

SUSTAINABILITY REPORT



SOCIAL RESPONSIBILITY



Balancing economic growth, environmental sustainability, and community well-being is a key consideration for Leon Fuat. Our Corporate Social Responsibility (“CSR”) initiatives are ingrained in the welfare of our employees, the local community, and broader society. Our CSR practices demonstrate our dedication to making meaningful contributions to society and the communities we serve.

Material Sustainability Matters

- Occupational Safety and Health
- Noise Management
- Labour Practices and Standards
- Diversity and Inclusiveness
- Product Quality and Customer Satisfaction
- Corporate Social Responsibility

Our Shared Values



Strengthen business processes to provide better service to customers



Commitment to products and services quality

Key Stakeholders



Championing Workplace Safety

Our workforce adheres to rigorous health, safety and environment (“HSE”) protocols, actively minimising workplace hazards and fostering a culture of accountability. Our emphasis on maintaining a secure work environment is driven by our intent to protect our employees’ physical and mental well-being, which in turn enhances overall productivity

Our HSE system complies with the Occupational Health and Safety Management Standard (“OHSAS”) 18001:2007, ensuring effective management of occupational safety and health (“OSH”) risks. LF Metal reviewed and updated its Occupational Safety and Health system in January 2024 to comply with the Occupational Safety and Health (Amendment) Act 2022, including obtaining Certificates of Fitness for all machinery and maintaining full operational safety.

Safety and Health Policy

Our Safety and Health Policy guides our efforts to foster a safety-conscious culture across the Group. We achieve this through frequent training sessions focused on developing and maintaining safe workplace practices. Our mission is to achieve zero injuries among our employees, contractors, and the communities in which we operate.

In line with our policy, we have implemented a detailed Safety and Health Manual to ensure operational safety through a detailed control system overseen by the Safety and Health Committee.

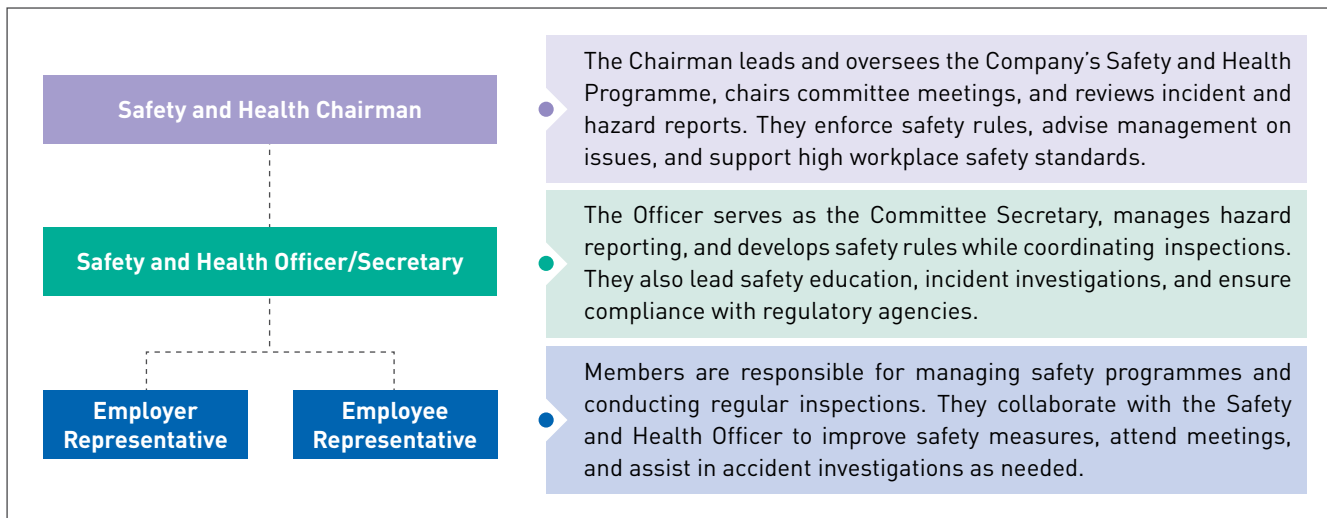
- It outlines the roles and responsibilities of the Safety and Health Committee, fire safety protocols, and essential safety procedures tailored to our steel trading and processing facilities.
- Routine inspections are conducted to uphold and enhance safety and health standards.



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Safety and Health Committee

Our three-tiered Safety and Health Committee fosters a collaborative and comprehensive approach to OSH management through strong leadership, coordinated oversight, and active employee participation.



Safety Risk Management

The Group employs a HIRARC methodology to systematically identify, mitigate and eliminate risks where possible. This structured approach strengthens our ability to proactively address potential hazards, fostering an environment where safety is prioritised.

HIRARC

- Established in FY2017 as a mechanism to identify potential hazards and establish effective control measures.
- Evaluates risk levels associated with a particular activity by considering:
 - Severity of injury or illness resulting from a hazard; and
 - Likelihood of the injury or illness occurring.

The Group identified a work process at LF Metal with higher OSH risks and has evaluated its risk control measures.

Work Process: Moving out slitted coils from mandrel.

Risk Control Measures:

- Implement Standard Operating Procedures (“SOPs”), provide comprehensive training, ensure PPE usage (safety shoes, helmet, gloves);
- Install slitted coil support; and
- Install sensors, safety guards, interlocking devices, and enforce safe work practices.

2-Minute Hazard Report Card

- Complements the HIRARC process by quickly assessing hazard severity to determine whether activities should proceed or halt, reinforcing a proactive, safety-first approach.

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Personal Protective Equipment (“PPE”)

The Group has issued a memorandum regarding the use of PPE for individuals entering the factory premises of LF Metal and Supreme Steelmakers. This directive applies to visitors, employees, and external logistics or transport personnel, ensuring adherence to safety standards.

The PPE provided includes safety helmets, ear protection, safety goggles, dust masks, gloves, safety footwear, and other necessary protective equipment, which must be worn when engaging in hazardous tasks or in areas where safety risks are present.

During the reporting period, the three (3) main subsidiaries collectively recorded a total of 951,445 working hours, with a lost time incident rate of 6.10.

Health and Safety Performance

	FY2022	FY2023	FY2024
Total Hours Worked	832,897	928,225	951,445
No. of Work-related Fatalities	0	1	0
No. of Lost Time Incidents	20	17	29
Lost Time Incident Rate	4.80	3.66	6.10

Note:

1. The Lost Time Incident Rate (“LTIR”) is calculated based on the number of workplace incidents resulting in workplace injury-related absences, expressed per 200,000 hours worked.

Health and Safety Training

Our focus on OSH is reinforced through continuous training, covering key areas such as safe machinery handling, fire safety procedures, first aid, the proper use of PPE based on operational requirements. These initiatives help employees understand the importance of safe work practices, thereby reducing the risk of accidents and injuries.

In FY2024, a total of 345 hours of health and safety training were provided, with thirty-nine (39) employees in attendance.

Note:

1. The total hours of OSH training are calculated by multiplying the duration of each training programmes by the number of attendees to align with the calculation method used for total training hours of employee development programmes.



Total Hours of OSH Training

345

Number of Employees Trained on HSE Standards **39**

(FY2023: 71) • (FY2022: 111)



Managing Noise Safety

In Leon Fuat’s steel manufacturing environment, prolonged exposure to elevated noise levels poses significant occupational health risks. Through rigorous testing and implementing noise control measures, we safeguard our employees from the adverse effects of excessive noise exposure.

Leon Fuat complies with all relevant noise regulations, including the Occupational Safety and Health (Noise Exposure) Regulations 2019. Noise Risk Assessments are conducted every five (5) years to assess workers’ exposure to noise and evaluate the effectiveness of existing noise control measures, with the next assessment scheduled for FY2027.

LF Metal conducts audiometric testing annually, with seventy-six (76) employees participating in FY2024. Our primary focus is to elevate staff awareness through Noise Awareness Training and safety briefings on potential auditory issues. Furthermore, we equip employees with hearing protectors, such as Anti-Noise Ear Shields, to effectively mitigate noise exposure at our plants.

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Engaging Our Employees

From talent acquisition to retention, we uphold responsible principles and business practices to enhance the overall well-being and job satisfaction of our employees. Facilitating a fair, inclusive and supportive environment, we provide continuous opportunities for improvement and offer progressive benefits to attract and nurture top talent.

The Group has recorded zero substantiated complaints of human rights violations over the past three (3) years.



We ensure a minimum notice period prior to significant operational changes, maintaining transparency and allowing employees adequate time to prepare.

Upskilling and Developing Talent

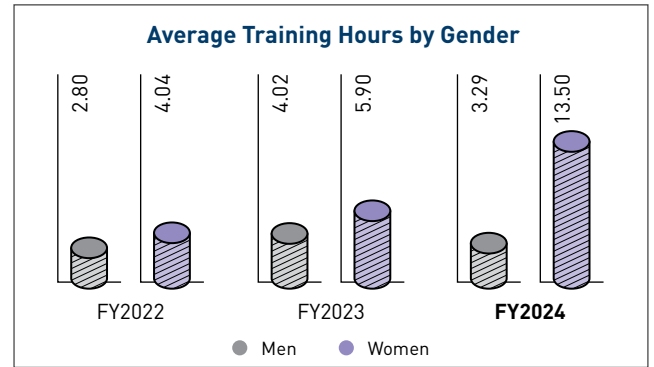
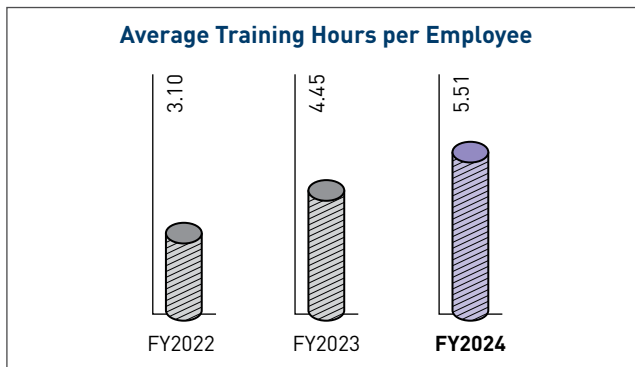
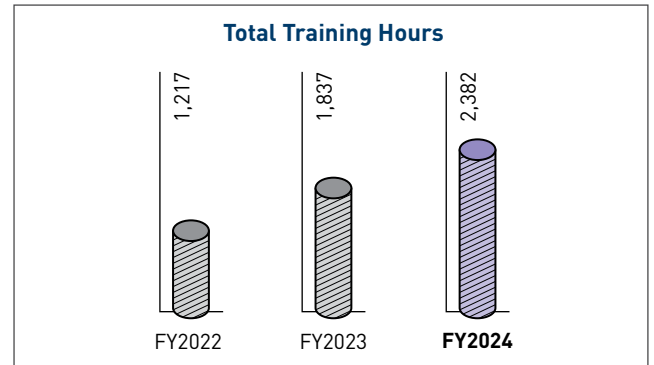
The Group achieves performance excellence through continuous development and innovative incentive programmes. We support the professional growth of our employees with a variety of training initiatives, emphasising regular on-the-job training and upskilling to enhance competencies and effectiveness.

Type of Training	List of Training Programmes
Leadership, Ethics & Governance	<ul style="list-style-type: none"> Vistage Small Business ("VSB") Programme (12 sessions) Vistage Chief Executive ("VCE") Programme (11 sessions) Federation of Malaysian Manufacturers ("FMM") Business Ethics & Governance Seminar 2024 PECB Certified ISO 37001 Lead Auditor
E-Invoicing and Taxation	<ul style="list-style-type: none"> E-Invoicing Strategy and Application Training (3 sessions) Employer's Tax Obligation in Mandarin Roadmap for E-Invoicing Implementation and Transformation Strategies (5 sessions) Malaysia E-Invoicing Framework – Mechanism, Process, and Planning Recent Tax Developments
Business Systems & Automation	<ul style="list-style-type: none"> Microsoft Power Automate Essentials Systems, Applications, and Products ("SAP") Training (8 sessions) User Training for Focus 9 Enterprise Resource Planning
Labour and Industrial Relations	<ul style="list-style-type: none"> Department of Labour Peninsular Malaysia Labour Convention 2024 FMM Industry 4.0 Conference 2024 Labour Symposium Programme Seminar on Worker Accommodation Certification
Quality Management	<ul style="list-style-type: none"> ISO 9001:2015 Internal Auditor Training (QMS05) (2 sessions) Understanding & Implementing ISO 9001 Quality Management System (2 sessions)
Technical	<ul style="list-style-type: none"> Forklift Training
Sustainability	<ul style="list-style-type: none"> Carbon Accounting and Reporting: From Basics to Best Practices
Safety and Health	<ul style="list-style-type: none"> OSH Coordinator Programme First Aid, Cardiopulmonary Resuscitation ("CPR") & Automated External Defibrillator ("AED") Course (2 sessions) Working Safely at Height (2 sessions) Engagement Session with Employers: Briefing on Safety Rules 24th Conference and Exhibition on Occupational Safety and Health ("COSH") & 6th Scientific Conference on Occupational Safety and Health ("SCICOSH") 2024 OSH Safety Webinar Series – June 2024: OSHA 2022 Amendments OSH Compliance Support Workshop: Sharing of Best Practices Safe Handling of Forklift Truck & Crane – Basic Programme HIRARC, Chemical Health Risk Assessment ("CHRA"), Ergonomic & Manual Handling in the Workplace Emergency Response Plan & Preparedness Combined Drill Training Lifting Supervisor

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In FY2024, we allocated 2,382 training hours to these initiatives, combining virtual and in-person sessions for greater accessibility and engagement.

Employee Category	Total Training Hours		
	FY2022	FY2023	FY2024
Senior Management	126	127	202
Management	212	333	595
Executive	276	355	782
Non-Executive	603	1,022	803



Employee Category	Average Training Hours		
	FY2022	FY2023	FY2024
Senior Management	12.55	12.70	20.20
Management	6.43	10.08	16.99
Executive	4.52	6.24	12.22
Non-Executive	2.09	3.27	2.49

Employee Benefits and Welfare

We prioritise the well-being and growth of our employees through a range of benefits and development opportunities. Our benefits package includes healthcare and insurance coverage, professional development programmes, and paid examination leave to support academic pursuits.

Annual Leave	Marriage Leave	Parental Leave	Compassionate Leave
Examination Leave	Healthcare	Retirement Provision (EPF)	Disability and Invalidation Coverage

This year, LF Metal upgraded its insurance coverage to offer enhanced medical protection for its employees. We actively promote educational initiatives, with department heads offering counselling sessions to support learning and career development. Employees at LF Metal are encouraged to acquire new skills, with up to five (5) days of paid examination leave to assist in their academic and professional goals.

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Employee Engagement

At LF Metal, we are dedicated to cultivating a workplace culture that is engaging, inclusive, and supportive. Our approach centres on empowering employees, developing their skills, and enhancing their well-being to promote both personal and professional growth.

Onboarding and Orientation

Engagement begins from day one through our structured onboarding and orientation programme. New hires undergo a two-session induction process:

- Session 1 provides an overview of the Group's values, mission, and operations, fostering alignment with our corporate ethos.
- Session 2 focuses on department-specific SOPs, ensuring a practical understanding of day-to-day expectations and workflows.

This tailored onboarding experience ensures that every employee, regardless of role, integrates smoothly into our culture and processes.

Recognition and Rewards

Motivating and rewarding our employees is crucial to sustaining high performance. Our engagement initiatives include:

- **Quarterly Reward Meals:** Celebrating top-performing sales teams with recognition meals.
- **Recognition Awards and Bonuses:** Honouring exceptional performance across various levels and roles.

Healthcare and Wellness Programmes

In FY2024, LF Metal organised monthly healthcare and wellness programmes starting in June 2024, designed to foster physical and mental well-being while creating a supportive environment for employees to excel both professionally and personally.

- June: Health Screening Programme
- July: Mental Health Awareness Day
- August: Breakfast Day – featuring Yakult drinks
- September: Healthy Snacking Day
- November: Orange Bliss
- December: Cookie Decorating and Healthful Treat

These initiatives reflect our commitment to promoting holistic wellness across the organisation.



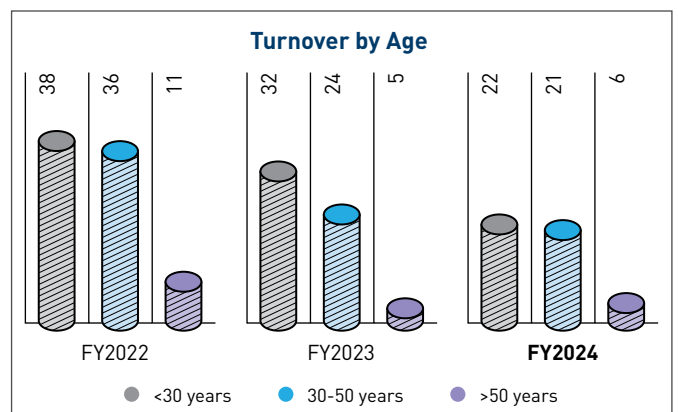
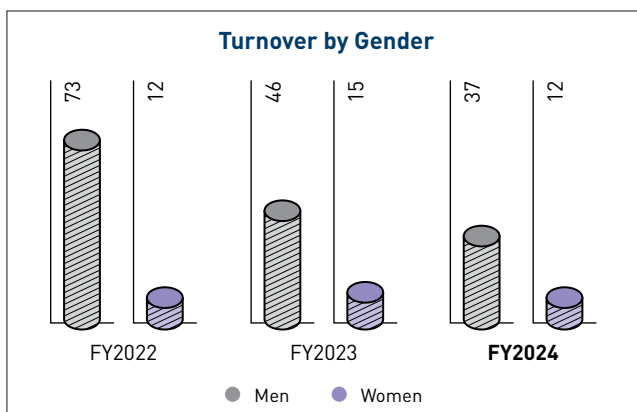
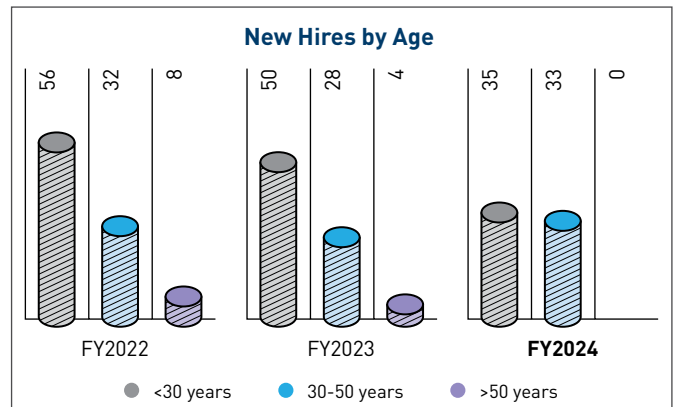
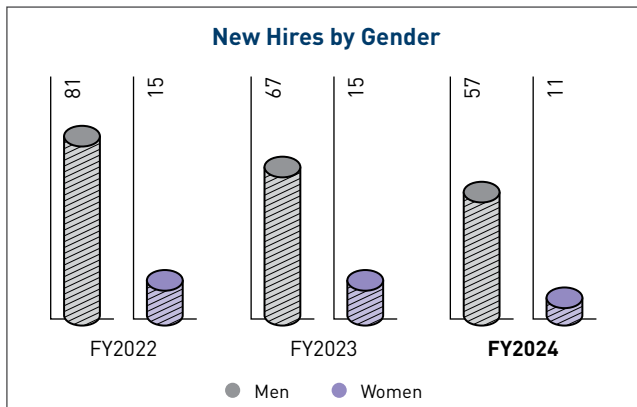
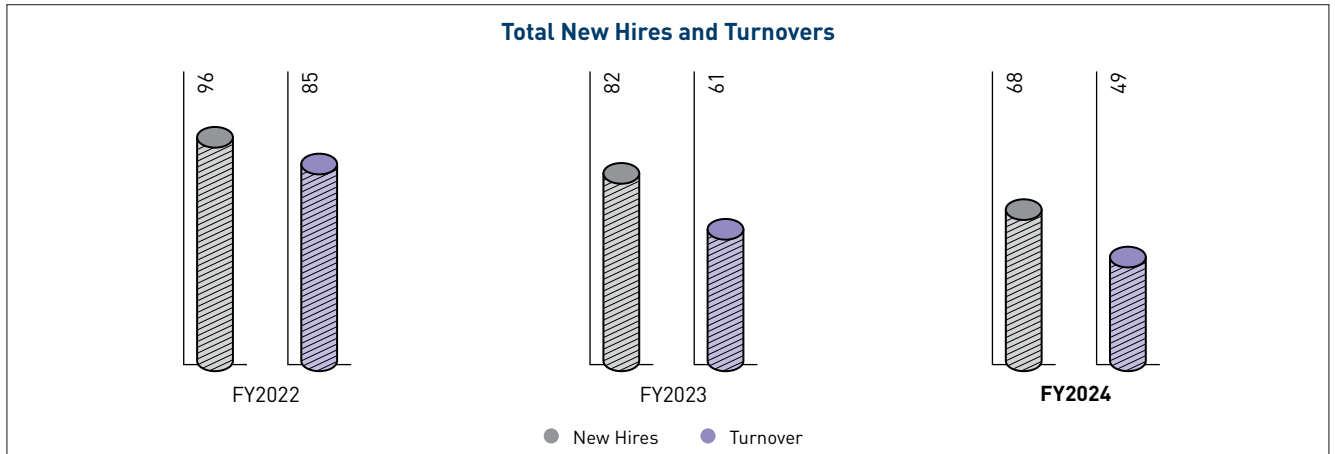
Annual Events

Our annual events, such as the Annual Dinner offers opportunities for team bonding, celebrate our collective achievements, and reinforce our inclusive workplace culture.

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Employee New Hires and Turnover

In FY2024, the Group welcomed sixty-eight (68) new hires and recorded forty-nine (49) employee turnovers.

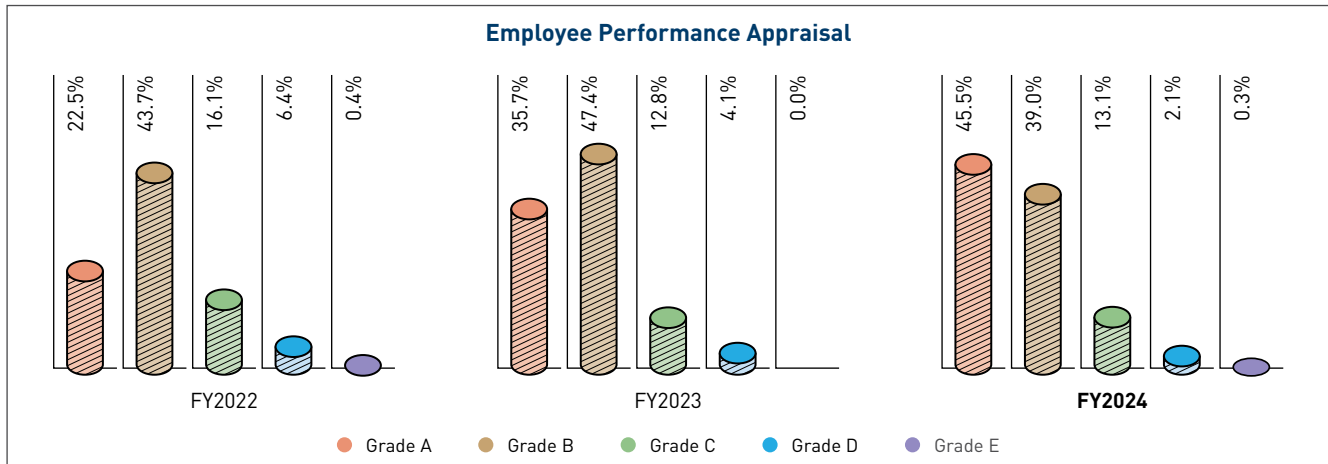


Employee Category	Total number of employee turnover		
	FY2022	FY2023	FY2024
Senior Management	0	0	0
Management	0	1	3
Executive	8	9	7
Non-Executive	77	51	39

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Employee Appraisal

As part of our career development efforts, we conduct annual assessments to evaluate employee performance and identify development needs. In FY2024, all two hundred ninety-one (291) LF Metal employees underwent performance evaluations. Notably, a substantial number of employees exhibited exceptional performance, with 45.5% achieving Grade A and 39.0% receiving Grade B.



Parental Leave

In FY2024, the Group achieved a 100% return-to-work rate for three (3) female and six (6) male employees who utilised parental leave. Additionally, one (1) male employee at Supreme Steelmakers returned to work in 2024 after taking parental leave in 2023. All employees remained with the company twelve (12) months later.

	FY2022		FY2023		FY2024	
	Men	Women	Men	Women	Men	Women
No. of employees who took parental leave	0	0	12	8	6	3
No. of employees who returned after parental leave	0	0	12	5	6	3
No. of employees who returned to work after parental leave and were still employed 12 months later	0	0	10	4	7	3

Fostering Equity and Diversity

Fostering equity and diversity is crucial to creating a thriving, inclusive workplace. By embracing diverse perspectives and backgrounds, we enhance innovation, drive better decision-making and contribute to a more engaged and productive workforce.

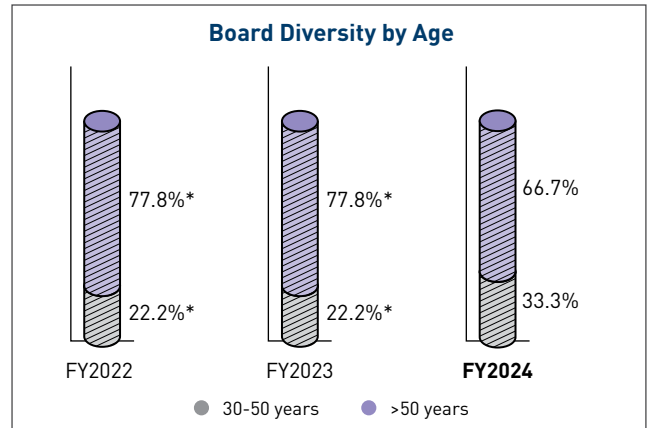
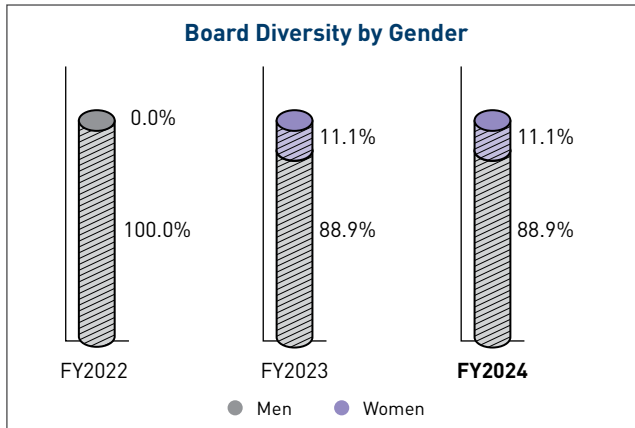
Leon Fuat is dedicated to fostering an equitable and inclusive workplace, embracing diversity across cultural, ethnic, age, and gender dimensions. This is supported by our zero-tolerance Discrimination and Harassment Policy, which is consistently communicated through comprehensive employee training to ensure awareness and strict compliance at all levels.

At LF Metal, we further strengthen this initiative by promoting anonymous feedback channels, encouraging employees to report any concerns related to discrimination, bias, or harassment without fear of retaliation. Our proactive measures have contributed to a safe and inclusive environment, reflected by zero reported discrimination cases within the Group in FY2024.

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Board Diversity

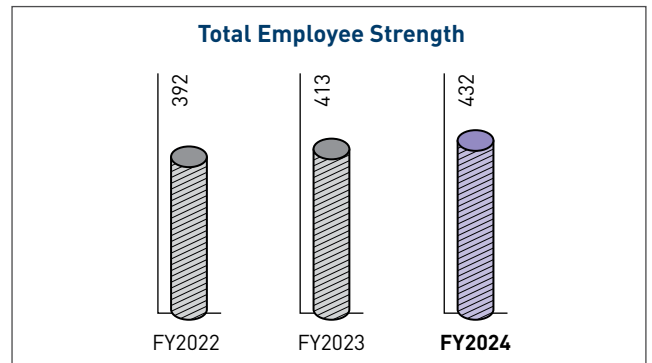
Since FY2023, Leon Fuat Berhad’s Board has a female member, represented 11.1% of the Board members, with the majority aged fifty (50) and above, bringing extensive experience to our leadership.



* Data has been restated.

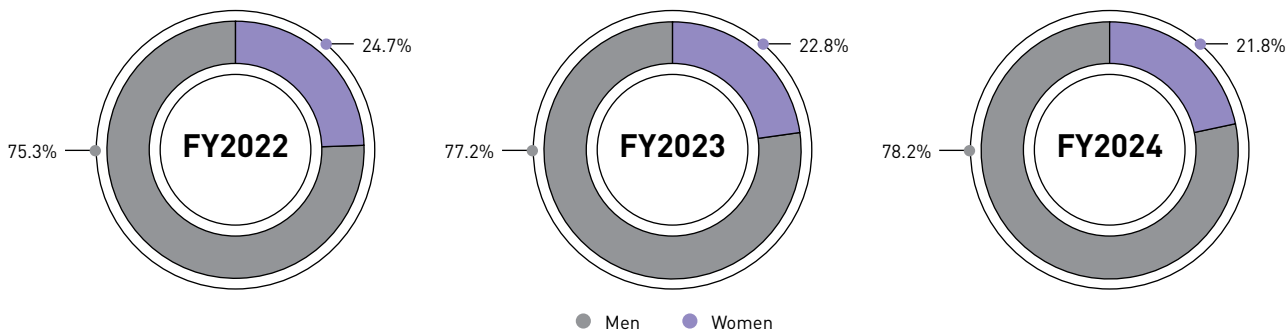
Workforce Diversity

In FY2024, our Group saw a 4.6% growth in our workforce. Our workforce distribution has remained consistent over the past three (3) years, with men aged thirty (30) and fifty (50) comprising the majority due to the labour-intensive nature of the steel processing industry. Nevertheless, we continue to actively advocate for and welcome individuals of all genders, ethnicities and nationalities to be part of our diverse team, contributing their unique perspectives and talents across our organisation.

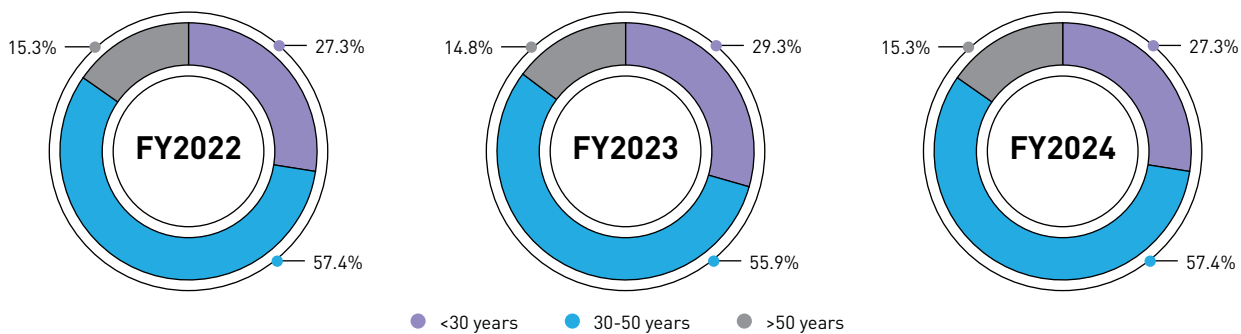


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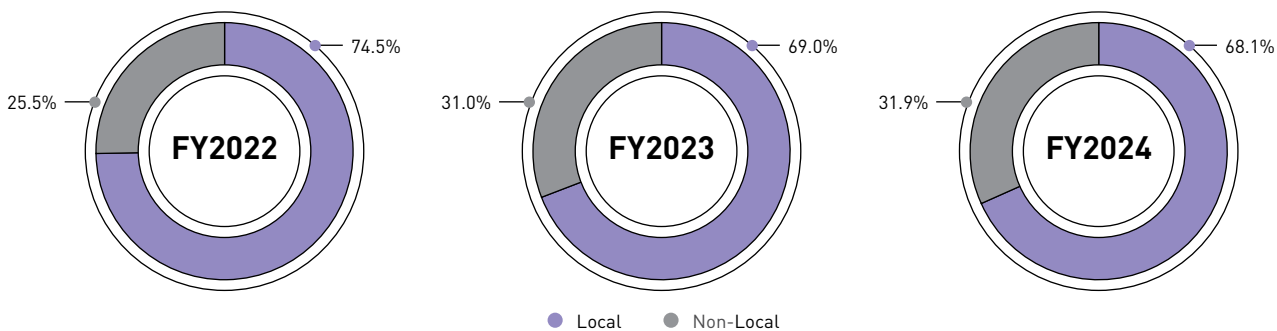
Employee Diversity by Gender



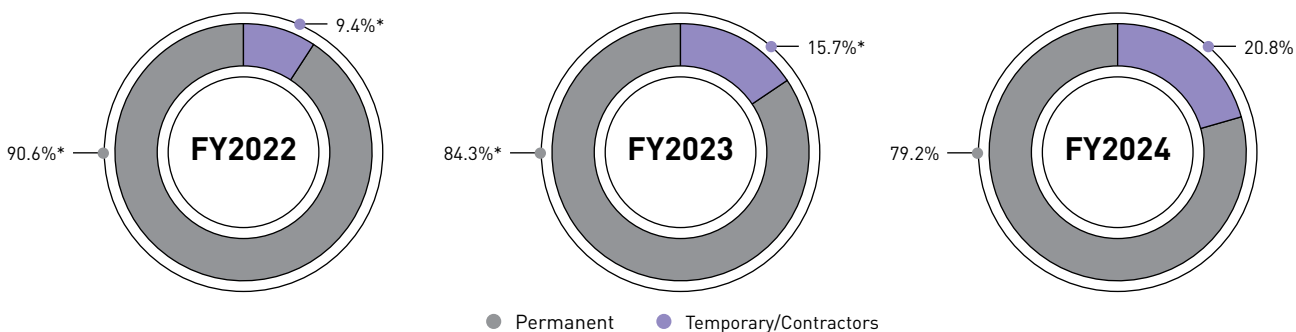
Employee Diversity by Age



Employee Diversity by Nationality



Employee Composition



* Data has been restated.

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Gender Diversity by Employee Category (%)

Employee Category	Gender	FY2022	FY2023	FY2024
Senior Management	Men	100.0	100.0	100.0
	Women	0.0	0.0	0.0
Management	Men	48.5	48.5	51.4
	Women	51.5	51.5	48.6
Executive	Men	19.7	19.3	26.6
	Women	80.3	80.7	73.4
Non-Executive	Men	89.2	90.1	90.7
	Women	10.8	9.9	9.3

Age Diversity by Employee Category (%)

Employee Category	Age	FY2022	FY2023	FY2024
Senior Management	<30	0.0	0.0	0.0
	30-50	20.0	20.0	20.0
	>50	80.0	80.0	80.0
Management	<30	3.0	3.0	2.9
	30-50	87.9	87.9	80.0
	>50	9.1	9.1	17.1
Executive	<30	26.2	19.3	21.9
	30-50	59.0	64.9	62.5
	>50	14.8	15.8	15.6
Non-Executive	<30	31.3	34.8	31.9
	30-50	54.9	52.1	55.1
	>50	13.9	13.1	13.0

Delivering Excellence in Products and Services

The Group recognises the correlation between delivering high-quality products and providing exceptional service to achieve customer satisfaction. Our dedication to consistently exceeding customer expectations, paired with our focus on providing responsive service, strengthens our reputation and fosters enduring relationships with our valued clients.

All three (3) of our subsidiaries are certified under ISO 9001:2015 (Quality Management Systems), enabling us to identify areas for continuous improvement.

ISO 9001(Quality Management Systems)

LF Hardware

ISO 9001:2015

Scope: Distribution of Steel Materials and Provision of Steel Cutting Services.

Date of issue: 12/12/2019

Date of expiry: 11/12/2025

LF Metal

ISO 9001:2015

Scope: Distribution of Steel Materials and Provision of Steel Processing Services, Manufacture of Steel Pipe Products.

Date of issue: 12/01/2004

Date of expiry: 30/07/2027

Supreme Steelmakers

ISO 9001:2015

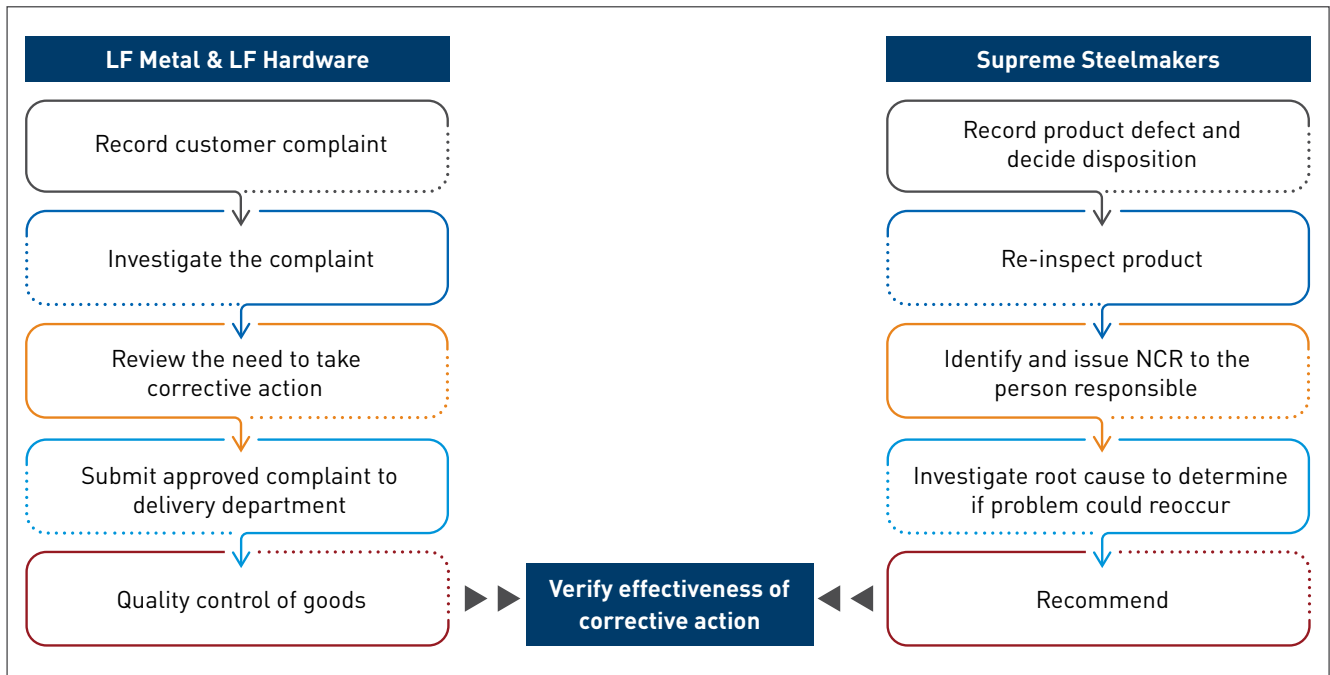
Scope: Provision in the Steel Cutting, Steel Bending and Distribution of Steel Materials for Commercial Use.

Date of issue: 18/01/2010

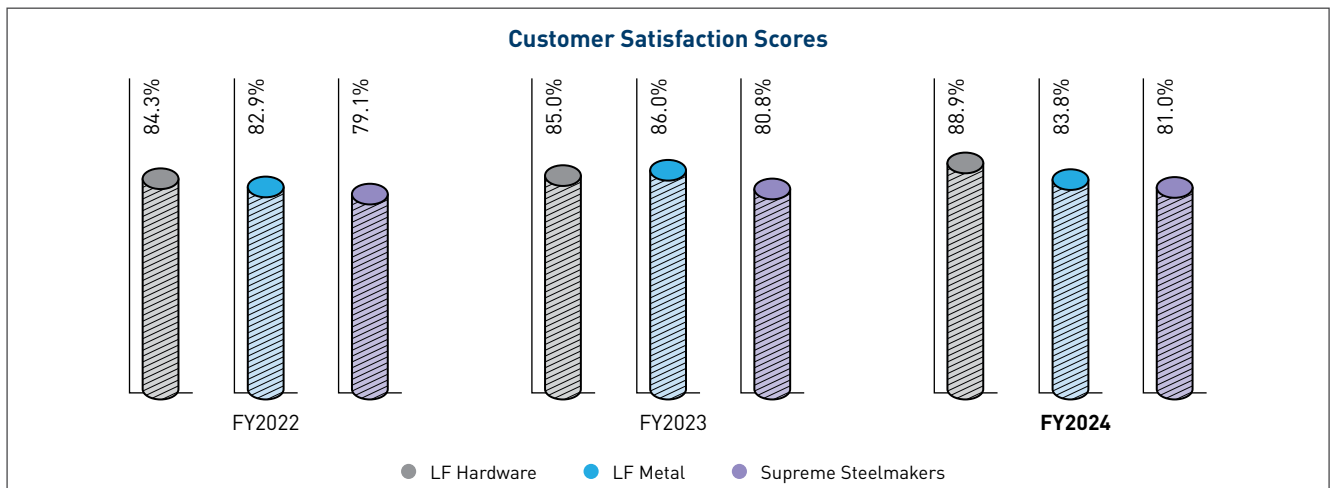
Date of expiry: 17/01/2028

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We adopt a comprehensive approach to product quality and customer satisfaction. By engaging customers regularly and conducting annual satisfaction surveys, we gather valuable insights. Our reliable complaint procedure, backed by the Customer Return Note system, ensures systematic tracking and prompt resolution of any concerns.



We uphold the highest standards in the quality of our steel products, with customer satisfaction serving as a key measure of our success. LF Hardware achieved an impressive 88.9%, LF Metal reached 83.8%, and Supreme Steelmakers attained 81.0%.



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Making A Difference

As a responsible corporate citizen, we prioritise the communities we serve and the broader social landscape. Fostering positive relationships with communities is vital to our CSR objectives. Our initiatives build stakeholder trust, create long-term value, and shape our reputation and sustainability.

Leon Fuat strives to make a positive impact through meaningful community investments and CSR initiatives, led by our dedicated CSR team. Special requests from organisations are carefully considered based on our funding capacity and the consensus of our eight-member charity committee, ensuring alignment with our goal of making a meaningful difference in the community.

	FY2022	FY2023	FY2024
Total amount invested in CSR programmes	RM3,000	RM9,650	RM38,200
Number of individual or organisation beneficiaries	3 organisations and 1 individual	10 organisations	7 organisations

CSR Programmes in FY2024

- RM10,000 contribution to the Federal Territory and Selangor Tinsmith Association for its Anniversary cum Charity & Administrative Fundraising Dinner on 27th April 2024
- RM5,000 to the Malaysia Metal Recyclers Association ("MMRA") for its 13th Anniversary Dinner on 24th May 2024
- RM10,000 to the Negeri Sembilan Foundry & Engineering Industries Association for its 48th Anniversary Dinner on 28th June 2024
- RM5,000 to the *Persatuan Peniaga Logam Jentera dan Bahan Binaan Pahang* ("PJGBBP") for its 30th Anniversary Dinner on 28th June 2024
- RM3,000 to *Kelab Senaman Kesihatan Kwang Hua Klang Selangor* for its 17th Anniversary Fundraising Dinner on 10th August 2024
- RM5,000 to Perak Chinese Hardware Dealers' Association for its 85th Anniversary Dinner on 31st August 2024
- RM200 to OSK Foundation (*Pertubuhan Kebajikan Chin Chun Hu*) for charity in September 2024

OUR PATH FORWARD

Recognising the impact of steel-making on our daily lives, Leon Fuat considers sustainability a key driver of our business success. With over 50 years in the steel industry, we leverage our experience by investing in technology to optimise processes and secure long-term sustainability. Advancements in operational efficiency, energy consumption and worker health and safety underscore our commitment to positive change.

Our focus on ESG values enriches our value proposition and strengthens our resilience against industry challenges. It paves the way to a better, greener and more promising future for our stakeholders, employees and the community at large.