



## ECONOMIC PROSPERITY

Leon Fuat provides added value to customers, business partners, and communities by establishing a solid business structure, encouraging inclusive and sustainable industry practices, and supporting an innovative and creative culture. We strive for efficiency and effectiveness by promoting excellence across the steel value chain, from the procurement of raw materials to the processed end product delivered to customers.

Contribution to the SDGs



### Soaring Towards Operational Excellence

At Leon Fuat, we are cognisant of the adverse effects of our steel production and ensure our products are produced sustainably. In addition to maximising our economic output, we also optimise our material input. Our most valuable business is steel processing and/or manufacturing (collectively referred to as “processing”), followed by our trading businesses. We specialise in producing carbon steel, alloy steel, and stainless steel. The process of value creation in the steel industry is depicted in the graphic below, along with the role that Leon Fuat’s primary activity – steel processing – plays in creating value for our many stakeholders.

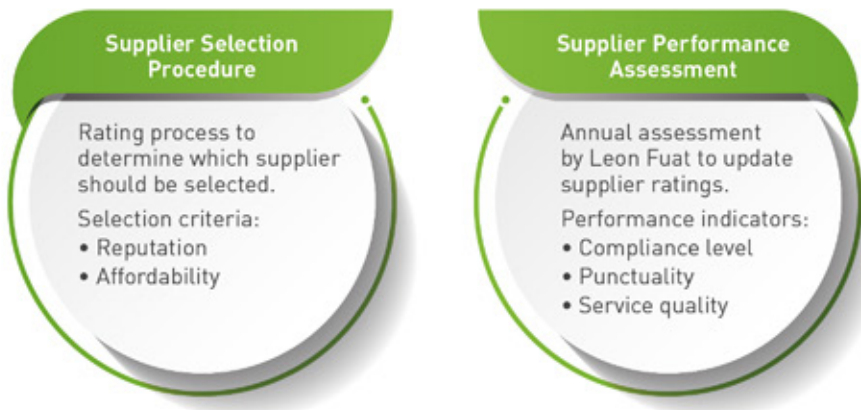
We maintain operational excellence on our production line by continuing to schedule ad hoc night shifts based on the number of orders and delivery lead-time requirements of our customers. In addition, we utilise advanced machines capable of enhancing production efficiency. LF Metal and Supreme Steelmakers have invested in fibre laser cutting technology, which utilises a focused, high-powered laser beam to cut sheet metal with high levels of precision. Compared to conventional laser technology, this technology operates at a faster speed and consumes less power, thereby increasing our operations’ overall productivity and energy efficiency.



# SUSTAINABILITY REPORT

## Putting Forward a Responsible Procurement

Leon Fuat endeavors to engage in responsible procurement to decrease supply chain risks and accelerate the development of a sustainable society.



The Procurement Policies outline the fair business practices that Leon Fuat adheres to, and we anticipate that our suppliers will do the same. We expect that the suppliers, service providers, and other third parties with whom we do business will conduct their operations ethically and in accordance with Leon Fuat's corporate values.

At Leon Fuat, our top priority is to ensure that our selected suppliers are ingrained with the standards that drive the excellence of our procurement. By implementing precise selection criteria and supplier performance evaluations, we have moved towards a more sustainable supply chain.

## Supporting the Local Economy

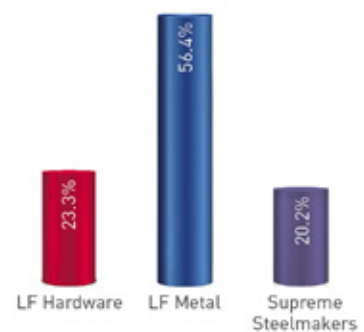
We have included local vendors in our procurement whenever possible to do our part in improving the local economy and lowering carbon emissions brought on by the long-distance transportation of products.

This reporting year, LF Metal engaged ninety-two (92) local suppliers, recording the highest percentage (56.4%) compared to our other two subsidiaries, LF Hardware (23.3%) and Supreme Steelmakers (20.2%).

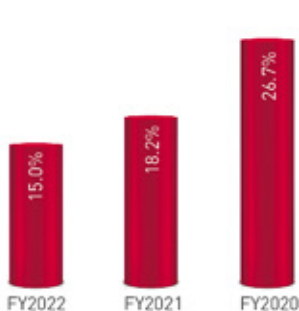
LF Hardware recorded a decrease in spending on local suppliers from FY2020 to FY2022. This reporting year, LF Hardware spent RM14.57 million (15.0% of its purchases) on the local trade suppliers, decreased by 32.4% compared to FY2021.

On the other hand, local purchases for LF Metal has shown an increase by 20.5%, from RM109.32 million for the FY2021 to RM131.69 million for the FY2022 while Supreme Steelmakers had reduced the spending on local suppliers by 4.8% in this reporting year, from RM24.70 million for the FY2021 to RM23.52 million for FY2022.

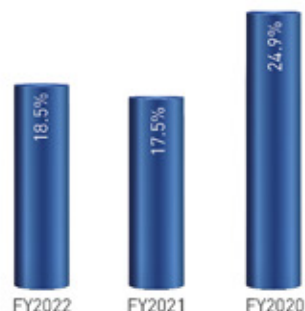
### Local Suppliers Engaged in FY2022



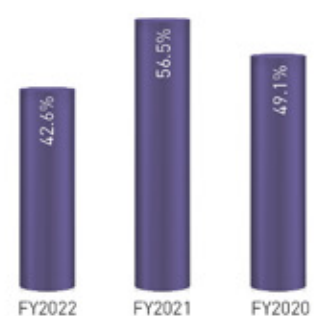
### Proportion of Spending on Local Suppliers in LF Hardware



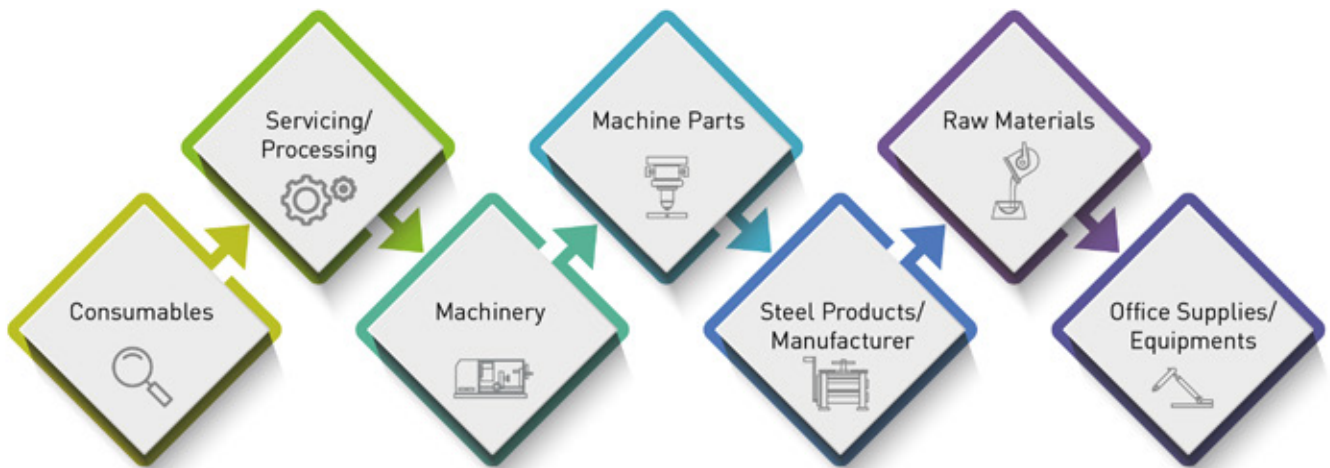
### Proportion of Spending on Local Suppliers in LF Metal



### Proportion of Spending on Local Suppliers in Supreme Steelmakers



## Suppliers Engaged in FY2022



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2022

89%

99.96

+9.91

-87.12

+7.01

-54.23

+4.59

-26.34

2021

20.08

43.21

57%

72.66