RESILIENT STEEL, SUSTAINABLE FUTURE

SUSTAINABILITY REPORT 2025

PART 2

MYCRON STEEL BERHAD

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INTRODUCTION

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WHO WE ARE

Mycron Steel Berhad ("Mycron" or "the Group") is Malaysia's first Cold Rolled Coil (CRC) manufacturer and a leading producer of steel pipes, serving as a key supplier of midstream and downstream steel products. Since its establishment and listing on Bursa Malaysia in 2004, Mycron has supported critical sectors such as automotive, electrical and electronics, furniture, construction, and engineering.

The Group's integrated operations span CRC production, steel tube manufacturing, and trading, complemented by value-added services like customised slitting and shearing. Anchored by core values of integrity, reliability, and innovation; Mycron is dedicated to operational excellence, customer-centric solutions, and long-term stakeholder trust.

With its strong industrial base and future-focused strategy, the Group continues to strengthen its role in Malaysia's steel value chain while driving sustainable growth locally and regionally.

MEMBERSHIP AND ASSOCIATION

Industry Association	Key Personnel	Role
Malaysian Iron and Steel Industry Federation ("MISIF")	Mr. Roshan M. Abdullah	President
Federation of Malaysian Manufacturers (FMM)	Mr. Roshan M. Abdullah	Member

ABOUT THIS REPORT

This Sustainability Report ("the Report") presents the activities, initiatives, and performance of Mycron for the financial year from 1st July 2024 to 30th June 2025. Where relevant and available, historical data from the preceding years have been included for comparison.

REPORTING SCOPE AND BOUNDARIES

The scope of this Report covers Mycron's and its active subsidiaries, namely:

Entity(s)	Location(s)	Business Activities	Business Segment
Mycron Steel CRC Sdn Bhd (MCRC)	Jalan Sungai Rasau, Klang, Selangor	Operates a single manufacturing plant producing Cold Rolled Coils (CRC).	Midstream
Melewar Steel Tube Sdn Bhd (MST)	Section 15, Shah Alam, Selangor (3 factories)	Manufactures Electric Resistance Welded (ERW) steel tubes and pipes of various dimensions.	Downstream
Silver Victory Sdn Bhd (SV)	Section 15, Shah Alam, Selangor (HQ, within MST premises)	Provides trading and export of steel products, ensuring efficient delivery to both local and international customers.	Downstream

REPORTING FRAMEWORKS AND GUIDELINES

The Report has been prepared in accordance with the following frameworks and guidelines:

- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- Global Reporting Initiative (GRI) Standards
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2)
- United Nations Sustainable Development Goals (SDGs)

ASSURANCE

Selected sustainability indicators for FY2025, including water management, emissions, safety and health, diversity, community investment, anti-corruption, and labour practices, were subjected to an independent internal review by Crowe Governance Sdn Bhd.

COMMITMENT TO TRANSPARENCY

Through this Report, Mycron reaffirms its aspiration to be a leading steel provider that supports sustainable growth through its Environmental, Social, and Governance (ESG) pillars. We are committed to transparent, accurate, and balanced disclosure of material sustainability matters. To measure progress, the Report tracks relevant targets and discloses up to three (3) years of historical key performance indicators, wherever possible. This approach ensures accountability to our stakeholders while meeting the disclosure requirements of the Bursa Malaysia Main Market Listing Requirements (MMLR).

FEEDBACK

We welcome feedback, suggestions, and comments from all stakeholders to help us strengthen our sustainability commitments and continuously improve our reporting practices.

Please send your feedback to: **shahrulnizar@mycronsteel.com**
(Head of Sustainability, Mycron Steel Berhad)

MESSAGE FROM THE LEADERSHIP

Mr. Roshan M. Abdullah
Group Chief Executive Officer

Dear Valued Stakeholders,

This report details progress we have made during FY2025 as well as our priorities for the future. While we understand that there is a lot of complexity and volatility to navigate in the steel industry, we remain resilient in our resolve to improving safety, progressing decarbonisation economically, developing our people, working with local communities and co-existing with the natural environment. We see sustainability as a fundamental pillar to building resilience and managing our impact on the environment. We continue to take steps to improve data capture, and increasing transparency.

EMPOWERING A SAFETY-FIRST CULTURE

Safety and health remain the foundation of everything we do. For the third consecutive year, we recorded zero workplace fatalities, and improved our Lost Time Injury Frequency Rate (LTIFR) from 2.53 to 1.74, surpassing our target. This achievement reflects 766 hours of safety programmes focused on training, awareness, and engagement initiatives conducted throughout the year.

FY2025 ACHIEVEMENT

ZERO
fatalities for 3 consecutive years (workforce)

1.74
Lost Time Injury Frequency Rate (LTIFR) in FY2025

While these results are encouraging, maintaining a high level of safety awareness requires continuous vigilance. To this end, we continue to strengthen behaviour-based safety practices, increase leadership visibility, and foster peer accountability across our workforce. As we progress toward the ISO 45001 certification, our goal is to build a workplace where every individual embraces a shared responsibility for safety, cultivating a lasting culture of care and accountability.

ADVANCING DECARBONISATION FOR A LOW-CARBON FUTURE

Building on the foundations laid in previous years, our decarbonisation journey continues to gain momentum, culminating in significant external accolade for our consistent performance. In FY2025, we were honoured with the National Energy Awards (NEA) for the second time under the Energy Management in the Large Industry category, recognising our continued commitment to energy efficiency and responsible operations.

Our carbon emission intensity improved from 0.115 to 0.114 tCO_2 per tonne, remaining well below the global average of 1.92 tCO_2e/t reported by the World Steel Association. This performance reflects our position within the midstream and downstream segments of the steel value chain, which inherently produce lower emissions compared to upstream steelmaking processes. While our current level is still slightly above our internal target of 0.110 tCO_2e/t, our reliance on natural gas remains a key challenge. We continue to address this through ongoing energy optimisation, the expansion of renewable energy use, and the pursuit of technology-driven emission reductions.

These efforts align with Malaysia's broader push toward decarbonisation through the National Energy Transition Roadmap (NETR 2050), the forthcoming Climate Change Bill, the Steel Industry Roadmap 2035, and the planned Carbon Tax in 2026, which together signals a pivotal shift toward a low-carbon economy. As the steel sector plays an increasingly integral role in this transformation, Mycron's Green Steel Plan lays the groundwork for producing low-carbon steel tubes and green cold-rolled coils, contributing to Malaysia's net-zero aspirations.

FY2025 ACHIEVEMENT

WINNER
National Energy Awards (NEA) -Energy Management

30.24 tCO2e
Reduction of FY2025 Scope 2 emission compared to FY2024

4868 MWh
Renewable Energy Generated across operations in FY2025

MESSAGE FROM THE LEADERSHIP

STRENGTHENING GOVERNANCE AND TRANSPARENCY

The introduction of the National Sustainability Reporting Framework (NSRF), aligned with IFRS S1 and IFRS S2, marks an important milestone in enhancing Malaysia's sustainability reporting landscape. Mycron has adopted these global frameworks to enhance the quality, consistency, and comparability of our disclosures. Through this alignment, we aim to provide stakeholders with a clearer understanding of how ESG considerations influence our business strategy, performance, and long-term value creation.

LOOKING AHEAD

The coming decade will be a defining period for Malaysia's steel industry. The Steel Industry Roadmap 2035, launched by the Ministry of Investment, Trade and Industry (MITI), provides a strategic framework for the sector's transition toward higher productivity, lower emissions, and enhanced global competitiveness. Mycron welcomes the direction and intent of the roadmap and remains fully supportive of its objectives, particularly those promoting energy efficiency, circularity, and the adoption of cleaner technologies. As details of implementation evolve, we look forward to continued government-industry collaboration to ensure that the transition is both practical and inclusive.

Looking ahead, we intend to build on progress made in FY2025 to deliver sustainable steel solutions for Malaysia and beyond. Mycron remains committed to producing steel responsibly, efficiently, and sustainably, thereby strengthening both the industry and the nation's future. Together with our employees, partners, and stakeholders, we will continue to forge a legacy built on resilience, sustainability, and shared prosperity.

Roshan M. Abdullah
Group Chief Executive Officer
Mycron Steel Berhad

AWARDS AND RECOGNITIONS

National Energy Awards (NEA) 2024

Large Industry Energy Management

Mycron's wholly-owned subsidiary, Mycron Steel CRC Sdn Bhd (MCRC), was once again recognised at the national level by **winning the National Energy Awards (NEA) 2024** in the **Energy Management for Large Industry category**. The award, organised by the Malaysian Green Technology and Climate Change Corporation (MGTC), was presented during the NEA Appreciation Ceremony on 27 February 2025 by the Minister of Energy Transition and Water Transformation, YB Dato' Fadillah Yusof.

This is MCRC's **second achievement** in the same category, following its earlier win in 2021. The recognition demonstrates our sustained leadership in energy efficiency, operational excellence, and commitment to sustainability. It also reaffirms our continuous efforts to align with Malaysia's energy transition agenda and our own long-term Net Zero 2050 commitment.

CERTIFICATIONS

Mycron's operations are guided by internationally recognised standards and certifications, including ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System), SIRIM Eco-Label, and MyHIJAU. These certifications reflect the Group's commitment to quality, environmental stewardship, energy efficiency, and sustainable business practices.

Mycron's

Journey towards sustainable future

2014

Certified with ISO 14001 - Environmental Management System

2019

Published sustainability statement in accordance to Bursa Malaysia and Global Reporting Inititative (GRI)

2020

- Obtained Eco-Label certification by SIRIM
- Commissioned CPL Automation and Process System Upgrade

2021

- Obtained MyHijau Certificates
- Commissioned Acid Regeneration Plant (ARP)
- Commenced first phase of Solar PV operation
- Winner of National Energy Awards (NEA) 2021

2022

- Commenced operation of New Compressed Air System
- Commenced operation of Rainwater Harvesting System
- Commenced second phase of Solar PV operation
- Published Sustainability Report, further aligning with TCFD

2023

- Certified with ISO 50001 - Energy Management System
- Further enhanced Sustainability Report by aligning it with:

2024

- Winner of National Energy Awards (NEA) 2024 (Large Industry)
- Collaboration with UTM for Sustainability GHG Accounting, and JFE Steel for supplying green steel products

2025

- Installation of STL Cooling Tower
- Research on Boiler and Compressed Air System Enhancement
- Research on Heat Pump Technology
- Research on Water Recycling System
- Carbon Tax and CBAM strategic plan
- Obtain ISO45001 & ISO14067

2030

- Achieve a minimum 15% overall GHG reduction
- Obtain LCA and EPD
- Enhance energy efficiency and resource management
- Promote circular economy

2050

Achieve Net Zero

Our Contribution to UN Sustainable Development Goals (UNSDGs)

We have prioritised 14 of the 17 SDGs that align with our core business, where we believe we can make the most significant impact.

Sustainability Highlights FY2025

Increased ESG Rating from **2.3 to 2.9** for the 2025 assessment

Scored 4.3 out of 5 for Governance (Risk Management, Anti-Corruption and Corporate Governance)

Reduced **58,711m³** of municipal water withdrawal from FY2024 resulting in savings of **RM172,610**

*with production tonnage >4,000 MT compared to FY24

Achieved >85% retention rate for **3 consecutive years** demonstrating employee trust and loyalty towards the company

Initiated efforts to evaluate and align with International Financial Reporting Standards IFRS S1 & S2

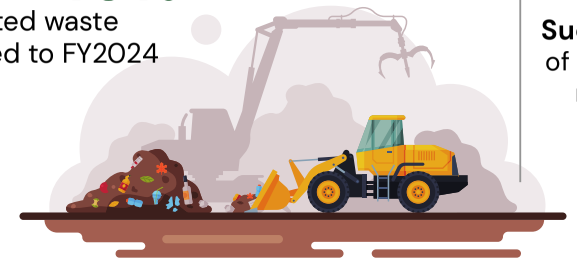
- Assessing sustainability and climate-related risks and opportunities, including the disclosure of Scope 3 emissions

4,858 MWh
of renewable energy generated across our properties

Zero fatalities
across all of our operations

Zero penalties
on environmental compliance and legislation

Reduced >40% directed waste compared to FY2024



Successfully assessed 97% of our suppliers against ESG criteria reinforcing our commitment to building a responsible and sustainable supply chain

>3,200
beneficiaries impacted through various community projects

Zero
grievances and corruption reports

STRATEGY - MATERIALITY ASSESSMENT

GRI 3-1, 3-2, 3-3

Mycron's materiality assessment serves as the foundation for identifying, prioritising, and managing the sustainability matters most relevant to our business and stakeholders. The assessment, conducted every two (2) years, ensures that our strategies remain aligned with evolving industry trends, regulatory requirements, and stakeholder expectations. The outcome of this process is reflected in our Materiality Assessment Matrix, which maps the significance of each sustainability matter based on its importance to both the Group and our stakeholders. This matrix provides a structured view of priority areas and guides the integration of sustainability considerations into our strategy, operations, and reporting.

MATERIALITY ASSESSMENT MATRIX

In 2025, we conducted a validation exercise to reaffirm the relevance of our existing material matters. The review confirmed that all previously identified issues remain pertinent, with no changes required. Accordingly, this report continues to adopt the same set of material sustainability matters.

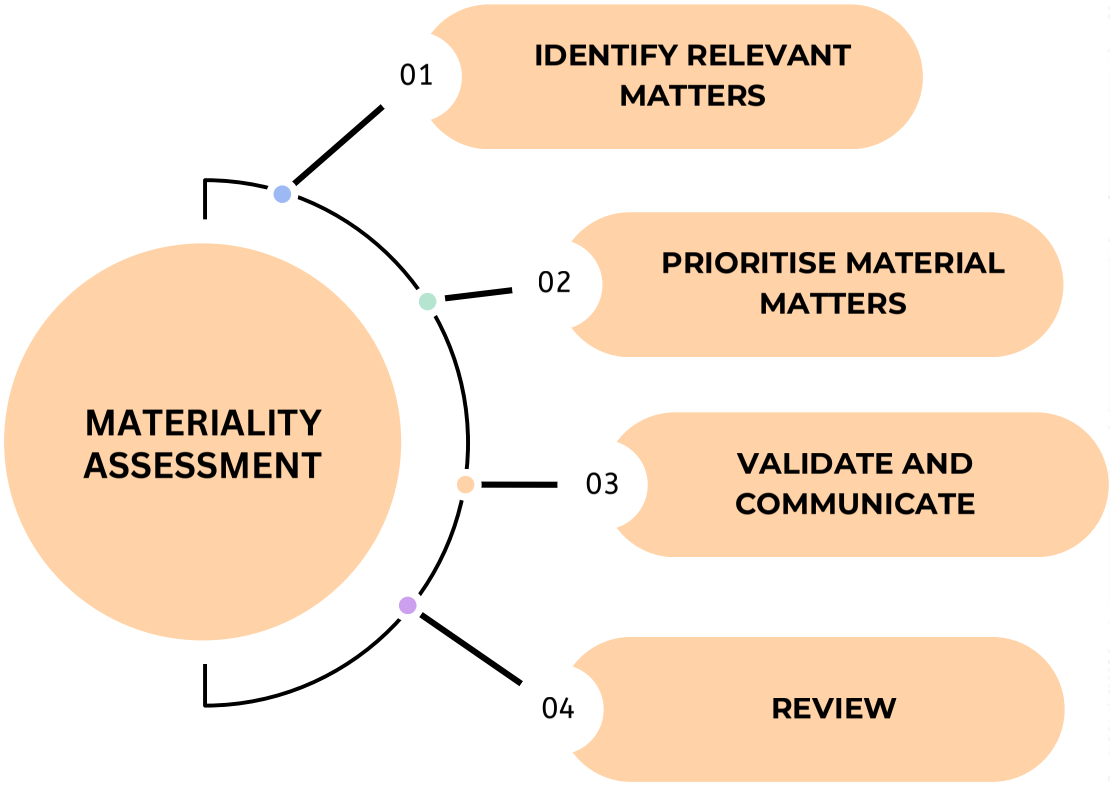
A full materiality reassessment will be undertaken in 2026, ensuring we remain responsive to evolving stakeholders' expectations, industry trends, and emerging sustainability challenges. Our materiality process remains robust, involving engagement through surveys, meetings, emails, and dialogues with stakeholders. These insights guide the Group in prioritising actions, allocating resources effectively, and monitoring progress, underscoring our commitment to transparency and inclusivity.

MATERIAL SUSTAINABILITY MATTER

Pillar	High Priority Matters	
Environment	• GHG Emissions • Energy Management • Climate Change	• Water • Waste Management
Social	• Health & Safety • Labour Practices & Standards	• Community Relations
Governance	• Anti-Corruption & Business Ethics • Data Privacy & Security	
Economic	• Supply Chain Management	

STRATEGY - MATERIALITY ASSESSMENT

GRI 3-1, 3-2, 3-3



1) Identify Relevant Matters

We begin by identifying sustainability matters that may impact our business and stakeholders. This process involves reviewing industry trends, ESG frameworks, regulatory requirements, peer benchmarking, and stakeholder inputs gathered through surveys, interviews, meetings, and dialogues.

2) Prioritise Material Matters

The identified matters are assessed and prioritised based on their significance to stakeholders and their potential impact on the Group's business performance, strategy, and long-term value creation. This ensures that resources are allocated to areas with the highest relevance and impact.

3) Validate and Communicate

The prioritised material matters are reviewed and validated by the Sustainability Oversight Committee (SOC) and subsequently endorsed by the Board. Once approved, these matters are communicated across the Group and embedded into strategic planning, policies, and initiatives.

4) Review

Material matters are monitored regularly and reassessed every two (2) years to ensure their continued relevance. Validation exercises are conducted in interim years to confirm alignment with evolving stakeholder expectations, market trends, and emerging sustainability challenges. Findings are disclosed transparently through the annual Sustainability Report.

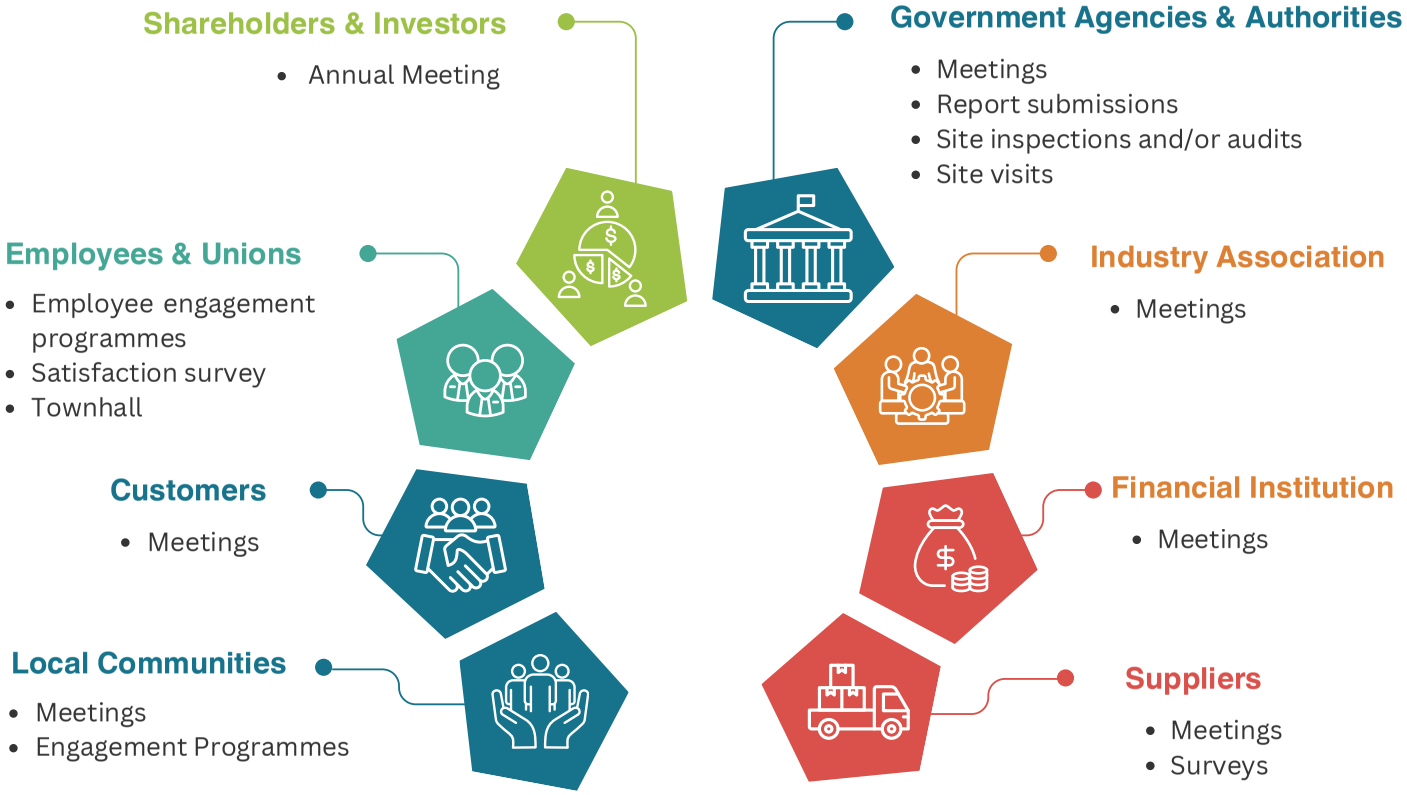
STRATEGY - STAKEHOLDER ENGAGEMENT

GRI 2-29

At Mycron Steel Berhad, we recognise that our stakeholders play a pivotal role in shaping the way we operate and grow. Stakeholders are groups and individuals who are both affected by our activities and whose decisions or actions may influence the Group's long-term success. Stakeholder perspectives are critical in enabling us to make informed decisions, refine our strategies, and address matters that directly impact them.

We are committed to building strong, transparent, and lasting relationships with our stakeholders through regular, structured engagement across both formal and informal platforms. These engagements allow us to identify and respond to material issues, anticipate emerging opportunities and risks, and ensure that their concerns are effectively addressed.

To support this, we adopt a structured Enterprise Risk Management (ERM) framework. This framework, embedded across our core operations and processes, enables us to systematically identify, evaluate, and mitigate risks. By integrating stakeholder priorities into our risk management practices, we enhance our capacity to safeguard business continuity, strengthen our cybersecurity measures, improve internal processes, and reinforce our ability to adapt to a rapidly evolving business and regulatory landscape.



STRATEGY - SUSTAINABILITY FRAMEWORK

GRI 3-1, 3-2, 3-3

Mycron Steel Berhad Sustainability Framework

Environment	Social	Governance	Economics
			
Climate Change and Energy Management	Health and Safety	Corporate Governance	Responsible Supply Chain Management
Water Management	People Development	Anti-Corruption	
Waste Management	Communities	Risk Management	
Pollution and Resources Management	Human Rights		

Reporting Framework	Global Goals	Rating Tools
GRI, IFRS, Bursa Malaysia, Suruhanjaya Sekuriti	Sustainable Development Goals, IPCC	FTSE Russell

STRATEGY- SUSTAINABILITY FRAMEWORK

GRI 3-1, 3-2, 3-3

1) Material Matter : Environment (GHG, Water Management, Climate Change, Energy Management and Waste Management)

Global Risks

- Biodiversity loss and ecosystem collapse.
- Extreme weather events.
- Critical changes to Earth systems.
- Natural resource shortages.
- Pollution.
- Non-weather-related natural disasters.

Risks

- Exposure to carbon tax (e.g., EU CBAM) and stricter climate regulations increase operational costs.
- Extreme weather disrupts supply chain, logistics, and physical assets.
- Rising energy and water costs due to inefficiency and scarcity.
- Improper waste management leads to higher fees, regulatory penalties, and reputational damage.
- Lack of eco-labelling and traceability reduces competitiveness in global export markets.

Opportunities

- Transitioning to low-carbon steel production and renewable energy enhances compliance and competitiveness.
- Strong energy and water efficiency measures reduce costs and increase resilience.
- Adopting circular economy and recycling practices lowers waste and creates cost savings.
- Developing eco-labelling and traceability improves market access and attracts environmentally-conscious buyers.
- Proactive climate risk disclosures (IFRS S2, TCFD) build investor confidence.

Stakeholder Concern

- Compliance with environmental laws and regulations.
- Reduction of greenhouse gas (GHG) emissions.
- Efficient use of energy and transition to cleaner energy sources.
- Responsible water consumption and management practices.
- Effective waste management and pollution control.
- Mitigation of climate-related risks and adaptation measures.
- Transparency in environmental data and performance reporting.
- Promotion of sustainable operations and resource efficiency across the value chain.

GRI Indicators

- 301-Materials
- 302-Energy
- 303-Water and Effluents
- 305-Emissions
- 306-Waste

Our Responses

- Enhancing operational sustainability through energy efficiency measures, renewable energy adoption (solar), and water conservation initiatives such as rainwater harvesting and retention ponds.
- Strengthening environmental compliance and performance via regular audits, proper waste management, and oversight by DOE-certified competent persons.
- Fostering environmental awareness among employees and continuously improve through collaborations, such as with UTM on GHG Accounting System.
- Advancing green market readiness through plans for EPD, LCA, and product carbon footprint, supported by a strategic CBAM plan and MoU with a Japanese partner on the green steel journey.
- Implementing flood prevention measures by maintaining drainage systems and ensuring effective stormwater management.

UN SDGs

STRATEGY- SUSTAINABILITY FRAMEWORK

GRI 3-1, 3-2, 3-3

2) Material Matter : Social (Health & Safety, Labour Practices & Standards and Community Relations)

Global Risks

- Decline in health and well-being.
- Infectious diseases.
- Inequality.
- Labour and talent shortages.
- Violation of human rights.
- Insufficient public infrastructure and social protection.

Risks

- Workplace accidents or Occupational Health, Safety and Environment (OHSE) non-compliance may cause injuries, downtime, and reputational or legal costs.
- Weak labour standards risk penalties and loss of contracts with global buyers.
- Skill gaps and low employee engagement reduce productivity and innovation.
- Lack of community engagement threatens social licence to operate.

Opportunities

- Strong OHSE culture reduces accidents, improves safety, and builds trust with regulators.
- Fair labour practices and upskilling programmes enhance employee retention and performance.
- Diversity, equity, and inclusion initiatives attract and retain top talent.
- Meaningful community programmes strengthen Mycron's reputation and stakeholder trust.

Stakeholder Concern

- Safe and healthy working conditions for all employees.
- Compliance with labour laws and protection of workers' rights.
- Fair and ethical treatment of employees and contractors.
- Opportunities for community engagement and contribution to local well-being.
- Transparent communication and collaboration with relevant stakeholders.

GRI Indicators

- 401-Employement 2016
- 403-Occupational Health and Safety 2018
- 404-Training and Education 2016
- 405-Diversity and Equal Opportunity
- 406-Non-discrimination 2016

Our Responses

- Pursuing ISO 45001 certification across all operations to strengthen occupational safety and health management.
- Conducting regular 6S audits to ensure workplace safety, cleanliness, and efficiency.
- Enforcing internal policies and guidelines that uphold human rights, fair labour practices, and ethical conduct.
- Providing comprehensive employee benefits, training, and development programmes to enhance skills and retain talent.
- Collaborating with NGOs and local communities through social and awareness programmes that create positive social impact.
- Maintaining transparent communication and engagement with stakeholders to build trust and long-term partnerships.

UN SDGs

STRATEGY- SUSTAINABILITY FRAMEWORK

GRI 3-1, 3-2, 3-3

3) Material Matter : Governance (Anti-Corruption & Business Ethics and Data Privacy & Security)

Global Risks	Risks	Opportunities
• Crime and illicit economic activity. • Economic downturn. • Cyber espionage and warfare. • Misinformation and disinformation. • Online harms. • Adverse outcomes of frontier technologies.	• Corruption or unethical conduct risks regulatory penalties, reputational damage, and loss of contracts. • Cybersecurity breaches compromise customer data, causing loss of trust and financial impacts. • Weak governance undermines investor and regulator confidence. • Greenwashing allegations damage credibility.	• Strong governance and anti-corruption frameworks attract investors and financing. • Transparent reporting aligned with GRI, IFRS, and Bursa guidelines enhances stakeholder trust. • Cybersecurity investment protects data and strengthens digital trust. • Embedding ESG principles into governance processes differentiates Mycron as a responsible steel manufacturer.

Stakeholder Concern	GRI Indicators
• Transparency, accountability, and integrity in business operations. • Prevention of corruption, bribery, and unethical practices. • Compliance with laws, regulations, and governance frameworks. • Protection of confidential and personal data against misuse or breaches. • Ethical conduct among employees and business partners.	• 205-Anti-corruption 2016 • 418-Customer Privacy 2016

Our Responses	UN SDGs
• Implementing a Code of Conduct that outlines zero tolerance for corruption, bribery, and unethical behavior, applicable to all employees and business partners. • Conducting periodic awareness and integrity training to strengthen ethical culture and compliance understanding. • Establishing whistleblowing channels to enable safe and confidential reporting of misconduct. • Ensuring data privacy and information security controls are in place to safeguard sensitive and personal information. • Regularly reviewing internal procedures to enhance governance, risk management, and compliance effectiveness. • Upholding transparency in operations and decision-making to build stakeholder trust and maintain corporate integrity.	

STRATEGY- SUSTAINABILITY FRAMEWORK

GRI 3-1, 3-2, 3-3

4) Material Matter : Economic (Supply Chain Management)

Global Risks

- Concentration of strategic resources.
- Supply chain disruptions.
- Inflation.
- Geoeconomic confrontation.
- Talent and labour shortages.
- Lack of economic opportunity.

Risks

- Global supply chain disruptions increase raw material costs and delay production.
- Overdependence on limited suppliers creates vulnerability to shocks.
- Non-compliance of suppliers with ESG standards causes reputational and regulatory risks.
- Failure to meet customer expectations for responsible sourcing reduces market share.

Opportunities

- Building resilient, diversified, and localised supply chains improves reliability.
- Integrating ESG into supplier due diligence increases competitiveness and ensures compliance.
- Digitalising procurement enhances efficiency and transparency.
- Sourcing sustainable and certified materials attracts ESG-conscious customers and investors.

Stakeholder Concern

- Responsible and ethical sourcing practices across the supply chain.
- Compliance with human rights, labour, and environmental standards.
- Transparency in supplier selection and performance evaluation.
- Continuity of supply and minimising risks from unsustainable suppliers.
- Fair treatment and integrity in business relationships.

GRI Indicators

- 204-Procurement Practices 2016
- 308-Supplier Environmental Assessment 2016
- 414-Supplier Social Assessment 2016

Our Responses

- Requiring all business partners and suppliers to sign the Supplier Code of Conduct, affirming compliance with ethical, environmental, and labour standards.
- Conducting supplier sustainability assessments covering ESG aspects to evaluate and monitor performance and risks.
- Engaging with suppliers to raise awareness on responsible practices and support continuous improvement.
- Promoting local sourcing where feasible to strengthen economic resilience and community development.
- Maintaining a transparent and fair supplier evaluation process to ensure accountability and ethical supply chain management.

UN SDGs

GOVERNANCE

- Corporate Governance
- Anti-fraud, Bribery and Corruption
- Data Privacy and Security
- Risk Management

SDGs aligned :

CORPORATE GOVERNANCE

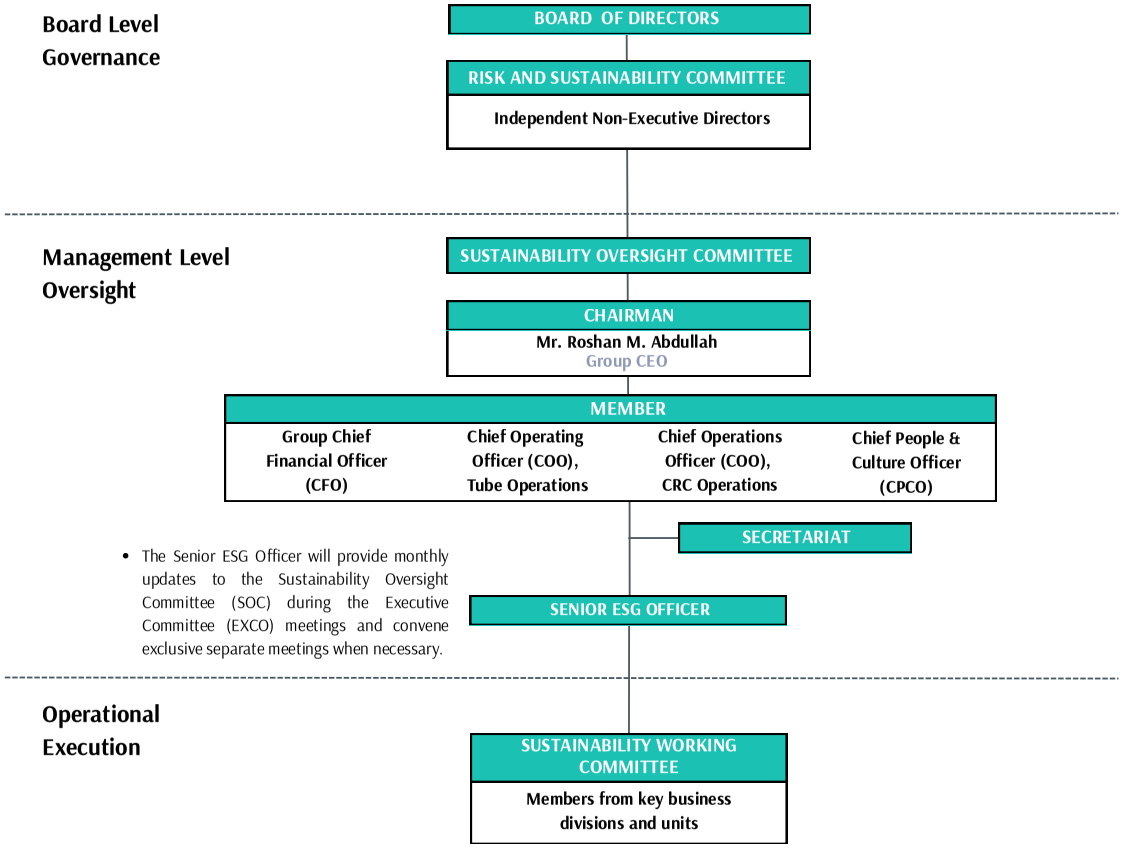
GRI 2-9, 2-14

We uphold strong Board oversight to ensure accountability and ethical governance.

UN SDGs aligned:

At Mycron Steel Berhad, the Board of Directors holds the responsibility for overseeing sustainability-related and climate change matters through the Board Risk and Sustainability Committee. The Risk and Sustainability Committee, which consists of four members of the Board of Directors, convenes four times a year to discuss and review Mycron Steel Berhad's sustainability progress and deliberate on key sustainability strategies and issues.

SUSTAINABILITY AND CLIMATE GOVERNANCE STRUCTURE



- The Senior ESG Officer will provide monthly updates to the Sustainability Oversight Committee (SOC) during the Executive Committee (EXCO) meetings and convene exclusive separate meetings when necessary.

RISK & SUSTAINABILITY COMMITTEE (RSC)

The Board Risk and Sustainability Committee provides strategic oversight of ESG and climate-related matters, ensuring sustainability is integrated into Mycron's strategy and risk management. The Committee oversees ESG risks and opportunities, reviews and approves key policies and performance metrics, ensures regulatory compliance, and works with the Audit Committee to strengthen reporting assurance and drive continuous improvement.

SUSTAINABILITY OVERSIGHT COMMITTEE (SOC)

Chaired by the Group Chief Executive Officer and comprising the GCFO and key executives, the Sustainability Oversight Committee provides management-level direction on ESG initiatives. It monitors performance against ESG targets, endorses policies for Board consideration, ensures cross-functional coordination, and escalates material ESG matters and emerging risks to the Board.

SENIOR ESG OFFICER

The Senior ESG Officer reports on project status, progress, risks, and challenges, while seeking approvals from the Sustainability Oversight Committee for new ESG initiatives when required. The Officer also coordinates with the Sustainability Working Committee to consolidate inputs and ensure effective execution of sustainability programmes across the Group.

SUSTAINABILITY WORKING COMMITTEE (SWC)

The Sustainability Working Committee reviews ESG matters in detail, develops and progresses sustainability initiatives, and channels updates and recommendations to the Sustainability Oversight Committee through the Senior ESG Officer to support informed decision-making.

ANTI-FRAUD, BRIBERY AND CORRUPTION

GRI 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3

We uphold zero tolerance for fraud, bribery, and corruption.

UN SDGs aligned:

Mycron recognises that corruption, fraud, and bribery pose significant risks to business integrity, stakeholder confidence, and long-term sustainability. We are committed to conducting all business dealings in a fair, transparent, and ethical manner, in strict compliance with applicable laws and regulations.

Our Commitment and Governance

We remain steadfast in our commitment to integrity, transparency, and accountability. We adopt a zero-tolerance approach to bribery, corruption, and fraud, underpinned by our Code of Conduct, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act), and relevant capital market regulations on codes of conduct and conflict of interest.

The Board of Directors provides oversight of the Group's anti-bribery, corruption, and fraud framework, ensuring accountability at the highest level of governance. This oversight structure reinforces effective prevention, early detection, and transparent resolution of misconduct risks, safeguarding integrity across the organisation.

To reinforce this commitment, we conduct regular awareness sessions, refresher training, and communication programmes for employees, vendors, and suppliers. These initiatives embed integrity, fairness, and ethical conduct into our corporate culture, safeguarding stakeholder trust while supporting long-term sustainable growth.

Suppliers and Business Partners

All new suppliers and business partners are required to complete a due diligence assessment and comply with Mycron's Code of Conduct.

Anti Corruption/Anti-Fraud	No. of Cases		
	FY2023	FY2024	FY2025
% attended awareness training	100	100	100
% signed pledge by senior personnel & position exposed to such risk	100	100	100
No. of complaints/allegations received	0	0	0

To reinforce strong governance, Mycron has established a comprehensive set of policies and guidelines, including:

- **Anti-Corruption Policy**
- **Whistleblowing Policy**
- **Anti-Fraud Policy**
- **Conflict of Interest Policy**
- **Code of Conduct and Ethics**
- **Gift and Benefits Declaration Form**
- **Sponsorship Declaration Form**

**The full text of these corporate policies is available on our official website at www.mycronsteel.com*

Policy Communication and Training

The Policy is communicated to all directors, senior management, employees, and business partners through multiple platforms, including induction programmes, internal awareness initiatives, and our corporate website. Training related to the Policy and procedures is mandatory and delivered via online learning to strengthen understanding of anti-bribery and anti-corruption practices, regulations, and compliance requirements.

All employees attend anti-corruption training, with refresher courses provided every two to three years. Senior personnel and employees in risk-exposed functions sign annual pledges to uphold compliance, with **100% participation** recorded in the year under review.

Performance Highlights

ZERO employees disciplined or dismissed due to non-compliance with the Policy.

ZERO reported and confirmed incidents of bribery, corruption, or fraud in the year under review.

ANTI-FRAUD, BRIBERY AND CORRUPTION

GRI 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3

We uphold zero tolerance for fraud, bribery, and corruption.

UN SDGs aligned:

Grievance Mechanism

We recognise that employees perform best in a fair, safe, and supportive working environment. We are committed to ensuring that all employees have access to a formal grievance mechanism to raise concerns relating to workplace issues, management practices, or unethical behaviour.

Our **grievance framework** provides employees with:

- **Multiple reporting channels**, including their immediate superior, the Department of People & Culture, or, where necessary, direct escalation to senior management.
- A process that is **fair, impartial, confidential, and free from retaliation** for all parties involved.
- The **right to appeal** decisions if employees are dissatisfied with the outcome of an investigation.

**Source : Melewar Industrial Group Berhad's Employee Handbook*

Employees may lodge grievances through the **Grievance Management Form** available on the **Employee Intranet**, ensuring that the process is accessible, transparent, and properly documented.

All grievances and outcomes are **documented and reviewed** to maintain transparency, consistency, and accountability. Strict confidentiality is observed throughout the process to protect the rights and dignity of all parties.

Through this grievance mechanism, Mycron reinforces its commitment to fostering a workplace culture grounded in integrity, respect, and accountability.

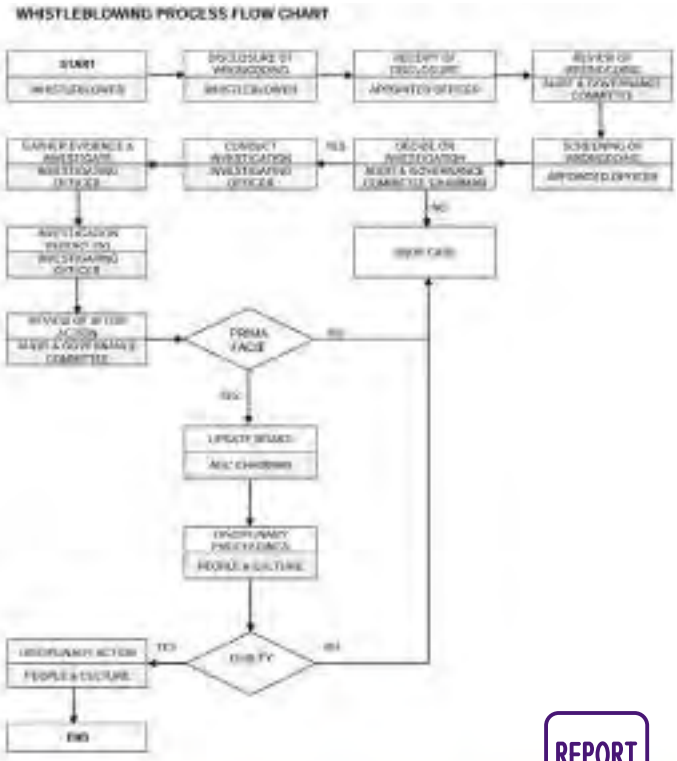
Whistleblowing Policy

Mycron is committed to promoting integrity, accountability, and transparency across its operations. To support this commitment, the Group has established a Whistleblowing Policy that provides a secure and confidential platform for employees, business partners, and members of the public to report any suspected misconduct or unethical practices.

The policy covers a wide range of wrongdoings, including corruption, fraud, abuse of power, financial irregularities, breaches of laws or policies, and risks to health, safety, or the environment. Reports can be made directly to the Anti-Corruption Managing Committee (ACMC) or the Audit & Governance Committee (AGC), depending on the level of personnel involved.

Whistleblowers acting in good faith are assured confidentiality and protection from retaliation, such as harassment, intimidation, or unfair treatment. All disclosures are screened, investigated, and addressed in a timely manner, with findings reported to the Board of Directors.

The policy is reviewed regularly, communicated to employees, and made available on the Group's website and employee portal. By upholding this mechanism, MSB strengthens its culture of openness and reinforces stakeholder confidence in the Group's governance practices.



Reporting Channels

Mid-level management & below → Anti-Corruption Managing Committee (ACMC) : **acmc@melewar-mig.com**

Senior management & above → Audit & Governance Committee (AGC) **agc@melewar-mig.com**

DATA PRIVACY AND SECURITY

GRI 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3

We safeguard sensitive information through strict data protection and cybersecurity measures.

UN SDGs aligned:

Cybersecurity and data protection form an integral part of our sustainability and governance commitments. We uphold the principle that safeguarding digital systems and stakeholder information is essential to maintaining trust and business resilience. Our approach is guided by robust data governance practices that protect the confidentiality, integrity, and availability of information across our operations and value chain.

In FY2025, the Group recorded **ZERO complaints or reported incidents of data leakage,** reflecting the effectiveness of our practices. In line with our **Code of Conduct,** suppliers are equally responsible for protecting all private and confidential information of the Group. Information must not be used for personal gain, disclosed, or shared without prior written approval from the Group. Suppliers are prohibited from reproducing or misusing copyrighted materials and must observe applicable data privacy standards. They must also ensure adequate systems are in place to protect personal information in compliance with relevant laws and regulations.

Together, these commitments reinforce our dedication to cybersecurity, data privacy, and the protection of stakeholder interests throughout the value chain.

Bursa (Data Privacy and Security)

Indicator	No. of Cases		
	FY2023	FY2024	FY2025
Number of substantianted complaints concerning breaches of customer privacy and losses of customer data	0	0	0

RISK MANAGEMENT

GRI 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3

We manage risks through proactive identification and mitigation to ensure business resilience.

UN SDGs aligned:

Effective risk management is critical to safeguarding business resilience and supporting long-term sustainable growth. Our risk management framework forms an integral part of the Group's Enterprise Risk Management (ERM), enabling us to systematically identify, assess, and address risks across our operations and value chain. The Group's Sustainability Risk Management, which includes sustainability-related risk, is embedded within the ERM framework. This integration ensures that environmental, social, and governance (ESG) considerations are addressed alongside traditional business risks, enhancing the Group's ability to adapt to regulatory changes, market dynamics, and stakeholder expectations. In line with international best practices, our approach is aligned with IFRS S1 (General Requirements for Sustainability-related Financial Disclosures) and IFRS S2 (Climate-related Disclosures), reinforcing transparency, comparability, and accountability in how we manage and report risks.

Governance and Oversight

Risk management is embedded across the Group's daily operations and strategic decision-making, guided by strong governance. The Board, through its Risk and Sustainability Committee (RSC), oversees the adequacy of the Group's risk management systems, covering identification, assessment, treatment, and monitoring. Critical matters are escalated to the Board for deliberation, while processes are cross-referenced with the Audit Committee to align with risk-based audit coverage. At the strategic level, the Board and senior management set direction on macro risks, while business units address operational and emerging risks. Every employee is regarded as a risk manager, responsible for vigilance and accountability within their roles. This collective and integrated approach strengthens resilience, ensures sustainability-related risks are embedded in strategy, and enables the Group to act with agility in a dynamic environment.

PERFORMANCE HIGHLIGHTS

In 2025, **100%** of Mycron's operations were assessed for corruption-related risks.

ZERO fine and penalty received in ESG-related issues.

Risk Management Framework

Risk Identification & Assessment

Sustainability risk identification covers all ESG dimensions. These include regulatory compliance, safety and health, supply chain integrity, community relations, and resource efficiency. Each risk is assessed using a structured risk matrix, considering both likelihood and impact, to prioritise risks on a scale from insignificant to extreme. All identified risks, including sustainability-related and emerging risks, are captured in our **Risk Register** to ensure continuous tracking, monitoring, and accountability. Opportunities such as operational efficiency, innovation, and stronger stakeholder trust are also identified through this process.

Prioritisation, Strategies & Measures

Risk assessment and prioritisation is a continuous process, conducted quarterly through the Group's governance structure. Strategic responses are prioritised based on urgency, resource allocation, and potential effectiveness. Action plans include:

- Strengthening workplace safety and health measures.
- Ensuring compliance with evolving ESG regulations and standards.
- Implementing resource efficiency initiatives across operations.
- Enhancing supply chain traceability and resilience.
- Building stakeholder engagement programmes to strengthen trust.

Monitoring, Review & Validation

Risks are continuously monitored at functional and senior levels, with outcomes reported to the Board through the RSC. Quarterly reviews assess risk events, control effectiveness, and mitigation performance, while improvement opportunities are integrated into ongoing strategies.

Major ESG Catastrophic Events and Incidents

We anticipate potential catastrophic ESG events such as extreme climate impacts (floods, heatwaves, resource scarcity), operational disruptions from energy, water or waste issues, supply chain interruptions, workplace safety incidents, and governance breaches. Through scenario planning and structured response plans, we strengthen resilience and ensure continuity of our business and stakeholder trust.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Climate change, driven primarily by greenhouse gas (GHG) emissions and the depletion of natural carbon sinks, poses not only environmental challenges but also potential financial implications for our business. In line with the disclosure requirements of IFRS S2: Climate-related Disclosures, we are committed to demonstrating how climate-related risks and opportunities are integrated into our strategy, risk management, and performance monitoring to safeguard long-term business resilience.

GOVERNANCE

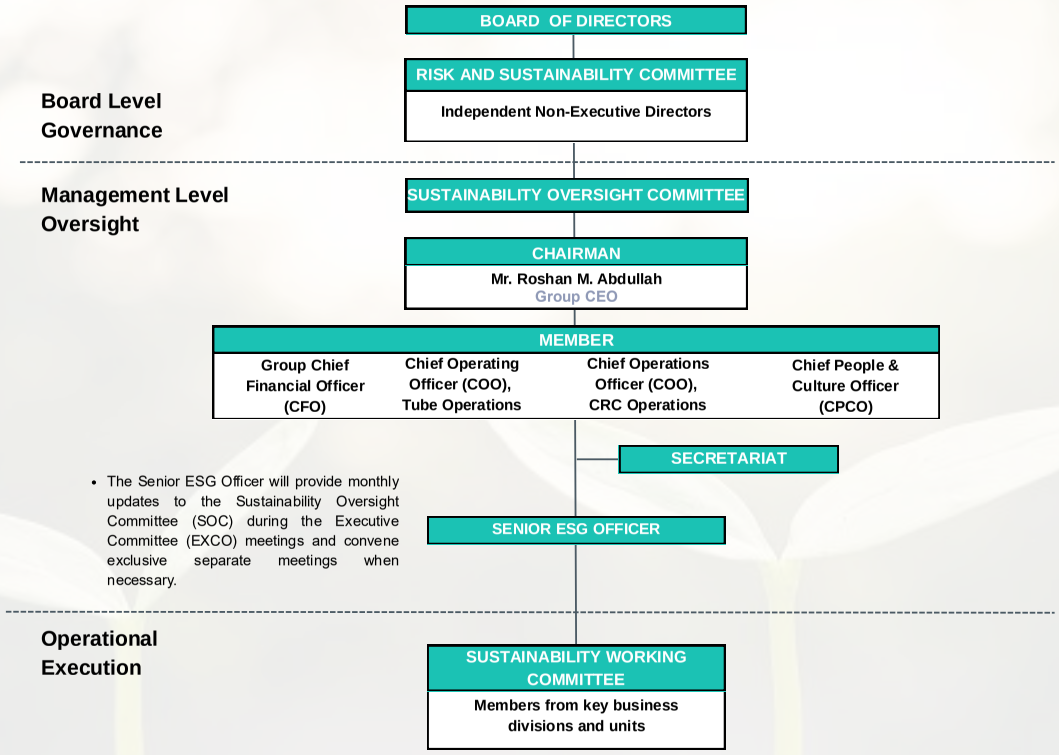
The Board of Directors holds ultimate accountability for climate-related risks and opportunities through the Risk and Sustainability Committee (RSC), which meets quarterly to review the Group's climate performance, resilience of strategy, and progress towards our Net Zero 2050 commitment. The RSC ensures climate considerations are embedded into the Group's overall strategy, risk management, and compliance requirements.

At the management level, the Sustainability Oversight Committee (SOC), chaired by the Group CEO, provides direction on climate initiatives, monitors performance metrics, and coordinates cross-functional responses to emerging risks. The Senior ESG Officer, supported by the Sustainability Working Committee (SWC), consolidates data, tracks project progress, and escalates material issues to management and the Board.

This governance structure ensures that climate-related risks and opportunities are systematically integrated into our Enterprise Risk Management (ERM) framework and operational decision-making, in line with the requirements of IFRS S2: Climate-related Disclosures.

ESG-Linked Executive Remuneration

At Mycron Steel Berhad, the remuneration of senior management is linked to ESG performance, with sustainability targets incorporated into their annual KPIs and performance evaluations. A portion of performance-based pay is tied to achieving goals such as reducing GHG emissions, improving supply chain sustainability, and ensuring regulatory compliance.



CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

STRATEGY

At Mycron our climate strategy is guided by the principles of IFRS S2, focusing on how climate-related risks and opportunities are integrated into our long-term business direction. We assess both physical risks–such as flooding, heat stress, changing rainfall patterns, and transition risks; including carbon pricing, evolving customer expectations, and rising energy costs. These assessments enable us to identify opportunities in renewable energy adoption, low-carbon steel production, and technological innovation.

Climate Risk, Opportunities and Strategies

Physical Risk :

Physical risk arises from the direct physical impacts of climate change on assets, operations, supply chains, and communities. These risks can be acute (event-driven) or chronic (long-term shifts) in climate patterns.

Transition Risk :

Transition risk refers to the financial and operational risks that arise from the shift toward a low-carbon economy. As governments, markets, and societies transition to achieve net zero emissions, organisations may face policy, legal, technological, market, or reputational changes that affect their business models, cost structures, and competitiveness.

PHYSICAL RISK : EXTREME HEAT

Situation and Analysis

In recent years, Malaysia has experienced a growing number of extreme heat days, with midday temperatures ranging between 36–39°C. While no major calamities have been recorded at our facilities to date, prolonged heatwaves pose long-term risks under higher-emission scenarios. Our CRC operations are highly water-intensive and sensitive to heat-related disruptions. Heat exposure may also lead to worker health issues, absenteeism, and productivity loss.

Impacted area

- **Operations**: Heat stress may lower productivity, increase absenteeism, and cause process inefficiencies.
- **Assets**: Heat-sensitive equipment may experience reduced efficiency and higher maintenance costs.
- **Financial**: A complete production stoppage could result in daily losses of up to RM100,000 per factory.
- **Health and Safety**: Workers face increased risks of dehydration and heat stroke.

Opportunities

- High solar radiation during heatwaves enhances the performance of Mycron's solar PV systems, offering cost savings and emissions reductions.
- Investment in heat-resilient infrastructure strengthens long-term asset reliability.
- Positioning Mycron as an early adopter of workplace climate adaptation in Malaysia's steel sector.

Category

- Acute and Chronic

Potential Financial Impacts

CAPEX	↑
OPEX	↑
Revenue	↓

Our Strategies

- Expand solar PV capacity to leverage higher irradiation during heatwaves.
- Increase water storage capacity for Cold-Roll-Coiled (CRC) and Tube operations to secure continuity.
- Implement roof cooling, improved ventilation, and reflective materials to lower factory heat buildup.
- Roll out worker health programmes including hydration stations, training, and emergency protocols.
- Ensure comprehensive insurance coverage against extreme heat–related operational losses.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

PHYSICAL RISK : FLOODING

Situation and Analysis

Klang Valley continues to experience afternoon thunderstorms, with increasing risks of flash floods under long-term climate scenarios. The Groups's four factories, situated within 18 km of Port Klang and at elevations between 8–22 meters above sea level, face varying levels of exposure.

While no major flooding events were recorded during the reporting year, the lowest-lying factory (8m above sea level) is most vulnerable, with climate projections indicating that flooding risks may escalate under high-emission scenarios (SSP5-8.5).

Impacted area

- **Operations:** Flooding may halt production, disrupt logistics, and impact supply chains.
- **Assets:** A foot of floodwater could cause up to RM64 million in inventory and machinery losses.
- **Financial:** Flood-induced production stoppage could cause up to RM100,000 in daily losses per factory.
- **Health & Safety**: Worker safety risks increase from potential exposure to waterlogged areas, electrical failures, or hazardous material leakage.

Opportunities

- Water harvesting systems reduce net water usage (currently lowering consumption ~1% p.a.).
- Investments in flood-resilient infrastructure enhance long-term asset value.
- The flexibility of multiple factory sites allows for rerouting of goods during emergencies.

Category

- Acute

Potential Financial Impacts

CAPEX ↑

Revenue ↓

Our Strategies

- Maintain and enhance flood mitigation systems such as retention ponds, emergency pumps, and debris-clearing protocols.
- Scale up rainwater harvesting for dual use (flood control and industrial operations).
- Strengthen site-specific flood resilience, prioritising the lowest-elevation factory.
- Integrate flood risk into long-term capex planning and facility upgrades.
- Secure adequate insurance coverage to mitigate financial losses.

PHYSICAL RISK : WATER STRESS AND DROUGHTS

Situation and Analysis

Malaysia's industrial zones are increasingly exposed to water stress from irregular rainfall and supply cuts. Mycron's CRC operations are especially vulnerable, with only 24 hours water reserve capacity. Water scarcity could cause production delays and increase costs, while prolonged water shortages may disrupt hygiene and worker health.

Impacted area

- **Operations**: CRC line operations may be disrupted if water shortages extend beyond reserve capacity.
- **Health & Safety**: Decline in sanitation standards and hydration-related risks for workers.
- **Financial**: Daily production stoppages could result in losses up to RM100,000 per factory. Water tariffs may also rise under scarcity.
- **Supply Chain**: Potential strain from stricter regulations and competition for water resources.

Opportunities

- Optimising water harvesting and recycling technologies.
- Positioning Mycron as a leader in water stewardship in Malaysia's steel industry.
- Potential to integrate water efficiency into brand reputation and ESG ratings.

Category

- Acute and Chronic

Potential Financial Impacts

CAPEX ↑

Revenue ↓

Our Strategies

- Expand water-holding tanks at CRC facilities.
- Integrate rainwater harvesting systems into plant operations, complementing flood resilience.
- Recycle process water to reduce dependence on external supply.
- Engage with water authorities to anticipate and plan for supply cuts.
- Train workers on efficient water usage and contingency planning.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

TRANSITION RISK : POLICY AND LEGAL

Situation and Analysis

Malaysia's forthcoming carbon tax, targeted for implementation in 2026, represents a significant transition risk to emission-intensive industries such as steel manufacturing. The tax, together with evolving frameworks like the EU Carbon Border Adjustment Mechanism (CBAM), increasing emission reporting obligations, and tariff revisions for electricity and water, may elevate operational costs over the medium (6–10 years) to long term (>11 years).

The rise in energy tariffs—driven by the national push for renewable energy capacity to achieve net zero by 2050—may compound production costs. While near-term policy risk remains moderate, future regulatory tightening (e.g., amendments to the Environmental Quality Act 1974 or introduction of mandatory carbon pricing) could affect MSB's cash flow and profitability.

Impacted area

- Energy and utility expenditure.
- Carbon tax exposure and compliance obligations.
- Emission reporting and assurance requirements.
- Overall cost of production and cash flow.

Opportunities

- Early compliance and readiness strengthen Mycron's standing with regulators and financiers.
- Access to sustainable financing and green tax incentives.
- Enhanced stakeholder confidence through verified climate disclosure.

Potential Financial Impacts

CAPEX ↑

OPEX ↑

Our Strategies

- Integrate carbon tax and tariff escalation scenarios into enterprise risk management.
- Implement energy-efficiency programmes and renewable energy installations (e.g., rooftop solar) to offset costs.
- Strengthen governance through IFRS S1/S2 and NSRF-aligned emissions tracking.
- Engage policymakers and industry groups for phased implementation and fair transition design.
- Reduce Scope 1 and Scope 2 GHG emissions through process optimisation, electrification, and renewable energy adoption.

TRANSITION RISK : MARKET AND REPUTATION

Situation and Analysis

Shifting market dynamics and stakeholder expectations increasingly favour low-carbon steel products. Global buyers and investors are aligning procurement and funding decisions with carbon intensity thresholds and verified sustainability disclosures. Mechanisms like CBAM and domestic carbon pricing create comparative pressure on high-emission producers. The risk of sector stigmatisation and negative stakeholder sentiment is amplified if MSB's decarbonisation progress lags competitors.

Impacted area

- Customer retention and export competitiveness.
- Investor confidence and ESG ratings.
- Corporate reputation and stakeholder trust.

Opportunities

- Develop green or low-emission steel to penetrate ESG-sensitive markets.
- Attract sustainability-linked financing and long-term partnerships.
- Differentiate Mycron as a transparent, responsible steel manufacturer.

Potential Financial Impacts

OPEX ↑

Revenue ↓

Our Strategies

- Strengthen climate-related disclosures under IFRS S1/S2 and NSRF to enhance transparency.
- Launch customer and investor engagement programmes focusing on responsible sourcing and emissions management.
- Expand communications on verified ESG achievements to build credibility.
- Integrate brand strategy with measurable decarbonisation milestones and stakeholder reporting.
- Pursue product carbon footprint, life cycle assessment (LCA), and Environmental Product Declaration (EPD) certifications to further validate Mycron's low-carbon products.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

TRANSITION RISK : TECHNOLOGY

Situation and Analysis

Technological transition toward low-carbon operations presents both challenges and opportunities for Mycron. As the Group continues to improve its production efficiency, the adoption of cleaner and more energy-efficient technologies has become increasingly important.

However, upgrading legacy systems, integrating renewable power sources, and investing in digital solutions require substantial capital and long-term planning. Limited access to affordable green electricity in Malaysia, coupled with rising energy costs, may delay the implementation of low-carbon technologies across operations.

Failure to adapt and modernise could lead to reduced operational efficiency, higher production costs, and loss of competitiveness as the global steel industry accelerates its shift toward sustainable and carbon-efficient manufacturing practices.

Impacted area

- Production process efficiency and emissions intensity.
- Capital budgeting and financing strategy.
- Operational resilience and cost competitiveness.

Opportunities

- Long-term OPEX reduction through efficient and digitalised processes.
- Eligibility for government green technology tax incentives and carbon credit schemes.
- Enhanced resilience through renewable integration and process innovation.

Potential Financial Impacts

CAPEX ↑

OPEX ↑

Our Strategies

- Gradually implement energy-saving programmes, process optimisation, and digital monitoring systems.
- Explore solar PV and other renewable energy options to offset grid dependency.
- Collaborate with technology providers for pilot decarbonisation projects and capability transfer.

Sustainability Expenditure Overview

In FY2025, Mycron invested RM20,770 in sustainability-related capital expenditure (CAPEX) and incurred RM565,843 in sustainability-related operating expenditure (OPEX). These investments and ongoing expenses support initiatives such as energy efficiency improvements, ESG compliance programmes, and decarbonisation efforts across our operations.

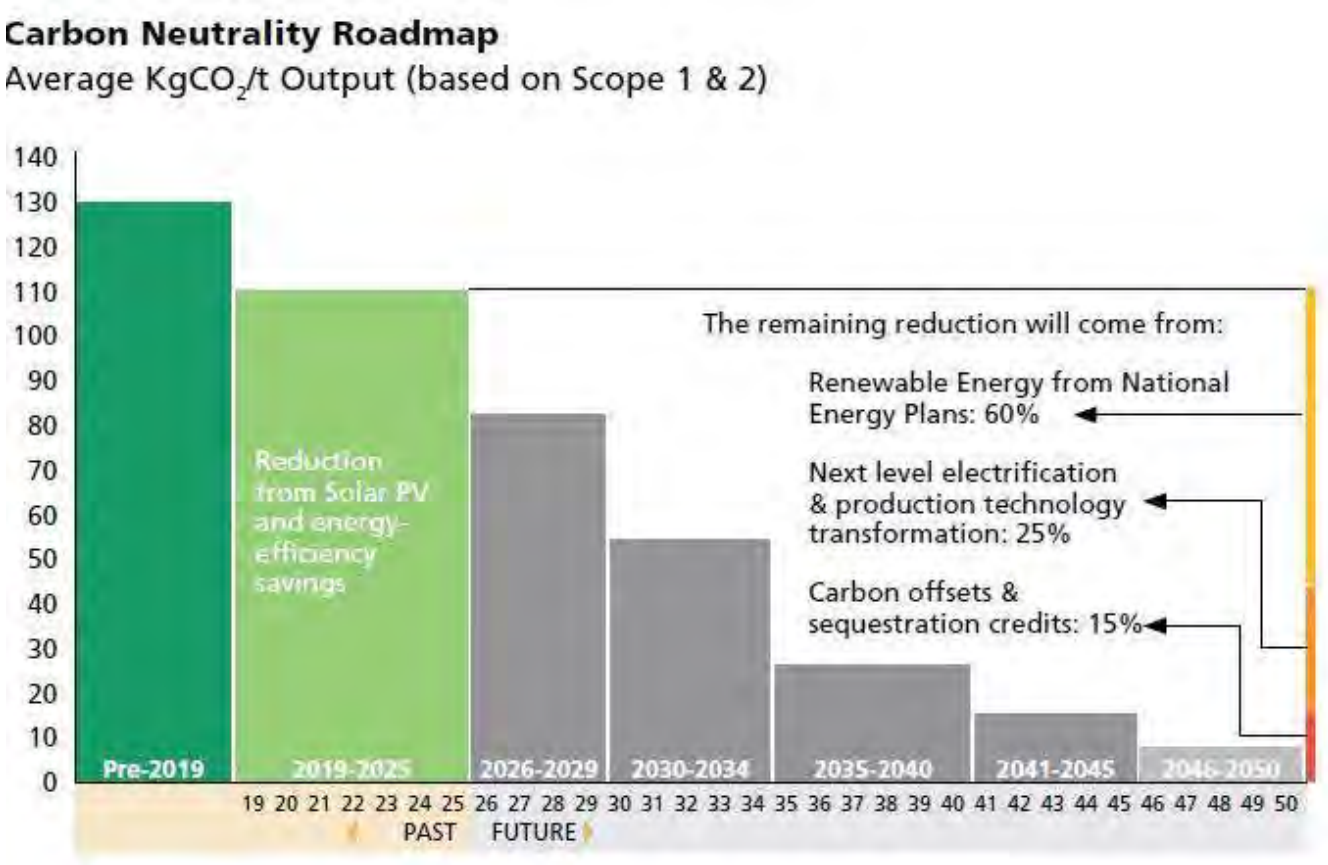
CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Mycron Steel Berhad's Net Zero Pathway

Central to our strategy is the Carbon Neutrality Roadmap, which charts a pathway towards Net Zero 2050 through progressive emissions reductions. Key levers include renewable energy integration, energy-efficiency improvements, production technology transformation, and the use of carbon offsets where required. By aligning our decarbonisation pathway with national and global climate commitments, we aim to strengthen competitiveness, enhance operational resilience, and capture opportunities in the growing low-carbon economy.



CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

RISK MANAGEMENT

Mycron recognises that climate change is a critical risk driver with direct implications for our operations, supply chains, and long-term competitiveness. Material risks include physical risks such as extreme weather events and supply chain disruptions, as well as transition risks from evolving regulations, technological shifts, and rising demand for low-carbon steel. By addressing these risks proactively, the Group strengthens resilience, ensures compliance with emerging standards, and positions itself to capture opportunities in the transition to a low-carbon economy.

Climate-related risk management is embedded within the Group's Enterprise Risk Management (ERM) framework, in alignment with IFRS S2 (Climate-related Disclosures). This integration ensures that climate-related risks and opportunities are systematically identified, assessed, and managed across all levels of the organisation. All significant climate-related risks are recorded in the **Group's Risk Register,** ensuring visibility, accountability, and consistent monitoring across business units. This approach provides stakeholders with enhanced transparency, comparability, and assurance.

Governance and Oversight

The Risk and Sustainability Committee (RSC), on behalf of the Board, oversees climate-related risks and opportunities. The Committee ensures that climate factors are incorporated into strategic planning, capital allocation, and operational decision-making. Significant exposures—such as new regulatory requirements, major physical risks, or carbon-related financial impacts—are escalated to the Board. Climate risk management is also integrated with Audit Committee processes to align with risk-based audit coverage.

Risk Identification & Assessment

Climate-related risks are assessed across two key dimensions:

- Physical risks: acute (e.g., extreme weather events, flooding) and chronic (e.g., rising temperatures, water scarcity).
- Transition risks: regulatory (e.g., stricter carbon policies), market (e.g., customer preferences for green steel), and technological (e.g., shifts in production methods).

Each identified risk is evaluated using the likelihood–consequence matrix, ensuring risks are rated according to both probability of occurrence and severity of potential impacts. Risks are categorised from low to extreme, providing a structured basis for prioritisation.This process also highlights opportunities, such as improving energy efficiency, innovating low-carbon products, strengthening resilience, and enhancing the Group's market positioning in the transition to sustainable steelmaking.

Prioritisation, Strategies & Measures

The prioritisation of climate-related risks is an ongoing exercise, reviewed monthly through the Group's governance framework. Risks are prioritised by consensus across relevant committees, considering:

- Urgency – near-term physical risks versus long-term transition risks.
- Resource availability – financial, technical, and human capacity to respond.
- Effectiveness – potential impact of mitigation measures.
- Optimal outcomes – balancing compliance, resilience, and value creation.

Progress against climate risk goals and targets is tracked and reported monthly, ensuring alignment with the Group's decarbonisation roadmap.

The Group adopts a proactive stance in managing climate risks:

- Spreading exposures – diversifying supply chains and operations.
- Transferring risks – through insurance or hedging where possible.
- Mitigating risks – via resilience-building measures such as infrastructure upgrades, energy efficiency projects, and safety enhancements.
- Embracing residual risks – where potential business benefits outweigh exposures and remain within the Group's capacity to manage

Monitoring, Review & Validation

Climate risks are monitored continuously, with monthly reviews for acute physical risks and quarterly to yearly reviews for chronic and transition risks. Outcomes are reported to the RSC and escalated to the Board where necessary. The Group also tracks progress against mitigation plans and integrates findings into its decarbonisation roadmap. Opportunities such as accessing green financing, forming technology partnerships, and responding to customer demand for sustainable products are incorporated into forward strategies.

CLIMATE REPORT

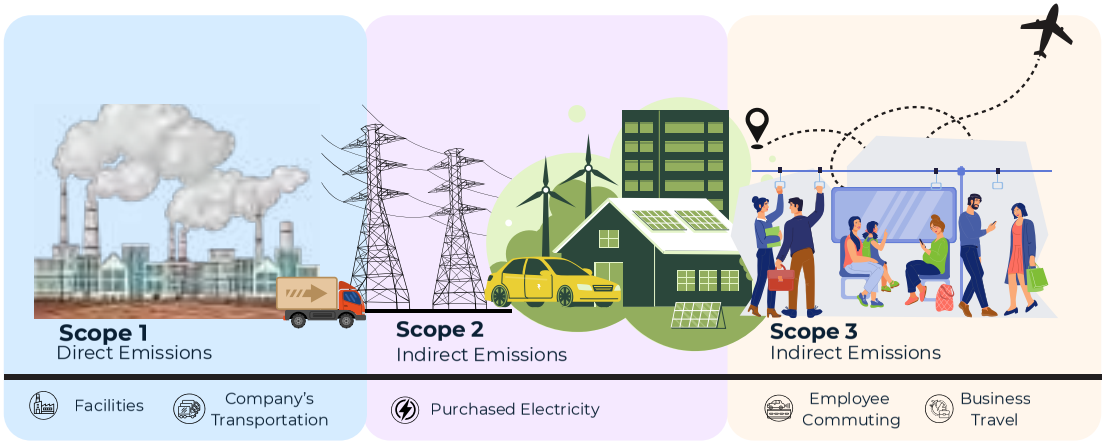
Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

METRICS AND TARGET

We monitor and manage our carbon footprint to drive progressive reductions toward Net Zero 2050. Emissions from grid electricity, natural gas, and fossil fuels are measured in line with ISO 14064 and the GHG Protocol, covering Scope 1, Scope 2, and Scope 3. To ensure accuracy and comparability, we use carbon intensity per tonne of output as our key metric, enabling us to track efficiency gains and the impact of decarbonisation efforts.

Scope 1, Scope 2 and Scope 3 Emissions



Scope 1 : Direct emissions from fuel combustion within operations.

Method : Direct-based method

Scope 2 : Indirect emissions from purchased electricity

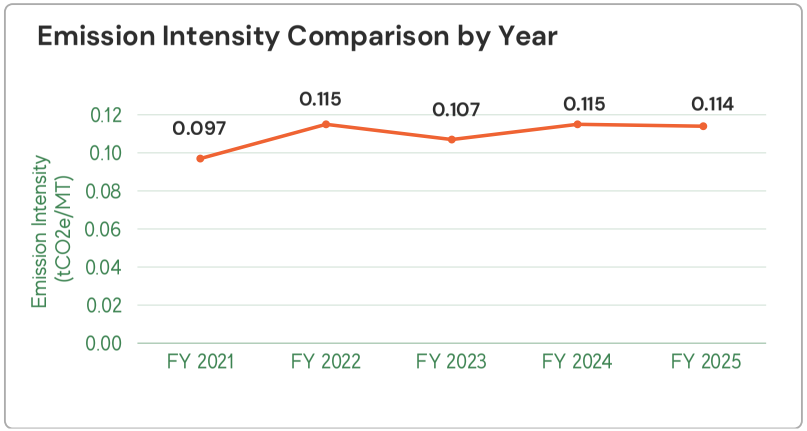
Method : Location-based method

Scope 3 : Indirect emission from business travel and employee commuting

Method : Distance-based method

***Emission Factors**: Our GHG emissions are calculated using recognised emission factors sourced from the Malaysia CDM Electricity Baseline (2017), the US EPA, and the UK DEFRA databases.*

Emission Intensity (Scope 1+Scope 2/MT)



Target FY2025 : <0.110 tCO_2e/MT

In 2025, we set a target to achieve an emission intensity of below 0.110 tCO_2e/MT. Our performance recorded 0.114 tCO_2e/MT, which was 3.6% above target, primarily due to higher natural gas consumption.

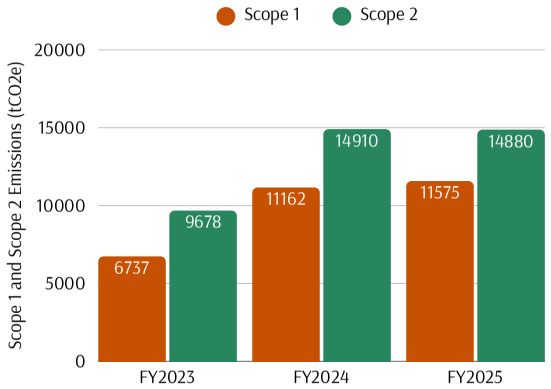
Nevertheless, this represents an improvement of 0.9% compared to 2024, where our emission intensity stood at 0.115 tCO_2e/MT, reflecting our continued progress in reducing carbon intensity. Moving forward, we are strengthening energy efficiency initiatives and exploring alternative energy sources to enhance resilience and remain on track towards our long-term emission reduction goals.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Greenhouse Gas Emissions



Scope	Emissions (tCO2e)		
	FY2023	FY2024	FY2025
Scope 1 *Natural gas, petrol, diesel and LNG*	6,737.00	11,162.00	11,574.85
Scope 2 *Electricity Consumption*	9,678.07*	14,909.91*	14,879.67*
Scope 3 *Employee Commuting*	N/A	N/A	343.28
Scope 3 *Business Travel*	N/A	N/A	9.08

*Figures exclude deductible from solar power generated and sold back to the grid

In this reporting cycle, the Group has expanded its emissions disclosure to include Scope 3 categories for the first time, specifically covering business travel and employee commuting. This marks a significant milestone in enhancing transparency and accountability, as these categories capture the broader value chain impact beyond direct operations. Moving forward, the Group plans to progressively broaden Scope 3 coverage to include purchased goods and services, waste management, and upstream and downstream logistics, in line with international best practices.

In FY2025, direct greenhouse gas (GHG) emissions (Scope 1) totalled 11,574.85 tCO_2e, primarily generated from the combustion of natural gas. This reflects a 3.7% increase from FY2024 (11,162.00 tCO_2e), mainly due to higher production activity and greater operational fuel usage during the year.

Indirect GHG emissions (Scope 2), resulting from purchased electricity consumption, stood at 14,879.67 tCO_2e, representing a 0.2% reduction from FY2024 (14,909.91 tCO_2e). The decline demonstrates continued progress in energy efficiency improvements and effective management of electricity usage across our facilities.

Partnership towards the Goal

Mycron Steel Berhad signed a Memorandum of Understanding (MoU) with JFE Steel Corporation, Japan, to advance the green steel initiative in Malaysia. The collaboration focuses on adopting JFE's JGreeX™ green steel technology to reduce emissions and support our LCA, EPD, and Product Carbon Footprint efforts. This partnership strengthens our pathway toward low-carbon steel production and aligns with our long-term climate targets.

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Our Climate Efforts

- Upgrade to a transparent roof for greater natural sunlight
- Installation of energy-efficient LED lights

Installation of air compressor with inverter to reduce energy consumption

Installation of inverter for overhead crane motor to improve energy efficiency and reduce electricity consumption

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Our Climate Efforts

Installation of Solar PV

Replacement of halogen spotlight with LED-solar power spotlight

Collaboration with Universiti Teknologi Malaysia (UTM) on the development of GHG Accounting System

CLIMATE REPORT

Driving resilience and progress towards a net-zero future by 2050.

SDGs aligned :

Our Climate Efforts

Retention Pond Utilisation and Flood Control Measures

To strengthen climate resilience and reduce exposure to physical climate risks, MCRC has implemented a retention pond system that serves a dual purpose – functioning as an effective flood mitigation measure while promoting water resource efficiency. During periods of heavy rainfall, excess water is systematically channelled and released to prevent overflow, thereby minimising flooding risks across operational zones. In contrast, during hot and dry conditions, collected rainwater is repurposed for operational use, such as in the scrap yard, where periodic ground wetting helps suppress dust and improve air quality. This initiative supports the Group's climate adaptation strategy, ensuring operational continuity under varying weather conditions.

Drainage Inspection and Preventive Maintenance

Complementing the retention pond system, the Group maintains a structured drainage inspection and maintenance programme to further enhance flood resilience. Conducted biannually, these inspections ensure that drainage systems remain clear and functional, with debris and sediment removed to prevent blockages that could exacerbate flooding during heavy downpours. This preventive approach reduces operational disruptions, safeguards critical assets, and reinforces the Group's ongoing commitment to adaptation and preparedness in managing physical climate risks.

ENVIRONMENTAL STEWARDSHIP

- Energy Management
- Pollution and Resource Management
- Waste Management
- Water Management

SDGs aligned :

ENERGY MANAGEMENT

GRI 302-1, 302-3, 303-4

We are committed to improving energy efficiency and reducing consumption across our operations.

UN SDGs aligned:

We are committed to minimising our environmental impact through responsible and efficient energy management practices. Guided by our internal Energy Management Policy and Guidelines, which are aligned with ISO 50001 principles, the Group continuously works to optimise energy use across all operations. We actively implement energy efficiency measures and renewable energy initiatives, including process optimisation, equipment maintenance, and employee awareness programmes, to reduce energy consumption and enhance overall operational performance.

HIGHLIGHTS

Reduced 0.6% of energy consumption from grid electricity, diesel and petrol in FY2025 compared to FY2024

Generated 4858 MWh of renewable energy from solar

Our Approach

We manage our energy consumption through continuous efficiency improvements and the adoption of renewable energy solutions. This includes process optimisation, regular maintenance, and employee engagement to reduce energy use and enhance operational performance. Mycron remains committed to measurable improvements in energy efficiency, supporting regulatory compliance, and contributing to Malaysia's transition towards a low-carbon and sustainable future.

Energy Conservation Programme

The Group has established an ongoing Energy Conservation Programme to promote responsible energy use across all operations. Internal guidelines are in place to maintain air conditioner temperatures below 24°C and ensure all unused electrical equipment is unplugged. Regular monthly audits are conducted to monitor compliance.

Renewable Energy - Solar

In line with our commitment to transition towards cleaner energy sources, approximately 75% of Mycron's operational plants have been installed with solar panels. These systems contribute significantly to reducing our reliance on grid electricity and lowering overall carbon emissions.

Energy Efficiency

We continuously prioritise the reduction of energy consumption by adopting energy-efficient technologies and products. Key initiatives include:

- Replacing conventional lighting with LED lights and spotlights.
- Commencing operations of a Compressed Air System to improve energy performance.
- Electrifying operational vehicles and equipment, such as cranes, to reduce fuel-based energy use and improve efficiency.

Research and Development

Our team actively researches and develops innovative applications to enhance energy efficiency and renewable integration. We are currently trialling advanced technologies such as heat pumps and Battery Energy Storage Systems (BESS) to optimise energy utilisation and improve overall system resilience.

ENERGY MANAGEMENT

GRI 302-1, 302-3, 303-4

We are committed to improving energy efficiency and reducing consumption across our operations.

UN SDGs aligned:

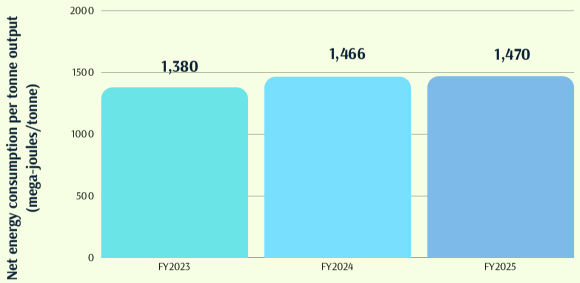
Our Progress

Energy Management	FY2025 target	FY2023	FY2024	FY2025
Net energy consumption per tonne output (mega-joules/tonne)	<1,400	1,380	1,466	1,470
% Renewable energy of total energy consumption	>5%	8.56	5.27	5.24
Total Energy Consumption (Megawatt)	Open	56,445	90,504	92,728

ISO 50001 Certification

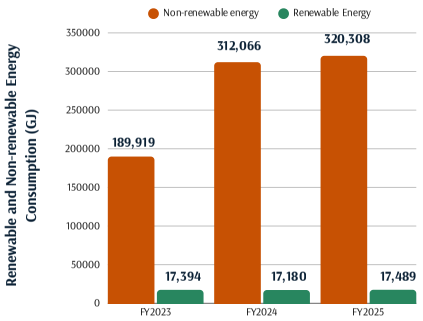
One subsidiary achieved ISO 50001 Energy Management System certification.

Energy Intensity



In FY2025, energy consumption per tonne of output recorded a slight increase of 0.27%, from 1,466 MJ/tonne in FY2024 to 1,470 MJ/tonne, slightly exceeding our target of below 1,400 MJ/tonne. This increase is mainly due to higher production output, which grew by 2.2%, from 222,282 MT in FY2024 to 227,081 MT in FY2025. While the higher operational activity led to greater overall energy use, the Group continues to implement targeted energy efficiency and process optimisation measures to improve performance in the coming years.

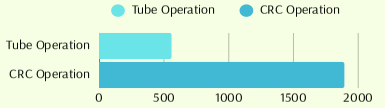
Renewable and Non-renewable Energy Consumption (GJ)



The Group's non-renewable energy consumption increased slightly to 320,308 GJ in FY2025, compared to 312,066 GJ in FY2024. This increase was primarily driven by higher natural gas usage, in line with the rise in production output. However, a closer look at the breakdown of non-renewable energy sources reveals notable improvements as diesel, petrol, and grid electricity consumption saw an overall reduction of 0.6%, reflecting enhanced energy efficiency measures and operational optimisation.

In contrast, renewable energy consumption in FY2025 reached its highest level in the past three years with 17,489 GJ, underscoring the Group's ongoing commitment to reducing dependency on non-renewable sources and advancing the transition towards cleaner energy.

Energy Intensity by Business Operations



The variation in energy intensity between the CRC Operation and Tube Operation is mainly due to the differing nature and complexity of their processes. The CRC Operation involves midstream manufacturing activities such as cold rolling, annealing, and surface treatment, which are more energy-intensive compared to the Tube Operation's downstream processes focused on tube forming and finishing.

POLLUTION AND RESOURCE MANAGEMENT

GRI 301-2, 303-1, 303-2, 303-4, 305-7

We implement measures to control pollution and enhance resource efficiency throughout our processes.

UN SDGs aligned:

Our commitment to environmental sustainability extends beyond managing GHG emissions to ensuring full compliance with the Malaysian Environmental Quality Act, which governs air quality, noise, scheduled waste, and effluent discharge. All our manufacturing facilities undergo comprehensive multi-point audits by the Department of Environment (DOE) each year. We are proud to report that all our factories successfully passed these audits over the past 12 months with no material non-compliances, reaffirming our strong adherence to environmental regulations and responsible operational practices.

FY2025 ACHIEVEMENTS

ZERO penalties and fines received for air pollutants, scheduled waste, and effluents discharge.

All indicators for air emission and effluents discharge are BELOW the standard limits set by Department of Environment (DOE).

Noise levels remained BELOW the parameter limit set by DOE.

Guiding Policies

- Environmental Quality Act.
- Environmental Quality (Clean Air) Regulations 2014.
- Environmental Quality (Industrial Effluent) Regulations 2009.

Our environmental stewardship is driven by three principal policies

- Compliance with environmental laws and regulations.
- Consume the least amount of required resources.
- Avert any harm to the environment.

Why It Is Important for Us

Pollution and resource management are crucial for Mycron as they reflect our commitment to operating responsibly and sustainably. By managing emissions, waste, and resource use efficiently, we ensure compliance with the Environmental Quality Act 1974 and standards set by the DOE. These efforts not only reduce our environmental footprint but also improve operational efficiency, protect employee health and safety, and enhance our reputation as a responsible corporate citizen. Moreover, effective management of pollution and resources supports Malaysia's transition toward a low-carbon and circular economy, aligning our operations with national and global sustainability goals.

Our Approach

As part of our commitment to strong environmental governance, the Group has established an internal benchmark to limit regulatory penalties related to environmental compliance – including waste and emissions management – to no more than one (1) per financial year. We are pleased to report that in FY2025, we recorded **zero penalties**, reflecting our robust monitoring systems, strict adherence to regulatory requirements, and disciplined operational practices.

Pollution prevention and resource efficiency are core principles embedded in our Environmental Policy, guiding the Group to minimise environmental impact, optimise resource use, and enhance operational performance. Each operating site is staffed with competent persons certified by the DOE, who conduct daily monitoring and data recording to ensure consistent compliance with all applicable environmental laws and standards.

This achievement underscores our proactive approach to environmental stewardship and continuous improvement. All our plants are ISO 14001-certified, reflecting our alignment with internationally recognised environmental management practices. The certification further demonstrates Mycron's ongoing efforts to strengthen sustainable resource management, reduce our environmental footprint, and advance our journey towards a greener, more sustainable future.

POLLUTION AND RESOURCE MANAGEMENT

GRI 301-2, 303-1, 303-2, 303-4, 305-7

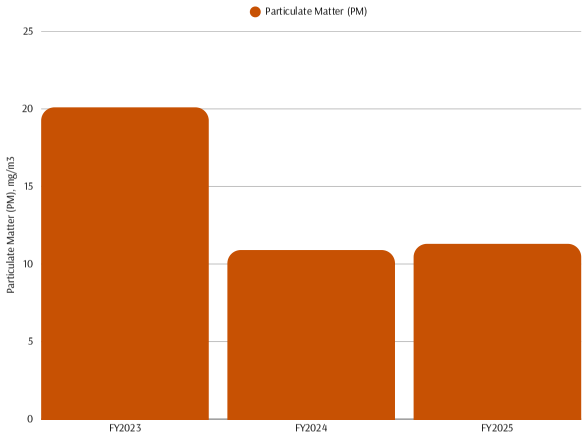
We implement measures to control pollution and enhance resource efficiency throughout our processes.

UN SDGs aligned:

Our Progress

Indicators	FY2023	FY2024	FY2025
Disclosure of three years of volatile organic compounds (VOC) Emissions	0	0	0
Percentage of sites covered by recognised environmental management system - ISO14001 (Environmental Management System	25	100	100

Air Emission



Mycron remains committed to managing air emissions responsibly and in full compliance with the Environmental Quality (Clean Air) Regulations 2014. All our production facilities are equipped with bag filters and dust collectors to effectively capture particulate emissions, and we engage DOE-accredited laboratories to conduct periodic stack monitoring. In FY2025, all measured parameters were well below regulatory limits, with both plants passing DOE compliance tests without any exceedances.

Effluent Discharge

Mycron Steel CRC Sdn Bhd

Parameter	Result (mg/l)			Standard B (mg/l)
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand (mg/l)	9	33	30	<50
Chemical Oxygen Demand (mg/l)	37	166	122	<200
Suspended Solids (mg/l)	12	26	24	<100
Zinc (mg/l)	0.06	<0.5	0.06	<2.0
Iron (mg/l)	0.35	1.34	<0.05	<5.0

Melewar Steel Tube Sdn Bhd

Parameter	Result (mg/l)			Standard B (mg/l)
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand (mg/l)	4	6	5	<50
Chemical Oxygen Demand (mg/l)	19	26	21	<200
Suspended Solids (mg/l)	5	12	7	<100
Zinc (mg/l)	0.77	0.74	0.68	<2.0
Iron (mg/l)	0.25	0.28	0.40	<5.0

FY2025 Target : Achieve effluent discharge levels at least 10% below the Standard B limits

Both of the Group's operating subsidiaries – Mycron Steel CRC Sdn Bhd and Melewar Steel Tube Sdn Bhd – have consistently complied with the Standard B effluent discharge limits set by the Department of Environment (DOE) under the Environmental Quality (Industrial Effluent) Regulations. In FY2025, both subsidiaries successfully met the Group's target of maintaining effluent parameters at least 10% below the regulatory limits, marking the third consecutive year of strong compliance. This achievement underscores our ongoing commitment to responsible water stewardship, continuous monitoring, and process optimisation. The Group will continue to uphold this performance and further enhance wastewater management practices to ensure effluent quality remains well within safe and sustainable limits.

POLLUTION AND RESOURCE MANAGEMENT

GRI 301-2, 303-1, 303-2, 303-4, 305-7

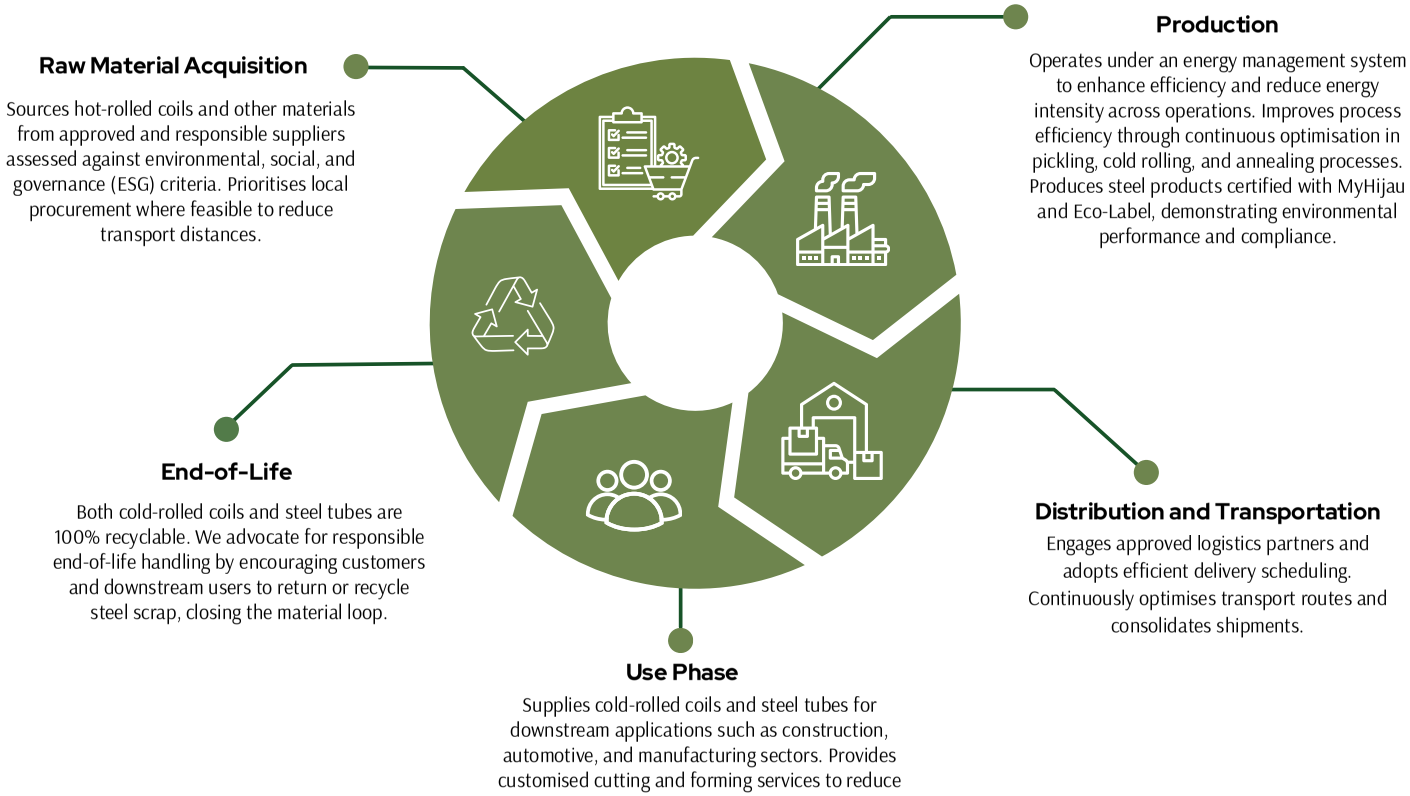
We implement measures to control pollution and enhance resource efficiency throughout our processes.

UN SDGs aligned:

Life Cycle Perspective

Mycron adopts a comprehensive lifecycle perspective in managing the environmental and social impacts of its products, from raw material acquisition to end-of-life recycling. This approach reflects our commitment to responsible manufacturing, resource efficiency, and the circular economy.

We are in the process of obtaining Life Cycle Assessment (LCA), Environmental Product Declaration (EPD), and Product Carbon Footprint (PCF) ISO certifications to further validate and enhance the transparency of our environmental performance. These efforts demonstrate our dedication to continuous improvement and alignment with international sustainability standards.



POLLUTION AND RESOURCE MANAGEMENT

GRI 301-2, 303-1, 303-2, 303-4, 305-7

We implement measures to control pollution and enhance resource efficiency throughout our processes.

UN SDGs aligned:

Acid Regeneration Plant (ARP)

In alignment with Life Cycle Assessment (LCA) principles, MCRC operates an Acid Regeneration Plant (ARP) to minimise the environmental impacts associated with the use and disposal of hydrochloric acid in steel pickling operations. The ARP recovers hydrochloric acid from waste pickle liquor generated by the Continuous Pickling Line (CPL) through a pyrohydrolysis process employing fluidised bed technology.

Capable of regenerating up to 1,500 litres of waste acid per hour, the system achieves approximately 95% regeneration efficiency. This closed-loop approach reduces the need for virgin acid production, minimises hazardous waste generation, and lowers the overall carbon and environmental footprint across the product life cycle.

By integrating resource recovery into its operations, Mycron enhances material efficiency, reduces pollution, and supports a more circular and sustainable production process – reflecting the company's commitment to continuous improvement in environmental performance.

WASTE MANAGEMENT

GRI 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

We prioritise waste reduction, reuse, and recycling to support a circular economy.

UN SDGs aligned:

Responsible waste management is a key component of our Environmental Policy, reflecting our commitment to achieve zero waste-to-landfill by 2050. Through the implementation of the 6R Recycling Programme – Rethink, Refuse, Reduce, Reuse, Recycle, and Recover – we actively promote waste segregation, recycling, and reuse practices across all operations.

FY2025 HIGHLIGHTS

Percentage of waste being recycled
89%

Percentage of waste send to landfill
1%

Waste generated per tonne output
57.91 kg/tonne

Reduction of hazardous waste generated
32.5%

Waste Management	FY2023	FY2024	FY2025
Total waste generated per tonne of output (Kg/Tonne)	55.57	66.96	57.91
Waste disposal to refuse or landfills over total waste generated (%)	2.27	1.18	1.01
Total waste generated (MT)	8,184	14,884	13,150
Total waste diverted from disposal (MT)	7,868	14,569	12,975
Total waste directed to disposal (MT)	316	315	175
Disclosure of three years of hazardous waste generation (tonnes)	809	1,883	1,271
Disclosure of three years of non-recycled waste generation (tonnes)	186	175	133
Disclosure of three years of waste recycled (tonnes)	7,190	12,825	11,747

Our Approach

Effective waste management plays a crucial role in safeguarding the environment, maintaining operational efficiency, and supporting sustainable growth. We acknowledge that waste is not merely a by-product of our activities, but a key aspect of resource efficiency and environmental stewardship. Improper waste handling can lead to pollution, resource depletion, and higher greenhouse gas emissions – outcomes that we are committed to preventing through responsible management and continuous improvement.

Our approach to waste management is guided by the Mycron Environmental Policy, which outlines our commitment to comply with environmental regulations, minimise waste generation, and optimise resource use across our operations. As part of this policy, we have established a clear long-term commitment to achieve Zero Waste-to-Landfill by 2050, reinforcing our responsibility to move towards a more circular and sustainable production system.

WASTE MANAGEMENT

GRI 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

We prioritise waste reduction, reuse, and recycling to support a circular economy.

UN SDGs aligned:

6R Programme

The 6R principle – Rethink, Refuse, Reduce, Reuse, Recycle, and Recover – is deeply embedded in the daily practices of all Mycron employees. The programme is implemented across all our operational sites to cultivate a strong culture of environmental responsibility and resource efficiency. Each month, an internal audit is conducted to evaluate waste management performance. This initiative not only reinforces accountability but also motivates continuous improvement in sustainable waste practices.

Single-use Plastic Ban Programme

The Group rolled out an awareness programme across all premises to highlight the impacts of single-use plastics and encourage sustainable habits. The initiative also served as a baseline study to understand employee awareness and behaviour, laying the foundation for future efforts to reduce waste-to-landfill. Through interactive engagement and information sharing, the programme prepares employees for the gradual phase-out of certain plastic items while promoting the use of sustainable alternatives in daily routines.

Recycling Programme

Across all premises, Mycron implemented an initiative to promote sustainable lifestyle practices and responsible disposal of used cooking oil. The Group organised a Used Cooking Oil Recycling Day, encouraging employees to bring their used cooking oil from home for proper collection and recycling. In collaboration with **NKH Bio Solution Sdn Bhd**, a licensed used oil collector, the collected oil was managed in accordance with proper recycling practices to prevent environmental harm. Approximately **200 kilograms** of used cooking oil were collected, demonstrating our employees' active participation and steadfast commitment to sustainability and responsible waste management practices.

WASTE MANAGEMENT

GRI 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

We prioritise waste reduction, reuse, and recycling to support a circular economy.

UN SDGs aligned:

Implementation of Take-Back Programme

Mycron implements a Take-Back Programme where used chemical drums are returned to suppliers for reuse. This initiative helps reduce waste generation, promotes efficient use of materials, and supports a circular supply chain by extending the life cycle of industrial containers.

Segregation of By-Product

The Group practices systematic segregation of by-products at source to ensure proper handling, storage, and recovery. By distinguishing recyclable materials from non-recyclable waste, Mycron enhances recycling efficiency, supports compliance with environmental regulations, and reduces overall waste generation.

Recovery of Zinc from Zinc Ash

In alignment with Life Cycle Assessment (LCA) and circular economy principles, zinc ash produced as a by-product from the galvanising process is recovered to extract reusable zinc. The recovered zinc is then reintegrated into production, reducing the need for virgin raw materials and minimising environmental impact through resource conservation.

WASTE MANAGEMENT

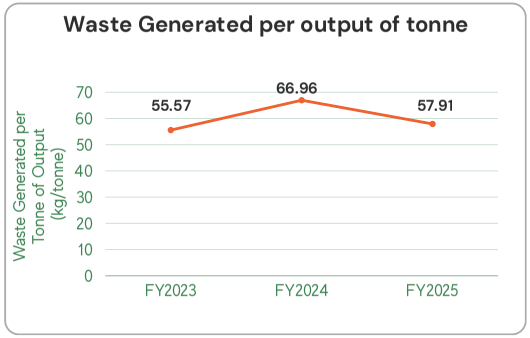
GRI 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

We prioritise waste reduction, reuse, and recycling to support a circular economy.

UN SDGs aligned:

Our Progress

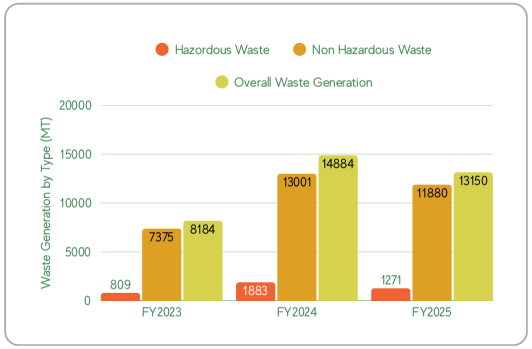
Waste Generation per Output of Tonne (kg/tonne)



FY2025 Target : <70 kg/tonne

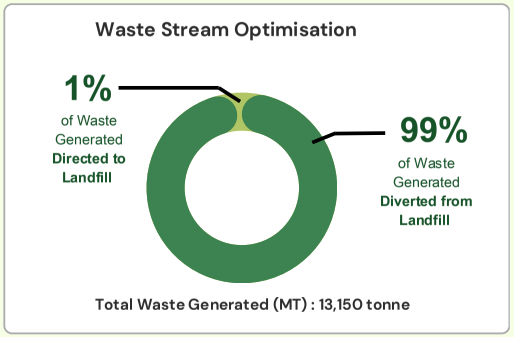
We successfully achieved a 13.5% reduction in waste generated per tonne of output in FY2025, surpassing the Group's target of below 70 kg/tonne. The waste intensity improved from 66.96 kg/tonne in FY2024 to 57.91 kg/tonne in FY2025, underscoring our continued commitment to effective waste management and minimising environmental impact through improved process efficiency and resource optimisation.

Waste Generation by Type (MT)



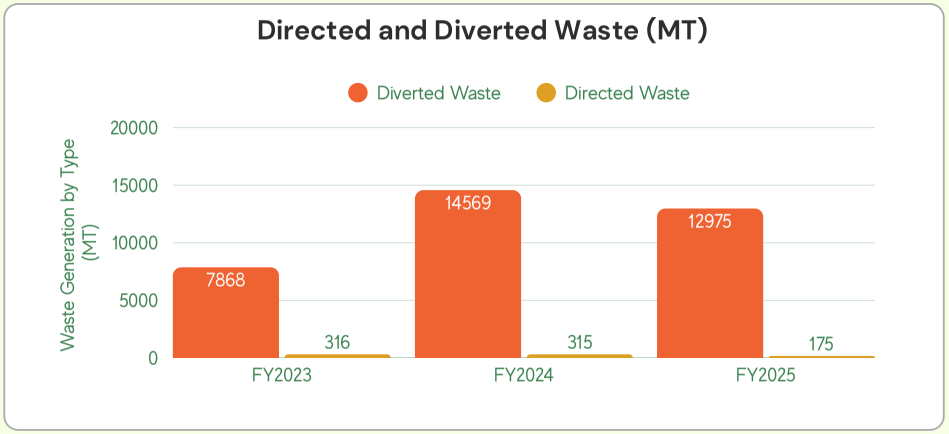
In FY2025, we successfully reduced our overall waste generation from 14,884 MT to 13,150 MT, despite achieving higher production tonnage compared to FY2024. This demonstrates our strong commitment to optimising production efficiency and minimising waste generation. Notably, hazardous waste decreased by 32.5%, from 1,883 MT in FY2024 to 1,271 MT in FY2025, while non-hazardous waste also showed a reduction. These improvements highlight our ongoing dedication to enhancing resource efficiency and promoting sustainable manufacturing practices.

Diverted and Directed Waste Generation



FY2025 Target : Reduce 10% of directed waste

In FY2025, 99% of our total waste generated (13,150 MT) was successfully diverted from landfill, while only 1% was sent for landfill disposal. The volume of waste directed to landfill was reduced by 44%, from 315 MT in FY2024 to 175 MT in FY2025, demonstrating our significant progress in minimising landfill impact through improved waste segregation, recycling initiatives, and responsible disposal practices.



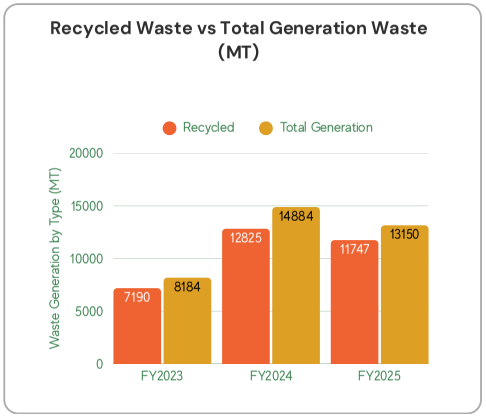
WASTE MANAGEMENT

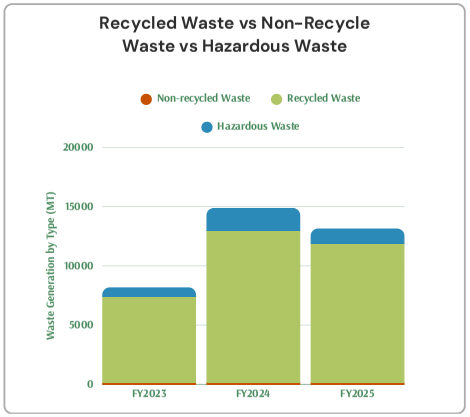
GRI 301-2, 306-1, 306-2, 306-3, 306-4, 306-5

We prioritise waste reduction, reuse, and recycling to support a circular economy.

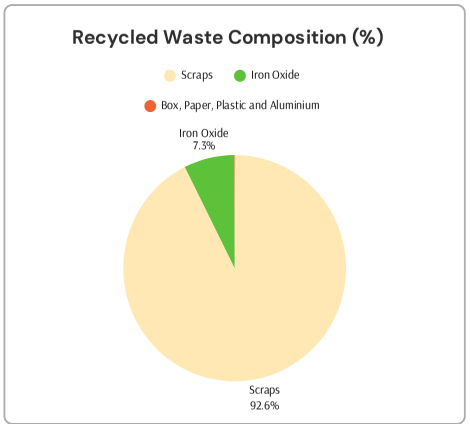
UN SDGs aligned:

Recycled Waste Composition





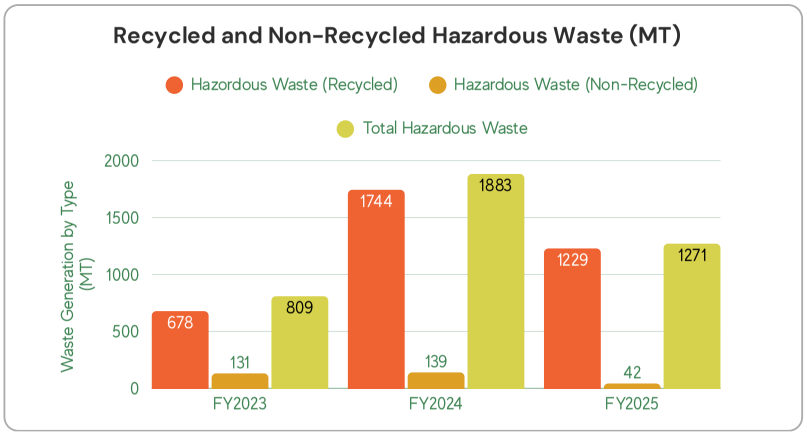
In FY2025, 89% of the waste generated was successfully recycled and diverted from sanitary landfills, marking a 3% improvement compared to FY2024 (86%). This progress reflects the Group's strong commitment to responsible waste management. The majority of the recycled waste comprised scrap materials, achieving an impressive 92.6% recycling rate, demonstrating our continuous efforts to maximise resource recovery and minimise environmental impact.



Hazardous Waste Composition and Disposal Method

Hazardous Waste Type	Disposal Method
SW104- Zinc Dross & Ash	Recycled
SW204- Waste Acid	
SW408- Contaminated Drum	
SW409- Empty Container	
SW305- Waste Oil	
SW204- Metal Hydroxide	
SW307- Waste Coolant	
SW410- Cotton Rags	
SW311- Oily Sludge	
SW310- E- Waste	
SW427- Carbide Lime	
SW209- Mercury Waste	Non-Recycled
SW130- Electronic Waste	
SW304- Grinding Sludge	
SW406- Contaminated Soil	
SW430- Contaminated Cotton Rags	
SW409- Sample Paint Can	

Our hazardous waste refers to scheduled waste, which is managed by competent personnel in accordance with the DOE guidelines and the Environmental Quality (Scheduled Wastes) Regulations. All scheduled waste is sent to licensed third-party contractors for proper treatment and disposal. Notably, 97% of the scheduled waste managed by these licensed contractors was recycled, reflecting the Group's commitment to responsible waste management and environmental protection.



WATER MANAGEMENT

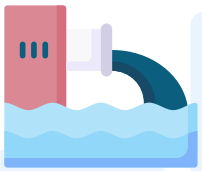
GRI 303-1, 303-2, 303-3, 303-4, 303-5

We are committed to sustainable water stewardship through efficient use, conservation, and protection of water resources.

UN SDGs aligned:

Although our facilities are not located in water-stressed* regions, we acknowledge the importance of responsible water stewardship in sustaining our operations. Guided by our Environmental Policy, the Group is committed to reducing water consumption and improving efficiency across all business divisions. We continue to implement measures such as optimising process water use, reusing and recycling where feasible, and maintaining water systems to prevent leakages. These efforts reflect our ongoing commitment to conserve water resources, enhance operational efficiency, and ensure business continuity even during potential water supply disruptions. **Source : Aqueduct (World Resources Institute)*

We are pleased to announce that in FY2025, Mycron recorded **ZERO complaints** and **ZERO penalties** related to wastewater discharge across both of our Tube and CRC operations. All of our wastewater discharge parameters were below the thresholds set by DOE Malaysia.



Wastewater Discharge

All of Mycron's subsidiary operations (Mycron Steel CRC Sdn Bhd and Melewar Steel Tube Sdn Bhd) are equipped with Industrial Effluent Treatment Systems (IETS) that comply with Standard B under Malaysia's DOE regulations. Daily monitoring is carried out by our Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (CePIETSO) to ensure all discharge indicators remain well below the permissible limits. In FY2025, we are pleased to report that all water quality parameters consistently complied with regulatory standards – reflecting our strong commitment to environmental protection and operational excellence.

Water Withdrawal - Municipal Potable Water

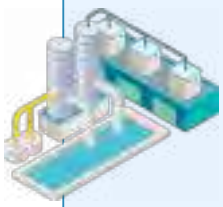
All of Mycron's operating plants source water exclusively from municipal suppliers such as SYABAS. In FY2025, our total municipal water consumption amounted to 195,157 m^3. We understand that potable municipal water is a shared resource that serves both industrial and community needs. Therefore, we remain mindful of our consumption patterns and continuously strive to optimise water use, ensuring that our operations do not compromise the availability of clean water for surrounding communities.

Water Conservation Efforts

Our business divisions implement various measures to conserve water, including installing self-closing and motion-sensor taps, using waterless urinals, and conducting regular inspections to detect and repair leaks. Monthly water management audits are carried out at all operations, with incentives given to teams demonstrating outstanding conservation performance. Awareness programmes are also organised to educate employees and stakeholders on responsible water use, reinforcing Mycron's commitment to sustainable water management across all operations.

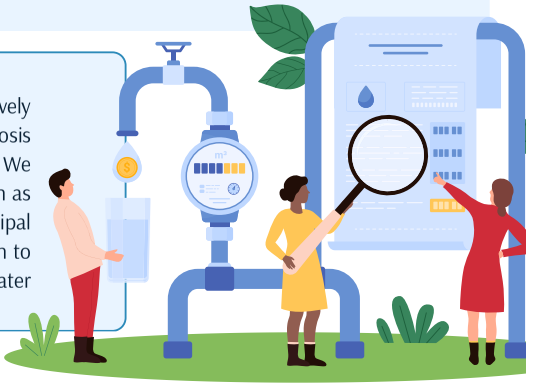
Rainwater Harvesting System

To reduce reliance on municipal potable water, rainwater harvesting systems have been installed at all Mycron operating sites. The collected rainwater is reused for cleaning, landscaping, industrial processes, and other non-potable applications. This initiative not only supports cost savings and resource efficiency but also strengthens our climate resilience by reducing freshwater dependency. In FY2025, we successfully collected and utilised 2,800m^3 of rainwater in our operations.



Water Recycling System

In line with our long-term sustainability goals, Mycron is actively researching a water recycling system based on reverse osmosis (RO) technology to further reduce freshwater consumption. We are also in the final phase of exploring groundwater utilisation as an alternative source to minimise dependency on municipal potable water. These initiatives reflect our proactive approach to resource stewardship and continuous improvement in water efficiency.



WATER MANAGEMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5

We are committed to sustainable water stewardship through efficient use, conservation, and protection of water resources.

UN SDGs aligned:

Water Management Efforts

Installation of Rainwater Harvesting System

Installation of self-closing taps

Spreading awareness on water conservation

WATER MANAGEMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5

We are committed to sustainable water stewardship through efficient use, conservation, and protection of water resources.

UN SDGs aligned:

OUR FY2025 ACHIEVEMENTS

Total Rainwater Harvested (m^3)

2,800m^3

Reduction of Municipal Potable Water Usage

23%

Reduction of Net water Consumption compared to FY2024

29%

Overall data compared to FY2024

Reduced

Water Management	FY2023	FY2024	FY2025
Net water consumption per tonne output (Cubic Meter/Tonne)	0.66	0.81	0.56
Total volume of water used - (Megalitres)	97.51	180.45	127.62

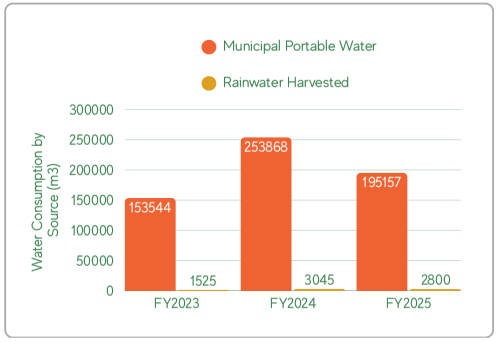
TOTAL WATER CONSUMPTION BY SOURCE (m3)

Municipal Water Withdrawal

195,157m^3

Rainwater Harvested

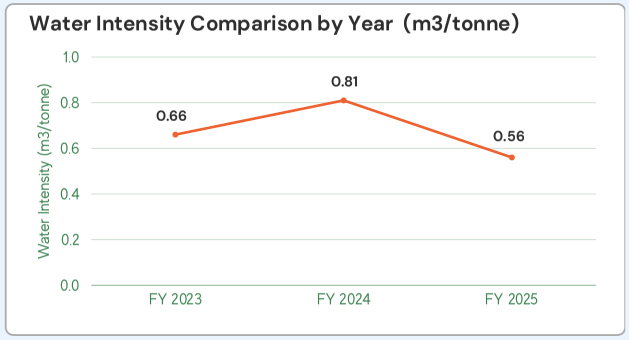
2,800m^3



FY2025 Target : 10% reduction from FY2024

We successfully achieved a 23% reduction in municipal potable water consumption in FY2025, surpassing the Group's initial 10% reduction target. Overall water usage declined from 253,868 m^3 in FY2024 to 195,157 m^3 in FY2025, reflecting our strong commitment to enhancing water efficiency and reducing reliance on municipal potable water through continuous monitoring, conservation initiatives, and the utilisation of alternative sources such as rainwater harvesting.

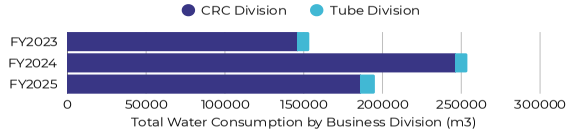
WATER INTENSITY (m3/tonne)



FY2025 Target : 0.40 m3/tonne

In FY2025, the Group's water intensity was 0.56 m^3/tonne, showing continued improvement from 0.81 m^3/tonne in FY2024, a 31% year-on-year reduction and the lowest level recorded in the past three years. Although the result was above our internal target of 0.40 m^3/tonne, this variance was mainly due to higher production tonnage achieved during the year. The overall progress demonstrates that our water efficiency initiatives are on the right track, and we remain committed to further optimising our processes and strengthening efforts to reach our long-term sustainability targets.

TOTAL WATER CONSUMPTION (MUNICIPAL PORTABLE WATER) BY SUBSIDIARIES



WATER MANAGEMENT

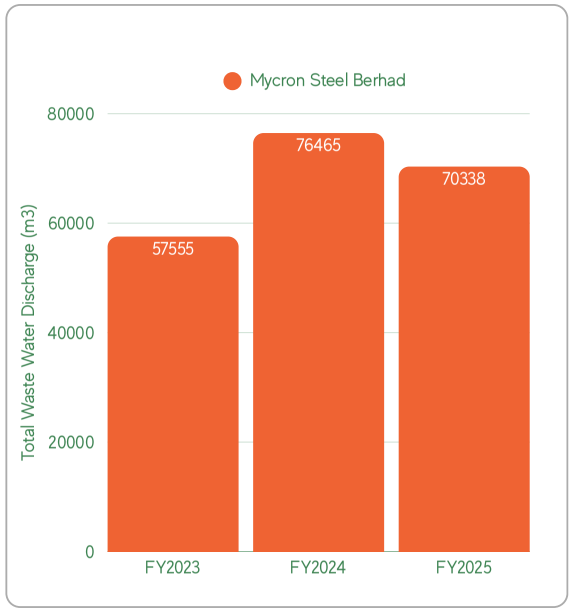
GRI 303-1, 303-2, 303-3, 303-4, 303-5

We are committed to sustainable water stewardship through efficient use, conservation, and protection of water resources.

UN SDGs aligned:

GROUP TOTAL WASTEWATER DISCHARGE (m3)

Mycron Steel Berhad - Total Water Discharge (m3)



Total Wastewater discharge by subsidiaries (m3)

Location	Discharge Destination	Discharge (m3)		
		FY2023	FY2024	FY2025
Mycron Steel CRC	Surface Water into River	56,734	74,007	68,892
Melewar Steel Tube	Surface Water into River	821	2,458	1,446

Mycron Steel CRC Sdn Bhd - Water Discharge Parameter

Parameter	Result (mg/l)			Standard B (mg/l)
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand (mg/l)	9	33	30	<50
Chemical Oxygen Demand (mg/l)	37	166	122	<200
Suspended Solids (mg/l)	12	26	24	<100
Zinc (mg/l)	0.08	<0.5	0.08	<2.0
Iron (mg/l)	0.35	1.34	<0.05	<5.0

Melewar Steel Tube Sdn Bhd - Water Discharge Parameter

Parameter	Result (mg/l)			Standard B (mg/l)
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand (mg/l)	4	6	5	<50
Chemical Oxygen Demand (mg/l)	19	26	21	<200
Suspended Solids (mg/l)	5	12	7	<100
Zinc (mg/l)	0.77	0.74	0.68	<2.0
Iron (mg/l)	0.25	0.28	0.40	<5.0

In FY2025, Mycron recorded a total wastewater discharge of 70,338 m^3, showing a slight reduction compared to 76,465 m^3 in FY2024. The discharge primarily originates from process operations at Mycron Steel CRC Sdn Bhd and Melewar Steel Tube Sdn Bhd, both of which release treated effluent into surface water bodies in strict compliance with the Department of Environment's (DOE) Standard B limits under the Environmental Quality (Industrial Effluent) Regulations 2009.

INDEPENDENT VERIFICATION

Our water management data, including municipal water withdrawal, harvested rainwater, total water usage and net water consumption, have been independently verified by a third-party assurer (refer to Appendix).