Sustainability Statement

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1. Introduction

1.1 Who We Are

The Southern Steel Berhad Group of Companies ("the Group") is a diversified business based in Malaysia, comprising multiple subsidiaries operating in various steel sectors.

Founded in 1963, the Group has grown from a small galvanised iron sheet plant to a major steel manufacturing group by leveraging its expertise and resources. Over the years, we have built a solid reputation from the unwavering dedication to excellence, innovation and customer satisfaction. Today, we are an established producer and distributor of steel products, offering a wide range of high-quality steel solutions for various applications. Our product portfolio includes billets, wire rods for industrial application and construction, mild steel round bars, high yield deformed bars for construction, steel pipes, prestressed concrete strand and wires. These products find applications in various industries such as construction, infrastructure, manufacturing and engineering. We also provide customised value-added off-site cut, bent rebars and steel welded mesh for the construction industry in Malaysia.

The Group remains committed to its core values of excellence, integrity and innovation. With a strong foundation and forward-looking approach, the Group will position itself to seize new opportunities, overcome challenges and achieve sustainable growth in the dynamic business landscape of Malaysia and beyond.

1.2 Membership and Associations

The Group is affiliated with the following associations and actively engages as senior leaders, representative and committee members.

Industry Association	Functions	Key Personnel	Role
Malaysian Iron and Steel Industry Federation ("MISIF")	MISIF's primary mission is to assist and support members in carrying out their business efficiently and successfully. One of the major services is representation to government of members' problems and concerns through submission of papers and memoranda, direct meetings and dialogues with the relevant Ministries, departments or agencies.	Mr Yeoh Choon Kwee Mr Cheong Khai Kong	Vice President Vice President
Malaysia Steel Council ("MSC") – Technical Committee*	Supporting Malaysia Steel Council which to oversees, develop and continuously align the implementation milestones and roadmap including governance mechanism, towards ensuring the competitiveness of the iron and steel industry in Malaysia.	Mr Yeoh Choon Kwee	MISIF representation
South East Asia Iron and Steel Institute ("SEAISI")	The Technical Committee ascertains and resolves the technical direction and specific activities of the Institute.	Mr Tang Siew Chuan	Technical Committee Member – Malaysia
	The Environmental and Safety Committee was set up in early 1992 to ensure that sustainable development is integral to the development of the South East Asia Iron and Steel Industry.	Mr Chiam Kok Leang	Environment and Safety Committee Member – Malaysia

* *MSC is an agency under the Ministry of Investment, Trade and Industry ("MITI")*

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1.3 About this Report

The Group is pleased to present our Sustainability Report for the Financial Year 2023 ("FY 2023"). We strive to protect the environment and is committed to comply with laws and regulations, enhance safety and health of employees, respect cultural diversity and make positive impact on the lives of people in the communities where we conduct business.

This report enunciates a clear outline of what sustainability means to us and the details of managing significant sustainability issues in terms of governance, economic, environmental and social sustainability. We have continued our efforts and expanded further the initiatives to strengthen sustainability commitment throughout the organisation.

For a comprehensive overview of the Group's performance for FY 2023, this report should be read in conjunction with the other statements in this Annual Report.

Reporting Scope

This report covers the financial year period from 1 July 2022 to 30 June 2023 ("FY 2023"). There have been no changes in the scope of reporting as compared to prior year, unless otherwise specified. As for selected indicators that have only been tracked recently, the reporting duration would be mentioned within this report.

All initiatives and performance data disclosed in this report are derived from our manufacturing divisions as below:

Company	Division	Location	Abbreviations
Upstream:			
Southern Steel Berhad	• Steel bar • Wire rod • Billet	Prai	SSB
Downstream:			
Southern Pipe Industry (M) Sdn Bhd	Steel welded pipe	• All sites • Butterworth • Nibong Tebal	• SPIM • SPIM Butterworth • SPIM Nibong Tebal
Southern Steel Pipe Sdn Bhd	Steel welded pipe	Butterworth	SSP
Southern Steel Mesh Sdn Bhd	• Wire mesh • Cut & Bend bar	• All sites • Prai • Klang • Prai • Rawang	• SSM • SSM Mesh Prai • SSM Mesh Klang • SSM C&B Prai • SSM C&B Rawang
Southern PC Steel Sdn Bhd	Prestressed concrete strand and wire	Shah Alam	SPC

Reporting Standards

The Group's FY 2023 sustainability report has been prepared in reference to the following reporting guidelines:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia")
- Bursa Malaysia's Sustainability Reporting Guide
- Global Reporting Initiative Standards ("GRI")
- Task Force on Climate-Related Financial Disclosure ("TCFD")

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This report also reflects the Group's activities in relation to the below standards or framework:

- ISO 9001 International Standards for Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environment Management System
- ISO 37001 Anti-Bribery Management System
- Other standards where applicable

In addition, the Group operates business in a responsible and fair manner with adherence to the corporate values as defined in the Hong Leong Manufacturing Group ("HLMG") Code of Conduct and Ethics, which sets a high standard of professionalism, ethics and integrity for our employees in the conduct of business and professional activities.

Qualification ISO 9001

Qualification ISO 45001

Qualification ISO 14001

Qualification ISO 37001

HLMG Code of Conduct and Ethnics

1.4 Key Sustainability Highlights

These sustainability highlights in FY 2023 represent the collective efforts and progress made by the Group in creating a more sustainable future. While challenges persist, these achievements provide aspiration and motivation to continue working towards a harmonious coexistence with our earth.

100%
Sites certified to ISO 37001 since year 2021

67%
Sites certified to ISO 14001 and ISO 45001

Zero
Corruption case reported

100%
Attendance for ABCMS related policies briefing and training

Zero
Political donation

Zero
Substantiated complaint on breaches of customer privacy and losses of customer data

Zero
Environmental fines and penalties

Zero
Water quantity and quality related non-compliance incident

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SIRIM ECO-LABEL

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000245

SIRIM ECO-LABEL

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000246

SIRIM ECO-LABEL

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000250

8 products of SSM

Being certified with Sirim Eco-Labelling Scheme

MyHijau Certification
For steel bar in straight length and wire rod products

77%-86%
Customer satisfaction index

↓17.8%
GHG emissions intensity

50% or lower
Than the regulation's air emission limit

94%
Steel scrap used in EAF

Zero Mt
EAF dust inventory

99.5%
Waste diverted from disposal

51 megaliters
Cumulative reduction in water use since FY 2020

1,924kWh (upstream)
1,288kWh (downstream)
Annualised energy savings per employee

12,647 hours
Trainings to employees

2,136 hours
Participation in various CSR projects

Sustainability Statement
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1.5 Message from Group Managing Director

Dear Stakeholders,

As we continue our journey towards a more sustainable future, I want to take a moment to emphasise the importance of sustainability reporting within our organisation. The FY 2023 Sustainability Report serves as a vital tool for us to measure, track and communicate our environmental, social, economic and governance ("ESEG") performance to our stakeholders. This report serves as an essential avenue to achieve our goal of transition into the Task Force on Climate-Related Financial Disclosure ("TCFD").

To implement a robust sustainability reporting framework, the Group has established a governance platform led from the top, with the Board of Directors having an oversight and responsibility. In addition, the senior executives' remuneration is linked to the Group's ESEG performance, which showcase our commitment to responsible and ethical practices.

Our key material issues were identified through an extensive materiality assessment that was conducted in FY 2022. Although there were no major changes to the material issues in FY 2023, we have decided to extend our disclosure to include air emission, data privacy and security as well as life cycle perspective. The material issues and action plans were also being deliberated in the quarterly Sustainability Steering Committee ("SSC") and Board meetings.

As part of our efforts to mitigate climate change, we achieved a 17.8% reduction in greenhouse gases ("GHG") emissions intensity, which is one of our key sustainability highlights. The Group continuously aims to reduce our GHG emissions even though the Electric Arc Furnace ("EAF") technology that we use for our steelmaking is already a greener option compared to other iron and steel making technologies. In addition, we are one of the first steel mills in Malaysia to successfully obtain the MyHijau green certification for steel bar and wire rod.

Apart from the green initiatives devoted to the operations, we also believe that our success is intertwined with the success of our community. Therefore, we have made a steadfast commitment to prioritise local employment and nurture local talent, especially on the critical areas in our operation. By providing employment opportunities to members of our community, we not only empower them with sustainable livelihoods but also contribute to the overall economic growth and social well-being of the region.

We also actively participate in community engagement initiatives, supporting local charities and not-for-profit organisations. By giving back to our community, we strengthen the bonds that connect us and contribute to the social fabric that underpins our collective success.

Internally, we had also introduced a statement in relation to labour standards, which is intended to protect our workforce. The policy is made available in a range of languages, for easy understanding by all employees of our diverse workforce.

In conclusion, the Group has made sustainability reporting an integral part of our organisational culture. I believe that we will continue to make meaningful strides towards a more sustainable future with our collective efforts.

Mr Yeoh Choon Kwee
Group Managing Director

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2. Sustainability Framework

2.1 Sustainability Approach

The Group embarks on its journey towards long-term sound and sustainable growth by adopting this framework to further improve the Group's culture and performance via operational excellence. As an integral part of the Group's business strategies and decisions, we emphasise the continuous improvement to deliver the targeted operation outcome, focus on safety and health to enhance moral, productivity and efficiency, observe corporate compliance to ensure business is conducted ethically and responsibly, grow our range of green products as our green initiative, increase engagement on issues related to climate change to assist in addressing global warming and develop our human capital for economic and social growth. The Group believes in the theme "Together we can do it".

2.2 Sustainability Governance

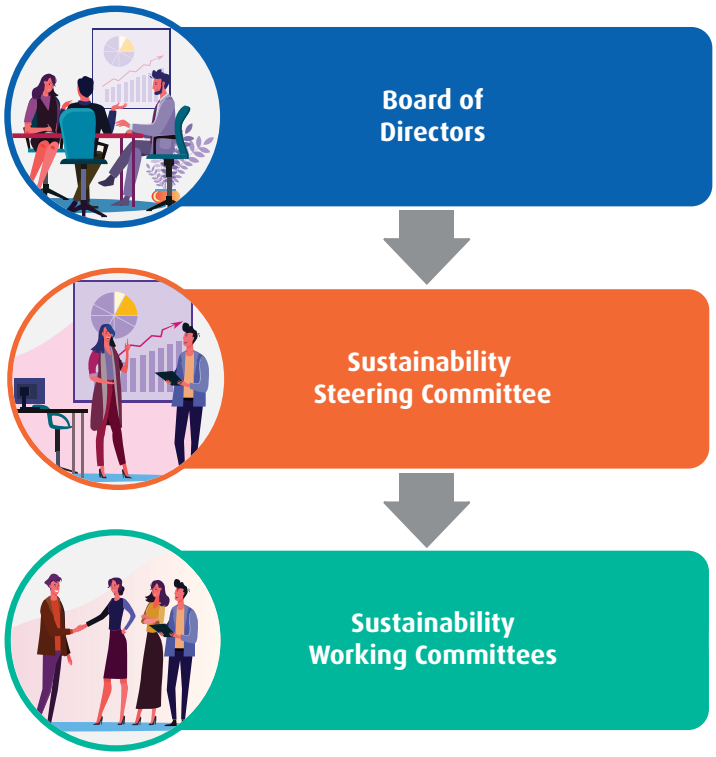
The Board of Directors has oversight on the sustainability matters of the Group. The Sustainability Steering Committee ("SSC") of the Group plans the sustainability goals, reviews the strategies, manages processes, initiatives, targets and performances in relation to sustainability matters. This nurtures team culture, enables the setting of integrity culture and overall accountability across the Group, along with building stakeholders' trust that the Group is working towards delivering sustainable stakeholders' value.

2.3 Governance Structure

The Group has a well-established governance led from the top, with clear accountabilities for continual implementation of sustainability initiatives with the objective of striving for sound and sustainable growth.

The Group's SSC comprises senior Head of Department of the relevant operations and is chaired by the Group Managing Director ("GMD"), with the Chief Financial Officer as deputy. The GMD plays the role of Chief Sustainability Officer, reporting directly to the Board on any sustainability matters. The SSC oversees the implementation of the Group's sustainability initiatives and ensures that key targets are being monitored.

The SSC is assisted by Sustainability Working Committees ("SWC") comprising key staff from various departments of the operating companies nominated by the SSC. The SWC's reporting duties include provision of information, collection of feedback from stakeholders, addressing material sustainability issues and driving initiatives approved by the SSC.



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3. Stakeholder Engagement

The Group firmly believes that stakeholder engagement is a crucial element of our sustainability strategy. We recognise that our business operations impact a wide range of stakeholders, including the government, customers, employees, shareholders, suppliers, communities and the environment. Therefore, we prioritise stakeholder engagement as a means to foster meaningful dialogue and collaboration, and to ensure that we are meeting the needs and expectations of our stakeholders.

Our stakeholder engagement process is designed to be inclusive, transparent and responsive. We engage with our stakeholders on a regular basis through a variety of channels, including surveys, interviews, focused groups, town hall meetings and online platforms. Through these interactions, we seek to understand the perspectives, concerns and aspirations of our stakeholders, and to use these feedbacks to guide our decision-making process and drive our sustainability initiatives.

Stakeholders	Engagement Channels	Why We Engage
Board of Directors	• Board meetings	• To actively engage with the Board of Directors in strategic planning, ensuring alignment of organisational goals and driving effective decision-making processes in sustainability matters. • To collaborate with the Board of Directors to review corporate governance practices, ensuring compliance with regulations, ethical standards and best practices in corporate governance.
Employees	• Town Hall • Intranet • Events • Trainings • Virtual meetings • Physical meetings • Surveys • Newsletter	• To align employees with the Group's goals and sustainability objectives. • To engage employees in sustainability initiatives and foster a sense of ownership. • To cultivate a diverse and inclusive workplace for innovation and sustainability. • To provide comprehensive training and development opportunities. • To enhance employees' sense of well-being.
Customers	• Email communications • Telephone calls • Physical and virtual meetings • Site visits • Surveys	• To build strong customer relationships by consistently meeting and exceeding their expectations in quality and service. • To continue to seek customer feedback to improve products and services.
Suppliers	• Email communications • Telephone calls • Physical and virtual meetings • Site visits • Site audits • Surveys	• To proactively engage with suppliers to ensure the best quality, service and effort in meeting our expectations consistently. • To establish clear expectations and conducting regular assessments of supplier performance. • To encourage efficiency, cost-saving and sustainable practices.
Union	• Meetings	• To cultivate a positive relationship with the Union through effective communication. • To obtain constructive feedback and concerns regarding Union workers' welfare.
Shareholders	• Annual General Meeting • Annual report • Announcements	• To precisely and timely disclose sustainability strategies and performance to facilitate decision making by shareholders. • To recognise the importance of shareholder engagement for long-term value creation.

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Stakeholders	Engagement Channels	Why We Engage
Government/ Regulatory Authorities	• Email communications • Telephone calls • Consultations • Dialogues • Audits and inspections	• To build a strong rapport with government and regulatory authorities to gain support and access to the latest information on regulatory issues relevant to the Group's activities. • To ensure strict compliance with applicable laws and regulations.
Trade association	• Active participation in the steel association • Conferences • Meetings	• To provide constructive inputs in policy making to drive industry-wide benefits and progress. • To actively participate in conferences, improvement programs and innovation competitions organised by the association to foster knowledge sharing and collaboration. • To engage with industry stakeholders and associations to shape policies, drive innovation and promote continuous improvement within the industry.
Communities	• Events and campaigns	• To establish a strong relationship and build trust by actively engaging in corporate social responsibility ("CSR") activities that benefit local communities. • To conduct meaningful CSR initiatives that address the social, environmental and economic needs of the local communities, contributing to their well-being and sustainable development.

4. Material Sustainability Issues

4.1 Materiality Assessment

The Group performs biennial materiality assessments to ensure timely and relevant identification of key material issues, which will then be incorporated into our strategies. The material issues discussed in this report are based on SSC's review of our most recent assessment conducted in FY 2022. Our materiality assessment involves a thorough analysis of stakeholder perspectives obtained through surveys, meetings, emails communications and dialogues. The results enable us to prioritise efforts, allocate resources and monitor progress. Our commitment to a comprehensive and transparent materiality assessment demonstrates our dedication to sustainability and stakeholder engagement. The material issues and action plans are subsequently discussed in SSC meetings. Considering the increased importance of data protection and life cycle approach in sustainability, the SSC has decided to include Data Privacy and Security as well as Life Cycle Perspective to kick-off our pursuit into these avenues under this year's materiality assessment.

Materiality Analysis Process

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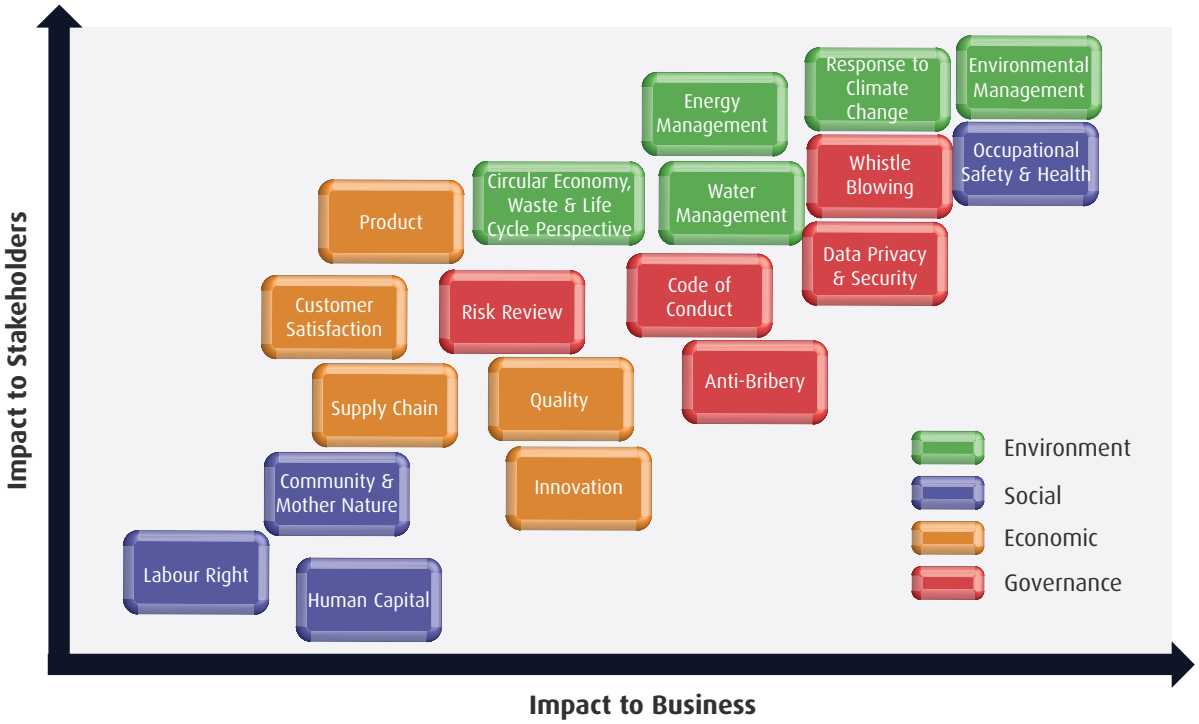
Materiality Analysis Result



4.2 Alignment to the Global Reporting Initiative ("GRI") Standard and United Nations' Sustainability Development Goals ("SDG")

We align our sustainability efforts with the GRI Standards and the SDGs. Alignment to GRI Standards enhances transparency and accountability in our sustainability reporting. Guided by our commitment to the SDGs, we take actions to tackle global sustainability challenges and drive positive impact in critical areas such as the environment, social, economic and governance. By leveraging these frameworks, our aim is to create a sustainable future that benefits all.

Category	SSB's Sustainability Material Issues	Reasons	GRI Indicators	Alignment With SDG
Governance	Risk Review	The Group recognises the increased importance of risk management due to the evolving complexities posed by globalisation, pandemics, warfare, digital technology and climate change. Henceforth, we emphasise on the need for effective risk management to ensure the Group's long-term sustainability.	GRI 3-3 : Management of material topics	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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Category	SSB's Sustainability Material Issues	Reasons	GRI Indicators	Alignment With SDG
Governance (cont'd)	Ethics and integrity	The Group is committed to uphold integrity, accountability and transparency. We recognise the importance of consistently articulating the values we wish to foster in both leaders and employees in tandem with mitigating bribery and corruption risk by refining procedures. The Group is certified to ISO 37001 Anti-Bribery Management System and always encourages genuine reporting of improper or wrongful conduct of any bribery and corruption cases within the workplace.	GRI 205 : Anti-corruption 2016 GRI 2-26 : Mechanisms for seeking advice and raising concerns	
	Data Privacy and Security	The Group understands the concerns of stakeholders on the collection, use and storage of their personal data. With the growing importance of Data Privacy and Security in the digital age, the Group apprehends the need to protect companies', associates' and stakeholders' data from cyber threats by having a comprehensive robust Cyber Security strategy, benchmarking ISO/IEC 27001:2013 Standard to safeguard critical systems and sensitive information.	GRI 418 : Customer Privacy 2016	
Economic Sustainability	Customer satisfaction	Customer management is a key driver to our business sustainability. The Group prioritises customer satisfaction to build trust and lasting relationships. The Group implements a strategy that covers marketing, product quality, customer services, e-services and effective communication.	-	
	Supply chain management	Supply chain management is crucial for our agility. We strive to secure stable supplies at competitive prices, ensuring quality and prompt delivery to meet expectations. Suppliers play a vital role; hence it is essential to ensure suppliers undergo pre-qualification processes and adhere to our Supplier Code of Conduct. Regular performance assessments are conducted as well.	GRI 2-6 : General Disclosure on organisation's activities, value chain and other business relationships.	
	Innovative culture	The Group believes in continuous innovation for sustainability and encourages innovative thinking at all levels.	-	

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Category	SSB's Sustainability Material Issues	Reasons	GRI Indicators	Alignment With SDG
Economic Sustainability (cont'd)	Product and quality	The Group maintains a strong commitment to meeting both local and international standards for product quality, as agreed upon with customers.	-	
Environment Sustainability	Environmental management	The Group believes in effective environmental management via an organised environment management system. The Group is progressively obtaining ISO 14001 certification across its subsidiary companies since year 2011.	GRI 2-27 : Compliance with laws and regulations	
	Response to climate change	In response to the fight against global climate change, the Group continues to improve on its GHG assessment by expanding the scope to include both upstream and downstream operations. We are also in the transition towards TCFD to enhance our resilience. As an environmental responsible corporation, the Group is committed to fulfil environmental compliance obligations and pursue continual improvement to consistently control the emission much lower than the limit as stated in the Malaysian Environmental Quality (Clean Air) Regulation 2014.	GRI 305 : Emissions 2016	
	Energy management	The Group proactively focuses on energy conservation and efficiency to mitigate climate change, reduce GHG emissions and energy costs. The Energy Management Committee oversees these efforts through innovation, technology utilisation and resource conservation.	GRI 302 : Energy 2016	

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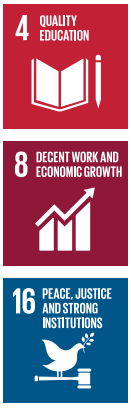
Category	SSB's Sustainability Material Issues	Reasons	GRI Indicators	Alignment With SDG
Environment Sustainability (cont'd)	Water management	Malaysia is projected to face water stress by year 2040, with high-water stress expected in the coastal areas by year 2030, including where the Group is located. As mitigation, we engage and communicate with employees to consume water efficiently. We also implement water management plans to reclaim, treat, recycle and reuse process water. The Group also treats water (effluent) according to the Environment Quality Industrial Effluent Regulation 2009, Standard B prior to discharge.	GRI 303 : Water and Effluent 2018	
	Circular economy, waste management and life cycle perspective	The Group embraces a life cycle perspective in our steel production, focusing on controlling and influencing every stage, from development to recycling, to minimise environmental impacts. Recycling steel scrap waste in EAF process is a priority. The Group also endeavours to manage co-products and waste efficiently, comply with regulations and promote recovering, recycling and reuse to reduce our environmental footprint.	GRI 301 : Material 2016 GRI 306 : Waste 2020	
Social Sustainability	Occupational safety and health	The Group prioritises the safety, health as well as welfare of employees via the implementation of safety improvement programs and activities. These efforts aim to create a safe work environment and prevent accidents, ensuring the well-being of its workforce.	GRI 403 : Occupational Health and Safety 2018	
	Human capital	The Group recognises the significance of human capital development in driving business growth, thus placing considerable emphasis on equipping and developing employees with essential skills over time.	GRI 401 : Employment 2016 GRI 404 : Training and Education 2016	

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Category	SSB's Sustainability Material Issues	Reasons	GRI Indicators	Alignment With SDG
Social Sustainability (cont'd)	Community engagement	The Group is committed to making a positive impact and improving the communities where we operate. The Heart-to-Heart ("H2H") Club brings together passionate employees who volunteer their time and efforts to support the less fortunate, both within and outside the Group. Through various activities, the H2H Club aims to harness the goodness within individuals and make a meaningful difference in the lives of others.	GRI 413 : Local Communities 2016	

5. Disclosures on Identified Material Sustainability Issues

5.1 Governance

The Group affirms that good governance is one of the important cornerstones of sustainability. The governance structure and framework of the Group aspires to cultivate a culture of integrity, promote accountability, transparency, efficiency and abide to the rule of laws to ensure that we are acting prudently, ethically and legally as well as operating in the best interest of stakeholders.

The Board of Directors meet quarterly and maintain effective oversight on the development, implementation and maintenance of the Group's governance.

SDG	The Group's Efforts
	• Conducted ongoing review of identified and potential new risks and opportunities. • Expanded the Environmental Risk and Opportunity Register to include climate-related risk and opportunities.

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SDG	The Group's Efforts
	• 100% of the sites in the Group continue to be certified to ISO 37001 Anti-Bribery Management System. • Conducted 4 times of Anti-Bribery Risk Register reviews. • Enacted procedures and policies to address the identified high risks. • Registered zero case of whistleblowing disclosure. • Achieved 100% declaration rate for half-yearly Gift and Entertainment declaration for all employees, except those on prolonged hospitalisation leave. • Attained 100% attendance for management, executives and non-executives in the Group for briefing and training on Whistleblowing and Gift and Entertainment policies to enhance their understanding of Anti-Bribery and Corruption Management System ("ABCMS") policies. • Organised 2 briefing sessions by Malaysian Anti-Corruption Commission ("MACC") officer for the Group. • Communicated ABCMS to business associates including contractors and attained response of more than 90%.
	• Established and published the Hong Leong Group Privacy Notice. • Adhered to 13 policies pertaining to information security. • Attained 89% attendance for employees in the Group on Cyber Security Awareness training. • Necessitated authorisation control to prevent data leakage. • Registered zero substantiated complaint on customer data privacy.

5.1.1 Risk Management

The Group understands that risk management has perhaps never been more important than it is now. The risks that the Group faces have grown more complex, fueled by the rapid pace of globalisation, pandemic, war, use of digital technology and climate change. Risk management helps to caution the Group on the uncertainties and predict their impact, thus providing the Group a basis for decision making. Risk management also provides the Group the opportunities to proactively manage the unexpected by mitigating or minimising the impacts of risk rather than reactively. This effective management of risk is vital for our long-term sustainability.

The Board and its sub-committee, Board of Audit and Risk Management Committee ("BARMC") is responsible in overseeing and maintaining a sound risk management system to ensure smooth business operation. The Chairman and committee members of BARMC are directors from the Board. The BARMC Chairman is entrusted to present the audit and risk management report of the Group for the Board's consideration.

Our risk management is a continual process, which comprises the identification and examination of risks, including materiality risks and the potential impact on our business operation and strategies. We rate the risks according to a metric that consists of likelihood and consequences, and then, take necessary measures to address and monitor the risks.

The Group is certified to several risk-based ISO Management Systems, where one of the key requirements in these management systems is managing risks. We identify, manage and monitor the risks and opportunities that could impact the achievement of long-term sustainability goals in relation to ethics and integrity, cyber security, quality, environmental, occupational safety and health.

Considering the rising global concern of climate change, SSB has taken steps to expand its Environmental, Safety and Health Risk and Opportunity Registers to include climate-related risks and opportunities.

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The audit by certification bodies benefits the Group, whereby it assists to ensure that the management systems have been properly implemented and maintained, as well as identifying opportunities for improvements and potential risks that may have been missed out.

The Risk and Opportunity Registers of the Group are listed in the table below. In FY 2023, climate-related risks and opportunities of SSB is incorporated into Environmental Risk and Opportunity Register. The Group Managing Director, as the chairman of SSC, is responsible to report the climate-related risks and opportunities of SSB for the Board's consideration.

Risk Exposure	Risk and Opportunity Register	Frequency of review	Outcome
• Strategic • Operations • Compliance • Cyber/IT • Climate	Control Self Audit with ICQ	Half yearly	• Value creation to business, stakeholders and material sustainability. • Enhance stakeholders' confidence and trust. • Support Environmental, Social and Governance ("ESG") performance.
	Company Risk Register including Quality Risk Register	Quarterly	
	Anti-Bribery Risk Register	Quarterly	
	Safety and Health Risk and Opportunity Register	Yearly	
	Environmental Risk and Opportunity Register	Yearly	
	Register of Environmental Aspect and Impact ("EAI")	Yearly	
	Safety and Health Hazard Identification, Risk Assessment and Risk Control ("HIRARC")	Yearly	

5.1.2 Ethics and Integrity

The Group recognises the expectation from the employees, stakeholders and communities in which we operate, to act in an ethical and honest manner. We are committed to uphold integrity, promote accountability and transparency as a way of doing business and transaction. The Group adopts procedures which are guided by the HLMG policies.

The BARMC is the governing body for the Group's Anti-Bribery and Corruption Management System ("ABCMS"), approving the related policy and has oversight over the implementation of the policy. The Group's ABCMS Compliance Function Officer is responsible for the overall implementation of ABCMS and ensuring that the objectives of ABCMS are met. The Group is certified with ISO 37001 Anti-Bribery Management System, which defines the expectation in the way the stakeholders act, so as to ensure that the decisions made are lawful, ethical and honest in line with our policy.

An overview of the Group's key policies, codes, procedures and activities are listed as below:

ISO 37001 Anti-Bribery Management System

100% of the companies in the Group are certified to ISO 37001 Anti-Bribery Management System. The Group has completed the external audit by SIRIM QAS and the certification is continued.

ABCMS Risk Assessment

In addition to the requirement of ISO 37001, the Group adopts the practice of HLMG to identify, maintain and review ABCMS risk on quarterly basis. From the list of identified risks, especially the high (significant) risks, the respective risk owner will establish mitigation plans to address the risk accordingly.

The Group has procedures and policies in place to address the identified major or significant risks so as to reduce the potential bribery and corruption risks. Procedure of Tender, procedure of Recruitment, as well as Gift and Entertainment Policy are examples of procedures and policies with the objective of preventing corruption including bribery, false claim, fraud and/or abuse of power.

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Anti-Bribery and Corruption ("ABC") Policy

The Group is committed to conduct business ethically and in compliance with applicable anti-bribery and corruption laws of every country in which we operate. We do not condone any form of bribery and corruption.

The stakeholders (staff, contractors, joint ventures, parties working with the Group, external stakeholders and members of public) can report any form of bribery and corruption related concern or suspicion to the Head of Internal Audit or Head of Human Resources as stated in the policy.

Whistleblowing Policy

The Group promotes and supports the culture where employees feel comfortable to raise genuine and legitimate concerns about inappropriate conduct and behaviour. We encourage our employees and staff to speak up if they become aware of any improper or wrongful act involving the Group.

The Group publishes Whistleblowing Policy together with Whistleblower Form to facilitate the reporting by whistleblower. The Group is also committed to protect the confidentiality of people or whistleblower who make genuine and legitimate disclosures from adverse employment action to the extent permitted by law.

The Group has Whistleblowing Communications Plan and Investigation Procedures which lay down the mode of communicating Whistleblowing Policy to employees as well as investigation procedures to follow up on any non-compliance.

For FY 2023, there was no whistleblowing disclosure reported through any of the various whistleblowing channels and no investigation case was conducted.

	FY 2021	FY 2022	FY 2023
Number of claims or incidents of non-compliance (fraud)	0	0	0
Staff disciplined or dismissed due to non-compliance with anti-corruption policies	0	0	0
Cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0

Gift and Entertainment Policy

The Group adopts a "No Gift Policy" whereby all employees are prohibited, save as expressly permitted by the policy, from giving and/or receiving gifts and entertainment.

Effective from 1st January 2021, the Group's policy requires all employees to make half-yearly declaration on giving and/or receipt of gifts and entertainments.

The declaration rate of the Group is shown in table below. Those under long hospitalisation leave during the period of declaration were excluded.

	FY 2022	FY 2023
Declaration rate (%)	100	100

Donation Policy

The Group adopts the Donation Policy of HLMG. The scope of the policy includes corporate donations made to charities, non-profit organisations and/or causes of greater good by an operating company. The Group prohibits all forms of political contributions.

Refer to FY 2023 Annual Report page 66 for Community Engagement details on donation.

Sustainability Statement
(Cont'd)

Code of Conduct and Ethics

The Group is committed to good business ethics and integrity. The Group adopts the HLMG Code of Conduct and Ethics. The last review of the Code of Conduct and Ethics was in October 2018.

Conflict of Interest

To avoid any potential conflict of interest during tendering process, the tender committee members are required to make self-declaration on whether there is potential conflict of interest with the tenderers. During the recruitment interview, the interviewee is also required to declare if he/she has any family members or relatives who are currently working in the Group.

Refer to FY 2023 Annual Report page 72 for Statement of Declaration by the Board members.

Training

The Group continues to enhance the understanding of ABCMS and policies. We have set up E-Training and Evaluation Portal for employees to go through refresher training once in every three years.

The content of the refresher training includes overview of:

- Anti-Bribery Management System
- Anti-Bribery and Corruption Policy Statement
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Gifts and Entertainment Policy
- Certification on ISO 37001
- Type of Bribery Risk (Legal Risk, Reputation Risk, Financial Risk, Safety and Quality Risk, and Business Risk) and potential damage

In FY 2021, we conducted an employee survey on the understanding of ABCMS that was implemented. We achieved a rating of 4.4 out of the total of 5. Our Compliance Officer had further analysed the outcome of the survey and launched a two-year program until the end of FY 2023 to brief and refresh the Gift and Entertainment Policy and Whistleblowing Policy to employees.

The refresher training includes:

- Detail explanations of Gifts and Entertainment Policy as well as Whistleblowing Policy
- The use of Declaration Form and Whistleblower Form
- Relevant Laws of Malaysia, ACT 711 Whistleblower Protection Act 2010 Part III, Section 6 to 11 to enhance employees' understanding on available protection to the whistleblower

The percentage of employees in the Group that attended the training at the end of FY 2023 is 100%.

Gift and Entertainment Policy and Whistleblowing Policy Refresher Training

	FY 2022 (Year 1)	FY 2023 (Year 2)
Management	100%	100%
Executive and above	95%	100%
Non-executive	48%	100%

Sustainability Statement
(Cont'd)

Annual ABCMS Awareness Program

As part of the continuing effort to create awareness, the Group has set up ABCMS corners at each operating company. The Group also organised poster competition and 2 briefing sessions by MACC officers at Prai and Klang for its employees to enhance their awareness.

Communication of ABC Policy to Business Associates

The Group communicates its ABC Policy to business associates including contractors by email. In addition, suppliers are also provided with the Suppliers' Code of Conduct and Ethics. We have been actively following up with the business associates for their acknowledgement. For FY 2023, the cumulative business associates' responses for the Group are as below:

Target	SSB	SSM	SPC	SPIM & SSP
90%	91%	98%	96%	90%

Due Diligence

The Group conducts due diligence for potential vendors and employees prior to further engagement.

5.1.3 Data Privacy and Security

Processing of personal data is essential in operating a business. The Group understands the concerns of stakeholders on the collection, use and storage of their personal data. The Group also recognises that with the increasing use of digital technology, the importance of data privacy and security cannot be understated. Therefore, the Group manages personal data in accordance to the Hong Leong Group Privacy Notice.

Cyber security is important to protect the data and information of the company, business associates and stakeholders. Cyber threats can originate anywhere, either from the inside or outside of the Group. One single security breach aimed at disrupting normal business operations can lead to a disaster which has strong financial impact to the Group and also loss of the trust of our customers.

We have completed the review and update of our policies and procedures with reference to ISO/IEC 27001 Standard. The objective of our cyber security effort is to be better prepared to defend against cyber-crime effectively in order to protect our critical systems and sensitive information from digital attacks.

Area	The Group's Efforts
Policy and procedure	Adhered to: • 13 policies pertaining to information security, and • 12 policies which were developed based on COBIT 5 framework.
End users' education and training	Built security awareness across the Group to strengthen understanding on cyber security, with the following actions: • Guided end users on how to identify potential threats and respond appropriately via email. • Performed phishing drills and testing regularly. • Conducted cyber security briefing as part of new employees' onboarding program. • 89% of the employees in the Group have undergone Cyber Security Awareness training.

Sustainability Statement
(Cont'd)

Area	The Group's Efforts
Data leakage prevention	Customer Data Security: • Maintained data in Enterprise Resource Planning ("ERP") system. • Practised authorisation control to access data.
Threat intelligence	Strengthened the sensitivity of employees on phishing email through awareness campaign.
	End point security: • Installed Endpoint Prevention, Detection and Response ("EPDR") for each personal computer ("PC") and servers. • Prohibited the use of illegal software through frequent checking.
	Application security: • Password aging control. • Built security into applications with considerations on data handling, user authentication, and etc. • Reviewed users' authorisation.

The Group has established a channel at our website for the stakeholders to raise complaints pertaining to breaches of customer data privacy since May 2023. So far, the Group registered zero substantiated complaint of such nature from our customers.

5.2 Economic Sustainability

In the Group's endeavour to deliver sustainable stakeholders' value, resource efficiency is a key focus area. We use our resources responsibly and thoughtfully in order to nurture stable and long-term growth of our business. Innovation and research and development also play vital roles. We continually invest in creating sustainable products and services, by progressively getting our products certified with Eco-Labelling scheme of SIRIM QAS International and MyHijau certification.

SDG	The Group's Efforts
	• Conducted customer satisfaction survey to collect feedback on how our customers gauge us in meeting their expectations and come out with mitigation plan to address the weakness.
	• Performed due diligence to all suppliers prior to qualifying them into the list of qualified suppliers. The Group also conducted annual supplier performance assessment on existing suppliers.
	• Organised Annual Innovation Competition and rewarded employees as a recognition of their innovative effort to bring the Group forward.
	• To achieve our goal that product quality is consistently meeting local and international standards as well as customers' expectation, we hold and maintain 29 certified product licenses. • Acquired certification for 8 products of SSM under Eco-Labelling Scheme of SIRIM QAS. • Further attained MyHijau Mark of Malaysian Green Technology and Climate Change Corporation ("MGTC") certification in FY 2023 for wire rod and bar products.

Sustainability Statement
(Cont'd)

5.2.1 Customer Satisfaction

The Group firmly believes that customer management is a critical aspect of driving its business sustainability. We understand that our customers are the driving force behind our success, and therefore, we prioritise their satisfaction and loyalty. As such, we have implemented a comprehensive customer management strategy that encompasses various aspects of our business, including marketing, product quality, customer services and e-services. Our customer management strategy also includes a strong focus on communication and building lasting relationships with our customers, as we believe this is crucial in ensuring their continued loyalty.

Our customer management approach involves collecting and analysing data about our customers, including their preferences and feedback, which is then used to tailor our products and services to meet their needs and expectations. As part of this approach, survey was conducted every financial year on selected products via questionnaire designed to measure customer satisfaction in terms of sales and marketing services, product quality, complaint management, goods delivery services, finance-related services, and e-business services. For FY 2023, the survey was conducted among the customers of three of our products, namely wire rod, steel pipe, and prestressed concrete steel, with the aim of measuring and calculating the Customer Satisfaction Index ("CSI") and identifying areas for improvement.

The survey results indicated that customers were moderately satisfied with the services provided to them. The CSI ranged from 77 to 86 across the products. The following table summarises the CSI for each product for the survey years FY 2021 and FY 2022:

	FY 2021	FY 2022
Wire rod	78	77
Steel bar	77	-
Steel mesh	73	-
Cut and Bend	72	-
Steel pipe	-	85
Prestressed concrete steel	82	86

The future plan is to conduct customer survey activities on all products on yearly basis to standardise the practice across the Group.

5.2.2 Supply Chain Management

The Group believes that supply chain management is important for us to remain agile. We aim to manage the supply chain such that the practices can secure stable supply of materials and services at competitive prices with quality and prompt delivery of the products to meet our expectation and specifications.

Our Supplier Code of Conduct and Ethics outlines our firm stance and stringent standards in terms of social and environmental responsibility. The active partners in our supply chain have communicated their agreement to adhere to our social compliance and ethical policies covering health, safety and environmental standards as indicated in the Supplier Code of Conduct. To this end, we are committed to ethical and transparent procurement practices and sustainable sourcing in order to build a responsible supply chain, supported by rigorous evaluation of our supply chain performance.

As part of our new supply chain management approach, we will now include the environment, social and governance aspects in our Supply Chain Assessment evaluation apart from the performance aspect of our suppliers. Furthermore, as part of our selection and appointment process, all suppliers must undergo pre-qualification process, due diligence, evaluation, award and monitoring, whereby relevant criteria is reviewed, including cost, delivery, quality, product and service level.

Sustainability Statement
(Cont'd)

Additionally, we periodically review the performance of our key suppliers, as outlined below:

- Product Application/Quality/Technical Support
- Delivery
- Service
- Packaging/Labelling

Financial Year	No of Assessment	Assessment that meet expectation
• 2021 • 2022	• 185 • 201	• 96% • 98%

At the end of the assessment, the suppliers will be rated as "Good", "Satisfactory" or "Poor". Those suppliers in the category of "Poor" will be notified to improve on their performance.

Supporting Local Procurement

Embracing local procurement not only contributes to cost optimisation and efficiency, it also contributes to the growth and sustainability of our local economy. The Group believes that supporting local suppliers will help to create job opportunities and generate income within our community.

In support of our local market, the Group's spending percentage on local suppliers in FY 2023 amounted to 80% as compared to overseas suppliers of 20%.

5.2.3 Innovative Culture

The Group believes that seeking continuous innovation is the way to sustain in this dynamic and ever-changing world. With 5S as the foundation for continuous improvement, we aim to foster innovative thinking across all levels of personnel.

In FY 2023, as part of the Group's commitment to innovation and desire to cultivate ESG awareness among the employees, the Group organised its annual Innovation Competition with ESG as an added theme. Each participating employees or group is required to determine which aspect of ESG their project pertains to and demonstrate how it can contribute to the United Nation's SDGs.

The Group aspires to use the Innovation Competition as an avenue for employees to not only showcase their talents but also to serve as a means to boost engagement and motivation. Participating employees are encouraged to think creatively, adopt sustainability ideas and present their ideas to a broader audience, including senior leaders within the Group.

This recognition and exposure can energise and motivate employees, instilling a sense of purpose and pride in their work. Moreover, the competitive nature of the event can spur healthy competition among employees, driving them to push the boundaries of their innovation capabilities. All participating employees who made it to the Grand Final were rewarded for their efforts and the winners were duly celebrated.

Sustainability Statement
(Cont'd)

2nd Place Winner
(SPC)

1st Place Winner
(SSM Prai)

3rd Place Winner
(SSB)

Consolation Prizes

Sustainability Statement
(Cont'd)

5.2.4 Product and Quality

The Group manufactures a wide range of steel products, with the core products as below:

- Steel bar for construction
- Wire rod for construction and industrial applications
- Steel mesh for construction purposes
- Prestressed concrete steel wire and strand for construction
- Steel pipe for construction and industrial applications

We also have steel service centres, which tailor for cutting, bending and forming the steel bar according to specific requirement for construction purposes.

Steel Bar

Deformed Bar in Coil

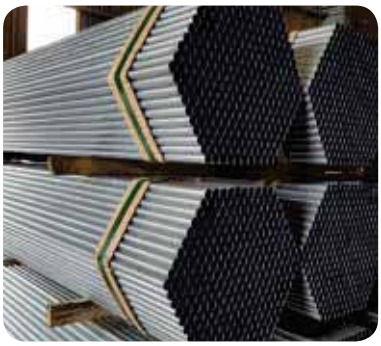
Wire Rod

Steel Mesh

Prestressed Concrete Wire

Prestressed Concrete Strand

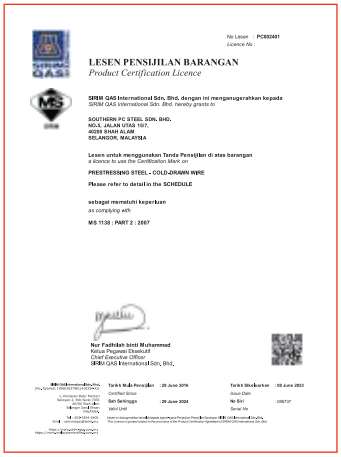
Condult Pipe (Smartube)


Steel Pipes (ULTRAGAL)

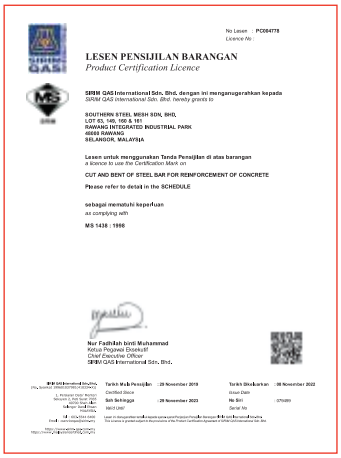
Cut and Bend products

Sustainability Statement
(Cont'd)

We produce our products with rigorous effort and care to ensure that the product quality meets the mutually agreed local and international standards with our customers. Currently, the Group has 29 products with product licence under the Product Certification Scheme of SIRIM QAS International.

SSB **Rebar:** **8 Product Licenses** **Wire rod:** **3 Product Licenses**	 LESEN PENSIJILAN BARANGAN *Product Certification Licence* SOUTHERN STEEL BERHAD 2723, LORONG PERUSAHAAN 12 PRAI INDUSTRIAL ESTATE 13600 PRAI PULAU PINANG, MALAYSIA HOT ROLLED PLAIN STEEL BAR FOR THE REINFORCEMENT OF CONCRETE Please refer to detail in the SCHEDULE MS 146 : 2006 LESEN PENSIJILAN BARANGAN *Product Certification Licence* SOUTHERN STEEL BERHAD 2723, LORONG PERUSAHAAN 12 PRAI INDUSTRIAL ESTATE 13600 PRAI PULAU PINANG, MALAYSIA GENERAL PURPOSE WIRE ROD Please refer to detail in the SCHEDULE MS ISO 16120-2 : 2020	1. Hot-rolled ribbed weldable reinforcing steel (MS146:2014) 2. Hot-rolled plain steel bar for reinforcement of concrete (MS146:2006) 3. Hot-rolled weldable steel for reinforcement of concrete (BS4449:2005+A3:2016) 4. Hot-rolled plain steel bar for reinforcement of concrete (BS4449:1997) 5. Hot-rolled steel wire for reinforcement of concrete products (straight) (MS144:2014) 6. Hot-rolled steel wire for reinforcement of concrete products (decoiled) (MS144:2014) 7. Steel reinforcing bars for the reinforcement of concrete (CS2:2012) 8. Hot-rolled ribbed weldable reinforcing steel (SS560:2016) 9. Low carbon steel wire rod (JIS G3505:2004) 10. General purpose wire rod (MS ISO 16120-2:2020) 11. Hot-rolled steel wire for reinforcement of concrete products (coil) (MS144:2014)
SPC	 LESEN PENSIJILAN BARANGAN *Product Certification Licence* SOUTHERN PC STEEL SDN. BHD. NO.5, JALAN UTAS 19/7, 40250 SHAH ALAM SELANGOR, MALAYSIA PRESTRESSING STEEL - COLD-DRAWN WIRE Please refer to detail in the SCHEDULE MS 1138 : PART 2 : 2007	12. Prestressing steel-cold-drawn wire (MS1138:Part2:2007) 13. Steel strand, uncoated seven-wire for prestressed concrete (ASTM A416/A416M-2012a) 14. Steel strand, uncoated seven-wire for prestressed concrete (MS1138:Part4:2007) 15. Strand for the prestressing of concrete

Sustainability Statement
(Cont'd)

SSM Mesh		16. Steel fabric for reinforcement of concrete (Prai) (MS145:2014) 17. Cold worked ribbed weldable reinforcing steel (MS146:2014) 18. Steel fabric for reinforcement of concrete (Klang) (MS145:2014) 19. Weldable reinforcing steel fabric (Klang) (MS EN 10080:2014)
SSM Cut and Bend		20. Cut and bend of bar for reinforcement of concrete (MS1438:1998)
SPIM		21. Rigid steel conduit for cable management / Galvanised steel conduit (MS61386-21:2010) 22. Welded steel pipe (Bare) (MS863:2010) 23. Cold formed welded structural hollow sections of non-alloys steel (MS EN 10219-1:2015) 24. Welded steel pipe (Hot dip) (MS863:2010) 25. Non-alloy steel tube for water and sewerage (Span TS21827:Part2:2013) 26. Carbon steel tube for general structure (JIS G 3444:2015) 27. Welded steel tube (Nibong Tebal) (BS EN 10255:2004) (MS863:2010) 28. Welded steel tube (Butterworth) (BS EN 10255:2004) (MS863:2010) 29. Steel conduit for electrical wiring (BS31:1940)

Sustainability Statement
(Cont'd)

The main testing laboratory in SSB is an accredited laboratory in accordance with MS ISO 17025:2017 General Requirement for the Competence of Testing and Calibration Laboratories by the Department of Standard Malaysia. There is another accredited laboratory in SPC. Both laboratories have their own scope of testing which includes tensile test, bend and re-bend test on steel bars for reinforcement of concrete and steel products; tensile test and relaxation test on strand for prestressed concrete; elementary analysis arc spark spectrometry on metal products of stainless steel, carbon and low alloy steel; microstructure and non-metallic inclusion identification on carbon and low alloy steel products.

SSB

STANDARDS MALAYSIA

Certificate of Accreditation

Schedule

Issue date: 27 January 2023
Valid until: 03 September 2024

NO: SAMM 436
(Issue 02, 27 January 2023 replacement of SAMM 436 dated 09 August 2021)

Page: 1 of 5

LABORATORY LOCATION: (PERMANENT LABORATORY)
SSB TESTING LABORATORY
SOUTHERN STEEL BERHAD
2723 LORONG PERUSAHAAN 12
PRAI INDUSTRIAL ESTATE
13600 PRAI, PULAU PINANG
MALAYSIA

FIELD OF TESTING: **MECHANICAL**

This laboratory has demonstrated its technical competence to operate in accordance with MS ISO/IEC 17025:2017 (ISO/IEC 17025:2017).

This laboratory's fulfillment of the requirements of ISO/IEC 17025 means the laboratory meets both the technical competence requirements and management system requirements that are necessary for it to consistently deliver technically valid test results and calibrations. The management system requirements in ISO/IEC 17025 are written in language relevant to laboratory operations and operate generally in accordance with the principles of ISO 9001 (see Joint ISO-ILAC-IAF Communiqué dated April 2017).

SCOPE OF TESTING: MECHANICAL

Click on http://www.standards.gov.my for the current scope of accreditation

SPC

STANDARDS MALAYSIA

Certificate of Accreditation

Schedule

Issue date: 7 November 2022
Valid until: 6 January 2026

NO: SAMM 289

Page: 1 of 1

LABORATORY LOCATION: (PERMANENT LABORATORY)
SOUTHERN PC STEEL SDN. BHD.
NO. 5, JALAN UTAS 15/7,
SEKSYEN 15,
40200 SHAH ALAM,
SELANGOR,
MALAYSIA.

FIELD(S) OF TESTING: **MECHANICAL**

This laboratory has demonstrated its technical competence to operate in accordance with MS ISO/IEC 17025:2017 (ISO/IEC 17025:2017).

This laboratory's fulfillment of the requirements of ISO/IEC 17025 means the laboratory meets both the technical competence requirements and management system requirements that are necessary for it to consistently deliver technically valid test results and calibrations. The management system requirements in ISO/IEC 17025 are written in language relevant to laboratory operations and operate generally in accordance with the principles of ISO 9001 (see Joint ISO-ILAC-IAF Communiqué dated April 2017).

SCOPE OF TESTING: MECHANICAL

for the current scope of accreditation

Sustainability Statement
(Cont'd)

The Group has also embarked on the journey of progressively getting the products certified with Product Eco-Labelling of SIRIM QAS International and MyHijau Mark of Malaysian Green Technology and Climate Change Corporation ("MGTC"). In FY 2023, the Group successfully attained certificates for 8 downstream products of SSM under Product Eco-Labelling Scheme of SIRIM QAS International. The Group will continue the effort to acquire Eco-Labelling certificate for more products in the Group. In the same year, the Group has further attained certification for our eco-labelled steel bar in straight form and wire rod under MyHijau MGTC.

SIRIM ECO-LABEL **Non-Hazardous and Non-Radioactive Steel** **SIRIM ECO 032:2020** **License No.: EL000202** MALAYSIA MyHijau **MyHP00226/22**	**Site: SSB** Wire Rod: • Low Carbon Mesh and Drawing Quality Bar: • Deformed bar in straight length • Plain bar in straight length
SIRIM ECO-LABEL **Non-Hazardous Steel** **SIRIM ECO 032:2020** **License No.: EL000245**	**Site: SSM Mesh Klang** Products: • Purpose made fabric • Square mesh • Structural mesh • Long mesh • Wrapping mesh
SIRIM ECO-LABEL **Non-Hazardous Steel** **SIRIM ECO 032:2020** **License No.: EL000246**	**Site: SSM C&B Rawang** Cut and bend shape products: • Deformed bar wire grade B500B of MS146 • Round bar Grade 250 of MS144
SIRIM ECO-LABEL **Non-Hazardous Steel** **SIRIM ECO 032:2020** **License No.: EL000250**	**Site: SSM Mesh Prai** Products: • Purpose made fabric • Cold drawn ribbed wire • Square mesh • Structural mesh • Long mesh • Wrapping mesh

Sustainability Statement
(Cont'd)

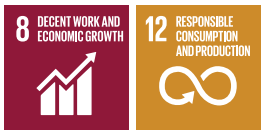
5.3 Environmental Sustainability

In our quest to be a supplier of choice, reducing environmental footprint is one of the key focuses in our journey. The Group strives to minimise environmental footprint and impacts derived from the operations and products, with the efforts as listed below.

The environmental laws of Malaysia have provided us with framework, guidelines and steps to manage environmental sustainability matters. We have also groomed and maintained environmental competent persons for clean air, scheduled waste and industrial effluent in compliance with the Environmental Quality Act and Regulation.

SDG	The Group's Efforts and Achievement
	• 67% of the operating sites in the Group are now certified with ISO 14001 except for SPIM and SSP which are currently preparing for their audit and certification. • Zero environmental fines and penalties for FY 2023.
	• Completed Scope 1 and Scope 2 GHG emissions for the Group. • Reported 3 years of Scope 1 and Scope 2 emissions for the Group. • Used EAF for steelmaking to enhance circular economy, henceforth contributing to reduction of global GHG emissions. • Reduced GHG emissions intensity from 0.56tCO2/tsteel to 0.46tCO2/tsteel, a 17.8% reduction compared to target of 12% by FY 2025. • Conducted 'GHG Emissions Awareness Training' to all employees including the management team. • Learned and acquired knowledge from seminars/webinars regarding sustainability. • Participated and contributed information for the preparation of Malaysia's Fourth Biennial Update Report ("BUR4"). • Participated in United Nations Industrial Development Organisation's ("UNIDO") Online Discussion on Industry Deep Decarbonisation in FY 2023. • Registered as TCFD supporter. • Performed climate related risks and opportunities assessment and scenario analysis for SSB.
	• Checked, monitored and reported 3 years' key pollutants emissions indicators in mg/m3 for Isokinetic dust particulate, Nitrogen Dioxide and Sulphur Dioxide. • Managed to control the pollutant emissions to 50% or lower than the emission limit as stated in the regulation.
	• Compiled, monitored and reported 3 years' energy consumption of the Group. • Measured and reported 3 years' annualised energy savings per employee for upstream (SSB) operation. Achieved energy savings of 1,924kWh/employee for FY 2023. • Measured 1 year of annualised energy savings per employee for downstream (SPC, SPIM & SSP and SSM) operations. Achieved energy savings of 1,288kWh/employee for FY 2023. • Ramped up energy management activities and successfully completed 10 energy saving projects as compared to 1 project in FY 2022.

Sustainability Statement
(Cont'd)

SDG	The Group's Efforts and Achievement
	• Compiled, monitored and reported 3 years' record of water withdrawal, water consumption and water discharge of the Group. • Compiled, monitored and disclosed 3 years' record of onsite treated effluent (water) discharge as surface water. • Invested RM3 million to build closed loop recycle water treatment facility at SSB to treat, recycle and reuse the process water which will be in operation commencing 1st quarter of FY 2024. • Zero incident of non-compliance with water quality/quantity permits, standards and regulations.
	• Utilised 94% of steel scrap as raw material mix for recycling in EAF of SSB, 9% higher than target set. • Reported 3 years of raw material used. • Compiled and reported 3 years' record of steel scrap generated by the Group, which then recycled in SSB's EAF.
	• Total waste diverted from disposal is 99.5%. • Total waste directed to disposal for FY 2023 was 0.5%, as compared to the target of maximum 3%. • Compiled, monitored and reported 3 years' record of the Group's total waste and scheduled-waste generation. • Identified amount of the Group's total waste, that diverted from and directed to disposal. • Listed the type of scheduled waste generated in the Group. • Identified amount of scheduled waste and non-scheduled waste that diverted from and directed to disposal, including onsite and offsite disposal. • Attainment in reuse, recycling and recover waste.
	• Established a life cycle perspective for the products of the Group. • The Group aspired to influence: o the recycling content of the products to enhance circularity without sacrificing the quality despite having limited influence on the products' requirement. o the vendor through periodical assessment. o the environmental impact via air emission monitoring and waste management. o the wastage at construction site with SSM providing cutting, bending and forming services prior to delivery. o the recycling of steel by maximising the collection of recovered steel scraps and metallics waste within the Group for recycling in EAF at SSB.

5.3.1 Environmental Management

ISO 14001 maps out a framework that allows an organisation to follow in setting up their organised environment management system to demonstrate compliance with current statutory and regulatory requirement and improve environmental performance through efficient use of resources and reduction of waste.

To support our journey in reducing environmental footprint and achieve environmental sustainability, the Group has been getting all its subsidiary companies to progressively obtain ISO 14001 certification starting from SSB in year 2011. Although the downstream operations in the Group have less impact on the environment when compared to the upstream business, the Group strongly believes that every single effort placed for environment sustainability will in one way or another contribute to the betterment of the environment. With the commitment, hard work and dedication, 67% of the companies in the Group are now certified with ISO 14001 with the exception of SPIM and SSP, which are currently preparing for their audit and certification.

Sustainability Statement
(Cont'd)

The Group is of the opinion that protecting the environment is the responsibility of everyone. We have included Environmental Awareness Training as part of the onboarding program for newly recruited staff and contractors, so that they are well informed before commencing their work. We also conduct refresher training for ISO 14001 Environmental Management System to build long-term retention in the minds of the staff and to keep the whole environmental culture in place.

All the ISO 14001 certified companies in the Group undergo annual internal audit by our internal environmental auditors and external audit by the external certification body to ensure that the management system is effectively implemented and continual environmental improvement process is in place.

The dedication in environmental management and concerted effort of the Group is paid-off when the Group retained zero environmental fines and penalties for FY 2023.

Among the companies in the Group, the processes in SSB comparatively have far more impact on the environment. In view of this, SSB has diligently planned and practiced monthly environmental Genba walk and raised observation points to operational personnel with the objective to enhance environmental sustainability through continuous monitoring and follow up.

Environmental Observations

Scheduled Waste Genba walk/Audit on 23rd February 2023 (Rolling Mill 2), 23rd March 2023 (Rolling Mill 4) and 28th April 2023 (Steel Making Plant 1)

No	Area	Before	Action Taken	PIC & Deadline	Status	After
1	RM2 SW305 Used lubrication oil	Good practices with temporary oil lubrication drums put inside a tray (new fabricated) to contain oil spillage on the floor, if happened. Previously, this area need to be cleaned up with saw dust.	Not required	Not applicable	Keep it up	Not applicable
2	RM4 SW204 Sludge storage area	Inventories were properly kept in schedule waste storage area and completed with label which follow Scheduled Waste Regulation.	Not required	Not applicable	Keep it up	Not applicable

Sustainability Statement
(Cont'd)

No	Area	Before	Action Taken	PIC & Deadline	Status	After
3	SMP1 Wind breaker netting	Low layer of wind breaker netting damaged due to durability issue.	Replaced the netting with better material	Heng CH / 2 Months	Closed	Done installed with wall cladding at low layer area.

5.3.2 Response to Climate Change

Climate change is an issue of concern that needs immediate attention and mitigation actions by all stakeholders. This issue is further exacerbated by industries that emit huge amounts of carbon dioxide into the atmosphere which includes steel manufacturing activities.

The Group apprehends the importance of climate change and aspires to contribute in mitigating climate change by reducing our environmental footprint as stated in our environmental policy statement. SSB is the key focus of the Group as more than 90% of the GHG emissions of the Group are from SSB.

Our GHG Emissions

In FY 2022, the Group took its first step in GHG emissions reporting by disclosing Scope 1 and Scope 2 emissions of SSB's operations only. For FY 2023, we proudly announced that we have managed to achieve our last year's aim to expand the scope of reporting to include our subsidiary companies. Our GHG emissions calculations now cover 100% of our sites in Malaysia.

The Group refers to ISO 14404 (Calculation method of carbon dioxide emissions intensity from iron and steel production) and World Business Council for Sustainable Development and World Resources Institute ("WBCSD/WRI") GHG Protocol to calculate the GHG emissions. Both standards are internationally accepted standards with credible emission factors and are recognised (parts as applicable) by certification programs such as ResponsibleSteel. For upstream operations, the Group uses ISO 14404 to measure Scope 1 and Scope 2 emissions while for downstream operations, the Group uses GHG protocol to quantify Scope 1 and Scope 2 emissions.

For the calculation of Scope 2 emissions in FY 2022, the Group utilised the Grid electricity Emission Factor ("GEF") of Peninsular Malaysia which was reported in '2017 Clean Development Mechanism ("CDM") Baseline for Malaysia'. The report was prepared by Malaysian Green Technology Corporation ("GreenTech Malaysia"). For FY 2023, we changed our grid emission factor reference to Peninsular GEF (2017-2019) released by Malaysia Energy Information Hub ("MEIH") in 2022. MEIH is a portal managed by the Energy Commissions ("EC") of Malaysia. Due to the new GEF being higher than the previous value, we have also revised our calculations for FY 2021 and FY 2022.

Sustainability Statement
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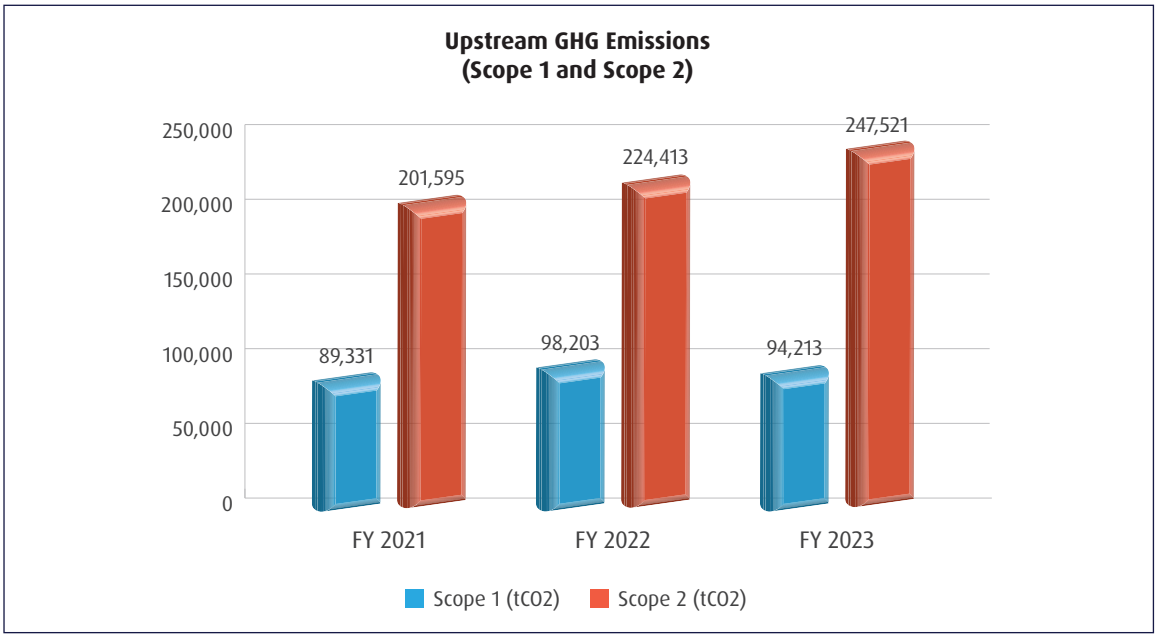
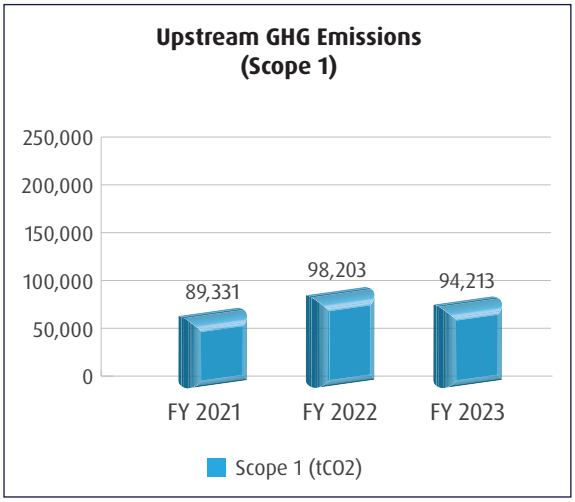
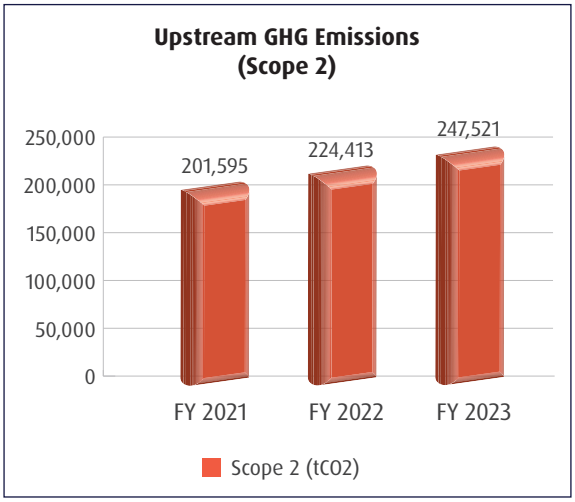
The graphs below show the Scope 1 and Scope 2 GHG emissions of SSB, the Group's upstream operations. Being a steel making company which only utilises EAF in its production of steel, SSB's GHG emissions are mainly contributed by indirect emissions from purchased electricity (Scope 2). Our Scope 2 emissions account for more than 50% of the total emissions for upstream.

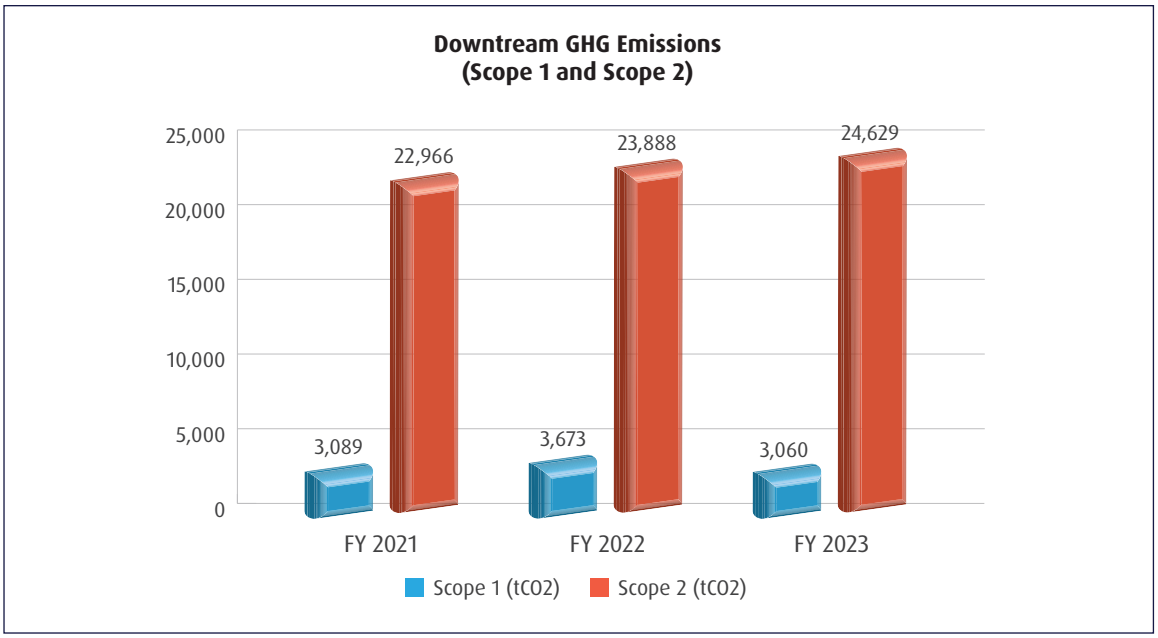






Sustainability Statement
(Cont'd)

The graph below shows the Scope 1 and Scope 2 GHG emissions of the Group's downstream (SSM, SPIM & SSP and SPC) operations:



Our Initiatives

The GHG emissions of scrap based EAF is comparatively 2 to 4 times lower than steel mills that utilise blast furnace ("BF") or blast oxygen furnace ("BOF"). The shift from BF-based to EAF-based steel making is currently part of the industry's decarbonisation drive and strategy around the globe. As of today, scrap based EAF remains as a greener option among the available iron and steel making technologies. EAF can use up to more than 90% of recycled steel scrap, depending on the availability of raw materials and requirements of the finished products.

SSB, as a responsible steel maker, demonstrates our support to mitigate climate change by continuing to utilise EAF for steel making. As described in section 5.3.6, SSB is practising circular economy by using EAF steel making to maximise the use of steel scrap and reduce depletion of natural resources, thereby contributing to the reduction of global GHG emissions.

As the operations in the Group normalised in the 2nd half of year 2021, SSB has selected FY 2022 as the baseline year for GHG emissions and set a target to reduce GHG emissions intensity by 12% by FY 2025.

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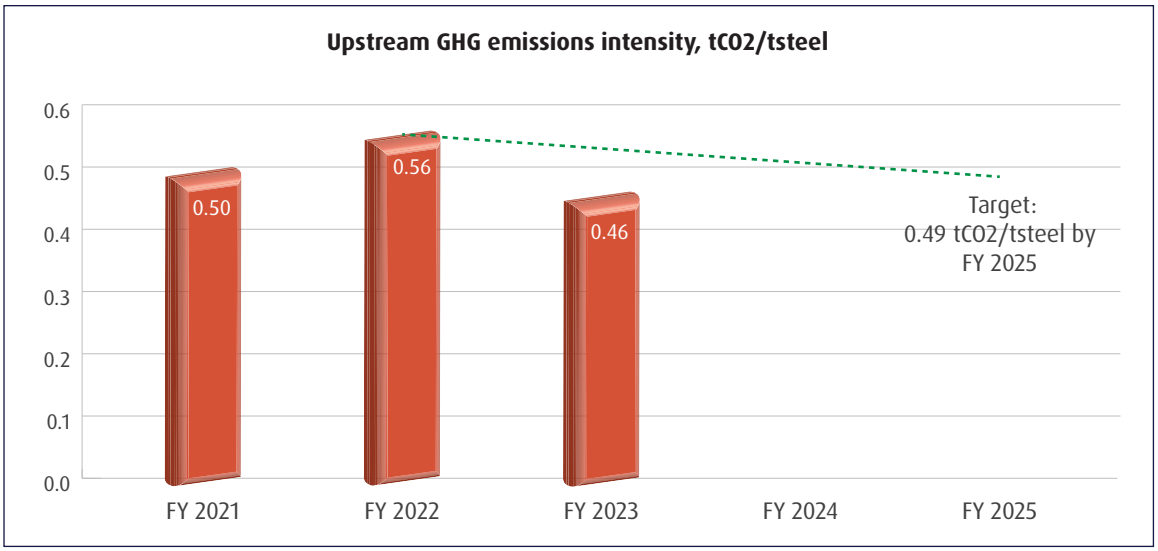
The graph below shows the GHG emissions intensity of SSB. The calculation of the GHG emission intensity is guided by ISO 14404-4, Boundary 2.



SSB's GHG emission in FY 2023 increased by 5.9% as compared to base year FY 2022 due to the increase in production output, however, we managed to reduce our GHG emissions intensity by 17.8%. This is attributed by steel making product mix which enables the use of 94% of steel scrap with a small quantity of coal material replacement and process optimisation projects which combined in-depth steel making experience and automation technology.

Though SSB has achieved the target to reduce GHG emissions intensity by 12% in FY 2023, SSB plans to sustain its GHG emissions intensity until the next target review as steel scrap is becoming scarce as a result of dynamic shift of demand of steel scrap and changing market requirement, where product mix will change accordingly.

For downstream, electricity is also the biggest contributor for our GHG emissions. The Group has selected FY 2023 as the baseline year of GHG emission and is currently exploring transition into green energy.

The Group has also put in place a group wide energy management program as described in section 5.3.4 to reduce energy consumption via various internal efforts. In addition, we make concerted efforts to disseminate climate change awareness amongst the employees by conducting 'GHG Emissions Awareness Training' to all employees including the management team. The Group also sends representatives to attend seminars/webinars regarding sustainability hosted by Federation of Malaysian Manufacturers ("FMM") or Malaysian Iron and Steel Industry Federation ("MISIF"), of which the Group is a member.

Aside from that, the Group continues to improve on the monitoring of its GHG and air emissions, water management and waste management to reduce the impact of climate change. The Group is also looking into preparing for the reporting of Scope 3 emissions. We are starting to prepare for the data collection of 2 categories of Scope 3, which are Employees' Commute and Business Travel. Both categories are included in Bursa Malaysia's Enhanced Sustainability Reporting Framework.

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SSB, as the biggest GHG emitter in the Group, also participated and became a part of global effort to mitigate climate change by contributing information for the preparation of Malaysia's Fourth Biennial Update Report ("BUR4") and participated in UNIDO's Online Discussion on Industry Deep Decarbonisation in FY 2023. SSB also signed up to become a supporter for TCFD, committed to take action against climate change and considering the impact of climate change on SSB's business.

Transition Towards TCFD

FY 2023 marked a new milestone for the Group's commitment in climate change. In the 3rd quarter of FY 2023, the SSC has formed a Working Committee ("WC") to understand and work on the disclosure according to the recommendations of TCFD. TCFD is a global consultative body established in year 2015 to disclose climate change-related information.

The WC has studied the 4 pillars of TCFD framework and performed initial climate related risks and opportunities assessment as well as initial scenario analysis for SSB, the biggest GHG emitter of the Group.

a) Risk Management

SSB conducted climate-related risk assessment utilising the same process as described in section 5.1.1. In the transition to use TCFD framework, SSB has classified the identified climate related risks into transition risks, physical risks and opportunities over the period of short to medium term and long-term. Transition risks are further categorised into Policy and Legal, Technology, Market and Reputation whilst physical risks are categorised into Acute and Chronic types. Opportunities are assessed in terms of sustainable financing, environmental performance and products & services. The potential impacts on our business and operations are listed down followed by risk rating, action plans and monitoring. The identified risk and opportunities are then integrated into the existing SSB's Environmental Risk and Opportunities Register.

b) Strategy

For the strategy pillar, SSB focused on identifying our climate-related risks as well as opportunities arising from the transition to a low-carbon economy. We evaluated our resilience to climate change impacts and derived corresponding strategies to address them.

The scenario analysis of SSB is currently focusing on addressing the identified significant and major risks. SSB adopts Intergovernmental Panel on Climate Change ("IPCC")'s guideline and International Energy Agency ("IEA") for scenario analysis. SSB uses IPCC's Representative Concentration Pathways ("RCP") and selects scenario RCP 8.5 for physical risk. As for transition risks, SSB uses IEA and selects Stated Policy Scenario ("SPS") for transition risks and opportunities.

Sustainability Statement
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Category	Type	Climate related risks / opportunities		Potential Impacts	Scenario	Strategy
		Short-term (until FY 2035)	Long-term (until FY 2050)			
Transition risk	Political and legal	Introduction of new laws and regulations, such as carbon tax and carbon tariff.		• Carbon tax, carbon tariff, litigation and increased compliance requirements can increase operating cost and reduce profitability.	SPS	• Continue to reduce GHG emissions via process optimisation and improvements, energy saving programs and transition to green energy.
		Exposure to legal liabilities	-		SPS	• Ensure compliance to legal requirements and report valid information in our reporting.
	Market	Increased cost of raw materials and energy (scrap, electricity and coke, and etc).		• Carbon tax will affect raw material price, such as electricity and coke. • Increased global demand for steel scrap will result in steel scrap price hike.	SPS	• Explore green electricity to reduce dependence on coal generated electricity. • Research and development on alternative or replacement materials in production. • Review raw material purchase policy and strategy.
Physical risk	Chronic	Rising sea level.		• Influence the on-time delivery of raw materials and export of products. • Increased insurance premiums. • Risk of tsunami.	RCP 8.5	• Improve the quality of nearby coastal mangrove forest to act as a natural wave breaker.
Opportunity	Products and services	Increased demand for lower emissions steel.	-	-	SPS	• Capitalise on relatively low emissions and penetrate into green market.

5.3.3 Air Emissions

The Iron and Steel Industry is a highly energy intensive industry in which air pollution is an important environmental concern. The Group, as an environmental responsible corporation, has expressed our commitment to fulfill environment compliance obligations and pursue continual improvements to enhance environment performance as stated in our Environmental Policy Statement.

SSB complies to Malaysian Environmental Quality (Clean Air) Regulation 2014. SSB has taken various proactive steps as the approach to ensure compliance. In May 2013, the steel making plant in SSB installed Continuous Emission Monitoring System ("CEMS") to sample, condition, analyse and record pollutant at the interval of 3 minutes. The concentration of the pollutant can be visualised at both the steel making plant and the Department of Environment, enable continuous monitoring against requirement of the regulation. The trend of the pollutant concentration also enables the certified competent person of our steel making plant to analyse, predict and plan the maintenance of the bag house dust removal and collection system.

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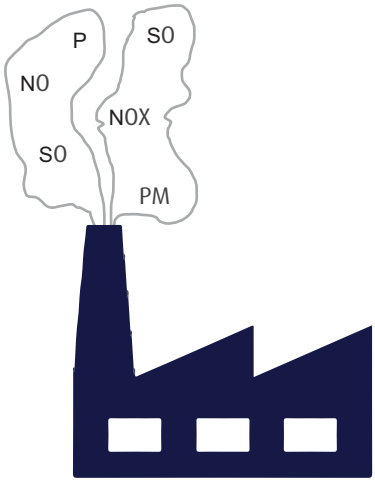
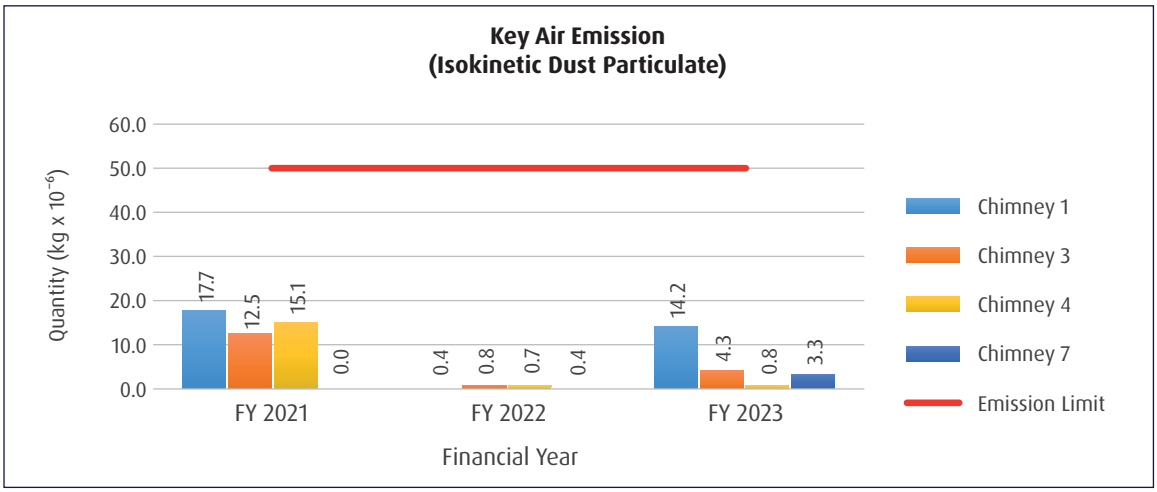
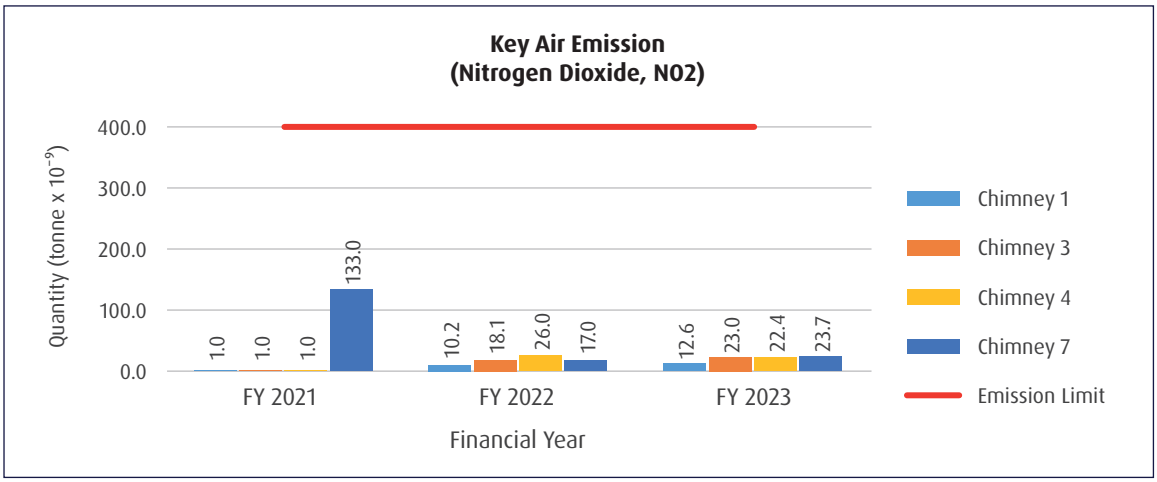
The reheating furnaces in hot rolling mills of SSB emit pollutants from the burning fuel. The reheating furnaces are equipped with recuperator system to recycle part of the heat energy from the hot waste gas prior to releasing the gas via the chimney. The approach of SSB is to engage accredited laboratories to perform stack emission measurement with the target to ensure that the emissions are independently monitored for compliance with the regulation. As part of the move to protect the environment, the long-term and short-term targets of SSB are to control the emissions from the reheating furnace at the level of 30% below the limit stated in the regulations. SSB has taken proactive steps in year 2006 to convert the fuel from medium oil to natural gas, which is the cleaner fuel, so that SSB consistently emit pollutants lower than the emission limit as stated in the regulation. The measurement of key pollutant emission indicators as illustrated show that from FY 2021 to FY 2023, SSB managed to control the pollutant emissions to 50% or lower than the emission limit as stated in the regulation. SSB will retain the same target for next financial year.







Sustainability Statement
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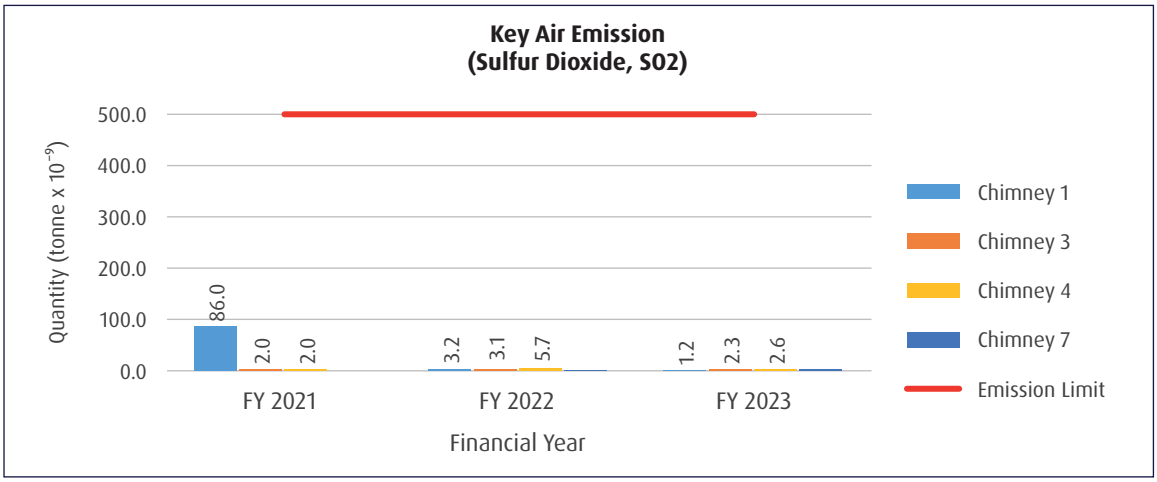
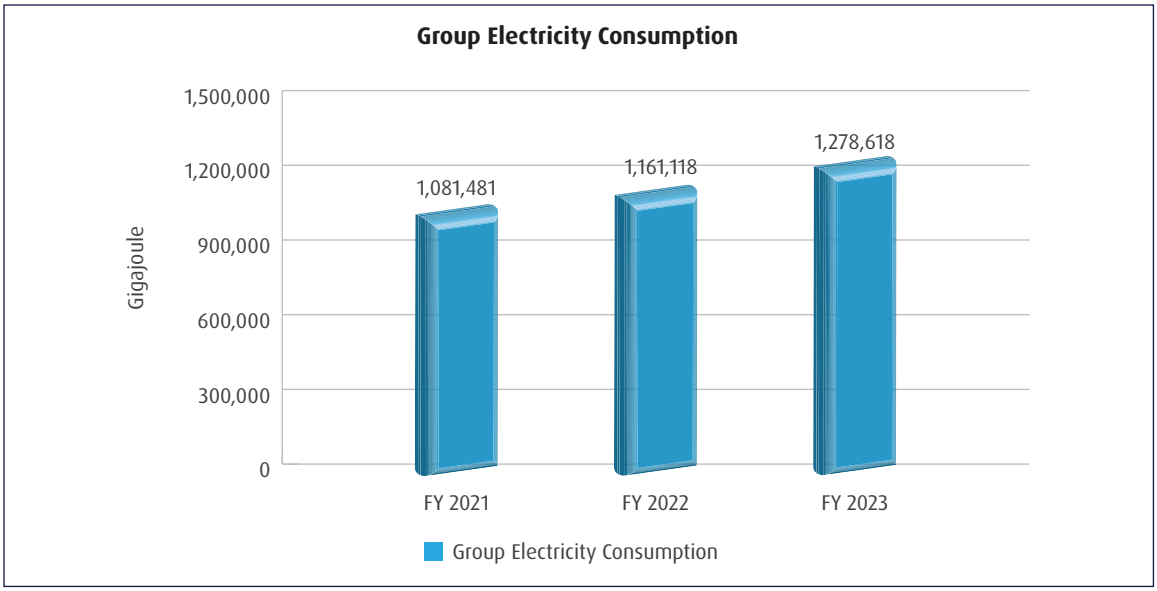


5.3.4 Energy Management

The iron and steel industry is one of the most energy intensive industrial sectors in Malaysia. As a diligent corporation, the Group strives to pragmatically manage energy utilisation. The Group has an energy policy statement which demonstrates the commitment of the Group to improving energy efficiency, performance and consumption while complying with the applicable legal, regulatory and other requirements.

Electricity is the key energy resource of the Group. Electricity consumption account for more than 50% of our GHG emissions. Reducing energy consumption reduces the demand for fossil fuel which is used to generate electricity. This in turn, lowers the carbon emission to the atmosphere. In view of this, the Group recognises the importance of dedicated energy management to abate GHG emissions and reduce our energy costs.

The electricity consumption of the Group is mainly attributed by upstream operations. The total electricity consumption of the Group is as shown below.



As a huge electricity consumer, SSB has appointed Registered Electrical Energy Manager ("REEM") in line with the requirements of Efficient Management of Electrical Energy Regulations, 2008 to ensure efficient management of electrical energy. The REEM submits energy reports to Energy Commission of Malaysia on a half-yearly basis.

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(Cont'd)

The Group has an established Energy Management Committee to focus on reducing energy consumption. The Energy Management Committee is tasked to plan, monitor and review the energy management activities in accordance with the Group's Energy Policy, such as the staggered upgrading of inverter controls, conversion to energy savings light and automation of temperature control. The objective of the committee is to conserve resources by improving efficiency in energy consumption through utilisation of technology, which then contributes to the abatement of GHG emissions as well as reduction in utility costs.

The Group's effort in energy management for both upstream (SSB) and downstream (SSM, SPIM & SSP and SPC) operations are as below:

	Operations	FY 2021	FY 2022	FY 2023
Annualised energy savings per employee (kWh/employee)	Upstream operations	673	176	1,924
	Downstream operations	*	*	1,288

* *Energy saving projects of downstream operations were not captured in the past*

As the Group is moving out of the adverse Covid-19 pandemic impact, we have ramped up our energy management activities. The Group has actively executed 10 energy saving projects as compared to 1 project in previous financial year.

Projects and respective energy savings achieved in FY 2023 are listed as below:

Project	Description	Estimated / Actual savings in kWh per month	Company
Inverter control	Upgraded 700kW main fan 1 motor starter to inverter control.	80,515	SSB
LED spotlight	Replaced bucket area 400W spotlight to LED spotlight.	1,152	SSB
Inverter control	Upgraded air compressor from star delta starter to inverter control.	16,880	SSB
Manually stop start stand motor during breakdown	Reduced electricity energy wastage by stop all stand motor if breakdown > 10 minutes.	24,469	SSB
Inverter control	Upgraded Mill Return Flash Pump 1 30KW star delta starter to inverter control system.	1,578	SSB
Inverter control	Upgraded 7.5kW CT2 Circulation Motor starter to inverter control.	2,950	SPC
LED lighting	Replaced 43 units of energy saving high bay lights to LED high bay lights.	1,425	SSM
Cladding transparent sheet	Installed cladding transparent sheet.	300	SSM
Quenching water pump	Converted TM5 quenching water pump (stop TM5 pump).	88,132	SPIM
Cooling water pump	Merged TM5 and TM7 cooling water pump (stop TM5 pump).	16,499	SPIM

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5.3.5 Water and Effluent

Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. Malaysia is classified as one of the countries with low to medium water stress by year 2040 (Source: World Resource Institute via The Economic Intelligent Unit). The projection done by National Water Research Institute Malaysia shows that coastal area along the west coast of Peninsular Malaysia will have high-water stress by year 2030.

The Group is located at coastal area along the west coast of Peninsular Malaysia where high-water stress is projected. All the operation facilities of the Group are expected to be affected by water stress in which greatest impacts will be on SSB and SPIM as the nature of the operations require vast usage of water.

Our Approach

The Group believes that communication can change people's behaviour in consuming water, from the position of unaware of water security issue to that of consuming water more efficiently. The Group engages and communicates the commitment on conservation and use of water efficiently along with reclaim, recycle and retreat approach in our Environmental Policy Statement to employees and public through intranet, website, internal training and meetings.

The Group has analysed its water withdrawal data and found that more than 95% of the water is consumed by SSB and SPIM. In our long-term water management plan, the key focus will be on SSB, which consumes around 80% of the water used by the Group.

In SSB, water is used mainly for the cooling of products, processes and equipment. Water is also used for other purposes, such as rinsing of products and cleaning. SSB collaborates and works with water treatment contractors to treat the processed water for continuous circulation for its beneficial purposes. The long-term water management plan of SSB is to progressively set up closed loop recycle water treatment plant ("RWTP").

SSB had already set up 2 closed loop RWTP in year 2007 and 2009 respectively to treat, recycle and reuse the processed water in steel making plant and hot rolling mills. In order to further conserve precious water resources and at the same time, reducing operational costs, SSB is currently investing RM3 million to build another closed loop RWTP. The new facility is expected to be ready in 1st quarter of FY 2024.

The Group has set the target for SSB to reduce water use by 70 megaliters from FY 2020 to FY 2025. The cumulative reduction in water use at the end of FY 2023 is 31 megaliters.

Sustainability Statement
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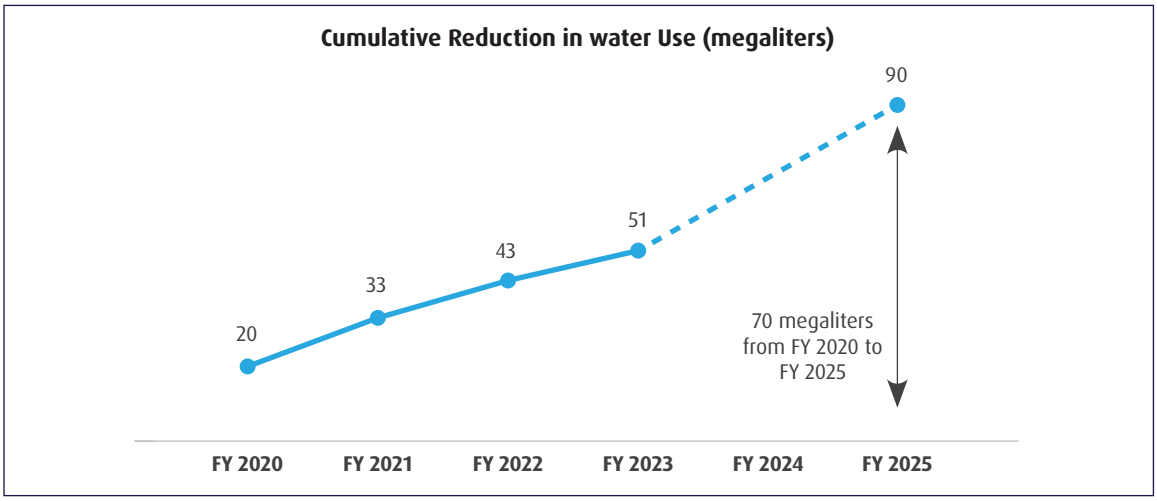


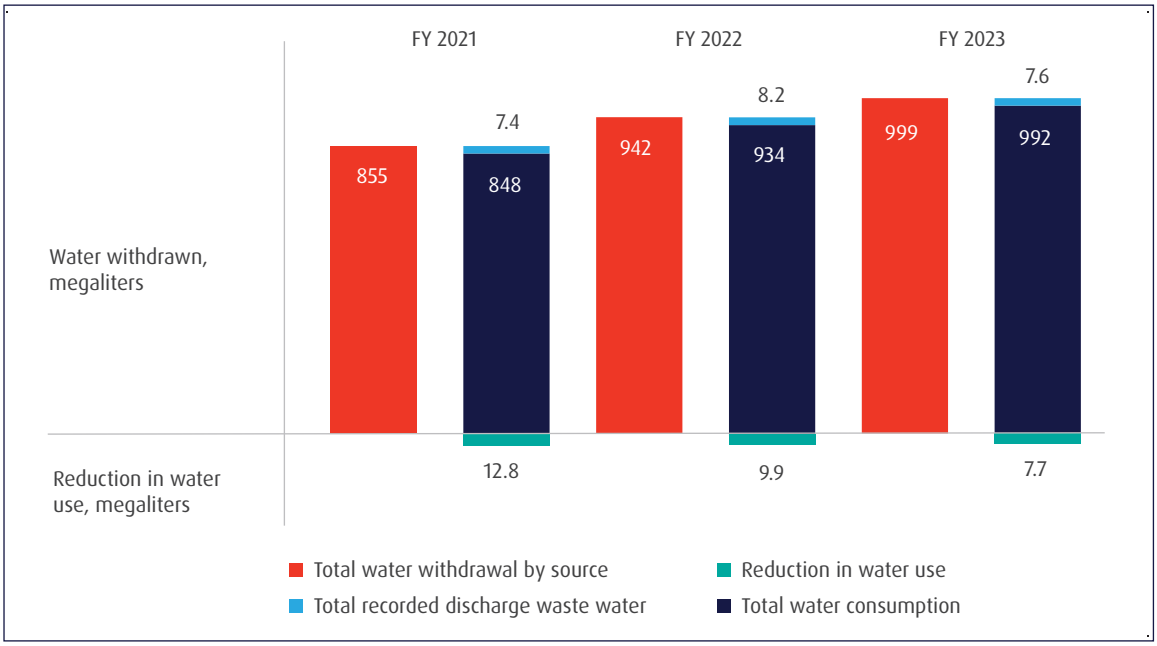
Water Withdrawal, Consumption and Discharge

The source of water for the operations in the Group is freshwater from municipal potable water, namely Perbadanan Bekalan Air Pulau Pinang ("PBAPP") and Air Selangor. The monthly water withdrawal (usage) data is recorded independently by PBAPP and Air Selangor, where the Group will be billed according to the amount of water consumed.

	PBAPP	Air Selangor
Freshwater from municipal potable water	96%	4%

The Group does not have any water withdrawal from surface water, groundwater, seawater and rain harvested rain water, used quarry water and external waste water.

The 3 years' record of water withdrawal, water consumption and water discharge of the Group is illustrated in the graph below. SPIM Butterworth is the only company in the Group that discharges onsite treated water (effluent) as surface water into drainage.



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Effluent

The pipe making process in SPIM produces effluent (water). The effluent (water) as mentioned earlier is treated onsite according to the Environment Quality Industrial Effluent Regulation 2009, Standard B prior to discharge. The amount of treated effluent (water) discharged is tabulated below:

	FY 2021	FY 2022	FY 2023
Onsite treated effluent (water) discharge by SPIM Butterworth as surface water, megaliters	7.4	8.2	7.6

The test result of the treated effluent (water) is as below:

Parameter	Results			Standard B, Fifth Schedule Environmental Quality (Industrial effluent) Regulations 2009
	FY 2021	FY 2022	FY 2023	
Biochemical Oxygen Demand (mg/l)	13	11	22	< 50 mg/l
Chemical Oxygen Demand (mg/l)	67	33	72	< 200 mg/l
Suspended Solids (mg/l)	6	3	7	< 100 mg/l
Zinc (mg/l)	0.46	0.58	0.29	< 2.0 mg/l
Iron (mg/l)	0.34	0.42	0.32	< 5.0 mg/l

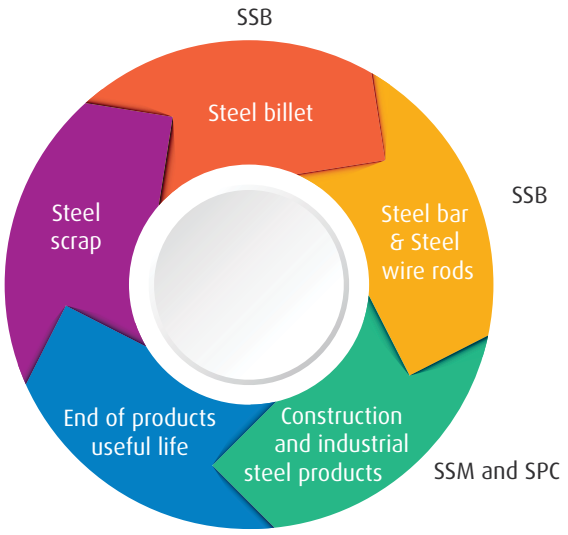
Compliance

There is no incident of non-compliance with water quality/quantity permits, standards and regulations in FY 2023.

5.3.6 Resource and Circular Economy

Steel scrap is the discarded steel generated from manufacturing and also recovered steel in buildings, infrastructure, equipment, vehicles and products discarded at their end of life. Steel scraps are collected and recycled repeatedly, hence a good model of circular economy.

Steel scrap is the key resource for EAF steel making at SSB. SSB recycles substantial quantity of steel scrap, which is an approach to support global circularity economy. SSB's EAF converts steel scrap into valuable semi-finished product billets, which are then hot rolled into steel bars and wire rods to be supplied to construction industry and steel processing industry. When the useful life of the products from construction and steel industries end, steel scrap will be recovered and recycled. The involvement of the Group in the circularity of the steel is illustrated in the figures below.



The use of steel scrap reduces the need for iron ore-based products and hence, reduces the depletion of natural iron ore resource. SSB always makes an effort to enhance circularity through maximisation of steel scrap usage in EAF whilst ensuring product quality meets the customers' requirements. The recycling business model of SSB is imperative for environmental sustainability, which enables preservation of natural resources.

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EAF steelmaking is expected to grow as the industry focuses on carbon neutrality. It is apparent that a dynamic shift in demand of steel scraps will take place. As the result of this, SSB is endeavouring to set and retain the target to use > 85% of steel scrap for steel making. In FY 2023, SSB managed to achieve 9% higher in the use of steel scrap than the target as shown in table below.

Year	Target	FY 2021	FY 2022	FY 2023
Construction steel in steel making product mix (%)	Min 70%	> 70	> 70	> 70
Steel scrap in EAF material mix (%)	> 85	93	93	94

Note: Steel scrap is expressed in % due to its sensitivity to SSB's business

The raw material used by SSB is tabulated as below:

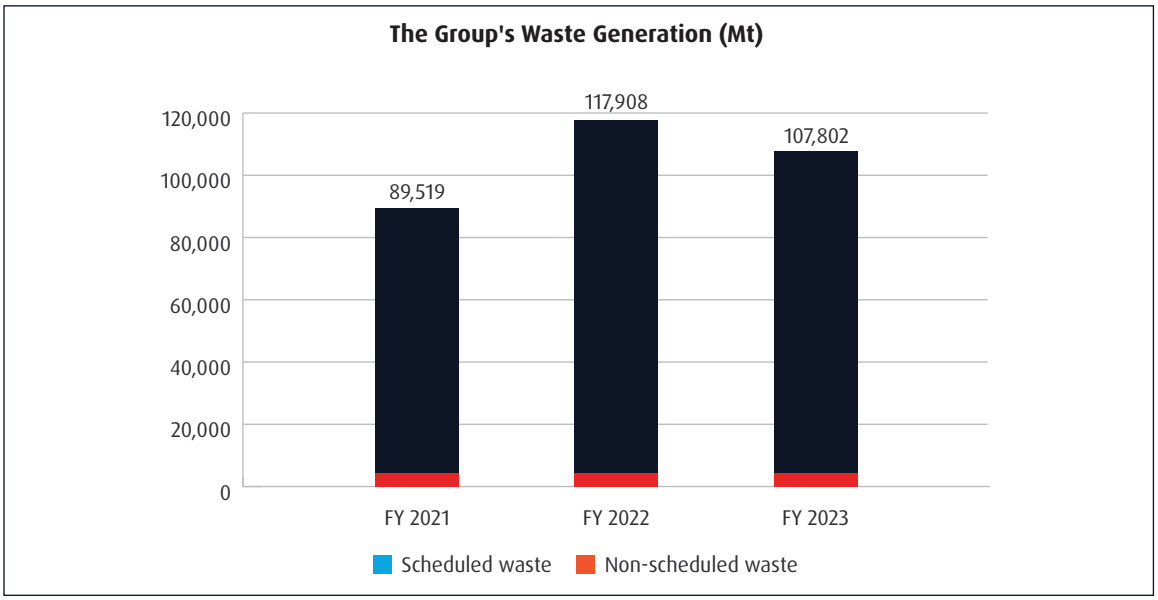
Raw Material	FY 2021	FY 2022	FY 2023
Steel and Metallic (Mt)	538,182	637,730	717,881

All the steel scrap generated by the Group is used as part of the raw material for recycling in EAF of SSB. There is a change in the reported quantity for FY 2021 and FY 2022 due to some quantity of home scrap was incorrectly computed during the compilation process.

	FY 2021	FY 2022	FY 2023
Group generated steel scrap (Mt)	21,738	23,309	29,383

5.3.7 Waste Management

The manufacturing processes in the Group generate co-product or waste. The generation of waste in the Group is as shown below:



Note: General waste data is captured for FY 2023 with exclusion of SSM Rawang and SSM Klang due to incomplete weight data.

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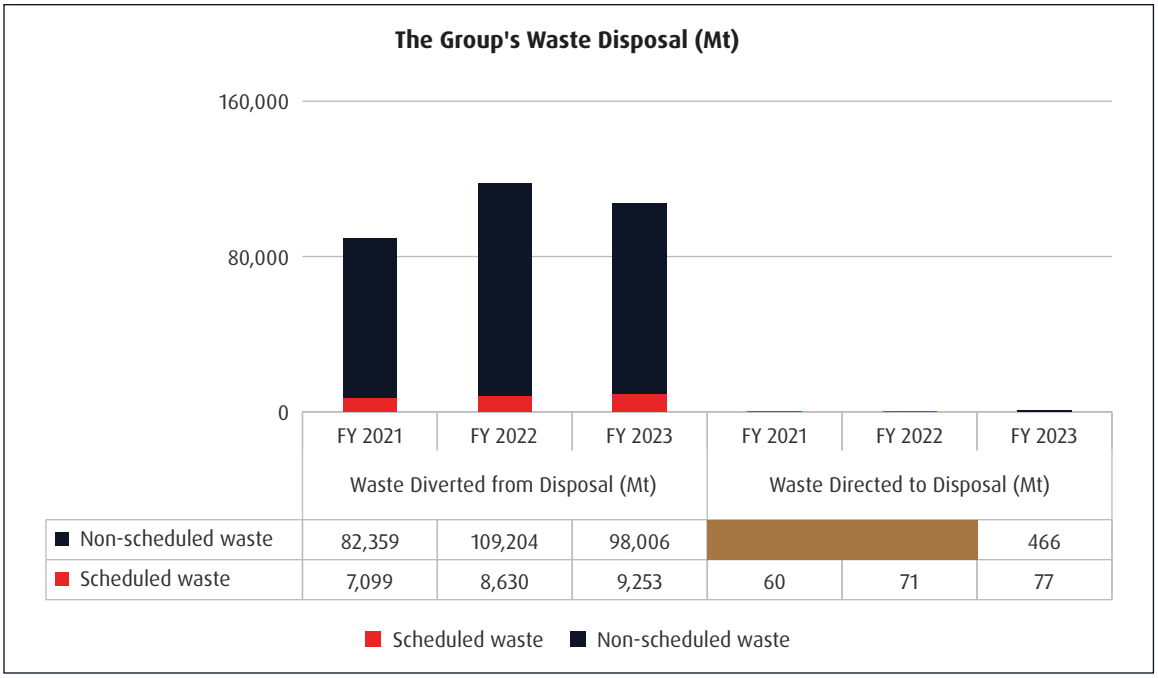
The Group's approach on co-product or waste is to recycle, reuse and recover the waste as much as possible. The Group compiles and monitors the generation as well as disposal of co-products or waste in the Group. The Group has set a target to avoid total waste that is directed to disposal at a maximum of 3%. For FY 2023, the total waste diverted from disposal is 99.5%.

Waste disposal	Maximum Target (%)	Actual (%)		
		FY 2021	FY 2022	FY 2023
Directed to disposal	3	0.1	0.1	0.5

The total wastes diverted from disposal and directed to disposal are listed as below:



Note: Non-scheduled waste directed to disposal in FY 2021 and FY 2022 was an estimation and hence, not included in this report.

Scheduled Waste

The Group classifies the waste or co-products based on their characteristic and potential to adversely affect public's health and environment and into scheduled and non-scheduled waste. The scheduled wastes are recorded, stored and disposed in accordance with the Environment Quality Act, 1974.

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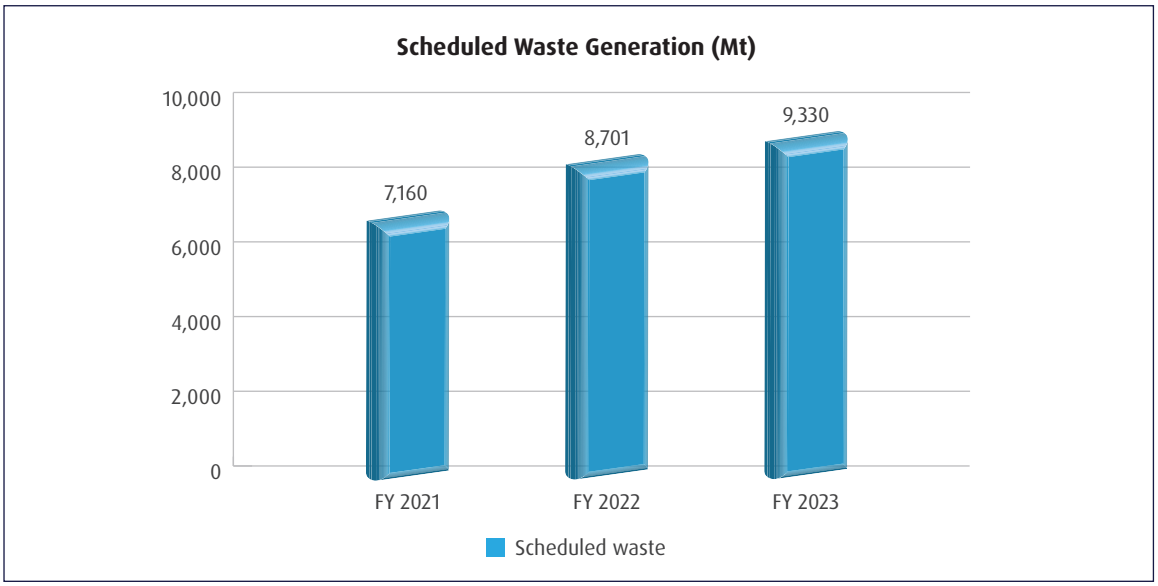
According to the First Schedule of the Environment Quality (Scheduled Waste) Regulations, 2005, the maximum scheduled waste quantity that can be stored at premises is 20Mt and the storage duration shall not exceed 180 days. The type of scheduled waste generated in the Group is as listed below:

Scheduled waste code	Waste/Co-Products
SW104	EAF dust, zinc ash, zinc dross
SW204	Sludge
SW305	Spent lubrication oil
SW306	Spent hydraulic oil
SW307	Spent mineral oil - water emulsion
SW311	Waste oil / sludges
SW312	Waste oil / oil residue
SW404	Clinical waste
SW409	Contaminated container
SW410	Contaminated glove, rag and filter
SW417	Waste paint
SW418	Off spec paint
SW427	Mineral sludge

The Group's scheduled waste generation is as listed below:



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(Cont'd)

The Group is always mindful of complying with the Environment Quality (Scheduled Waste) Regulations, 2005 followed by, where possible, accomplishing beyond regulatory requirements. The Group also endeavours to maximise the resource value of co-product or waste through research and development in tandem with collaboration with external parties as well as promotion in the recycle and reuse of both scheduled and non-scheduled waste and co-product. The efforts of the Group thus far are as elaborated below:

a) The steel making plant of SSB generates EAF dust, a co-product under the classification of Scheduled Wastes Code, SW104. EAF dust has a high zinc compound which can be recovered. SSB has collaborated and developed a local licensed recycler, which is nearby to us to recycle the EAF dust and extract valuable zinc compound which is then processed into zinc ingot for industrial application.

SSB seeks to accomplish beyond regulatory requirement in terms of storage duration and quantity of scheduled waste. SSB collaborated with the long-term local licensed recycler and we had spent approximately RM1.2 million to modify the EAF dust collection facility in the 4th quarter of FY 2019. The modification enabled the loading of generated EAF dust directly onto trucks for the licensed recycler to collect for subsequent recycling in their plant. The collaboration and investment enabled the Group to set the target for closing inventory of EAF dust at a maximum of 15Mt.

Maximum EAF Dust closing inventory (Mt)	Actual (Mt)		
	FY 2021	FY 2022	FY 2023
15	0	0	0

b) Zinc ash and zinc dross generated by SPIM is another co-product classified under the Scheduled Wastes Code, SW104. SPIM has set the target to control its maximum quantity of zinc dross and zinc ash to 20Mt with storage duration of not exceeding 100 days. SPIM disposes zinc ash and zinc dross to licensed collectors and recyclers on monthly basis for recycling into products, such as zinc ingot. By doing so, SPIM is able to comply with regulatory requirements as well as achieving a shorter storage time than the regulated 180 days in FY 2023. In the next 3 financial years, SPIM will work on further reducing the storage time to below 60 days with a maximum storage quantity of 20Mt.

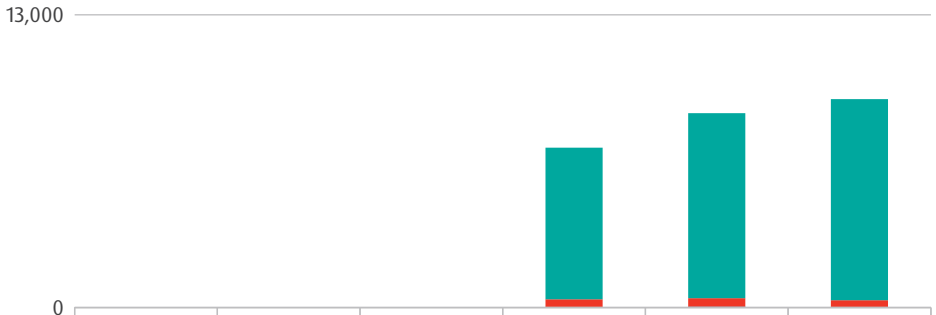
c) The Group engages external licensed contractors to collect the waste as our obligation to comply with the regulatory requirement. The licensed contractors will treat the scheduled wastes in the following manner:

Activity	Waste Code
Reuse	SW409, SW410
Recycling	SW109, SW204, SW206, SW305, SW306, SW307, SW311, SW312
Other recovery operations	SW104, SW110, SW204, SW408, SW417, SW418, SW427
Incineration	SW404, SW416, SW417, SW418
Secured landfill	SW204, SW427

Sustainability Statement
(Cont'd)

The breakdown of scheduled waste diverted from disposal are listed as below:

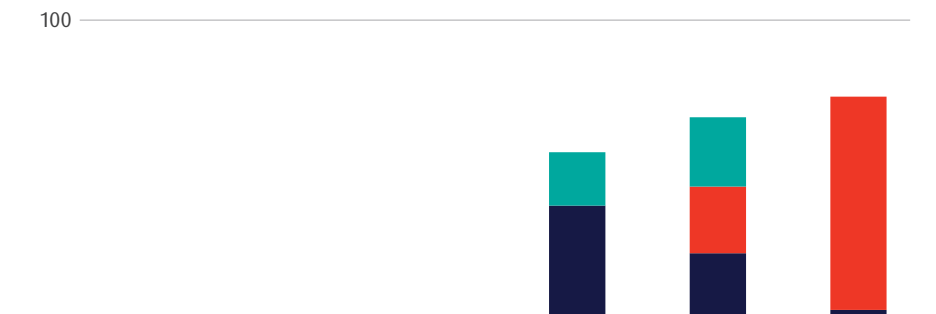
The Group's Scheduled Waste Diverted from Disposal (Mt)



	FY 2021	FY 2022 Onsite (Mt)	FY 2023	FY 2021	FY 2022 Offsite (Mt)	FY 2023
Recovery (Other)	0	0	0	6,734	8,219	8,934
Recycling	0	0	0	345	377	293
Reused	0	0	0	20	34	26

The breakdown of waste directed to disposal via disposal operation are listed as below:

The Group's Scheduled Waste Diverted to Disposal (Mt)



	FY 2021	FY 2022 Onsite (Mt)	FY 2023	FY 2021	FY 2022 Offsite (Mt)	FY 2023
Disposal (Other)	0	0	0	16	21	0
Secured landfill	0	0	0	0	20	64
Incineration	0	0	0	44	30	13

Sustainability Statement
(Cont'd)

Non-Scheduled Waste

The Group believes that effective management of waste helps to reduce waste that goes to the general waste stream and hence, reduces the potential impact to the environment. The Group puts in concerted effort in reducing waste through reuse, recycling and recovery as far as possible through research and development as well as collaboration with external parties. The venture of the Group in waste management until now is as set out below:

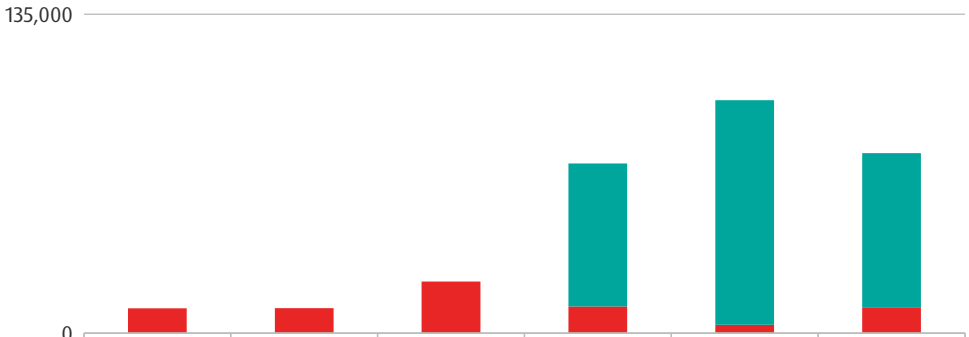
a) The steel making plant in SSB generates EAF slag in its steel scrap melting process. EAF slag is a non-metallic co-product, which is classified as a non-scheduled waste. EAF slag is used as an alternative to rock fragments, which is commonly used as an aggregate for landfill and also replacement of granite aggregate. The strategy of SSB is to treat EAF slag in-house to recover the metallic waste before further processing the slag for intended applications. The metallic waste recovered will then be reused in EAF as an input material for steel making. The in-house treatment and processing process has reduced the need for external transportation and hence, reduced carbon emissions. Currently, 100% of the treated EAF slag is used as alternative rock fragments.

b) The steel making plant in SSB also generates ladle furnace slag and used refractory material, a non-metallic co-product that forms during steel refining process at ladle furnace. Ladle furnace slag together with other used refractory materials are disposed to bricks maker to produce cement bricks. The used refractory can also be crushed for reuse in EAF to improve the protection of the EAF. Currently, all the generated ladle furnace slag and used refractory material are used for the above stated purpose.

c) The general waste in the Group is further segregated according to 3R (Reduce, Recycle and Reuse) prior to final disposal. Old newspapers, shredded paper, magazines, malfunction computers and electrical appliances are among the items that are being segregated before disposal of general waste.

The breakdown of non-scheduled waste diverted from disposal are listed as below:

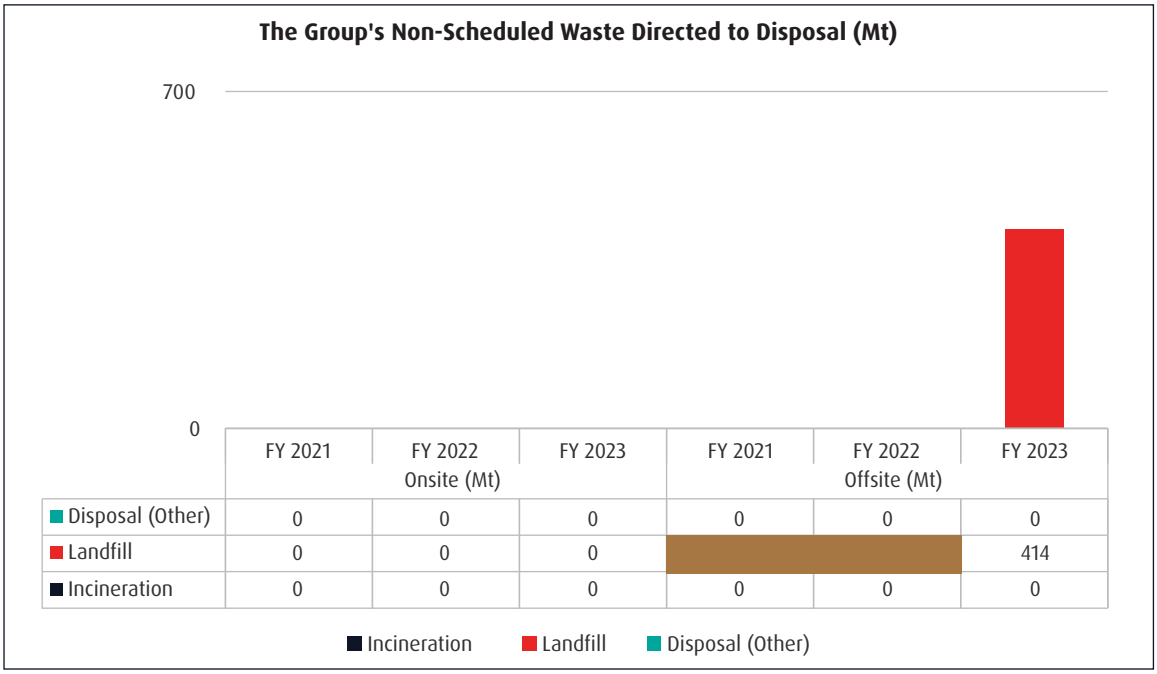
The Group's Non-Scheduled Waste Diverted from Disposal (Mt)



	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
	Onsite (Mt)			Offsite (Mt)		
Recovery (Other)	0	0	0	60,505	95,017	65,470
Recycling	10,538	10,613	21,847	11,316	3,574	10,689
Reused	0	0	0	0	0	0

Sustainability Statement
(Cont'd)

The breakdown of waste directed to disposal by operations are listed as below:



	FY 2021	FY 2022 Onsite (Mt)	FY 2023	FY 2021	FY 2022 Offsite (Mt)	FY 2023
Disposal (Other)	0	0	0	0	0	0
Landfill	0	0	0			414
Incineration	0	0	0	0	0	0

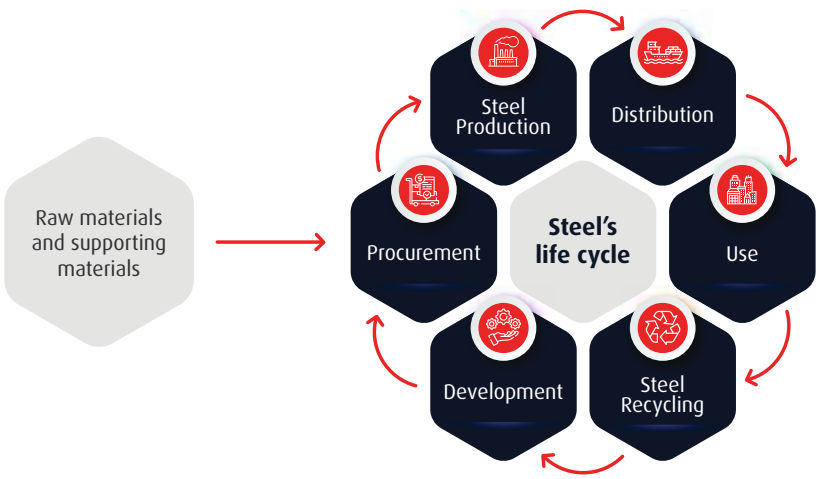
Note: Non-scheduled waste directed to disposal in FY 2021 and FY 2022 was an estimation and hence, not included in this report.

Steel Scrap

Steel scrap generated by the Group is sent to SSB as resource for recycling in EAF as described in section 5.3.6. Though steel scrap is a key resource for SSB's EAF, the Group puts in effort to reduce the generation of steel scrap through our subsidiary, SSM. SSM is able to provide a service to the construction industry by cutting the steel bar into required length or forming into the required shape prior to delivering to the construction site. With such a service, steel wastage at construction sites is being reduced.

5.3.8 Life Cycle Perspective

The life cycle perspective provides information on how the Group controls or influences the way the products in the Group are developed, manufactured, distributed, used and recycled to manage environmental impacts within the life cycle, which is essential to long-term sustainable development.



Sustainability Statement
(Cont'd)

Development

The Group develops product specification by referring to the input requirement from customers. The Group aspires to influence and control the recycling content of the products to enhance circularity without sacrificing the quality despite having limited influence on the products' requirement.

Procurement

The Group procures steel scrap, raw materials and supporting material from approved vendors. The Group strives to influence the vendor through periodical assessment as described in section 5.2.2 Supply Chain Management.

Steel Production

The core activity of EAF steel making plant in SSB is recycling of steel scrap to produce billets, which is then hot rolled into steel bar and wire rods. The subsidiaries in the Group produce steel mesh, prestressed concrete steel wire & strand, steel pipes and provide cut and bend services. Electricity is one of the key resources used in steel production. The electricity and respective emissions are managed as described in sections 5.3.2 (Our GHG Emissions), 5.3.3 (Air Emissions) and 5.3.4 (Energy Management). The production in the Group generates steel scraps waste and other scheduled and non-scheduled waste. The steel scrap waste will be collected and recycled in our EAF. The management of scheduled waste and non-scheduled waste is as described in section 5.3.7 (Waste Management).

Distribution

The distribution mode in the local market is via road transport using trucks. The Group uses approved transporters for local delivery.

Sea transport via vessel is the common distribution mode for export markets though occasionally, trucks are used due to geographically feasibility and as specified by customers. The Group has limited influence on the sea transport as our customers usually prescribes the delivery details.

Use

The products of the Group are mainly used in construction sector and manufacturing industries. Though the Group has limited influence on the way our products are used, the Group endeavours to facilitate the construction sector through one of the subsidiaries, SSM which provides services by cutting the steel bar into required length or forming into the required shape prior to delivering to construction sites. With such services, the generation of steel scrap waste at construction sites is being reduced.

Steel Recycling

The Group recycles substantial quantity of steel scrap, which is an approach to support global circularity economy. The management of the steel scraps waste is described in section 5.3.6 (Circular Economy).

Sustainability Statement
(Cont'd)

5.4 Social Sustainability

One of the most valuable resources in the Group is the people with a diversity of background, ideas and life experiences. We aim to contribute to the growth of sustainable society, enhance corporate value and uphold respect for human capital in the operations.

SDG	The Group's Efforts
	• The Board reviews Occupational Safety and Health compliance and safety risk management, with the matters closely monitored by Group Managing Director. • 67% of the Group's operating sites are certified to ISO 45001. • Implemented various safety programs to achieve safety performance. • In FY 2023, achieved rate of 0.82 of LTIF as compared to target of 1.00. • Implemented 5S to improve workplace efficiency.
	• In FY 2023, introduced commitment statement in relation to labour standards to support the labour rights of our employees. • No case of discrimination, harassment or violations of child labour or forced labour being reported in FY 2023. • Maintained a healthy general workforce mix in terms of ethnic, age demographics and gender balance. • Provided various types of training, which included job related trainings and soft skill trainings, with 12,647 of training hours recorded.
	• Contributed a total of RM14,445 in social activities. • A total of 268 employees from the Group were involved and clocked in approximately 2,136 hours participating in social activities.

5.4.1 Occupational Safety and Health

Safety and Health Performance

The Board reviews both the Occupational Safety and Health ("OSH") compliance and safety risk management. Safety and health matters within the Group are closely monitored by the Group Managing Director, with all levels of management and employees playing an important role in fostering a safe workplace.

The Group adopted ISO 45001 Occupational Health and Safety Management System as a standard guideline for systematic process of identifying, evaluating and mitigating workplace hazards and 67% of the Group's operating sites are certified with the ISO 45001 by SIRIM QAS.

Sustainability Statement
(Cont'd)

The following are our OSH best practices to drive the objectives forward and ensure that our employees and business associates are aligned.

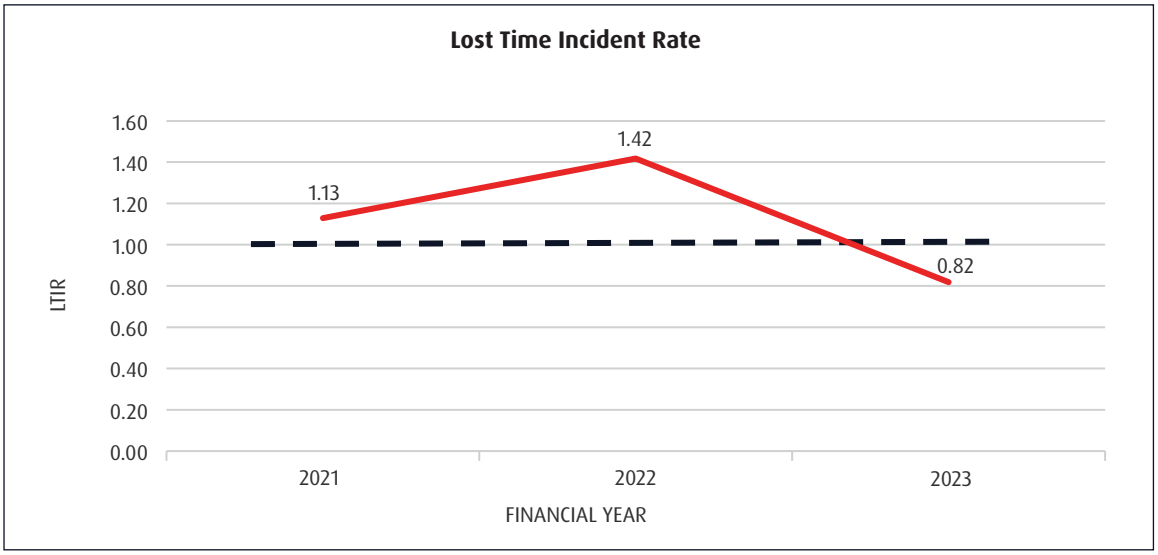
The following series of programs were carried out involving the employees, contractors and vendors as part of the efforts to cultivate a safe and healthy working culture.

a) Training and safety drills were done in order to raise awareness among employees.
b) 'Safety Day' program organised by SSB, SSM and SSM C&B Prai involving government bodies, such as Department of Safety and Health, Department of Environment and Social Security Organisation was held to promote awareness on safety and health.
c) Safety trainings on commuting to workplace were conducted by safety officers and head of departments.
d) Safety committee meetings with management and worker representatives discussing and reviewing OSH related matters.
e) Chemical Exposure Hazard training was organised to train employees on how to safely handle chemicals at workplace.
f) Ergonomics training conducted to recognise and evaluate workplace conditions that contribute to musculoskeletal, carpal tunnel syndrome and other nerve disorders.
g) Hearing conservation training was conducted to prevent occupational induced hearing loss among employees.

Sustainability Statement
(Cont'd)

Sustainability Statement
(Cont'd)

The chart below shows the Group's OSH performance for the financial years from 2021 to 2023:



The Group's safety performance is measured and evaluated using Lost Time Incident Rate ("LTIR"), which covers Lose-Time Injuries ("LTI") cases in all the operating companies. The LTI records cover cases involving employees and contractors. LTIR is defined as the total amount of LTI in the financial year period, which is divided by the total number of hours worked and then multiplied by 200,000. The Group's LTIR target is 1.00 and we have seen a significant improvement from previous years. In FY 2023, we have achieved 0.82 as compared to 1.42 in FY 2022. This improvement was mainly due to the continuous efforts made by each operating company. Regular trainings, briefings and skill development programs have shown a positive impact on the Group. We anticipate further improvement in safety performance in the coming years. Our commitment and cohesiveness towards OSH will continue to be an integral part of our sustainability strategy.

5S

The Group had implemented the 5S methodology since 2012 as a foundation for a safe and conducive working environment for the employees. Employee's momentum towards this direction is supported with continuous yearly audit by our trained pool of 5S auditors. The findings at the end of each audit were shared, highlighting both the good practices and efforts while also highlighting the areas for improvement to the auditees.

5.4.2 Human Capital

In today's rapidly developing society, the concepts of sustainability and human capital are interconnected. Sustainability encompasses the long-term viability of our society while human rights emphasise the equality of individuals. Apart from this, human capital refers to the skills, knowledge and well-being of people, which are essential for a sustainable development. Therefore, the Group fosters an inclusive and diverse work environment which is essential for building an inclusive and resilient organisation.

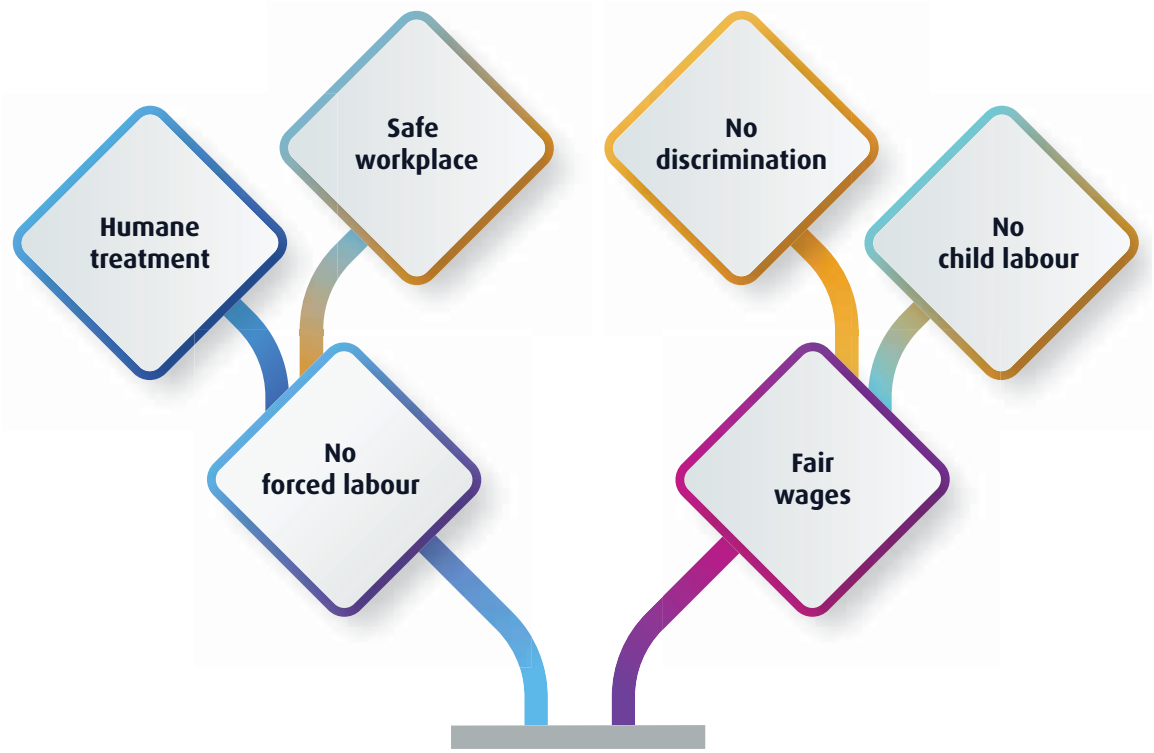
Employment best practices

Each individual deserves to be treated with respect, fairness and equality in the workplace regardless of their role or location. Our approach is guided by the relevant laws in Malaysia, such as the below:

- Employment Act 1955 (Act 265)
- Industrial Relations Act 1967
- Holidays Act 1951 (Act 369)
- Children and Young Persons (Employment) Act 1966 (Act 350)
- Employment (Termination and Lay-Off Benefits) Regulations 1980

Sustainability Statement
(Cont'd)

To foster a healthy and sustainable workforce that values human capital, we continue to preserve our best practices and uphold the Group's core values as below:



The Group commits to the principles as stated in our statement in relation to labour standards, which was first introduced in FY 2023. The said statement was available in English and Malay language and was communicated to our employees. The following principles reflect our values:

- Positive work conditions for our employees where discrimination and harassment are not condoned.
- Prohibition of child labour in our operations, where no employees are under the minimum age for employment set by the relevant laws and regulations in Malaysia.
- Denouncement of forced labour, i.e. where workers are compelled to work against their will and where they are unable to leave due to threats or penalty by their employer.
- Fair and competitive remuneration packages for employees based on their qualifications, skill sets, performance, seniority and experience.

The Group also engages with its employees to obtain valuable insights on what matters the most to them and to understand specific sustainability or employment issues through multiple sources and touchpoints, such as targeted engagement through focused groups and one-on-one interviews. Townhalls, department meetings, feedback platforms and employees' events are also some of the approaches taken.

Apart from this, any concerns or violations to the above can be reported directly to the Group's Chairman of the Board Audit and Risk Management Committee through the whistleblowing platform that is stated in our Whistleblowing Policy, which is widely available in our company's website.

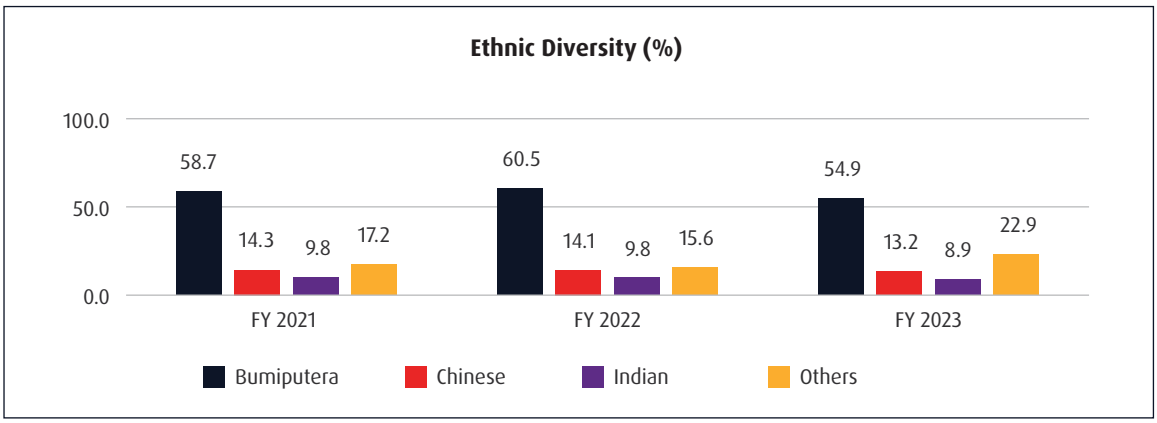
For FY 2023, there were no cases of discrimination, harassment or violations of child labour or forced labour being reported or recorded.

Sustainability Statement
(Cont'd)

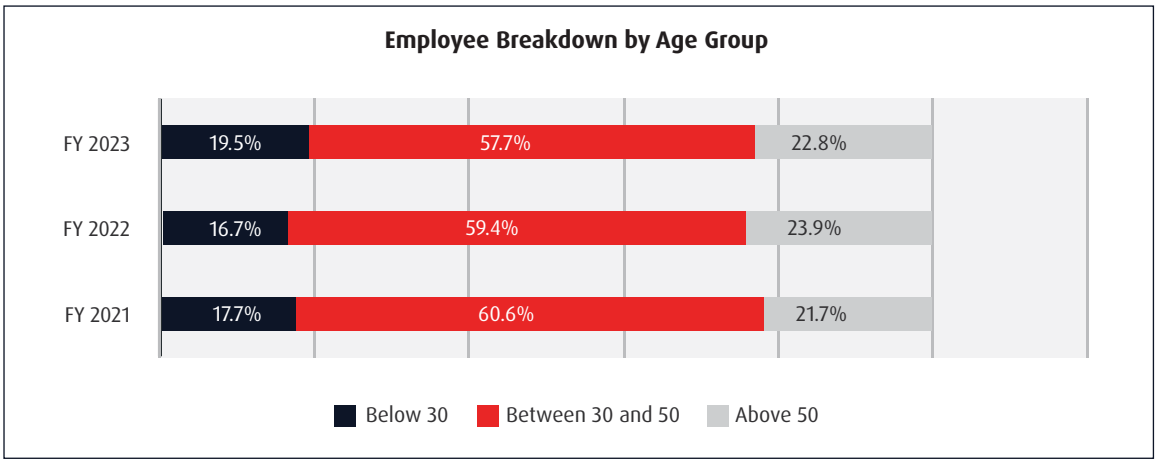
General Workforce Statistics

Workforce diversity has emerged as a key driver of success in today's globalised and interconnected world. The Group continues to focus on employee diversity in order to bring unique perspectives, experiences and talents to the table.

Promoting ethnic diversity requires ongoing efforts and initiatives to eliminate biases and provide equal opportunities to foster a culture of inclusivity. The Group will continue to embrace the diversity of our employees.



The Group actively invests and gives the younger generation a chance to contribute to the success of our long-term growth. Generally, the Group's mix of employees at different age groups had remained fairly constant and healthy over the years.



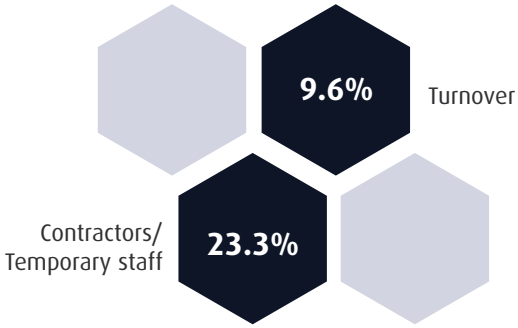
In terms of gender balance, we continuously strive to achieve a balance of genders at departmental and group levels. Although there are more male employees due to the nature of our business, we continue to make an effort to identify more female candidates, especially for technical positions, where female applicants tend to be fewer.

Employees by Gender	FY 2021	FY 2022	FY 2023
Male (All levels)	90%	90%	90%
Female (All levels)	10%	10%	10%
Male (Executive and above)	68%	69%	68%
Female (Executive and above)	32%	31%	32%

Sustainability Statement
(Cont'd)

Employee retention is crucial for maintaining a stable and productive workforce. Across the Group in FY 2023, we have a full time staff turnover rate of 9.6% with permanent and contractors/temporary staff ratio of 76.7% : 23.3%. Among these, we do not have any staff with a disability. We will continue to build a supportive and engaging work environment to retain talents.

FY 2023 Employee Retention Rate



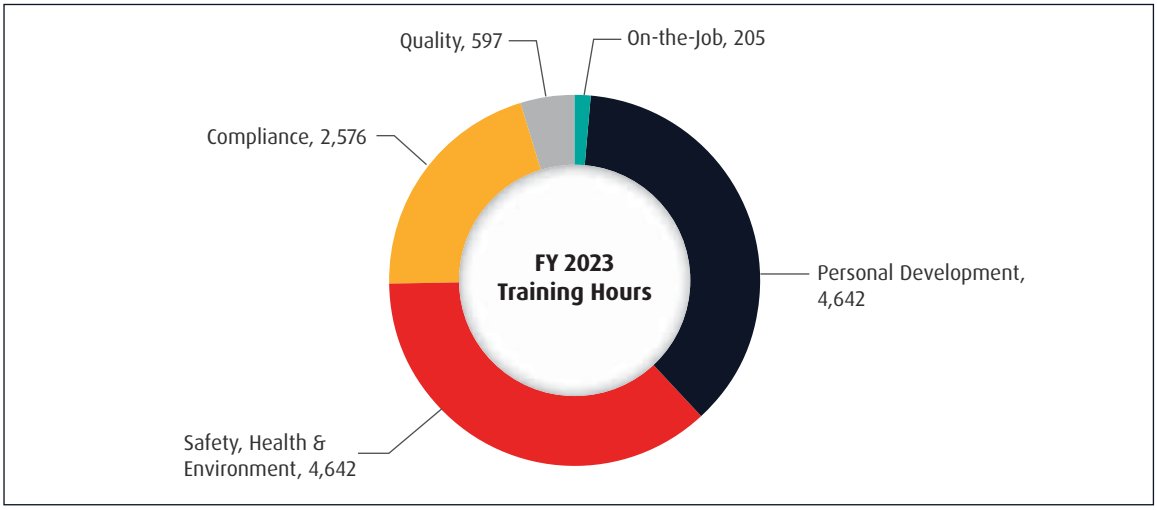
Learning and Development

The Group recognises that systematic and continued training and development of employees is essential to ensure continued efficiency, effectiveness and growth of the company. Thus, our training policy aligns training and development programs with the larger organisational goals while giving due consideration to the development needs of the employees.

The Group also conducts development analysis to understand the development needs of the employees. This allows the identification of knowledge and skill gaps within the organisation against external factors, such as industry and regulatory changes, employee expectations and the latest innovation and technological advancements.

Below is part of the personal development trainings attended by the employees in FY 2023 to enhance their abilities or individual skills:

- Cyber security briefing
- Goal setting
- Reviewing a contract
- Mastering the presentation skills
- Statistical analysis tools
- Root cause analysis and reasoning tool



In FY 2023, the Group recorded a total of 12,647 training hours with an average of 9.3 hours per employee. We will continue to focus on people development as a continuous effort to raise the employees' service and skill levels to ensure a steady supply of talent for now and the future.

Sustainability Statement
(Cont'd)

5.4.3 Community Engagement

The Group's community engagement aims to encourage the participation in community works and to cultivate a sense of responsibility among our employees toward the local communities. To this end, SSB's Heart-to-Heart ("H2H") club has been established since year 1995 as a vehicle and to operate with the following guidelines:

- Carrying out community works in locations where SSB has operations.
- Community works with non-profit based organisations.
- Encourage participations to instil the spirit of volunteerism of helping the less fortunate, both within and outside of the Group.

The activities carried out during the financial year were as follows:

Blood donation campaigns

SSB held blood donation campaigns bi-annually to raise the awareness of the need for safe blood and blood products together with the government hospitals.

When	Participating Organisations	Internal Participants	External Participants	Total Participants	Successful Donors
November 2022	Hospital Pulau Pinang	102		102	96
May 2023	Hospital Sg Petani	125	13	138	114
		227	13	240	210

As a token of appreciation, refreshments were prepared and each participant was given a door gift and participation in lucky draw.

Charity visits in conjunction with major festivals

Date/Festivals	Where	Activities
October 2022: Deepavali	Orphange: Rumah Anak-Anak Yatim Kamakshi	• Distributed red packets, have fast food meals and play games. • Donated personal computers.

Sustainability Statement
(Cont'd)

Date/Festivals	Where	Activities
January 2023: Chinese New Year	Old Folks Home: Pertubuhan Bakti Yong Ai, Kulim 	• Distributed red packets, food and mandarin oranges. • Donated personal computers.
May 2023: Hari Raya	Inmates Visit: Penjara Pokok Sena, Alor Setar 	• Supporting Penjara Pokok Sena Sport Club with a cash donation to foster the inmates' involvement in sports and recreational activities, as well as providing them with avenues for personal growth and rehabilitation.

In FY 2023, SSB had contributed a total of RM14,445 in social activities, which includes donation in terms of cash and necessities. In addition, a total of 268 employees from the Group were involved and they had clocked in approximately 2,136 hours participating in the social activities. To encourage recycling, the funding of H2H mainly came from selling old newspapers and magazines.

Sustainability Statement
(Cont'd)

6. Performance Data Table

Indicator	Boundary	Unit	FY 2021	FY 2022	FY 2023
Anti-corruption					
Percentage of employees who have received training on anti-corruption by employee category					
(i) Management	Group	%	-	100	100
(ii) Executive		%	-	95	100
(iii) Non-executive		%	-	48	100
Percentage of operations assessed for corruption-related risks	Group	%	100	100	100
Confirmed incidents of corruption and action taken	Group	Number	0	0	0
Community/Society					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	SSB	RM	-	-	14,445
Employees participated in community impact programs	Group	Number	-	-	268
Total hours spent on community impact programs	Group	Hours	-	-	2,136
Diversity					
Percentage of employees by gender and age group, for each employee category					
(i) Gender group by employee's category					
All levels - Male	Group	%	90	90	90
All levels - Female		%	10	10	10
Executive and above - Male		%	68	69	68
Executive and above - Female		%	32	31	32
(ii) Age group by employee category					
All levels - Under 30	Group	%	17.7	16.7	19.5
All levels - Between 30 and 50		%	60.6	59.4	57.7
All levels – Above 50		%	21.7	23.9	22.8
Percentage of directors by gender and age group					
(i) Gender group					
Male	Group	%	85.7	83.3	66.7
Female		%	14.3	16.7	33.3
(ii) Age group					
Below 30	Group	%	-	-	-
Between 30 and 50		%	-	-	-
Above 50		%	100	100	100
Energy Management					
Total energy consumption	Group	GJ	1,081,481	1,161,118	1,278,618
Health and Safety					
Lost time incident rate	Group	Rate	1.13	1.42	0.82

Sustainability Statement
(Cont'd)

Indicator	Boundary	Unit	FY 2021	FY 2022	FY 2023
Labour Practices and Standards					
Total hours of training by employee category	Group	Hours	-	-	12,647
Percentage of employees that are contractors or temporary staff	Group	%	-	-	23.3
Turnover rate	Group	%	-	-	9.6
Ethnic diversity - Bumiputera	Group	%	58.7	60.5	54.9
Ethnic diversity - Chinese		%	14.3	14.1	13.2
Ethnic diversity - Indian		%	9.8	9.8	8.9
Ethnic diversity - Others		%	17.2	15.6	22.9
Supply Chain Management					
Proportion of spending on local suppliers	Group	%	-	-	80
Data Privacy and Security					
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Group	Number	-	-	0
Water					
Total volume of water used	Group	Megaliters	848	934	992
Waste Management					
Total waste generated, and a breakdown of the following:	Group	Mt	89,519	117,908	107,802
(i) Total waste diverted from disposal		Mt	89,458	117,834	107,259
(ii) Total waste directed to disposal		Mt	60	71	543
Emissions Management					
Scope 1 emissions in tonnes of CO2e	Upstream	tCO2e	89,331	98,203	94,213
Scope 1 emissions in tonnes of CO2e	Downstream	tCO2e	3,089	3,673	3,060
Scope 2 emissions in tonnes of CO2e	Upstream	tCO2e	201,595	224,413	247,521
Scope 2 emissions in tonnes of CO2e	Downstream	tCO2e	22,965	23,888	24,629

7. Statement of Assurance

Most of the information provided in this report is extracted from sources verified by auditors from certification body, SIRIM QAS, during surveillance or recertification audit of ISO 9001, ISO 14001, ISO 45001 and ISO 37001 management systems as well as product certification audit.

This verification demonstrates the commitment of the Group and we are inspired to forge ahead on our sustainability agenda.

8. Looking forward

As we reflect on our sustainability journey and the strides we have made thus far, we are filled with immense pride and gratitude for the collective efforts that have brought us to this point. However, we recognise that our commitment to sustainability is not a destination but an ongoing expedition towards a brighter and greener future.

With unwavering determination, we look forward to continuing with our missions, setting new targets and embracing innovative approaches to shape a world that is sustainable for generations to come. Continuous improvement will be our guiding principle, as we actively seek ways to minimise our ecological footprint and promote circular practices.

Profile of Board of Directors

YBHG DATUK KWEK LENG SAN

Chairman; Non-Executive/ Non-Independent

Age 68, Male, Singaporean

Datuk Kwek Leng San graduated from University of London with a Bachelor of Science (Engineering). He also holds a Master of Science (Finance) from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek was appointed to the Board of Directors ("Board") of Southern Steel Berhad ("SSB") on 27 October 1992 and assumed the position of Chairman on 18 June 2003. He does not sit on any Board committee of SSB.

He is the Chairman of Hong Leong Industries Berhad, Malaysian Pacific Industries Berhad, and Hume Cement Industries Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad, a public company.

MR YEOH CHOON KWEE

Group Managing Director/ Non-Independent

Age 55, Male, Singaporean

Mr Yeoh Choon Kwee graduated from Nanyang Technological University with a Bachelor of Electrical and Electronics Engineering (Honours). He also holds a Master of Business Administration from the Nanyang Business School, Singapore.

Mr Yeoh has 30 years of experience in the steel industry, starting as an Applied Research and Development engineer in NatSteel Limited ("NatSteel"), Singapore, in 1993. He subsequently held various operational and management roles in Singapore and overseas. In 2005, Mr Yeoh served as the Managing Director of a leading pre-stressed concrete wires company in Thailand. Concurrently, he was also the Managing Director of a new start-up joint venture company with a Japanese public listed company in the steel wire business. In 2013, Mr Yeoh returned to Singapore to head the Building Solutions business of NatSteel.

Mr Yeoh joined SSB Group in December 2017 as the Managing Director of SSB, a position he held until August 2021. He had brought commercial discipline, professionalised sales management and had driven a focus on digitalisation agenda within the business divisions he managed. Mr Yeoh was appointed as Group Managing Director of SSB on 27 August 2021. He does not sit on any Board committee of SSB.

He is a Director of Malaysian Iron & Steel Industry Federation.

Profile of Board of Directors

(Cont'd)

YBHG DATO' DR TAN TAT WAI

Non-Executive Director/ Non-Independent

Age 76, Male, Malaysian

Dato' Dr Tan Tat Wai holds a Bachelor of Science in Electrical Engineering and Economics from the Massachusetts Institute of Technology, a Master of Economics from University of Wisconsin-Madison and a PhD in Economics from Harvard University.

He started his career with Bank Negara Malaysia ("BNM") in 1978, undertaking research in economic policies and subsequently as consultant to BNM, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government-appointed Malaysian Business Council, the APEC Business Advisory Council, the Penang Industrial Council, the Industrial Coordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry. He was a Council Member for Wawasan Open University.

On 18 May 1984, Dato' Dr Tan was appointed as the Chief Executive Officer ("CEO") as well as a Director of SSB. He was appointed as the Managing Director of SSB in September 1990 and assumed the position of Group Managing Director in December 1993 until 1 January 2014, when he was re-designated as Executive Director of SSB. Subsequently, he was re-designated as Non-Executive Director of SSB in January 2016. Dato' Dr Tan does not sit on any Board committee of SSB.

Dato' Dr Tan is a Director of NSL Ltd, a public company listed on the Singapore Stock Exchange.

Previously, he was the Chairman of Maybank Philippines Inc. and a director of Malayan Banking Bhd, Maybank Trustees Berhad, Shangri-La Hotels (M) Bhd and Titan Chemicals Corp. Bhd. He was the President of the Board of Lam Wah Ee Hospital, Penang from 2009 until 2012. He remained as a member of the Board after leaving the presidency. He is also a Vice-President of Phor Tay Schools, Penang Chinese Girls' Schools and the Penang Home For The Infirm and Aged.

YBHG DATO' TAN ANG MENG

Non-Executive Director/ Independent

Age 67, Male, Malaysian

Dato' Tan Ang Meng is a Certified Public Accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

Dato' Tan started his career in 1975 with PricewaterhouseCoopers, Kuala Lumpur in the audit division and subsequently joined UMW Holdings Berhad in 1981 as Group Accountant. In 1983, he joined Guinness Malaysia Berhad as Financial Controller and Deputy Company Secretary. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (Malaya) Sdn Bhd, he was transferred to Asia Pacific Breweries Ltd in 1991 and served within the Group until 2001. In March 2001, he was appointed as CEO of Fraser & Neave Holdings Berhad, a position he held until his retirement in November 2010.

Dato' Tan was appointed to the Board of Directors of SSB on 12 May 2021. He is the Chairman of the Board Audit & Risk Management Committee and Remuneration Committee and a member of the Nominating Committee of SSB.

Dato' Tan is a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust and Red Sena Berhad (under members' voluntary liquidation), both listed on the Main Market of Bursa Securities and a director of QBE Insurance (Malaysia) Berhad, a public company.

Profile of Board of Directors
(Cont'd)

MS CHIN SIEW SIEW

Non-Executive Director/ Independent

Age 59, Female, Malaysian

Ms Chin Siew Siew graduated from University of Arkansas, United States of America with a Bachelor of Science in Computer Science.

Ms Chin has more than 30 years of information technology (IT) management experience. She started her career in programming and progressed to leadership roles in multinational corporations. Her last 23 years of working experience were with IBM where she served as the country Chief Digital Officer and as the ASEAN Services Leader for IBM Multivendor Business before retiring in 2019. At IBM Malaysia, her accomplishments included transforming businesses for small and medium-sized enterprises ("SMEs") and leveraging on digital technologies for business growth. In support of the SMEs, she led the building of a Centre of Digital Excellence as the hub and relevant connections to start-ups, investment partners, technology partners, as well as government stakeholders in the country. Her experience and exposure extended beyond Malaysia to the ASEAN countries where she held several leadership roles in the Global Technology Services group, driving the execution of IBM's strategic initiatives across the region.

Ms Chin was appointed to the Board of Directors of SSB on 1 July 2022. She is the Chairman of the Nominating Committee and also a member of the Board Audit & Risk Management Committee and Remuneration Committee of SSB.

Ms Chin is an Independent Non-Executive Director of Kenanga Investment Bank Berhad, a company listed on the Main Market of Bursa Securities. She is also an Independent Non-Executive Director of AIG Malaysia Insurance Berhad, a public company.

YBHG DATUK IR. ROSALINE GANENDRA

Non-Executive Director/ Independent

Age 61, Female, Malaysian

Datuk Ir. Rosaline Ganendra graduated from Imperial College London, United Kingdom with a Bachelor of Science in Civil Engineering and is a Professional Engineer with Practicing Certificate (PEPC) registered with the Board of Engineers, Malaysia (BEM). She has also acquired memberships in various professional associations.

She has more than 30 years of project management experience spanning across 23 countries. She started her career in 1985 with Ganendra Ahmad & Associates where she served as Principal-In-Charge. Subsequently, from April 1994 to April 2019, she served as Executive Director, Project Director and Quality Director of Minconsult Sdn Bhd, a leading Malaysian engineering consultancy firm. During her long-tenured involvement in the engineering consultancy industry, she has managed and overseen some of Malaysia's largest civil and structural engineering projects, playing an integral role in the country's development. She was also a Director of Construction Industry Development Board from 2016 to 2018.

Datuk Ir. Rosaline was appointed to the Board of Directors of SSB on 1 March 2023. She is a member of the Board Audit & Risk Management Committee, Nominating Committee and Remuneration Committee of SSB.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   YBhg Datuk Kwek Leng San is a brother of YBhg Tan Sri Quek Leng Chan, a major shareholder of SSB. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of SSB.
2. ***Conflict of Interest or Potential Conflict of Interest***
   None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with SSB or its subsidiaries.
3. ***Conviction of Offences***
   None of the Directors has been convicted of any offences (excluding traffic offences) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.
4. ***Attendance of Directors***
   Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement, Risk Management And Internal Control in the Annual Report.

Profile of Key Senior Management

MR TAN TECK HENG

Chief Financial Officer, Southern Steel Berhad

Age 49, Male, Malaysian

Mr Tan Teck Heng is a Member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants.

Mr Tan has more than 25 years of financial management experience covering financial and operation control management, budgetary, cost management, treasury and taxation from various manufacturing industries. He was formerly the Group Financial Controller of Kian Joo Can Factory Berhad where he worked for more than 11 years, and the Financial Controller (Malaysia, Australia & India) of Allnex, a multinational specialty chemicals company.

Prior to joining Southern Steel Berhad ("SSB"), he was the General Manager, Finance of Hartalega Holdings Berhad. Mr Tan was appointed as the Chief Financial Officer of SSB on 1 January 2023.

MR CHEONG KHAI KONG

Managing Director, Southern Steel Berhad, Bar & Rod Business

Age 60, Male, Malaysian

Mr Cheong Khai Kong graduated from University Science Malaysia with a Bachelor of Applied Science (Honours). He also holds a Certified Diploma in Accounting & Finance from the Association of Chartered Certified Accountants and a Master of Business Administration from University of Nottingham, United Kingdom.

Mr Cheong started his career in Carsem (M) Sdn Bhd, a related company, as Production Supervisor before he joined the SSB Group as Management Trainee in 1987. He held various senior management positions within the SSB Group before assuming the position of Chief Operating Officer of Rod Division on 1 June 2012. Mr Cheong moved on to Southern Steel Rod Sdn Bhd ("SSR"), a wholly-owned subsidiary of SSB, on 1 June 2015, to assume the position of Chief Operating Officer until 1 April 2017 when he was re-designated as Managing Director of SSR.

Mr Cheong was appointed as the Managing Director of SSB, Bar & Rod Business on 1 September 2021.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   None of the Key Senior Management has any family relationship with any Director and/or major shareholder of SSB.
2. ***Conflict of Interest or Potential Conflict of Interest***
   None of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with SSB or its subsidiaries.
3. ***Conviction of Offences***
   None of the Key Senior Management has been convicted of any offences (excluding traffic offences) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.

Corporate Governance Overview Statement, Risk Management and Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors of Southern Steel Berhad ("the Company") ["Board"] is pleased to present this statement with an overview of the corporate governance ("CG") practices of the Group which supports the three (3) key principles of the Malaysian Code on Corporate Governance ("MCCG"), namely Board leadership and effectiveness, effective audit and risk management, and integrity in corporate reporting and meaningful relationship with stakeholders.

The Corporate Governance Report 2023 of the Company in relation to this statement is published on the Company's website at www.southsteel.com ("Website").

BOARD LEADERSHIP AND EFFECTIVENESS

A. Roles And Responsibilities Of The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and broad strategies, overseeing and evaluating the conduct of the Group's businesses, identifying principal risks and ensuring the implementation of appropriate systems to manage those risks, and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

The day-to-day business of the Group is managed by the Group Managing Director ("GMD") who is assisted by the management team. The GMD and his management team are accountable to the Board for the performance of the Group. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit & Risk Management Committee ("BARMC"). The Nominating Committee ("NC") is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive appointments and/or re-elections, and assess and evaluate the performance of the Board, Board Committees and Chief Financial Officer ("CFO"). The Remuneration Committee ("RC") assists the Board in reviewing and recommending matters relating to the remuneration of Directors and senior management ("SM"). Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The Chairmen of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the GMD. This division of responsibilities between the Chairman and the GMD ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. Roles And Responsibilities Of The Board (cont'd)

The GMD is responsible for formulating the vision and recommending policies and the strategic direction of the Group for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Group and tracking compliance and business progress.

Independent Non-Executive Directors ("ID" or "IDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of IDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("CCM"), which has been adopted by the Board and published on the Website.

B. Board Composition

The Board currently comprises six (6) Directors, three (3) of whom are IDs. The profiles of the members of the Board are set out in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ["MMLR"] in determining its Board composition. The policy includes the following:

- The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation.
- The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of IDs comprising at least half of the Board.
- The Board shall comprise at least one (1) woman Director.
- Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. In line with gender diversity, there are two (2) women Directors, representing 33% of women participation, on the Board.

Based on the review of the Board composition in August 2023, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. Board Committees

Board Committees have been established by the Board to assist in the discharge of its duties.

- BARMC

  The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year ("FY") ended 30 June 2023 ("FY 2023") are set out in the Board Audit & Risk Management Committee Report in the Annual Report.

  The TOR of the BARMC are published on the Website.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC

The NC was established on 29 April 2013 and its TOR are published on the Website.

The composition of the NC has been re-constituted as follows:

Ms Chin Siew Siew
Chairman, Independent Non-Executive Director
(Re-designated as Chairman with effect from 31 May 2023)

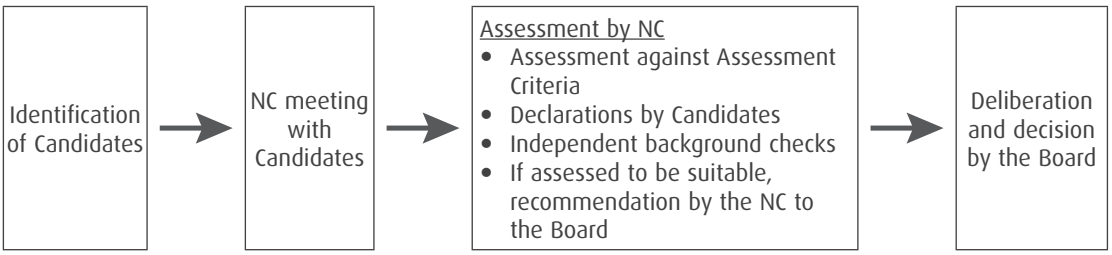
YBhg Dato' Tan Ang Meng
Independent Non-Executive Director

YBhg Datuk Ir. Rosaline Ganendra
Independent Non-Executive Director
(Appointed with effect from 31 May 2023)

YBhg Dato' Ahmad Johari Bin Abdul Razak
Chairman, Independent Non-Executive Director
(Resigned with effect from 31 May 2023)

(i) New Appointments

The nomination, assessment and approval process for New Appointments, in accordance with the Directors' Fit and Proper Policy, shall be as follows:



All candidates to the Board are assessed by the NC prior to their appointments, taking into account the assessment criteria, inter alia, the candidates' character and integrity, the strategic and effective fit of the candidates for the Board, the overall desired Board composition including Board diversity and the required mix of skills, expertise, knowledge and experience in the industry, market and segment to enhance the Board's overall effectiveness and having regard to the candidates' attributes, qualifications, management, leadership, business experience, independence and time commitment, before they are recommended to the Board for approval. The Company maintains a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with Director databases in its search for suitable Board candidates.

In evaluating any new appointment of SM, the Company is guided by the Hong Leong Group Recruitment Policy where all potential candidates are given equal opportunity regardless of gender, race, and religion and/or whether or not one has disability. SM positions are awarded based on qualifications, experience and potential.

In the case of Chief Executive, the NC will take into account the candidate's knowledge and experience in the industry, market and segment.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

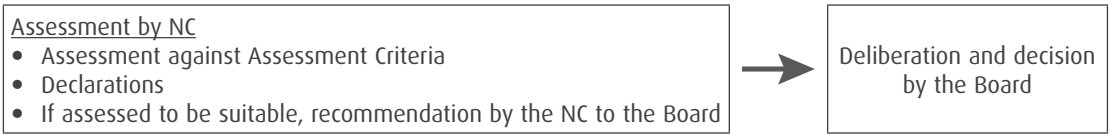
BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

(ii) Re-election

The assessment and approval process for re-election of Directors as set out in the Directors' Fit and Proper Policy are as follows:



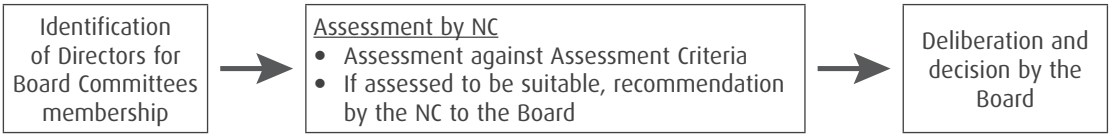
The Chairman, Directors and Chief Executive will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations, time commitment as well as the Annual Board Assessment (as defined below) results, fit and proper declaration and assessment in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity, contributions during the term of office, attendance at Board meetings, and for IDs, their continued independence.

(iii) Removal

For removal of Directors, the Company shall carry out such removal in accordance with the provisions of the Companies Act 2016 ("Act") and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a Director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

(iv) Board Committee Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committee Appointments") is as follows:



In line with the Directors' Fit and Proper Policy, the assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

In addition, a formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, Board Committees as a whole and the contribution and performance of each individual Director, Board Committee member, Chief Executive and CFO on an annual basis ("Annual Board Assessment"). For newly appointed Chairman, Directors, Chief Executive and CFO, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one (1) year of service.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

The NC meets at least once in each FY and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

The NC met twice during FY 2023 and all the NC members attended the meetings.

The NC discharged its duties in accordance with its TOR during FY 2023. The NC considered and reviewed the following:

- Policies on Board Composition and Independence of Directors and revised Nominating Committee Charter and policies on Board Diversity, Directors' Training and Directors' Fit and Proper;
- Nominating Committee Report;
- composition of the Board and Board Committees;
- mix of skills, professional qualification, experience and other qualities of Directors including gender, ethnicity and age balance;
- independence of IDs and their tenure;
- training undertaken by Directors and recommendation of training programmes for Directors; and
- re-election of Directors.

The NC has also considered and recommended to the Board for approval, the appointment of YBhg Datuk Ir. Rosaline Ganendra, who was identified through an independent source, as an ID of the Company, the resignation of YBhg Dato' Ahmad Johari Bin Abdul Razak as an ID of the Company, the re-constitution of Board Committees and the change of a Board Committee to management committee.

Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions. The NC took cognisance of the merits of Board diversity, including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The NC has also evaluated the performance of the Board, Board Committees, each individual Director and each Board Committee member, benchmarking their respective TOR and assessment criteria, and through the annual assessment conducted during FY 2023. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

- RC

The RC was established on 9 May 2005 and its TOR are published on the Website.

The composition of the RC has been re-constituted as follows:

YBhg Dato' Tan Ang Meng
Chairman, Independent Non-Executive Director
(Re-designated as Chairman with effect from 31 May 2023)

Ms Chin Siew Siew
Independent Non-Executive Director

YBhg Datuk Ir. Rosaline Ganendra
Independent Non-Executive Director
(Appointed with effect from 31 May 2023)

YBhg Dato' Ahmad Johari Bin Abdul Razak
Chairman, Independent Non-Executive Director
(Resigned with effect from 31 May 2023)

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- RC (cont'd)

The RC meets at least once in each FY and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

During FY 2023, two (2) RC meetings were held, and all the RC members attended the meetings.

The RC discharged its duties in accordance with its TOR during FY 2023. The RC reviewed and recommended the following for Board's approval:

- Remuneration Committee Charter;
- Director and Board Committees fees, remuneration packages (including salary and bonus) of the Directors (including GMD and key SM);
- application for Value Creation Incentive based on the achievement of certain financial and/or other performance targets or criteria; and
- Remuneration Committee Report for inclusion in the Company's Annual Report.

The Group's remuneration scheme for Executive Directors ("EDs") and SM is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them, industry benchmark as well as complexity of the Group's businesses.

The RC, in assessing and reviewing the remuneration packages of EDs and key SM, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of Directors are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM").

The detailed remuneration of each Director is set out in the Corporate Governance Report which is published on the Website.

Hong Leong Manufacturing Group adopts Hong Leong Group's total compensation philosophy which promotes high performing culture, alignment of corporate values and vertical and horizontal equity. The rewards strategy focuses on providing a competitive remuneration and benefits package, as well as ample career progression opportunities for employees.

The rewards framework focuses on a balanced and right pay mix to achieve the desired long term business performance. The framework includes base pay, cash allowances, performance-based variable pay, long term incentives, benefits and other employees' programmes.

The rewards framework ensures that employees are paid competitively against the industry and talent market the company is operating in, delivered via a combination of cash and non-cash elements such as shares or share-linked instruments.

Key performance indicators and key results areas of employees are measured and tracked diligently to ensure strong alignment of employee output to the overall business strategy and direction of the Company.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

D. Independence

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an ID should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an ID may continue to serve on the Board subject to the Director's re-designation as a Non-ID. It further states that in the event the Board wishes to retain an ID who has served a cumulative term of nine (9) years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The Company has in place an Independence of Directors Policy ("ID Policy") which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops. The ID Policy states that the tenure of an ID shall not exceed a cumulative term of nine (9) years from the date of his or her first appointment in the Company.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision making.

The tenure of all the IDs on the Board does not exceed nine (9) years.

E. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Board meetings are scheduled ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each FY pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, among others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Act. They are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and hold practising certificates issued by CCM. The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow among the Board, Board Committees and SM. The Company Secretaries attend programmes and seminars to keep themselves abreast with, inter alia, regulatory requirements, company law and CG.

All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any Director who has an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

E. Commitment (cont'd)

The Board met four (4) times during FY 2023 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	4/4
Mr Yeoh Choon Kwee	4/4
YBhg Dato' Dr Tan Tat Wai	4/4
YBhg Dato' Tan Ang Meng	4/4
Ms Chin Siew Siew *[Appointed with effect from 1 July 2022]*	4/4
YBhg Datuk Ir. Rosaline Ganendra *[Appointed with effect from 1 March 2023]*	*1/1
YBhg Dato' Ahmad Johari Bin Abdul Razak *[Resigned with effect from 31 May 2023]*	4/4
YBhg Dr Kwa Lay Keng *[Retired with effect from 10 November 2022]*	*1/1

* *reflects the attendance and the number of meetings held during the period the Directors held office*

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme which may include visits to the Group's business operations, is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to, among others, the industry or business of the Company, governance, risk management, accounting, laws and regulations through a combination of courses, conferences and workshops. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") Part I. In line with the recent amendments to MMLR in relation to sustainability training for Directors, the Directors of the Company have been advised to complete MAP Part II within the prescribed timeframe.

The Company organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering matters on CG, finance/accounting, legal and regulatory framework, risk management, cyber security, environmental, social and governance ("ESG"), industry-related and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During FY 2023, the Directors received regular briefings and updates on the Group's businesses, strategies, operations, risk management and compliance, internal controls, CG, finance/accounting, anti-bribery and corruption management, ESG and any changes to relevant legislation, rules and regulations from in-house professionals. In-house programmes/ briefings were also organised for the Directors and SM of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

E. Commitment (cont'd)

During FY 2023, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Anti-Bribery Corruptions Management System Awareness Workshop
- Board of Directors Cybersecurity Awareness
- Business, Company & Corporate Governance for Consultants & Contractors
- Can America Stop China's Rise? Will ASEAN Be Damaged
- CMDP: Module 1 Directors as Gatekeepers of Market Participants
- CMDP: Module 2A Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Future Broking)
- CMDP: Module 3 Risk Oversight and Compliance – Action Plan For Board of Directors
- CMDP: Module 4 Emerging and Current Regulatory Issues in Capital Market
- Contemporary Issues in Anti-Money Laundering
- Construction Contracts
- Customs & SST Implications on Year-End Transfer Pricing Adjustments
- Cyber Awareness Training
- Effective Staff Management for Professional Engineers & Contractors
- Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms
- Fide Core Programme - The Financial Institution Directors Education (Module A)
- GHG Emission Awareness Training
- Importance of Project Scheduling and it's Financial Impact
- Kepentingan Penglibatan Perubahan Harga (VOP) Kepada Kontraktor Semasa Pandemik
- Law and Lawful Practice for Professional Engineer and Contractor
- LED – Environmental, Social and Governance Essentials (Core)
- MACC ACT Section 17A: The Impact of the Technology & the Newly Enhanced Sustainability Reporting
- Mandatory Accreditation Programme
- Navigating Through the Evolution of Corporate Governance with the Introduction of the Tax Corporate Governance Framework
- Occupational Safety and Health Awareness Talk
- Overview of Voluntary Carbon Market and Bursa Carbon Exchange
- Primavera Project Implementation
- Recovery and Resolution Planning Sharing Session
- Renovation & Small Project – Work Permit, Related By Laws and CIDB Contract
- Singapore Fintech Festival 2022
- Tax Insight for Consultant and Contractors
- The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System
- The Schedule Basic Memorandum: Key Supporting Document for CPM Schedule Analysis
- Understanding the Requirements in Bursa Malaysia Enhanced Sustainability Reporting Framework

During FY 2023, a site visit to the Company's steel making plant in Prai, Penang was organised for the Directors.

F. Strengthening CG Culture

- **Code of Conduct and Ethics**

  The Group is committed to good business ethics and integrity as set out in the Hong Leong Manufacturing Group Code of Conduct and Ethics ("HLMG Code"). To this, the Group commits to a high standard of professionalism and ethics in the conduct of business and professional activities.

  The HLMG Code is applicable to:

  - all employees who work in the Group across the jurisdictions in which the Group operates – including but not limited to permanent, part-time and temporary employees; and
  - any other persons permitted to perform duties or functions within the Group – including but not limited to vendors, service providers, contractors, secondees, interns, industrial attachment and agency staff.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Strengthening CG Culture (cont'd)

- **Anti-Bribery and Corruption Policy**

  The Group has adopted ISO 37001:2016 as its Anti-Bribery and Corruption Management System to provide a strong framework to prevent its employees, Directors, partners or persons who perform services for or on behalf of the Group from undertaking corrupt practices in relation to its business activities. The Anti-Bribery and Corruption Policy, published on the Website, outlines the Group's commitment to conducting business ethically in compliance with all applicable anti-bribery and corruption laws of every country in which the Group operates.

  Reports of any concern or suspicion may be made to the Head of Internal Audit or Head of Human Resources.

- **Whistleblowing Policy**

  The Company has a Whistleblowing Policy, and it provides a structured channel for all employees of the Group to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Website.

  The Board has identified the Chairman of the BARMC to whom reports of any such concerns may be conveyed.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Accountability And Audit

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all IDs. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Group Internal Audit Department ("GIAD") whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks, operational audits to identify opportunities for operational improvement, and also ensure compliance with standard operating procedures of the Group.

Investigation or special review will be carried out at the request of the BARMC and SM on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I. Financial Reporting

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

II. Directors' Responsibility In Financial Reporting

The MMLR require the Directors to prepare a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and the Act requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the FY.

The Directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2023 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Act in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("SORMIC") provides an overview of the system of internal controls and risk management framework of the Group.

- Responsibility of the Board

  The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets. The Board adopts MS ISO 31000:2010 as its risk management framework.

  Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework. The BARMC is assisted by the GIAD in this role.

- Risk Management Framework

  For FY 2023, management has structured the risk management framework using MS ISO 31000:2010. Based on the framework, management has carried out the following:

  - establish the context of risk in relation to the Group's risk appetite, i.e. how risks are perceived and the levels at which they are acceptable or otherwise;
  - identify risks in relation to the objectives of every business function of the Group's operating companies;
  - identify emerging risks faced by the Group in the operating environment of its various industries;
  - assess the likelihood and impact of such risks identified, using qualitative and also quantitative measures where applicable, to determine the risk level, i.e. "Severe", "Major", "Significant", "Minor" or "Trivial";
  - evaluate the severity of the risks and their treatment options to set priority of management's attention and devise appropriate actions to avoid, share, retain or mitigate risks within reasonable timeframes; and
  - record the details of risks and treatment plans in the risk registers and present to the BARMC quarterly to review the adequacy and effectiveness of the risk management measures.

  For bribery and corruption risks, the Group has adopted the Anti-Bribery Management System ("ABMS") under the ISO 37001:2016 and the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 to prevent, detect and respond to bribery and corruption risks. The Company and its core subsidiaries have been certified for ISO 37001:2016 (ABMS) by SIRIM QAS International Sdn Bhd.

  Further, on an ongoing basis, each operating company's Chief Executive and authorised risk owners have clear accountabilities to:

  - monitor its existing risks, identify emerging risks and update the enterprise-wide risk registers;
  - maintain the adequacy, effectiveness and relevance of action plans and control systems to manage risks; and
  - prepare risk management reports on a quarterly basis for reporting to the BARMC.

- System of Internal Controls

  The key elements of the Group's system of internal controls are described below:

  - A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations. The management of the Group's operating companies own and manage risks and they are responsible for implementing controls to mitigate the risks pertaining to all aspects of the business and operations.
  - Documented corporate policies and procedures covering various aspects of the business and operations of the Group.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- System of Internal Controls (cont'd)
    - Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
    - Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
    - Internal control assurance activities such as self-audits and completion of internal control questionnaires undertaken by management of the operating companies. These activities are part of the Group's risk and control assurance framework, provide the breadth in risk and control assurance, and demonstrate management's commitment to effective risk management.
    - Risk-based internal audits carried out by the GIAD focusing on key risk areas which are selected from the Group's audit universe. The key risk areas are documented in the annual audit plan which is approved by the BARMC. The risk-based internal audits in FY 2023 covered logistics and weighbridge management, information technology general controls of operations, occupational safety and health management, and repair and maintenance management.
    - Quarterly reporting to the BARMC on the results of control assurance and audit activities, and also the management of risks throughout the Group.

- Management and Decision-Making Processes

  The internal control and risk management processes of the Group are in place for FY 2023 and up to the date of approval of the SORMIC for inclusion in the annual report and reviewed quarterly by the BARMC. The BARMC reviews the principal risks, significant audit observations and/or areas for improvement and ascertains that appropriate remedial actions or improvements are taken by the management of the Group's operating companies. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

  The Board has received assurance from the GMD and CFO that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

  The SORMIC has not dealt with or included the state of risk management and internal control of the associated company.

- Review of the SORMIC by External Auditors

  Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed the SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the 2023 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. AAPG 3 does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

- Board's Opinion

  The Board, through the BARMC, is of the view that the Group's risk management framework and system of internal controls are adequate and effective in safeguarding the shareholders' investments and the Group's assets.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

IV. Relationship with Auditors

The Board, through the BARMC, maintains a formal and transparent professional relationship with the external auditors, KPMG PLT. The appointment of external auditors and their fees are recommended by the BARMC. The BARMC reviews the performance, suitability, independence and objectivity of the external auditors annually. The BARMC also reviews the nature and fees of non-audit services provided by the external auditors in assessing the independence of the external auditors. In accordance with the MIA's By-Laws, KPMG PLT rotates its Engagement Partner and Engagement Quality Control Review Partner once every seven (7) years to ensure objectivity, independence and integrity of the audit opinions.

The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit, including key audit matters, as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of SM.

For FY 2023, the BARMC members undertook an annual assessment on the performance, suitability, independence and objectivity of the external auditors. No major concerns were noted from the results of the assessment. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Disclosure

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Website after release to Bursa.

B. Shareholders

I. Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, corporate governance reports, circulars to shareholders, quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's information at the Website which includes the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/briefings, financial information, products information and investor relations. Minutes of AGM and a summary of the key pertinent matters discussed at the AGM are published on the Website.

In addition, shareholders and investors can have a channel of communication with the Company Secretary to direct queries and provide feedback to the Group.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

B. Shareholders (cont'd)

I. Dialogue between Companies and Investors (cont'd)

Queries may be conveyed to the following person:

Name : Ms Wong Wei Fong
Tel No. : 03-2080 9200
Fax No. : 03-2080 9238
Email : IRelations@southsteel.com

II. AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to attend and vote on all resolutions. Directors, CFO, SM and the external auditors are also available to respond to shareholders' queries during the AGM. All Directors of the Company attended the AGM held on 10 November 2022. Minutes of AGM and a summary of the key pertinent matters discussed at the said AGM are published on the Website.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at general meetings will be put to a vote by way of a poll and the voting results will be announced at the meetings and through Bursa.

The Company has adopted electronic voting for the conduct of poll on all resolutions at the AGM.

This Corporate Governance Overview Statement, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit & Risk Management Committee ("the Committee") of Southern Steel Berhad ("SSB" or "the Company") was established since 29 October 1993.

COMPOSITION

The composition of the Committee has been re-constituted as follows:

YBhg Dato' Tan Ang Meng
Chairman, Independent Non-Executive Director

Ms Chin Siew Siew
Independent Non-Executive Director
(Appointed with effect from 10 November 2022)

YBhg Datuk Ir. Rosaline Ganendra
Independent Non-Executive Director
(Appointed with effect from 31 May 2023)

Dr Kwa Lay Keng
Independent Non-Executive Director
(Retired with effect from 10 November 2022)

YBhg Dato' Ahmad Johari Bin Abdul Razak
Independent Non-Executive Director
(Resigned with effect from 31 May 2023)

SECRETARY

The Secretary(ies) to the Committee shall be the Company Secretary(ies) of SSB.

AUTHORITY

The Committee is authorised by the Board of Directors ("Board") to review any activity of the Group within its Terms of Reference ("TOR"), details of which are available on the Company's website at www.southsteel.com. The Committee is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times in each financial year ("FY") and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Group Managing Director and senior management may attend Committee meetings, at the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Board Audit & Risk Management Committee Report

(Cont'd)

MEETINGS (cont'd)

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee shall constitute a quorum and the majority of members present must be Independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

An annual assessment on the performance and effectiveness of the Committee and each of its members for FY ended 30 June 2023 ("FY 2023") was carried out by the Nominating Committee ("NC"). The NC and the Board are satisfied that the Committee and its members had carried out their duties in accordance with the Committee's TOR.

During FY 2023, four (4) Committee meetings were held, and the attendance of the Committee members was as follows:

Members	Attendance
YBhg Dato' Tan Ang Meng	4/4
Ms Chin Siew Siew *(Appointed with effect from 10 November 2022)*	*3/3
YBhg Datuk Ir. Rosaline Ganendra *(Appointed with effect from 31 May 2023)*	-
Dr Kwa Lay Keng *(Retired with effect from 10 November 2022)*	*1/1
YBhg Dato' Ahmad Johari Bin Abdul Razak *(Resigned with effect from 31 May 2023)*	4/4

** reflects the attendance and the number of meetings held during the period the Directors held office*

The Committee carried out the following key activities during FY 2023:

- Reviewed and recommended to the Board for approval, the annual financial statements of the Group and of the Company, drawn up in accordance with the relevant accounting standards, laws and regulations so as to give a true and fair view of the financial position of the Group and of the Company.
- Reviewed and recommended to the Board for approval, the quarterly reports focusing on any changes in accounting policies and practices, significant adjustments arising from the audits and the going concern assumptions to ensure compliance with relevant accounting standards, laws and regulations.
- Reviewed financial obligations of the Group including banking facilities and covenants.
- Reviewed the financial performance of the Group including the impact of movement of bar and rod prices, and billet costs.
- Assessed the performance, suitability, independence and objectivity of the external auditors, taking into consideration factors such as quality of service, adequacy of experience and resources of the firm and the professional staff assigned to the audit, and communication and interaction, and made recommendation to the Board for shareholders' approval on the re-appointment of the external auditors.
- Reviewed and recommended to the Board for approval, the audit fees and non-audit fees payable to the external auditors in respect of services provided to the Group. Further reviewed the provision of non-audit services by the external auditors to ascertain whether such provision of services would impair the external auditors' independence or objectivity. Details of non-audit fees incurred by the Group for FY 2023 are stated in the notes to the annual financial statements.

Board Audit & Risk Management Committee Report

(Cont'd)

ACTIVITIES (cont'd)

- Reviewed with the external auditors the audit plan for FY 2023, nature and scope of the audit, considered significant changes in accounting and auditing issues, where relevant, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards.
- Held two (2) separate sessions with the external auditors without the presence of senior management to discuss all major issues, including co-operation of Group's officers rendered to the external auditors. During the separate sessions, no critical issues were raised.
- Discussed with the external auditors, the potential key audit matters and other significant audit matters identified by the external auditors.
- Reviewed and approved the annual internal audit scope and plan.
- Assessed the performance of the internal audit function as well as the adequacy and competency of internal audit resources.
- Reviewed the internal audit findings and recommendations, including management responses, progress status and updates of management's action plans on internal audit's findings and recommendations thereto.
- Received and deliberated on the whistleblowing reports and further steps to be taken.
- Reviewed and recommended to the Board for approval, the Anti-Bribery And Corruption Policy, Anti-Bribery And Corruption Management System Manual, Whistleblowing Policy and Whistleblowing Communications Plan And Investigation Procedures.
- Reviewed the adequacy and integrity of internal control systems, including risk management covering areas on compliance, operational and financial, and relevant management information system, including the processes in place to identify, evaluate and manage the significant risks encountered by the Group.
- Reviewed and recommended to the Board for approval, the Internal Audit Charter and revised Board Audit & Risk Management Committee Charter.
- Reviewed the Policy and Procedures of Recurrent Related Party Transactions ("Procedures") and various recurrent related party transactions ("RRPT") carried out by the Group to ensure that the Procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner, and are sufficient to ensure that the RRPT are conducted on commercial terms consistent with the Group's usual business practice and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.
- Reviewed the proposed mandate for RRPT with various related parties prior to the Board's recommendation for shareholders' approval.
- Reviewed the Statement on Risk Management and Internal Control ("SORMIC") of the Group and received the report of the external auditors in respect of their review on the SORMIC prior to the Board's approval for inclusion in the Company's Annual Report.
- Reviewed and recommended to the Board for approval, the Board Audit & Risk Management Committee Report for inclusion in the Company's Annual Report.
- Acted as Governing Body of Anti-Bribery and Corruption Management System ("ABCMS") and reviewed the Governing Body Report comprised ABCMS activities, progress updates on the Group's ISO 37001:2016 Anti-Bribery Management System surveillance audit, bribery and corruption risk assessment and ABCMS internal audit report, on a quarterly basis.

INTERNAL AUDIT ("IA")

The IA function is carried out in-house by the Group IA Department ("GIAD") of HLMG Management Co Sdn Bhd, a wholly owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. As at 30 June 2023, there were eleven (11) staff in the GIAD and the total cost incurred by the GIAD for FY 2023 amounted to RM2,749,397.

The purpose, authority, scope, independence and responsibilities of IA function are provided in the Internal Audit Charter, which is approved by the Committee.

The GIAD, led by the Head of IA, reports to the Committee which has the authority to decide, among others, the appointment and removal; scope of work; and performance evaluation of the IA function. Dr Teh Boon Ang has been appointed as Head of IA since 1 July 2017.

Board Audit & Risk Management Committee Report

(Cont'd)

INTERNAL AUDIT ("IA") (cont'd)

Dr Teh is a Professional Member of the Institute of Internal Auditors ("IIA") Malaysia and holds the qualifications of Doctorate of Business Administration, Master of Criminal Justice, Certified Internal Auditor and Certified Fraud Examiner. The Committee is satisfied that the Head of IA has the relevant experience and sufficient standing and authority to discharge his duties as Head of IA.

The GIAD supports the Committee in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group. The GIAD also challenges and adds value to the efficiency, effectiveness and economy of operating companies' operations; usage of assets and resources; and the integrity of management information systems. In doing so, the IA function is performed with impartiality, proficiency and due professional care. The GIAD has received co-operation in the performance of their work and do not have any disagreement that may have adverse impact on the audit process or findings.

All the IA personnel had declared to the Committee that they are free from any relationships or conflicts of interest which would impair their impartiality or objectivity. The Committee had undertaken an assessment on the performance of the GIAD for FY 2023 whereby it is satisfied with the performance of the GIAD. The Committee had also reviewed the GIAD's resources, in particular the qualifications, experience and designations of all the IA personnel. As their continuous professional development, the IA personnel had kept abreast with developments in the profession, industry and regulations by attending internal and external training courses. The Committee is hence satisfied with the competency of the GIAD and that it has adequate resources to carry out its functions.

The annual audit plan prepared by the GIAD is submitted to the Committee for review and approval. Internal audits are carried out as per the approved annual audit plan. IA reports are discussed and issued to management for their feedback and to formulate action plans with target implementation dates for improvements. Any resulting salient control concerns are reviewed by the Committee, and the implementation status of audit recommendations are monitored and reported to the Committee on a quarterly basis. The areas of IA's review during FY 2023 are described in the SORMIC.

The GIAD also facilitates the maintenance of the risk management framework of the Group on an ongoing basis.

The GIAD applies appropriate auditing standards in assessing the integrity and effectiveness of internal controls and compliance with the established policies and procedures; and is committed to continuously monitoring and improving the IA function. In FY 2023, the IIA Malaysia was engaged as the external assessor to conduct Quality Assessment Review on GIAD in ascertaining whether the activities and performances are in conformance with the requirements of the International Professional Practices Framework issued by the IIA, Inc., USA.

The Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.