



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

MASTEEL ESG COMMITMENT (FY2023/2024)

Additional Information for Masteel Sustainability Report FY2023

Water Security

Masteel is deeply committed to effective water risk management where we engages proactively with stakeholders to address any potential water-related risks and ensure responsible water consumption within our operation sites. We conduct regular engagement and consultations with key stakeholders, including local communities, regulatory bodies and water management authorities. This engagement sessions are designed to gather insights into any potential local water challenges, understand stakeholder concerns and collaboratively develop solutions is needed. Furthermore, we are committed to transparency in our water management practices where we continue to provide detailed updates on our water consumption, risks, and mitigation strategies in our annual Sustainability Report. In addition, we employ tools like the World Resource Institute's Aqueduct Water Risk Atlas to assess potential water risks at both our Petaling Jaya and Bukit Raja operational sites. The analysis shows that both locations are categorised as low-risk, confirming that our operations are not situated in water-stressed regions, with zero water withdrawals and consumption in such areas. Nonetheless, our commitment to protecting and preserving water resources remains unwavering, as demonstrated by our recent installation of a rainwater harvesting system at the Bukit Raja site.

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

**Source: https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&geoStore=788bbec6d8caf1ae96a1109436c187ec&indicator=bws_cat&lat=61.270232790000634&lng=14.589843750000002&mapMode=analysis&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&threshold&timeScale=annual&year=baseline&zoom=2*

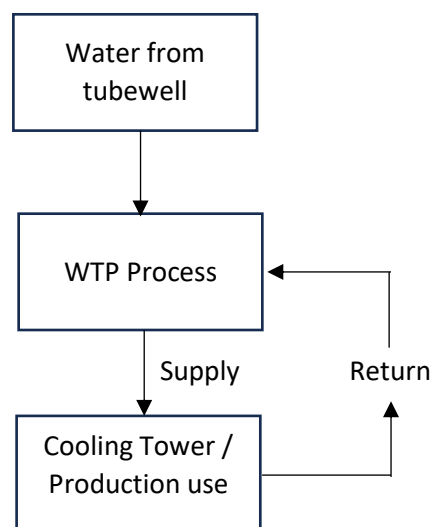
Masteel achieves zero water discharge in our operations by fully recycling all waste water for cooling purposes in our machinery and products. Masteel is firmly committed to the principles of a circular economy, which emphasizes minimizing waste and maximising resource efficiency. Our innovative system ensures that waste water is continuously reintegrated into the production process. Additionally, we are in the process of securing recognition and certification from the Department of Environment ("DOE") Malaysia for

our 100% recycled waste water. Given our zero-water discharge approach, no data on water discharge has been collected.

Location	Discharge destination	Water Discharge (million m ³)		
		FY2021	FY2022	FY2023
Petaling Jaya, Selangor, Malaysia	-	-	-	-
Bukit Raja, Klang, Selangor, Malaysia	-	-	-	-

At Masteel, we have implemented a cutting-edge wastewater recycling treatment process designed to achieve both environmental sustainability and operational efficiency. Our approach encompasses the following key stages:-

Summary of Process Flowchart



Location	Source	Water withdrawal (m ³)		
		FY2021	FY2022	FY2023
Petaling Jaya, Selangor, Malaysia	Municipal potable water	61,382.00	30,396.00	21,605.00
	Harvested rainwater	0.00	0.00	0.00
Bukit Raja, Klang, Selangor, Malaysia	Tubewell	257,042.00	252,551.00	244,818.00
	Municipal potable water	36,298.00	31,988.00	35,940.00
	Harvested rainwater	0.00	0.00	1,240.53

Labour Standards

At Masteel, our engagement with both internal and external stakeholders has led us to identify and delineate eight key salient labor issues within our business operations and value chain, as outlined in our Human Rights Policy. In line with our rigorous due diligence process, we conducted an extensive Human Rights Risk Assessment involving 132 respondents—comprising 84 internal stakeholders and 48 external parties. This thorough assessment aimed to uncover both actual and potential labour issues affecting our stakeholder groups, offering a comprehensive understanding of the challenges that require our attention and action.

Eight (8) potential salient labour issues

- 1) Forced labour and responsible recruitment;
 - 2) Child labour recruitment;
 - 3) Health and safety at work;
 - 4) Living income and living wage;
 - 5) Gender equity, non-discrimination and non-harassment;
 - 6) Equal opportunity in training and development;
 - 7) Right to non-excessive of working hours; and
 - 8) Right to employees' welfare and well-being.
- strengthen our capacity to assess, address, and report on human rights risks, we have developed specific action plans tailored to each of our salient issues. These plans outline our strategy for assessing, addressing, and reporting our efforts on each salient issue, detailing the necessary steps across our value chain and identifying opportunities for collective action. These strategies are backed by the following 5 enablers.

MASTEEL'S DUE DILIGENCE TO SALIENT ISSUES



Equal Opportunities

As part of our commitment to enhancing workforce diversity, we remain steadfast in our support for local talent with a focus on hiring underprivileged groups and unemployed youths to stimulate the local economy and provide equal opportunities to foster stronger communities. We are committed to inclusive employee development, prioritising professional growth across all backgrounds regardless of nationality, gender, religion, or race to ensure peak team performance and maintain the highest quality standards. Our dedication to nurturing talent and bolstering organisational capabilities, Masteel has made a significant stride in recruiting young talents by forging partnerships with local universities. In FY2023, Masteel solidified two pivotal Memorandum of Understanding (“MOU”) agreements with Xiamen University Malaysia and Universiti Tunku Abdul Rahman. These MOUs serve as foundational pillars for fostering robust collaboration between the industry and academia.

Festive Celebration and Gifts

Additionally, Masteel is dedicated to honouring the diverse religious backgrounds of our employees through a range of festive celebrations and gift distributions. These initiatives celebrate the rich cultural and religious diversity within our workforce. In every year, we proudly hosted events for Chinese New Year, Hari Raya Aidilfitri, Deepavali, National Day, Malaysia Day, and Christmas, reinforcing our commitment to inclusivity and unity within our organisation.



(Chinese New Year Celebration)



(Hari Raya Celebration)



(Christmas Celebration)

Gender Balance

Masteel has demonstrated its commitment to human rights by publishing its Human Rights Policy in 2021. We are dedicated to providing fair and favorable working conditions for all employees, free from discrimination. Upholding the principle of equal pay for equal work, we ensure that men and women performing the same roles receive equitable compensation. Recruitment, placement, training, compensation, and career advancement are based solely on qualifications, performance, skills, and experience.

We strictly prohibit discrimination based on race, color, gender, language, religion, political beliefs, caste, national or social origin, property, birth, union affiliation, sexual orientation, age, disability, or any other distinguishing characteristic.

In recent years, Masteel has made substantial strides in enhancing gender balance within top management. A key achievement has been the increased representation of women on our Board of Directors. As of FY2023, three women directors now serve on the Board, making up 37.5% of its total members, reflecting our commitment to gender diversity at the highest levels of leadership.

While Masteel's workforce remains predominantly male due to the nature of our industry, we are firmly committed to promoting gender diversity. Since 2021, Masteel has focused on advancing equal pay for equal work. To uphold pay equity, we conduct annual equal pay reviews, ensuring that men and women in comparable roles receive fair and equal compensation. Additionally, Masteel's recruitment process is driven solely by merit, with decisions based on qualifications, performance, skills, and experience.

Human Rights & Community

We consistently conduct comprehensive assessments of risks inherent in our operations, with a focus on social and human rights risks, to address both positive and negative impacts from our business activities and those of our suppliers and contractors. Our assessment framework is constructed in alignment with the principles and standards outlined in the UN Guiding Principles on Business and Human Rights. Moreover, these evaluations are fully aligned with Masteel's Human Rights Policy, which is centered on upholding local labor laws, ensuring conducive working conditions, prioritising employee health and safety, promoting community welfare, and effectively managing our supply chain.

In FY2023, Masteel reaffirmed its commitment to fostering meaningful engagement with both internal and external stakeholders concerning our Human Rights Policy. As part of our due diligence process, we conducted a comprehensive Human Rights Risk assessment, gathering insights from 132 respondents, including 84 internal stakeholders and 48 external parties. This assessment aimed to uncover real and potential human rights challenges faced by our stakeholder groups. As a result, we have identified key salient issues and corresponding mitigation measures.

Salient Issues	Mitigation Measures
Forced labour and responsible recruitment	<ul style="list-style-type: none"> • Involve in regular assessments to verify that all labour practices comply with international and local standards, ensuring that workers are recruited ethically, without force, and that they work under fair conditions • Provide training to all employees on identifying and preventing forced labour • A grievance mechanism to report any violations safely and confidentially
Child labour recruitment	<ul style="list-style-type: none"> • Enforcing strict age verification processes within our recruitment practices to ensure compliance with minimum legal working age requirements. This includes conducting thorough audits of our supply chain to verify that no child labour is employed at any stage of operations • Collaborate with local communities and NGOs to support educational opportunities for children through our contribution to Ti-Ratana Welfare

	Society, thereby reducing the risk of child labour
Health and safety at work	<ul style="list-style-type: none"> Increased the safety training and safety briefing to identified potential safety risks at all level of operations
Living income and living wage	<ul style="list-style-type: none"> Ensures all employees and workers in our supply chain receive a living wage that meets or exceeds local standard and requirement. This involves conducting regular wage assessments to align with the cost of living and ensuring that compensation covers basic needs such as food, housing, healthcare, and education Engage with suppliers to promote fair wage practices
Gender equity, non-discrimination and non-harassment	<ul style="list-style-type: none"> Implementing and strictly enforcing comprehensive policies that promote gender equity, non-discrimination, and non-harassment in the workplace. This includes providing regular training and education programs for all employees on recognising and preventing discrimination and harassment. Established clear reporting mechanisms that ensure confidentiality and protection for those who report incidents, coupled with a zero-tolerance approach to violations. Promote equal opportunities for all genders in recruitment, promotions, and professional development, and actively monitor and address any gender disparities in pay and representation within the organisation.
Equal opportunity in training and development	<ul style="list-style-type: none"> Established a transparent and inclusive training and development program that ensures all employees have equal access to learning opportunities, regardless of gender, race, or any other characteristic. This

	includes setting up clear criteria for participation in training programs, actively promoting these opportunities across the organisation, and monitoring participation to identify and address any disparities.
Right to non-excessive of working hours	<ul style="list-style-type: none"> • Implementing strict policies that regulate working hours in accordance with local labour laws and international standards, ensuring that all employees are protected from excessive work demands. This includes establishing clear guidelines for maximum working hours, mandatory rest periods, and overtime compensation. • Regularly monitor and audit work schedules across the organisation and supply chain to ensure compliance, and provide employees with mechanisms to report violations without fear of retaliation. • Promote a healthy work-life balance by encouraging time off and providing resources for stress management and well-being.
Right to employees' welfare and well-being	<ul style="list-style-type: none"> • Offering health and wellness benefits, such as access to healthcare services, mental health support, and fitness programs. • Ensure safe and healthy working conditions by conducting regular safety audits and providing training on workplace safety practices.

At Masteel, we remain steadfast in our commitment to actively engage with and contribute to society through our robust Corporate Social Responsibility (CSR) program. In FY2023, our dedicated efforts translated into a substantial contribution of RM100,000.00 to Ti-Ratana Welfare Society. Ti-Ratana Welfare Society is an organization dedicated to supporting the welfare of children, women, senior citizens, and healthcare programs. Through the Light Up Children programs under this society, our contributions help provide children with access to education and nutritious meals. Additionally, our support plays a crucial role in improving the lives of many vulnerable children living in poverty, empowering them to overcome their circumstances and reach their full potential. In alignment with our commitment to upholding international standards for the protection of human rights, we firmly believe that every child has the right to education on an equal opportunity basis, as outlined in the United Nations Convention on the Rights of the Child (UNCRC). Therefore, our annual contribution to Ti-Ratana Welfare Society enables us to support children's rights, ensuring their access to basic necessities, and helping to close the gaps in inequality.



(Picture of Light Up Program by Ti-Ratana)



(Picture of Light Up Program by Ti-Ratana)



(Picture of Light Up Program by Ti-Ratana)

Risk Management

Commitment to Auditors Independence and Transparency

Masteel is deeply committed to maintaining the highest standards of financial integrity and transparency. To uphold this commitment, we implement the following practices.

a) Regular rotation of Auditors/Audit partner

Masteel is committed to maintaining audit integrity and transparency through its External Auditors Assessment Policy, which mandates the regular rotation of audit partners every seven (7) financial years. This practice ensures fresh perspectives and upholds the independence of financial audits, aligning with industry best practices. By rotating audit partners, Masteel proactively mitigates familiarity risks that could arise from long-term associations, preserving the objectivity and impartiality of the audit process.

In addition to rotation, Masteel continuously monitors and assesses the audit firm's performance to ensure the audit process remains robust, independent, and adaptable to regulatory changes. This policy is a crucial element of Masteel's broader governance framework, designed to foster an environment where auditors can deliver unbiased assessments of the company's financial health, thereby reinforcing stakeholder confidence in the transparency and accuracy of Masteel's financial reporting.

b) Tendering for a New Audit Firm

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

The Audit Committee ("AC") of Masteel, comprised solely of independent directors, plays a pivotal role in overseeing the audit process. The AC is responsible for the appointment, resignation, remuneration, and removal of External Auditors, in compliance with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This oversight ensures that the audit firm operates under stringent governance standards. Re-appointment of the External Auditors is subject to shareholder approval during the Annual

General Meeting, following a comprehensive evaluation by the AC. Additionally, the AC holds the authority to recommend a change in the External Auditor if it is deemed necessary to uphold the integrity of the audit process, further reinforcing Masteel's commitment to audit independence and transparency.

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

Provisions for fines and settlements specified for ESG issues in audited accounts

Masteel recognizes the importance of addressing ESG issues as a critical aspect of our corporate responsibility and risk management strategy. As part of our commitment to transparency and accountability, we have established provisions in our yearly financial accounts to address potential fines and settlements that may arise from ESG-related matters. In FY2023, we allocated a provision of approximately RM100,000.00 for potential fines and settlements related to ESG issues, as determined by our Sustainability Committee Meeting. However, this provision is not reflected in our audited financial statements since no fines were incurred by the company in FY2023. This allocation is based on our assessment of potential risks in areas such as environmental compliance, social impact, and governance practices. This provision is intended to cover any unforeseen penalties or settlements that may arise from non-compliance with ESG regulations or other related issues. Additionally, this proactive approach allows us to manage our ESG-related risks more effectively and demonstrates our commitment to upholding the highest standards of corporate governance. By setting aside this provision, we ensure that our company is financially prepared to address any ESG-related challenges that may impact our operations, while also reinforcing our dedication to responsible business practices. Despite this provision allocation, Masteel continues to uphold the principle of zero non-compliance with any ESG-related matters. We perform yearly review and adjust these provisions as part of our ongoing risk assessment process, ensuring they accurately reflect the evolving ESG landscape and our company's commitment to sustainable development.

Information Technology Policy

For FY2023, we are pleased to announce that Masteel received no complaints or reports regarding the leakage of employees and customer data. Our steadfast commitment remains to safeguard and uphold the privacy of both employee and customer personal data. Within our Personal Data Protection Policy, we meticulously outline the scope of personal data collected from staff and its permissible uses within the Group and provide clear channels for addressing any employee concerns regarding personal data handling. This policy is integrated into our Employee Handbook, presented in both English and Malay languages, to ensure comprehensive understanding and accessibility.

Furthermore, the Information Technology Policy is explicitly detailed within the Employee Handbook, encompassing the management of the Group's IT systems aimed at safeguarding the personal data of our employees, customers, and partners. This policy delineates procedures to ensure the security of computer workstations and portable devices, including measures such as implementing lock screens, utilising strong passwords, and installing antivirus software. Employees are consistently reminded to adhere to the guidelines specified in the Policy to fortify the cybersecurity of the Group's systems.

In addition to prioritising privacy and data protection, Masteel takes rigorous precautionary measures related to cybersecurity. We place a high priority on cybersecurity and implement robust governance practices, including strong access controls and regular security audits as part of our Information Technology Policy, starting from the earliest stages of software development. This proactive approach ensures compliance with industry regulations and safeguards against evolving cyber threats. Masteel carefully balances the benefits of utilising cloud technology with the need to maintain data confidentiality and integrity by conducting regular assessments and updates. We have outlined comprehensive response plans to secure our data, systems, and applications stored in the cloud, with backups and protections in secure locations. The Information Technology Policy clearly states that Masteel utilises portable storage media, such as external hard disks, to retrieve data in the event of data loss or cyber threats. All storage media and hard disks must be labeled with the following statement: "Property of Masteel" and may contain proprietary information that must be protected from unauthorised use or access. These hard disks must not be removed from the company's control without proper authorisation. Each Department Manager is authorised to back up data to external hard disks on a weekly basis. Backup media must always be stored in a designated location separate from the User's office.

This approach is designed to ensure continuity, minimise downtime, and maintain productivity in the face of potential cyber threats.

Climate Change



Malaysia Steel Association ("MSA")

Masteel CEO is the Vice President of MSA

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



Malaysia Steel Institute ("MSI")*

Masteel CEO is the Malaysian Government appointed Executive Director of MSI

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



Federation of Malaysian Manufacturers ("FMM")

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

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



Malaysia Iron and Steel Industry Federation ("MISIF")

MISIF is the national industry association for manufacturers of iron and steel products. We have expressed commitment to support MISIF in raising awareness for sustainability and climate change through trainings and townhall session.



The United Nations Global Compact ("UNGC")

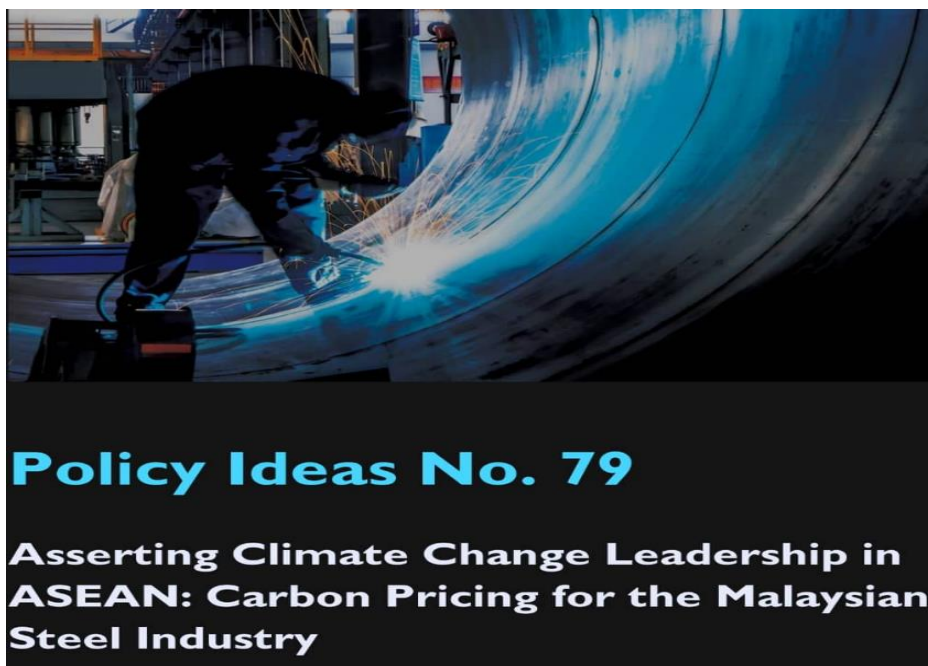
UNGC is a voluntary initiative launched by the United Nations to encourage businesses and organisations worldwide to adopt sustainable and socially responsible policies and to report on their implementation. It provides a framework for companies to align their strategies and operations with 10 principles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

Masteel's Sponsorship of IDEAS Research Paper on Carbon Pricing in Malaysia

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



(Minister of Natural Resources, Environment, and Climate Change, Nik Nazmi, received the research paper on carbon pricing in Malaysia from IDEAS.)



(Source : <https://www.ideas.org.my/publications-item/asserting-climate-change-leadership-in-asean-carbon-pricing-for-the-malaysian-steel-industry/>)

Masteel built 1-Tonne CO₂ Cube at Malaysian Green Technology and Climate Change Corporation (“MGTC”)

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



(1-Tonne CO₂ Cube constructed by Masteel at MGTC)