SUSTAINABILITY REPORT

ENVIRONMENTAL STEWARDSHIP

Trading and processing steel sustainably necessitates a commitment to continuous improvement. Our environmental initiatives focus on operational efficiency, emissions reduction, resource optimisation and climate resilience, supporting efforts to integrate sustainability considerations into our operations.

Material Sustainability Matters

- Climate Change and Energy
- Water Efficiency
- Effluent and Waste Management

Our Shared Values

- Strengthen business processes to provide better service to customers
- Manage cash resources for operational effectiveness

Key Stakeholder Groups

Climate Change and Energy

Leon Fuat recognises the material impact of climate change on its value chain as well as the steel industry as a whole. We assess potential climate-related risks, impacts and opportunities by considering both transition and physical risks across short- (1–5 years), medium- (6–10 years) and long-term (>10 years) horizons to support strategic planning and decision-making.

Transition risks arise from the shift towards a low-carbon economy, driven by changes in legislation, policy, and market expectations. Physical risks stem from the direct impacts of climate change, including extreme weather events and rising temperatures, which may result in asset damage, business interruptions and supply chain disruptions.

Transition Risks	Potential Financial Impact	Opportunities
Policy and Legal (Short- to Medium-term)		
Stringent regulations targeting carbon emission reduction, including emissions trading scheme and carbon taxes	• Increased operational costs from regulations and carbon pricing may lead to higher prices and reduced competitiveness of exported goods • Compliance with climate-related regulations may increase financial and operational costs	• Adopting energy-efficient technologies reduces carbon intensity, mitigating the impact of carbon pricing and regulatory costs • Staying ahead of climate regulations reduces legal risks, improves market positioning and attracts eco-conscious investors
Technology (Short- to Long-term)		
Technological advancements, including low-carbon steel production and alternative materials, supports the steel industry's decarbonisation needs	• Increased capital investments in low-carbon technologies and research and development for sustainable steel production • Lack of innovation and investment in advanced technology may pose the risk of competitive disadvantage	• Adopting renewable technologies, such as solar panels at LF Metal, reduces purchased electricity consumption and leads to long-term savings • Investing in advanced technologies and decarbonisation enhances Leon Fuat's competitiveness and alignment with sustainability standards

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Transition Risks	Potential Financial Impact	Opportunities
	Market (Short- to Long-term)	
Shifting market preferences and growing demand for low-carbon products increases adoption of alternative materials and solutions	• Reduced revenue from declining demand for traditional steel products, risking market share loss to sustainable competitors	• Communicating our sustainability commitment attracts eco-conscious customers and strengthens brand reputation
	Supply Chain (Short- to Long-term)	
Transition to a low-carbon economy may require significant changes in our supply chain and procurement practices	• Supplier non-compliance with sustainability standards may disrupt operations, causing delays, higher costs and inferior materials	• Strengthening supplier screening and prioritising suppliers that meet sustainability standards can enhance operational resilience, reduce the risk of cost increases from supply disruptions and improve competitiveness among sustainability-focused customers
Physical Risks	**Potential Financial Impact**	**Opportunities**
	Acute (Short- to Long-term)	
Potential short-term extreme climate-related events, e.g. heat waves, flooding, etc.	• Extreme weather events may disrupt supply chains, damage infrastructure and pose safety risks, affecting operational continuity	• Thorough risk assessment, resilient infrastructure, diversified sourcing and effective inventory management mitigates impacts and ensures production continuity
	Chronic (Long-term)	
Potential long-term effects, e.g. changes in precipitation patterns, increasing temperature, etc.	• Long-term climate-related impacts may increase capital costs and insurance premiums	• Investing in climate-resilient infrastructure and energy-efficient technologies reduces long-term costs, mitigates risks and lowers insurance premiums

Time Horizons

• Short-term (1-5 years) • Medium-term (6-10 years) • Long-term (>11 years)

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Our ongoing initiatives support our efforts to reduce our environmental impact and promote energy conservation across our operations.

Utilising Green Diesel

We have introduced Euro 5 diesel across our fleet to reduce the emissions of air pollutants. Compared to Euro 2 diesel, Euro 5 diesel offers lower carbon monoxide emissions (0.5 g/km versus 1.0 g/km) and reduced maximum sulphur content (10 ppm versus 500 ppm). In FY2025, we are pleased to report that the transition of our fleet to 100% green diesel has been completed.

100%
Transition of our fleet to trucks powered by green diesel

Adopting Renewable Energy

LF Metal has been implementing solar panel installations across its factories since FY2021. As of FY2025, the total installed solar capacity across all four (4) factories amounts to approximately 2,300 kilowatts ("kW").

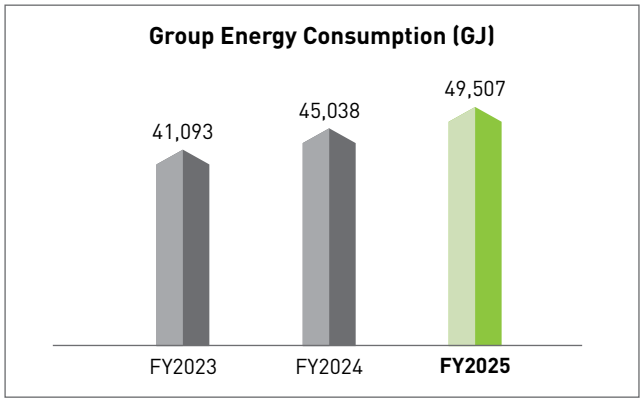
Since FY2023, twenty-seven (27) conventional 400W streetlights have been replaced with solar-powered units, targeting annual energy savings of 47,304 kWh.

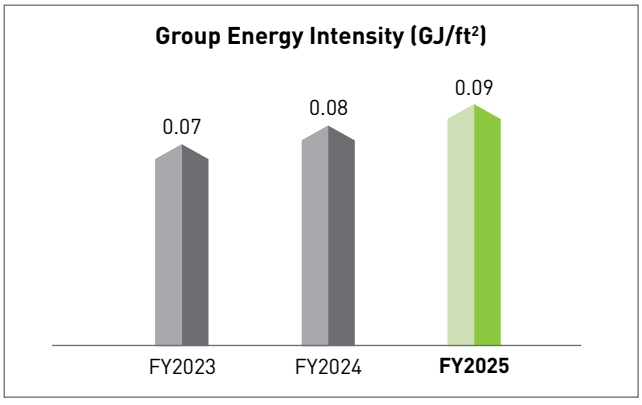
Installing Energy-efficient Roofing

In the current reporting year, LF Metal is undertaking the replacement of aging translucent roofing sheets at one of its factories, an initiative projected to reduce annual electricity consumption for lighting by approximately 53,553 kWh.

Total Energy Consumption

During the reporting period, the Group's total energy consumption amounted to 49,507 GJ, with an energy intensity of 0.09 GJ/ft².



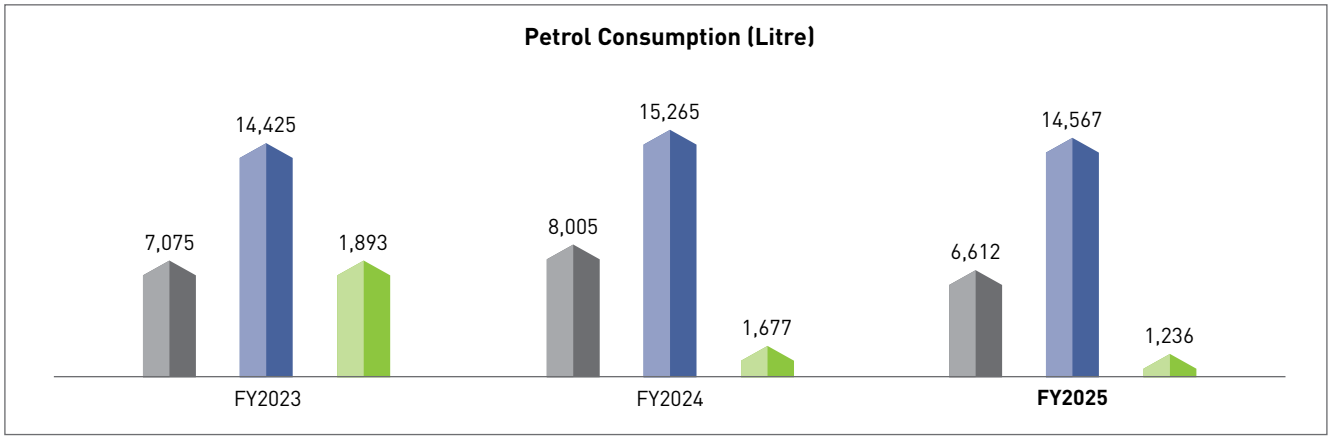


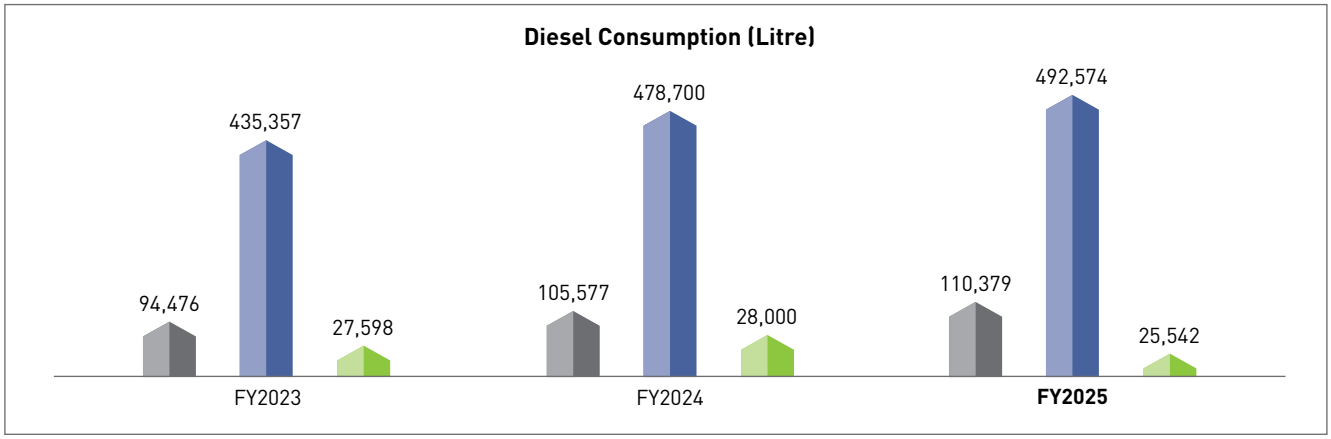
Notes:
1. *Total energy consumption data in MWh is disclosed in the Performance Data Table.*
2. *Energy consumption was calculated using the conversion factors sourced from the UK Government's GHG Conversion Factor 2023, 2024 and 2025.*

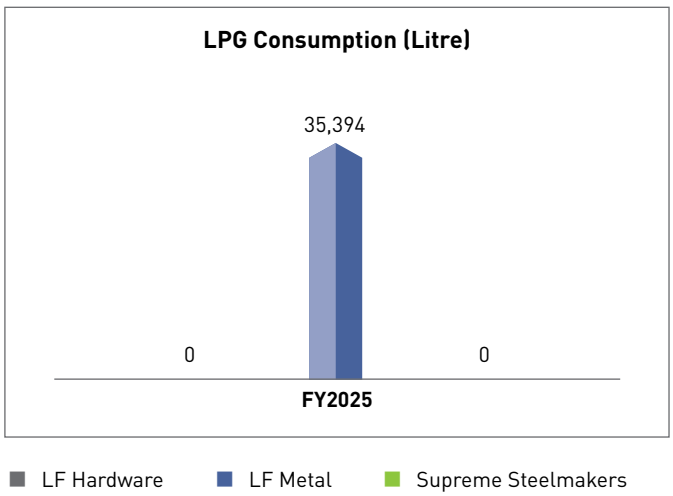
SUSTAINABILITY REPORT

Fuel Consumption

The Group's fuel consumption covers petrol and diesel used in company-owned vehicles, alongside liquefied petroleum gas ("LPG") used in LF Metal's oxy-cutting operations. In FY2025, LPG consumption was incorporated into our reporting for the first time, reflecting enhanced coverage of operational fuel use.







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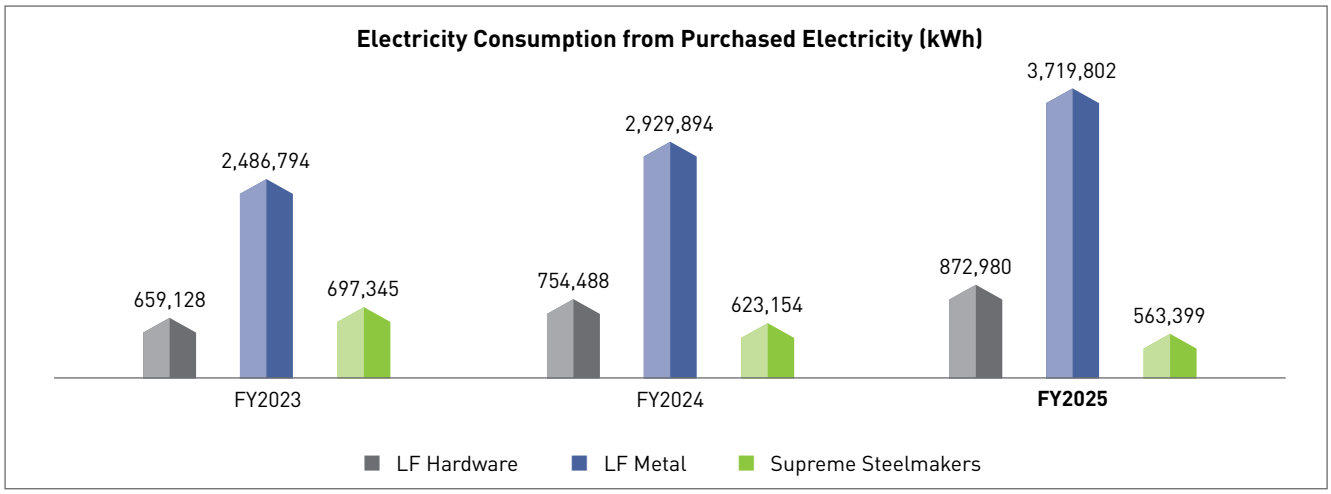
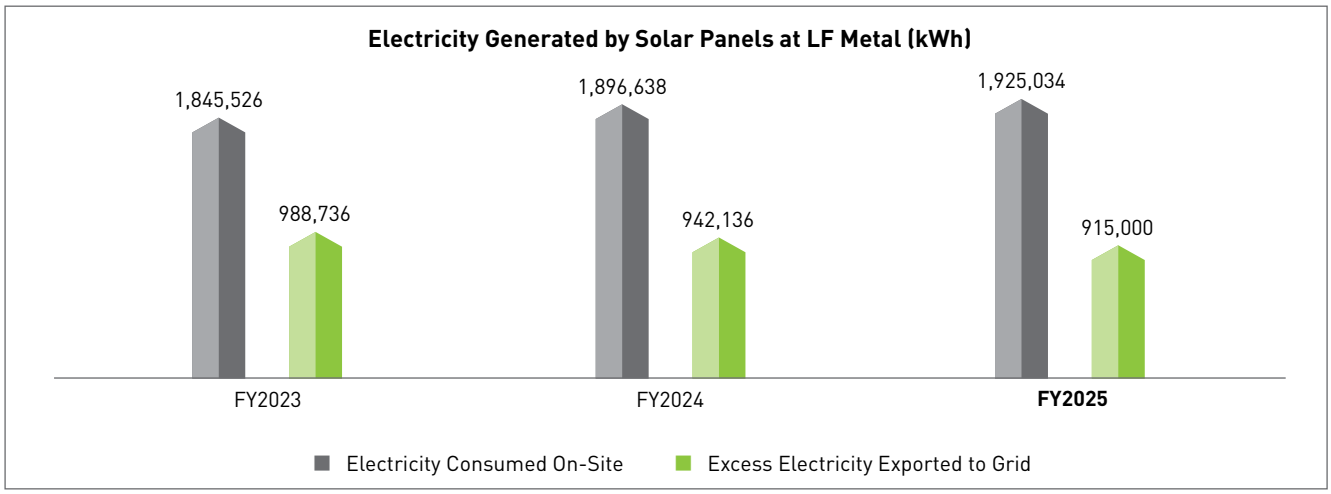
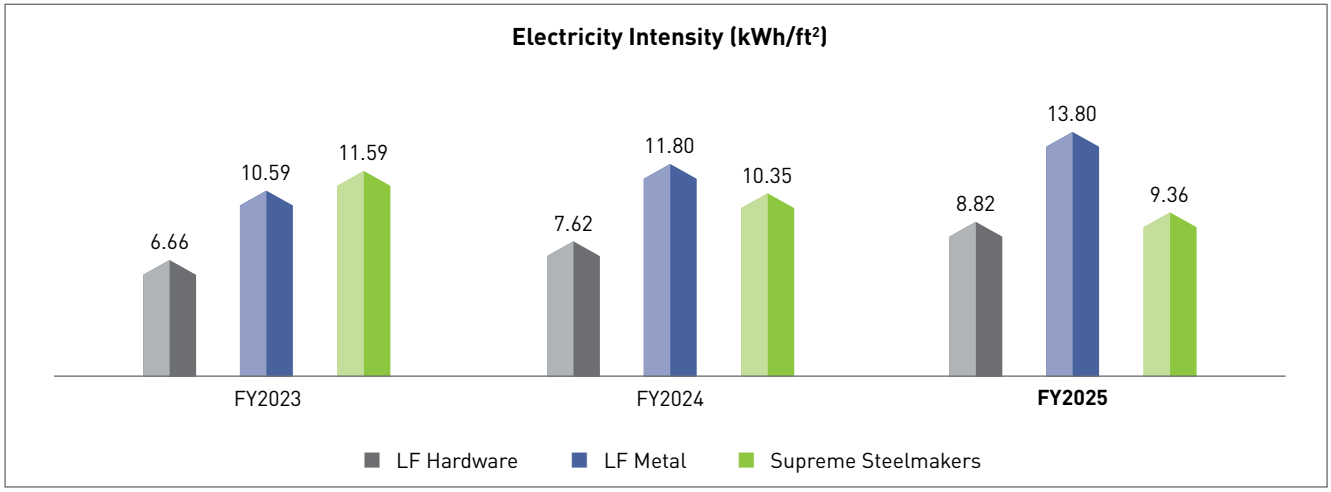
Electricity Consumption

The Group's electricity needs continue to be supplied mainly by the national grid, complemented by renewable energy generated from the solar installation at LF Metal. In FY2025, 32% of this solar energy was exported to the national grid under the Net Energy Metering Scheme. Electricity consumption has increased, primarily due to higher production output from the Group's pipe factory.







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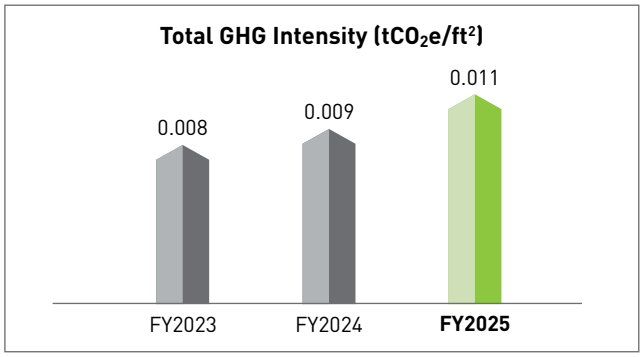
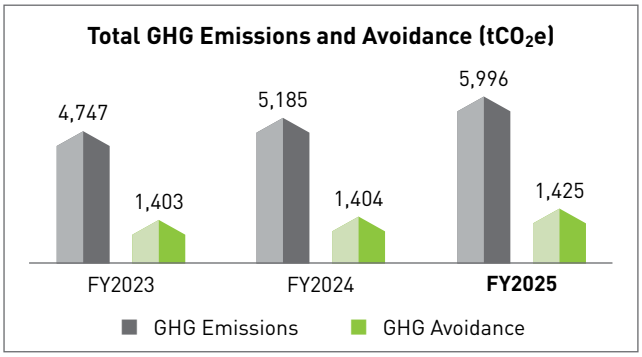
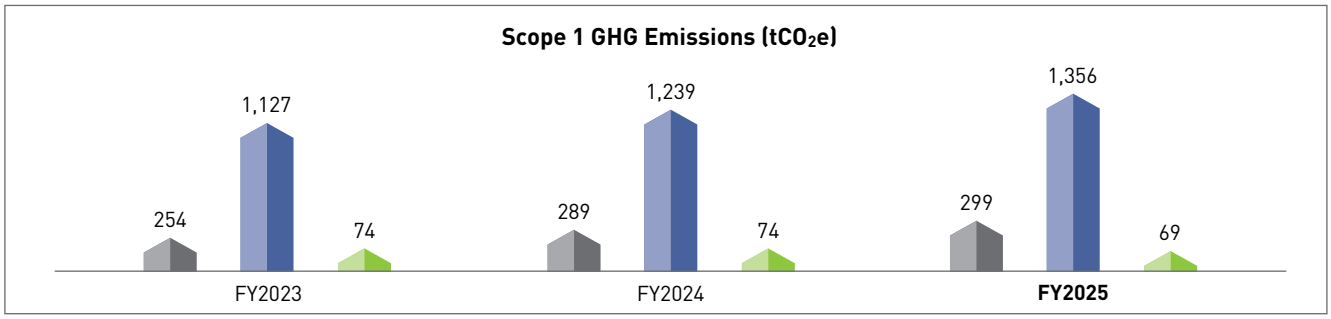
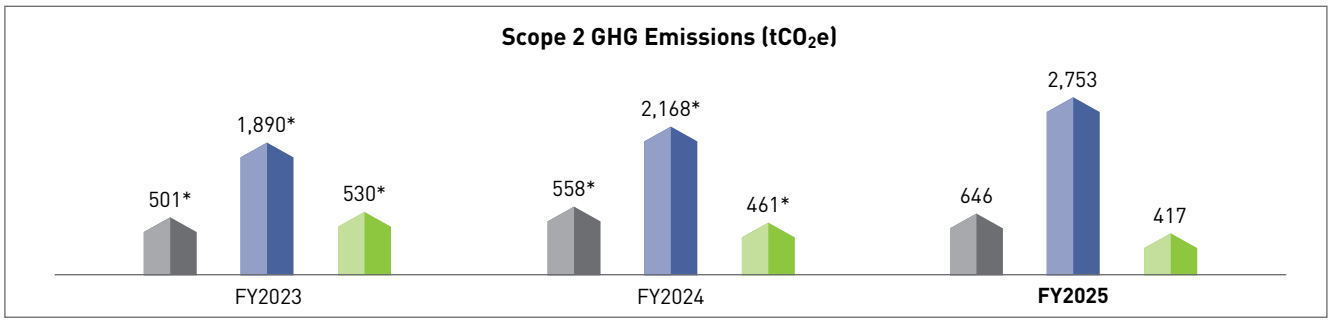
GHG Emissions

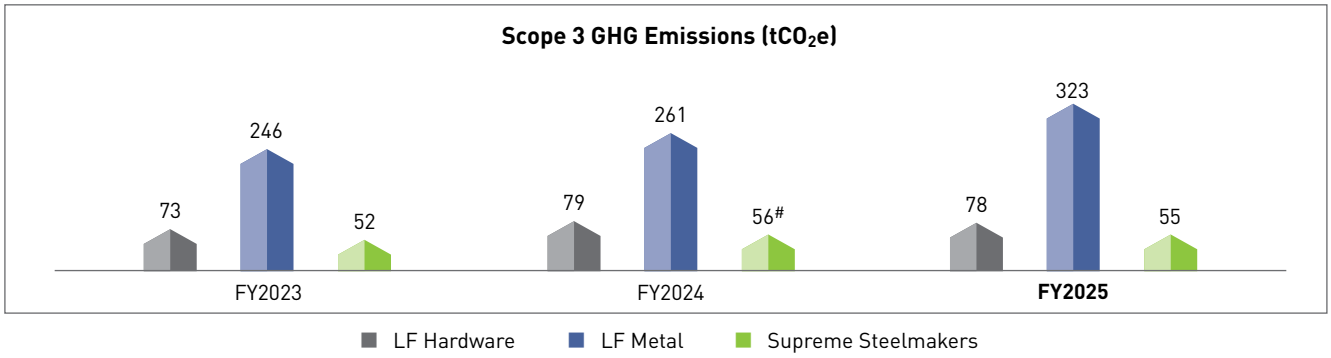
In FY2025, the Group recorded total GHG emissions of 5,996 tCO_2e, with the majority arising from Scope 2 emissions. Scope 1, Scope 2 and Scope 3 emissions were calculated in line with recognised methodologies, with Scope 3 limited to business travel and employee commuting. The integration of solar energy at LF Metal contributed to a Scope 2 emissions avoidance of 1,425 tCO_2e, reflecting the impact of our renewable energy initiatives. GHG emissions intensity for the year was 0.011 tCO_2e per square foot of floor space.











Notes:

1. *Business Travel data for FY2023 is limited to LF Metal.*
2. *Calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standards.*
3. *Scope 1 and Scope 3 emissions were calculated using the emission factors sourced from the UK Government's GHG Conversion Factor 2023, 2024 and 2025.*
4. *Scope 2 emissions for FY2025 were calculated using the latest 2024 emission factor issued by the Energy Commission of Malaysia.*
   ** Accordingly, Scope 2 emissions for FY2023 and FY2024 have been restated to reflect this update.*
5. *# Scope 3 GHG emissions for FY2024 have been restated to reflect updated emission factors used for business travel.*

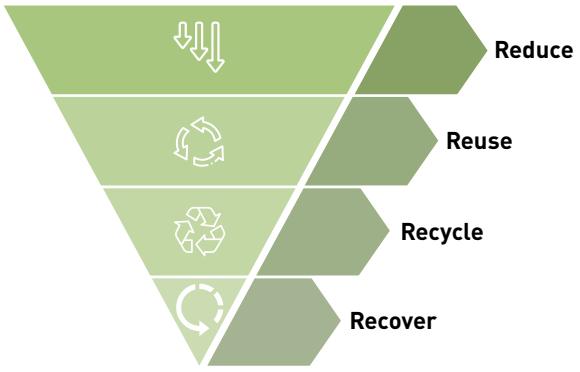
Effluent and Waste Management

As our steel processing operations generate operational waste and effluent that require careful and responsible management, we remain committed to upholding regulatory compliance across our business activities.

LF Metal and Supreme Steelmakers adopt the 4R strategy: Reduce, Reuse, Recycle and Recover as a guiding principle in our waste management practices. LF Metal incorporates scheduled waste disposal and 4R management elements into its Safety and Health Induction Training, ensuring employees are informed about proper handling procedures and their environmental responsibilities.

Leon Fuat follows the provisions of the Environmental Quality Act 1974 ("EQA 1974") and its amendments, as well as the Local Government Act 1976. This compliance specifically pertains to the handling and disposal of both scheduled and non-scheduled waste, in addition to the discharge of effluents.

In adherence to these regulations, we have implemented a waste management system that effectively governs the treatment and disposal processes for all waste categories.



At LF Metal, waste management is overseen by a designated Safety and Health Officer, who is responsible for managing scheduled waste, alongside an Assistant General Manager, who is in charge of non-scheduled and recyclable waste management. Both personnel collaborate closely with the Production and Procurement departments to ensure the effective implementation and continuous improvement of waste management protocols.

Scheduled Waste

LF Metal and Supreme Steelmakers collectively generated a total of 1.52 tonnes of scheduled waste in FY2025. LF Metal recorded an increase in SW409 waste generation compared to FY2024, primarily due to two major 3S (Sort, Sweep and Set in Order) activities conducted across all areas in September 2025. Moving forward, LF Metal has planned to conduct major 3S activities for general waste and unused scheduled waste twice a year across all areas, based on inspection findings to maintain workplace cleanliness and compliance. In addition, 3S activities for general waste are conducted every Saturday.

Amount of Scheduled Waste Generated (tonnes)

Code	Description	LF Metal			Supreme Steelmakers		
		FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
SW104	Dust, slag, dross or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium, excluding slag from iron and steel factory	1.84	2.30	1.10	0.00	0.00	0.00
SW306	Spent lubricating oil	0.00	0.00	0.00	2.30	0.00	0.00
SW409	Disposed items contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.18	0.24	0.42	0.00	0.00	0.00

Non-Scheduled Waste

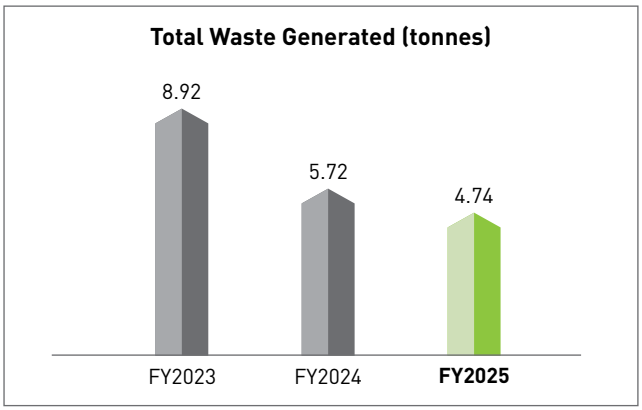
We have continued to reduce non-scheduled waste over the past three (3) reporting years by installing recycling bins in office spaces and transitioning from paper-based communication to digital formats to minimise paper use. In FY2025, our non-scheduled waste totalled 3.22 tonnes, marking an increase compared with FY2024.

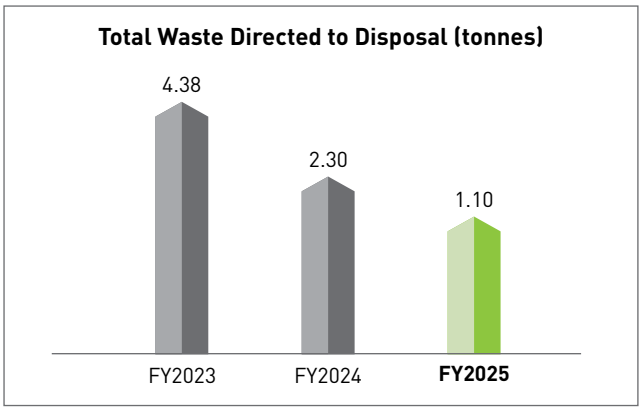
Amount of Non-scheduled Waste Generated (tonnes)

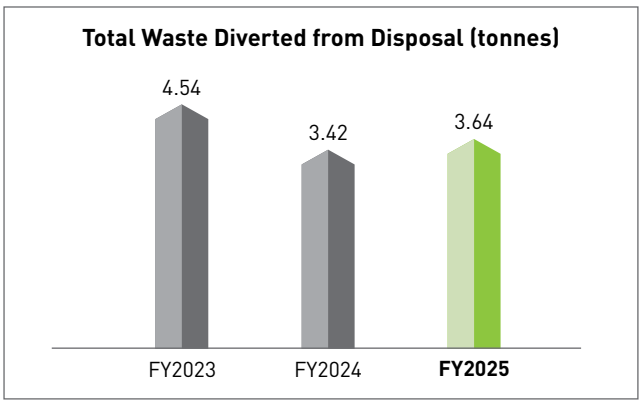
Types of Waste	LF Hardware			LF Metal			Supreme Steelmakers		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
General	0.21	0.09	0.00	4.28	0.00	0.00	0.06	0.00	0.00
Papers	0.05	0.07	0.00	0.00	2.77	2.93	0.00	0.00	0.00
Plastics	0.00	0.00	0.00	0.00	0.24	0.29	0.00	0.00	0.00

Total Waste Generation

The Group generated 4.74 tonnes of scheduled and non-scheduled waste across all subsidiaries in FY2025, of which 76.8% was diverted from disposal through recycling and waste recovery initiatives.







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Effluent Management

Recognising the environmental impact of effluent discharge, LF Metal has continued to engage with a licensed contractor for the maintenance of its sewage treatment system and for the biannual collection of effluent samples, ensuring that the results remain compliant with the minimum legal limits specified under Standards A and B of the Environmental Quality (Industrial Effluent) Regulations 2009.

Effluent Sampling Results (mg/L)

Parameters	Standard A	Standard B	FY2023	FY2024	FY2025
Chemical Oxygen Demand (COD)	120	200	58	38	38
Biological Oxygen Demand (BOD)	20	50	17	12	13
Total Suspended Solids (TSS)	50	100	23	1	1
Ammoniacal Nitrogen (NH3 -N)	50	50	16	8	14

Note:
The effluent data reported represent the average results from two sampling events conducted during the reporting period.

Water Efficiency

Leon Fuat has implemented water management measures throughout its operations to minimise our impact on water resources, recognising that steel processing typically involves substantial water use, particularly during the cooling and descaling stages.

In FY2025, the Group's total water consumption amounted to 49,585 m^3, with LF Metal accounting for 74% of the total consumption due to its extensive machinery operations.