective Analysis. The analysis will help us identify areas where we have the capacity to improve the efficiency of both our products and our processes. The outcomes of the assessment are illustrated below:

² Sm^3 refers to “standard cubic meters”, and represents one cubic meter at 0°C . Nm^3 refers to “normal cubic meters”, and represents one cubic meter at 20°C . “mt” refers to metric tonnes of product produced.

LIFE CYLCE PERSPECTIVE

Malaysia Steel Works (KL) Bhd - PJ Rolling Mill



Raw Material Inputs

Around 98% of all materials input into our manufacturing process are recycled in origin, with the majority being scrap steel. Our transition from EAF to IF has not only improved our energy consumption efficiency, it also reduced the total consumption of certain raw materials, such as lime and coke, which are not required for processing scrap metal in an IF system. Overall, this year we recorded a decrease in consumption of raw material inputs required, averaging a 44% decrease across all materials.



Pictured: Scrap steel inputs into the manufacturing process

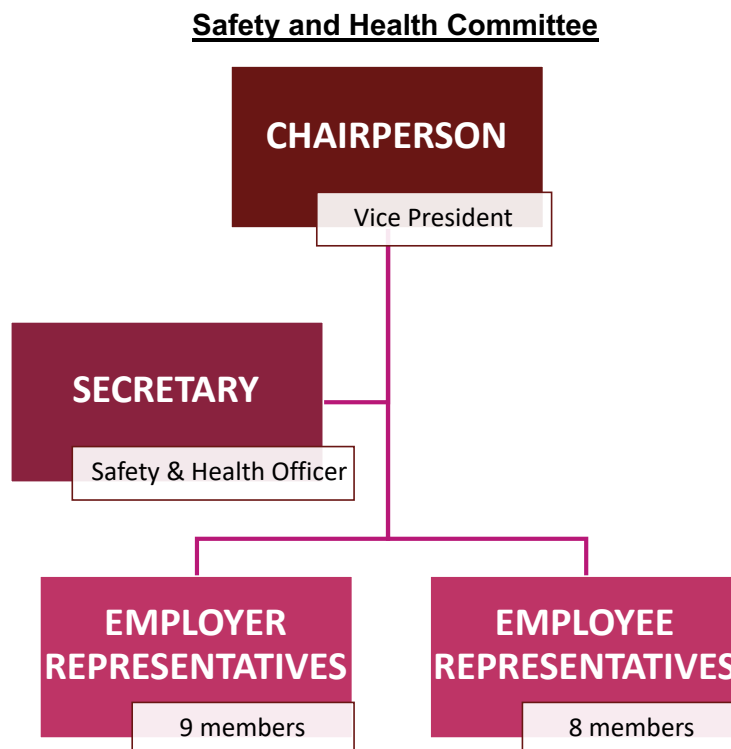
SOCIAL

Our people are at the heart of our operations – not only our employees, but our customers, suppliers, and local communities as well. At Masteel we strive to be a socially responsible business and are committed to showing that responsibility through positive employment practices and our productive engagements with the surrounding community.

Occupational Health and Safety

The health and safety of our employees are an absolute top priority for Masteel. To enforce this, we have developed an Occupational Safety and Health (“OH&S”) Policy as a means to assist and guide management and employees in creating a safe and healthy working environment.

Guided by our OH&S Policy, we have also established an OH&S management system. Our OH&S management system has enabled us to achieve ISO 45001 (Occupational Health and Safety Management) certification. This means our safety management system is recognised as being capable of guiding us through the prevention of work-related injury and ill health, and continuous OH&S performance improvement. The implementation of the OH&S management system is overseen by our Safety and Health Committee, which is comprised of employer and employee representatives, a dedicated safety and health officer, and a senior manager as the chairperson.



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The steel manufacturing industry has many inherent safety risks and hazards due to the nature of the manufacturing process and the presence of extreme heat and heavy machinery. To minimise the potential occurrence of workplace accidents, we have put several safety procedures in place, such as the Hazard Identification, Risk Assessment, Risk Control (“HIRARC”) system, a system of safety observation reporting which includes stop work orders, unsafe act and unsafe condition reporting. 100% of our employees are covered by our OH&S management system.

During this reporting period, we recorded a total of 1,709,432 working hours, of which we recorded one major injury, zero minor injuries, and zero fatalities. Our employees are covered by the social security fund (“SOCSO”) and the group personal accident (“GPA”) insurance for compensation should any injuries or illnesses occur while at work.

The root cause of the one injury incident was assessed and determined to be miscommunication and non-compliance with health and safety procedures. Additional training was provided on the safe operating procedures and the risk assessment process to all staff. Specifically, a refreshment training was conducted with a certified training academy specifically on overhead lifting safety.

We also carried out several health and safety training programmes during this reporting period to further cultivate a culture of safety and health among our employees. The key health and safety training we provided during FY2021 at the Petaling Jaya and Bukit Raja Plant is listed below.

Occupational Health and Safety Training Programmes			
Petaling Jaya Plant		Bukti Raja Plant	
Internal	External	Internal	External
Firefighting Refresher Training	Coronavirus (COVID- 19) Compliance Safety	COVID- 19 Awareness	Authorised Person as Stand-by Person for Confined Space
First Aiders Refresher Training	Emergency Chemical Spill Management Training	Evacuation Training	Chemical Handling
Logistics / Facilities / Floor / wardens / Spillage (Emergency Response Planning)	Emergency Response Planning & Firefighting	First Aid Inspection / Housekeeping, Company Policy & Safety Work Procedures (SWP)	Confined Space Safety
Safety Committee Training	First Aid, CPR & AED with Digital Learning Experience	Introduction to OSH Regulation (Noise Exposure) 2019	Coronavirus (COVID- 19) Compliance Safety
Briefing on Standard Operating Procedures and Policy	Hearing Conversation Program	Safety Orientation	Emergency Response Plan and Preparedness
Chemical Spillage	LOTO Safety Awareness Program	Safe Operation of the Overhead Crane	Essential occupational first aid, CPR, and AED
Chemical Waste Handling	Master Builders Association Malaysia (MBAM) Annual Safety & Health Conference 2021	Ankle Cover Protection	First Aid
Electrical Power Tool	Occupational Safety in The Iron and Steel Industry	Company Policy and First-aid Logbook	MBAM Annual Safety & Health Conference 2021

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Occupational Health and Safety Training Programmes			
Petaling Jaya Plant		Bukti Raja Plant	
Internal	External	Internal	External
Ergonomic Training	Overhead Crane Safety	Method and Function of Coveralls	Occupational Safety in The Iron and Steel Industry
Fire Alarm Control Panel		Working at Height	Overhead Crane Safety
Fire Extinguisher Training			Safe Driving and Handling of Forklift
Hazardous Chemical Awareness			Safely Working at Height
HIRARC and Aspect / Impact Briefing			
Lockout, Tagout (LOTO) Pendant Training			
LOTO System and revised HIRARC			
Manual Handling Training			
Overhead Crane Training			
PPE Training			
Refresher Briefing on Chemical Waste Handling			
Safety Behaviour Training			
Working at Height			
Covid Precaution and Safety Briefing			
Covid-19 Briefing			
General Safety & Covid-19 Briefing			
General Safety Briefing			
PPE Awareness			

In conjunction with our OH&S management system and to ensure our preparedness in the event of an emergency, we have established several emergency response plans. The emergency plans include, but are not limited to: the overall emergency plan, a fire emergency plan, and a chemical spillage emergency plan. We have also established an emergency response team to enact these plans during the unlikely event of an emergency occurring.

To further monitor and assess annual OH&S performance, we have set a safety-related key performance indicator (“KPI”). The KPI we target is less than 3 accidents per year, which we have achieved for this reporting period with one accident recorded.

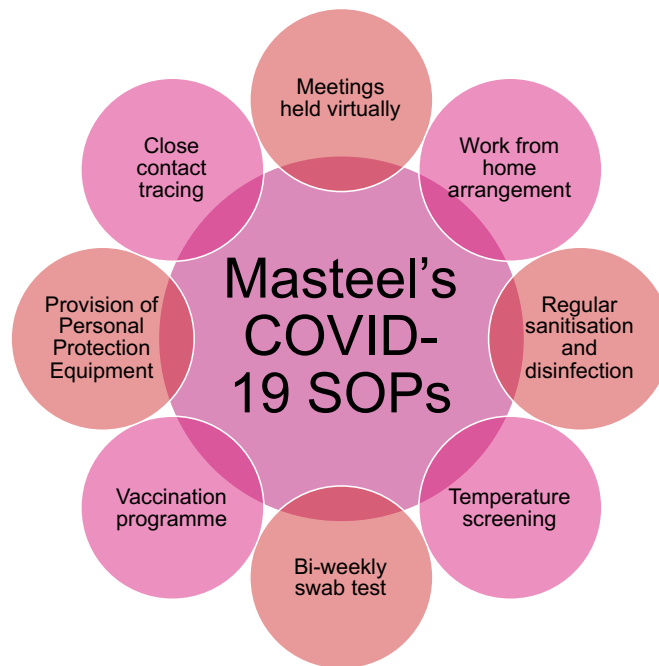


Pictured: Masteel employees participate in fire-fighting and first-aid training sessions



COVID-19 Response

The ongoing COVID-19 pandemic and the Movement Control Order (“MCO”) that occurred during this reporting period has greatly impacted and disrupted our business operations. To prevent further disruptions, we have implemented standard operating procedures (“SOPs”), in line with Ministry of Health requirements and recommendations, for all employees and management to adhere to. The COVID-19 related actions:



Throughout the pandemic, including the MCO periods, we did not retrench any of our employees and continued to pay them full salaries despite the disruptions to our operations.

Customer Satisfaction

We satisfy our customers by providing the best possible products and services. To gauge our performance, we conduct yearly customer surveys in accordance with ISO 9001:2015 (Quality Management) certification. The surveys act as a valuable tool to assess our customer’s overall impressions and to receive feedback on our products and service. The results for our customer satisfaction for this reporting period are as follows:

Financial Year	Customer Satisfaction Score
FY2020	95.7%
FY2021	89.9%

The slight decline in customer satisfaction score for this year was attributable to the COVID-19 movement control orders imposed in June, July and August of 2021, where we were unable to meet all customer requirements.

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In addition to our customer surveys, we also have a customer complaints procedure. Complaints provide us with valuable opportunity to improve our services and products. Customers may submit a formal complaint to Masteel via email or through messaging applications, such as WhatsApp, to our sales representatives. After which, as per our internal policy, we will respond within at least one working day. For this reporting period, we currently have received two complaints, both of which have been successfully rectified.

Product Quality

We pride ourselves on providing our customers with the best quality products possible. We have established a strict internal quality management system (“QMS”), guided by our Quality Manual and Standard Operation Procedure. We are also ISO 9001:2015 certified and SIRIM certified – specifically MS 146:2014, which meets the local industrial standard for high tensile steel bars. These quality systems give our customers in the infrastructure and construction sectors the ultimate confidence in our products.

Employment Practices

Our employees form the backbone of our operations, and we are committed to treating our employees and workers fairly and with dignity. We are proud to announce three new labour and social policies established this reporting period, our Human Rights policy, Prevention of Child Labour Policy, and Prevention of Forced Labour Policy. The policies are currently available in English, however, efforts are underway to translate the policies into the relevant languages of our diverse workforce, including Bahasa Melayu, Nepali, and Thai.

Human Rights Policy

Our Human Rights policy outlines our ultimate responsibility to uphold and protect the rights of our workers, as well as the wider communities in which we operate. Within the Human Rights policy, we have established four broad human rights principles to guide us in our day-to-day operations. The figure to the right elaborates on each of the principles, further details found in the policy itself, accessible from our corporate website.

Prevention of Child Labour Policy

Our Prevention of Child Labour Policy underpins our commitment towards respecting and upholding the rights of children and young persons, as well as our internal commitment of employing zero children and young persons in our workforce. The policy also lays out fundamental practices we will be utilising to prevent any form of child labour. These practices include:

- The Group does not provide employment to children and young persons before they are of legal 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 not rectified their actions;
- Our responsibility in implementing and ensuring compliance with the policy at all of our operations and facilities.

Any instances of child labour violations at any of our operations can be reported to our Sustainability Officer, Group Human Resource Manager, or Head of Internal Audit via our whistleblowing channels laid out in our Whistleblowing Policy.

Principle 1: Workplace Diversity and Equal Opportunity

- Zero tolerance towards any form of discrimination.
- Ensure a safe and inclusive workplace.
- Embrace the diversity of our employees.

Principle 2: Upholding Workers' Welfare and Well-being

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

Principle 3: Prohibiting Child Labour

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

Principle 4: Employee Rights

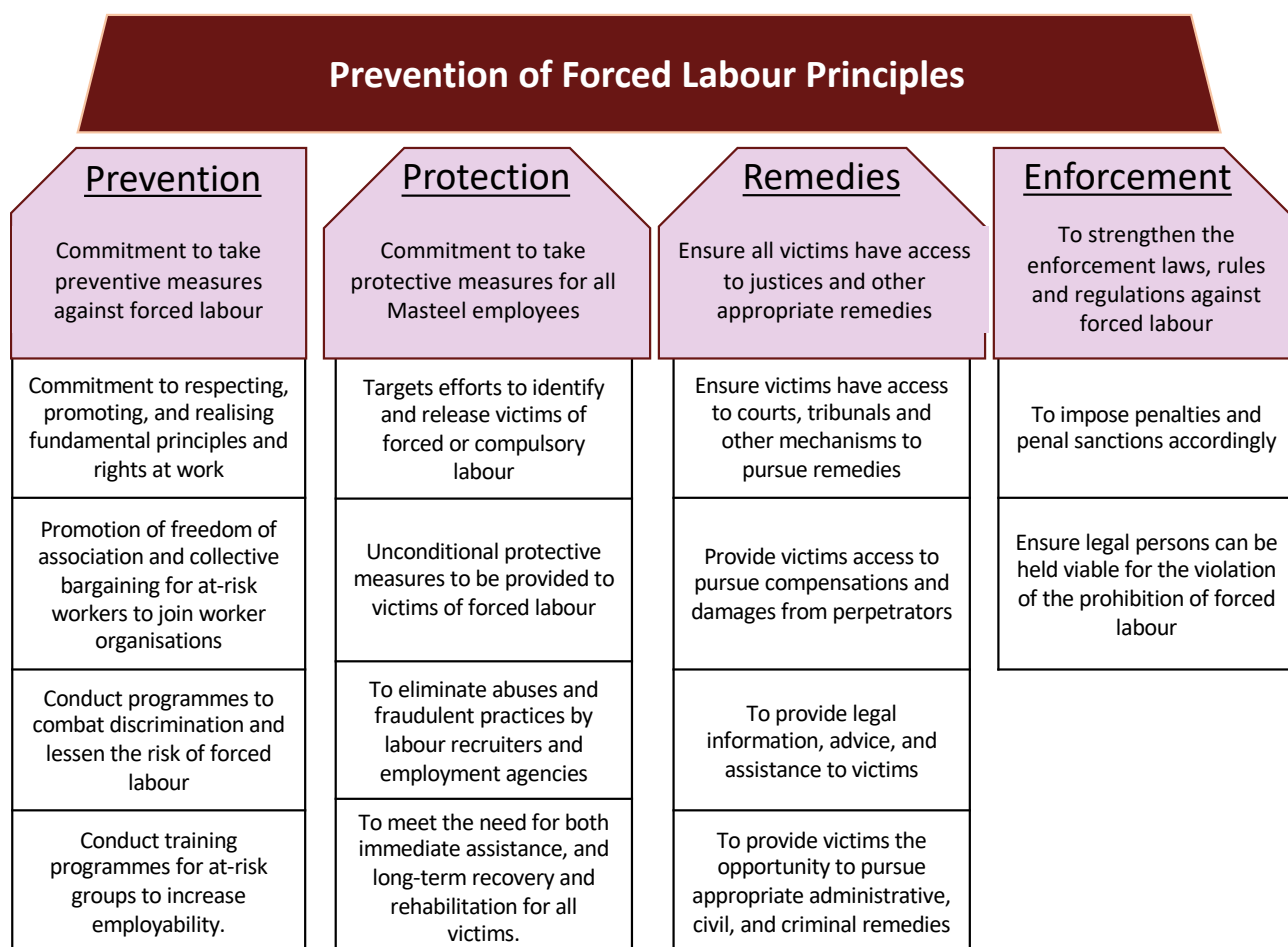
- Prohibits any form of forced or bonded labour, slave labour, and human trafficking.
- To provide a safe and healthy workplace.
- To ensure all employees fairly compensated relative to industrial and labour markets.
- To discourage excessive working hours.
- To protect workers from any form of harassment,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

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Further details on our Prevention of Child Labour policy can be found on our corporate website.

Prevention of Forced Labour Policy

Our Prevention of Forced Labour Policy demonstrates our commitment towards protecting our employees and associated workers from any form of forced or compulsory labour. In the policy, we have four guiding principles to direct us in the prevention of forced labour. The figure below showcases each of the four principles, with further details available in our Prevention of Forced Labour Policy, accessible from our corporate website.



In addition to the introduction of our new human rights and labour policies, we continue to employ other best practices within the Group to ensure the fair treatment of our employees. Some of our general practices include the following:

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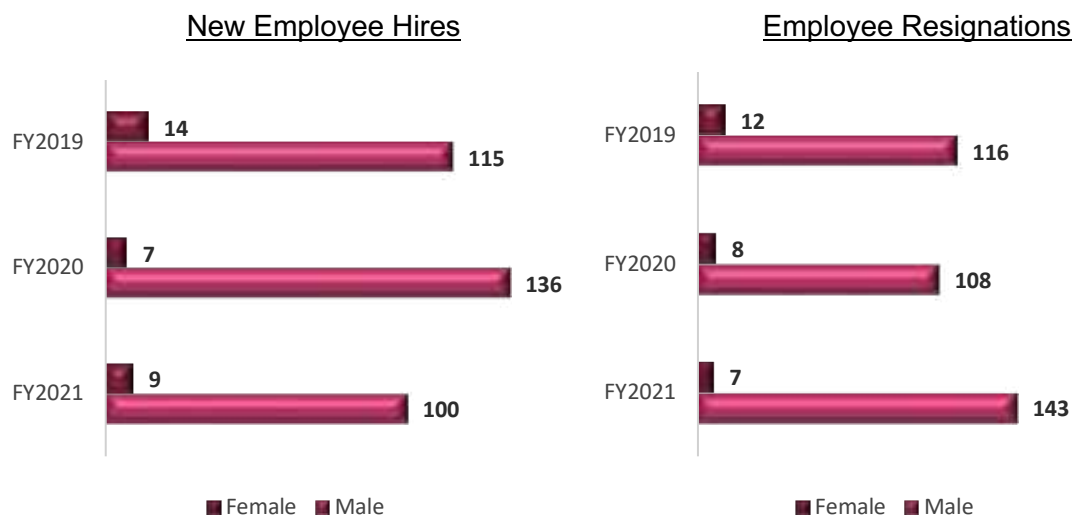
We are pleased to announce that we have recorded no incidents of discrimination, or violations of human rights during this reporting period.

Employee Diversity

For FY2021, we have a total headcount of 789 employees across all of our subsidiaries. 49.7% of this total have permanent positions within the Group, while the remaining 50.3% of the workforce are on contract. Full-time staff in the Group are provided with health care and disability coverage in the form of medical benefits and group personal accident insurance.

We have hired a total of 109 new employees during this reporting period, and also saw 150 employees resign. Compared to previous years, this financial year has seen an overall reduction in new hires and an increase in resignations. This is at least partly attributable to the on-going COVID-19 pandemic that has caused economic instability impacting all industries. A breakdown of our number of employee hires and resignations, by gender, can be found in the figures below.

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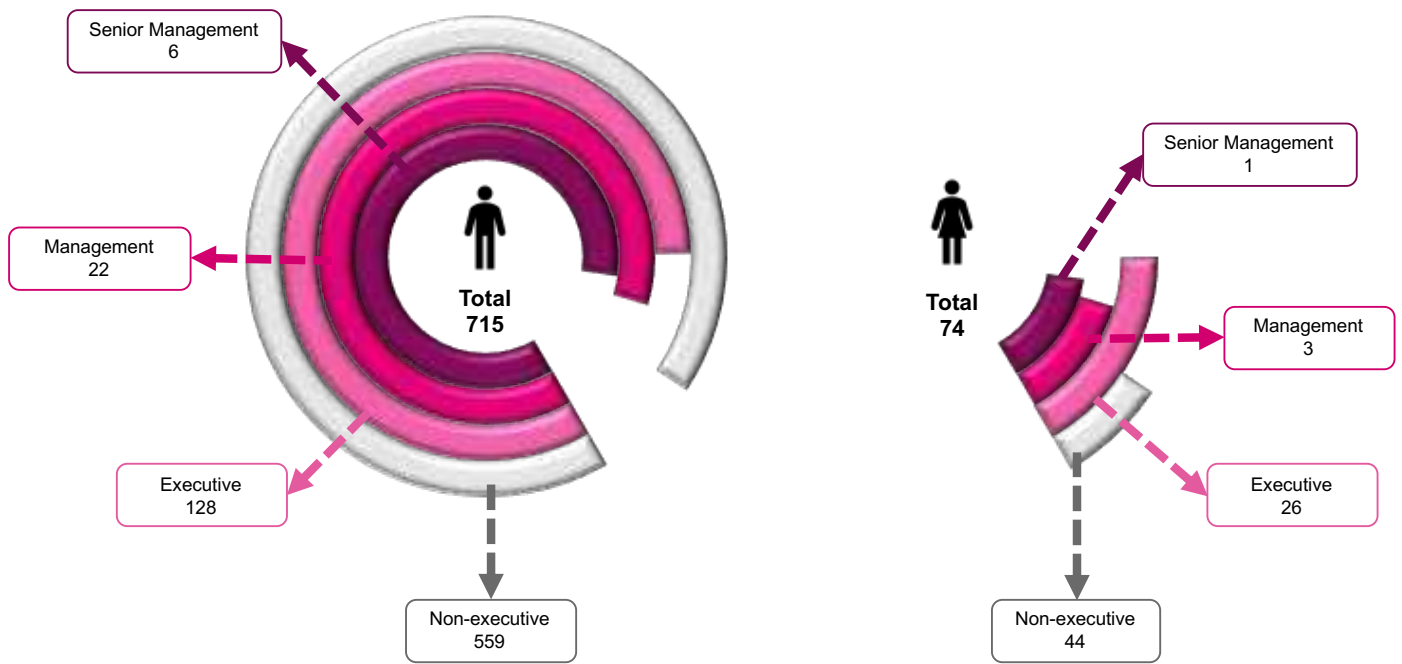
The gender distribution of employees within the Group is male-dominated, with 90.6% of our employees men, and 9.4% women. This is typical of companies within the steel manufacturing industry due to the laborious and physical demanding nature of the manufacturing process and factory environment. However, as stated in our Human Rights policy, we do not discriminate against any individuals, regardless of gender, willing to join our Group, as we provide fair and equal opportunities to all. A detailed breakdown of the gender distribution is illustrated in the figures below.

At Masteel, we have an internal commitment to prioritise the employment of locals, especially those from under-privileged groups and unemployed youths, to bolster our local economy and communities. This is reflected in the diversity of our workforce, with 54.2% of employees Malaysian locals, and the remaining 45.8% foreign workers from a range of nationalities, e.g. Thai, Bangladeshi, Nepalese, and Burmese.

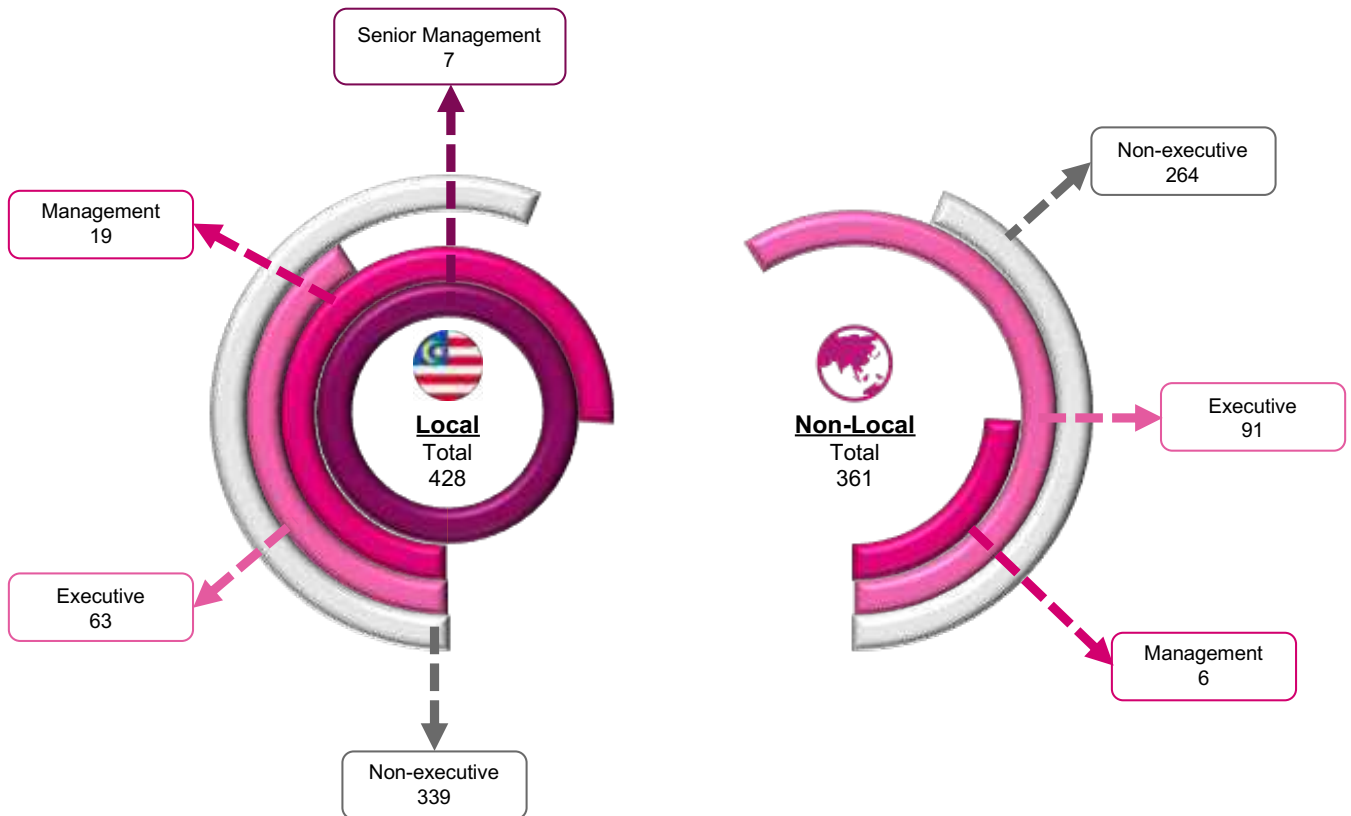
In terms of age distribution within the Group, the majority of our employees (52.9%), are within the age group of 30 – 50 years. The next major age group are those below 30 years (28.3%) and finally those aged above 50 years (18.9%). The majority (76.4%) of the workforce hold non-executive positions due to the labour-intensive nature of factory management and steel manufacturing and processing.

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FY2021 Gender Distribution

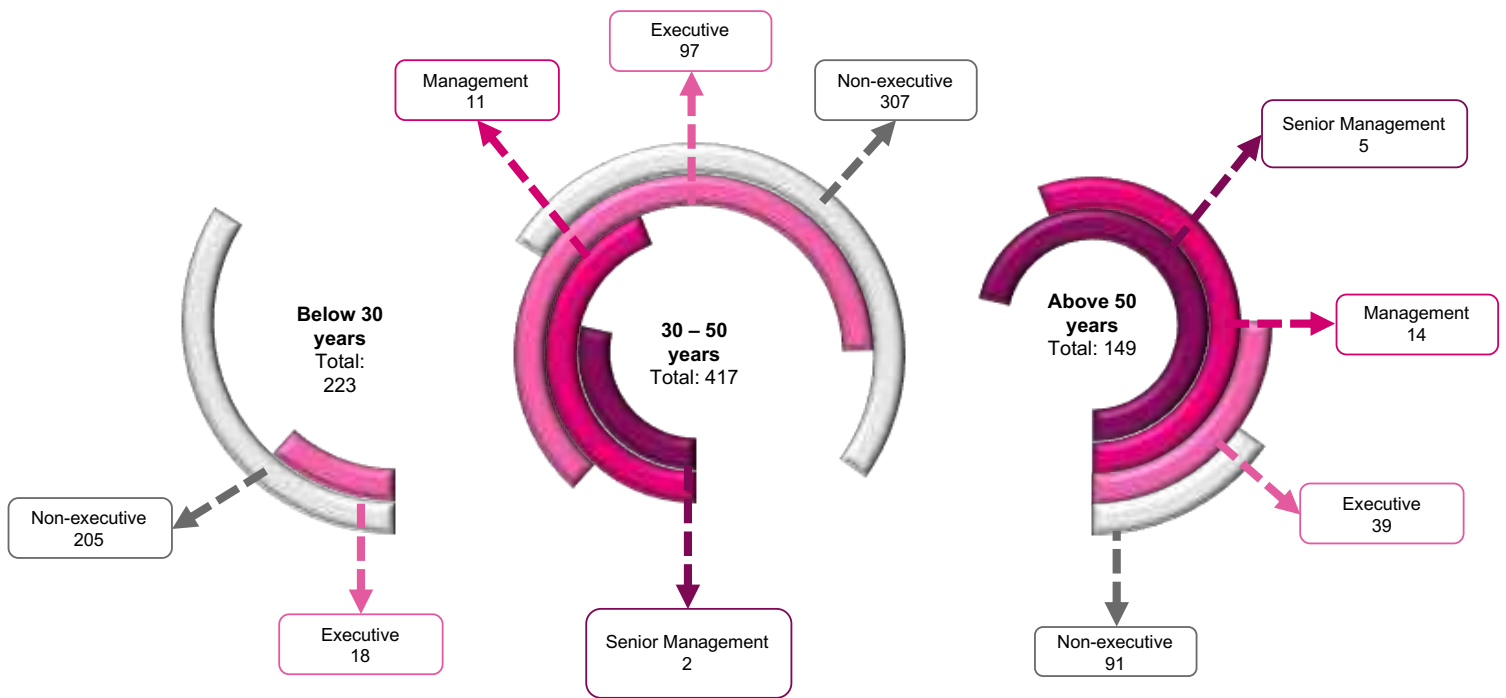


FY2021 Local vs Foreign Workers Distribution

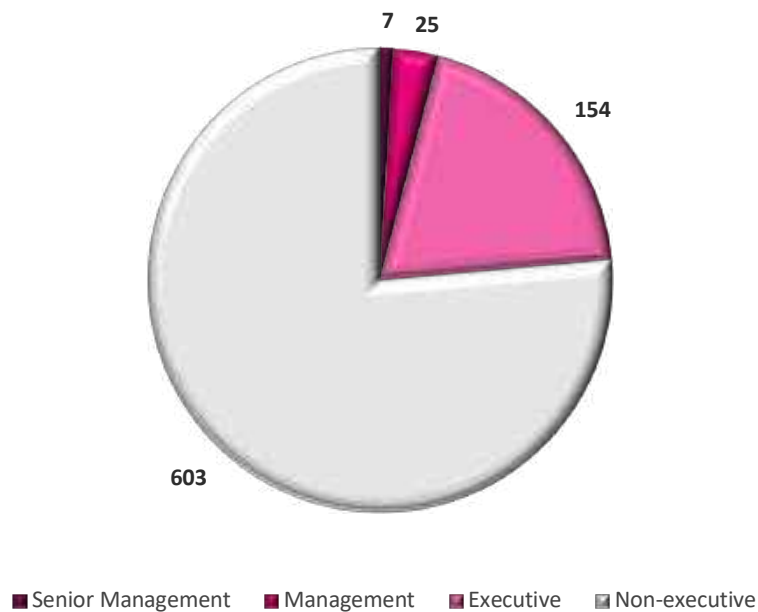


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Age Distribution



FY2021 Employment Category Distribution



During this reporting period, a total of ten employees, eight women and two men, have taken parental leave. All ten employees have since returned to work. In FY2020, 22 employees took parental leave, and all have retained their employment with Masteel for the 12 months after returning from their parental leave.

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Training and Development

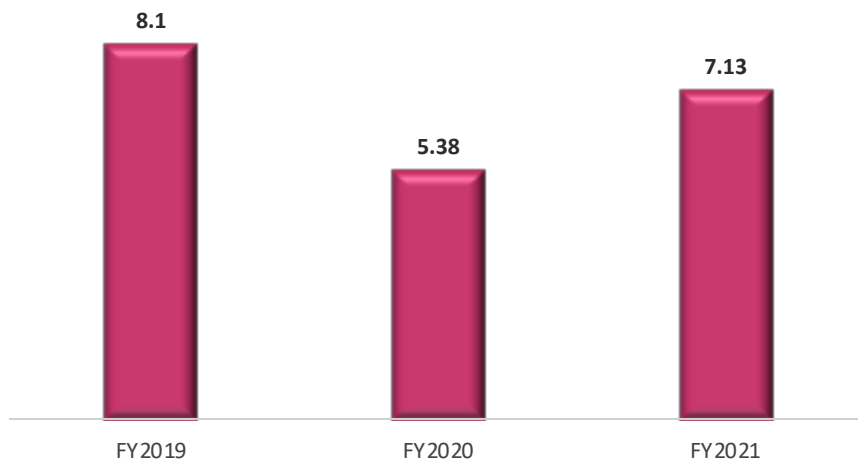
We provide employees with training and development opportunities to nurture their growth and talent throughout their careers with us. Some of the training we have provided for this reporting period include:

Training Programmes			
Petaling Jaya Plant		Bukit Raja Plant	
Internal	External	Internal	External
Briefing on Anti-Bribery and Corruption	Communication Skills	Briefing on SOP Compliance and Enforcement at the Workplace and Employee's Dormitory	Effective ISO 45001: Risk-Based Process Approach to Internal Audit
HR Orientation on New Employees	COVID 19: The Response to Sustain Business and Maintain Livelihood	Introduction to Permit To Work (PTW)	Forum on Sewage Treatment Plants in Malaysia
Profile: Bars Appearance / Quality Inspected at Bundling Section	Covid-Created Unique Governance Issue	HR Orientation on New Employees	ISO 45001 Documentation and implementation Training
Profile: Billet Recorded into the Furnace - For Tagging Purpose	Essentials for Forklift Operators	Overhead Crane and Oxy Cutting	ISO Briefing
Profile: Mass / Metre Checking on Individual Bars	Fundamentals of Steel Making Technology & Process	Permit to Work (Contractor)	Communication Skills
Profile: Measurement of Specific Projected Ribs Area	Introduction of the Steel Product	Safety Work Procedures for Using Overhead Crane & Ladder Oxy Cutting	Fundamentals of Steel Making Technology & Process
3R Bin	Introduction to the Steel Making Industry		Introduction of the Steel Product
3R Bin Briefing	ISO14001:2015 EMS Awareness and Understanding		Introduction to the Steel Making Industry
Pollution Awareness Training	Raw Material for Steelmaking		Raw Material for Steelmaking
Scheduled Waste Disposal Briefing	Risk-based Annual Audit & Engagement Planning		Steel Making Maintenance
Toolbox Talk	Steelmaking Maintenance		Steel Making Operations
	Steelmaking Operations		Fundamentals of the Steel Product Quality System
	Fundamentals of the Steel Product Quality System		
	The Update of MCCG 2021		
	Violation of the Companies Act 2016: Oversights by Directors & Secretaries		

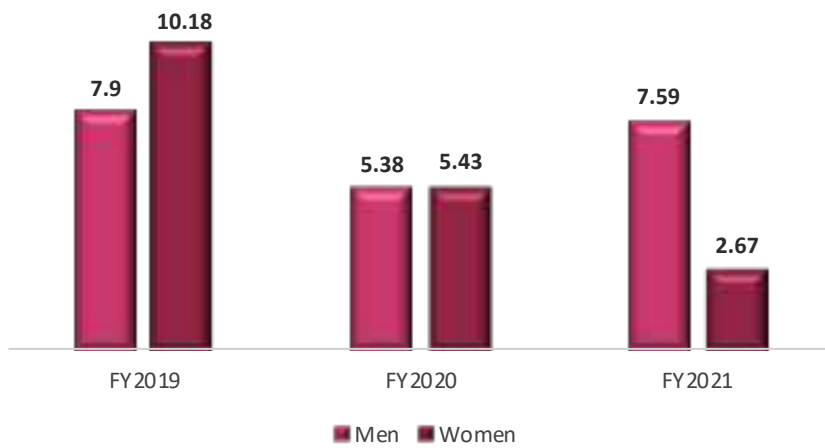
**This list excludes Occupational Health and Safety Training, refer to "Occupational Health and Safety", above.*

In total, we recorded 5,627 hours of training for this reporting period, an improvement of 3,587.5 hours compared to FY2020. We similarly recorded an increase in the average training hours per employee compared to the previous year, with 7.13 hours of training per employee.

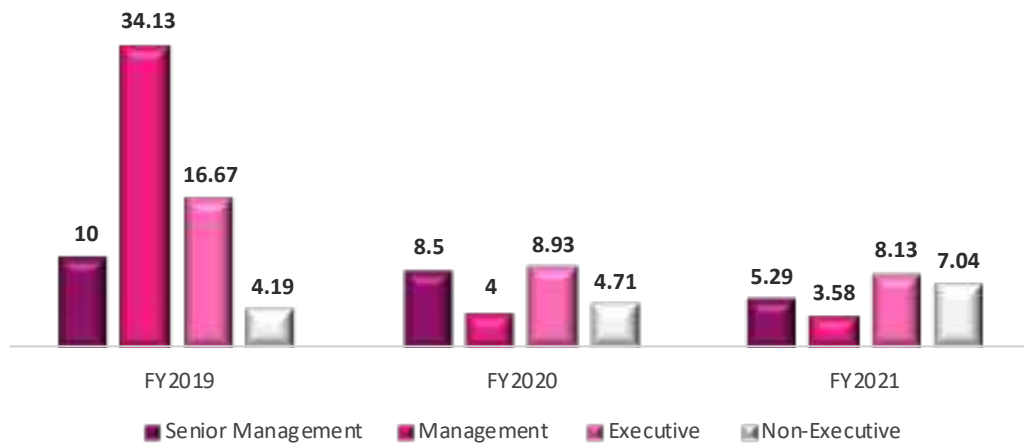
Average training hours per employee



Average training hours by gender



Average training hours by employment category



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Training hours in FY2020 and FY2021 have been impeded by prolonged COVID-19 related lockdowns and work-from-home arrangements. Despite the challenges, we have met our ISO 9001 requirements for training hours per employee.

To further support the development of our employees, we conduct performance appraisals at least once a year as means to identify areas for improvement. Additional performance appraisals are conducted in cases of career advancement. This enables us to better determine whether or not the employee is prepared for the new position or requires further training before advancement. For FY2021, we have conducted performance reviews for all 789 our employees in each of the employee categories.

For the upcoming financial year 2022 we have adopted two new principles for furthering the competencies and awareness of our employees. The principles are:

- **Malaysian Steel Institute (MSI) Training:** An online technical and safety awareness training (from 10 – 20 days) conducted for all new hires on their onboarding day.
- **Yearly Training Plan:** Training Needs Analysis (“TNA”) conducted to identify skill gaps and training needs required by existing employees. The results from the TNA will then be used to create the Yearly Training Plan for the employees.

Responsible Supply Chain Management

Ethically and sustainably managing our supply chain partners is a responsibility we have as a major player in the local steel industry. We have already introduced our three new labour policies (refer to “Employment Practices” above), in our efforts to reinforce our commitments towards good social practices. We believe it is within our suppliers and contractors’ best interest to be able to follow suit with their efforts. As such, we have begun the development of a due diligence process specifically for new suppliers and contractors, relating to Environmental, Social and Governance aspects. We plan to finalise the supplier due diligence process and begin conducting our supplier and contractor ESG assessments in FY2022. In addition to the upcoming ESG due diligence process, we currently perform yearly evaluations of our suppliers for the quality of their services and products. The criteria in which we based our current evaluation system includes:

- Quality of supplier’s product
- Price
- Delivery options and timeliness
- Services offered
- Supplier’s safety performance

Each criterion is attributed a score from 0 – 4, which is then totalled to give an overall score or rating. If a supplier scores below 12 points, we will notify them of the rating and evaluation, and inform them that immediate corrective action is required to amend their performance. After five consecutive scores of less than 12 points, we will deregister the supplier from our Approved Supplier List, unless a specific concession is given. Our Approved Supplier List contains suppliers that have consistently demonstrated the quality of their service and

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products. Suppliers deregistered from our list are given a lower priority when we are selecting new suppliers.

Community Investments

Our business activities can impact not only the surrounding environment but also the local communities where we operate. We therefore invest and contribute to the local communities to mitigate the potential impacts and effects we have on them. One of our ongoing investments is with the Ti-Ratana Foundation. The Ti-Ratana Foundation, or Ti-Ratana Welfare Society, is a charitable organisation that operates several welfare projects such as child support programmes, senior citizen programmes, women support programmes, and healthcare programmes. For this reporting period, we have donated RM 32,000 to the Ti-Ratana Foundation.

Additionally, we conducted a community blood donation drive in effort to assist the replenishment of the national blood bank. Held for one day at the Petaling Jaya plant, two days at 3 Damansara Mall, and across three days at Aeon Mall Bukit Raja, the total CSR hours invested in the campaign was 38 hours. 18 Masteel employee volunteers were involved in organising, facilitating and assisting the programme. During the drive, we encouraged our employees to participate, with a total of 34 Masteel employees becoming involved, alongside 228 members of the public. To further facilitate our contributions and efforts to our local communities, Masteel is developing an internal target for a minimum total of 800 hours of corporate social responsibility (“CSR”) work by our entire workforce. We plan on implementing this target in FY2022. To help us achieve our goal, we are already in the planning phase for several new CSR programmes to help facilitate the participation of our employees in CSR works.



Pictured: Masteel conducts two successful blood drive campaigns.

GOVERNANCE

Strong corporate governance provides the backbone which facilitates the success of sustainability initiatives. Commitment to ethical corporate behaviour starts from the top with strong leadership from our Board of Directors.

All employees at Masteel are required to abide by our Code of Conduct and Code of Ethics, supplied to staff during onboarding and freely available on the corporate website. The Codes outline the principles, standards, and norms of behaviour expected by all employees, including our Board and management.

Privacy and Data Protection

Our Personal Data Protection Policy is comprehensive and applies to all staff at Masteel, and is contained within a dedicated chapter in the Employee Handbook. It outlines the range of personal data that can be collected from our staff, as well as what this data may be used for by the Group. Our efforts to safeguard and protect the data are also included within the Policy, as well as a contact point should any employees have questions or concerns about their personal data and its use. The Policy is provided to employees in both English and Bahasa Melayu.

Also within the Employee handbook is our Information Technology Policy. This Policy covers the handling of the Group's IT systems, as well as the personal data of our employees, customers and partners. The Policy includes guidance to ensure the security of computer workstations and portable devices, including the use of lock screens, complex passwords and antivirus software. All employees are required to abide by the restrictions set out in the Policy, in order to protect the cybersecurity of the Group's systems.

Legal Compliance

To ensure we remain in compliance with all relevant laws and regulations pertaining to our organisation, Masteel maintains a comprehensive legal register. Monitoring and mitigation of any compliance risk are being tracked through our risk register. This includes a risk reporting checklist, where we regularly check for updates to laws and regulations, and then cross-check our continued compliance. Some of the key regulations we adhere to and our methods of evaluating compliance are outlined in the tables below.

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Legislation	Relevant Compliance Obligation	Affected Activities	Compliance Evaluation Method
Waste and Chemical Related			
Solid Waste and Public Cleansing Management Act 2007	Disposal via the licensed contractor	Disposal of domestic wastes	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> CHRA Reports; Chemical Registry; Stock Cards
Noise and Statutory Nuisance			
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	<ul style="list-style-type: none"> Yearly Noise Monitoring Report; Audiometric test report for employees with high noise exposure; hearing conservation training records
Health and Safety Related			
Occupational Health & Safety Act, 1994	Section 15(1) & 17 – OHS risk assessment; Section 16 – Establishment of Safety Policy;	All activities	<ul style="list-style-type: none"> HIRARC & Review of Environmental, Occupational Health & Safety Policy during yearly management review or when required.
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	<ul style="list-style-type: none"> Safety & Health Committee Chart; quarterly meeting minutes

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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	<ul style="list-style-type: none"> Safety Officer's green book
Occupational Safety and Health 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	<ul style="list-style-type: none"> MyKKP portal's data & report
Factory and Machinery Related			
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> JKKP Logbook; License Register
Others			
Fire Service Act 1988	22 – 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	<ul style="list-style-type: none"> Fire Certificate renewal record
COVID 19 (SOP)	-Daily factory sanitizing 3 times Morning, Afternoon and Evening -Provide Face Mask and Enforce Wearing of face mask	All activities	<ul style="list-style-type: none"> Record sanitizing activities; Record face mask distribution; All informative signages in place; Record submission report

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	-Displayed COVID-19 related signages and install 1-meter distance barricade at -Canteen, Guard House and Surau -Submission of Daily report to DOSH		
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	<ul style="list-style-type: none"> • Risk reporting checklist
Companies Act, 2016	To comply all sections of Companies Act, 2016 and submit necessary returns to Companies Commission of Malaysia.	Corporate Compliance	<ul style="list-style-type: none"> • Risk reporting checklist

Unfortunately, this year we received one penalty for non-compliance with the Employees' Minimum Standards of Housing, Accommodation and Amenities 1990 (Act 446), due to delays in certification and approval for worker's accommodation. We are continuing to work diligently to rectify the non-compliance, and expect to be fully within the Act's requirements by June 2022.

Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy

To further embed a culture of ethics and responsibility within our staff, in 2020 we formalised our Anti-Bribery & Anti-Corruption Policy (“ABAC Policy”) and updated our Whistleblowing Policy. The policies outline our commitment to honest and ethical behaviour, and create a system of accountability and anonymous reporting. Both policies are applicable to Masteel staff and Directors, as well as any third parties we engage with. Third parties are additionally required to sign an anti-bribery and anti-corruption declaration prior to commencing engagement with Masteel.

The declaration was introduced as a measure of mitigating potential bribery risks relating to third parties, identified during our risk assessment process. The risk of bribery was deemed to be high for the following areas:

- Import and export of goods; and
- Engagement with an outsourced activity or association of a third party.

Prior to any engagement with a third party, a due diligence procedure is followed, including a search for the company on The Corruption Offenders Database which is available at Malaysian Anti-Corruption Commission’s website.

The ABAC Policy comprehensively describes the types of bribery and corruption, as well as other potential risk areas such as the giving of gifts, entertainment, hospitality, travel, donation and sponsorship, and what to do in the event of a potential or perceived conflict of interest. The Whistleblowing Policy outlines the steps for a whistleblower to lodge a report, as well as the roles and responsibilities of those investigating the whistleblower’s claim. All whistleblowers remain anonymous and are protected from retaliation when making a report in good faith.

The policies are communicated to staff via internal memorandums and training sessions. As of Q4 FY2021, 18 ABAC training sessions have been conducted, covering 166 (20.78%) of employees, from the Factory, Security, and Office teams. Both our ABAC Policy and the Whistleblowing Policy are freely available on our corporate website. We recorded zero cases of corruption in FY2021.

CONCLUSION

The past few years have presented unprecedented challenges for both the global economy and the health and wellbeing of the population. Despite the disruptions and uncertainties, Masteel is proud to have made so many positive steps on our sustainability journey this financial year. Our successes are a testament to the dedication and commitment of our team, who have fully embraced the ESG ideals and embedded good practices across their work. We look forwards to continuing this momentum as we implement additional plans and practices in the coming years.

Our Plans for the Future

We are driven by continuous improvement and are making plans and taking steps to further improve our sustainability initiatives and reporting in future years. Some of our upcoming targets include:

- Enhancing ESG practices within our wider supply chain by implementing a supplier questionnaire process. The questionnaire will encompass both environmental criteria as well as labour standards and human rights considerations. The completed questionnaires will be reviewed by the Sustainability Committee, and used to assess our supplier's potential environmental and social impacts, and determine if they align with Masteel's ESG values and priorities.
- Implementing a target of 800 collective CSR hours per year for Masteel's employees.
- Further embedding sustainability accountability by linking Board and Director remuneration to performance against ESG criteria.
- Expand our emissions monitoring with the collection and presentation of Scope 3 GHG emissions data.
- To expand our current risk-management framework to better encompass identified ESG risks and their mitigation measures.

GRI CONTENT INDEX

GRI Indicator	Content of Disclosure	Location Within Report
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2-7	Employees	37
2-9	Governance structure and composition	9
2-14	Role of the highest governance body in sustainability reporting	9
2-22	Statement on sustainable development strategy	8
2-23	Policy commitments	19, 35, 46, 50
2-26	Mechanisms for seeking advice and raising concerns	50
2-27	Compliance with laws and regulations	46
2-28	Membership of Associations	4
2-29	Approach to stakeholder engagement	10
3-1	Process to determine material topics	14
3-2	List of material topics	16
3-3	Management of material topics	<i>throughout</i>
Economic		
201-2	Financial implications and other risks and opportunities due to climate change	24
203-1	Infrastructure investments and services supported	44
205-2	Communication and training about anti-corruption policies and procedures	50
Environmental		
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302-1	Energy consumption within the organisation	25
303-3	Water withdrawal	26
305-1	Direct (Scope 1) GHG emissions	23
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305-5	Reduction of GHG emissions	23
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306-4	Waste diverted from disposal	19
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Social		
401-1	New employee hires and employee turnover	38
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37
401-3	Parental leave	40
403-1	Occupational health and safety management system	29
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403-4	Worker participation, consultation, and communication on occupational health and safety	29

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403-5	Worker training on occupational health and safety	30
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404-1	Average hours of training per year per employee	42
404-2	Programs for upgrading employee skills and transition assistance programs	41
404-3	Percentage of employees receiving regular performance and career development reviews	43
405-1	Diversity of governance bodies and employees	37
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