SUSTAINABILITY REPORT

ENVIRONMENTAL STEWARDSHIP

Producing steel in the most sustainable manner requires strong leadership and a resolve to leverage technological advances. This means modernising our processes, reducing emissions and minimising waste. The Group's green initiatives are designed to integrate the core functions of steel production with a focus on environmentally friendly and sustainable practices.

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 Stakeholders

Building Climate Resilience

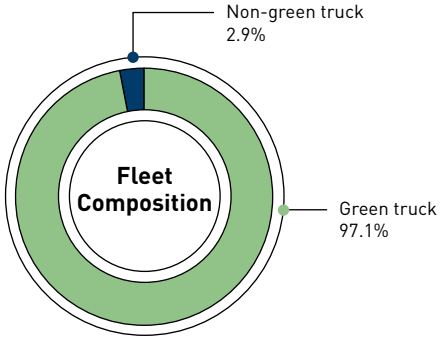
As a major user of energy and natural resources, we play a vital role in addressing climate change. Our green initiatives, including the integration of green diesel and the adoption of renewable energy, continue to yield positive results.

In FY2024, we continued to reduce our carbon footprint through using Euro5 diesel for our fleet and harnessing solar power for four (4) of our factories and streetlights around our facilities.

Adopting Euro5 Diesel

To reduce GHG emissions from fuel consumption, we have focused on integrating Euro5 diesel, also known as green diesel, into our fleets. Compared to Euro2 diesel, Euro5 offers superior environmental benefits, with lower carbon monoxide emissions (0.5g/km versus 1.0g/km) and significantly reduced sulphur content (10ppm compared to 500ppm).

At present, 97.1% of our fleet consists of green diesel trucks, with only 2.9% conventional diesel trucks.



Utilising Solar Power

Beginning in FY2021, we installed solar panels at two (2) LF Metal factories, expanding to two (2) more in FY2022. The total installed solar capacity across all four (4) factories now reaches approximately 2,300 kilowatts ("kW").

In FY2023, we replaced twenty-four (24) conventional 400W streetlights around the LF Metal factory with solar-powered alternatives, aiming for annual energy savings of 42,048 kWh. This year, we further enhanced energy efficiency by adding three (3) solar-powered streetlights.

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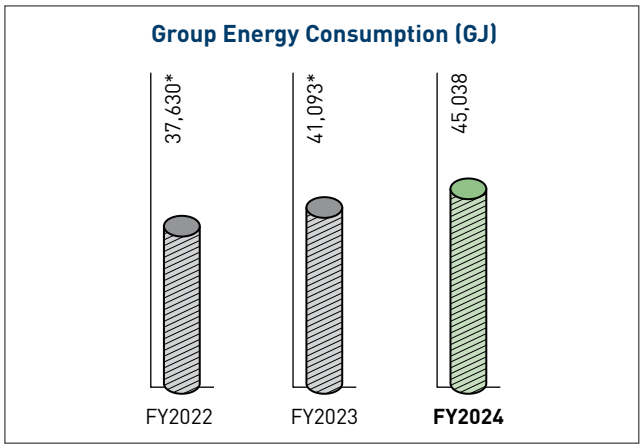
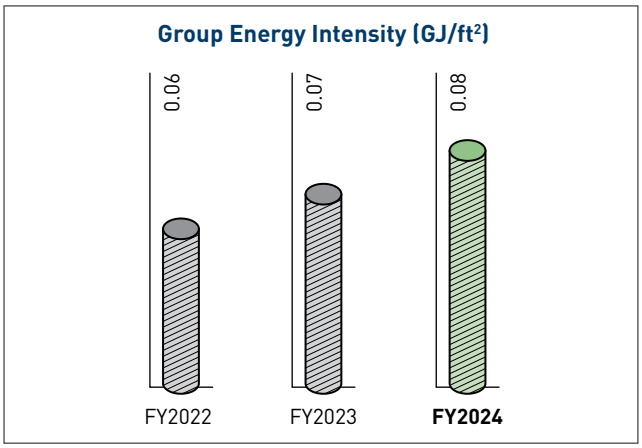
Total Energy Consumption and Intensity

Our Group's total energy consumption, including fuel, electricity, and renewable energy generated from our solar panels reached 45,038 GJ.

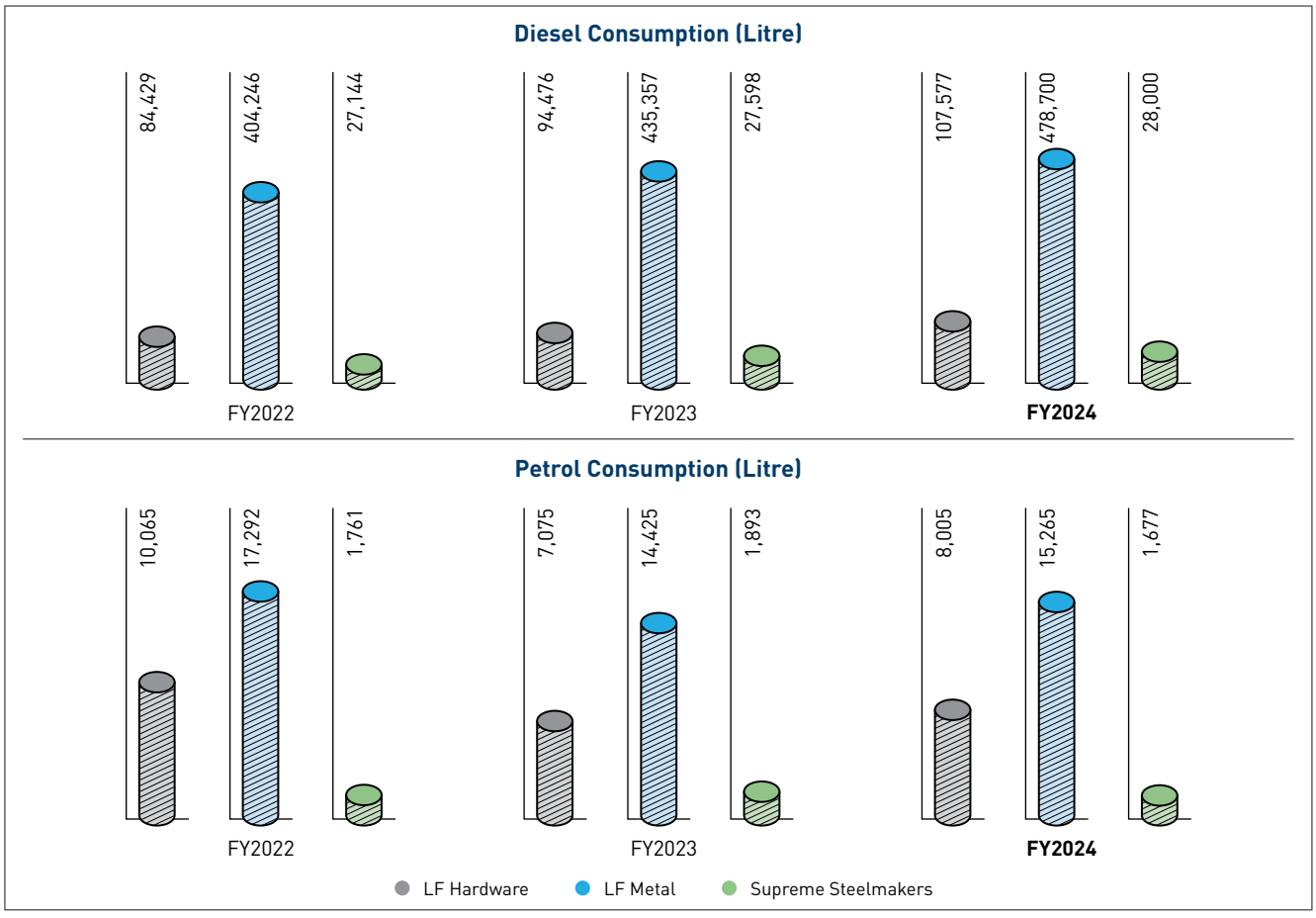




** Data has been restated.*

Fuel Consumption

In FY2024, the Group recorded a consumption of 614,276 litres of diesel, while petrol consumption amounted to 24,948 litres. The rise in diesel usage at LF Metal this year was driven by a strategic decision to manage outstation deliveries using our own fleet of trucks, implemented in response to a cost increase by our regular transporters.



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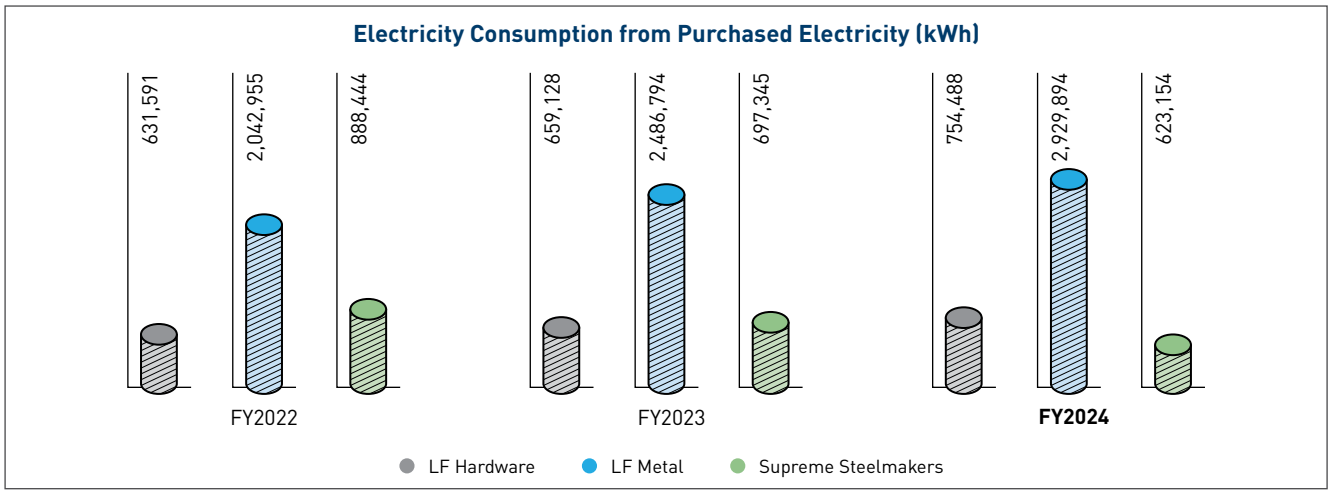
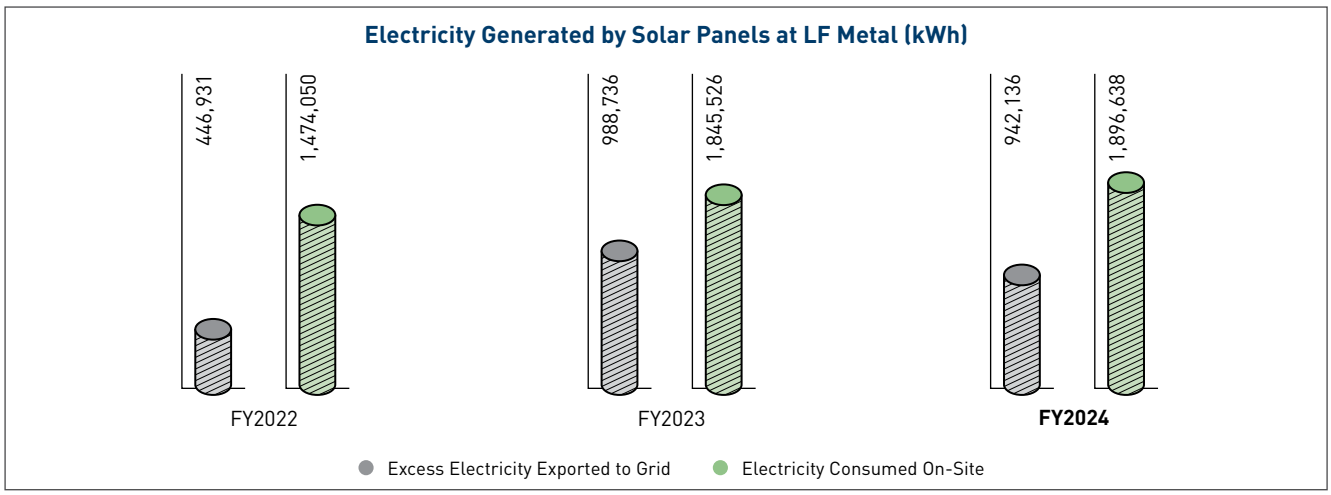
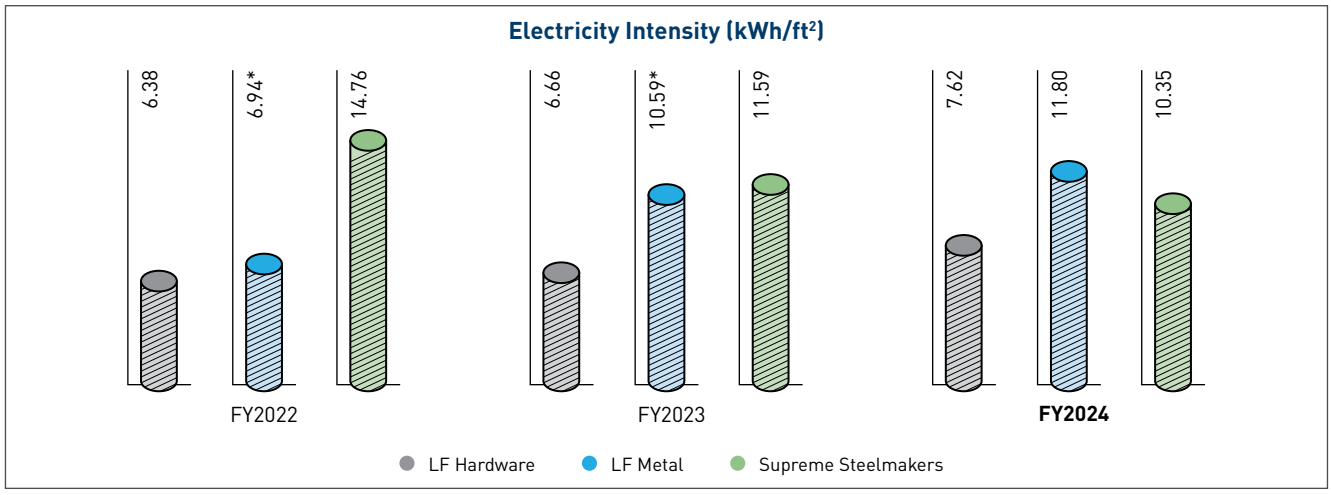
Electricity Consumption and Intensity

In FY2024, we consumed a total of 4,307,536 kWh of electricity purchased from the grid. Our solar panels at LF Metal generated 2,838,774 kWh, of which 1,896,638 kWh were utilised on-site, while the excess 942,136 kWh was exported to the grid under our participation in the Net Energy Metering Scheme.







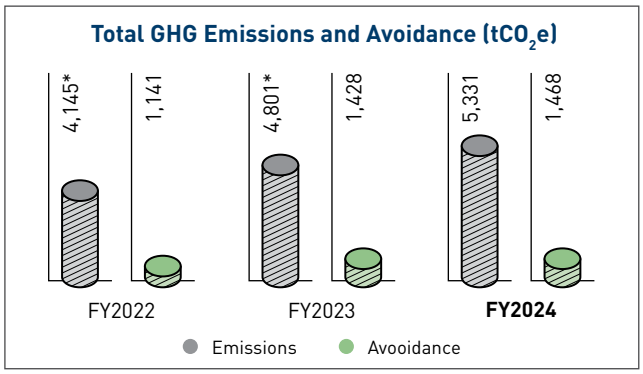
** Data has been restated.*

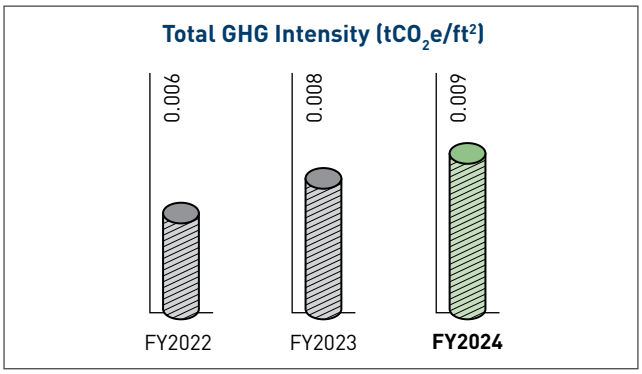
SUSTAINABILITY REPORT

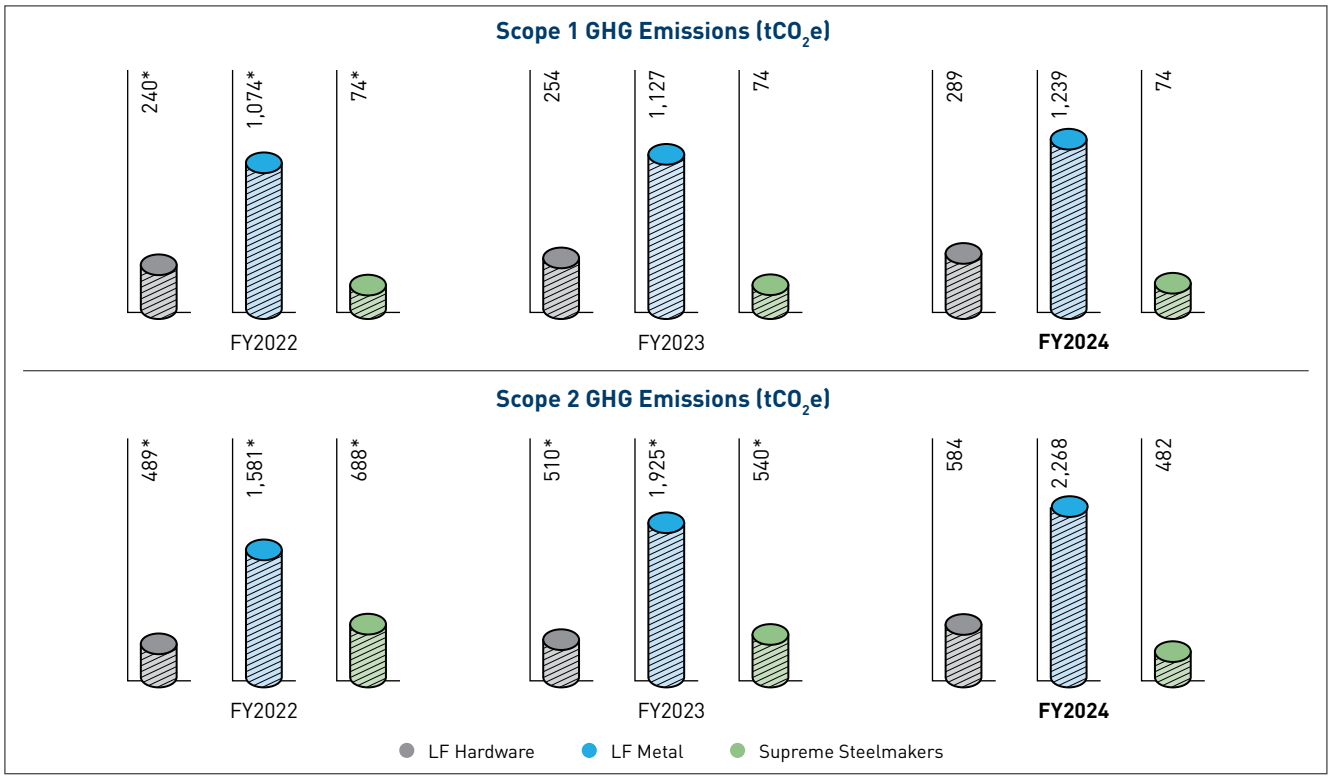
GHG Emissions

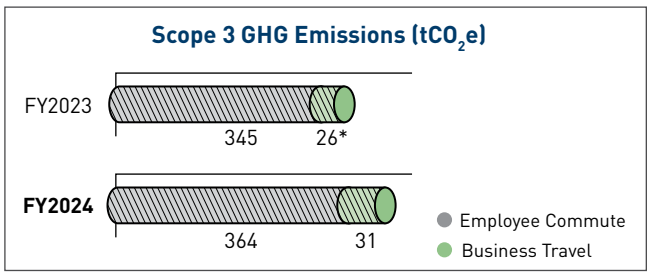
Our GHG emissions reporting encompasses three (3) key areas: Scope 1, for direct emissions from diesel and petrol combustion; Scope 2, for indirect emissions linked to purchased electricity; and limited Scope 3, covering emissions from employee commuting and business travel, which we began tracking in FY2023.

In FY2024, the total emissions across our three (3) primary subsidiaries totalled 5,331 tCO_2e. This included 1,602 tCO_2e from Scope 1, 3,334 tCO_2e from Scope 2, and 395 tCO_2e from Scope 3 emissions. Furthermore, our on-site solar panels enabled us to avoid 1,468 tCO_2e of Scope 2 emissions.









** Data has been restated.*

Notes:

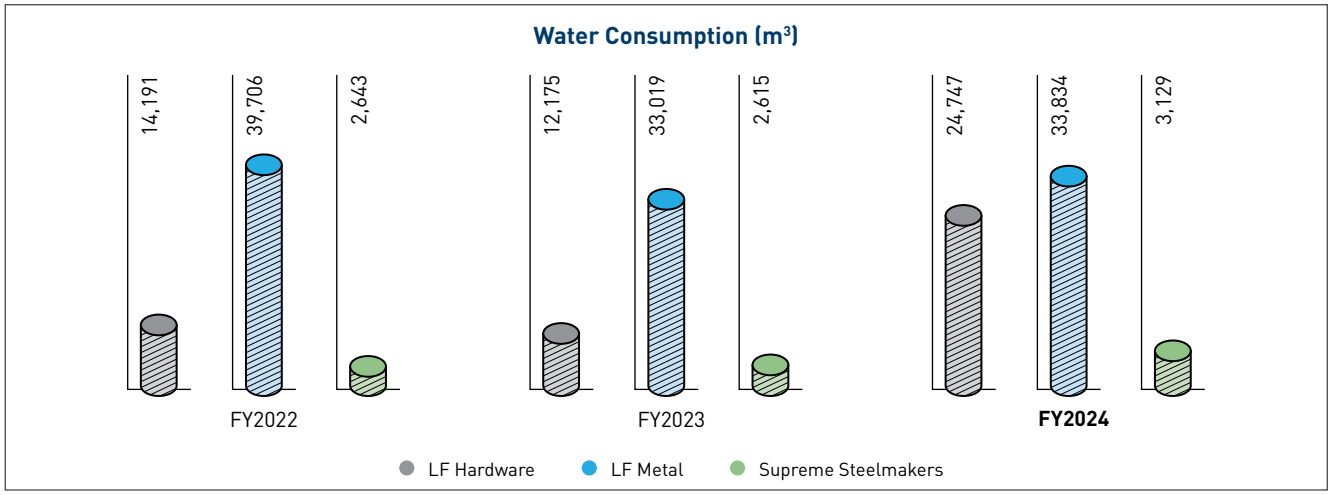
1. *Business Travel data for FY2023 is limited to LF Metal.*
2. *Calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standards.*
3. *Scope 1 GHG emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2022, 2023 and 2024.*
4. *Scope 2 GHG emissions were calculated using the latest 2022 Grid Emission Factor (GEF) published by the Suruhanjaya Tenaga (Energy Commission) in Malaysia.*
5. *Scope 3 GHG emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2023 and 2024.*

SUSTAINABILITY REPORT

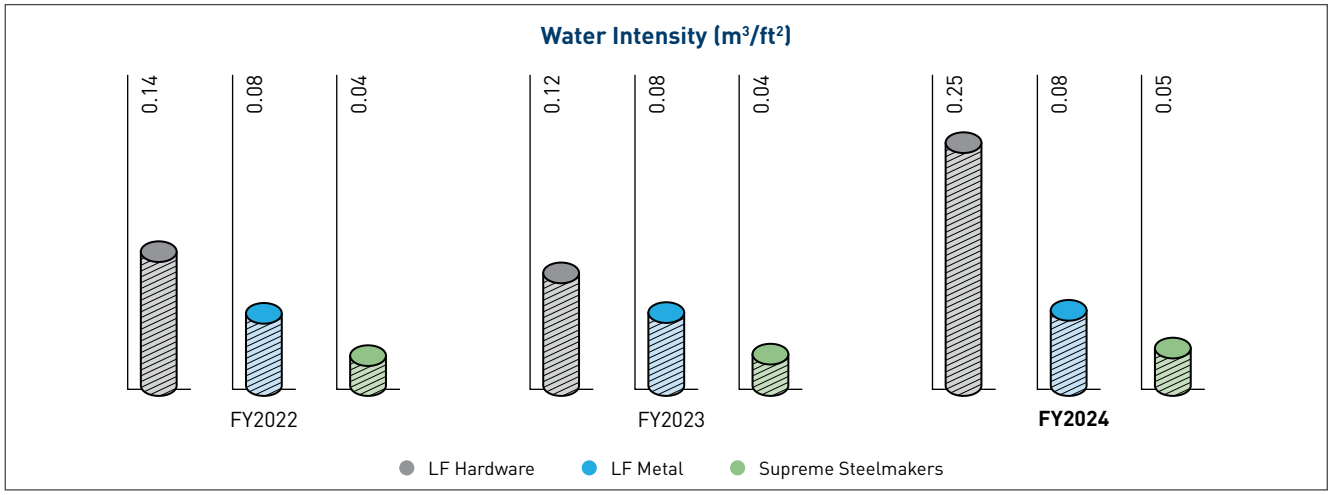
Water Efficiency

Water is primarily used in the cooling and descaling stages of our steel manufacturing process. Monitoring our water consumption is an essential practice that enables us to optimise our water management strategies, ensuring the preservation of this valuable resource.

In FY2024, the total water usage across our three (3) main subsidiaries amounted to 61,710 m^3. LF Metal represented the highest usage at 33,834 m^3, driven by significant water requirements from its extensive machinery operations and a comparatively larger workforce. Supreme Steelmakers recorded the smallest consumption, utilising 3,129 m^3.



LF Hardware experienced an increase in water consumption intensity, which was traced to an undetected pipe leak occurring since December 2023. This issue has now been identified and resolved. LF Metal maintained a consistent water consumption intensity of 0.08 m^3/ft^2, reflecting stable water usage levels.



SUSTAINABILITY REPORT

Managing Waste and Effluent Responsibly

Managing waste and effluent is critical for the Group to minimise our environmental impact and ensure regulatory compliance in our operations. Through the implementation of waste reduction strategies and effluent management, we reduce waste generation and mitigate pollution risks.

Leon Fuat is committed to complying with the Environmental Quality Act of 1974 ("EQA 1974") and the Local Government Act of 1976, particularly in relation to the management, disposal, and treatment of both scheduled and non-scheduled waste, as well as the discharge of effluents. To ensure strict adherence to these regulations, we have implemented a waste management system that effectively governs the treatment and disposal of all waste categories.

The waste management system at LF Metal is overseen collaboratively by a designated Safety and Health Officer, who manages scheduled waste, and an Assistant General Manager, responsible for non-scheduled and recyclable waste. Both work closely with the production and procurement teams to ensure the effective implementation and adherence to waste management protocols.

Scheduled Waste

In FY2024, LF Metal reported a total of 2.30 tonnes in SW104 waste generation, while SW409 was recorded at 0.24 tonnes. Supreme Steelmakers reported zero scheduled waste generation for the year, as no lubricating oil changes were carried out.

Amount of Scheduled Waste Generated (tonnes)

Code	Description	LF Metal			Supreme Steelmakers		
		FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
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	3.42	1.84	2.30	0	0	0
SW306	Spent lubricating oil	0	0	0	2.11	2.30	0
SW409	Disposed items contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.93	0.18	0.24	0	0	0

Non-Scheduled Waste

Over the past three (3) reporting years, the Group has effectively reduced non-scheduled waste by introducing recycling bins in office spaces and transitioning from paper-based communication to digital platforms. As a result, total non-scheduled waste generated this year was 3.17 tonnes, reflecting approximately 30.9% decrease from FY2023.

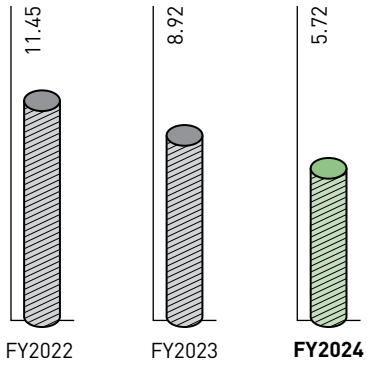
Amount of Non-Scheduled Waste Generated (tonnes)

Types of Waste	LF Hardware			LF Metal			Supreme Steelmakers		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
General	0.10	0.21	0.09	4.84	4.28	-	-	0.06	-
Papers	0.05	0.05	0.07	-	-	2.77	-	-	-
Plastics	-	-	-	-	-	0.24	-	-	-

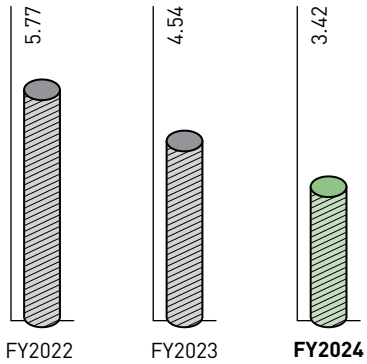
SUSTAINABILITY REPORT

Our three (3) subsidiaries collectively generated a combined total of 5.72 tonnes of scheduled and non-scheduled waste, with 59.8% successfully diverted from disposal through recycling and waste recovery initiatives.

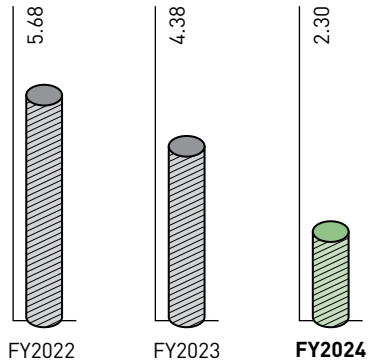
Total Waste Generated (tonnes)



Total Waste Diverted from Disposal (tonnes)



Total Waste Directed to Disposal (tonnes)



Effluent

We continuously monitor and document the quality of LF Metal's effluent discharge to ensure full compliance with the legal limits set by the EQA 1974. Effluent samples are collected biannually by our waste contractor, and the results are consistently monitored to ensure they remain well within the minimum standards specified in Standards A and B of the EQA 1974.

Effluent Sampling Results (mg/L)

Parameters	Std. A	Std. B	FY2022	FY2023	FY2024
Chemical Oxygen Demand (COD)	120	200	67	58	38
Biological Oxygen Demand (BOD)	20	50	18	17	12
Total Suspended Solids (TSS)	50	100	15	23	1
Oil and Grease	20	20	0	0	0
Ammoniacal Nitrogen (NH_3-N)	50	50	11	16	8