

SUSTAINABILITY REPORT

ABOUT THIS REPORT

In response to the need to take urgent action against climate change and its impact alongside being a responsible consumer and producer, we are pleased to present the performance of our sustainability initiatives in our group's Sustainability Report. This report will provide an overview of the performance and outcome of the initiatives implemented from 1 January 2023 to 31 December 2023 in the areas of Environmental, Social and Governance. The performance and outcome of these initiatives will also present to the ASTEEL Group new opportunities to be explored as well as areas of improvements in the group's value creation and shareholders value.

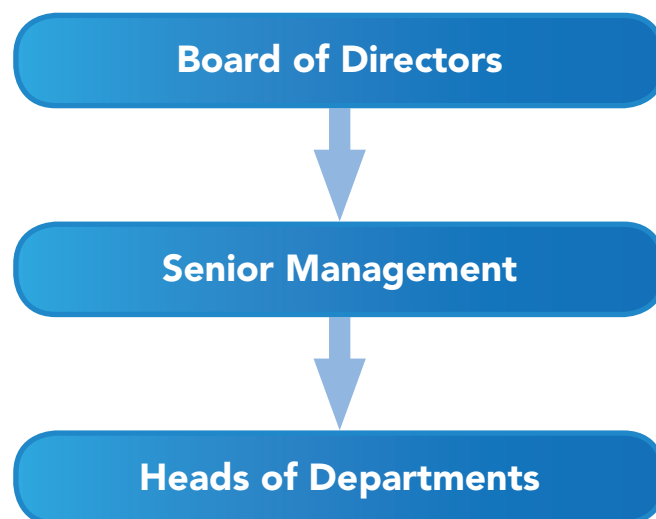
Apart from presenting new opportunities the performance and outcome of these sustainability initiatives will also support and strengthen the group's risk management. As we move towards decarbonisation of the group's operation, the measurement will present the impact of our sustainability initiatives to our stakeholders.

SUSTAINABILITY STATEMENT AND GOVERNANCE

ASTEEL Group firmly advocates sustainable business practices as the guiding principle and key to the group's long term growth and continuity. The group's sustainability initiatives are aligned with United Nation's Sustainability Goals (UN SDGs) and in particular will focus on Sustainability Development Goal (SDG) No.12 on Responsible Consumption and Production and the impact of the group's actions in combating climate change.

In ASTEEL, all matters on sustainability are governed and managed across various levels in the organisation. The Group's Sustainability Statement for 2023 covers the major activities in the group's operation which is the main revenue generator for the group. Our Board provides the oversight on our Group's sustainability and is assisted by the Senior Management of the Group who oversees the implementation of the Group's sustainability initiatives and measures.

Department Heads and members are the ones who implement the group's sustainability initiatives, integrating them to the operation of the group and the outcomes are reported accordingly. Performance and outcomes are reviewed by Senior Management team and reported to Board for further discussions on their impact to the business and stakeholders and decisions made accordingly.



We are also establishing and maintaining a culture of ethical behaviour and practices and are committed to uphold the highest standards in corporate governance. We strive to strictly comply with the principles and guidelines set out in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Material Sustainability matters were identified to prioritise issues of utmost importance and concern which would have an impact on our stakeholders. We have identified the following sustainability matters in accordance to its level of significance to the Group's economic, environmental and social performance and their value to our stakeholders. The material subjects are grouped under the three main sustainability pillars, namely, Economics, Environment and Social Pillars as illustrated below.

Pillar	Material Sustainability Matters
Economic	<ul style="list-style-type: none"> Ethics and Conduct Customer Focus, Product Quality and Delivery
Environment	<ul style="list-style-type: none"> Waste Management Compliance with law and regulations Energy Consumption Water Consumption
Social	<ul style="list-style-type: none"> Safety & Health Diversity Employees Recognition Training and Development Employee Benefits Community Engagement through CSR

STAKEHOLDER ENGAGEMENT

The Group acknowledges that responses from stakeholders are important in planning the roadmap and strategies to strengthen the ESG management and through timely and regular engagements, allow us to understand our stakeholders' expectations and concerns in achieving sustainable growth. The key stakeholders identified based on their impact and involvement in our business are set out below.

Stakeholders	Material Matters	Method of Engagement
Shareholders	<ul style="list-style-type: none"> Profitability Dividend Corporate governance and ethical management 	<ul style="list-style-type: none"> Annual Report Annual General Meeting Company website , announcement Press release
Customers/ Suppliers	<ul style="list-style-type: none"> Product and service quality Timely delivery of products and services Payment terms and timeliness Product innovation 	<ul style="list-style-type: none"> Face-to-face meeting Events and site visits Receive feedback and products quality Customer satisfaction survey and supplier evaluation form
Regulators/Government Authorities	<ul style="list-style-type: none"> Compliance and certification exercises Certifications/awards Industry best practices and updates Safety and health regulations including prevention of COVID-19 	<ul style="list-style-type: none"> Periodic site visits and audits Company representation at initiatives/ technical working groups Industry- related initiatives and events
Employees	<ul style="list-style-type: none"> Business performance and direction Career development Learning opportunities Welfare and benefits Health and safety Working environment 	<ul style="list-style-type: none"> Departmental meeting Company intranet Performance evaluations Compensation and benefits
Local Community	<ul style="list-style-type: none"> Environment impact from operation Emission management 	<ul style="list-style-type: none"> Corporate website and social media platforms Community engagement programmes Corporate advertisements

1. ECONOMIC

Ethics and Conducts

The Group and its employees endeavour to conduct our business in compliance with applicable laws, rules, and regulations and in accordance with high ethical principles and standards.

To facilitate the above development, the Group has adopted Anti-Bribery and Corruption Policy ("ABC") in line with the framework under Section 17A of the MACC Act. The Group intends to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls.

- Training is conducted on existing employees and is also conducted for every new joiners to the group during their induction. Every employee is required to make a declaration against any form of corruption during the training and induction.
- The group has also implemented and conducted gift declaration where employees who receive gift from a third party is required to complete the Gift Declaration Form.
- Others include Third Party Declaration which has to be conducted on vendors, suppliers and service providers. Senior Management and managers are also required to Declare Their Conflict of Interest.

All these are done to uphold strong integrity and ethical conduct among employees.

Customer Focus, Product Quality, and Delivery

ASTEEL Group emphasizes on integrity, value and user value; devoting to the concept of safe, environmental-friendly and quality products. These enhances customers satisfaction and experience, which will also contribute towards creating a strong local brand. To keep pace with demand while nurturing and sustaining our business growth, the Group focuses on:

- Adhering to our Vision and Mission of gearing towards business excellence.
- Improving the competencies and customer service quality of sales force through training and coaching. This includes constantly conducting market intelligence to get the pulse on market trend, consumers demand, purchasing power of consumers, geopolitical events that may affect the supply and value chain and pricing.
- Our Sales team are regularly updated and trained on our product features and the benefits of these products in providing solutions to customers at any level and affordability.
- Continuous improvements through inputs from Customers Survey and also Voice of Customers should any complaint arises to stay ahead.
- Participating in product exhibition to share information on our steel products with relevant parties such as developers, architects and customers.
- Always sourcing for competitively priced and better quality products from reliable sources and passing on the savings to customers where possible.
- Obtaining product certification such as SIRIM Eco-Labeling for eco-friendly products and other SIRIM certifications of Malaysia Standard.
- ISO, Quality Management System for continuous improvement.

2. ENVIRONMENTAL

The Group understands the impact of their activities to the environment and climate and thus has taken measures to protect the environment where they operate. As a responsible corporate body, it is our duty to do our part to protect the environment against climate change and becoming a responsible consumer resources and producer of products through the implementation of the following initiatives and practices in our factories.

ASTEEL has implemented these initiatives to reduce waste and recycle materials as our contribution towards responsible consumption and to become environmentally friendly. ASTEEL continues to be committed to:

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- The Group ensures that the supplies of raw materials are from sustainable sources and obtained or produced with due environmental consideration and best practices. We review their sustainability practices and their impact to the environment especially climate change, energy and water consumption and communities as a requisite for continuous business.
- Constantly striving to promote the 3R systems (Reduce, Reuse and Recycle) in waste management. ASTEEL has established 5S committee as the committee are the drivers of 5S initiatives and improvements and the 3R.
- Energy-saving initiatives such as switching off non-essential electrical machinery, equipment and appliances when not in use. Energy saving initiative is not only for cost saving, but at the same time reduce our carbon footprint, the company has implemented the following:-
 - i. Gradually changing all the factory lighting to LED type with lower power consumption but higher illumination (brightness)
 - ii. Replace older air-conditioning units to inverter type
 - iii. New factory machines' motor are mostly inverter type
 - iv. Install translucence roofing to allow natural lighting and reduce the usage of high bay lighting during daytime

- Solar project

We are in the process of installing solar panels on our roof as another source of green renewable energy for our facilities. The implementation of solar panels will be another source of renewable energy for the group operation in the near future.

- Conversion of heating for our Colour Coating Line (CCL)

Started to use electrical heaters in CCL for the heating of chemical solutions since November 2022, as a replacement for steam generated from boiler. The application of direct heating is more cost effective compared to the former. The conversion has also provided the company with a monthly cost savings of about RM30,000, compared to using Diesel fuel for boiler before the conversion.






Converting energy source of production facilities from fossil fuel to clean electricity from the grid which is generated by hydro electricity dam in our decarbonization effort. However the conversion has reduced the consumption of fuel but has also shown an increase in electricity consumption. Other renewable source as mentioned earlier to generate power for our factory operations and manage electricity cost further.

- Waste Management

The company dispose waste to collector who can perform recovery service instead of direct landfill. For example, used oil & solvents from production are being processed, refined & recovered by vendors into recycled oils for other purposes, as well as for household usage.

Practicing schedule waste and water management for optimum usage and to minimise consumption and wastage.

Initiatives made in 2023 to minimise the impact on the environment are as follows:

		2021	2022	2023
 Recycling	Steel recycle per tonne of product	9.13 kg	7.38 kg	9.42 kg
 Schedule Waste	Output per tonne	0.47 kg	0.51 kg	0.55 kg
 Electricity Consumption	Consumption per tonne	71.81 KWH	67.65 KWH	79.25 KWH
 Water Consumption	Consumption per tonne	0.63 m ³	0.75 m ³	0.66 m ³
 Fuel Consumption	Consumption per tonne	40.73 L	40.14 L	42.28 L

The initiatives did not generate positive outcome due to lower production output and inconsistent production volume.

3. SOCIAL

ASTEEL Group is committed to the well-being of our employees who has played a major role in driving the growth of the Group over the years. We promote and foster a conducive working environment such as an open communication policy, so our employees stay motivated. Our employees are encouraged to be innovative to help foster an interesting working environment.

Our people are the most valuable asset we have. We empowered the best professionals in our industry to grow in their careers and to work together to achieve our vision. As an equal opportunity employer, our workplace terms and conditions of employment are opposed to any form of discrimination and upholding the fundamental human rights protected by legislation. The areas that ASTEEL specifically looks at are:

- The health and safety of our people in the workplace are the core values and we practice "Safety First" for all activities to minimize any preventable accidents and health hazards that may occur not only in the workplace but also in the communities we operate in. We aim to achieve zero harm at work and ensure the health and safety of our people by implementing amongst others, proper work instruction and/or operation manual and adequate Personal Protective Equipment (PPE);
- Promoting workplace diversity. To select and recruit candidates who are most suitable for the performance of the job vacancy and does not discriminate against the applicants in terms of age, gender and ethnicity;
- In appreciation, long service awards were awarded to staff who have served with the Company for more than 10 years.
- Emphasising on-going training (internal or external) for employees; The group has collaborated with a local university, UNIMAS with courses "Executive Master In Leadership Development Programme (ELDP)" for Managers and "Certificate in Manufacturing Technology (CMT)" for operators. The first group of eleven (11) managers had successfully completed and graduated from the Executive Master in Leadership programme. Candidates for the second group will be evaluated by both ASTEEL Group Head of Human Resources and the university concerned. This is an ongoing initiative aimed at upskilling and reskilling our employees with current and future skills and knowledge especially in management.
- A total of sixty (60) operators from three groups had completed their Certificate in Manufacturing Technology Programme and the Advanced Certificate in Manufacturing Technology (ACMT) Programme is currently being developed with UNIMAS and the first cohort of twenty (20) operators will be enrolled in the programme.
- The performance of these graduates will be measured, reported and impact to the group operation measured for continuous improvement.
- Emphasising on employee health and safety issues through education and awareness campaigns.
- Implementing the "5S" Quality Environment Management System certified by Malaysia Productivity Corporation.
- Provision of meal allowance to employees to have their meals in the canteen. Meal in the canteen is subsidised and this also saves them commuting time to the eateries outside for their meals.
- Morning assembly exercise to promote a healthy body and work punctuality.
- Converted a room into first aid room complete with basic amenities to provide a clean and comfortable place for our first aiders to provide first aid to those with minor injuries. It is also a place for those who are unwell to rest before going home or while waiting for ambulance.
- Education is very important in ASTEEL and each year the group give Children Education Assistance (CEA) to the children of employees and outstandings ones are also given awards. Through this effort the group aims to provide skilled workforce to Sarawak and the country.

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CHILDREN EDUCATION ASSISTANCE 2021- 2023

Class	2021		2022		2023	
	Pax	RM	Pax	RM	Pax	RM
Primary	106	12,720	87	13,050	70	8,850
Secondary	71	12,780	67	16,750	78	16,750
Cert	2	600	1	350	1	350
Matri/Pre U	0	0	14	7,000	4	2,000
Diploma	8	4,000	9	7,200	9	7,200
Degree/Master	16	12,800	10	12,000	13	8,400
Award	4	800	3	1,050	0	0
Total	207	43,700	191	57,400	175	43,550

DATA ON EMPLOYEES 2021-2023 BY GENDER

Gender	Year		
	2021	2022	2023
Female	115	136	131
Male	335	364	348
Total	450	500	479

The group will continue to increase women's participant in the organisation in the effort to be gender balance whether in operation or administration.

ON SAFETY & HEALTH

- The group's emphasis on Safety First alongside the Safety & Health procedures implemented has kept the number of work place accident low.
- Also instilling the practice of Zero Tolerance on accident aimed at achieving Zero case of work place accident. Below is the number of accident over a period of three years.

NO. OF ACCIDENT CASES 2021- 2023

Year	No. of cases
2021	0
2022	1
2023	1
Total	2

COMMUNITY

ASTEEL continues to engage with the communities where the group operates through the various charity programmes. The Group supports various communities through advertising, sponsoring and supporting of events. We also run practical-training programmes with local technical Institutions to promote work-experience and employability of their students.

In the year 2023, we had reached out to various sectors of the community in terms of food and aids, we had helped needy families to tide over difficult situations with supplies and provisions.

Following are some of the institutions benefited from our initiatives - The Salvation Army Children Home, Habitat for Indigenous and Urban Program (HIDUP) Kuching, The Scouts Associations Malaysia, Kampung Mantung Mubuk, Serian, Keluarga PKK Kemas Kpg Muara Tebas B, Program Fiesta Raya and Pre Gawai, Kuching Life Care Society, PIBAKAT, House of Joy - Spread the wings of Aspiration 2023, Persatuan Divine Will Society Dialysis Centre, fire victims of Rumah Peter Igoh, Nanga Mujan, Skrang, Betong and sponsorship for Charity Runs namely, KMS Unity, Rotary, LEO, Red Crescent Kuching, Pink October and PERKIM.

The Sustainability Table originates from Bursa Malaysia ESG Reporting Platform which is outlined in the Main Market Listing Requirement and adhering to the stipulated enhanced sustainability reporting criteria

Bursa (Anti-corruption)

Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category

Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00

Bursa C1(b) Percentage of operations assessed for corruption-related risks Percentage 100.00

Bursa C1(c) Confirmed incidents of corruption and action taken Number 0

Bursa (Supply chain management)

Bursa C7(a) Proportion of spending on local suppliers Percentage 51.00

Bursa (Energy management)

Bursa C4(a) Total energy consumption Megawatt 800

Bursa (Water)

Bursa C9(a) Total volume of water used Megalitres 6.60

Bursa (Labour practices and standards)

Bursa C6(a) Total hours of training by employee category

Management	Hours	459
Executive	Hours	538
Non-executive/Technical Staff	Hours	513
General Workers	Hours	545

Bursa C6(b) Percentage of employees that are contractors or temporary staff Percentage 0.00

Bursa C6(c) Total number of employee turnover by employee category

Management	Number	7
Executive	Number	20
Non-executive/Technical Staff	Number	96
General Workers	Number	3

Bursa C6(d) Number of substantiated complaints concerning human rights violations Number 0

Bursa (Diversity)

Bursa C3(a) Percentage of employees by gender and age group, for each employee category

Age Group by Employee Category

Management Under 30	Percentage	5.00
Management Between 30-50	Percentage	74.00
Management Above 50	Percentage	21.00

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Executive Under 30	Percentage	26.00
Executive Between 30-50	Percentage	62.00
Executive Above 50	Percentage	12.00
Non-executive/Technical Staff Under 30	Percentage	50.00
Non-executive/Technical Staff Between 30-50	Percentage	39.00
Non-executive/Technical Staff Above 50	Percentage	10.00
General Workers Under 30	Percentage	31.00
General Workers Between 30-50	Percentage	31.00
General Workers Above 50	Percentage	38.00
Gender Group by Employee Category		
Management Male	Percentage	36.00
Management Female	Percentage	64.00
Executive Male	Percentage	53.00
Executive Female	Percentage	47.00
Non-executive/Technical Staff Male	Percentage	88.00
Non-executive/Technical Staff Female	Percentage	12.00
General Workers Male	Percentage	87.00
General Workers Female	Percentage	13.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Between 30-50	Percentage	40.00
Above 50	Percentage	60.00

Bursa (Data privacy and security)

Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
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Bursa (Health and safety)

Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	479

Bursa (Community/Society)

Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	54,043.15
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	21

ASTEEL GROUP CSR 2023



Courtesy Visit : Federation of Manufacturers Malaysia (FMM) - January 2023



Courtesy Visit : Malaysian Investment Development Authority (MIDA) - June 2023



MoA with UNIMAS for Certificate in Manufacturing Technology (CMT) - June 2023



ARCHIDEX 2023 - July 2023



Certificate in Manufacturing Technology Students (CMT) - July 2023



ASTEEL Group Bhd Directors Factory Visit - August 2023



Pink Charity Run - October 2023

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MPC Badminton Friendly Match - October 2023



Premier of Sarawak Industry Excellence Awards (PSIEA) Dinner - October 2023



Courtesy Visit : Siem Cement Group Thailand - October 2023