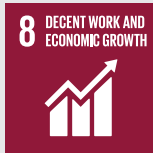


Contribution to the SDGs



STRENGTHENING SOCIAL RESPONSIBILITY

At Leon Fuat, we firmly believe that the health and welfare of our people, the community and society, as a whole, is intrinsic to our approach to doing business. Balancing economic prosperity, environmental responsibility and social benefits for the community is the foundation on which Leon Fuat operates.

Occupational Health and Safety (403-2, 403-4, 403-5, 403-9)

Ensuring the health and safety of all the people who work in, with, and around Leon Fuat is the primary obligation of a responsible business. Guided by our Safety and Health Policy, our goal is to ensure zero harm for our employees, our contractors and the communities where we operate. We have a comprehensive health and safety policy and a culture of awareness, backed by regular training for everyone to improve and maintain safe behaviour in the workplace. Here are the health and safety training programmes that were conducted in FY2021.

Occupational Health and Safety Training Programmes

- Health and Safety Induction Training
- COVID-19 Prevention in Workplace & Refresher Safety Briefing
- COVID-19 Management in Workplace Webinar
- Hazard Identification, Risk Assessment & Risk Control + Accident Investigation

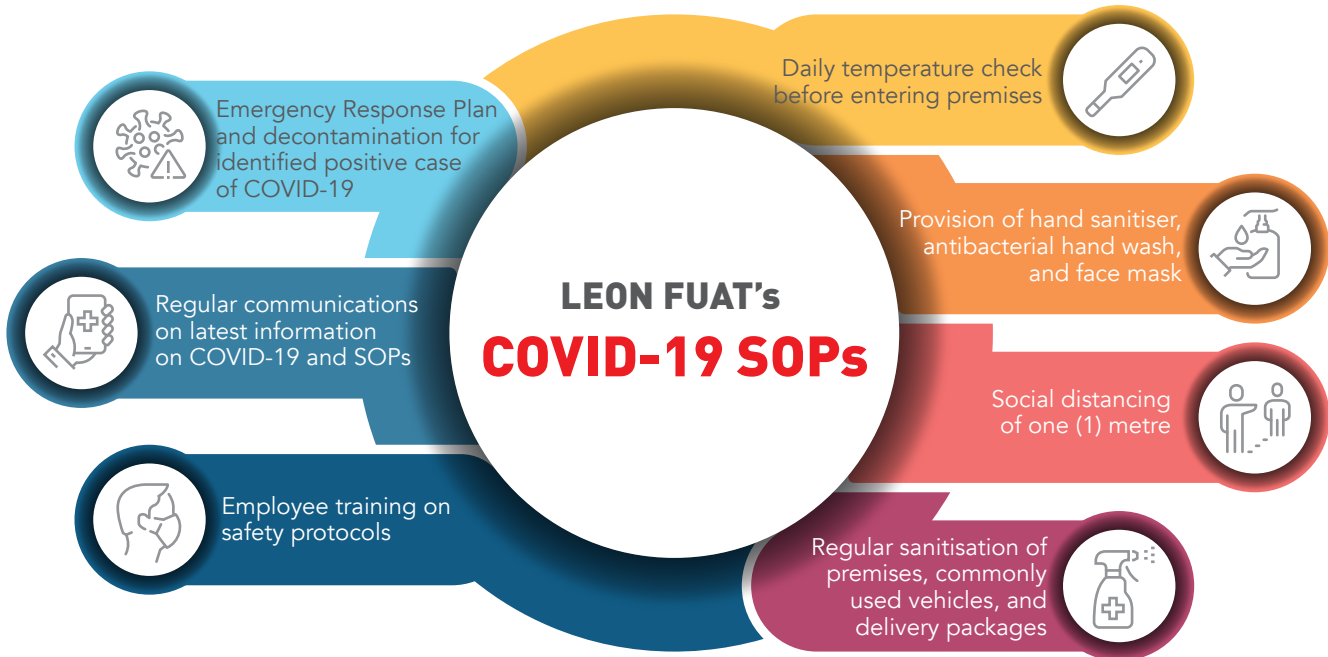
To ensure our operations are conducted in a safe manner, we have established a company-wide control system in the form of a Safety and Health Manual overseen by the Safety and Health Committee. The manual details the roles and responsibilities of the dedicated safety and health officer, as well as the relevant safety procedures for potential workplace incidents such as fires. We also conduct regular workplace inspections for health and safety issues, and during this reporting period we conducted four (4) inspections at LF Metal, and Supreme Steelmakers.

LF Metal also has two established risk assessment procedures, the Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") Procedure, and the 2-Minute Hazard Report Card, designed to further ensure a safe working environment. The HIRARC Procedure was established in FY2017 as a mechanism to facilitate the identification of potential hazards and to establish appropriate control measures. The HIRARC Procedure calculates the level of risk associated with a particular activity from two interconnected factors: the severity of an injury or illness resulting from the hazard, and the likelihood of the injury/illness occurring. The 2-Minute Hazard Report Card is used to identify the severity of a hazard and consequently indicates whether to stop or continue an activity.

For this reporting period, we recorded a total of 749,569.37 working hours across the three (3) subsidiaries, with six (6) incidents of major injuries recorded from LF Metal, and a combined seven (7) cases of minor injuries from LF Hardware and LF Metal. Tragically, during this reporting period we recorded one (1) fatality at LF Hardware as one of our employees suffered a fatal heart attack at home.

In FY2021 we continue to implement preventive measures to mitigate disruptions caused by the COVID-19 pandemic, to safeguard the health of our employees and ensure business continuity as much as possible. We have revised the 'COVID-19 Infection Prevention and Control' (IPC) Standard Operating Procedures ("SOPs") introduced last year, to better assist our management and employees in practising the necessary measures to prevent the spread of the virus. The SOPs are illustrated in the figure below.

SUSTAINABILITY REPORT

**Knowledge and Skill Development (404-1, 404-2)**

Leon Fuat's work culture encourages high performance through continuous development and opportunities for growth, in addition to enhancing engagement and motivation through distinctive reward and recognition programmes. We have nurtured a culture of diverse thinking through internal and external training to nurture the best talents and develop new skillsets.

All new employees begin their careers at Leon Fuat with an induction training. The induction programme consists of two sessions, the first being an introduction to the Group and its operations, and the second on specific departmental SOPs and practices.

In addition to the induction sessions, some of the training provided during this reporting period includes:

Training Programmes

- Internal ISO 9001:2015 (QMS) Auditor training
- VCE-31 Chief Executive Development training
- Webinar – Managing Remote Employee Performance
- Webinar – Welding Stainless Steel and High Nickel Alloys
- Internal training (FW & HRDF)
- Microsoft Excel – Intermediate level training
- Safe Practise during Machine Maintenance training
- Webinar – Payroll Compliance: Do's and Don'ts
- Employer Obligation and Guidelines on Quarantine Facilities
- Commanding Safety in Post-Pandemic Era
- Building Better Workplace Communication
- ISO Awareness
- Failsafe Termination of Employment – Contract and Dismissal
- Anti-Bribery training
- How to Conduct Training Needs Analysis (TNA): What it is and How to do it right during the COVID-19 Pandemic
- Certified Environmental Professional in Schedule Waste Management training
- Root Cause Analysis (RCA) training
- Training Need Analysis (TNA) training
- Logistic Training 1.0: Excel Formula and Data Organisation
- Microsoft Excel – Power Query
- VISTAGE – Chief Executive Programme
- Sharpening Your Core Leadership Competencies
- Financial Risk Evaluation and Review Issues Relating to Specific Items of Financial Statements
- Budget 2022 & Recent Tax Development

* This list excludes Occupational Health and Safety Training

For FY2021, we recorded 439 training hours across our workforce, with an average of 1.14 hours per employee. This year, to maintain the social distancing and the safety of our employees several training sessions were conducted virtually. Our staff also attended several online webinars.

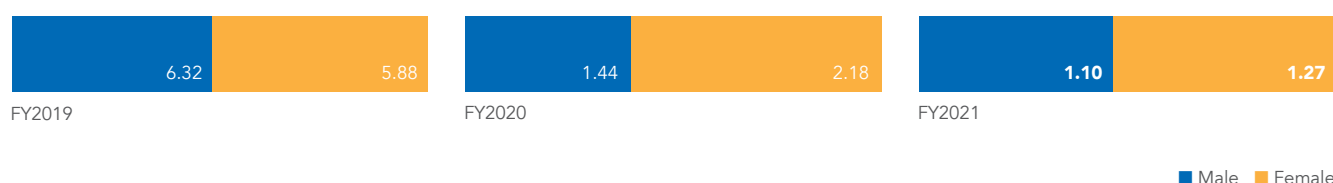
The figures below illustrate the average training hours per employee, by gender and employment category.

Average Training Hours per Employee



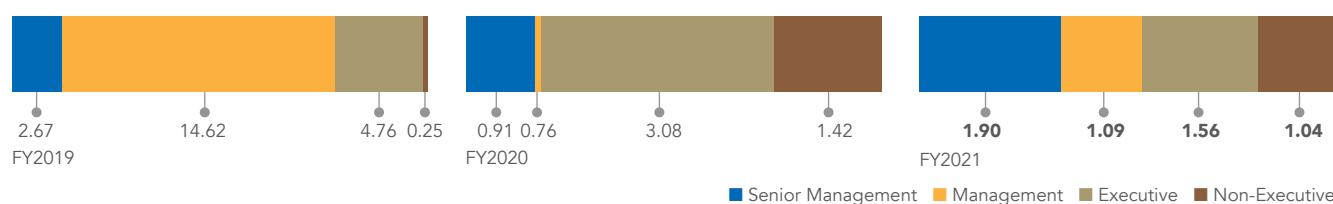
■ FY2019 ■ FY2020 ■ FY2021

Average Training Hours by Gender



■ Male ■ Female

Average Training Hours by Employment Category



■ Senior Management ■ Management ■ Executive ■ Non-Executive

Aside from the above training programmes, LF Metal also encourages its employees to take part in educational programmes that are beneficial to them and the company. The Education Reimbursement Plan at LF Metal offers our employees the opportunity to take part in educational programmes by partially or fully reimbursing our employees the examination registration fees, tuition fees, examination fees, and cost of study materials. Our employees are also offered education counselling via our Department Heads, and paid examination leave of up to five (5) days.

Product Quality and Customer Satisfaction (2-29. 3-3)

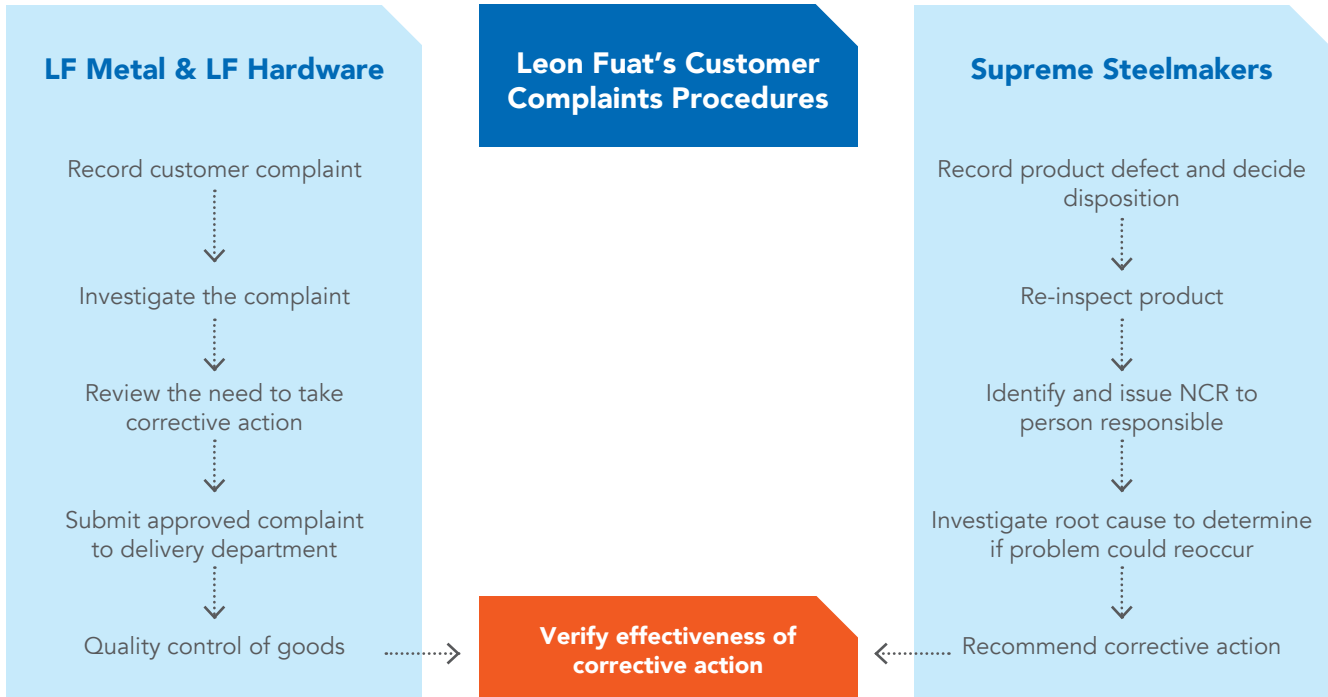
The Group always strives to deliver the best customer experience possible through the quality of our products and services, and our customer care. We regularly engage and communicate with our customers, to build and foster good relations. We also conduct yearly customer satisfaction surveys. For this reporting period, LF Hardware's overall customer satisfaction has remained the same as it was in FY2020, 84.8%. Whereas for LF Metal, the overall customer satisfaction has increased by 4.0% from the previous year. The table below summarises the overall customer satisfaction for each subsidiary.

Financial Year	LF Hardware	LF Metal	Supreme Steelmakers
2020	84.8%	80.0%	74.5%
2021	84.8%	84.0%	82.5%

Last year, we developed a new customer satisfaction survey for Supreme Steelmakers as a means to adapt to the changing business environment. This survey focused on three (3) categories which are Products, Services and Others (i.e. credit facilities, delivery services and responsiveness to complaint). Under the new system, Supreme Steelmakers previously recorded a performance score of 74.5%, and for this reporting period, has seen it increase to 82.5%.

SUSTAINABILITY REPORT

We have also established robust customer complaints procedures for the three (3) subsidiaries, which are designed in accordance to ISO 9001:2015 (Quality Management Systems). The procedures allow us to identify potential areas for improvement within our business practices, and to better meet customer expectations. The outline of the procedure is illustrated below.



For this reporting period, LF Metal and LF Hardware has received 116 and 20 customer complaints respectively. The most common type of complaint received by LF Metal was on the product quality, at 45 complaints. Supreme Steelmakers have not received any complaints from their customers during this reporting period.

Data Security (3-3, 418-1)

The COVID-19 pandemic has accelerated the adoption of the “new normal” in online engagement and operations. Transition to remote working models and accelerated adoption of digital technologies has increased vulnerability to cyber-attacks. Personal and financial data created, collected and stored by companies is becoming an increasingly valuable asset to businesses. Therefore, protection of that data from threats such as data breaches is critical.

At Leon Fuat, we conduct our business in accordance with the Personal Data Protection Act (“PDPA”) 2010, the law which governs the collection, use, disclosure and care of personal data. In accordance to the PDPA 2010, we issue a Personal Data Protection Notice to our employees and customers, stating the purpose for processing personal data and any disclosure of said data.

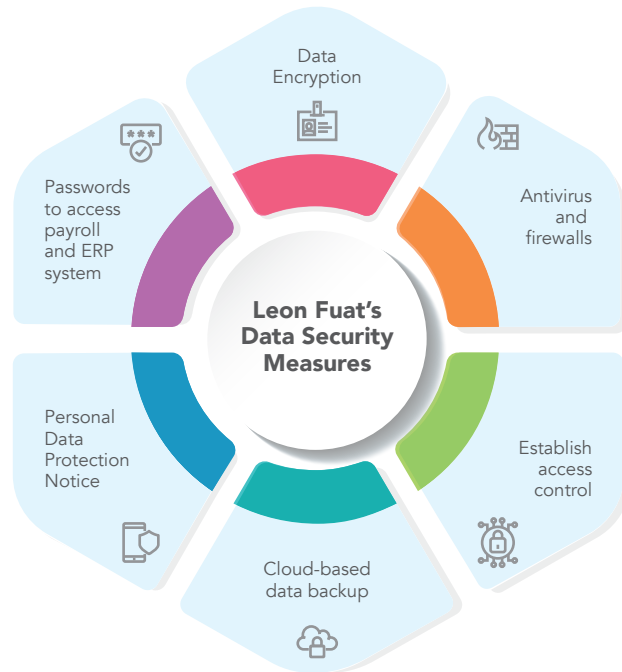
We have also put in place several technical and organisational security measures to ensure data remains protected. These measures include:

- i. installing antivirus and firewalls;
- ii. encrypting data to prevent unauthorised third-party access;
- iii. establishing access control for authentication and authorisation for company-sensitive data;
- iv. using secure passwords to access payrolls and the Enterprise Resource Planning (“ERP”) system;
- v. using a cloud-based data backup for important data at LF Metal and LF Hardware; and
- vi. daily or weekly server backups at Supreme Steelmakers.

A simplified diagram of our data security measures can also be seen below. During this reporting period, there have been no substantiated complaints of breaches in customer privacy or loss of customer data at any of the three (3) subsidiaries.

**Employee Welfare
(2-29, 401-1, 401-2, 401-3)**

For FY2021, we have consolidated the Work-life Balance material matter with Employee Welfare. Our people practices are aimed at developing a culture of care, commitment, engagement and harmony across the workforce. In order to improve employee work-life balance, among others, we rolled out the following range of benefits, such as medical and group personal accident insurance, annual leave, maternity leave, marriage leave, compassionate leave, and study or examination leave. At LF Metal, we have also established a ‘Perfect Attendance Record’ which rewards eligible employees with cash rewards and certificates of appreciation.



To create a holistic work environment that further motivates and maximises the productivity of our employees, we conduct annual appraisals for our employees to better understand their wants and needs. We then also provide our employees various training opportunities to enhance their competencies and personal career goals. Further information on training can be found under ‘Knowledge and Skill Development’.

For this reporting period, we hired 53 new employees and saw 61 employees resign. There was a reduction this year in both hires and resignations from previous years due to the current economic instability resulting from the COVID-19 pandemic. During this reporting period, one (1) female employee has taken maternity leave and has since returned to work.

New Employee Hire



Employee Resignation



■ Male ■ Female

Due to the COVID-19 pandemic, the Movement Control Orders have prohibited many group activities and it has been difficult to conduct initiatives and activities that help to promote and maintain a healthy work-life balance to our employees. Regardless, we continue to encourage and promote that our employees look after their mental and physical wellbeing.

SUSTAINABILITY REPORT

Diversity and Inclusiveness (405-1, 405-2, 406-1)

At Leon Fuat, we thrive in a culture of respect, inclusion and diversity. We have made a conscious effort to build an equitable environment and a diverse workforce. We recognise that our people give us a healthy business edge. Across our operations, our teams have a healthy mix of not just gender and age, but also culture, ethnicity and a myriad of other such aspects. We actively work against stereotypical biases to encourage a culture of meritocracy and free from discrimination.

As at the end of the FY2021, our workforce comprises of 391 employees, of which 76.2% is male. The table below displays the gender distribution in Leon Fuat for the last three (3) financial years. While the gender distribution is skewed towards a male majority workforce, this is representative of the physically demanding nature of work demanded by the steel industry. We do not discourage women from joining our workforce, and we provide fair and equal opportunities to all. We strive to ensure that our female employees are paid as equally and fairly as their male counterparts. To demonstrate this, we have calculated and tabulated the average salary ratio of women to men for each employee category across the three (3) subsidiaries below.

Gender Distribution

Financial Year	Male	Female
2019	303	96
2020	305	95
2021	298	93

Average Salary Ratio of Women to Men for each Employee Category by Subsidiary

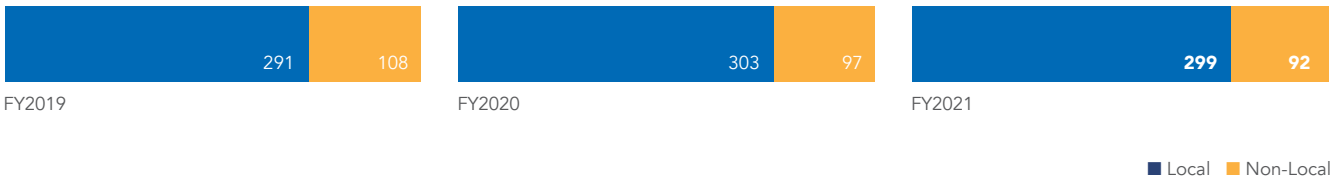
Employee Category	LF Hardware	LF Metal	Supreme Steelmakers
Senior Management	0:1	0:1	0:1
Management	0:1	1:1	1.5:1
Executive	1.1:1	1.2:1	0.9:1
Non-Executive	0.8:1	1.8:1	0.8:1

Note: 0:1 ratio signifies that there are no women currently within those employee category

We continue to support local communities and the local economy where we operate by prioritising employment of local workers. As at the end of the FY2021, 76.5% of our workforce comprised of locals, with the remaining 23.5% from non-locals. In terms of age distribution, 60.1% of our employees fall within the 30 to 50-year age group. This age category contains individuals with valuable industry experience as well as significant potential for further growth and development. The 26.1% of the workforce that is below 30 years represents the new generation of talents who can grow and develop with Leon Fuat into future leaders of the industry. Finally, the remaining 13.8% of the workforce aged above 50 years represents the pinnacle of experience and business knowledge within the Group.

74.6% of our employees hold non-executive positions as steel processing and factory management is incredibly labour-intensive.

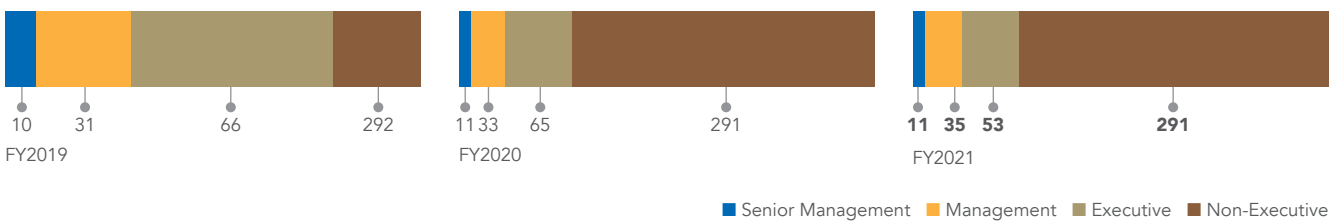
Local vs. Non-Local Distribution



Age Distribution



Employee Category Distribution



Corporate Social Responsibility (413-1)

Align with Leon Fuat’s Corporate Values, we envisage a wider society in which every individual can realise his/her potential with dignity. This vision is enabled through the efforts of Leon Fuat’s Corporate Social Responsibility team to co-create transformative, efficient, and lasting solutions for development challenges.

During the world’s fight against the pandemic, we stood by the most underserved communities, by providing financial assistance through charitable donations. We provided emergency aid to the December 2021 flood victims, of which 45 were our own staff from LF Metal. They were granted a special paid-leave and a one-time financial assistance of RM300 per employee. Cumulatively, we donated RM20,500 to our employees who were affected by the flood.

CONCLUSION

The ongoing COVID-19 pandemic has highlighted the importance of business resilience, community support, and teamwork. We are proud that in spite of the disruptions our sustainability efforts continue to grow and evolve. Despite these unprecedented economic times, the global and local steel industry have seen sustained growth. We continue to leverage on our leadership skills and capability and strong industry position to generate value for our stakeholders while continuous to strengthen our ESG performance.



Relief provided to Staff who were affected by the December 2021 floods