

Towards a better future

MSC Sustainability Report



2024



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In The Name of GOD

Towards a Better Future

Mobarakeh Steel Company (MSC) Sustainability Report 2024



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About this report

The report titled "Towards a Better Future" embodies the core philosophy of Mobarakeh Steel Company (MSC) and its five key discussions focused on building a better future. MSC has not only created products that contribute to a sustainable future but has also worked to become a catalyst for the growth and development of both the country and the industry by implementing effective systems and strategies. MSC has forged an ineffaceable journey from the past to the present, focusing not only on its own growth and development but also on fostering sustainable development within the industry, communities, and the country of Iran as a whole. The company aspires to carry this mission forward into a sustainable, prosperous, and promising future for all its stakeholders.

This report outlines the environmental, social, and governance performance of MSC, along with its strategic approaches. With a strong sense of commitment and accountability to its stakeholders, MSC aims to transparently share its impacts and performance in environmental, social, and governance areas. The report evaluates the company's achievements and details the strategies and initiatives that support sustainable development. Ultimately, its primary goal is to present a complete overview of MSC's commitments and accomplishments in sustainability and social responsibility.

This report analyzes material topics by considering the organization's priorities, stakeholder concerns, and global trends. Consequently, the material topics (sustainability focus areas) from last year have been confirmed for the 2024 report. It has been developed in accordance with GRI standards and complies with its principles. Furthermore, the report details MSC's performance in environmental, social, governance, and economic matters, focusing on the material topics identified. The report "Towards a Better Future" marks the fourth sustainability report from MSC since 2018, showcasing our dedication to delivering clear and precise information regarding our sustainability goals, strategies, actions, and performance. The data included in this report reflects the sustainability efforts of both the MSC and the Saba Steel Complex for the fiscal year ending on 2023. You can find this report available for download on the company's official website (www.msc.ir). Stakeholders interested in providing feedback on the report are encouraged to share their thoughts and suggestions through the communication methods listed at the end of the document. This report offers a snapshot of MSC's dedication and efforts towards achieving sustainability goals. It showcases a deep love for the planet, respect for people, and optimism for a brighter future for everyone.

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Message from the CEO

In today's world, where environmental and social changes are happening at a rapid pace, the role of large companies in the progress and development of nations is crucial. These companies have a significant impact on society and the environment through their extensive economic, social, and environmental activities. As a result, the leadership approach within these organizations is particularly important. At MSC, responsible leadership is the main model for leadership, which serves as our core philosophy, guiding all our activities and decisions. This approach encourages us to look beyond just financial gains and to pay close attention to the social and environmental consequences of our actions. As the CEO of MSC, I firmly believe that true success is only possible when we consider the interests of society, the environment, and our all stakeholders together. I take pride in the fact that MSC is not only recognized as a successful business but also as a leading example in our national industry and economy, committed to building a better future for all stakeholders. What sets us apart in recent years is our holistic and national approach to sustainability. MSC is committed to advancing its strategies for sustainable development, taking confident steps toward creating a better future for our country and society. We are dedicated to finding an inefaceable path to improve the future, and we have defined five discourses to guide us on this journey: "Excellence Path", "Driver Path," "Green Path", "Responsible Path" and "Innovative Path".

We have dedicated our efforts to producing low-emission steel and addressing climate change by harnessing renewable energy sources. Additionally, we are actively working to eliminate our reliance on shared water resources with local communities. Our approach involves implementing various strategies, including water recycling, treating wastewater from nearby cities, and reusing it in our production processes. Furthermore, we source water from the Sea of Oman. In 2023, our initiatives received notable recognition: the "MSC's Sustainable Water Management Project" was named one of the top five shortlisted projects at the Steelie Award for Excellence in Sustainability by the WorldSteel Association. Additionally, we were honored with the "Five-Star Award for Excellence at an international level" in the International Environmental, Social, and Governance (ESG) Excellence Award in New Zealand. Innovation remains a key priority for us. Through the establishment of innovation centers at universities, we attract talent and knowledge-based companies to address challenges and drive future developments. We aspire to create an innovation ecosystem that leads to significant successes in the future. In addition, our approach to social responsibility focuses on empowering local communities and helping them thrive while achieving sustainable development. We take pride in fostering connections, promoting growth, enhancing education, and supporting the development of these communities, enabling people to empower themselves and work towards their own progress and prosperity. Our commitment to building an inefaceable path for a better future has been made possible through the collaboration of every member of the MSC family, and we take great pride in these partnerships. Sustainable development cannot be achieved without recognizing the importance of human capital. At MSC, we regard our workforce as our most valuable asset and strive to create a safe, healthy, and dynamic work environment that nurtures the growth and success of our employees. This is a key part of our overall strategy for human capital development. We are thankful for the significant role we have played in various economic, social, and environmental sectors of our country, and we believe that this ongoing progress will ultimately contribute to the development and advancement of our beloved Iran. Together, we are moving toward a better future. This report stands as a testament to our commitment to creating sustainable values and positively impacting society, and we hope it serves as a guide for a brighter and more sustainable future.

Mohammad Yaser Tayebnia
CEO of MSC



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We are MSC

We are MSC, a leading Iranian company dedicated to producing steel that is essential for the growth and development of communities and plays a significant role in everyday life. We proudly hold the title of the largest producer of steel products in the Middle East and North Africa (MENA) and are also the world’s top producer of Direct Reduced Iron (DRI). With a workforce of over 11,000 employees, MSC is pivotal to Iran's industrial, economic, and social progress, supplying 32.5 percent of the nation’s crude steel for a variety of industries, including automotive manufacturing, light and heavy metal industries, fluid transmission pipes, packaging, and household appliances. Our mission focuses on producing a wide range of flat steel products to enhance the country's infrastructure. We envision becoming a national model of enterprise and achieving a position among the top 20 steel companies globally.

Business areas:

Iron making, steel making and production and sale of flat steel products

Main products:

Hot-rolled steel roll, hot-rolled steel sheet, pickled steel roll, cold-rolled steel roll, cold-rolled steel sheet, narrow steel strip, tin-plated steel roll, tin-plated steel sheet, galvanized steel roll, color coated steel roll

Number of employees:

Number of employees:

11836

Headquarters:

MSC Complex , Mobarakeh, 75km southwest of Isfahan

MSC building, Saadat Abad Street, Azadi Square, Isfahan

No. 2, Gol Azin Alley, Kohistan Street, Kitab Square, Saadat Abad, Tehran

Website:

www.msc.ir





MSC’s value creating system

Purpose

A responsible corporate to create a better future

Mission

Production of steel products types in order to develop the country’s infrastructures

Vision

National model of business and a world-class company among the top 20 steel companies in the world

Strategic Goals

- National model of business**

 - First place in the ranking of the country’s top organizations (IMI 100)
 - The leading organization in international assessments
- A world-class company among the top 20 steel companies in the world**

 - Balanced chain to produce 18 million tons of crude steel
 - Being among the top 20 steel companies in the world
- Annual revenue of more than 15 billion dollars**

 - Annual income of more than 15 billion dollars
 - Obtaining at least 20% of annual income from non-steel businesses

Strategies

- Maximum and economic utilization of production capacities, focusing on the production of special products
- Balanced development of the value chain and required infrastructure
- Development of innovation and technology
- Development of human capital and improvement of employee productivity and commitment
- Sustainable development (environmental, Social and governance)

Code of Conduct

- Ethical excellence in society
- Ethical excellence in the market
- Ethical excellence in the workplace

Values

- Islamic and human values
- Safe, timely and high-quality work
- Excellence, continuous improvement, innovation and organizational engagement
- Customer orientation, respecting colleagues and stakeholders
- Social responsibility and environmental protection

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Mobarakeh Steel Group

As one of Iran's largest industrial and economic holdings, the Mobarakeh Steel Group plays a crucial role in the country's economic development and growth. Leveraging advanced technologies, skilled personnel, and effective management strategies, this group focuses on producing and supplying high-quality steel products that find applications in diverse sectors, including automotive, construction, home appliances, and energy. With more than 100 subsidiaries nationwide, the group aims to establish a balanced steel production chain, significantly contributing to a better future for its stakeholders.

Subsidiaries of Mobarakeh Steel Group

	Mobarakeh Steel Engineering 99.24%		Hormozgan Steel Co. 95.21%		Tukarail Co. 32.65%		Sangen Mining Industries Co. 99.99%
	Mobarakeh Steel Supplying and Processing Co. 99.90%		Tavan Avaran Steel Industries Co. 99.998%		International Systems & Automation Engineering Co. (IRISA) 75.31%		Seid Dasht Steel Co. 64.99%
	Mobarakeh Steel Technology & Innovation Development Fund Co. 99.999%		Chaharmahal & Bakhtiari Sheet Metal Co. 93.07%		Foolad-e Mobarakeh Sepahan Sports Co. 95%		Sepahan Nowin Sports Co. 95%
	Tuka Foolad Investment Holding 54.19%		Saba Steel Complex 99.9996%		Atieh Foulad N. J. Co. 54.16%		Amin Teb Sepano Co. 96.51%
	Mines & Metals Development Investment Co. (MMDIC) 50.46%		Steel Clean Power & Energy Industries Co. (SANAP) 51%		Mobarakeh Steel Alloy Sheets Co. 67%		Foolad Kavan Hami Iranian Co. 59.99%



MSC shareholders

18.49%	Provincial Investment companies (Edalat Stocks)	4.65%	Natural Person Shareholders	2.31%	Retirement Fund for Bank's Personnel Ins.
17.20%	Iranian Mines & Mining Industries Development & Renovation Organization (IMIDRO)	2.49%	Tejarat Bank	1.89%	Behsazan Energy Tadbir Zangan Co.
10.85%	Edalat Stocks (Direct method ownership)	2.41%	Sadr Tamin Investment Co.	26.82%	Other Legal Shareholders
10.50%	Refah Capital Development Co.	2.39%	Social Insurance Fund for Farmers, Villagers & Nomads		



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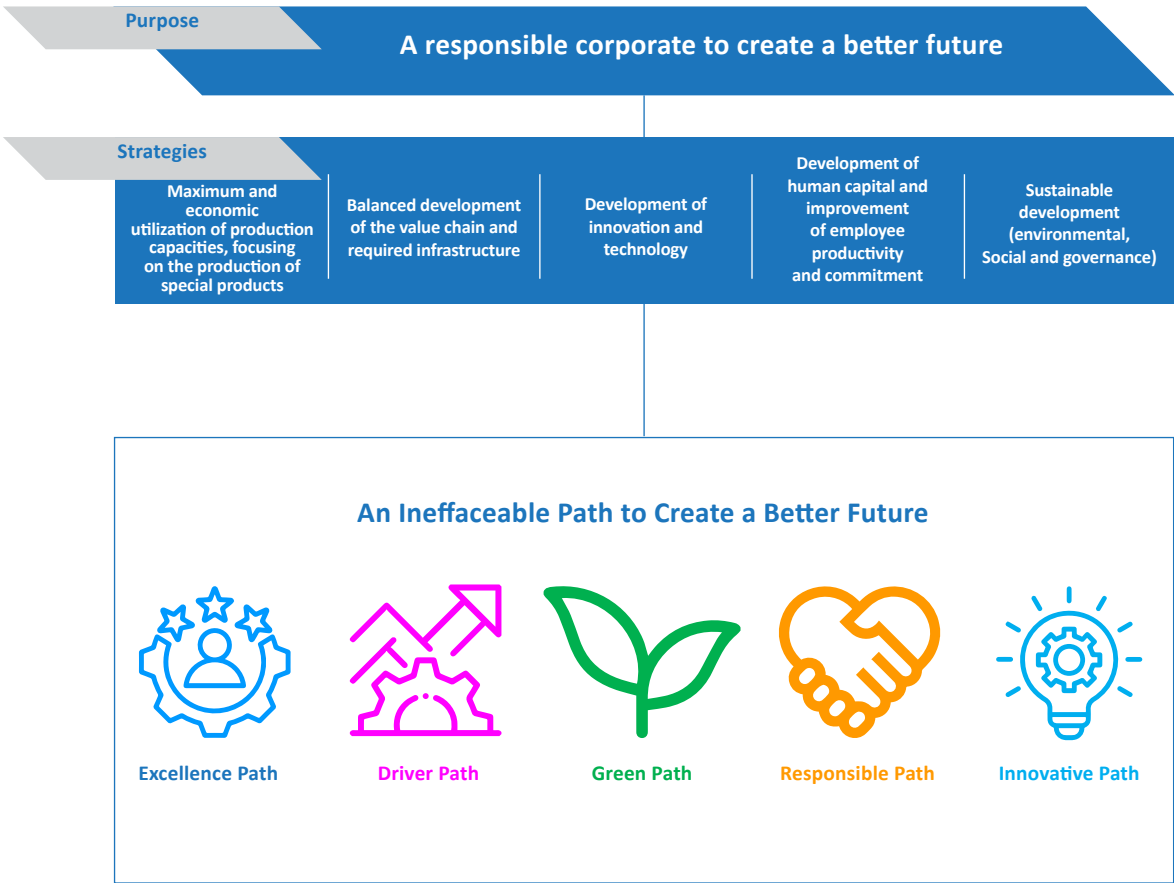
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Discourses for creating a better future

MSC, drawing on its performance since its founding and the sense of responsibility it carries, is committed to harnessing all its capabilities and resources to contribute to a better future as a part of society. To this end, the company has adopted "An ineffaceable Path to Create a Better Future" as its core slogan, reflecting its purpose (management philosophy), historical evolution, vision, and strategic goals. In pursuit of this mission, MSC has identified five discourses: "Excellence Path," "Driver Path," "Green Path," "Responsible Path," and "Innovative Path".



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The linkage between the discourses and key strategies of MSC:

		MSC's Strategies				
		Maximum and economic utilization of production capacities, focusing on the production of special products	Balanced development of the value chain and required infrastructure	Development of innovation and technology	Development of human capital and improvement of employee productivity and commitment	Sustainable development (environmental, Social and governance)
Discourses	Excellence Path					
	Driver Path					
	Green Path					
	Responsible Path					
	Innovative Path					



Discourse 1: Excellence Path

MSC is deeply dedicated to achieving excellence, viewing it as an integral part of its identity. The company credits its success to its invaluable human resources, which it sees as the cornerstone of this commitment to excellence. MSC believes that the dedication and creativity of its employees significantly contribute to building a better future. The organization values each team member, recognizing them as essential players in realizing its vision. At MSC, the future isn't just a hopeful promise; it is a tangible reality forged by the effective contributions and ongoing efforts of its productive human capitals on the path to excellence.

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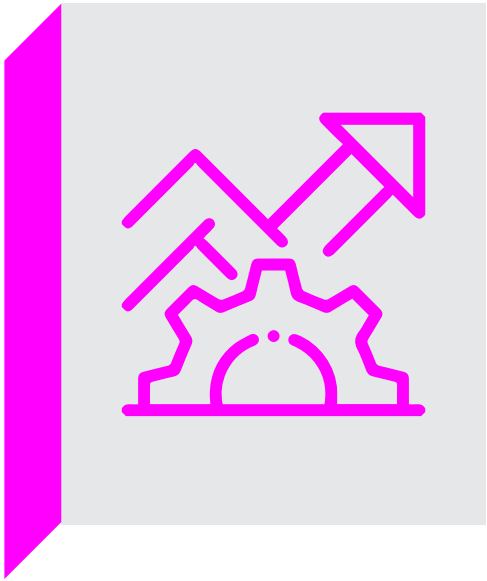
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Discourse 2: Driver Path

MSC is more than just a steel manufacturer; it is a leading organization that plays a crucial role in shaping the vision for national development. Since its inception, the company has not only prioritized its own growth but has also made significant contributions to the development of the country's infrastructure and industry. This proactive approach acts as a catalyst for the advancement of various other industries and businesses, with the potential to profoundly impact the lives of the communities it serves. As MSC forges ahead, it remains dedicated to exploring new avenues, setting benchmarks, and creating a legacy that will influence the nation's future.



Discourse 3: Green Path

MSC's identity is fundamentally rooted in a strong commitment to sustainable development and creating a better future. The company actively works to minimize its environmental footprint by implementing stringent controls on greenhouse gas emissions and taking proactive steps in managing water and energy resources. Furthermore, MSC is determined to lead the way in green steel production by enhancing the use of renewable energy sources. This journey towards sustainability is not just a goal for MSC; it reflects a core ethical principle that underpins its purpose. The company aims to forge a path toward a greener and more sustainable future.

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Discourse 4: Responsible Path

MSC is a company that takes its responsibilities seriously, actively supporting projects aimed at improving and uplifting communities while fostering their sustainable development. To achieve this goal, MSC invests in social infrastructure, creates jobs, and contributes to enhancing public health and hygiene, all of which boost community welfare and unity. The company's commitment to responsible practices and its genuine drive for sustainable development resonate strongly. MSC is proud to be a catalyst for positive change, working closely with local communities to create a future that is not just prosperous but also sustainable and inclusive.



Discourse 5: Innovative Path

MSC is committed to innovating its processes, products, and production methods to enhance efficiency and meet the needs of society, all while addressing environmental challenges. As a leading player in the steel industry, MSC takes a distinctive approach by focusing on technology development and innovation to drive continuous improvement, global outreach, and the establishment of a sustainable business model. This company goes beyond merely producing steel; it fosters a legacy of innovation and excellence that will endure over time. MSC is dedicated to shaping a better future where innovative ideas are embraced and leveraged for ongoing enhancement



2023 at a glance



The data in this report reflect the sustainability performance of MSC and Saba Steel Complex for the fiscal year ending on March 19, 2024.

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The steel we make

MSC stands as the largest producer of steel products in the Middle East and North Africa, playing a crucial role in Iran's economic and industrial development. Utilizing advanced and eco-friendly technologies, such as Direct Reduced Iron (DRI) production and steelmaking by Electric Arc Furnace (EAF), the company ensures a complete production chain—from raw material extraction to the manufacturing of final products. This comprehensive approach guarantees self-sufficiency and economic stability. As MSC continues to grow, it lays the groundwork for national development, fulfilling domestic steel needs and facilitating the creation of vital infrastructure, including factories, buildings, bridges, and transportation systems. The significance of MSC becomes even clearer when we consider how integral steel is to everyday life, from the scissors used to cut newborns' umbilical cords to kitchen tools and workshop equipment. More than just a leading industry, MSC symbolizes resilience and sustainability. With its technological innovations and commitment to sustainable practices, the company plays a vital role in boosting Iran's economy and enhancing the daily lives of millions. We obtain our iron concentrate from several key mines, including Golgohar, Zarand, and Sirjan Iranian, all located in Kerman Province, as well as Chadormalu and Bafq in Yazd Province, and

the Sangaan complex in Khorasan Razavi Province. In addition, we source some of the pellets needed for our operations from Golgohar and Ardakan, with plans to also procure from the Sangaan complex soon. This material is transported to our factory via rail. At our pelletizing unit, the iron concentrate is processed into pellets, which are then sent to the direct reduction unit. Here, using natural gas (known as DRI), the oxidized pellets are transformed into sponge iron with at least 92% iron content and 1.8% carbon. This sponge iron is subsequently directed to our steelmaking and continuous casting unit for steel production. Our steelmaking facility features eight electric arc furnaces (EAF), each with a capacity to produce 200 tons of molten steel. The sponge iron, along with scrap, is melted in these furnaces to create molten steel. The molten steel is then transferred to casting machines, where it is shaped into slabs. Once cooled, these slabs move to the hot rolling unit, where they are reheated and rolled through several stages, ultimately forming steel sheets that measure between 1.5 and 16 millimeters in thickness. Some of the hot-rolled sheets produced in this facility are sold according to customer demands. The remaining sheets are sent to the cold rolling unit, where they are thinned down to as little as 0.18 millimeters. After undergoing various finishing processes, these sheets are transformed into galvanized, colored, and tin-coated varieties. Once packaged, they are distributed to both domestic and international markets as rolls and sheets.



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The Beloved Steel

Steel is an essential element that significantly influences many aspects of human life. It is, in fact, a cherished material that has laid the groundwork for human civilization throughout history, playing an undeniable role in the growth of societies and nations. More than just a material, steel serves as the backbone of modern civilization. Its applications are interwoven into the fabric of our daily lives, shaping how we engage with our environment.

Steel is vital in creating the technologies and equipment that effectively contribute to reducing greenhouse gas (GHG) emissions, including wind turbines, solar panels, transportation systems, electricity generation, and the hydrogen industry. Thus, it is clear that to meet the ambitious target of net-zero greenhouse gas emissions by 2050, the world urgently needs high-quality, lightweight, and efficient steel. Additionally, steel is a beloved material in our world because it can be endlessly recycled without losing quality, making it one of the most effective choices for a circular economy. Currently, approximately 30% of new products are made from recyclable steel.

#LoveSteel



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%40

With an average lifespan of 40 years, many steel products can be reused at the end of their life, helping to conserve valuable resources

3500

The steel industry is constantly innovating, developing new products and processes. Out of the 3,500 types of steel we use today, a staggering 75% were not even available 20 decades ago.

%60

Since the 1960s, energy consumption in steel making has dropped by around 60 percent, a remarkable achievement driven by enhanced energy efficiency

%20

Advanced high-strength steels are becoming increasingly popular across various industries because they are lighter and stronger, resulting in a smaller environmental impact



By 2050, it is anticipated that global steel consumption will rise by approximately 20% compared to current levels, in order to satisfy the demands of the world's growing population

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Products and their applications

Hot-rolled and pickled steel Sheets



Re-rolling, pipes and profiles for construction and manufacturing of machineries, fluid transfer pipes, pressure vessels, containers and storage tanks for liquefied petroleum gas, offshore structures, building structures, vehicle chassis, and tensile products

Tin-plated steel



Construction, home appliances, automobiles

Cold-rolled steel



Visible and invisible surfaces of automobile body and related parts, home appliances, light weight pipes, radiators, barrels, glazing, electrical industries, tensile products, light industrial structures

Color coated steel



Construction, home appliances

Galvanized steel



Commonly found in construction, household appliances, and automotive applications

Checker steel plate



Offshore Industries, vessels, Industrial Stairs, locomotive wagons, and automotive industry

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Part 2: Sustainability Approach





Our sustainability framework

At MSC, our commitment to creating a better future for our stakeholders—stemmed from our purpose (management philosophy)—has made sustainability a key element of our strategy. To support our primary goal of "sustainable development (Environmental, social and governance)" we have established our sustainability framework. This framework outlines our key sustainability focus areas, categorized under environmental, social, and governance (ESG) topics, as identified by dedicated working groups. It also details the objectives and actions for each area.

This framework guides us on our journey toward a brighter future. By leveraging this framework, we aim to contribute to the sustainable growth and development of our communities while advancing our own progress, ultimately fostering a sustainable business that benefits stakeholders across all environmental, social, and economic dimensions.

Receiving Five-Star Award for Excellence at an international level

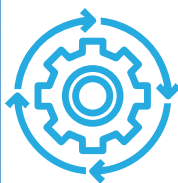
The International Environmental, Social, and Governance (ESG) Excellence Award is presented by three esteemed international organizations i.e. BPIR, GBN, and the Center for Organizational Excellence Research in New Zealand. This award assesses organizations based on their commitment to sustainability and their performance in environmental, social, and governance (ESG) practices. In 2023, MSC made history by becoming the first in the country's steel industry to earn the title of "Five-Star Excellence in Sustainability" thanks to its effective ESG strategies.





Sustainability focus areas

Environmental	Focus areas	Sustainability goals
	Water management	Reduction of fresh water withdrawal
	CO2 intensity	Reducing CO2 emissions in order to achieve zero emmision steel
	Air pollutant emissions	Reducing emissions of pollutants into the air
	Energy management	Energy saving
	Circular economy	Development of circular economy
	Using clean and renewable energy	Providing part of the company’s energy needs from renewable energy sources
Social		Creating safety leadership capability at all levels of the organization to achieve zero injury
	Health and safety of employees	Improving the industrial safety and health of contractors
		Establishment of process safety management system
		Improving the quality of services and supporting health programs for employees and depende
	Interaction with the community	
Supporting local communities	Improving the social position of the company in society	
Governance		
	Ethics, transparency, good governance	Promoting the position of transparency among IMI100 companies
	Innovation in technology and product	Development of innovation ecosystem
		Development of innovative steel products
	Responsible economic performance	Improving responsible economic performance
	Consistency of profits	



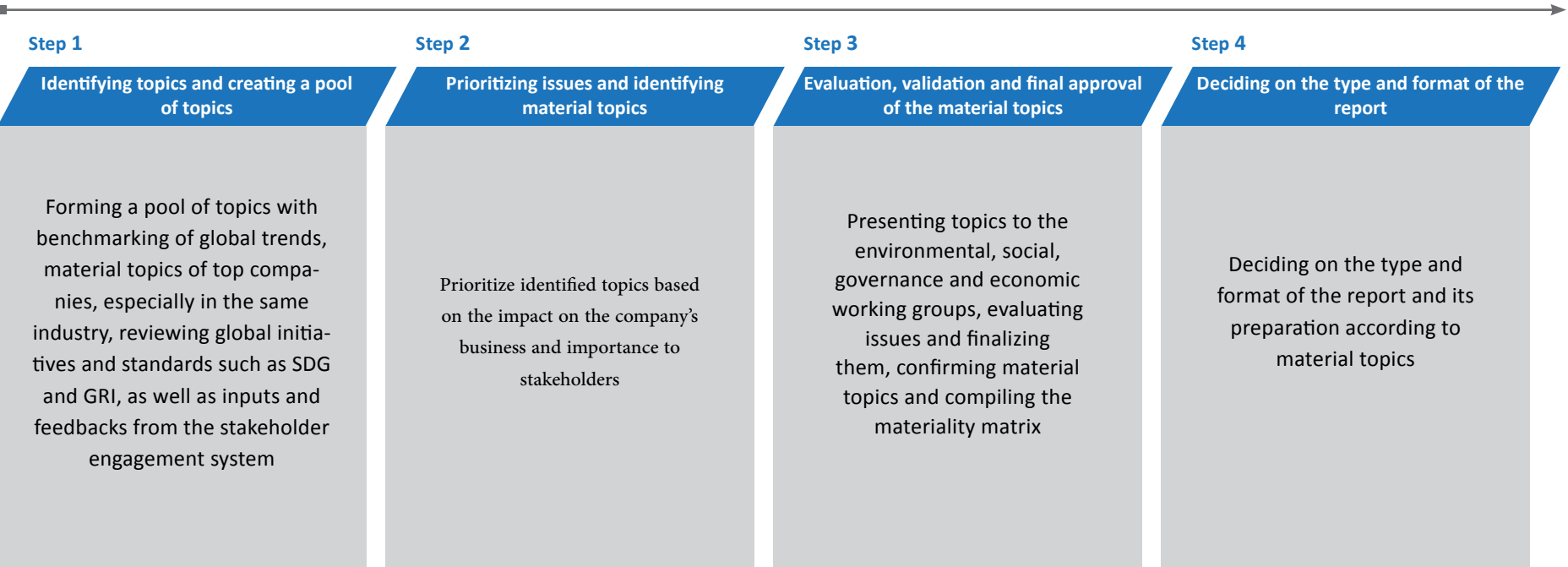
To pinpoint key sustainability areas (ESG), specialized working groups focused on environmental, social, and governance issues were established. These groups identified and defined their focus areas by analyzing stakeholder needs and expectations, benchmarking against global initiatives and standards such as the Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI), as well as considering significant trends and material topics in the world's top companies in the same industry. Furthermore, during their meetings, these groups set sustainability goals aligned with their identified focus areas.



Materiality analysis

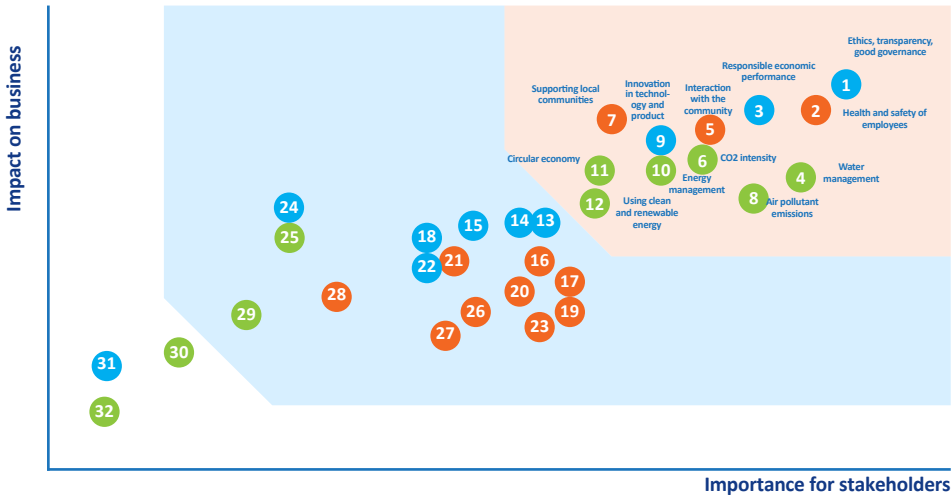
MSC conducts an annual materiality analysis to identify and evaluate key sustainability topics within the organization. The insights gained from this analysis help us shape the company's sustainability framework, along with related strategies, goals, and actions, and we report on our performance in these areas. To carry out the materiality analysis, we first create a repository of topics by benchmarking against global trends, examining the practices of leading companies, especially in similar industries, and reviewing global initiatives and standards like the Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI). We also incorporate feedback from our stakeholder engagement processes. Following this, we prioritize the topics and extract the material topics. Finally, once these topics are approved, we select and finalize the format and type of our sustainability report, which is then prepared. Notably, in the 2024 report, the focus areas for 2023 were confirmed after conducting the necessary analyses.

Materiality analysis process





Materiality matrix



Material issues	International initiatives and standards	
	GRI	SDG
1 Ethics, transparency, good governance	GRI 205	SDG 16
2 Health and safety of employees	GRI 403	SDG 3
3 Responsible economic performance	GRI 201, 203	SDG 8
4 Water management	GRI 303	SDG 6
5 Interaction with the community	GRI 413	SDG 11
6 CO2 intensity	GRI 305	SDG 11, 13
7 Supporting local communities	GRI 413	SDG 11
8 Air pollutant emissions	GRI 305	SDG 11, 13
9 Innovation in technology and product		SDG 9
10 Energy Management	GRI 302	SDG 7
11 Circular economy	GRI 306	SDG 12
12 Use of clean and renewable energy	GRI 302	SDG 7

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Material issues

4 Water management

6 Intensity of CO2 emissions

8 Air pollutant emissions

10 Energy Management

11 Circular economy

12 Use of clean and renewable energy

25 Material efficiency

29 Sanitation of drinking water and food

30 Environmental management system

32 Biodiversity

2 Health and safety of employees

5 Interaction with the community

7 Supporting local communities

16 Training and development of human capital

17 Quality of life and work-life balance of employees

19 Organizational justice and equal opportunities

20 Providing consistent livelihood for employees

21 Training and development of people with the potential to attract in the future

23 Community health

26 Interaction and communication with employees

27 Employment

28 Hiring competent human resources

1 Ethics, transparency, good governance

9 Innovation in technology and product

3 Responsible economic performance

13 Protecting the rights of shareholders

14 Increase customer satisfaction

15 Variety of product portfolio

18 Digitization and smartization

22 Shared growth with business partners

24 Risk management

31 New business investment

* The numbers placed next to the topics as well as the importance matrix indicate the priority of each topic.



The linkage between the discourses of creating a better future and material topics of MSC:

		Discourses of creating a better future				
		Excellence Path	Driver Path	Green Path	Responsible Path	Innovative Path
Material topics	Ethics, transparency, good governance	●				
	Health and safety of employees	●			●	
	Responsible economic performance		●			
	Water management			●		
	Interaction with the community				●	
	CO2 intensity			●		
	Supporting local communities				●	
	Air pollutant emissions			●		
	Innovation in technology and product		●			●
	Energy Management			●		
	Circular economy		●	●		●
	Use of clean and renewable energy			●		

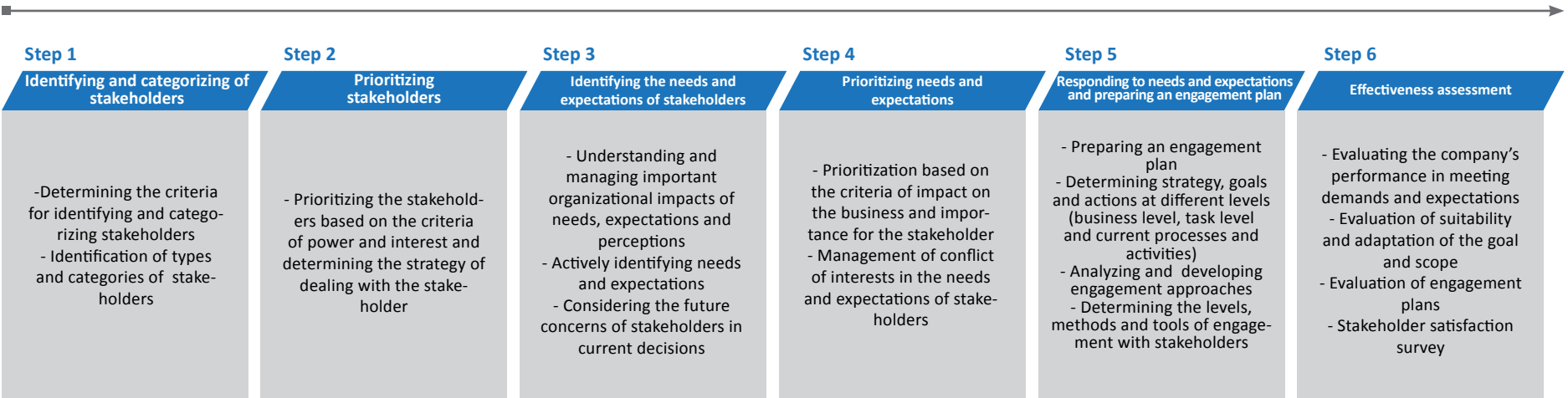




Stakeholder engagement

At MSC, our primary goal is to create a better future for our stakeholders. To achieve this, we place great importance on understanding their needs, expectations, and concerns. We gather feedback from stakeholders through various communication channels, which helps us identify their priorities. This information is crucial not only for our Stakeholder Engagement system but also for shaping our strategies across different levels of the organization, especially in sustainability efforts. We have established a six-step model for stakeholder engagement. First, we identify and categorize our stakeholders. Next, we prioritize them based on their level of interest and power. After that, we actively seek to understand their needs and expectations, taking into account their future concerns in our current decision-making processes. In the fourth step, we assess the stakeholders' needs and expectations based on impact on the company and importance for the stakeholder. This leads to the development of our Stakeholder Engagement Plan (SEP), which addresses their diverse needs and expectations. Finally, we evaluate how well we are meeting these demands and assess the effectiveness of our engagement process to ensure it aligns with our goals. We also review our engagement programs and gather feedback from stakeholders to improve our approach.

The process of stakeholder engagement





MSC’s key stakeholders

Suppliers	Customers	Shareholders
<p>Why this stakeholder group is important to us: They provide raw materials and services vital to the production and continuation of our business.</p> <p>How we engage with them:</p> <ul style="list-style-type: none">● Face-to-face meetings and visits to suppliers' sites● Official correspondence, email, phone and fax● Supplier Relationship Management (SRM)● Survey● Attending exhibitions and conferences● Holding a conference for suppliers● Social media● Steel newsletter <p>What are the key topics of engagement:</p> <ul style="list-style-type: none">● Developing a sustainable relationship● Proper communication and interaction with company managers● Timely payment of bills	<p>Why this stakeholder group is important to us: They give us the opportunity to build mutually beneficial long-term relationships, and meeting their expectations is the foundation of our business success.</p> <p>How we engage with them:</p> <ul style="list-style-type: none">● Customer Relationship Management (CRM)● Survey● Visiting customers' sites and vice versa● Holding technical and business meetings● Holding joint exhibitions and conferences● Claims, complaints and other customer feedback● Office correspondence, email, phone and fax● Social media● Technical booklet/brochure/catalogue● Collaboration/joint project <p>What are the key topics of engagement:</p> <ul style="list-style-type: none">● Quality of products● Timely delivery● Flexibility in terms of financial payment● Competitive price● Stability of supply● Production of special products● Responsiveness and continuous communication● Providing technical guidance and recommendations	<p>Why this stakeholder group is important to us: They are the owners of the company</p> <p>How we engage with them:</p> <ul style="list-style-type: none">● Extraordinary General Assembly and Annual General Assembly● Approvals and minutes of the General Assembly● Board meetings● Office correspondence, telephone, fax and email● Survey● Face-to-face communication (in person and meetings)● Stock exhibitions● Company website● Social media <p>What are the key topics of engagement:</p> <ul style="list-style-type: none">● Improving economic performance (profitability, production and export)● Maximum distribution of cash profit● Timely and effective implementation of development plans● Provide clear, accurate and timely information and reporting● Attention to the principles of sustainability and social responsibilities● Using expert managers in the board of directors and key jobs of companies● Variety of response channels with a focus on electronic channels



MSC’s key stakeholders

MSC Group companies

- Why this stakeholder group is important to us:**
MSC Group companies are members of our family.
- How we engage with them:**
- Meetings and visits
 - Board members and audit committees of companies
 - Office correspondence, email, phone, fax and social media
- What are the key topics of engagement:**
- Developing strategic direction and holding meetings to align company goals and strategies
 - Sharing knowledge and management skills at the level of group companies
 - Integrated salary payment system at the group level
 - Using expert managers in the board of directors and key jobs of companies
 - Stable supply of raw materials and consumables

Employees

- Why this stakeholder group is important to us:**
Employees are the key to the success of our business. Their efforts are instrumental in realizing our strategies and goals and for the growth of our business.
- How we engage with them:**
- Joint meetings with leaders, managers, bosses and supervisors
 - Correspondence, phone calls and in-person referrals
 - Employee performance management system
 - Survey
 - Social networks and systems (such as the employee portal, My Steel app.)
 - Steel newsletter
 - Complaints system
 - Educational and consulting services
- What are the key topics of engagement:**
- Improvement of living conditions and welfare
 - Effective development of succession system
 - Continuous improvement of safety and health of employees and working environment conditions
 - Providing appropriate and effective training
 - Notification of important and related events and news
 - Establishing communication channels between MSC and retirees
 - Establishing a balance between responsibility and authority and compensation for services
 - Improving the incentive and compensation system according to performance, competence and organizational position and job responsibility
 - Solving pension fund problems
 - Establishing the work-life balance of employees

Society and legal entities

- Why this stakeholder group is important to us:**
The social and legal license of our activity depends on creating value for society as well as effective engagements based on rules and regulations with them and legal entities.
- How we engage with them:**
- Legal requirements and standards
 - Correspondence and official requests
 - Face-to-face meetings and agreements
 - Reports
 - Conferences and exhibitions
 - Survey
 - Steel newsletter
 - public media
 - website
 - Social media
 - Press conferences
- What are the key topics of engagement:**
- Improving economic performance (profitability, production and export)
 - Compliance with rules and regulations
 - Transparency and accuracy in providing information
 - Optimal use of energy sources and carriers (water, natural gas)
 - Management of pollutant emissions
 - Optimal waste management
 - Using renewable energy and new technologies to reduce carbon emissions
 - Supporting and providing the maximum needs of the downstream industries of the province
 - Playing a role in national and regional development
 - Providing economic and development achievements
 - Providing assistance in line with social responsibilities
 - Compliance of activities with legal requirements
 - Transparency and accountability

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MSC is dedicated to ensuring a sustainable and prosperous future with an endless commitment to continuously protecting the environment, enhancing social welfare, and practicing responsible governance.



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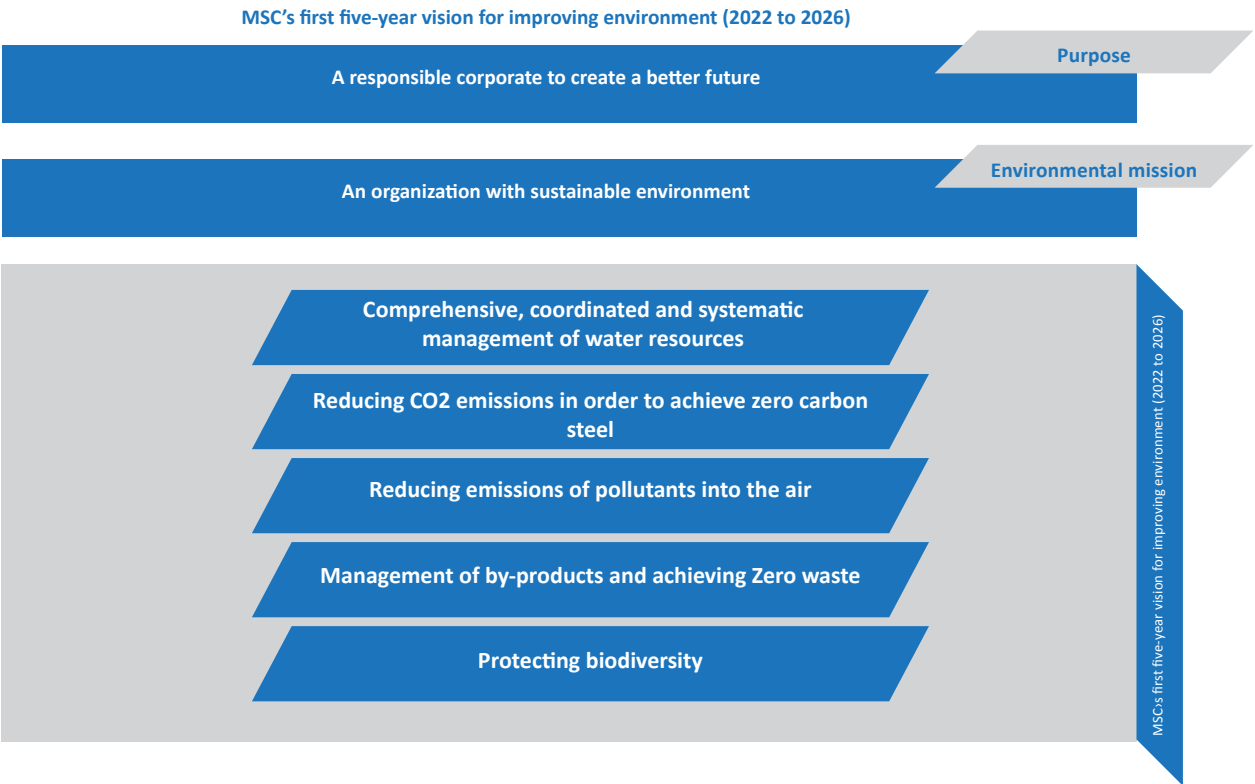




Response to climate change

Today's world grapples with the pressing challenges of global warming and climate change. As the impacts of climate change become more apparent in our daily lives, it is increasingly crucial to reduce the environmental consequences of industrial activities and to develop effective responses to these challenges. At MSC, we recognize climate change as a significant risk and have made efforts to address it through various strategies aligned with green path discourse for a better future. We also view climate change as an opportunity to innovate and create environmentally friendly technologies and products. To tackle climate change, we have prioritized the installation of carbon and greenhouse gas monitoring systems, investment in renewable energysources, and the thoughtful and responsible development of green spaces. Accordingly, MSC has set forth its document of MSC's first five-year vision for improving environment (2022 to 2026) aimed at managing environmental impacts. This plan focuses on enhancing environmental performance and minimizing the company's ecological footprint as its primary goals. MSC monitors its environmental impact and tracks the achievement of its environmental goals through a range of indicators, including carbon emissions, SOx, NOx, and dust emissions, water

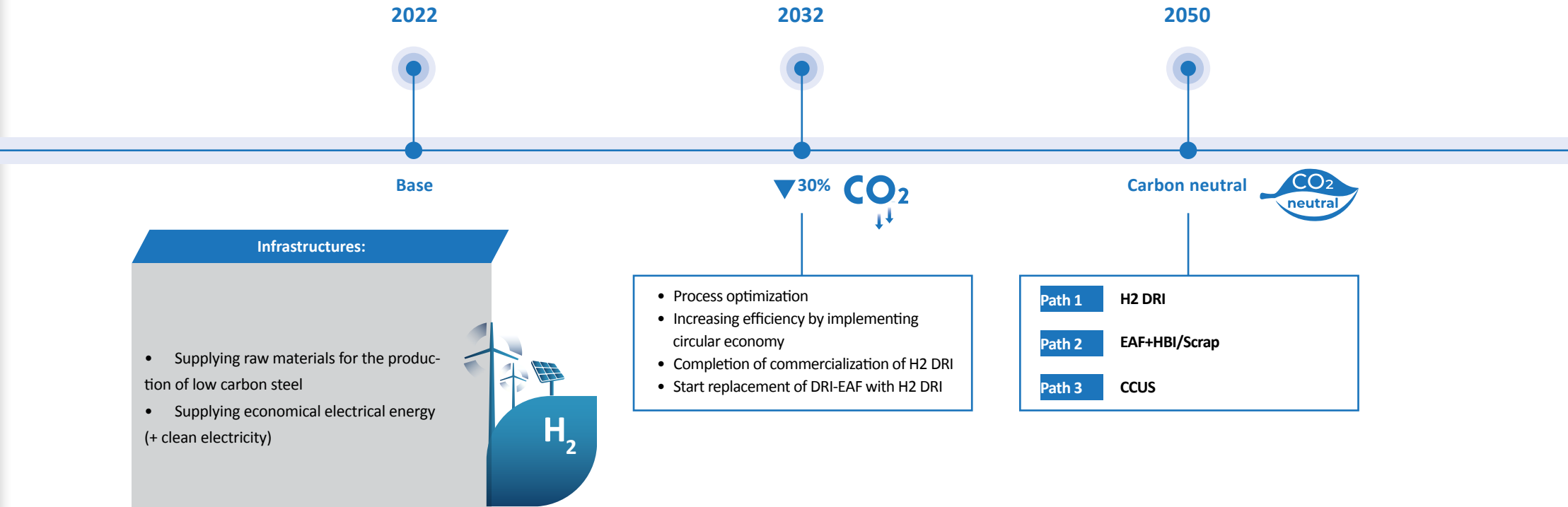
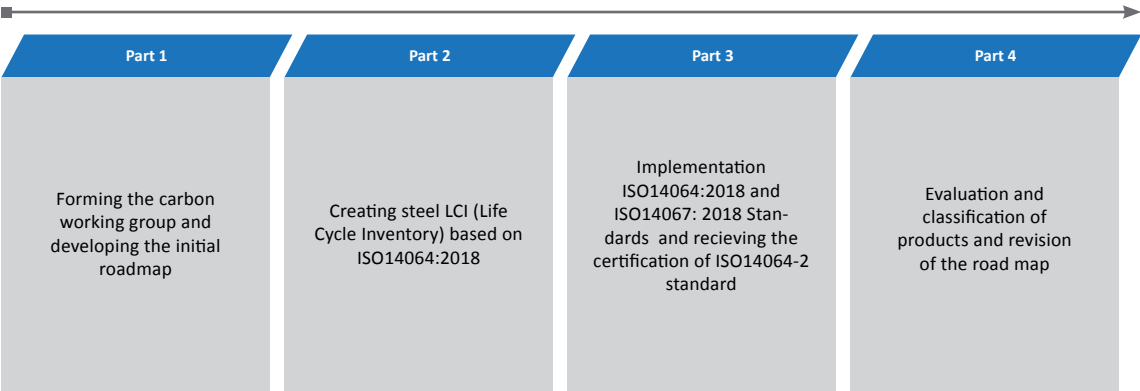
consumption intensity, energy consumption intensity, and material efficiency. We aim to take more sustainable steps towards environmental sustainability by enhancing our performance across these indicators. To support this, we are incorporating life cycle assessment (LCA) of products into our environmental workflows, launching a research project focused on life cycle assessment of products, and developing online assessments of environmental performance across different company areas. Additionally, we are collaborating with universities and research centers based on a prioritized list of environmental research topics. We have also streamlined the process for identifying and assessing the organization's environmental aspects to ensure consistency in how we evaluate the environmental impacts of our factory areas, with all relevant information recorded in the system at www.hse.msc.ir.





A roadmap for achieving carbon neutrality

As we aim for carbon neutrality by 2050 and strive to keep global warming below 1.5 °C annually, MSC is placing a strong emphasis on minimizing its carbon footprint and reducing greenhouse gas emissions along with other air pollutants. One of the most crucial steps in this effort is the creation of a comprehensive roadmap for achieving carbon neutrality. This roadmap outlines key initiatives across four main sectors.



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A roadmap for achieving carbon neutrality

According to the carbon-neutral roadmap of MSC, the company aims to cut its carbon emissions by 30% by 2032. We plan to achieve this through various strategies, including optimizing of processes, enhancing material efficiency through a circular economy, and finalizing the commercialization of direct reduction with hydrogen (H2 DRI). Additionally, we intend to replace the DRI-EAF method with H2 DRI. The second part of the roadmap outlines that carbon neutrality can be reached by 2050 through three approaches: Pathway 1 focuses on H2 DRI, Pathway 2 combines EAF with HBI/Scrap, and Pathway 3 involves Carbon Capture Utilization and Sequestration (CCUS).

Monitoring and controlling air pollutants

MSC actively manages its carbon and pollutant emissions through a variety of strategic initiatives. To achieve this, the levels of environmental pollutants and dust are measured at 25 and 45 locations, respectively. Specifically, pollutant gases are monitored online at 12 of these sites, while dust emissions from chimneys are tracked at five locations. In addition to measuring gases like CO, NOx, and SO2, at least 52 other parameters related to the water and wastewater produced are assessed by an accredited laboratory from Iran's Department of Environment. Key actions taken by the company in pollutant monitoring include:

- Assessing soil pollutants as part of the monitoring efforts
- Tracking pollutants released from the company’s transportation systems in relation to air quality
- Installing and operating three air quality measurement systems (AQI: Air Quality Index) within the factory, providing real-time data that can be monitored online through the environmental SCADA system, available 24/7.
- Planning to implement the second phase of online monitoring for emissions from the chimneys of production units
- Launching the environmental SCADA system to oversee, manage, and consolidate measurement data as part of a digital transformation initiative
- Setting up a weather station at MSC to monitor air quality parameters, with data recorded online at www.hse.msc.ir and shared with international stations across the country.



▲ Air quality measurement equipment



▲ MSC's weather station

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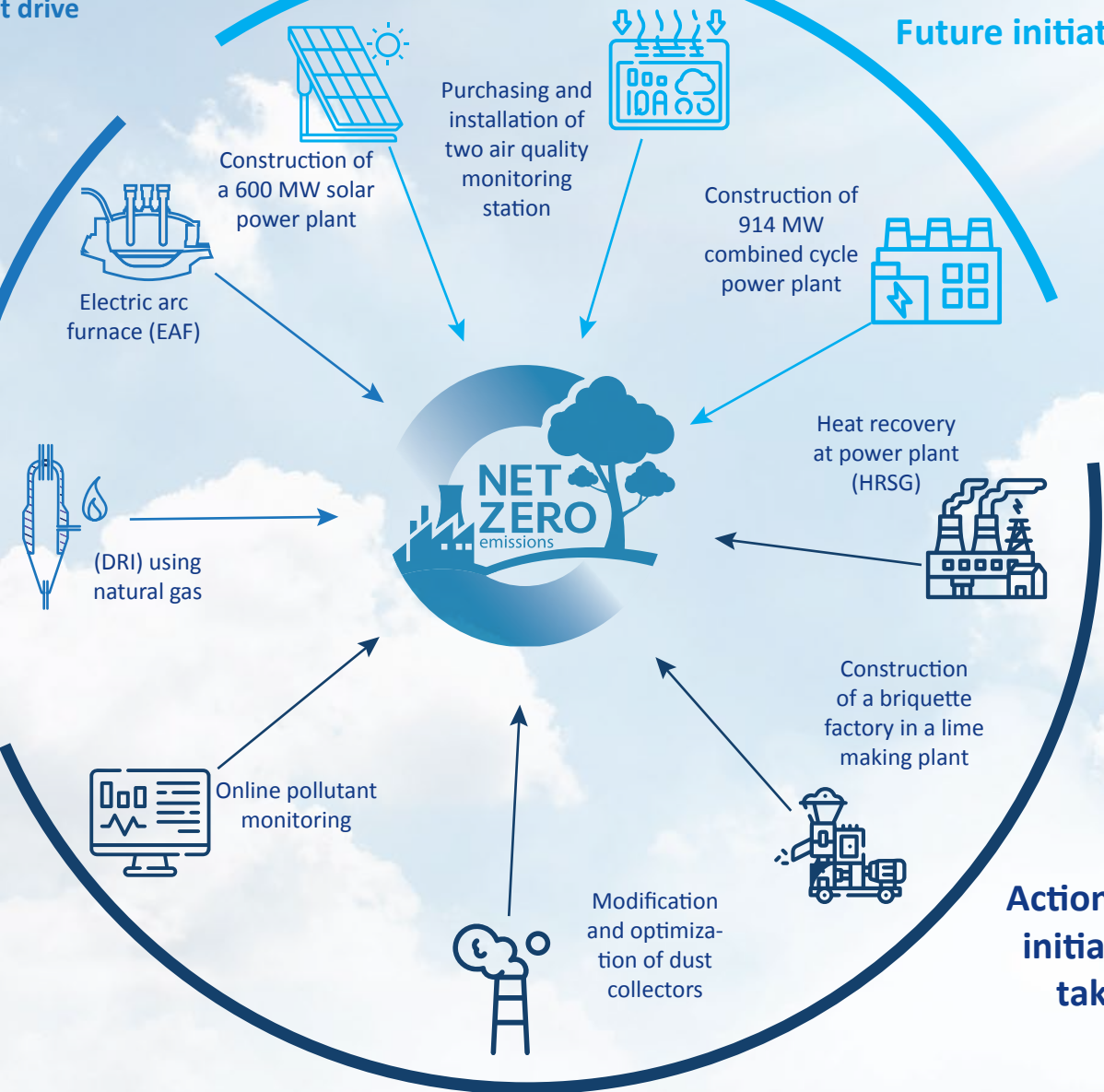
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Technologies, actions and initiatives that drive us towards net zero by 2050

Available technologies



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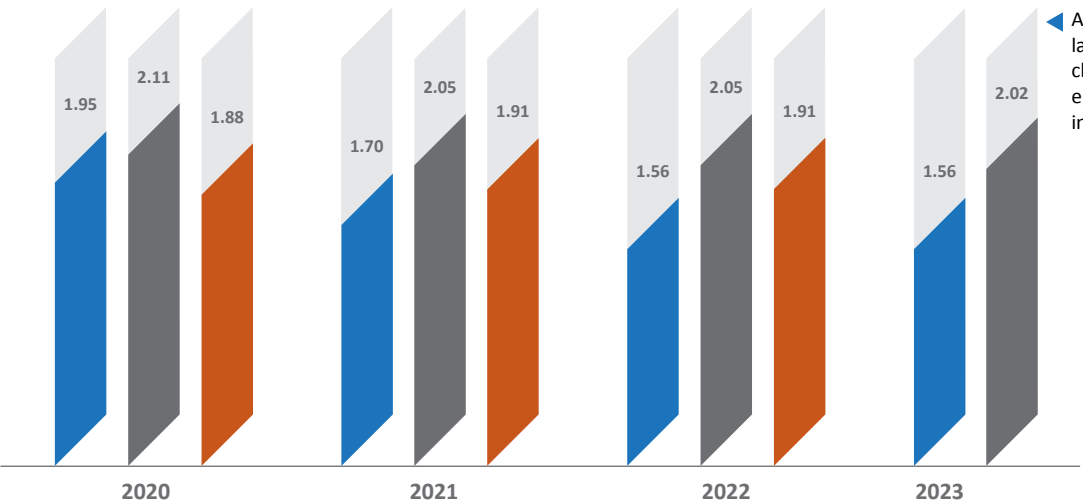
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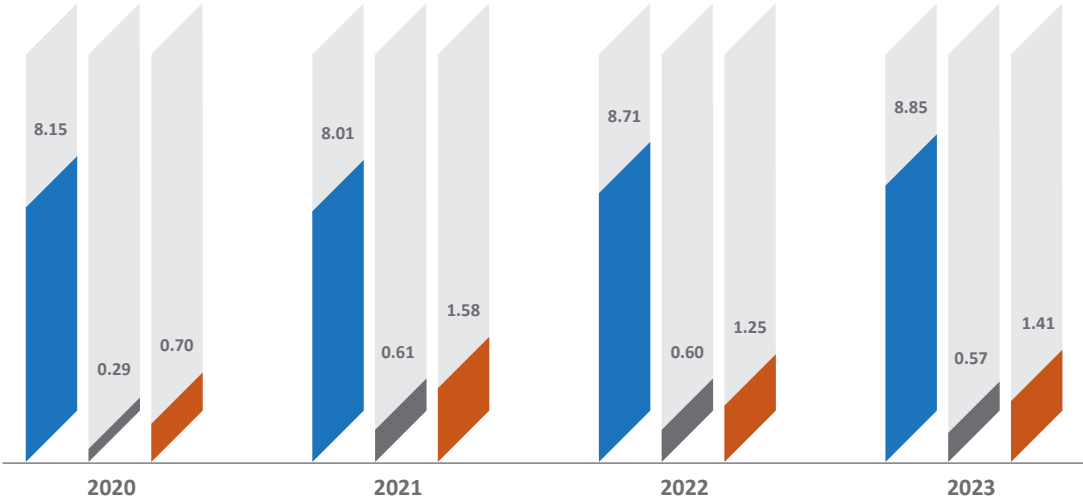
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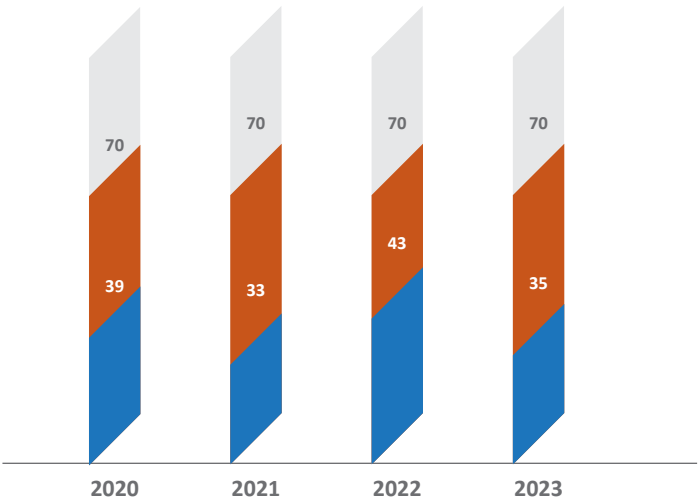


Worldsteel POSCO MSC
CO2 intensity (ton of CO2/ton of crude steel)



Crude steel production (million ton) SOx (Kg/ton of crude steel) NOx (Kg/ton of crude steel)
SOx and NOx intensity comparison

Although crude steel production has risen, CO2 emissions have actually decreased over the last four years. MSC has contributed to this decrease by increasing its use of scrap in furnace charges, cutting down on diesel fuel consumption, selling slag as a by-product, and heat recovery from its gas power plant (HRSG). These factors have played a crucial role in reducing the intensity of CO2 emissions.



Limit Actual
Ambient dust emission concentration/PM10 (µg/Nm³)

MSC has implemented a variety of initiatives aimed at reducing air pollutants, with several of these measures proving effective in decreasing ambient dust in 2023. These initiatives include:

- The establishment of a facility to convert lime powder into briquettes, which helps control dust emissions and prevents the waste of raw materials
- The mechanization of fine dumper trucks in the wagon turn unit for stacking and reclaiming, aimed at reducing dust emissions in the ironmaking area, with an investment of approximately 3.5 million euros
- The installation of a water spraying system and lime milk spraying during the transfer of concentrate materials to the pelletizing unit
- Enhancements to the dust collectors in the pelletizing unit through the development of wear-resistant silicones
- Carrying out a project to resolve dust leakage issues from the sintering furnace in the pelletizing unit
- The installation of roof dust collectors in the steelmaking factory
- The mechanization of industrial cleaning systems in the steelmaking factory
- An initiative to organize the area for the removal of blocked slag pots in steelmaking
- Improvements to dust collectors in the scrap recycling hall
- The cleanup of the acid recovery area, which has led to the removal of oxide powder deposits, a reduction in pollutant emissions due to poor environmental conditions, and the transfer of these materials to the process waste unit for proper storage and preparation for sale

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Social responsibility in carbon emission reduction

As a responsible company, MSC is committed to reducing carbon emissions and other pollutants. In addition to its internal production initiatives, it also engages in social projects outside the factory. Some of these projects include:

- The purchase and installation of two comprehensive air quality monitoring stations (AQI) at a cost exceeding 250,000 euros in critical areas of Isfahan province
- Optimizing the process of brick kilns in Isfahan province

Participation in monitoring and reporting of GHG emissions

Climate change presents a significant challenge for human societies overall, and the steel industry faces it particularly acutely. In order to contribute effectively to the goals, set by the Paris Agreement, steel companies need to accurately measure their carbon emissions. The first step towards managing CO2 emissions involves collecting and analyzing data to assess the industry's performance. Since 2007, MSC, along with Saba Steel Complex, has been sharing its data on the Data Collection System available on the WorldSteel Association's website (www.worldsteel.org). This allows them to implement effective carbon management strategies across their various operational sites based on thorough analyses. To monitor reductions in carbon emissions and other greenhouse gases, a project has been initiated to produce superheated steam by recovering energy from the flue gases of a gas power plant for use in a steam power plant, which can potentially reduce CO2 emissions by at least 120,000 tons annually. Also, the construction of a 914 megawatt class F combined cycle power plant, which after completion can reduce the consumption of 99.7% of water and 40% of natural gas compared to the current power plants, and generally eliminate 10% of the country's energy imbalance. Furthermore, the company is developing a -600 megawatt solar power plant and a -200 megawatt wind power plant as part of its green chain of steel production initiative, both of which are anticipated to play a significant role in reducing greenhouse gas emissions in the future, both directly and indirectly.

In addition, training courses on carbon management have been conducted within the company to explore practical solutions for reducing greenhouse gas emissions. The implementation of management standards ISO 14064-1:2018 (requirements for the

design, development, management, reporting and verification of an organization's GHG inventory) and ISO 14067:2018 (carbon footprint of products monitoring) has been planned since 2023.



▲ This certification has been awarded to MSC due to participate in the reporting and monitoring of greenhouse gases by the World Steel Association (WorldSteel).

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Smart and Responsible Green Spaces

Forests and trees play a crucial role in maintaining the Earth's climate balance. They assist in absorbing carbon and other pollutants, preserving soil, and promoting biodiversity. At MSC, we recognize the significance of this role and have made it our mission since our establishment to develop the green spaces and artificial forests in our surrounding area in a responsible and intelligent manner. Here are some of our key initiatives:

- MSC has allocated 43% of its total area to tree and shrub planting and the creation of artificial forests, far exceeding the legal requirement of 25%. Currently, we maintain around 1,500 hectares of green space and forest, significantly contributing to pollution control and reducing the impact of dust storms on nearby cities and residential areas. Research indicates that the green spaces at MSC have sequestered over 21,302 tons of carbon through storage in tree structures. To achieve this, our green space has absorbed 77,965 CO2 from the atmosphere. While capturing this amount of carbon dioxide in an industrial way requires a cost equal to 24 million euros. Furthermore, the presence of these trees has released over 56,663 tons of oxygen into the air, equivalent to 13,217,000 ten-liter oxygen cylinders, which charging these amount of oxygen cylinders costs 4 million euros.
- To make the most of water resources, over 99% of the green areas at MSC are irrigated using a drip irrigation system. This method boasts an impressive efficiency of 95% and an 85% uniformity in water distribution, currently consuming just 0.1 liters of water per second for each hectare. When accounting for the irrigation schedule throughout the year, this technique uses about 3.5 million cubic meters of water annually. In contrast, if traditional methods like flooding were employed, the maximum efficiency would drop to 45%, leading to uneven water distribution and a minimum requirement of 7 million cubic meters for irrigation. Thus, switching to drip irrigation saves approximately 3.5 million cubic meters of water each year.
- The majority of the water needed for irrigating the trees and green spaces at MSC comes from treated wastewater from the factory and from nearby cities.



MSC's artificial forests,
are the green lungs of the region

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Every tree, a green footprint

Recognizing the vital role trees play in improving environmental conditions—such as enhancing soil health, water resources, and biodiversity—MSC has gone beyond merely preserving and expanding the greenery within its own grounds. In line with its commitment to fostering a better future, the company has actively participated in the national initiative "Tree for Life," which aims to plant one billion saplings across the country. A key focus of the company's five-year environmental plan is to reduce CO2 emissions by improving operational processes and implementing various eco-friendly initiatives, including tree planting in the -1,500 hectare green space surrounding MSC. In 2023, on Tree Planting National Day, the company distributed 26,000 saplings to its employees, encouraging them to plant these trees in their favourite spots in their communities. Furthermore, MSC plans to invest in a greenhouse capable of nurturing six million saplings and has already donated three million of these trees to the country's Natural Resources and Watershed Management Organization.



▲ The signing of agreement on the participation of MSC in the production of three million saplings between the CEO of MSC and the director general of the Department of Natural Resources and Watershed Management of Isfahan Province- 2023





Investment in the construction of a greenhouse with a capacity of **6 million** seedlings



Donation of **3 million** seedlings to the National Forests and Watershed Management Organization

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Protecting Biodiversity

At MSC, we take our responsibility towards the environment and the biodiversity it supports very seriously. That's why we have established planted forests to help preserve and enhance the variety of plant and animal life in our operational areas. Additionally, we are actively involved in biodiversity conservation efforts beyond our company's borders. For instance, our recent initiative to protect plant and animal species in the Mouteh National Park in the northwest of Isfahan province includes building a 700 m³ storage facility for gazelles' fodder, highlighting our commitment to this cause. Moreover, we have installed 360 solar panels to provide clean energy for ranger stations across the country, supplied vehicles for park rangers, and participated in the renovation of ranger station buildings in Isfahan's wildlife conservation areas. These efforts are all part of MSC's commitment to fostering sustainable environmental development and preserving biodiversity.



▲ Construction of a 700 m³ warehouse for storing fodder for gazelles in the Mouteh National Park in the northwest of Isfahan province



▲ Provision of motorcycles for park rangers to carry out missions for the protection of biological species



▲ Installation of a 1200-watt solar panel at the Dez station in Khuzestan Province



Protecting Biodiversity

One of the key initiatives for protecting biodiversity is a research project titled "Identifying and Creating an Atlas of Animal Species and Reviewing Flora and Vegetation at MSC". This project aims to establish a robust and up-to-date database of the region's flora and fauna, which will serve as a foundation for future bioremediation studies. The goals include improving the local plant and animal conditions, enhancing the quality of life for MSC's employees and local residents, and increasing awareness of the current state of the region's wildlife and plant life, as well as the impacts of the company's activities on these species.

Life Watch

"Life Watch" is a campaign aimed at protecting and supporting the environment in Isfahan. This initiative strives to preserve life and deliver the important message that the fate of our planet's ecosystems is intertwined with our own! For too long, humanity has overlooked its responsibilities toward the environment. Backed by MSC, this campaign has been designed and launched to align with its commitment to green path discourse, focusing on fulfilling these responsibilities and raising awareness about environmental issues.

What Does the Life Watch Do?

Raising awareness and media engagement: The primary mission of the Life Watch campaign is to educate individuals about their environment and the actions they can take to protect it. This awareness is delivered through various media formats and campaigns, utilizing different communication strategies to reach a broader audience.

Education: Another key focus of the Life Watch is education, starting with young children in kindergartens. This is crucial because the survival of various species is closely linked to the future of these children. The educational efforts extend to adults as well, reflecting the belief that everyone can benefit from learning about environmental issues..

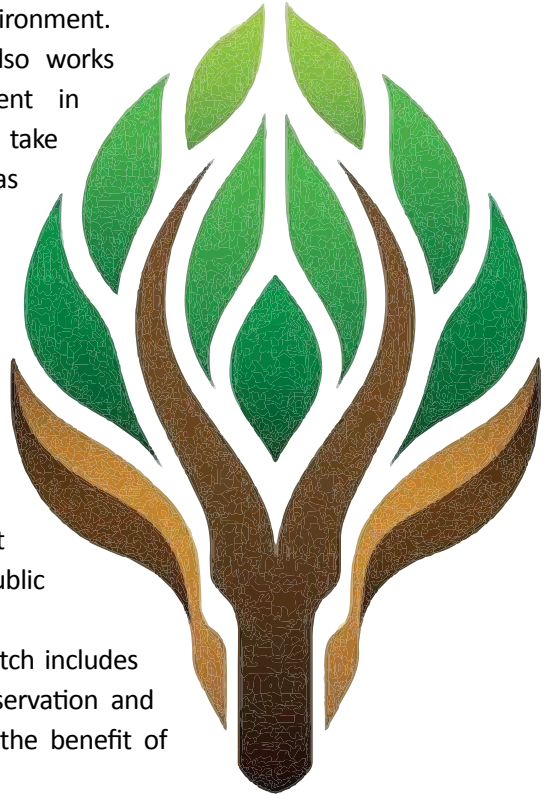
Wildlife tours: Participants in specially designed courses and tours gain a deeper understanding of Isfahan's wildlife. These experiences provide

a unique opportunity for nature enthusiasts to connect directly with their local wildlife and environment.

Engaging support: The Life Watch also works to encourage community involvement in environmental protection. Support can take many forms, and the Life Watch serves as a bridge for those who care about their environment and want to contribute. This involvement can be monetary, non- monetary, or take on various other forms..

Content generation: Another activity of the Life Watch involves producing informative content. This content is aimed at raising awareness about endangered species and enhancing public knowledge about them.

Events: Another activity of the Life Watch includes organizing events focused on the preservation and identification of biological species for the benefit of experts and specialists.



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Supported species: Saker Falcon

The Saker Falcon (scientific name: *Falco cherrug*) is one of the largest falcon species and a favorite among falconers, particularly in Arab cultures, due to its prominent role in falconry. Unfortunately, this majestic bird is facing the threat of extinction as its population has rapidly declined in recent decades. In response, MSC is supporting conservation efforts through its "Life Watch" initiative. The Saker Falcon typically lives in sparsely wooded steppes, foothills, mountainous areas, and semi-desert regions. It builds its nests in rock crevices or on trees and sometimes takes advantage of old nests for breeding. This species can be found breeding throughout the Alborz and Zagros Mountain ranges in Iran.



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Supported Species: Marbled Polecat

The Marbled Polecat (scientific name: Vormela peregusna), is another species supported by the Life Watch initiative, in collaboration with MSC. The Marbled polecat is a small mammal belonging to the family Mustelidae and the subfamily Mustelinae. It inhabits desert, semi-desert, steppe, shrubland, and thorny regions, avoiding mountainous areas and also being observed in agricultural fields. Due to a 30% population decline in recent years, this species is classified as vulnerable. The primary threats to its survival are habitat destruction due to agriculture and the loss of prey from rodenticide poison use.

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Green Investment

MSC is actively investing in various projects and initiatives aimed at achieving sustainable environmental development. In recent years, the company has planned to invest 2.3 billion euros to help protect the environment, with some of this investment already completed and the rest set to be finalized in the coming years. Significant investments have been made in recent years to install, commission, and operate equipment for dust control, waste management, and energy efficiency across the company. Key achievements include upgrades to the dust collection systems at Saba Steel complex, such as the canopies for the dust collectors on EAF No. 1, the completion of dust collection systems for iron making and steel making sites, managing dust emissions from DRI processes, and the successful transfer and treatment of urban wastewater from nearby cities. Additionally, a briquetting plant has been constructed in the lime unit, and cooling towers have been optimized to reduce water and energy consumption, along with efforts to lower gas usage in hot rolling preheating furnaces. Several major projects have been approved and are currently in progress for the year 2023:

- Developing a method to calculate environmental indicators based on MSC's first five-year vision for improving environment, which will include guidelines and workflows.
- Implementing a product life cycle assessment (LCA) project.
- Participating in the calculation of the carbon footprint for the life cycle of crude steel production following ISO 14067 standards.
- Measuring the concentration of toxic substances in various internal and external areas of the factory.
- Conducting a comprehensive study on emissions, modeling air pollution, and establishing a system to predict air quality.



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Water stewardship

Climate change is leading to a significant decline in freshwater resources, particularly groundwater, which poses a major challenge for Iran. The frequent droughts intensified by climate change have greatly affected how communities and industries access water. Additionally, geographical constraints, low water efficiency, and poor water usage practices have worsened this crisis in recent years. At MSC, we are just as concerned about water as the communities around us. Steel production requires substantial water, and the local populations also depend on it for their daily lives. As a result, for many years, MSC has been committed to developing sustainable policies, managing water efficiently, and implementing proactive strategies to mitigate the effects of climate change. Our policy is not only efficient management of water resources and their consumption, but also water stewardship.

We believe that protecting water is essential for sustainable water management in Iran and plays a crucial role in preserving this natural resource for future generations. Our country is currently grappling with severe water shortages due to limited rainfall, rapid depletion of water resources, and the impacts of climate change. As the population grows and access to water decreases, it becomes vital to manage, conserve, and distribute this essential resource responsibly and equitably. Therefore, we see the shift in our decision-making approach as a critical step towards ensuring water sustainability and building long-term resilience against environmental challenges. To create a better future, MSC has been taking various actions for several years, focusing first on managing and optimizing its water use and second on reducing its reliance on freshwater resources, particularly in the surrounding areas, to lessen its environmental footprint. A significant part of MSC's water supply comes from treating and recycling wastewater and reintegrating it into the production cycle, as well as collecting and purifying wastewater from nearby cities for use in production. This strategy has played a significant role in reducing the company's overall water.

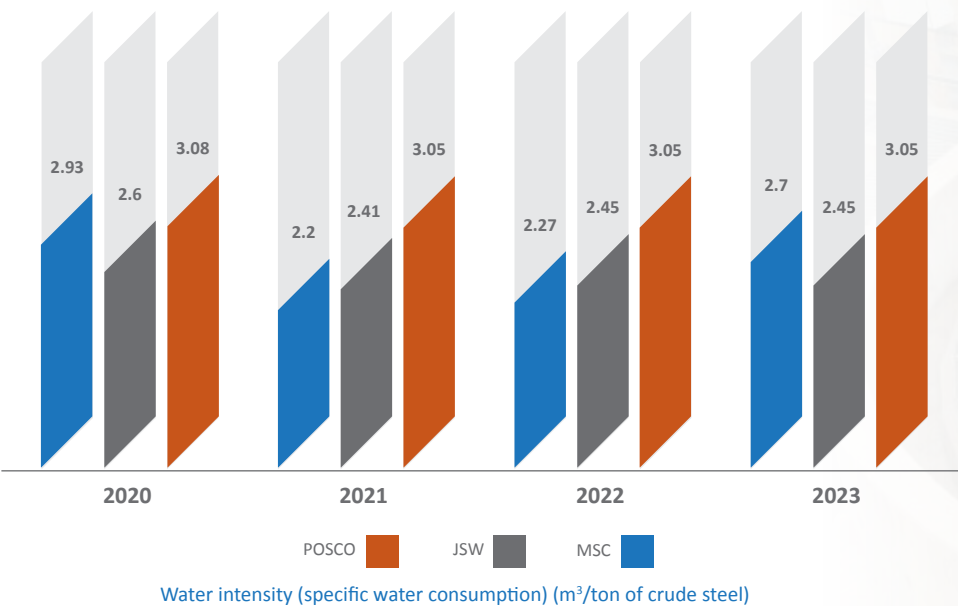
A portion of the water used by the company comes from the Zayandeh Roud River, and currently, our water withdrawal from this river is less than 1% of its capacity. Initially, the company's water withdrawal rights were set at about 40 million m³ per year, but this figure has now dropped to around 20 million m³ in the year 2023. MSC has successfully reduced its water consumption per ton of crude steel produced, despite increasing production levels. The amount of water consumption has decreased significantly from 16.6 m³ per ton of crude steel in 1992 to just 2.7 m³ per ton in 2023, thanks to our water conservation policies and strategies. Additionally, since the quality of the water is crucial for maintaining factory equipment and managing repair costs, the planning is always done to ensure that, given current water conditions, the maximum water withdrawal from the Zayandeh Roud River remains capped at about 20 million m³ per year. It's also important to note that with the new water transfer project from the Oman Sea, the water withdrawal from the river will be limited to drinking water only.

Water Management System

MSC has implemented the ISO 46001:2019, water efficiency management system, to ensure effective water management and has successfully obtained certification for it. To promote sustainable water management, the company has undertaken several initiatives, including enhancing the quality of industrial water, optimizing water consumption, establishing monitoring and measurement systems, reducing raw water withdrawal, and planning infrastructure projects. Additionally, to set up the water efficiency management system and secure the ISO 46001:2019 certification, the company has carried out the following actions:

- Training of 800 employees on the standard
- Establishing a water committee
- Identifying measurement tools and calibrating 50 key devices
- Defining organizational roles and updating competency profiles
- Providing and localizing equipment and products that improve water efficiency
- Review goals
- Upgrading the hot-rolling's wastewater treatment plant
- Conducting internal audits and implementing corrective measures
- Completing the final audit and received certification





Creating shared value, from wastewater to steel

Water is a crucial element in steel production, yet it's a limited resource. To address our company's water needs, we turned to using wastewater from nearby cities. Unfortunately, these cities lacked an effective system for collecting and treating wastewater, creating significant management challenges. This inefficiency not only impacted the local environment but also posed potential health risks for residents. In response, MSC aimed to create shared value for both the company and the local communities by investing in the development of a wastewater network in the surrounding areas. This initiative not only helps improve local infrastructure but also allows us to recycle treated wastewater for our production processes. With the necessary funding provided by MSC, the project for urban wastewater collection and treatment networks in the cities of

Currently, the water required for the factory is sourced from river withdrawals as well as the treatment of urban wastewater. Additionally, the recycling of water in production processes has significantly reduced water consumption, to the extent that the specific water consumption at MSC is now 2.7 m³ per ton of crude steel. Comparison of specific water consumption at MSC with leading global companies such as POSCO and JSW shows that the water consumption at this company falls within the typical global range.

The "MSC's Sustainable Water Management Project" has been recognized as one of the top five projects in the global steel industry for Excellence in Sustainability

According to the WorldSteel Association, MSC's initiative titled "Water Recycling Management and Use of Urban Wastewater from Local Communities" has been acknowledged for its significant impact on sustainable water resource management and its ability to create shared value with the community. This project was named one of the five best among the finalists for the Steelie Award in the "Excellence in Sustainability" category at the 2023 gathering of major steel producers worldwide..



Mobarakeh (Mobarakeh and Safaiyeh) and Lanjan (Zarrinshahr and Varnamkhast) has been implemented. Additionally, studies and implementation are underway for the cities of Majlesi, Talkhounchah, Hassan Abad, Falavarjan, Sooderjan, Kelishad, Shahr-e Abrisham, Baharan, Pirkakran, Baghbahadoran, and Baghshad. This project not only supplies part of the water required by the company and reduces dependence on the Zayandeh Roud River but also significantly improves the region's sanitary conditions. In this context, the gradual transfer of urban wastewater to MSC began in May 2019, with the volume of transferred wastewater increasing over time, reaching over 8 million m³ by 2024. It is expected that by 2031, with an increase in the flow of pre-purchased urban wastewater, 60% of the industrial water used by MSC will be sourced from urban wastewater. This project has been recognized as one of the top five projects for the Steelie Award by the WorldSteel Association and has been nominated as a finalist in the "Excellence in Sustainability" category among leading global steel producers

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MSC's measures for optimizing water consumption

Utilization of non-treatable wastewater (ro rejects) for slag cooling

This measure involves using 105 m³ per hour of non-treatable wastewater for slag cooling, eliminating the need for industrial water for this purpose.

Quantitative and qualitative improvement of the industrial wastewater treatment plant

To produce a portion of the required industrial water from industrial wastewater, the industrial wastewater treatment plant has been upgraded to provide approximately 50% of MSC's industrial water needs through advanced wastewater treatment. The frequent recycling of water within MSC's networks has significantly reduced the company's water consumption. This achievement is attributed to substantial investments in the quantitative and qualitative development of the company's treatment facilities.

Changing wet cooling towers to hybrid cooling towers in the direct reduction unit and associated pumping stations

This project aims to reduce water consumption in the Direct Reduction Unit, which is the highest water-consuming unit in the company. According to calculations, this change is expected to reduce water usage in the existing cooling towers by up to 70%.



Water, from the Sea of Oman to Isfahan

One of the major challenges facing the country is a shortage of water resources. Drought, along with unsustainable practices in the withdrawal and use of both surface and groundwater—especially in agriculture and domestic settings—has created significant difficulties for communities that rely on water for their daily lives. Additionally, various industries, particularly the steel sector, which has a high demand for water, are also grappling with this issue. As a potential solution, the desalination and transfer of water from the Sea of Oman to Isfahan province has been proposed. MSC has contributed to this initiative, investing in the project while significantly reducing its own water consumption and aligning with global best practices. At MSC, we believe that this project will not only address the water supply challenges faced by industries and lessen their reliance on local water sources, but it will also ensure that communities have access to the water they need for their livelihoods.

The water transmission project from the Sea of Oman to Iran's central plateau involves desalinating 600 million m³ of seawater from the Strait of Hormuz and transporting it through a pipeline to Isfahan province. The goal of this initiative is to provide water for industrial use, drinking, and greenhouse agriculture in Isfahan. In the first phase, between 70 and 200 million m³ of desalinated water will be moved from the west of Bandar Abbas through a 1,080-km pipeline to meet the needs of the province, with over 70% of this phase already completed. The second phase will see an additional 400 million m³ of water transported from the Sirik desalination facilities via a -920 km pipeline. Key stakeholders in this project include MSC, Isfahan Steel, the Isfahan Chamber of Commerce, the Isfahan Oil Refinery, the Isfahan Municipalities Cooperative Organization, and the Isfahan Municipality. This major water transfer initiative to various provinces, particularly the industrial region of Isfahan, has the potential to completely eliminate water withdrawals by MSC and other local industries from the Zayandeh Roud River



Controlling water pollutants and managing wastewater

We are committed to sustainable environmental development. To that end, we work hard to minimize our negative impact on the environment around us. A key focus area for us is the control and management of water pollutants. Effectively managing these pollutants in industries is crucial for protecting both the environment and human health. We believe that proper management of water pollutants not only helps preserve our ecosystems but also enhances our quality of life. Our efforts are aimed at safeguarding water resources, particularly groundwater, protecting diverse ecosystems and species, and ensuring that there is sufficient high-quality water available for various needs by managing pollutants effectively. MSC monitors a total of 52 drinking water pollutant parameters ac-

cording to environmental standards, with 20 key parameters of the effluent from its industrial wastewater treatment plant being tracked online. To enhance the recycling of treated wastewater, the first phase of an advanced wastewater treatment facility was launched in 2017. The following year (2018), work began on the second phase of this facility, which also includes treating urban wastewater from the municipal sewage system. This project became operational in 2022 and led to a substantial decrease in water usage. In addition to reducing water consumption, MSC is committed to sustainability by conducting continuous online and weekly tests and analyses to closely monitor water pollutants.

Measurement of pollutants of treated wastewater based on application in agriculture

Pollutant factors	Unit	2023	2022	2021	2020	Permissible Limit
Grease and oil	mg/L	0.6	0.5	0.53	0.5	10
Total Suspended Substances (TSS)	mg/L	4	6	5	13	100
COD	mg/L	24.25	33	26.8	25	200
BOD	mg/L	10	8	6.8	7.5	100

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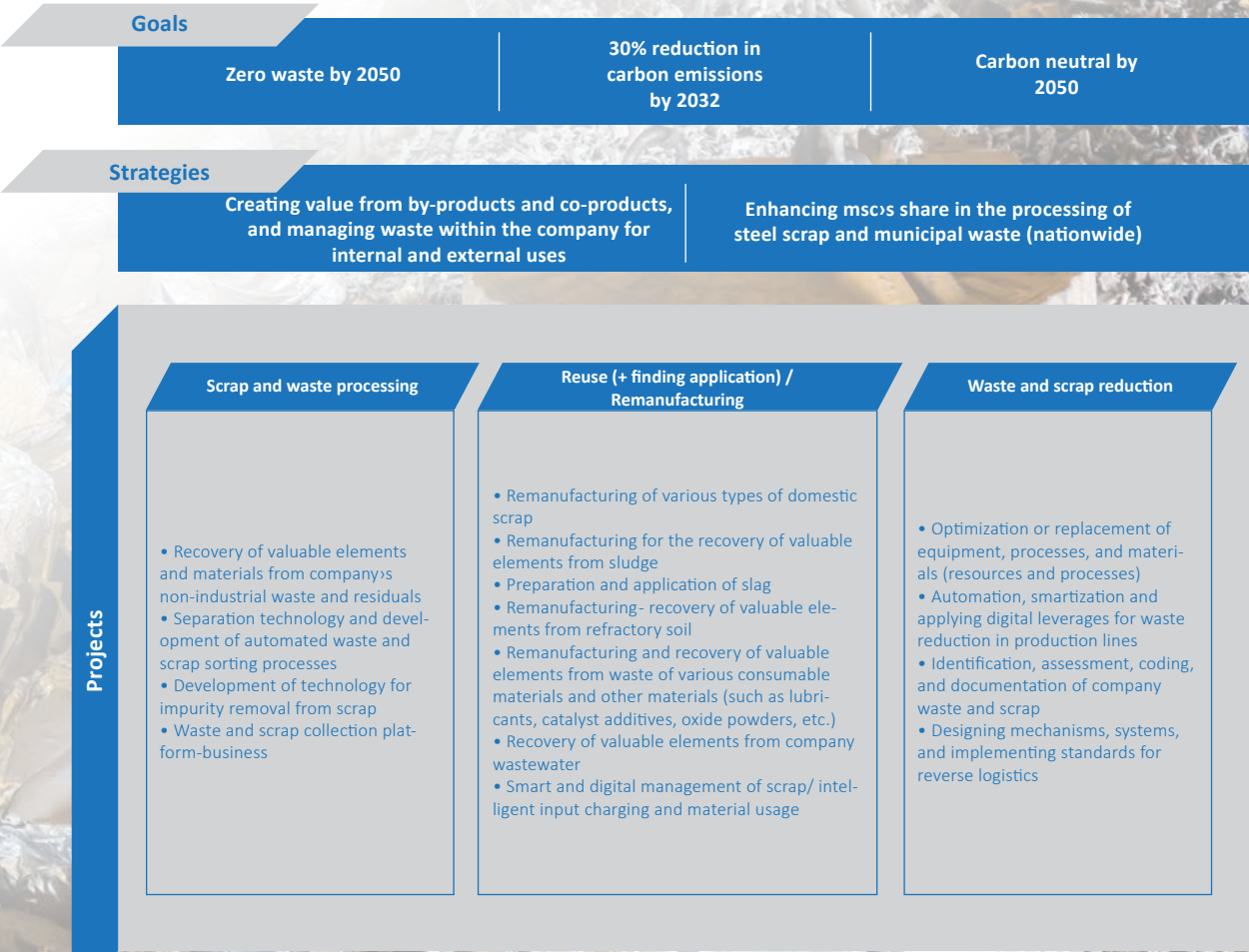
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Circular Economy

MSC is taking significant steps toward a sustainable future by embracing the principles of the circular economy. This approach aims to manage its operations more sustainably, ultimately crafting a brighter outlook and a better future for its stakeholders. One of MSC's sustainability key focus areas is the circular economy, with a primary emphasis on waste management, recycling, by-products, and efficient resource use. Over the past few years, the company has adopted a transformative vision, leading to increased steel production. However, the focus has now shifted to transformation in perspective as a central strategy. This new outlook emphasizes both quantitative and qualitative development, alongside optimal resource use and waste reduction. In line with this vision, MSC has developed a comprehensive roadmap for its circular economy initiatives, outlining specific actions to be taken. Key areas of focus include organizational culture, supply chain management, green steel products, recycling and waste management, as well as water, energy, and air pollution. In 2023, the organization set an ambitious goal of achieving carbon neutrality and zero waste, which serves as a foundational element of its circular economy roadmap, supported by specialized working groups tailored to these focus areas.

MSC's recycling and waste roadmap





Management of waste and by-products

MSC has taken a responsible approach towards supporting future generations by implementing strategic and effective measures across all environmental areas, including air, water, energy, waste, and biodiversity. Waste management is a key focus of the circular economy at MSC and is considered one of the company's top environmental priorities. To continuously improve its environmental performance, the company follows the ISO 14001 environmental management system standard and its own environmental policy. This involves collecting, sorting, and storing waste at separate sites throughout the entire steel production process, following specific procedures. Depending on the type of waste, various management strategies are applied, such as processing, recycling, disposal, or composting. To track waste management efforts, the company uses indicators like the ratio of sold and recycled waste to total waste generated, as well as the volume of waste oil sold, with these metrics being reviewed every six months. Key initiatives in waste management at MSC include:

- Creating waste identification records for each area and unit to trace the waste flow from production to disposal.
- Processing and reusing oxidized powder from the acid recovery unit and hot rolling clarifier sludge as a raw material in the iron-making section.
- Processing over 500,000 tons of slag annually for use in creating blockages, base and sub-base layers, rail ballast, and slag asphalt.
- Reusing steelmaking dust up to 30,000 tons annually in the production process
- Managing industrial waste through a comprehensive environmental system designed to reduce waste and ensure precise control of waste and by-products at both the source and destination
- Developing effective workflows within the waste management unit and across all production and support areas to optimize the management of production waste
- Establishing essential infrastructure for the proper storage of waste, which includes a site for accepting petroleum-based waste, a waste storage facility, isolated lagoons, and a slag storage area

Indicator	Unit	2020	2021	2022	2023
Amount of waste disposed	Tons	1,847	1,044	187	48
Processed slag sold	Tons	316,000	206,000	500,000	555,000
Ratio of recycled or sold waste to total waste generated	%	24	14	24	24

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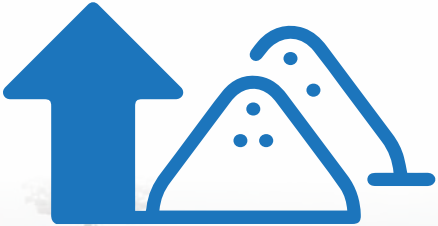
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Slag, the foundation of urban green projects

In our modern world, sustainable development is increasingly seen as a crucial strategy for protecting the environment and enhancing our quality of life. MSC has embraced this concept by taking significant steps to manage industrial waste, aiming to reduce reliance on natural resources. With an innovative mindset, the company strives to create a circular economy where resources are continuously cycled through production and consumption, minimizing waste. In this context, the collaboration between MSC and Isfahan Municipality has not only optimized the use of steelmaking slag but also contributes to a better and more sustainable future for upcoming generations. Utilizing slag from the steelmaking process in construction projects serves as a prime example of how sustainable development and circular economy principles can be put into practice. This collaboration has played a vital role in preserving the environment and enhancing urban infrastructure by decreasing the consumption of natural resources. MSC has a production capacity exceeding 7.5 million tons of crude steel annually (not counting the output from Saba Steel Complex) and generates around 2.2 million tons of slag. This slag, stored as industrial waste, presents a valuable resource for construction projects. To make the most of it, the company has teamed up with respected scientific and technical institutions to define and carry out a research project focused on incorporating this slag into construction initiatives. Benefits of using slag in construction projects that reduce the consumption of natural resources include:

- **Increased weight of precast concrete structures:** Slag aggregates contribute to increased weight in structures, which enhances their resistance.
- **Abrasion resistance:** These aggregates exhibit good resistance to abrasion when used in concrete pavements and asphalt.
- **Usability in high-traffic areas:** Slag can be utilized in high-traffic areas or locations with heavy vehicle movement, such as Bus Rapid Transit (BRT) lines.



555,474 tons
of processed slag



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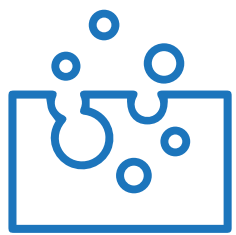
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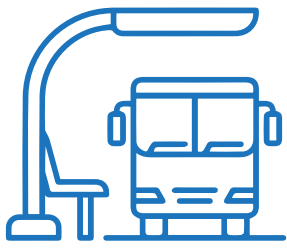
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The use of processed slag increases the weight of precast concrete structures.



Concrete made from slag enhances the abrasion resistance of structures.



Concrete made from slag can be suitable for use in high-traffic areas.

The slag produced at MSC is first cooled with water in the steelmaking ladles after exiting the electric arc furnaces. The metallic iron content is then separated using mechanisms such as magnetic excavators and grapples. The slag is subsequently transferred to the waste depot. Due to its physical composition, which includes very coarse aggregates, fine aggregates, and small metallic scraps, the slag is not initially suitable for use in construction projects and requires processing.

In this process, in collaboration with private contractors, processing equipment such as magnetic separators, crushers, screens, and conveyor belts are used. First, the metallic portion is separated using magnetic separators. The remaining slag is then crushed and screened to achieve the desired granulation size, making it ready for external shipment. Based on the processed slag's dimensions, various customers exist for this product, and necessary sales agreements have been established through negotiations. For example, sand slag is utilized in the cement industry, and currently, this type of slag is being supplied to two cement plants near MSC. For other products, in addition to internal uses within MSC, such as in development projects or flooring, the slag is also provided to other interested customers. In this context, major and regular customers for this material have been identified, and negotiations have been conducted with the Isfahan Municipality. During site visits by both parties, the Isfahan Municipality expressed interest in using the processed slag. Considering the annual consumption of over 1.3 million tons of natural materials by the Isfahan Municipality, using processed slag could be beneficial in reducing both costs and resource consumption, as well as mitigating environmental impacts such as the destruction of mountains. In 2023, an agreement was signed between MSC and the Isfahan Municipality, under which 50,000 tons of processed slag were delivered to the municipality for use in asphalt production. Additionally, to reduce fossil fuel use and prevent air pollution, two projects were defined and planned: expanding the internal rail line of MSC to near the waste depots with the capability for wagon loading at this location, and establishing a loading dock near the Isfahan Municipality's concrete and asphalt production plant.

This initiative not only reduces the consumption of natural resources and prevents mountain destruction but also facilitates the reuse of production waste and reduces slag stockpiles. Furthermore, it helps lower the CO2 emissions stored in the waste. The management and utilization of MSC's slag, in collaboration with the Isfahan Municipality, not only contributes to environmental sustainability but also improves the quality and durability

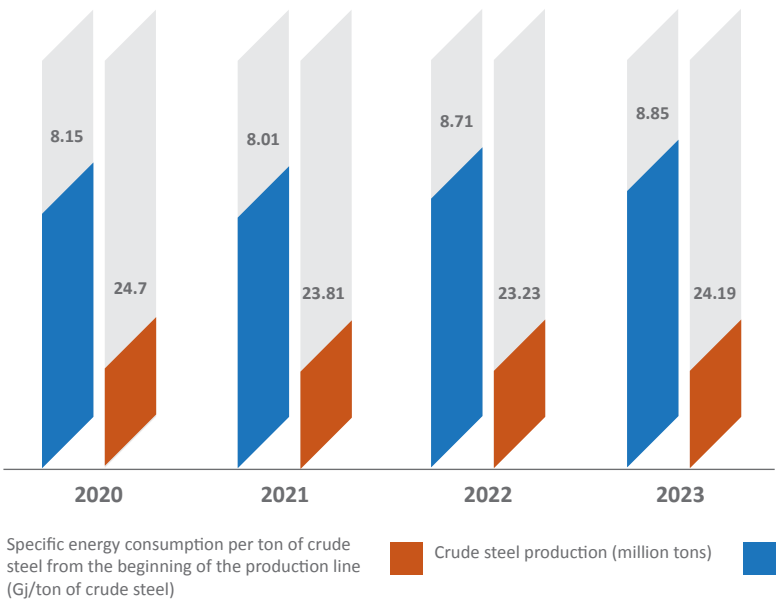


Clean energy for a greener future

Our primary approach to creating a better future and fostering a green path discourse is the protection of natural resources. MSC is embracing a new vision in energy management, rapidly shifting towards the use of new and renewable energy sources. As outlined in our carbon-neutral roadmap, we aim to cut our carbon emissions by 30% by 2032 and reach carbon neutrality by 2050. A crucial part of achieving carbon neutrality by 2050 is securing affordable, clean electricity. To meet these ambitious goals, MSC has begun implementing significant initiatives, including the construction of a high-efficiency combined-cycle power plant, as well as solar and wind power plants

Energy management system of MSC

MSC has a longstanding history in managing energy resources and consumption. However, its Energy Management System has been designed, implemented, and certified according to ISO 50001 standards since 2015. The Energy Management System at MSC is based on energy savings and is structured around relevant projects. Additionally, the company has developed and executed various approaches for energy consumption management. Through these approaches, MSC has been able to enhance its energy performance, maintain its energy consumption within the limits specified by the national standard 9653, and achieve continuous improvement.



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Combined cycle power plant

In order to optimize energy consumption and reduce its impact on communities and the environment, MSC has established a high-efficiency combined cycle power plant within its facility. This 914-megawatt Class F high-efficiency power plant not only supplies the company’s energy needs but also helps reduce the peak load on the national electricity distribution network, particularly during the hot seasons. Currently, two gas units of this power plant, with a capacity of 614 megawatts, are operational, providing 15% of the company’s energy needs during the summer. According to the planned schedule, all three units of the power plant will be in operation by 2025, supplying 750 megawatts of the company’s energy requirements.

High efficiency
of 58%

Use of the latest-generation,
high-efficiency Low-NOx Burners
(LNB)



43% reduction in
fuel consumption
per megawatt of
energy produced



Significant reduction in water
consumption due to dry
cooling of circulating water
and the use of air-cooled
condensers

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Sun of East solar power plant

Renewable energy is essential for a sustainable future. As part of its commitment to achieving carbon neutrality, MSC aims to minimize the use of fossil fuels, thereby contributing to the reduction of climate change impacts, achieving energy independence, ensuring the affordability and resilience of energy resources, improving air quality, and enhancing its energy systems. At MSC, we believe that adopting clean energy provides a path towards a safer, cleaner, and more resilient world. To this end, the company has made substantial investments in renewable energy, particularly solar and wind power. National plans are in place to establish 10,000 MW of renewable power capacity, with industries committed to creating 2,300 megawatts of this capacity. MSC, as a leading company in this field, will provide 600 MW through solar power plants and 200 MW through wind power plant. The Sun of East project, located in Koochpaye, south-east of Isfahan with an area of 12 Km², is set to be the largest solar power plant in Iran and the twentieth largest solar power plant in the world. Launched in 2022, the first phase of this project is now nearing completion. The scale of this project and its electricity production

capacity exceed the total solar power generation capacity of Iran, all concentrated in a single plant.

- Construction of a solar power plant with an investment of \$400 million is underway. The solar power plant project will directly employ over 600 people during the construction phase and 70 people during the operational phase.
- Many of the plant’s equipment is sourced from domestic manufacturers, which will contribute to indirect job creation and stimulate the country’s renewable energy sector.
- Currently, the total capacity of solar power plants in the country is approximately 450 MW, while the MSC solar power plant alone will add 600 MW of renewable solar energy to the national grid.
- Based on studies and planning, there is potential to expand the capacity of this power plant to 1,000 MW.
- Considering the capacity of this solar power plant, it will save 350 m³ of gas annually. The plant has the potential to prevent the emission of 1 million tons of CO2 per year.

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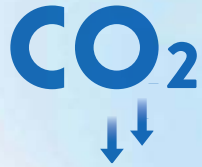
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The capability to supply the electrical energy needed for 400,000 residential houses



Preventing the emission of 1,000,000 tons of CO2 per year



Creating over 600 jobs during construction and 70 jobs during operation



An area equivalent to 2,000 football fields



Equipped with 1000,000 solar panels

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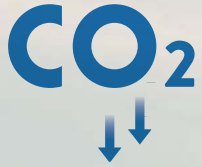
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Sangan wind power plant

MSC’s plan for sustainable development and creating a green steel chain aims to transform steelmaking into a clean industry. In alignment with its core strategies and carbon-neutral roadmap, the company seeks to convert its steel production process into a green process by eliminating pollution and reducing the consumption of water, electricity, and non-renewable energy. To this end, MSC has initiated the construction of the largest wind power plant in the country with a \$200 million investment, aimed at supplying a portion of the energy required for its steel production chain. The Sangan Wind Power Plant, with a nominal capacity of 200 MW and an area of 27 Km², is located in the Khaf region of Khorasan Razavi Province. This project, executed by MSC, aims to generate clean electrical energy through wind turbines. With its substantial capacity, the plant will contribute to sustainable and clean energy production. Given the natural environment and abundant wind resources in the region, the Sangan Wind Power Plant will play a significant role in meeting the country’s energy needs.



Preventing the emission of 500,000 tons of CO₂ per year

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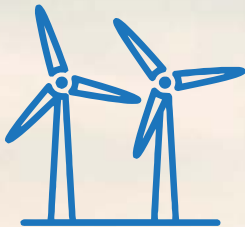
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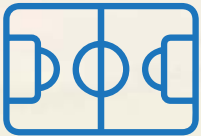
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Equipped with 40 wind turbines



An area equivalent to 4,500 football fields



The capability to supply the electrical energy needed for 150,000 residential houses

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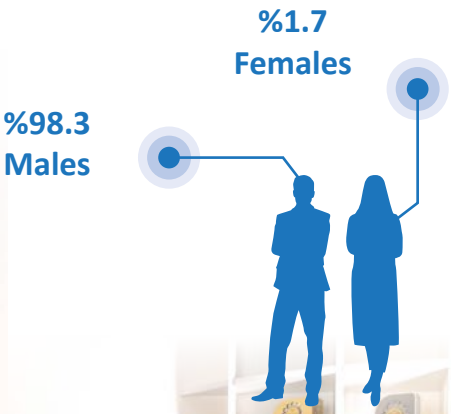
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A workplace to grow together

Our employees have always been our greatest asset. They are our invaluable partners on the journey toward a better future. Their passionate involvement reflects a remarkable level of commitment and resilience in their daily tasks, even in the face of crises and challenges, strengthening the foundation of our success. For this reason MSC is dedicated to fostering a workplace where everyone can grow and develop together. This workplace is not only healthy and safe but also prioritizes the well-being of employees, contractors, and their families, supporting their growth alongside the company's progress. We have worked hard to cultivate an inclusive and fair workplace where female employees, as well as individuals from diverse religion and ethnic backgrounds, feel comfortable and valued. Despite the fact that working conditions in certain areas of the steel company may not be ideal for female employees, we have made efforts to utilize their skills in roles that are suitable for them. Currently, female employees at MSC benefit from similar advantages as their male counterparts and contribute significantly to the company's success, of which we are proud. At present, 11,836 employees are employed across 2,786 organizational positions at MSC. These positions are divided into 219 job categories and 11 job grades.





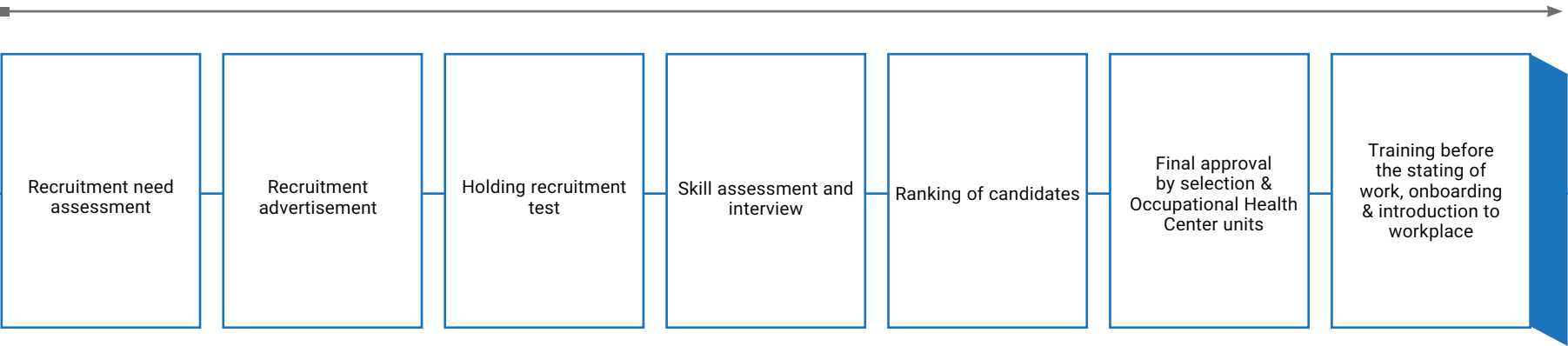
Creating job opportunities at national and local levels

Product manufacturing relies more on individuals with the appropriate competencies than on resources and equipment. Therefore, in alignment with our commitment to creating a better future and attracting top talented human capital, MSC implements a process that is critical, precise, and transparent in the areas of attracting, selecting, and hiring. Additionally, pursuing a sustainable approach, which benchmarks our performance against international standards, would be unattainable without the presence of specialized, knowledgeable, and healthy employees—referred to as our human capital.

The estimation of human capital needs at MSC, taking into account the approved organizational structure, the number of retirees, vacant positions, job competency profiles, and outsourcing policies, is conducted for a specified period. The fulfillment of these needs occurs after a nationwide recruitment test and the subsequent attracting, selection, and hiring process. Final accepted candidates start their roles based on priority needs and according to the fit between job

characteristics and personal traits, following the signing of their employment contracts. Accepted candidates, after completing the onboarding training and familiarization process with the company, are assigned to their designated positions according to a locally developed model, and a provisional appointment order is issued for them. While this is the standard recruitment and hiring process at MSC, continuous learning and sustainability are crucial. Therefore, the effectiveness and efficiency of this approach are continuously monitored through relevant indicators, and the strategies are revised and refined based on organizational learnings. Examples of such improvements resulting from these learnings and revisions over the past two years include enhancing the occupational health process using the latest scientific models for human capital recruitment, conducting community integration activities for newly hired staff, assigning individuals based on competencies and personal traits, skill assessment of candidates at the diploma level, competency assessment of candidates at the undergraduate level using assessment centers and designing a comprehensive human resources planning system.

Recruitment Process



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Creating job opportunities at national and local levels

One of the primary goals behind the establishment of MSC in its current location has been to foster employment and economic growth in local communities. To achieve this, we place special emphasis on hiring talents from these areas, ensuring they have equal opportunities. Our commitment to providing fair job opportunities extends to job seekers across the country and in local regions alike. A key component of our "Code of Conduct" is the principle of "non-discrimination in relation to human capital". We provide training on these codes to new employees, helping them understand the ethical and professional standards upheld by MSC. Importantly, in line with our hiring commitments, we do not employ children in our company, demonstrating our dedication to children's rights and adherence to international labor standards. We also assess our suppliers based on established social criteria, ensuring that no child or forced labor is involved in our supply chain. These evaluations help us maintain ethical and socially responsible practices throughout our operations. By implementing these policies and commitments, MSC not only supports the economic development of the region but also exemplifies a responsible organization dedicated to social justice and human rights. Thus, we are continually working to create a positive work environment for all employees and to achieve sustainable and equitable development at both national and local levels.

Indicator	2020	2021	2022	2023
Number of new employees hired	36	451	194	468
The number of employees hired from the surrounding areas of the factory	6	120	85	210

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SAPFO System

The SAPFO system, which is used for the recruitment of contractor companies at MSC, helps us attract high-quality human resources through appropriate and fair channels for a healthy and efficient employment lifecycle. By providing equal employment opportunities, it also aims to reduce the social issues arising from unemployment.

Transparency and merit-based selection

The SAPFO system facilitates a clear path for recruiting new employees. By ensuring transparency in the recruitment process, it prevents the hiring of individuals who lack the necessary qualifications or who seek to be recruited through non-standard means.

Modeling

A Part of MSC's mission as a pioneering business is to create successful and replicable models for itself and other companies and industries. The model we follow in SAPFO for the recruitment process is based on meritocracy and fairness. Job candidates are evaluated in three dimensions: knowledge, skills, and cognitive abilities. Their knowledge is assessed through standard technical and professional exams, their skills are evaluated through joint expert interviews, and their cognitive abilities are measured through psychological tests. Candidates who pass these stages then proceed to industrial health assessments to ensure their physical well-being.

Availability

The continuous and accessible availability of information for all individuals is one of our core values on the path to sustainability at MSC. The SAPFO system dynamically and continuously indexes all workforce requests for the contractor companies of MSC. Individuals can effortlessly access human resource announcements for MSC’s contractor companies by visiting www.sapfo.msc.ir and can register for tests that match their qualifications.

Employment of local residents

Supporting local communities and improving their quality of life are key missions of any sustainable business. We believe that merely providing financial assistance or increasing local income levels does not lead to an enhancement in the quality of life. Instead, it is the improvement of job skills and higher-level collaboration capabilities that ensures the psychological well-being and satisfaction of local residents. Therefore, we have established a quota system for hiring local residents to ensure their continuedw presence in a business that they have long welcomed it.



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Employee training and development

At MSC, we believe that our employees are essential to achieving and ensuring our growth and excellence. However, success and excellence cannot be achieved without the development and growth of employees. Therefore, we have worked to create an environment where the organization’s human capitals can grow and develop fairly. To this end, employee training needs are identified at three levels—individual, group/team, and organizational—through competency assessments, performance evaluations, surveys, and competency profiles (training standards). These needs are then monitored, designed, and prioritized by specialized training working groups. Furthermore, to effectively utilize the knowledge and experience of internal experts, approximately 75% of training courses are conducted by internal instructors. The following measures have been implemented to ensure effective training and development of employees at MSC:

- Development of Individual Development Plans (IDP1) for succession

Social and Human Development

The company, by implementing relevant laws and regulations concerning hazardous and strenuous occupations, identifies and manages such jobs in collaboration with related departments and organizations. Employees working in these roles are either retired early with the necessary approvals or reassigned to different positions to prevent increased risk and adverse outcomes associated with such work. This approach includes:

- Reduction in healthcare costs for families and the community
- Prevention of social issues related to the care of incapacitated employees
- Replacement of retirees with younger workforce, which improves local community conditions and fosters social and human development

planning target groups and assignment of personal development coaches

- Review of job training standards and integration with training courses
 - Implementation of the Training Management System to facilitate and improve the delivery of training services to employees and instructors
 - Execution of a mentoring project with a problem-solving approach in production areas as a pilot
 - Automation of the training planning and course definition process
- Identification, selection, and allocation of performance improvement coaches to departments
- Completion of the ongoing implementation of the ISO 10015:2019 standard
 - Equipping and running skill assessment and development workshops, and completing the employee competency and skill certification system
 - Design and establishment of a comprehensive system for conference and seminar participation
 - Process improvement project for training needs assessment and planning

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Employee training and development

- Creation of a comprehensive family development plan (FDP)
- Development of a system platform for feedback and process improvement in the company’s information system (IS-Suite)
 - Evaluation of the effectiveness of two training programs with a focus on calculating return on investment
 - Design and implementation of the Dialogue Café for empathy, empowerment and finding solutions
 - Onboarding and initial training for newly hired employees at MSC and its subsidiary companies
 - Development of a coaching system at MSC
- Renovation, development, and updating of training facilities
- Design and creation of multimedia educational content
- Promotion of digital studying culture within the company
- Additionally, to enhance employee training and development, some actions have been defined which are: development of training profiles for supervisory levels within the company, needs assessment based on performance issues within departments and among employees, automation of training needs assessment based on employee training profiles, review and monitoring of needs assessments and identification of competency gaps through validation processes, defining a project to align courses with competencies, creation of an application for communication between instructors and learners, development of virtual training programs, implementation of family Development Program (FDP), deployment of an organizational industrial psychologist in administrative and operational areas, automated planning and execution of training courses, and creation of a system platform for evaluating the effectiveness of training programs at the individual, group/team, and organizational levels.

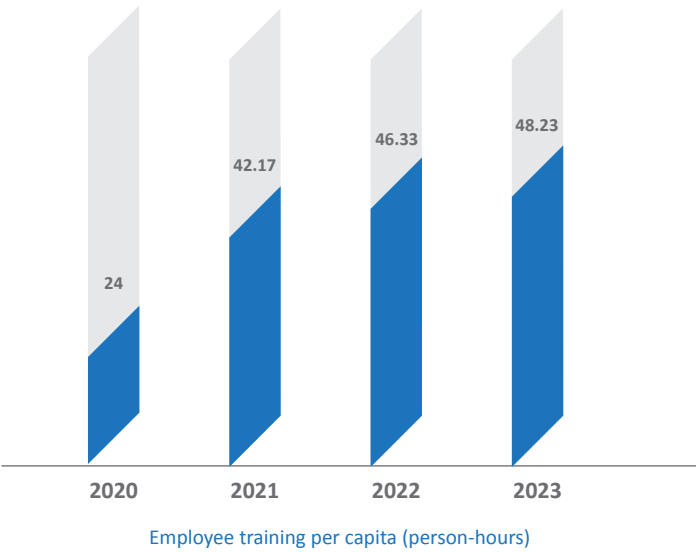
Planning and implementation of training programs

At MSC, the design and content development of training courses are conducted following an analysis of educational needs. 75% of these

Levels of training needs assessment



training courses are delivered by internal instructors, while the remaining courses are provided by external educational institutions, selected based on relevant guidelines and after evaluation. Following the selection of instructors, lesson plans, equipment, and training spaces are arranged accordingly. Additionally, to improve employee satisfaction with the quality of training services, the following measures have been implemented:



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Employee training and development

- Formation of specialized training working groups
- Review of the training needs assessment and planning process
- Monitoring the consistency of learner levels in training courses through validation processes
- Digitalization of training materials and distribution before the start of the course
- Enhancement of the automated training management system

Leadership development

Achieving sustainable development and a better future requires individuals who approach challenges and opportunities with a long-term and comprehensive perspective. These individuals must leverage their experiences and knowledge to guide and mentor others towards organizational goals. At MSC, the Leadership Development Program (LDP) has been designed and implemented in three main areas: personal development, collective mindset development, and business management knowledge development. The objective of this program is to “enhance organizational leadership effectiveness.”

To assess the effectiveness of this approach, employee surveys are conducted using indicators such as satisfaction with supervisors and trust in the leadership team. Additionally, to improve the leadership development process, several initiatives have been undertaken, including the development of a coaching skills program for managerial levels in collaboration with the University of Tehran, the formulation and implementation of Individual Development Plans (IDP), the establishment of a Future Literacy Laboratory, the creation of a system for evaluating and developing personality and cognitive traits, and the enhancement of reasoning and critical thinking skills through the semi-theatre method.

Leadership competency model

With the goal of succession planning and leadership development, MSC has developed an approach for assessing and developing its leaders’ competencies. To ensure that managers possess the necessary competencies and capabilities, both current and potential managers participate in the “Management Competency Assessment Center” for evaluation. Based on the areas for improvement identified in these assessments, developmental programs required for the organization’s leaders, such as the Collective Mindset Development Program and the Business Management Knowledge Development Program, are designed and implemented.





Employee performance management

At MSC, the performance of all employees is assessed in two key areas: “results and performance expectations” and “behavioral expectations.” This evaluation is based on specific performance and behavioral indicators and occurs every six months. At the end of each performance period, employees first complete a self-assessment, which is then followed by an evaluation from their direct supervisor. The outcomes of these evaluations are shared with employees through performance reports available in the company’s information system and a dedicated employee portal. The evaluation results play a crucial role in processes related to employee development and compensation, such as determining contract lengths and payment structures. This performance management system is integrated with other human resource practices, including promotions, training, and employee selection, and its effectiveness is gauged through employee surveys. In recent years, there has been a review of the behavioral expectations tied to employee performance, along with enhancements to the mechanized performance management system. Furthermore, a performance evaluation model specifically for managers and leaders has also been developed and implemented as part of this system.

Employees survey

To ensure a sustainable business, it is crucial to understand the opinions, concerns, and expectations of all stakeholders and respond effectively. Employees play a vital role in this process. Since 2005, MSC has implemented a survey system to monitor job satisfaction and engagement, as well as to understand employees’ needs and ex-



pectations. This system has evolved through organizational learning and the adoption of authentic models. Currently, employee satisfaction and engagement surveys are based on the Hay Group model, while the quality of human resources services (QHS) is assessed using the SERVQUAL model and other surveys. The results are utilized to formulate strategic goals, human capital plans, and provide optimal services to employees. Recent improvements include mechanizing the survey process to enhance accuracy and speed, implementing a project to measure employee experience, and conducting additional qualitative surveys such as interviews to define improvement measures.

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Employees survey

Types of surveys in the field of human capital and organization

Subject of survey	Implementation time
Employee job satisfaction and engagement	Since 2014 until now
Satisfaction with the quality of human capitals services (QHS) – perspective of employees	Since 2014 until now
Satisfaction with the quality of human capitals services (QHS) – perspective of unit officials	Since 2015 until now
Investigation of organizational culture	Since 2009 until now
Effectiveness of organizational communications and communication channels	Since 2015 until now
Identifying values, attitudes, and expectations of MSC employees with an emphasis on generational differences	2021
Meaningful work	2023
Quality of life (Work and Home Campaign)	2021
Health assessment 2	2023
Health assessment 3	2023
Health assessment 4	2023
Safety attitude	Since 2022 until now
Safety culture	Since 2022 until now
Best workplace	Since 2022 until now
Satisfaction with counseling centers	Since 2021 until now

Enhancing employee satisfaction

At MSC, we know employee engagement for their jobs as a crucial factor in boosting satisfaction and productivity in the workplace. This engagement not only lifts the spirits and motivation of our workforce but also directly influences performance, commitment, and the long-term viability of the organization. To foster this engagement and, in turn, improve employee satisfaction, we implement various initiatives. These include offering training and career development opportunities, cultivating a positive organizational culture, upgrading tools and technologies, providing pathways for career advancement, and creating a healthy workplace that promotes work-life balance. We believe that these efforts not only enhance job engagement and satisfaction but also nurture employees’ skills and talents, foster a positive outlook on work, and strengthen loyalty and retention of our valuable workforce.

Enhancing the quality of services for human capital

For MSC, boosting employee satisfaction and improving the quality of services provided to its workforce is crucial. To achieve this, the company has implemented a variety of welfare programs, including providing recreational and cultural services, improving sport facilities and the number of sports fields, improving commuting services, as well as loans and financial assistance. Additionally, the company is working on automating administrative processes. All these initiatives are tailored to meet the needs and expectations of employees.



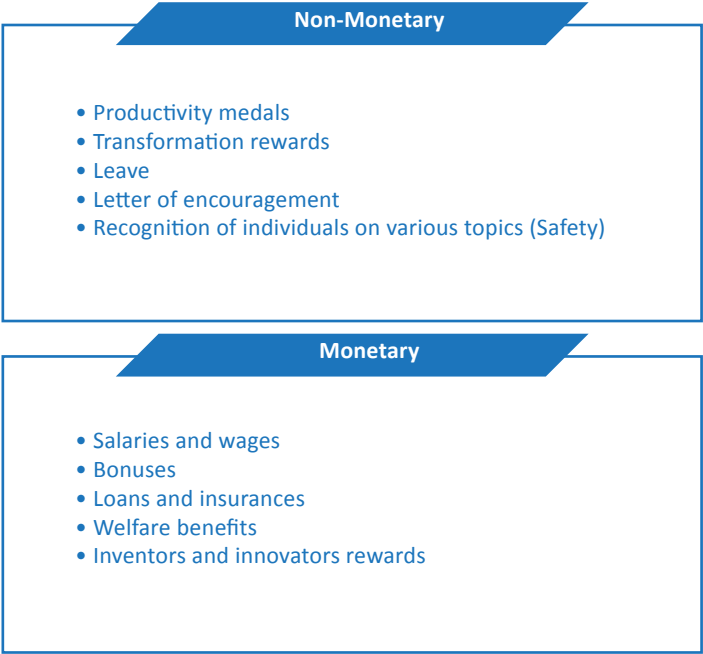
Salaries and benefits

At MSC, salaries and benefits are based on the job classification system and aligned with the policies of the Human Capital and Organization Transformation Committee. These compensations are influenced by job factors (e.g., job group wage), position factors (e.g., job difficulty, responsibility allowance), and employee factors (e.g., years of service wage). To further motivate employees, various financial and non-financial approaches are implemented through regulations and guidelines. These include production bonuses, individual performance bonuses, special product bonuses, efficiency bonuses, suggestion system rewards, transformation projects, transformation awards (best projects, best experiences, best suggestions, productivity awards), research projects, coordination, evaluation audits, knowledge management, annual general meeting bonuses, semi-annual bonuses, year-end bonuses, and special profitability bonuses.

In addition, numerous other benefits and facilities are provided to enhance the quality of life for employees and their families. These include loans, welfare benefits, occasional payments, recreational facilities, sports facilities, medical insurance, a special diseases support fund, employer liability insurance, life and accident insurance, marriage leave, leave of death of relatives, maternity leave and breastfeeding for women, written encouragement etc. These elements, combined with salaries and benefits, form the employee compensation package.

These approaches are continuously evaluated based on organizational conditions and external developments, with necessary improvements identified and implemented. Examples of newly defined improvements in this area include defining of special product bonuses aligned with the strategy to produce special, high value-added products, purchase of company shares equivalent to employee service years aiming to increase organizational commitment and enhance the monetary value of the shares, allocation of a portion of bonuses in the form of shares intended to secure employees’ futures, incentive plan for marriage and childbearing aligning with the country’s macro policies, incentive plans for employees and their families travel including trips to Mashhad, travel allowances, installment credits, and facilitating Arba’een pilgrimage trips to Karbala, and moving towards strengthening non-cash benefits, to support family welfare. These improvements are part of an ongoing effort to enhance the overall compensation and benefits package for employees.

Overall compensation system structure at MSC



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Strengthening organizational culture

Given the importance of culture in organizational development and supporting the achievement of strategies, since 2006, the organizational culture of the company has been evaluated based on Harrison and Denison models through multiple studies. The dominant cultural tendencies have been identified. After assessing the current state of the organizational culture, necessary measures to strengthen the culture and achieve the desired culture have been implemented. One such measure is the formation of the Cultural Council, with the participation of the CEO, several deputies, and managers of relevant organizational units. Additionally, since 2021, an "Introduction to Organizational Culture" training course has been held for newly hired employees to promote organizational socialization. A booklet titled "The First 90 Days: A Guide for New Employees" has been developed and distributed to familiarize them with the organizational culture. Another booklet titled "The First 60 Days: A Guide for Mentors of New Employees" has also been created for supervisors, aiming to deepen the culture of mentorship and performance management among supervisors.

Development of collaboration and teamwork culture

In order to promote the culture of team work and participation, MSC uses various solutions. These solutions include holding training courses, incentive systems, productivity records, holding an annual conference on productivity and recognition of productive employees, various competitions (such as top suggestion, top experience, etc.), publishing books, publications and specials issues, etc. The effectiveness of these approaches is evaluated through indicators of satisfaction with cooperation and participation, the percentage of employees' participation in transformational systems and suggestions per capita. In this area, improvements have been made such as the acceptance of bonuses for special projects and the award of non-monetary prizes to top projects and suggestions.

Cultivating ambassadors of excellence

The project of Cultivating Ambassadors of Excellence has been started since 2023 with the aim of exchanging experiences, training people, improving the level of organizational excellence at the level of Mobarakeh Steel Group (MSG) and achieving balanced growth in all dimensions in Mobarakeh Steel Group companies. In this project, periodic meetings are held with topics related to the organizational excellence model and the set goals of the group. Among the topics discussed in these gatherings are suggestion and transformational systems, strategic management, management systems, knowledge management, organizational excellence model, process management, risk management, self-assessment topics based on organizational excellence model, development of excellence roadmap, effective leadership in excellent organizations and development of sustainability framework.



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Employees as ambassadors of sustainability

At MSC, each employee is an ambassador of sustainability. We have established various platforms and infrastructures within our company, such as publishing articles and books authored by employees, presenting papers and achievements at conferences and seminars, training organizational excellence auditors, encouraging the participation of auditors in the National Organizational Excellence Award and IMIDRO Productivity Award, organizing organizational excellence tours, and facilitating the visits and benchmarking of other companies from MSC’s experiences and successes. By doing this, we create opportunities for employees to participate in different organizations, forums, and communities. This not only allows them to gain experience and grow but also enables them to represent MSC in promoting its achievements in sustainability and the environmental, social, and governance (ESG) domains.

Moreover, in the “Organizational Brand Management” project, the role of employees as ambassadors of MSC in enhancing the company’s external image has been defined. Employees are considered ambassadors of sustainability by participating in social activities and events. To this end, MSC encourages and invites employees to support and participate in social activities by creating suitable conditions, providing optimal information, and implementing various approaches. In fact, the widespread participation of employees in humanitarian activities, such as helping

natural disaster victims, the needy, and the disabled, as well as supporting orphans and prisoners of unintentional crimes, reflects the high level of social maturity and responsibility of the company’s employees. The number of employees’ participation in humanitarian activities has reached 3200 in 2023.



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Harmony between work and life

At MSC, we place great importance on maintaining a harmony between work and life for the well-being of our employees. This harmony is essential not only for their physical and mental health but also for fostering productivity, improving retention rates, and enhancing the overall performance of our business. We believe that achieving harmony between work and life contributes significantly to sustainable development in the social realm. By prioritizing this harmony, we aim to strengthen our organizational culture, boost productivity, and retain top talent, ensuring a sustainable and flourishing workforce. To support this goal, MSC has implemented a variety of initiatives designed to promote harmony between work and life for our employees, contractors, and their families.

Cultural and recreational event for employees’ children

A special celebration for the daughters of employees in grades one through five at MSC took place to commemorate the birthday of Fatimah (Peace be upon her) daughter of the Islamic Prophet Muhammad (Peace be upon him) and Girls’ Day. Additionally, a stop-motion competition was organized for the sons and daughters of employees in grades six and seven. This event was held in May 2023 at the MSC’s Ferdos cultural and sports complex. These initiatives aimed to foster excitement and joy, strengthen family ties among employees, and create opportunities for the remarkable talents of their children to shine. Around 6,000 employees and their families participated in this event.



+Energy2 event

We organize various events in MSC with the aim of increasing interactions, feeling of empathy and belonging among employees and reducing burnout of our human resources. These events not only help individuals to develop their interactions with their colleagues beyond their job duties. It also provides the opportunity to spend quality leisure time with the family. The second +Energy Festival was an event consisting of creative and uplifting games that were designed as a group and according to the age and gender characteristics and capabilities of families, which was held for about 1000 employees and their families.



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Harmony between work and life

Honoring mother and woman’s day

We proudly recognize the vital role of women in our workforce, believing that they demonstrate greater flexibility in their professional fields than men, while also sharing the same level of commitment and expertise. Women have been instrumental in our growth and achievements. To celebrate Women’s Day and honor mothers on the birthday of Fatimah (Peace be upon him) daughter of the Islamic Prophet Muhammad (Peace be upon him), we held a grand ceremony attended by many working and retired women from the MSC, alongside the company’s executives and managers.



Promoting public and professional sports

MSC has taken significant steps to create a harmony between work and personal life by encouraging and expanding both public and professional sports activities. This initiative aims to provide the necessary infrastructure and resources for employees, contractors, retirees, and their families. Notable efforts include a 30% increase in contracts with sports centers and the use of 600 sports facilities by employees in a fully automated and intelligent manner. Additionally, more than 107,000 sports cards have been issued to official employees, contractors, retirees, and their families. The company also organizes sports events for various occasions on an annual, monthly, and weekly basis. Other initiatives in this area include:

The morning sports event for the MSC family

The MSC families gathered for a morning sports event, participating 6,700 employees and their families, all united under the theme “Sports, Health, Productivity.” This lively gathering took place at the Bagh-e Abrisham cultural and sports complex in Isfahan. The primary aim of this important event was to boost the health, energy, and happiness of the employees and their families, a key priority for the organization



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Harmony between work and life

Health Tuesdays gathering

To promote public fitness among employees, the company organizes the "Health Tuesdays" gatherings. To date, 31 gatherings have been held in this regard.



Summer leisure classes for employees' and contractors' children

To promote a culture of wellness and vitality, as well as to plan leisure activities for the children of employees and contractors, the company organized summer sports classes in swimming, basketball, table tennis, volleyball, tennis, and football. A total of 12,000 participants took part in these classes.

Health-oriented programs

To enhance physical well-being and promote a culture of vitality among employees, contractors, retirees, and their families, various initiatives have been implemented. These include the Key to Health program, the Safaiyeh Complex Health and Fitness Program, the Health and Fitness Program for Retirees, and the Miracle of Exercise programs 1 and 2 at the MSC's Ferdos Complex



▲ The retiree health and fitness program



▲ The Miracle of Exercise programs 1 and 2 at the MSC's Ferdos Complex

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Harmony between work and life

Mountain hiking and trekking expeditions held monthly with 10 teams

In this monthly event, employee hiking and trekking teams have so far been dispatched to various locations, including the 5,610-meter summit of Mount Damavand (the highest peak in Iran), the 4,850-meter summit of Alam-Kuh (the second highest peak in Iran), the 4,450-meter summit of Qash-Mastan (the highest peak in the Dena Range), the 4,501-meter summit of Mount Hezar (the highest point in Kerman Province), the 4,075-meter summit of Shir-Kuh, the 3,910-meter summit of Pir Hashtad in Fereydunshahr, the 3,813-meter summit of Kul-e Geno, the 3,400-meter summit of Tatara, the 3,211-meter summit of Binalud in Khorasan Razavi Province, the 2,714-meter summit of Dorfak, the 35-kilometer Zard-e limeh Waterfall trek, and the Shahdad Desert in Kerman.



Formation of MSC's industry sports teams and championship titles in national and international competitions

In this context, 37 industrial and labor sports teams have been formed across 15 different sports disciplines, allowing participation in both national and international competitions. With over 730 male and female athletes from MSC, these teams have successfully logged more than 15,000 athlete-training sessions in various sports facilities. In 2023, the women's industrial and labor teams won three national championships, one third-place title, 19 provincial championships, nine runner-up positions, and ten third-place finishes. The men's teams achieved one international runner-up title, six national championships, one national runner-up position, four third-place finishes at the national level, and eight provincial championships, along with three runner-up and seven third-place titles.

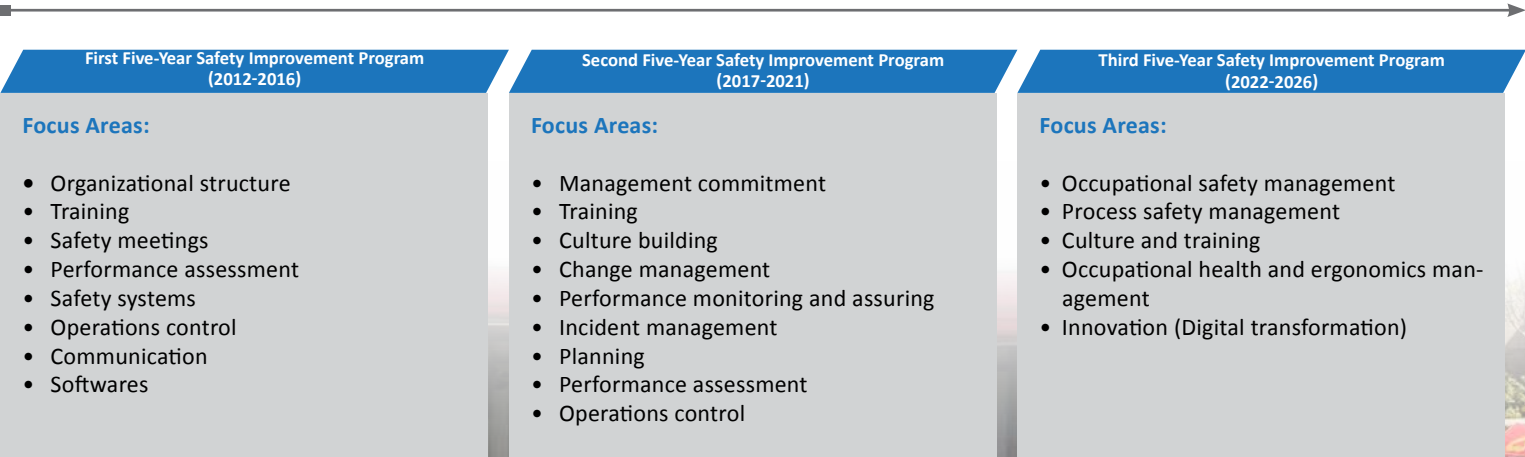




Creating a safe and healthy workplace

Establishing a safe and healthy workplace is essential for building a sustainable and prosperous future for any organization. At MSC, we understand that prioritizing employee well-being through proactive safety measures, ergonomic workspaces, and comprehensive health programs can strengthen a culture of trust, loyalty, and productivity. We believe that a safe workplace not only minimizes the risk of accidents and injuries but also fosters trust and motivation among employees, resulting in greater job satisfaction and higher retention rates. Additionally, investing in mental health support, promoting work-life balance, and ensuring access to health resources helps create a positive workplace where employees feel valued and empowered to excel.

Recognizing the importance of a thorough approach to safety management, we have developed three five-year plans aimed at enhancing safety at MSC. These plans involve forming a specialized team made up of safety experts from our central office, along with safety consultants from various sectors, and production and maintenance specialists from our operational units.



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Health and safety management system

Our employees are our most valuable asset on the journey to a better future, and their support is crucial in navigating this path. In line with the Excellence Path discourse, MSC views its employees as a cornerstone of its pursuit of excellence. Consequently, we have prioritized their physical and mental well-being. At MSC, all our efforts are directed towards upholding the organizational value of “safe, timely, and high-quality work.” Additionally, we aim to meet the legal requirements and the needs and expectations of our stakeholders by striving to achieve the strategic goal of “Improving the safety and health of employees.” To this end, MSC has designed and implemented an occupational

health and safety management system based on risk management. This system encompasses various approaches, including adherence to the occupational health and safety management standard (ISO 45001), compliance with technical protection and occupational health regulations, the rules and regulations of the Iran’s Ministry of Health, Treatment and Medical Education, and the establishment of a safe work management system during the coronavirus pandemic (ISO 45005).



Model of professional safety management system



Process Safety Management

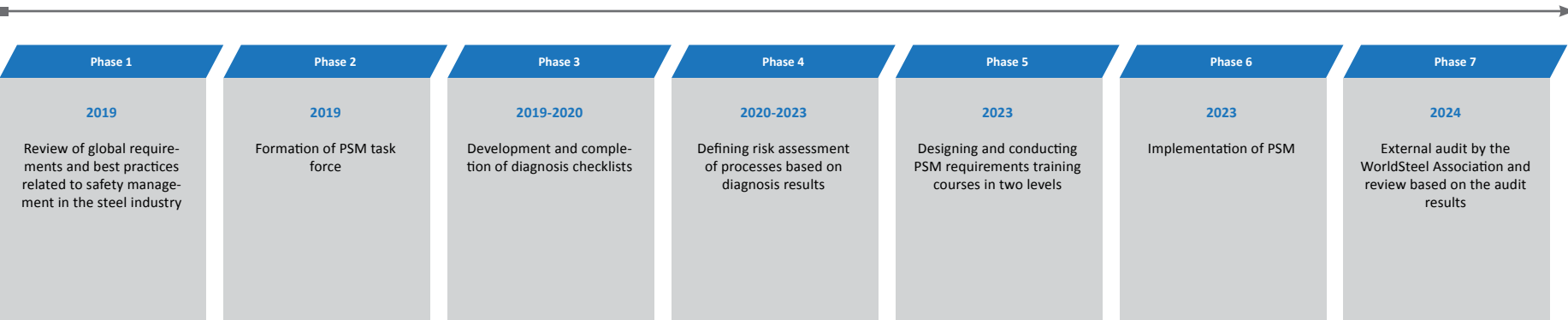
Given the importance of Process Safety Management (PSM)¹ in preventing process-related incidents and their serious consequences at MSC, as well as the necessity of crisis management and the significance of passive defense in process-oriented areas and units within the company, a roadmap for implementing the Process PSM has been developed. The project of “Study and Training Phase for Implementing Process Safety Management” was planned and executed, leading to the identification of areas for improvement.

While prioritizing the company’s 15 process units in this study, the hazard identification and risk assessment project in the selected (five) process units including conducting a hazard identification study using the HAZID Study, HAZOP Study methods and risk assessment using the bow-tie method of electric arc furnaces, conducting a process hazard identification study using the HAZOP method and LOPA risk

assessment in order to determine the required safety integrity level in the RH-TOP unit, conducting a process hazard identification study using the HAZOP and HAZID method and analyzing the consequences in the fluid distribution unit, conducting a process hazard identification study using the HAZOP method and LOPA risk assessment in order to determine the level of safety integrity required for the box annealing unit, a process hazard identification study using the HAZOP method, and LOPA risk assessment in order to determine the level of safety integrity required for galvanized lines and colored sheets was defined and implemented.

Furthermore, recognizing the importance of training in the implementation of the PSM system, three training sessions were conducted in 2023 for approximately 400 of the company’s experts and managerial staff, including supervisors, head of sections, and managers. Approximately 100 participants from these sessions were selected for further advanced training and for planning the implementation of this system at MSC.

MSC's Roadmap for Implementing PSM



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Towards zero harm

At MSC, we assess the effectiveness of our safety approaches through internal and third-party audits, safety inspections, internal and external VIP visits, and key performance indicators. The indicators of Frequency Rate of Accident (FR)and Severity Rate of Accident (SR) have improved due to the lessons learned from past events and the successful implementation of the first and second comprehensive five-year safety and occupational health improvement programs (2012 to 2021). Over these years, numerous activities have been undertaken, including regular safety enhancement meetings with management, continuous inspections, training and awareness campaigns, implementation of automated safety systems, evaluations of units, employees, and contractors, conducting 3 minute meetings at the start of each shift, and developing safety documentation such as motion graphics and infographics on hazards in various areas. Additionally, the development of procedures to encourage employee participation in periodic medical examinations has led to a growing and sustained trend in employee engagement in this area. Furthermore, other initiatives, such as conducting medical examinations outside the company for managers, head of sections, and supervisors, and organizing training sessions on health topics during the periodic medical examinations for this group, have been implemented.



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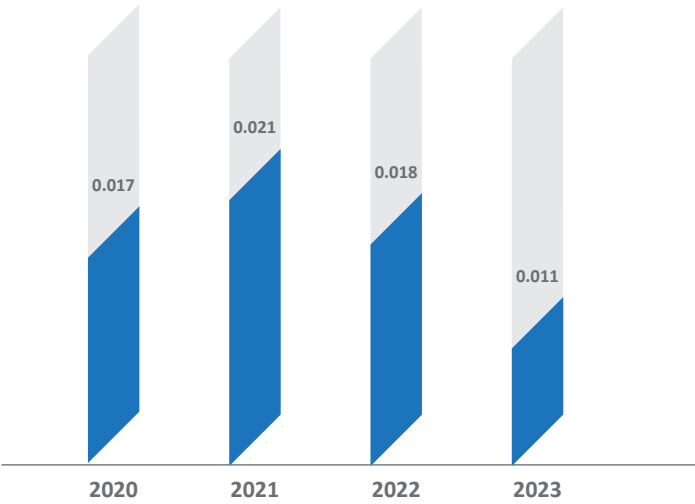
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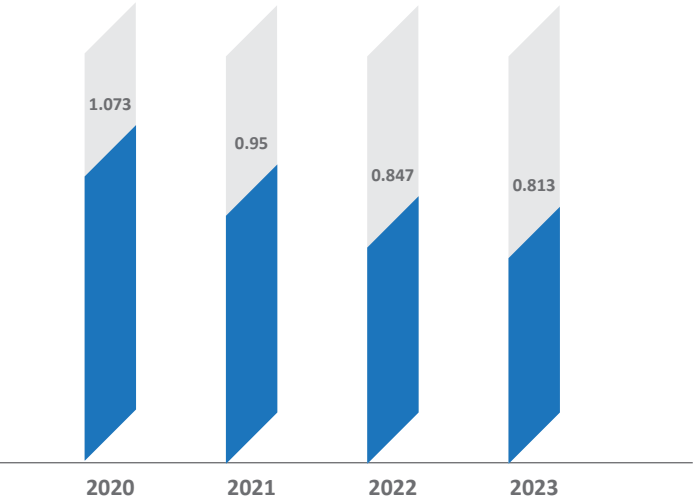
Indicator	unit	Until 2020	Until 2021	Until 2022	Until 2023
Days without fatal accidents	Day	775	1146	1511	1876

Indicator	unit	2020	2021	2022	2023
Fatality Frequency Rate (FFR)	Number	0	0	0	0

Indicator	unit	2020	2021	2022	2023
Number of near misses (recorded in the Green Card system)	Number	10920	13963	17663	55456



Severity Rate (SR) of Incidents

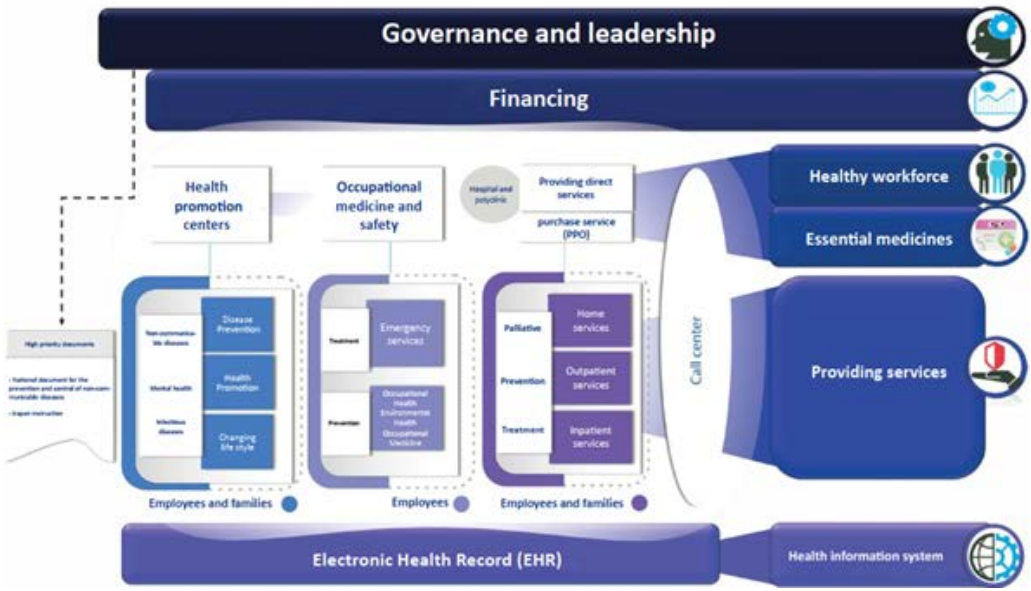


Frequency Rate (FR) of Incidents



Comprehensive employee health program

The comprehensive employee health program of MSC has been compiled based on strategic analysis and review of relevant elements and with the participation of related units such as HSE, public services (sports and nutrition), training and development of human capital, etc. This program is based on the four pillars of “occupational health”, “general health”, “work environment health” and “mental health” and after defining the relevant measures, it has been communicated to all units. According to the “Industrial Medicine Examinations” workflow, every year all of employees are subjected to medical tests and examinations, and by examining health risk factors, the index of “disease risk factors” is calculated and monitored. The comprehensive employee health program is evaluated through surveys and related performance indicators based on regular periods of time. Collaborative ergonomic intervention program with the aim of reducing musculoskeletal disorders, developing guidelines for prohibiting/reducing/combating smoking in the company, ergonomic assessment of office supplies before purchase and creating structured meetings with units to explain measures to improve the general health of employees, as well as establishing an ergonomic laboratory, carrying out a research project investigating shift work systems and the problems caused by it in the company, implementing hearing protection and respiratory protection program in the workplace, implementing the pilot project for Globally Harmonized System of Classification and Labelling of Chemicals (GHS)¹, identifying and evaluating health risks using specialized methods and systems and electronic specialized referral of the results of industrial medicine examinations are among the measures that have been taken to improve and promote the comprehensive health program



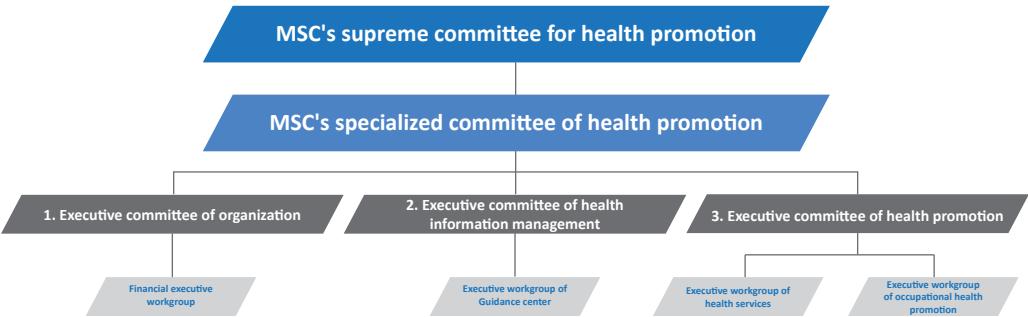
MSC's comprehensive employee health program

of employees. The design of a comprehensive health system at MSC, which emphasizes three key areas—occupational health services, health promotion, and treatment—represents a significant advancement in the company’s vision for health improvement. This health-focused approach considers all aspects of well-being, prioritizing health services based on unmet needs, integrating care and services, utilizing the existing national health system framework, and emphasizing the importance of employee health care over mere service provision. Currently, the establishment of electronic health records is being developed as a foundational element of this system, alongside the launch of a guidance center to connect various service areas. Additionally, revising how the company’s health index is calculated is a crucial step toward enhancing the accuracy of assessing the impact of activities on health. Within the comprehensive health system of MSC, health policy-making is responsible for the Supreme Committee for Health Promotion. This committee is composed of the CEO and the Council of deputies. Additionally,



Comprehensive employee health program

a specialized committee operates through three executive branches: the Organization Committee, the Health Promotion Committee, and the Health Information Management Committee, which provide scientific and expert support to the High Committee. The company’s health objectives and policies are then conveyed to the regional executive committees through specific health guidelines tailored for each area. The implementation of health promotion programs in both production and administrative sectors falls to the executive committee, which includes the regional manager, head of sections, and employee participation. One of the newest initiatives, currently underway in collaboration with specialized university teams, focuses on utilizing modern science and tools to predict health conditions and effectively group the target population for interventions.



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Comprehensive employee health program

Occupational health & safety approaches aimed at promoting the health & safety of employees

Improvement of workplace conditions	<ul style="list-style-type: none">• Identifying, measuring, assessing and controlling harmful factors in the workplace• Performing occupational health and safety inspections• Defining and implementing corrective projects to improve workplace conditions
Enhancement of personnel general health	<ul style="list-style-type: none">• Planning and implementation of pre-employment and periodical medical examinations of employees• Pursuing the job suitability of employees• Training and culturalization of employees according to the self-caring principles
Promotion of ergonomics conditions	<ul style="list-style-type: none">• Identifying and assessing the risk factors of the ergonomics of the workplace• Collaborative ergonomics intervention program with the aim of eliminating or reducing skeletal and muscular disorders• Ergonomics assessment of office supplies before purchase• Evaluation of the ergonomics of transportation services



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Empowering community for a better future

Our goal at MSC is to make the world a better place for all stakeholders, including communities, based on the discourse of the responsible path, and with seriousness and responsibility, we do our best to achieve this goal. Our guiding purpose (management philosophy) is centered on creating a better future for everyone involved. We recognize that our growth and success are closely tied to the .well-being and development of the communities where we operate. Our commitment to empowering local communities is diverse and includes initiatives in social and human development, charitable actions, support for NGOs, improving community health, and providing public services. MSC has launched various initiatives in these areas, such as establishing scientific, educational, and cultural centers, local socio-economic development programs, job creation efforts, and promoting social engagement and cohesion. By supporting the development of educational institutions, we are

laying the foundation for the next generation to gain the skills and knowledge they need for personal and professional success. Additionally, our company boosts job creation through local economic initiatives, supports local businesses and domestic production, .and enhances the community’s economic resilience. At the heart of our efforts lies the belief that sustainable business practices and community development are not separate, but rather complement each other. The very purpose of MSC emphasizes the importance of being a responsible corporate entity—one that strives to grow and develop as a member of society while simultaneously fostering the growth and prosperity of the community. We believe that this holistic approach not only leads to the company’s success but also nurtures a sense of shared value and collective progress, ultimately contributing to the creation of a brighter and .more sustainable future for all



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MSC, a catalyst for employment and economic development

As one of the largest industrial companies in Iran, MSC plays a crucial role in job creation and the economic development of the country. We believe that through our efforts in employment generation, economic advancement, and the enhancement of local communities, we can significantly contribute to the nation’s progress. By creating extensive job opportunities and supporting major national projects, we aim to help drive sustainable development and economic growth in Iran. Key aspects of MSC’s employment initiatives include: of

Development of projects

- Over 3,000 people are currently employed in various development projects at MSC
- Since 2022, the company has initiated the hiring process for 1,104 new employees
- More than 6,500 individuals have been engaged in various internal development roles within the company

Localization of the workforce

- Over 90% of MSC’s workforce is comprised of local residents from surrounding communities. This approach not only aids in job creation but also contributes to the development of local communities.

Major projects and the demand for steel products

- Large-scale projects, such as the water transfer project from the Oman Sea to Isfahan, require steel plates. MSC’s production and delivery of these plates to pipe manufacturers create jobs, stimulate production, and drive the country’s economic development

Direct and indirect job creation

- MSC has successfully created 380,000 jobs, both directly and indirectly. This job creation significantly contributes to the improvement of the country’s economic and social conditions.

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The growth of hope on the path of Zayandeh Roud

A comprehensive model for progress and development in underprivileged areas with a focus on employment and livelihood improvement

In Isfahan, where the Zayandeh Roud River serves as a vital lifeline, water scarcity and drought have deeply affected the lives of many. Despite these challenges, hope and solidarity continue to illuminate the path for the residents of eastern Isfahan, whose livelihoods are intricately tied to a river that is currently struggling. Recognizing the profound social and economic impacts of the drought, MSC has taken significant steps to restore prosperity to these regions. The comprehensive model for progress and development, focusing on employment and livelihood improvement, stands as a testament to these efforts.

Isfahan, with its remarkable capacities, has always been one of the leading provinces in the country. However, the mismanagement of water resources and the drying up of the Zayandeh Roud River have turned the eastern part of Isfahan into a critical and vulnerable area. The drought, which has been affecting the region for decades, has been exacerbated by the river’s stagnation, leading to numerous social, cultural, economic, and political tensions.

MSC, aiming to create a better future, has implemented a variety of initiatives and programs to support those affected by crises, empower disadvantaged and low-income groups, and provide financial assistance to cultural, religious, and non-governmental organizations in the region. These efforts are designed to equip them with the tools to overcome challenges and achieve sustainable development. These programs, which include fostering economic growth, improving the regional business environment, and reducing poverty, are part of the “Comprehensive Model for Progress and Development in Underprivileged Areas with a Focus on Employment and Livelihood Improvement.” This initiative is a key aspect of the company’s social responsibility efforts.

After thorough evaluation, MSC selected the Rasta Progress and Development Accelerator Institute as the executive body for this plan in eastern Isfahan. With its specialized workforce, this institute actively engages in various areas of the region to fulfill the company’s social responsibilities.



The growth of hope on the path of Zayandeh Roud

Principles of the program

The following principles are defined for this program:

Comprehensiveness

A holistic approach that ensures a balanced provision of services across various sectors, encompassing a wide range of services for different segments of the target community.

Participation

A commitment to cross-sector and inter-agency collaboration, fostering synergy among the three key sections: MSC (as the sponsor), the government, and the local community.

Effectiveness

Setting short-term, medium-term, and long-term goals, with carefully structured, purposeful actions accompanied by periodic evaluations and real-time project monitoring.

Sustainability

Strategic planning for exit strategies and ensuring the sustainability of all programs, with a focus on environmental considerations and resource management.

Institutionalization

Establishing and empowering institutions at all levels, prioritizing the activation of existing institutions in all initiatives and programs.

Structure of the program

The following principles are defined for this program:

- 1. entral headquarters:** This consists of the central offices and administrative units of Rasta, which are responsible for supporting, guiding, supervising, and backing the regional network. These units work in close collaboration with MSC as well as various cultural and economic institutions at the provincial and national levels.
- 2. Regional structure:** In each region, a leader is appointed to identify and establish the County Development Institution. This institution is comprised of local elites and experts who, driven primarily by non-financial motives, are responsible for planning and executing the region’s development pathway.
- 3. Local structure:** At the level of target villages and neighborhoods, local development centers consisting of local elites and experts are formed, centered on the Imam of the congregation or the village or neighborhood trustee. With the help and support of the ambassador, this center is responsible for the development of its village or neighborhood.





The growth of hope on the path of Zayandeh Roud

Purpose areas of the program

To implement a comprehensive program for the development and settlement of deprived areas with a focus on employment and improving the economy, the following objectives have been followed:

Areas	Description	Objective
Studies	Designing and drafting the MSC regional development model and the comprehensive development plan for the east of Isfahan, based on meta-analysis of field studies and higher-level documents	Designing and drafting the MSC regional development model and the comprehensive development plan for the east of Isfahan
Culture	Establishing and strengthening cultural and social hubs in four areas: Imamat, education, health, and media, alongside the design and execution of cultural campaigns and the production of media packages	Creating and reinforcing specialized, issue-focused cultural and social hubs
Employment and livelihood	Creating new job opportunities and stabilizing and sustaining existing ones, with a focus on completing and developing the value chain and strengthening strategic sectors in the east of Isfahan.	Creating at least 400 new jobs and sustain 1,600 existing employment opportunities
Institutional development	Establishing and guiding empowered community institutions capable of problem-solving at the village and targeted neighborhood levels through development councils and progress funds, and collaboratively designing and executing issue-based projects	Establishing and guiding empowered community problem-solving institutions in at least 70 villages/urban neighborhoods

Actions and programs: Cultural and social development



Provided visual identity packages
(8 packages)



Provided services
(250 hours)



Conducted training courses
(4520 person-hour)



Identified activists
(210 activists)

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The growth of hope on the path of Zayandeh Roud

Actions and programs: Cultural and social development



▲ Coach training course (Hamyar Sho)



▲ Training course for health ambassadors



▲ Journalist training program



▲ Stop motion training event



The growth of hope on the path of Zayandeh Roud

Actions and programs: Cultural and social development

Collaborative activities with Foolad-e Mobarakeh Sepahan Sports Club

To provide more cultural and sports services at the villages and neighborhoods levels and to enhance interaction with the Foolad-e Mobarakeh Sepahan Sports Club, various programs have been organized. These include cultural and educational camps, visits to the Naghsh-e Jahan Football Stadium, family walking gathering, talent scouting and establishing permanent sport bases, and Fajr competitions (in memory of Iran’s islamic revolution anniversary) etc.



▲ Cultural and training camps, along with visits to the Naghsh-e Jahan Football Stadium



▲ Football talent scouting at the Foolad-e Mobarakeh Sepahan Sports Club



▲ Organizing futsal competitions for the Fajr competitions



▲ Talent scouting for girls' volleyball



The growth of hope on the path of Zayandeh Roud

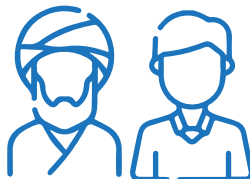
Actions and programs: Institutional development



Local lending institutions
(39)



Collaborative projects WBS
(16)



Number of identified
trustees (70)



Number of established development
centers (75)



▲ Meetings of development centers



▲ Collaborative project of Belan's development center



The growth of hope on the path of Zayandeh Roud

Actions and programs: Institutional development



▲ Collaborative project of Ghoortan Football field



▲ Collaborative project of Islam Abad's clinic in Shatoor

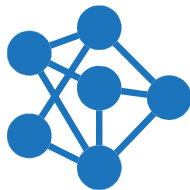
Actions and programs: Development of employment and livelihood



Support service provided
(1395 person-hour)



Training courses
(490 person-course)



Number of occupational
netwrks created (57)



Identified pioneer economic
activists (26 people)

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The growth of hope on the path of Zayandeh Roud

Actions and programs: Development of employment and livelihood



▲ Carpet weaving workshops



▲ Employment festival in Chehr village in Varzaneh

Actions and programs: Agriculture and livestock



▲ The empowerment training course held for farmers with the approach of improving the performance in the east of Isfahan



▲ Vaccination of livestock in the eastern region of Isfahan

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Path of empathy, small steps toward building a better world

In today’s world, social responsibility and attention to community needs have become more crucial than ever. MSC, recognizing this necessity, is taking small yet impactful steps toward creating a better and more sustainable world. This path of empathy, driven by love and strong will, symbolizes our commitment to making positive changes in the lives of the communities and the environment in which we operate. At MSC, we believe that unity and collaboration can bring about a brighter future and a better world for all of us.

By providing assistance and supporting charitable and humanitarian initiatives, our goal is not only to meet people’s basic needs but also to plant seeds of hope and renewed motivation in their hearts. These efforts demonstrate that every small step on the path of empathy can lead to significant transformation in society. In this section of the report, we delve into the details of the humanitarian actions and charitable contributions that have been implemented through extensive efforts and collaboration. Through these initiatives, we have not only strived to support the underprivileged and those in need but have also aimed to strengthen collective spirit and foster a sense of unity within the community.

Sofreh Hamdeli (empathy banquet)

Ramadan is a time for spiritual reflection and extending a helping hand to those in need. One of the most meaningful acts during this holy month is providing food to the less fortunate, an act that strengthens both spirituality and social unity. In keeping with this tradition, MSC hosted the “Sofreh Hamdeli (empathy banquet)” event during Ramadan, preparing and distributing 1,000 food packages to those in need. These packages not only help improve the recipients’ living conditions but also symbolize compassion and a commitment to human values.

Through these efforts, we aim to create a chain of goodwill, where every small act contributes to a better and more sustainable future. The Sofreh Hamdeli (empathy banquet) embodies generosity and kindness, reaching its pinnacle during Ramadan, a time when hearts come together, and people unite as one big family to support one another.

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Path of empathy, small steps toward building a better world



A gift to move

In a time where every step can change the course of life, MSC has brought hope and confidence to those in need by donating 250 electric wheelchairs to individuals with physical disabilities and spinal cord injuries. This thoughtful initiative, with a focus on disabled students who require frequent mobility around the city, has made a meaningful difference. Among the 11,000 individuals with physical disabilities in Isfahan Province, 1,765 are eligible for electric wheelchairs. MSC has provided 250 of these wheelchairs, enabling these individuals to move forward in life with greater strength and confidence.

Restoring hope, assisting in the release of prisoners of unintentional crimes

In even the darkest moments of life, every person needs a glimmer of hope. For prisoners convicted of unintentional crimes, this hope can mean returning to their families and starting anew. Understanding this profound human need and committed to social responsibility, MSC has taken a significant step in restoring hope to these individuals. As part of its commitment to sustainability and community support, MSC has allocated 60 billion rials for the release of prisoners convicted of involuntary offenses in Isfahan Province. This financial contribution was announced on the “Yek Shahr Ziyafat” television program on Isfahan’s provincial TV network, symbolizing the company’s efforts to make a positive impact in the community. Of the total amount, 50 billion rials were provided by MSC, with an additional 10 billion rials contributed by subsidiaries within the Mobarakeh Steel Group. This initiative goes beyond mere financial aid; it represents a deep sense of empathy and a commitment to human and social principles. Through this charitable initiative, MSC has demonstrated how practical and impactful actions can contribute to improving lives and alleviating social issues. This financial support is part of the company’s long-term strategy to support the community and strengthen social foundations, ultimately leading to sustainable development and a better future. The return of these prisoners to their families not only rekindles hope in their hearts but also fosters a more compassionate and resilient society.



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Path of empathy, small steps toward building a better world

A Gift to begin a life

In a time where every step can change the course of life, MSC has brought hope and confidence to those in need by donating 250 electric wheelchairs to individuals with physical disabilities and spinal cord injuries. This thoughtful initiative, with a focus on disabled students who require frequent mobility around the city, has made a meaningful difference. Among the 11,000 individuals with physical disabilities in Isfahan Province, 1,765 are eligible for electric wheelchairs. MSC has provided 250 of these wheelchairs, enabling these individuals to move forward in life with greater strength and confidence.



Caravan of compassionate hearts

In response to the devastating flood that struck Sistan and Baluchestan Province, MSC dispatched its inaugural relief convoy to assist the affected communities. This convoy, comprised of three trailers, delivered 7,740 blankets, 10,000 square meters of carpets, and 50,314 ready-to-eat meals from esteemed national brands, encompassing five different types of cuisine. Additionally, members of MSC’s volunteer teams were deployed to the flood-stricken areas to provide on-the-ground support and solidarity with the victims. This initiative embodies MSC’s dedication to social responsibility and solidarity with our fellow citizens during times of crisis. We believe that our financial and moral support not only eases the immediate burdens faced by those affected but also exemplifies the presence of compassionate aid in the face of adversity. This humanitarian effort underscores that unity and empathy are fundamental to building a resilient and thriving Iran.



Supporting championship sports

One of the responsible approaches of MSC in the social context is to help the development of championship sports by supporting the cultural sports clubs of Foolad Mobarakeh Sepahan and Sepahan Novin. Since the support of championship sports can lead to the improvement of morale, vitality and social cohesion, MSC has entered this field and announced its all-round support. Promotion and development of excellent sports culture and championship sports at different levels and disciplines and creating social vitality and well-being in the society is one of the effects of MSC's support activities in the field of sports. By creating suitable platforms and providing sports facilities, this company tries to play an influential role in cultivating young talents and improving the level of championship sports in the country. With continuous support and detailed planning, MSC is always trying to help the development and progress of sports in Iran. The sports teams supported by the company are:

Men's championship teams

Football, futsal, volleyball, basketball, handball, water polo, cycling, climbing, wrestling, tennis, table tennis, chess, swimming, karate, judo, taekwondo, running and weightlifting..

Women's championship teams

- 5 championships in the Iran's Persian Gulf Pro League
- 4 championships in the Hazfi Cup of Iran Pro League (Knockout Cup Competition)
- 1 runner-up in the Asian Champions League
- Participation in the FIFA Club World Cup



Foolad Mobarakeh Sepahan women's football team



Foolad Mobarakeh Sepahan men's football team



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Supporting championship sports

Sports academies

To nurture the athletic talents of the children of employees and contractors, MSC has established sports academies encompassing five disciplines: football, volleyball, swimming, water polo, and gymnastics. These academies have engaged 2,000 young athletes, both girls and boys, and have already achieved notable rankings in provincial and national competitions.



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Responsible governance

Responsible governance is a fundamental pillar for achieving sustainable success at MSC. By prioritizing the principles of good governance and social responsibility, the company has developed a structured and transformative framework to advance its objectives. Emphasizing transparency, accountability, and fairness, MSC strives to address the needs and expectations of all stakeholders.

Our governance structure, which includes inter-departmental collaboration, decision-making processes, and joint execution for continuous improvement, is managed in a coordinated and integrated manner. This ensures the optimal performance of all company processes and activities while maintaining high ethical and professional standards. The comprehensive management structure is designed to engage all employees, managers, and shareholders in achieving the company’s goals effectively.

Legal environment of the company

The most important laws and regulations governing the company’s activity are:

- a) National laws and regulations (including: Trade Law, Labor and Social Security Law, Direct and Indirect Taxes Law, Securities Market law for companies accepted in Securities and Exchange Organization, Mercantile Exchange Law, Development Law and New Tools and Financial Institutions and Environmental laws and regulations).
- b) Approvals and regulations within the company (including: the company’s charter and internal regulations, the company’s financial and trading regulations, general assembly approvals, board of directors approvals).



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Legal ownership

MSC Company (MSC) (public joint stock company), which is now one of the largest industrial companies of the Islamic Republic of Iran, was registered as a private joint stock company with registration number 7841 in Isfahan Companies and Industrial Property Registration Department on 19 March, 1991. According to the minutes of the extraordinary general meeting dated 10 May, 2004, the company was converted from a private stock to a public stock and on 26 February, 2007 its name was included as the 435th accepted company in the list of listed companies.

Board of directors

At MSC, the board of directors is known as the highest governing body of the company. Board members are elected once every two years from among the shareholders. The selection of these people is mandatory through obtaining the votes of all the shareholders, and the voting must also take place in the general assembly meeting, and in this way, the shareholders are involved in the selection of the highest governing body. In this election, one or more members of the previous board must be removed from their positions. New members should also be selected through elections. The selection of other official and legal officials should also be done through voting, like the members of the board of directors.

MSC’s policies related to corporate governance

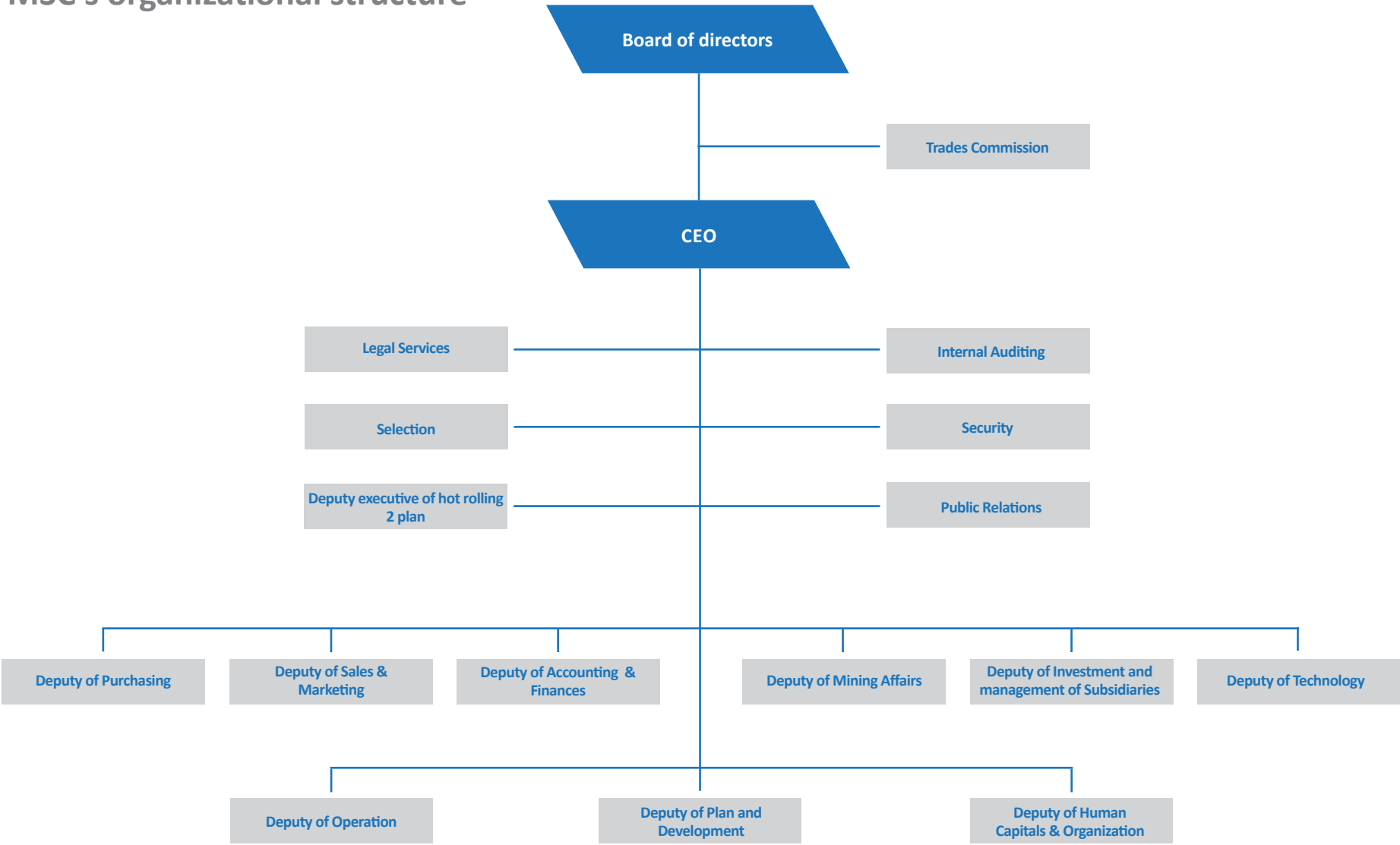
The purpose of corporate governance is to help the policy makers of the company in evaluating and improving the legal, regulatory and institutional framework for corporate governance with the aim of supporting the effectiveness, efficiency, sustainable growth and financial stability of

the company. To move in the direction of sustainability it is necessary to establish a corporate governance system, to have strategic and operational planning, to create an effective and efficient control environment and to have an integrated risk management culture in the company while committing to ethical principles and values. In this regard, the company has designed and implemented approaches to ensure the effective implementation of corporate governance.

Principles of corporate governance	Company approaches
Principles and framework of effective corporate governance	<ul style="list-style-type: none">• Compliance with the requirements of Chapters 2 and 3 of the Corporate Governance Guidelines
Protecting the rights of shareholders and treating them equally	<ul style="list-style-type: none">• Compliance with the provisions of 240 of the Commercial Law regarding profit sharing• Compliance with the disciplinary instructions of the publishers accepted in the Iran’s Securities and Exchange Organization
Compliance with the rights of beneficiaries	<ul style="list-style-type: none">• Compliance with the provisions of Article 129 of the Commercial Law regarding transactions with related parties
Institutional investors, stock market and other financial intermediaries	<ul style="list-style-type: none">• Compliance with the instructions of the Iran’s Securities and Exchange Organization• Compliance with the instructions of the Iran’s Merchantile Exchange
Accountability, disclosure and transparency	<ul style="list-style-type: none">• Complying with the executive instructions for disclosing information of companies registered with the Iran’s Securities and Exchange Organization• Compliance with the disciplinary instructions of the publishers accepted in the Iran’s Securities and Exchange Organization• Implementation of provisions articles 37 and 38 of chapter five of Corporate Governance Guidelines• Disclosure of information and financial reports on the company’s website
Responsibility of the board of directors	<ul style="list-style-type: none">• Compliance with the requirements of chapter three of the Corporate Governance Guidelines• Compliance with the provisions of 27 to 44 of the company’s statutes



MSC's organizational structure



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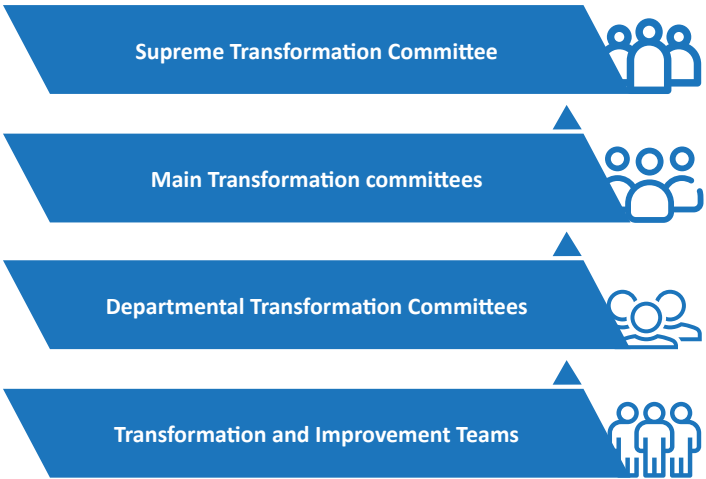
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MSC transformation structure

Considering the competition in the current business world and in order to increase the competitive advantages, every organization needs to manage and implement transformation, for this purpose MSC has created a platform for managing the cycle of continuous improvement in the organization through the comprehensive transformation system. In the transformation structure of MSC, the highest institution is the “Supreme Transformation Committee”, which, together with the main and departmental transformation committees as well as transformation and improvement teams and groups, is responsible for continuous improvement management.



MSC transformation structure

MSC's main transformation committees

Iron making	Central workshop	Communications and social responsibilities	Investment and management of Subsidiaries
steel making and continuous casting	Central maintenance	Plan and development	Planning and production control
Hot rolling	Transportation and support	Human capitals management and organization	Mining affairs
Cold rolling	Technical inspection, automation and instrumentation	Purchase	CEO area
Saba steelmaking and continuous rolling	Maintenance technical office	Sales & marketing	Energy and fluids
Accounting and finances	Technology		



Strategic management system, a tool for managing impacts

The strategic management system at MSC operates through a five-step process. This process includes strategic analyses (comprising the identification, analysis, and understanding of stakeholder needs and expectations, macro-environment analysis, industry environment analysis, and internal environment analysis), strategy formulation, setting strategic objectives, defining Key Performance Indicators (KPIs), and developing strategic initiatives at various organizational levels (cascading from the business level to the functional and unit levels). The process also encompasses strategy implementation, evaluation, and review.

Each year, this process is carried out through comprehensive meetings involving all job levels, especially organizational leaders such as the CEO, vice presidents, managers, heads of sections, and experts across different company levels.

In addition, MSC utilizes various systems for effective strategy management, including the continuous monitoring and tracking of Key Performance Indicators (KPIs), strategic actions, and operational objectives. These systems include the Business and Enterprise Management (BEM), Comprehensive Strategic Enterprise Management (SEM), Business Process Management (BPM), and Comprehensive Action Management System (ACM).

At MSC, we employ these KPIs and systems (BEM, SEM, BPM, and ACM) to identify, track, and manage our impacts across environmental, social, and economic dimensions. This comprehensive approach ensures that our strategies are effectively realized and aligned with our commitment to sustainable development and responsible business practices.

Identification and analysis of strategic risks

To evaluate and manage strategic risks—those that threaten or constrain the organization’s ability to achieve its strategic objectives—MSC employs the risk management approach proposed by Robert S. Kaplan and Anette Mikes, in conjunction with the ISO 31000 standard. This methodology has been in use since 2012, by benchmarking the Volkswagen Co. in Brazil.

In this framework, the Strategic Planning Workgroup is responsible for identifying, assessing, and prioritizing risks associated with each strategic goal. Subsequently, preventive or corrective measures are devised and implemented to mitigate or reduce critical risks. This structured approach ensures that strategic risks are effectively managed, enabling the company to achieve its strategic objectives and sustain resilience in a dynamic environment.

Critical strategic risks identified in 2023

1. Constraints on the sustainable supply of iron ore concentrate and high-quality iron fines
2. The impossibility of recovering and reducing the value of advance payments in case of non-fulfillment of suppliers’ obligations
3. Procurement of strategic and bottleneck items (e.g., iron ore concentrate, pellets, sponge iron, electrodes, and special refractory materials) below required standards
4. Stricter environmental regulations
5. Limitations in securing and supporting software licenses and hardware equipment
6. Limited capability and experience of domestic contractors for digital transformation projects
7. Rising frequency and complexity of cyberattacks
8. Reduced cooperation from manufacturers and producers in localization efforts
9. Delays and quality issues in the supply of spare parts and consumables
10. Changes in project scope (including extent, technical specifications, equipment volume and type, technology type) and ineffective management of these changes

Strategic opportunities identified in 2023

1. Strong domestic demand for steel products in fluid transfer (e.g., sour gas steel plates)
2. Availability of green technologies for environmental protection and efficient resource utilization
3. Potential to leverage startups and innovators in digital transformation
4. Effective utilization of succession planning systems
5. Implementation of regulations under the knowledge-based growth law



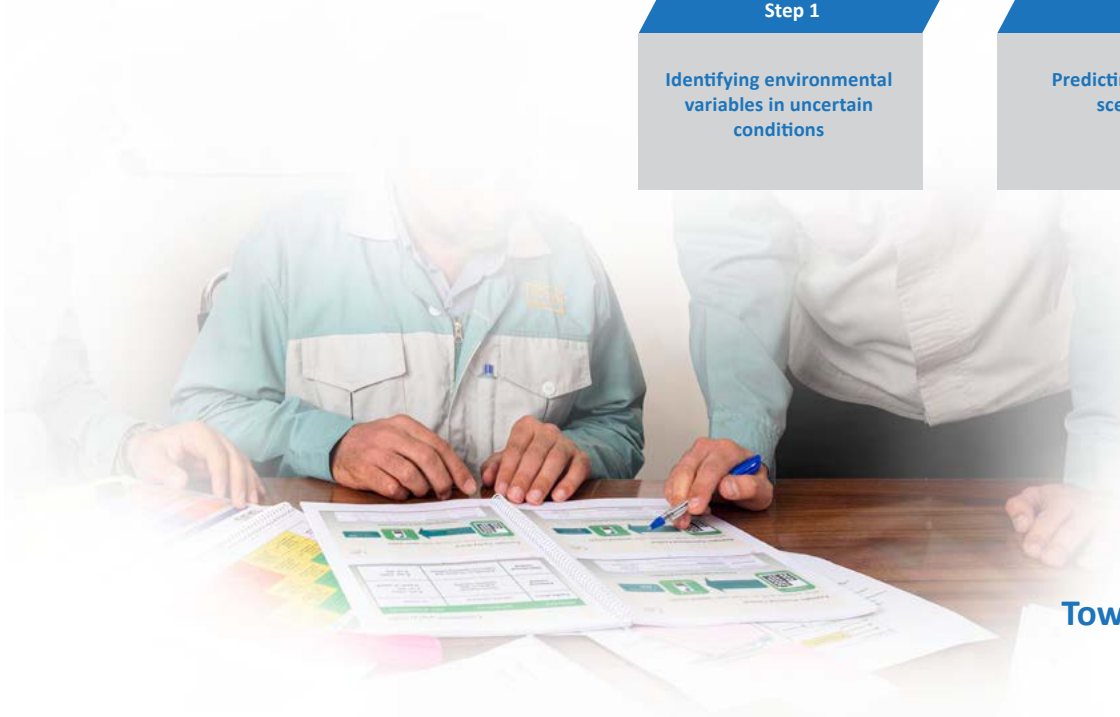
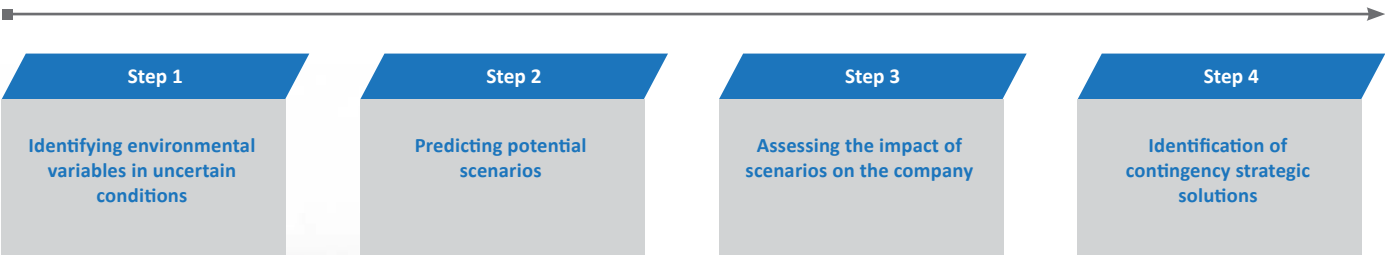
Scenario planning

At MSC, scenario planning is an integral part of our external environment analysis. We identify and analyze potential scenarios based on environmental variables or drivers, especially under conditions of uncertainty. These scenarios are forecasted in three distinct states: optimistic, probable, and pessimistic. By employing scenario planning, we aim to bolster our resilience against challenges and unpredictable environmental conditions, thereby increasing our chances of success and ensuring alignment with our strategic vision.

At MSC , the impact of each potential scenario on the company’s business and future performance is thoroughly analyzed and evaluated. Strategic solutions are then developed to effectively respond to and

mitigate these scenarios. This approach is integrated with other strategic management frameworks, such as strategy formulation, strategy mapping, and strategic risk management. It helps to identify contingency strategies and strategic objectives that align with the occurrence of potential scenarios. For example, in 2020, scenario planning was undertaken in response to the COVID-19 pandemic, focusing on two key variables: the extent of the virus’s spread and the organization’s resilience. Drawing on international best practices from sources like BCG and APQC, scenarios were developed across five critical areas: human capital, supply chain, sales and marketing, financial and economic performance, and technology. For both optimistic and pessimistic scenarios, specific goals and necessary actions were identified and implemented to ensure the company’s continuity and adaptability during the pandemic.

Scenario planning process



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Strategic and future research observatory

The ever-watchful eye of management

MSC, committed to strategic agility and smart transformation, has established the Strategic and future research observatory through a digital platform known as Didvan. The mission of this observatory is to empower and inform management, ensuring timely and well-informed decision-making in alignment with the company’s overarching strategies. This initiative complements the strategic management approach already in place at MSC.

Didvan, operating under the slogan “The ever-watchful eye of management”, functions as a strategic monitoring tool designed to explore and harness future opportunities. In ancient Persian, the term “Didvan” referred to “an individual positioned on a high vantage point, like a mountaintop or the deck of a ship, who reports on distant observations”.

As an intelligent strategic monitoring system, Didvan integrates a suite of interactive foresight tools aimed at analyzing and anticipating potential future scenarios for MSC. By providing a comprehensive 360-degree view of future possibilities and all conceivable pathways, Didvan serves as a critical guide for making accurate, timely decisions, ensuring the company’s resilience and proactive stance in a dynamic environment. This intelligent monitoring platform is annually developed and refined to meet the evolving needs of stakeholders. It encompasses the following key sections:

Horizon Scanning: Organized thematically into six categories—business, environmental, social, economic, political, and technological—this section provides the latest qualitative analyses from distant time-space contexts and macro environments, framed within an environmental scanning approach.

World of steel: This section delivers the latest news related to the steel

industry from both nearby and global perspectives. It focuses on current activities and future plans of the world’s largest steel manufacturers, providing insights to monitor the behavior of international competitors.

Statistics and data: The most important statistical indicators collected from reliable sources are indexed in this section. These statistical indicators are placed in the three categories of macroeconomics, steel industry and capital market, and they are the most important indicators that should be taken into account by managers in decision-making processes. In this section, indicators such as exchange rates, prices of basic metals, Tehran Stock Exchange Index, etc. are displayed.

SAHA (Online Collective Intelligence System): SAHA is a platform designed to facilitate decision-making through collective wisdom. SAHA is an online consultation system that aids managers and decision-makers in making informed choices by involving experts and stakeholders. A key topic is presented in SAHA, where all experts can share their insights. Ultimately, a consensus is reached among internal or external experts, identifying the best solutions to the discussed challenges.

SAHA is based on the Delphi method, which is implemented online to help experts reach consensus. It supports two models: Multi-Rounded Delphi (MRD) and Real-Time Delphi (RTD). Notable features of SAHA include the ability to create a contact directory, categorize questions into various groups, design questions in multiple formats, provide engaging graphical feedback, and deliver statistical data along with participant response comparisons.



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Strategic and future research observatory

Studio: In this section, there are videos and podcasts about future-oriented concepts, trend analysis, industry analysis, or any other useful information for managers to make better decisions. The purpose of this section is to draw attention to the most important topics of the day in the form of an attractive video for a more appropriate audio and visual transmission to the viewer.

Infographics: In this section, users can explore the progression of a key topic, such as the hydrogen trade trends up to 2030. Infographics present a specific issue on a single page, challenging the user to reflect on it. They display past trends and project future developments, offering a visual journey through the evolution of a subject, encouraging deeper understanding and contemplation.

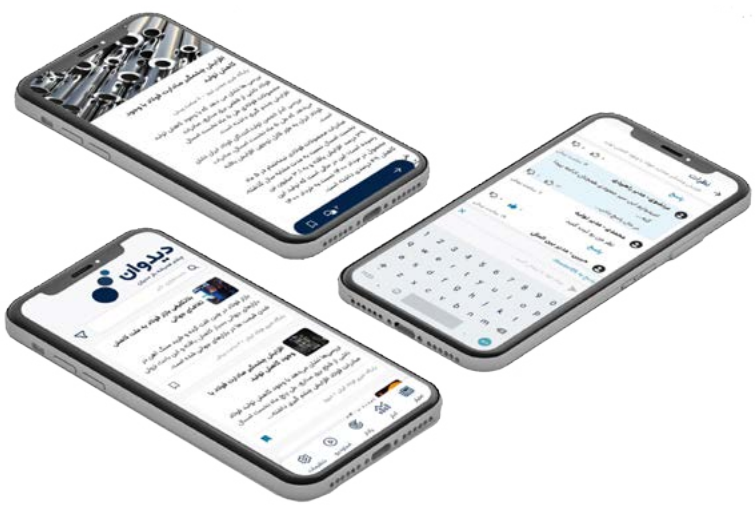
Trend Radar: The Trend Radar is one of the most powerful tools in foresight analysis. A trend represents a trackable pattern of continuous changes in a phenomenon. The Trend Radar designed in Didvan is an entirely interactive tool that displays the status of each trend on a radar composed of standard indicators. It features multiple time horizons to assess the maturity of a trend or determine the timing and method of addressing it. These horizons are segmented into various timeframes (e.g., 1-2 years, 3-5 years, and more than 5 years) and provide action recommendations with relevant labels (e.g., stay alert, evaluate, experiment, and urgent action).

Technology Radar: Technology is the cornerstone of shaping the future. Technological revolutions happen so rapidly that many businesses don't even have the chance to observe these changes, making it essential to have a tool that can monitor these advancements at the same speed, creating a form of technology intelligence for us. To meet this need, we have developed the Technology Radar at MSC. This radar is designed for continuous and specialized technology scanning, allowing the company to assess technologies based on standard indicators. The radar provides insights into various aspects, such as the

description of the technology under review, its life cycle, technology suppliers, benefits and capabilities created through its application, disadvantages and limitations, investment costs, alternative technologies, and the methods of acquiring them.

Startup Radar: A dedicated software solution for visualizing and analyzing startups can be a major driver of business growth. In Didvan, this service is made available to the senior management of MSC. As one of the largest holdings in the country, MSC is committed to leading in development and innovation to achieve its strategic objectives and ultimately realize its vision. Through this platform, senior managers can access Startup Radar reports, which provide valuable insights into global trends in startup investments, failed startups, unicorns, new ideas, and more. This information helps them make informed decisions that align with the group's strategic goals and vision.

Risk Radar: To transform MSC into a resilient and adaptive organization, strategic risk analysis is conducted, and potential risks that a business may face are visually represented through the Risk Radar. This platform typically provides a graphical representation of a risk matrix, ranking risks based on their probability and impact. The Risk Radar helps the organization prioritize risks and develop strategies to address them effectively.

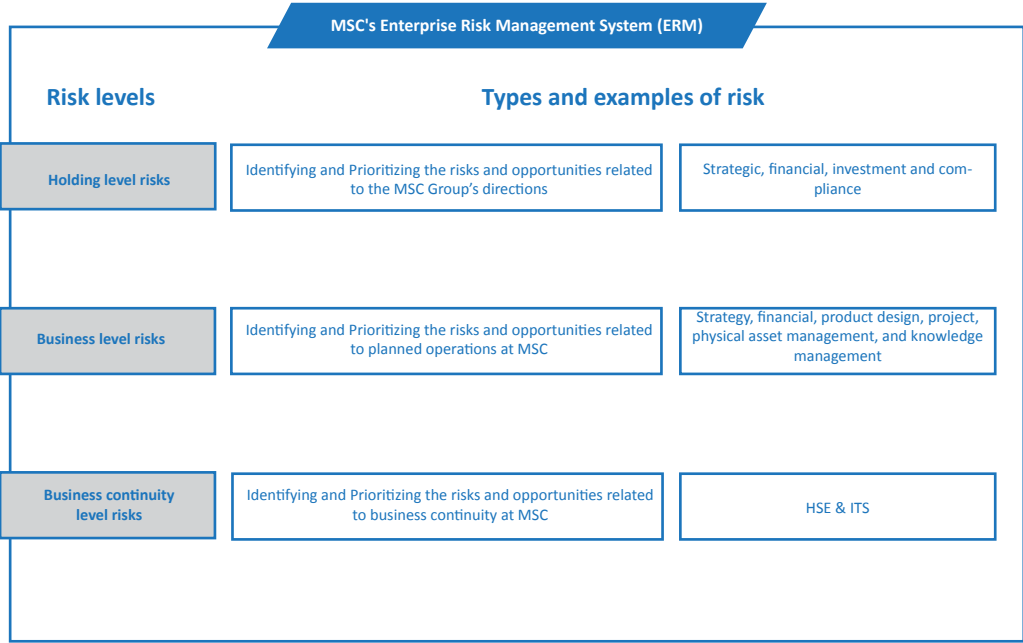




Risk management

By learning from the ISO 31000 standard and the COSO risk management framework, MSC has designed its own Enterprise Risk Management System (ERM) and identifies, evaluates and manages the risks of group, business and business continuity levels. According to this approach, risks are identified and the procedures for dealing with them are determined at each level in accordance with the relevant workflows, and if necessary, they are re-evaluated to be transferred to the Company’s “Risk Steering Committee” and if the result of this evaluation is a high priority, then the risk management steering committee will pay attention to how to deal with that risk. For the effective management of risks and opportunities, the necessary preventive or contingency measures are identified and implemented, and the relevant indicators (KRIs) are regularly monitored for critical risks and opportunities. Also, in line with effective risk management in the company, a risk management system has been developed based on the ISO 31000: 2018 standard, the COSO framework (2017), and in alignment with the policies of the audit committee and the corporate governance guidelines of Iran’s Securities and Exchange Organization (SEO). In each of the areas of the company’s risk management model (ERM¹), the six main steps of risk management are implemented and its results are announced to the Risk Steering Committee according

to the ERM approach if needed. Risk Steering Committee after examining the dimensions of the severity of that risk, decides to adopt related control measures.



Risk management steps





Risk management governance structure

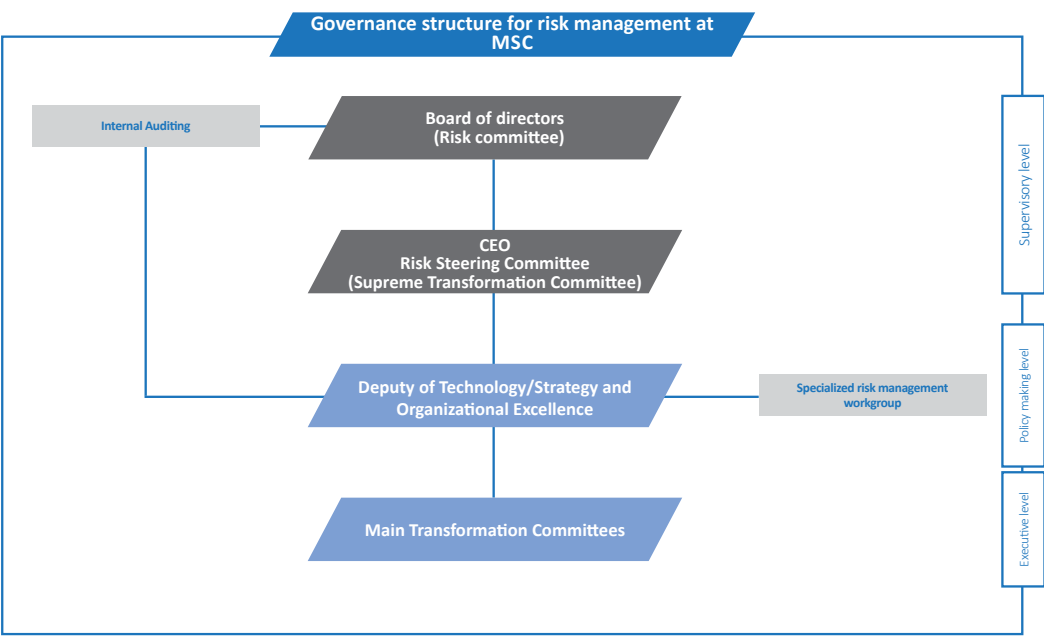
The risk management governance structure at MSC establishes the necessary governance mechanisms for the effective implementation of the risk management system and its integration across all levels of the company, including departments, units, and transformation committees. This governance framework ensures that risk management practices are systematically applied and maintained throughout the organization. The structure of the risk management governance system is illustrated in the diagram below.

Responsibilities of the risk committee

- Ensure compliance of the risk management system with company regulations, including commercial law, transaction regulations, delegation of authority, etc
- Monitor and control the accuracy and integrity of risk appetite levels
- Review and comment on potential weaknesses in internal controls and the effectiveness of response programs using Key Control Indicators (KCI) for risk
- Validate and ensure the reliability of risk-related information and reports (audit, legal, financial statements, accounting)
- Prepare independent periodic reports and present them to the

board of directors

- Provide guidance and recommendations to the Supreme Transformation Committee for improving risk control indicators
- Review and control risk management documents related to contracts, agreements, and amendments, and monitor changes, increases, decreases, or new pricing



Information security risk management

ISO 27001 is an international framework for Information Security Management Systems (ISMS) that assists organizations in ensuring the confidentiality, integrity, and availability of their information while effectively managing security risks. The implementation of this standard at MSC reflects its commitment to managing information security risks and its dedication to protecting sensitive information while complying with security laws and regulations. This standard helps MSC not only to maintain information security but also to continually improve its information security management processes, thereby earning the trust of its customers and stakeholders.

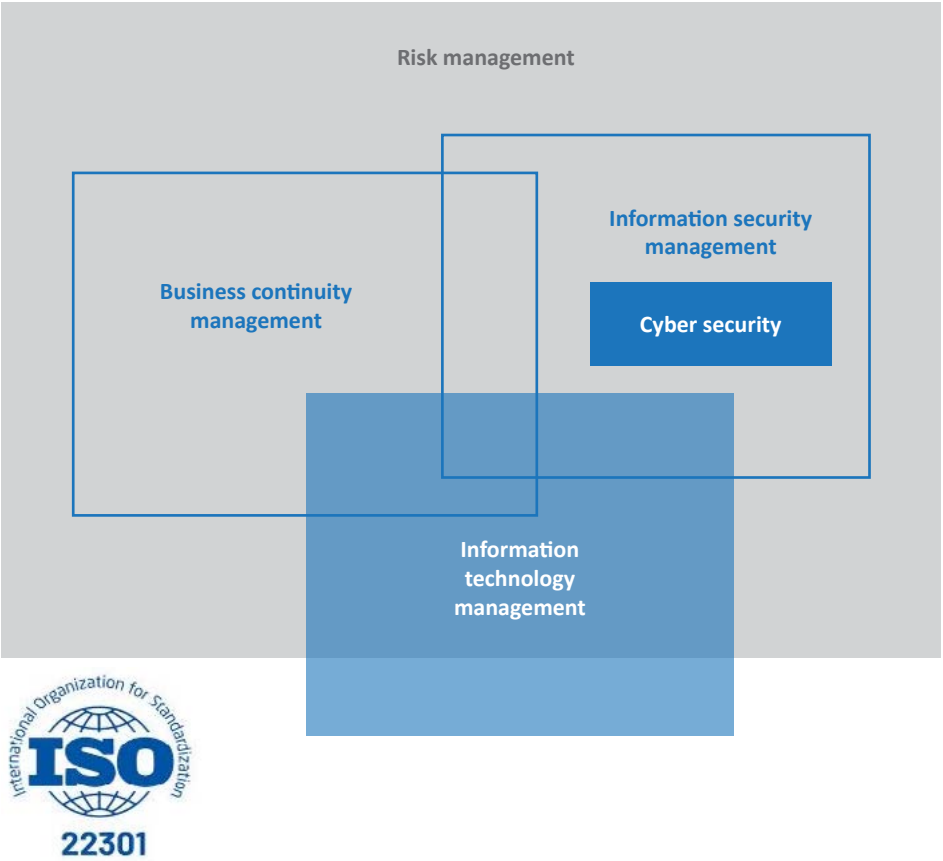


Business continuity management

ISO 22301 is an international standard for Business Continuity Management (BCM) that helps organizations ensure their ability to cope with disruptive events and recover quickly. Since 2023, MSC has undertaken the implementation of this standard following studies on its requirements, thereby enhancing its resilience in the face of various challenges. In this regard, we have considered the following aspects for establishing this standard:

- Ensuring operational continuity: By implementing ISO 22301, MSC will be able to deploy effective strategies to maintain critical operations during crises and disruptions. This measure will help prevent operational and production stoppages and ensure a swift return to normalcy. For a company of MSC’s scale and impact, operational continuity is crucial, and this standard plays a key role in this context.
- Enhancing stakeholder confidence: Adopting ISO 22301 and demonstrating the capability to manage crises and maintain business continuity will increase stakeholder confidence, including that of customers, suppliers, and investors. This confidence supports the company’s commitment to sustainability and strengthens long-term relationships with stakeholders. Consequently, MSC can bolster its reputation in both domestic and international markets.
- Enhancing flexibility and responsiveness: By adopting ISO 22301, MSC will gain increased flexibility in handling changes and crises. This enhanced flexibility allows the company to react swiftly to market changes and improve its sustainability strategies. The ability to respond quickly and effectively to crises is a critical factor in maintaining long-term sustainability and growth.
- Integration with other management standards: ISO 22301 can serve as a complementary framework to other management and sustainability standards. Integrating this standard with others such as ISO 9001, ISO

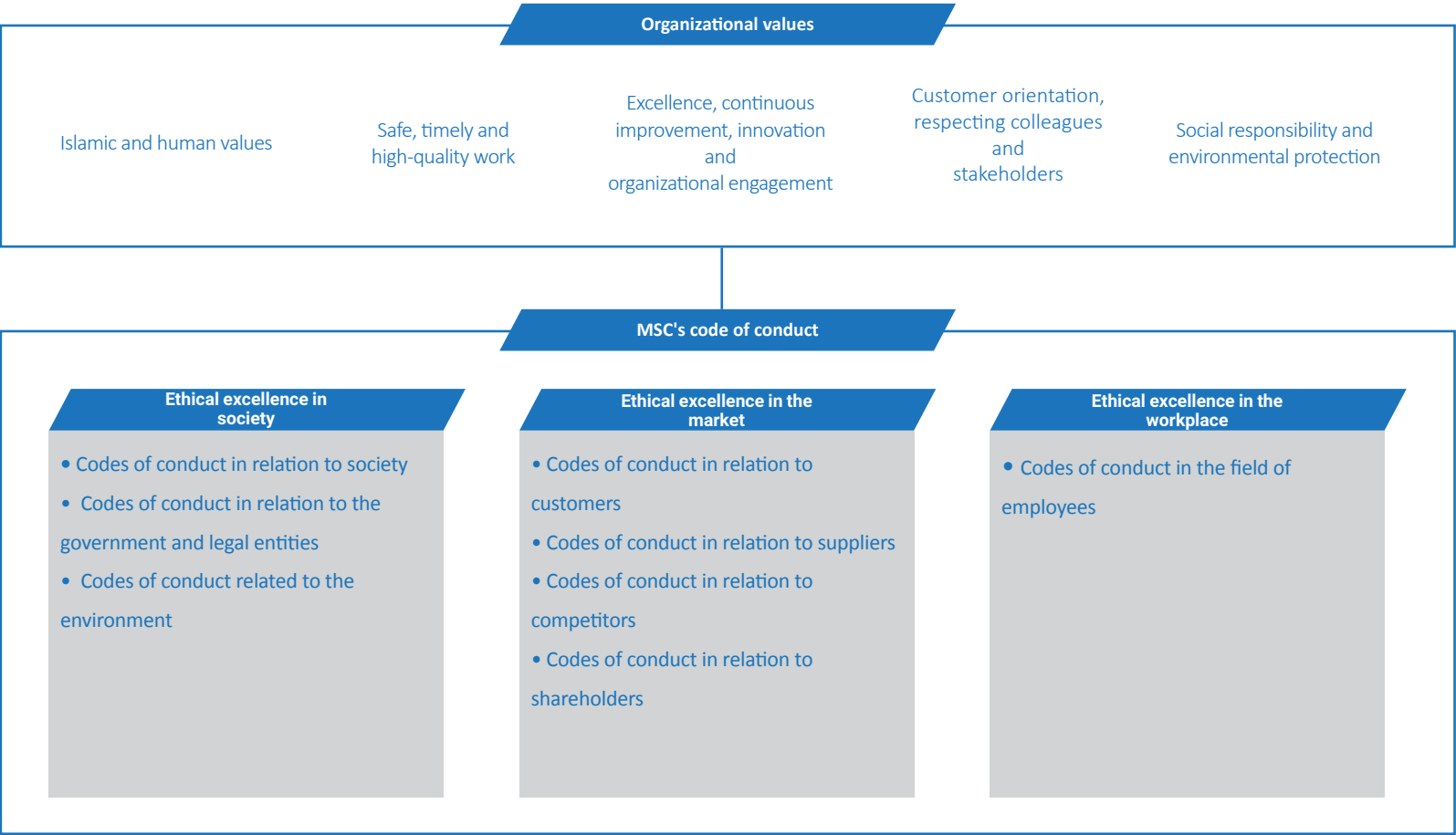
45001, and ISO 31000 can lead to overall improvements in management systems and enhance MSC’s sustainability. Overall, ISO 22301 provides a structured framework for business continuity management and risk reduction, helping MSC ensure its capability to handle disruptions and achieve its sustainability goals. By improving flexibility, boosting stakeholder confidence, and creating effective links with other management standards, MSC can enhance its sustainability performance and achieve greater success in today’s competitive market.





Business ethics

At MSC, we regard business ethics as a fundamental principle of our organization, believing that this concept plays a crucial role in sustainable success and our commitment to core values. We strive to uphold ethical business principles not only to gain the trust of our stakeholders but also to pursue a more responsible path toward a better future. Recognizing this necessity, MSC has developed a comprehensive code of conduct to ensure that all organizational actions and decisions align with ethical values and social responsibility.





Business ethics

To instill its core values throughout the organization and ensure that decisions, actions, and daily behaviors of its employees towards each other and all stakeholders—including customers, suppliers, shareholders, competitors, the community, government, and the environment—align with the company’s values, MSC has developed its Code of Conduct. The company’s behavioral codes, crafted based on a coherent and systematic approach with stakeholder participation, encompass a set of behavioral principles derived from the company’s fundamental values. They outline the ethical and responsible behavior expected of employees and define the dos and don’ts in relation to all company stakeholders. These codes serve as a guide to assist employees and managers in making ethical decisions and provides direction in various ethical situations.

We believe that adherence to these behavioral codes not only fosters the growth and development of an ethical culture within the company but also ensures that each employee shapes their organizational commitment around the company’s core values. This alignment helps to synchronize their behavior with the company’s mission, vision, and core values. Such alignment accelerates the achievement of the company’s objectives and is precisely what makes MSC admired as an ethical business within the community.

The comprehensive MSC’s code of conduct is structured into three main sections: ethical excellence in the workplace, ethical excellence in the community, and ethical excellence in the market. This document contains a total of 340 behavioral codes, which outline appropriate conduct towards each stakeholder. A key feature that distinguishes this document from other ethical statements is that it is the result of collective input from all employees and stakeholders of the company. Notably, the code of conduct is introduced to new employees as one of the key topics during their initial training.



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Sustainable steel for building the future

MSC proudly stands as one of the largest and most advanced steel producers in the MENA region, playing a vital role in Iran's economy. The company not only leverages cutting-edge technologies to produce sustainable steel but also takes significant steps towards environmental preservation by focusing on eco-friendly products. These efforts aim to minimize negative impacts, particularly in downstream industries.

At MSC, we believe that pursuing responsible and sustainable business practices requires attention to the market, understanding customer needs and demands, and creating value through innovative and environmentally friendly products. We are convinced that our survival depends on customer satisfaction and loyalty, and continuing our journey toward sustainability hinges on their willingness to support us. As a driving force in the national economy and a key

player in Iran's industrial sector, MSC meets a substantial portion of the market's demand for steel products. The company has attracted numerous customers across various industries with its sustainable and eco-friendly steel. With approximately 1,500 direct customers and over 5,000 indirect customers, including factories and production facilities nationwide, MSC plays a crucial role in fulfilling the needs of diverse industries. These major customers include the automotive, construction, oil and gas, and home appliance sectors, among others. Meeting the needs of these industries with sustainable and high-quality steel demonstrates our commitment to providing green and innovative solutions to address environmental and economic challenges.

At MSC, we believe in a more sustainable and greener future, and we are continuously striving to achieve this goal by leveraging the latest technologies and innovative approaches. Our objective is not only economic growth and development but also creating positive and lasting impacts on the environment and society.

Customer segmentation (By industry sector)	Steel finishing industries	Slab rolling, re-rolling, coating industries (galvanized, colored, and tin-plated), and production of steel profiles				
	Downstream Industries	Fluid pipelines	Pipes and Profiles	Vessels and storage tanks	Metal structures	Machineries
		Transportation	Metal industries	Home appliances	Packaging industries	Commercial companies
	Retail centers	Service centers				
Export markets	Middle East and Africa	Persian Gulf countries	Iraq	Other countries in the Middle East		
	Central and East Asia	Afghanistan	India	East Asian countries	Central Asian countries	
	Europe and America	European countries				

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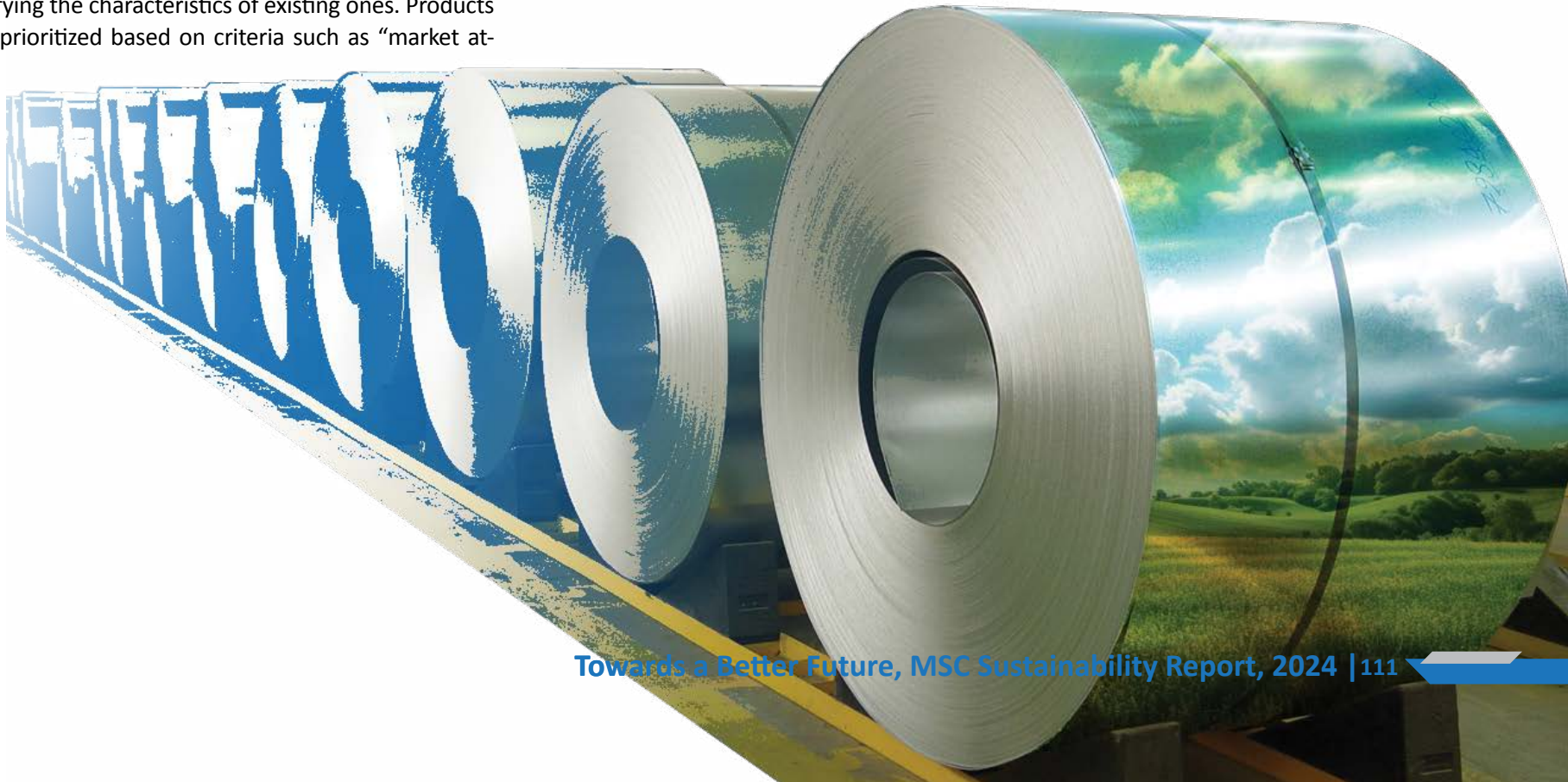
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Designing of new eco-friendly products

MSC, recognizing its responsibility to make the world a better place and aiming to create positive impacts for a sustainable future, has taken significant steps toward producing environmentally friendly steel. The company’s product portfolio has been developed with a forward-looking perspective, considering major trends and aligning with the needs and expectations of both domestic and international markets, with the goal of achieving a sustainable business. To foster a sustainable business and reduce the country’s dependency on foreign products, MSC focuses on producing sustainable and eco-friendly products, and has designed new offerings. The company develops its products through two approaches: designing new products and modifying the characteristics of existing ones. Products are evaluated and prioritized based on criteria such as “market at-

tractiveness” and “company capabilities”. The new product development processes are aligned with a technology roadmap, and samples are presented to customers. After approval, modifications and standardizations are implemented, and new products are registered in the order system. Among the latest eco-friendly products are stainless steels, dual-phase steels, SPFC440 and S550MC steel grades, various steel strips, and corrosion-resistant slabs (used for producing sour gas transmission pipes). These products not only possess suitable physical and chemical properties but also contribute to the development of circular economy principles and resource conservation. By expanding its product portfolio to meet customer expectations, MSC aims to enhance customer satisfaction through flexibility in product development.



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Designing of new eco-friendly products

Steel grades and products in 2023

Grade	Product type	Feature/Application	Technical and usage explanations
P235GH-NR	Hot rolled	High-temperature resistance	Designed for high-temperature applications such as boilers, this grade meets the requirements for tensile testing at ambient temperature, 300°C, and 400°C, and impact testing at -20°C with 30 Joules of energy, based on EN10028-2:2017 standard.
S235-CSCJR	Hot rolled	Coil break resistance	To mitigate coil breaks and enhance surface quality of S235IR grade sheets with thicknesses between 1.5 to 2 mm, modifications have been made to the chemical analysis and production process of S235IR within the 1.5 to 2.5 mm thickness range. The optimized S235IR CSC grade is intended for visible applications.
TPRing 440	Hot rolled	Automotive rims	Developed according to MSC's internal standards, this grade is designed for use in automotive rims, particularly for heavy-duty vehicles, and produced upon request from Mashhad Rim Manufacturing Co. (thicknesses of 15 and 16 mm).
CK67	Hot rolled	Heat-treatable steel	This non-alloyed heat-treatable steel is typically used in components subjected to high tensile, bending, and twisting stresses. It offers excellent mechanical properties like hardness and wear resistance, making it suitable for manufacturing springs in suspension and braking systems.
SPFC340G	Galvanized	Automotive galvanized steel	This high-strength steel, with a minimum yield strength of 340 MPa, is used in the production of galvanized or cold-rolled, uncoated sheets for visible parts of passenger car bodies. It is produced using Rephosphorized technology.
34CrMo4	Hot rolled	CNG storage & tanks	A heat-treated special grade used for manufacturing CNG tanks. With the government's focus on dual-fuel vehicles, MSC's production of this grade addresses market shortages. The production involves complex processes, including burst tests, bullet tests, UT, and impurity assessments.
EH40	Hot rolled	Shipbuilding	Designed for constructing surface vessels under ASTM A131 standard, this grade is produced using thermomechanical processing. It features a minimum yield strength of 390 MPa, ultimate tensile strength of 510-565 MPa, and must pass impact tests with 26 Joules of energy at 40°C.
S250GD	Galvanized	Construction	This high-strength galvanized steel sheet is introduced under EN10346:2015 standard and is primarily used in structural applications.

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Dual-phase (DB) steel

Optimum consumption of natural resources as well as production of final products that have less environmental impact is the need of our society today. Considering this need, the automotive industry is looking for the production of products that, in addition to being high quality and safe, have a smaller contribution to environmental pollution and resource consumption. According to the infrastructure of Iran, using a car is one of the methods of transportation. Therefore, having high-quality and safe cars with less emissions is one of the growing needs of domestic consumers. Obviously, improving the quality of domestic products and approaching global standards will increase the safety of cars, reduce fuel consumption, and increase the satisfaction

and well-being of these consumers. In this regard, one of the important needs of domestic automobile manufacturers was the production of dual-phase (DB) steel, which with the efforts of MSC employees and the mastery of CSP line technology, as well as research conducted in cooperation with prominent domestic universities, this company succeeded in producing this valuable and strategic grade according to ASTM A1088 and EN 10388 standards for the first time in the country. Dual-phase steel is used in parts of the car chassis that are subject to impact.

Dual-phase steel, an eco-friendly and economic product

In addition to being a widely used product in the automotive industry and its production has high economic efficiency, dual-phase steel is also considered an eco-friendly product due to the reduction of environmental impacts during production and use.

Improved performance: Dual-phase steel has more strength and ductility than conventional steels, which allows the production of thinner and lighter parts to reduce energy and consumables and reduce environmental impacts.

Increased content of recyclable materials: Dual-phase steel contains a higher percentage of recyclable materials than conventional steels. This feature reduces the need for new raw materials and leads to a reduction in the environmental footprint.

Longer life cycle: Dual-phase steel is more resistant to corrosion than traditional steel, more durable and requires less maintenance. It reduces frequent replacing and the amount of results sent is reduced.

Less energy consumption: The production process of Dual-phase steel consumes less energy than other steels (due to the lower melting point and faster solidification time helps to reduce energy consumption). This feature reduces the amount of greenhouse gas emissions during production.



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Other new steel products

Stainless steel

After the production of special steels with high added value was put on the agenda, MSC was able to produce and supply this valuable product for the first time in Southwest Asia and North Africa by acquiring the technology of stainless steel production.

Corten steel grade

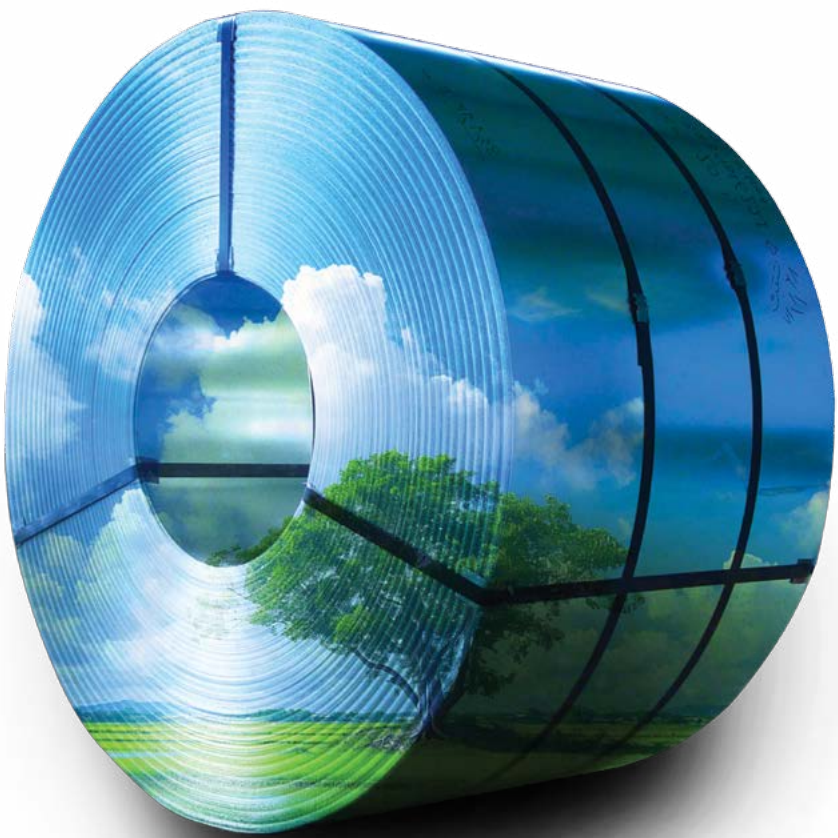
Among the steel grades required for thermal power plants is the Corten steel grade, which is aimed at meeting the needs of the country’s electricity industry, reducing dependence on foreign products, preventing foreign currency from leaving the country, developing and diversifying the portfolio of company products and producing special steels. With high added value, the production of this product was localized in the company.

Electric steel Slab with %1.8 silicon

Considering the high content of silicon and the low level of carbon and sulfur in silicon steels, the production of molten steel with proper chemical analysis and flawless steel requires technical knowledge and accurate calculations and special controls, which with the efforts of MSC experts it was produced for the first time in Iran.

Anti atmospheric corrosion steel grade with a thickness of 2 mm

Considering that the main need of the country in the construction of containers and wagons is low thickness steel, the import of this steel grade from abroad was done in these industries, and this product was also produced in MSC. This grade is used in the construction of sea transport containers, railway wagons and bridges.



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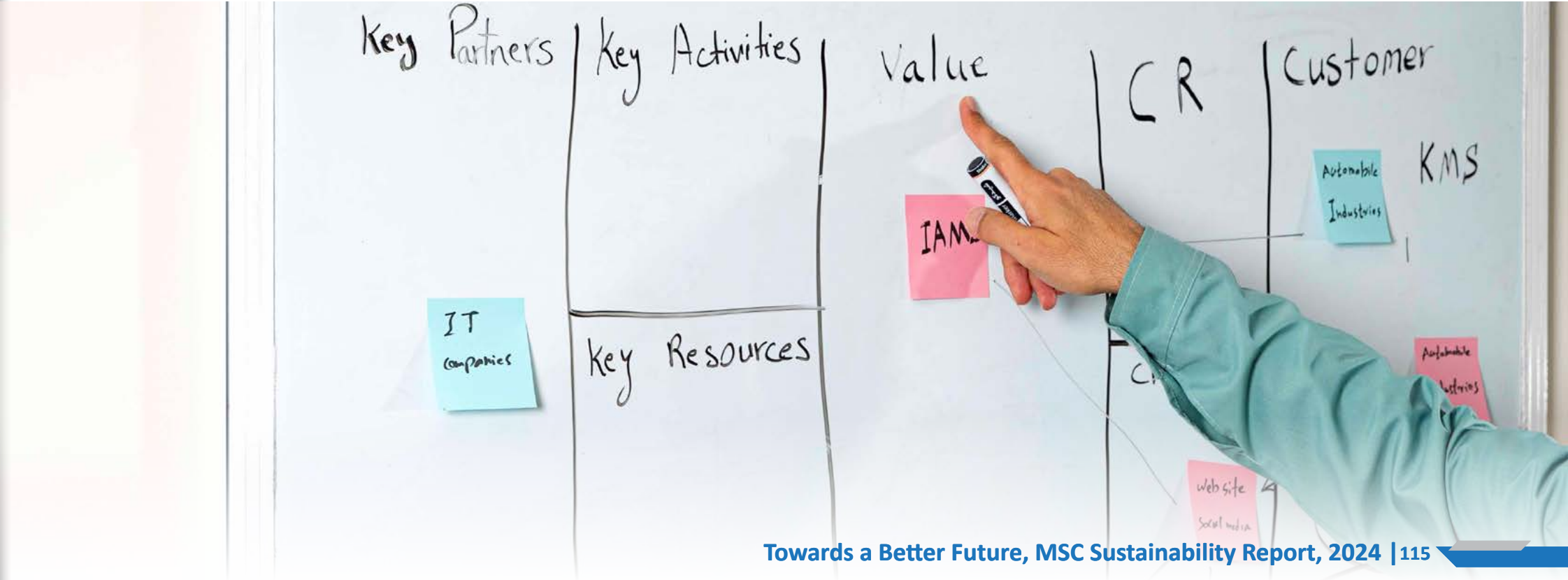
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Creating value for customers

At MSC, customer value proposition is emphasized as one of the most crucial elements of our business-level strategies, focusing on customers and their needs. We believe this approach not only helps in attracting new customers but also plays a significant role in enhancing the satisfaction and retention of existing ones. Aligning with the company’s strategic goals, we define strategic actions as value propositions for our customers that create a competitive edge and greater appeal. Continuous and proactive engagement with customers, understanding their needs and changes in their requests, and implementing changes based on their feedback are fundamental aspects of delivering value at MSC. These practices are central to our commitment to providing exceptional value to our customers. In MSC, according to the key needs and expectations of customers and according to the company’s strategic management process when designing the business level strategy map, the proposed value for different groups of target customers is defined and revised or validated every year. At the same time, in order to effectively implement the “value proposition”, key indicators and related strategic measures are defined, implemented and monitored.



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Strategic goals and measures to create value for customers

Strategic goal	Strategic measure
Increasing customer satisfaction and loyalty	Managing customer experience
	Designing and implementing a system to measure satisfaction of indirect customers (service centers)
	Evaluating and enhancing customer loyalty
	Implementing a comprehensive customer communication program
	Analyzing causes of customer attrition
Accountability and providing commercial and technical information and guidance	Reviewing the technical product handbook
	Creating and delivering training packages on comprehensive trade systems and point of sale systems
	Preparing an analytical report on export potential in global markets
	Preparing an analytical report of the domestic market on the balance of the production chain of flat steel products and determining the share and position of MSC
Managing marketing and sales in domestic and export markets	Designing a system to analyze customer claims
	Designing a system to analyze technical customer visits
	Designing a system to maintain digital documentation of claims and technical visits
	Integrating corrective action system from customer complaints with comprehensive action systems
Effective management of customer claims	
Developing sales and marketing information systems	Enhancing and upgrading CRM user interface and structure according to the latest related knowledge and data mining results
Market and customer development	Obtaining export certifications for new markets
Enhancing brand position from customer perspective	Evaluating brand position from industry experts' point of view
	Studying and identifying new export target markets
Marketing and sales management with focus on value optimization	Creating an integrated market analysis platform for steel
	Developing and implementing a marketing plan
	Planning face-to-face meetings with customers based on survey results
Increasing domestic customer satisfaction	Forming a specialized workgroup with sales, quality control, and production representatives to root cause frequent or specific customer claims and define corrective actions
	Preparing a report on issues and problems with the existing customer relationship management system and proposing improvements aligned with internal user needs
	Reducing response time to technical customer claims

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Informing customers

MSC provides the following services in order to respond and provide information and commercial and technical guidance for customers:

- 1. Technical advice on how to use the products
- 2. Publication of product technical manual
- 3. Holding technical and business meetings and specialized seminars (for some customer groups)

These measures are evaluated through surveys and indicators of satisfaction with technical advice, satisfaction with business advice, the number of training courses held for customers and the number of technical recommendations to customers. In addition, an expert is assigned for the products and the product brochure is updated according to the feedback received from the customers (including mechanical properties of different grades, packaging and defects.)

Customer training

To enhance customer awareness and satisfaction through commercial and technical guidance, MSC organizes various training courses and specialized seminars for its customers, assigning experienced experts to each field of activity.

Customer training areas:

- Introduction to MSC’s production areas
- Overview of production processes, grades, and technical applications of customer products
- Introduction to technical standards for customer products
- Familiarization with product defects relevant to customers
- Understanding the specialized safety aspects of customer products
- Addressing relevant issues and questions from customers

Note: All topics covered in the customer training sessions are based on the technical information booklets and product usage guides provided by MSC.



Indicator	Unit	2020	2021	2022	2023
Number of technical recommendations to customers	Number	70	73	78	80

Indicator	Unit	2020	2021	2022	2023
Number of training courses held for customers	Number	6	6	9	10

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Training courses held for the customers

Year	Title
2022	Technical information of hot-rolled products and welding topics
	Technical information of the tin-plated product
	Getting to know the quality defects of cold-rolled and galvanized products
	Technical information of hot-rolled product and acceptance limit standards
	Getting to know the hot-rolled product production process and its limitations
	Technical information and mechanical properties of tin coated plates
	Technical information and production process of coated tin-plated product
	Technical information, standards and tolerances of cold-rolled products
2023	Technical information of the tin-plated product
	Getting to know the defect of black spots on galvanized plates
	Getting to know the application grades of storage tanks
	Getting to know the galvanized production process
	Standards of steel plates in the automotive industry
	Production process and quality and technical information of tin-plated product
	Correct transportation of the product

Customer survey

We continuously and annually measure the opinions of our customers according to the ISO 10004 standard using a survey (questionnaire) and through the CRM system. In this system, after collecting, processing and analyzing the data, the relevant report is sent to the relevant departments (such as the production, quality control, sales and marketing etc.) and according to that, the plans and actions needed to improve customer satisfaction are defined and implemented. Also face-to-face meetings are held to find out the root causes of low satisfaction of customers who have the lowest level of satisfaction. Face-to-face interviews are conducted to ensure a thorough understanding of the opinions of key customers. In this context, a comprehensive analysis of the survey results has been done and guidelines have been designed for interviewing customers. In addition to conducting surveys through the CRM system and in order to facilitate the process and better access of customers to survey questions, as well as to reduce the risk of instability of information systems and internet networks, for the first time unique links via SMS were sent to the mobile phones of customers who in 2023 had made a purchase to complete the survey form. As a result of these measures, the response rate of customers to the survey has been increasing in the last few years and has reached 78% in 2023 from 41% in 2019.

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Charter of customer rights

In alignment with its commitment to creating a better future, fulfilling its mission within the industry, and achieving its established vision, MSC has placed increasing customer satisfaction and loyalty as a fundamental goal in its strategic roadmap. Accordingly, in 2023, the company has developed and implemented the Charter of customer rights. This charter underscores the company’s dedication to respecting and enhancing customer rights, ensuring that all interactions and engagements are conducted with the highest standards of integrity and professionalism. By adhering to this charter, MSC aims to solidify trust, foster long-term relationships, and consistently meet and exceed customer expectations.

Charter of customer rights

We are committed to...

- Treat all customers, whether large or small, with fairness and equality, recognizing that every customer is valuable to us.
- Uphold integrity and honesty in our behaviours and communications, ensuring that our operations are always compliant, clear, and responsible.
- Adhere strictly to confidentiality principles in our commercial interactions, safeguarding customer information.
- Remain consistently attentive to the voice of our customers.
- Provide necessary guidance regarding technical and commercial information needed by our customers.
- Actively work towards customer satisfaction and loyalty in accordance with ISO 10004 standard, understanding that customer silence should not be taken as a sign of satisfaction.
- Utilize methods such as surveys and in-person interviews to understand and address customer needs and expectations.
- Create value for our customers through corrective actions, continuous improvement in all company processes, and the development of new and specialized products.
- Ensure sustainable provision while also offering diverse payment options for our customers.
- Accompany customers throughout their journey from order placement to post-delivery, ensuring a pleasant experience.
- In line with ISO 10002 standards, provide a suitable platform for recording customer complaints, meticulously reviewing and addressing them, and taking necessary actions for resolution.

Handling of customer claims and complaints

In the CRM system of MSC, customers’ claims and complaints are registered first, after expert review and decision making, appropriate action is taken to deal with it and respond to the customer. In order to prevent the recurrence of the problem and eliminate the root causes, the necessary preventive and corrective measures have been taken and the final result will be communicated to the customer. In MSC, Customer Technical Assistant (CTA) is responsible for investigating and analyzing customer complaints and claims. This unit examines the report of trends and defects created in the products and provides the necessary feedback to the production areas in order to prevent the recurrence of defects by taking corrective measures.

Process of technical handling of customer claims and complaints

1. Receiving a complaint/claim (in the CRM system)
2. Preliminary review and evaluation of the complaint/claim and collection of preliminary information
3. Quick contact with the customer to receive additional information and determine the time to visit in person
4. Technical examination of the product at the customer’s place
5. Determining the possible fault and providing different solutions to the customer
6. Making an agreement and preparing the minutes of the meeting with the authorized representative of the client
7. Referring the defect to the relevant units in order to take corrective and preventive measures and prevent recurrence
8. Pursuing corrective measures (through joint meetings, expert meetings, etc.)
9. Notifying customers and receiving feedback from the results of actions and transferring the received feedback to related areas

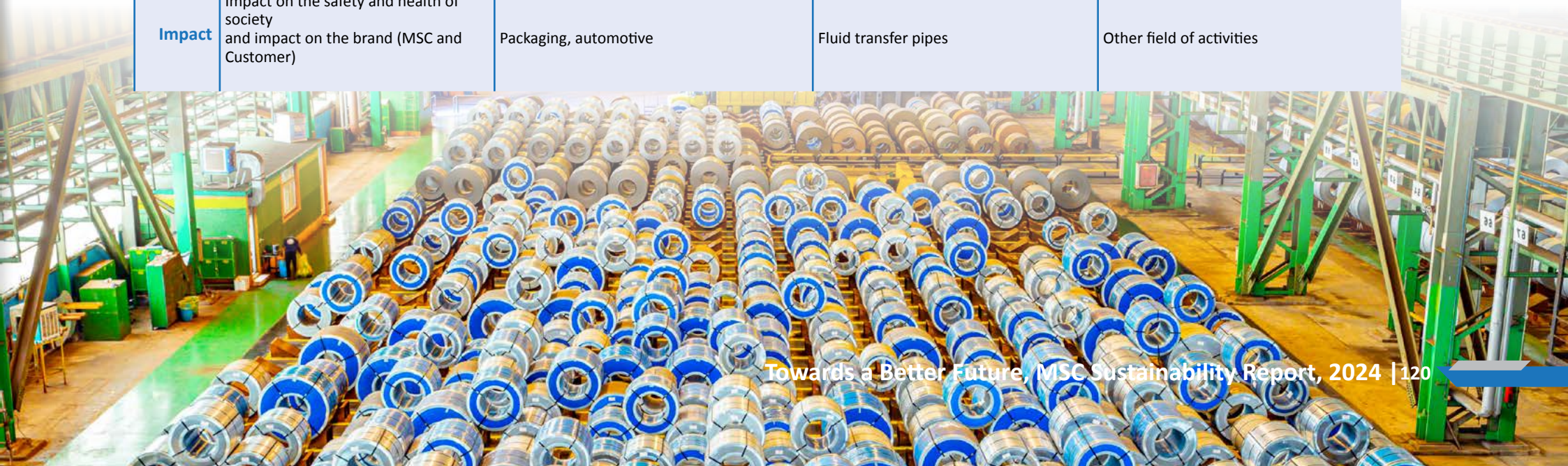


Approaches to managing customer claims and complaints

Method of prioritization of claims

Customer complaints and claims that have been registered in the customer relationship management system (CRM) and have gone through the stage of entering the customer technical assistant unit are prioritized in three levels H, M and L based on the criteria of complexity, severity and impact.

Criterion	Relevant parameter	H	M	L
Complexity	Customer sensitivity	Follow-ups and expressions of sensitivity by the customer (causing the customer's production line to stop)	Follow-up by the customer (causing a slight effect on the customer's process)	No follow-up by the customer (negligible effect)
	Management opinion (and sales and marketing department)	High emphasis of management	Management emphasis	No order
Severity	Slab, hot-rolled	More than 500 tons	Between 500-100 tons	Less than 100 tons
	Tonnage effect cold-rolled	More than 100 tons	Between 100-50 tons	Less than 50 tons
	Coated	More than 80 tons	Between 80-20 tons	Less than 20 tons
Impact	Impact on the safety and health of society and impact on the brand (MSC and Customer)	Packaging, automotive	Fluid transfer pipes	Other field of activities





Engaging with customers as business partners

In order to increase engagement with its stakeholders, MSC organizes conferences and think-tank meetings with its customers. The sales and marketing department organizes these conferences with customers as one of the key stakeholder groups of the company with the aim of establishing effective communication with business partners. In these conferences, which are held with the presence of customers from various fields of activity, their needs and expectations as the main customers of MSC are expressed, and their questions and concerns are answered. At the end of each conference, all participating customers are honored with a plaque to celebrate their cooperation.

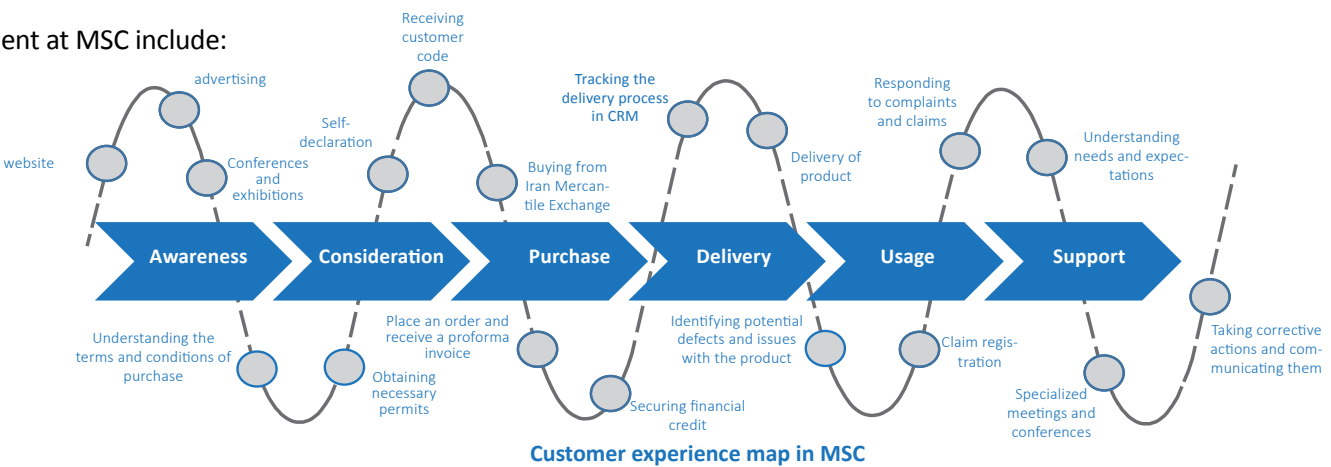
Customer experience management

One of the approaches of MSC Company to enhance customer satisfaction and loyalty is “Customer Experience Management.” In this context, a project was launched in 2019 in collaboration with Isfahan University. To maximize customer experience at various touchpoints and interactions with the company, several approaches have been designed and implemented, including the development of employee competencies and empowerment, enhancement of customer awareness systems, periodic visits, CRM system development, and the establishment of management systems.

The effectiveness of customer experience management approaches is assessed through the measurement of key indicators such as overall customer satisfaction, customer loyalty, NPS (Net Promoter Score), CSAT (Customer Satisfaction Score), and CES (Customer Effort Score). In 2023, customer journey mapping (segmented by customer groups) was carried out based on the “Experience Economy” concept by Gilmore and Pine, and utilizing global models, for all twelve customer groups. Additionally, a brand management project is underway, benchmarking against leading global companies, especially in the steel industry, to create and manage the best customer experience.

The stages of customer experience management at MSC include:

- Developing customer personas
- Identifying key customer concerns
- Analyzing customer sentiments
- Determining pain points in the customer journey
- Proposing initiatives to alleviate pain points

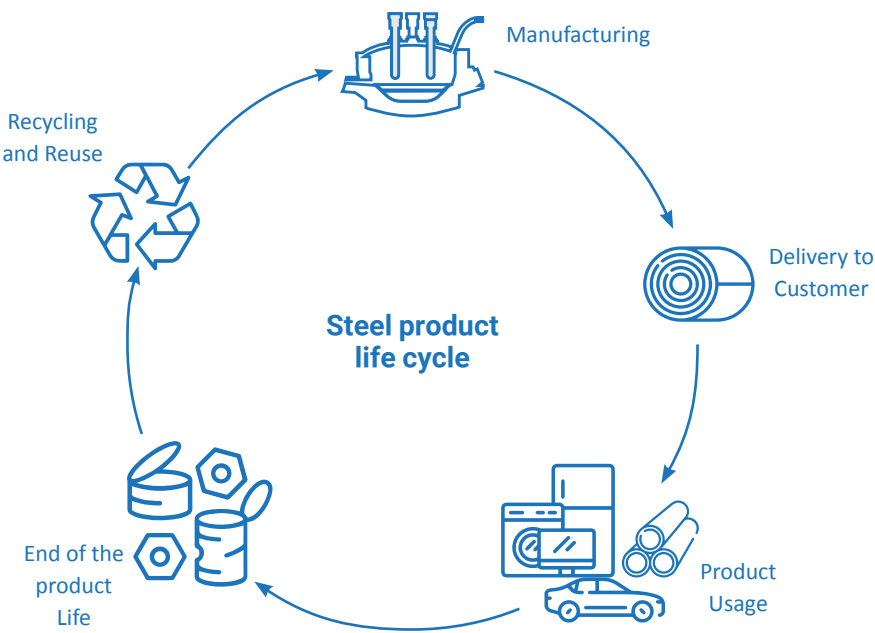


In the customer experience mapping process, customers’ thoughts, feelings, and pain points are examined. Initiatives are then developed to reduce these pain points and increase customer satisfaction. From the proposed initiatives, those with the most significant impact on reducing pain points at each step are implemented, thereby creating a pleasant experience for the customer.



Product life cycle management

MSC considers the environmental, safety, social and legal consequences during the product design and optimization process and through related risk management. Steel products have a long-life cycle and therefore, MSC intends to support circular economy principles to reduce environmental impacts by recycling and reusing used products and even by producing new products by them. Aspects of the product life cycle from the supply chain to delivery and return are monitored and controlled in the company in compliance with ISO 14001 standard. In addition, product life cycle assessment is carried out with the help of recognized domestic universities for some products.



Effective health, safety and environmental management approaches in the product life cycle from delivery to the customer to recycling


life Cycle Stage	Environmental Approaches	Public Health and Safety Approaches
Delivery to the customer	<ul style="list-style-type: none">Increasing the organization’s focus on rail transportation	<ul style="list-style-type: none">Preparing instructions and monitoring how to transport productsPreparation of a brochure on how to comply with product safety instructionsSafe control and containment of finished and coated products on trucks and wagonsProviding storage instructions to customers to reduce risk
Using the product by customers and consumers	<ul style="list-style-type: none">Production of products with anti-corrosion coatings that increase the useful life of productsCollecting and recycling of steel waste in customers’ production lines	<ul style="list-style-type: none">Preparation and distribution of safety and health brochures for the use of coated productsTeaching customers how to store productsEnsuring non-conforming tin-plated products for food use are not shipped
End of Product Life	<ul style="list-style-type: none">Steel scrap recyclingObligation of scrap supplier companies to separate scrapControlling the non-entry of contaminated scraps (containing oil and grease, explosives, asbestos, silica, etc.)	<ul style="list-style-type: none">Establishment of 5S at the material handling and scrap preparation siteMonitoring harmful factors in the workplace



Green supply chain


At MSC, we are dedicated to transforming the steelmaking process into a clean, sustainable industry that contributes to a better future. Our goal is to make the steel production process more eco-friendly by reducing pollution, water usage, and reliance on non-renewable energy sources. To this end, we have prioritized responsible sourcing practices. Additionally, we have implemented a strategic investment approach aimed at improving the environmental performance of our supply chain. This includes efforts to conserve energy, reduce emissions, and minimize waste, all of which are intended to lower our environmental impact while simultaneously creating value for our customers and enhancing overall productivity. In recent years, we have placed significant emphasis on green supply chain management, recognizing it as a comprehensive environmental management strategy that encompasses all processes from suppliers to manufacturers and

ultimately to consumers. Acknowledging our role, along with that of our suppliers, within the steel value chain, MSC is committed to maintaining a mutually beneficial relationship with capable domestic suppliers. This approach not only ensures the satisfaction of our stakeholders but also promotes social and economic justice at both the national and local levels.




Environment

Development of green spaces and treatment of wastewater



Land resources

Boosting productivity of mineral extraction and minimizing waste




Air

Preventing CO2 emissions and reducing pollution



Energy

Providing green electricity and reducing energy consumption



Water

Transferring water, recycling and reducing of water consumption

Classification of suppliers, group of goods and appropriate strategy of dealing with suppliers

Supplier category	Relationship strategy	Level of participation	Example of goods group
Strategic	Family	Simultaneous participation	Concentrate, pellet, water, electricity, graphite electrode
Bottleneck	Friendly	Coordinated Participation	Special mechanisms, wire ropes, oxygen probes & thermocouples, grinding stones, specialized bearings, conveyor belts, etc.
Leverage	Business Partner	Partnership at cooperation level	Scrap, natural gas, rail transport, contractors for development & optimization projects, etc.
Routine	Transactional	Partnership at transaction level	Road transport, maintenance, filters, tires, pumps, limestone, chemicals, certain refractories, non-ferrous metals, etc.

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Raw materials supplied

Type	Unit	2020	2021	2022	2023
Iron Concentrate (Purchased)	million tons	8.1	7.2	7.6	6.7
Pellet (Purchased)	million tons	10.4	10.8	14.8	5.2
DRI and briquette (Purchased)	million tons	1.4	1.8	6.7	3.7
Limestone (Purchased)	tons	131,155	856,617	353,583	258,500
Iron scrap (Purchased)	tons	0	718,767	12,055	96,708

The number of MSC suppliers (local and non-local)

Indicator	Total number of suppliers				Number of active suppliers			
	2020	2021	2022	2023	2020	2021	2022	2023
Number of suppliers of Isfahan geographical area	4,894	5,023	5,150	5,270	1,173	1,178	1,050	1,200
Number of suppliers of other geographical areas	7,119	7,362	7,719	8,045	1,174	1,191	1,146	1,475
Total	12,013	12,385	12,869	13,315	2,347	2,369	2,196	2,675

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Empowerment of suppliers

MSC has implemented various approaches to empower its suppliers, including the following approaches:

1. Signing open and long-term contracts: For the procurement of items such as mold powder, packaging straps, and liners.
2. Technical and knowledge support: Providing training for contractors and sharing technical manufacturing information, as well as creating modules within the Supplier Relationship Management (SRM) system to accelerate knowledge and information exchange.
3. Financial support: Facilitating barter transactions, increasing advance payments, signing guaranteed purchase contracts, investing in or purchasing shares, and increasing capital in value chain companies. Additionally, providing financial support to knowledge-based companies.
4. Multi-party collaborations: Leveraging unused capacity in companies and forming consortium.
5. Appointing quality control inspector
6. Localization of equipment: Through multi-party collaborations among major steel producers to empower domestic companies. Moreover, initiatives such as revising technical documents and product information, supporting knowledge-based companies, and enhancing collaboration with universities through bilateral contracts have been undertaken to improve supplier empowerment strategies.
7. Expanding the supplier collaboration network: Engaging in research projects with universities, establishing think tanks in certain universities, and conducting research projects.
8. Empowering knowledge-based companies: Providing financial support through MSTID Co, for localization projects.

Choosing the right business partners

High-quality and accurate evaluation in order to choose the right business partners is one of our approaches in the path of sustainable business. Considering this importance, MSC suppliers are evaluated in the fields of goods and services. In the field of goods suppliers, the evaluation is based on criteria such as the promise of goods supply, the quality of the supplied goods and the percentage of responses to inquiries. In the field of service providers (contracting), the evaluation criteria and their weight percentages are different in each field of work activity. Each supplier is assessed in this area on the basis of assessment criteria, e.g. technical and specialised capability, capacity for supply of needed goods or tools, ability to meet employees’ time demands, etc. These shall be rewarded with scores. Suppliers can find out their score in the “Performance Evaluation Records” section of the SRM system. In addition, MSC suppliers and contractors are evaluated based on criteria such as health, safety and environment (such as HSE performance and optimal energy consumption) as well as social (such as ensuring respect for employees) within the framework of the contract.

The suppliers applying for cooperation complete their information in the SRM system and after evaluating the documents, they will be evaluated in person (and in special circumstances, in person and through video conference). The evaluation of active suppliers is also done through selection and performance evaluation approaches, according to their supply performance and the results of the minutes of the technical and commercial committee. The evaluation of the performance of all MSC suppliers is done separately for suppliers of goods and services. The evaluation of the performance of the goods suppliers is done automatically and systematically every 24 hours based on the criteria related to faithfulness to promise, quality and performance in Inquiry. For service providers (contractors), performance evaluation is done in defined periods (90 days) and its results are recorded in the system. In line with the integration of group suppliers, access to the supplier list and their performance status in the SRM system has been made available to subsidiary companies.

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Choosing the right business partners

Evaluation criteria for suppliers of services

Criterion	Description
Organizational structure	Competency of employees, employee specialization, utilization of employee expertise, compliance with safety, health, and environmental standards, etc.
Work management	Timely procurement of equipment, product health control, market recognition, determination of customs tariffs, quality of guidance and training, etc.
Financial capacity	Regular and accurate presentation of financial statements, timely payment of personnel salaries, ability to cover contract costs.
Time management	Appropriate time of order registration, appropriate time of clearance, appropriate funds, etc.

The weight of each criterion for evaluating the performance of service providers varies depending on the type of activity, and each area of activity is evaluated on a specialized basis

Controlling safety, environmental and energy efficiency requirements in monitoring suppliers’ performance

Safety requirements are communicated through product Material Safety Data Sheets (MSDS) along with the order to the suppliers of safety and environmental goods (such as covering the surface of the truck loaded with iron ore/how to package and ship the oils according to the relevant instructions). Also, for goods with an obvious energy aspect, the energy characteristics of the goods are also taken into account in the purchase request (such as electric motors).

Evaluation criteria for suppliers of goods

Criterion	Weight
Punctuality in supply of goods (time & quantity)	35%
Quality of goods supplied	30%
Performance score in inquiries	17%
Order volume ratio in the activity field	7%
Order cancellation rate	10%
Expedited order delivery	1%

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Localization of materials, parts, and equipment

As a leading industry player, MSC has always considered not only its own growth and development but also the growth and prosperity of local communities and, ultimately, the country. As the largest producer of steel products in the Middle East and North Africa, MSC has significantly contributed to enhancing Iran’s economic and industrial capabilities. Looking at the company’s history, it is evident how it has fostered the country’s growth and development. The company’s extensive operations encompass the entire steel production chain, from raw material extraction to the production of various steel products, or, in other words, from stone (iron ore) to color (color coated steel). In this approach MSC has consistently focused on supporting domestic production and promoting the concept of self-sufficiency as a means to strengthen the national economy and advance the country’s industries. To achieve this goal, our company has always acted as a supporter for other industries in the country, both upstream and downstream, prioritizing the localization of consumables, spare parts, and equipment required for production lines. We view the concept of localization as integral to the company’s objectives for sustainable development and future community prosperity.

MSC’s procurement process is carried out with a strong emphasis on localization. The localization process is collaborative and is led by the localization department, in partnership with production, maintenance, and support departments of MSC, as well as with manufacturers and knowledge-based companies. MSC’s approach to localization is centered on empowering domestic manufacturers to commercialize and complete the portfolio of products needed by the steel industry, ultimately leading to the creation of companies producing these products under Iranian brands.

To ensure the continued production of these products and to support the survival, longevity, and market development of their manufacturers, successful knowledge and experiences in the field of localization are shared with other companies. This is done through platforms established by MSC and the Iranian Mines & Mining Industries Development & Renovation Organization (IMIDRO), such as the “CarLink System” and

the “MSC Localization Website.” According to the latest statistics from 2023, more than 92% of the purchasing budget and procurement orders were sourced domestically, and less than 15% of the items purchased were from foreign suppliers.

Localization of Equipment

The localization of equipment, aimed at technology transfer and acquisition, involves the design, manufacturing, and implementation processes and is defined based on the needs and requests of different areas within MSC. The output of equipment localization projects includes not only the manufactured equipment but also a technical knowledge handbook. This handbook contains all technical documentation, including design, engineering, manufacturing, and implementation details. Given that the foundation of these projects is knowledge acquisition and that the nature of the projects is often repeatable, the handbook allows for cost-effective and experienced reuse across MSC and its subsidiaries.

MSC comprehensive localization system

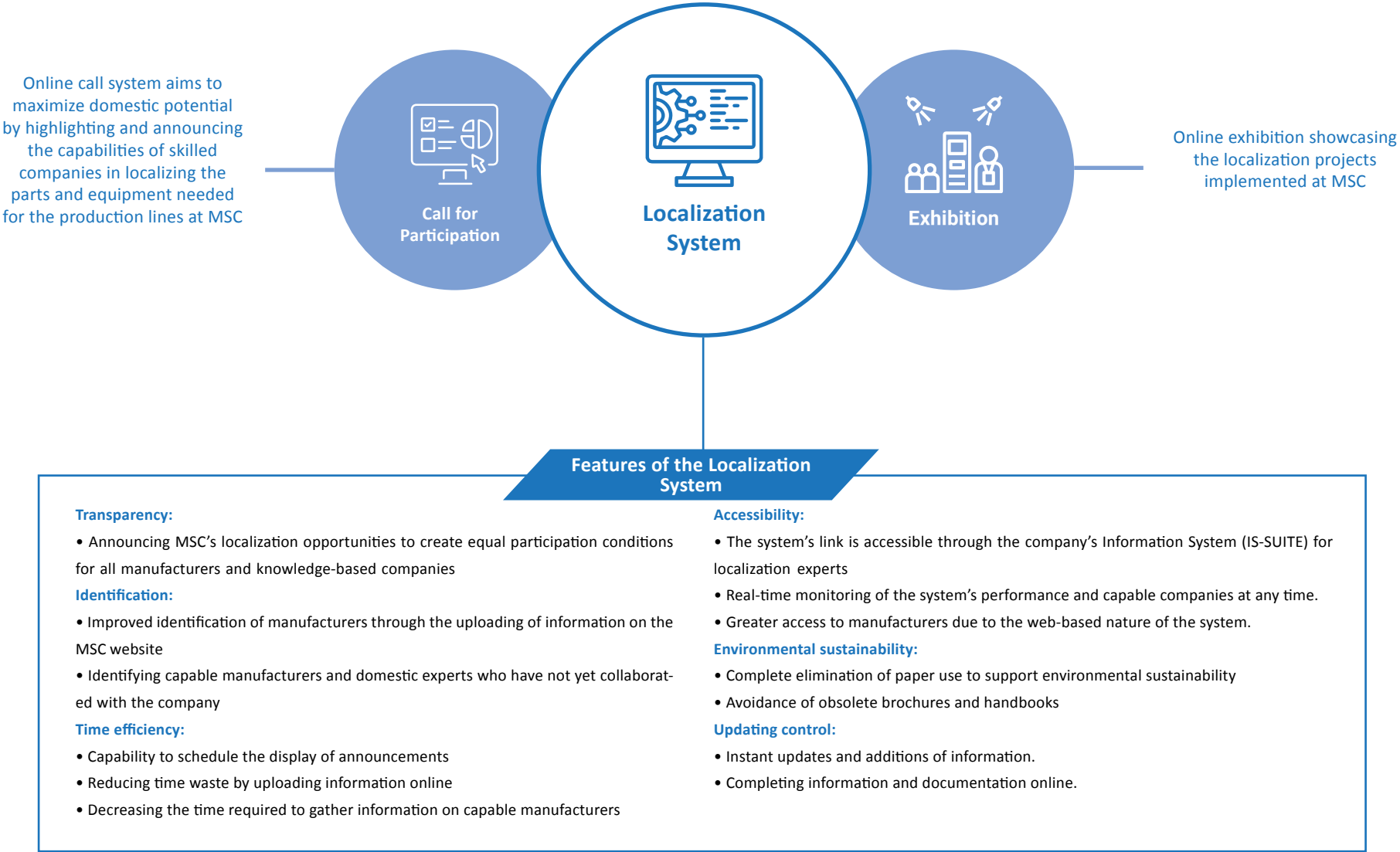
The primary goal of this system is to create an effective and intelligent link between needs and capabilities across the country. Utilizing information and communication technologies, this system holds a special place in MSC’s procurement process, acting as a central platform that facilitates the localization process while also enhancing transparency. One of the most significant benefits of this system is the considerable time savings it provides. By offering quick and easy access to necessary information, it minimizes complex and time-consuming processes. Continuous monitoring and updating of information allow for precise tracking and more efficient management, thereby improving the overall performance of our supply chain.

Another notable feature of this system is its contribution to environmental protection. By reducing the need for paper and adopting digital processes, the system plays a crucial role in minimizing environmental impact. The transparency in declaring needs and conducting transactions also helps to build stronger trust between suppliers and MSC. This system is a part of MSC’s Supplier Relationship Management (SRM) system, recognized as an effective approach to stakeholder engagement.

By leveraging this system, MSC can quickly and accurately identify and fulfill its needs, offering better collaboration opportunities to suppliers and gaining greater competitive advantages in the market. Ultimately, this system plays a vital role in enhancing the efficiency and sustainability of the supply chain and contributes to increasing stakeholder satisfaction.



Localization of materials, parts, and equipment



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Localization of materials, parts, and equipment

Supporting knowledge-based companies

MSC is committed to supporting knowledge-based companies and advancing technology at the national level as part of its localization efforts and pursuit of sustainable business goals. To this end, the company organizes specialized meetings with knowledge-based companies and facilitates their inclusion in MSC’s supplier list. These selected knowledge-based companies will collaborate across various specialized fields. This collaboration aims to acquire technical knowledge in the design and manufacture of materials, components, and equipment, commercialize products, and complete the product portfolio. Ultimately, these partnerships will foster innovation and enhance technology in MSC’s production processes.

In the past year, MSC has signed an agreement with the Science and Research Park of Isfahan University of Technology to leverage the capabilities of domestic and knowledge-based manufacturers.

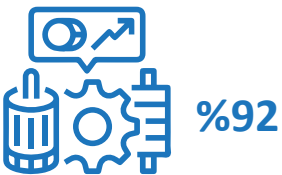
To date, 831 knowledge-based companies have registered in MSC’s supplier list. Of these, 450 companies have successfully received a “Supplier Code” following initial evaluations, while the remaining companies are undergoing technical and specialized assessments. These initiatives not only strengthen the steel industry in the country but also pave the way for the growth and development of new technologies, job creation, and the enhancement of the country’s international competitive edge

Localization at MSC, a statistical overview

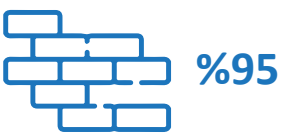
The importance of localization at MSC is underscored by the fact that April 20 is designated as Localization Day in the company’s event calendar



Over 10,134 components and equipment have been localized for the first time in the country (from 2013 to 2023), with a 32% increase in domestic production share (from 60% in 2011 to 92% in 2023). This achievement has led to sustainable supply, mitigation of sanctions threats, reduced procurement times, and cost savings while maintaining quality for MSC.



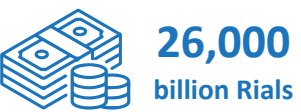
More than 95% of MSC’s refractory materials are localized and sourced domestically. Efforts are underway, in collaboration with universities and knowledge-based companies, to achieve 100% domestic supply.



Since its inception, over 100,000 components have been localized at MSC.



In 2023, orders totaling 26,000 billion IRR were placed with domestic knowledge-based companies, highlighting ongoing efforts in the localization sector.



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Localization of materials, parts, and equipment

Localization in Mobarake Steel Group (MSG)

Since localization can lead to an increase in the quality and capacity of production and reduce the dependence on foreign suppliers to a significant extent, it can lead to the prosperity of production and job creation, it is important to expand it to MSG companies. In this direction and in order to align the localization process at the level of MSG, the following measures have been taken:

- 1. Transfer of localization technical knowledge at the level of group companies
- 2. Establishing communication between the localization specialists of MSC and other localization units in the group companies to meet the daily needs related to this field.
- 3. Revision of the localization process in order to integrate this activity at the level of MSG with the aim of aggregating needs and encouraging manufacturing and knowledgebased companies to invest and acquire technical knowledge of high-tech parts and equipment, as well as generalizing this process to all purchasing departments of MSC Group.

By the end of 2021, more than 7,600 spare parts and equipment were localized and manufactured domestically for the first time by capable domestic or knowledge-based companies. These achievements are the result of MSC’s approach towards the continuation and strengthening of the localization movement.

Localization in the management of consumables

The biggest goal of localization has always been to cut off the dependence of domestic industries on foreign sources, and along with that, creating employment and strengthening the power of domestic producers has always been considered and still is. In this regard, MSC, while identifying susceptible units in the field of localization and encouraging such units, toward the preparation of their raw materials, including refractory materials, oils, lubricants and chemicals and molten steel additives from their domestic producers have taken a long step toward cutting off dependence abroad and promoting localization in the country and the steel industry.

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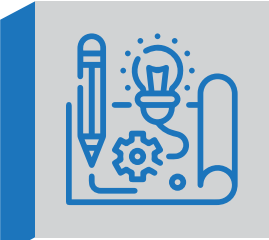
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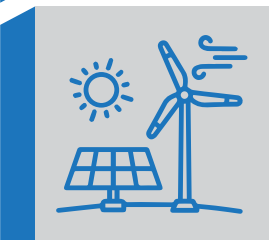
Future-shaping research and development

MSC, believing in sustainable development and a better future, aims to become one of the drivers of the steel industry at the global level based on the discourse of the innovative path and by taking advantage of innovation and continuous research and development. In a world where technology and environmental changes are evolving rapidly, MSC is trying to take steps not only to improve products and processes, but also to improve environmental and economic standards by drawing strategic goals and developing innovative plans. The goal of the company is to create new and sustainable values that not only help the growth and development of the company itself, but also have positive effects on society and the environment.

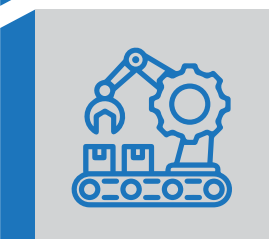
The research and development of MSC, the knowledge, research and scientific support arm, has been established to achieve the company's strategic goals. In the field of research and development, MSC has established extensive cooperation and relations with universities, scientific and research centers, knowledge-based companies and science and technology parks. In this field, MSC supports research projects in five divisions or departments and cooperates with scientific and research centers.



Technical and engineering research
This department supports research projects aimed at increasing equipment efficiency and optimizing processes that support production lines.



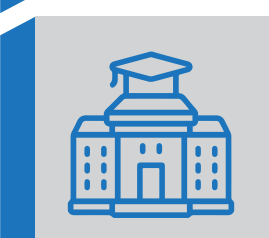
Materials and energy research
This department focuses on supporting research projects related to materials and energy.



Production process research
Concentrates on process feasibility studies and the development of new products.



Market research
This department supports the research projects which cover topics such as sales, investment and finance.



Cooperation with universities and research centers
This department cooperates with universities and scientific and research centers and deals with networking and supporting the ecosystem of open innovation.

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Future-shaping research and development

Research and development projects in MSC are divided into three general categories: problem-oriented, idea-oriented, and future-oriented.

Problem-oriented projects: These projects are defined and implemented based on the needs of the company’s production and support units. Some of the recent projects in this field include “design and construction of the inspection system of the surface of slab”, “design and experimental production of API 5LX70 hot-rolled steel” and “design, manufacture, installation and commissioning of a laser marking machine for the company’s hot rolling line”.

Idea-oriented projects: These projects are defined and implemented based on the ideas of researchers outside the organization and partner research institutes. Among the recent projects in this field, we can mention “Development of hot twisting machine technology to design new products” and “Designing and making of automatic monitoring system for granulation of raw pellets”.

Future-oriented projects: These projects are formed based on the observation of technological, economic, social and political trends, and their purpose is to prepare the company to face the upcoming challenges. Among the recent projects in this field are “Identification and macro analysis of future trends and their impact on the business model of MSC”, “Implementation of comprehensive strategic monitoring center in MSC” and “Design and implementation of intellectual property management system in MSC”.



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Transition to open innovation at MSC

As part of the efforts to expand the innovation ecosystem within the Mobarakeh Steel Group, several key initiatives have been undertaken:

- Compilation of regulations of the maturity system of MSC cooperation with universities, science and technology parks and the National Elite Foundation
- Conclusion of five contracts with Isfahan Scientific and Research Town to provide support grants to projects related to the steel industry in the following areas:
 - Energy
 - Water and environment
 - Information technology
 - Parts, equipment, and consumables
 - Mining, metals, and steel
- Signing a cooperation agreement in the field of artificial intelligence business development between MSC and the National Elite Foundation

In 2023, MSC participated in the 8th National Award for Technology and Innovation Management. As the top-performing Iranian company, it was honored with the Silver Trophy, marking its excellence in technology and innovation management.



Investment levels in the MSC's innovation ecosystem

In designing the innovation ecosystem, inspired by global experiences and cutting-edge innovation management knowledge, three main intervention levels have been defined to stimulate and realize innovation aligned with the priorities of MSC:

InnoVersity: This level focuses on supporting and investing in academic activities and directing them towards the topics and priorities of the steel industry and its related sectors. The goal is to create specialized knowledge centers and networks in the steel industry and to develop a skilled workforce in these fields.

At this intervention level, professors and students are introduced to key innovation drivers and themes within the MSC innovation ecosystem through special events. Additionally, over 15 types of academic activities are outlined in a document titled “University and MSC Collaboration Maturity System” to clarify the content and interaction formats with the company. This helps universities align their standard activities with industry needs and benefit from MSC’s support and investment. MSC does not seek direct financial returns from this phase of its innovation ecosystem interventions. Instead, it views this as a long-term investment. On one hand, it leverages the “Knowledge-Based Production Growth Law” and tax credits to achieve financial returns. On the other hand, it fosters innovation seeds within the ecosystem, enhancing its capacity for growth and productivity.

InnoTechCity: Initial and seed investment in technology hubs, innovators, and startups

At this intervention level, known in open innovation literature as accelerating, efforts are made to support technology hubs, innovators, and early-stage startups. The focus is on creating co-working spaces and the necessary infrastructure to nurture entrepreneurial capacities and establish businesses aligned with MSC’s innovation drivers and priorities.

Co-working spaces, shared office and workshop facilities, management consulting, business consulting, marketing consulting, product design and development consulting, and direct investment are offered by accelerators in exchange for a stake



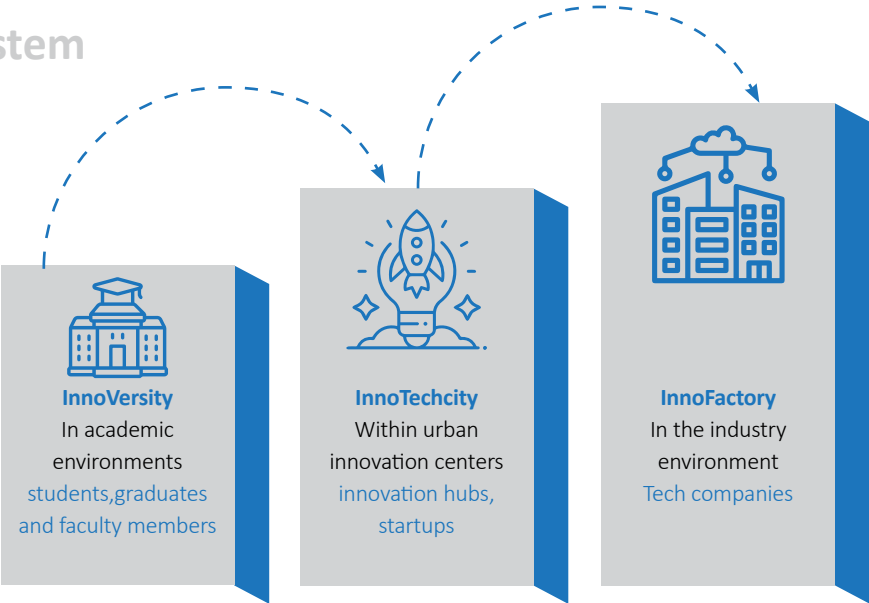
Investment levels in the MSC's innovation ecosystem

in the future business. These accelerators act as nurseries, providing seed money to nourish promising innovations and cultivating the young ventures with the hope and goal of their successful growth and development.

InnoFactory: Venture capital investment in knowledge-based businesses and technology units

At this level, MSC, through its subsidiary MSTID, engages in the innovation ecosystem as a corporate venture capital (CVC) or venture client (VCL). The company forms strategic and long-term partnerships with businesses that have successfully introduced innovative and technology-driven products to the market. This approach aims to ensure sustainable access to these products within its supply chain while also benefiting from their business success. Essentially, the startups that have been nurtured in the previous stages now enter the real-world ecosystem, undergoing maturation and evolution to fruition.

- MSTID, as the leader of Mobarakeh Steel Group’s innovation ecosystem, provides the following services to MSC and its subsidiaries:
- Technology intelligence in the steel industry
 - Academic innovation
 - Venture capital investment in technology development
 - Venture capital investment in business development
 - Branding of MSC’s innovation
 - Development of innovation ecosystem tools and entities



The status of venture capital investment in MSTID

Investment Type	2022	2023	Total	
	Number	Number	Number	Amount (Billion Rials)
Venture capital investment in business development	8	21	29	5,681
Venture capital investment in technology development	8	15	23	3,405
Acceleration	0	14	14	241

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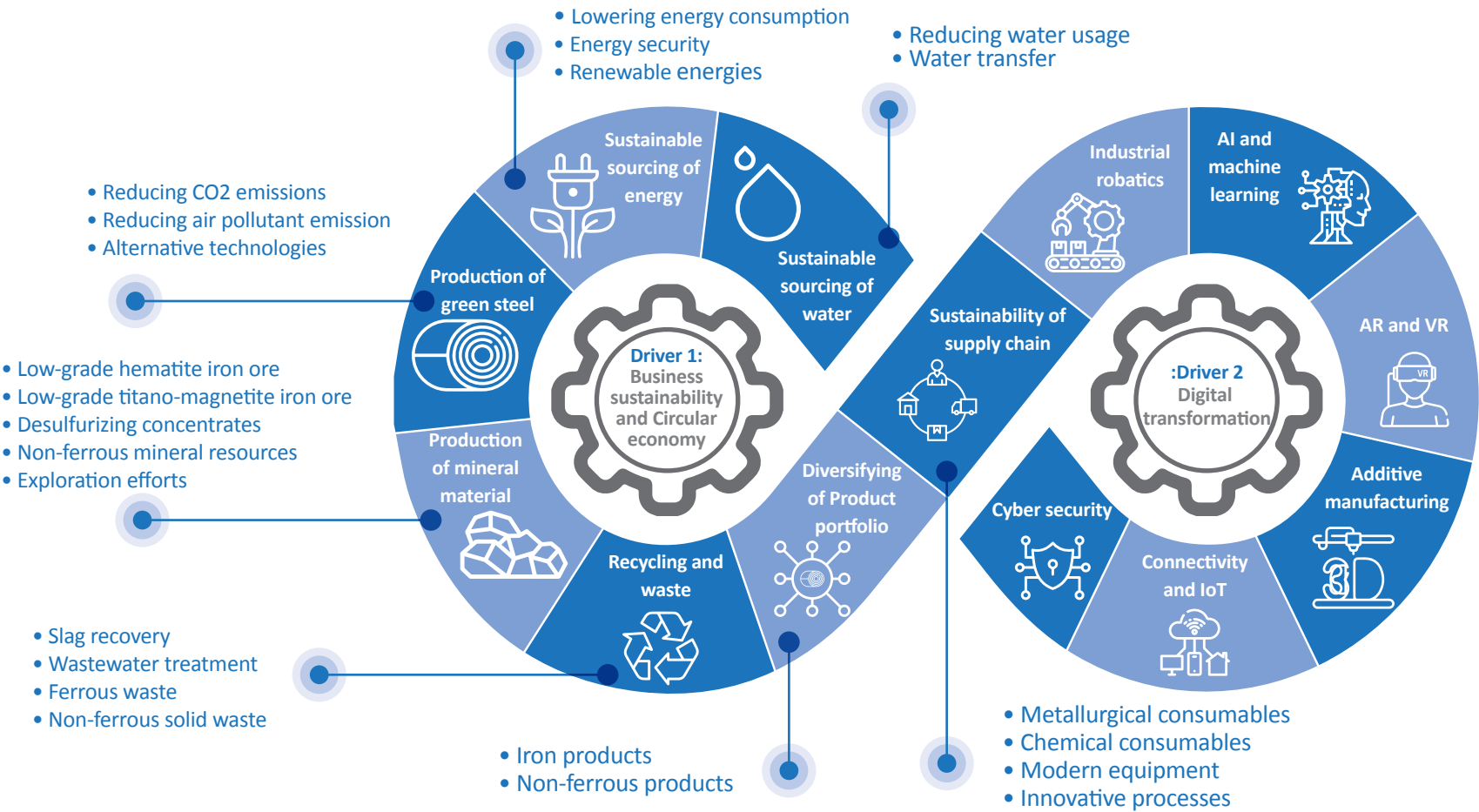
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Innovation drivers and focus areas in the MSC

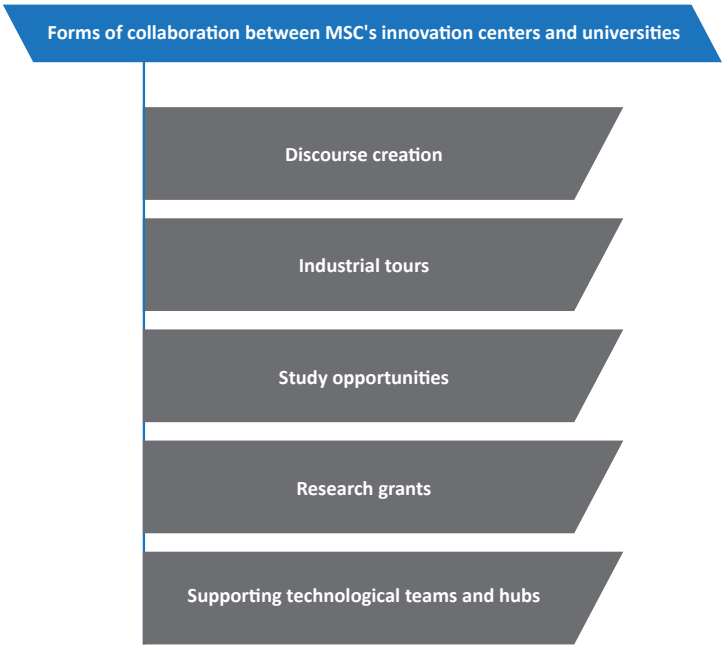
In order to direct the activities of Mobarakeh Steel Group’s innovation ecosystem, by conducting future studies, analyzing global trends affecting the steel industry, as well as technology development trends and emerging technologies, drivers and focus areas in the field of innovation have been defined for MSC and its subsidiaries. These drivers and focus areas are continuously monitored, reviewed and updated, and technology trend analysis documents are prepared and published for each of them so that it can act as a model for academics and attract the country’s businesses to the priorities and needs of Mobarake Steel Group.





Academic innovation

MSC has engaged in various forms of collaboration with academic and educational institutions, such as universities, under its open innovation framework. The company plans to gradually introduce additional interactive approaches as part of its strategy.



- Key achievements in collaboration with academic and research institutions:**
- Establishment and inauguration of university innovation centers at the University of Isfahan, Yazd University, Shahrekord University, Isfahan University of Technology, and Najafabad Azad University.

MSC Innovation Center at Isfahan University of Technology



MSC Innovation Center at Isfahan University



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Academic innovation

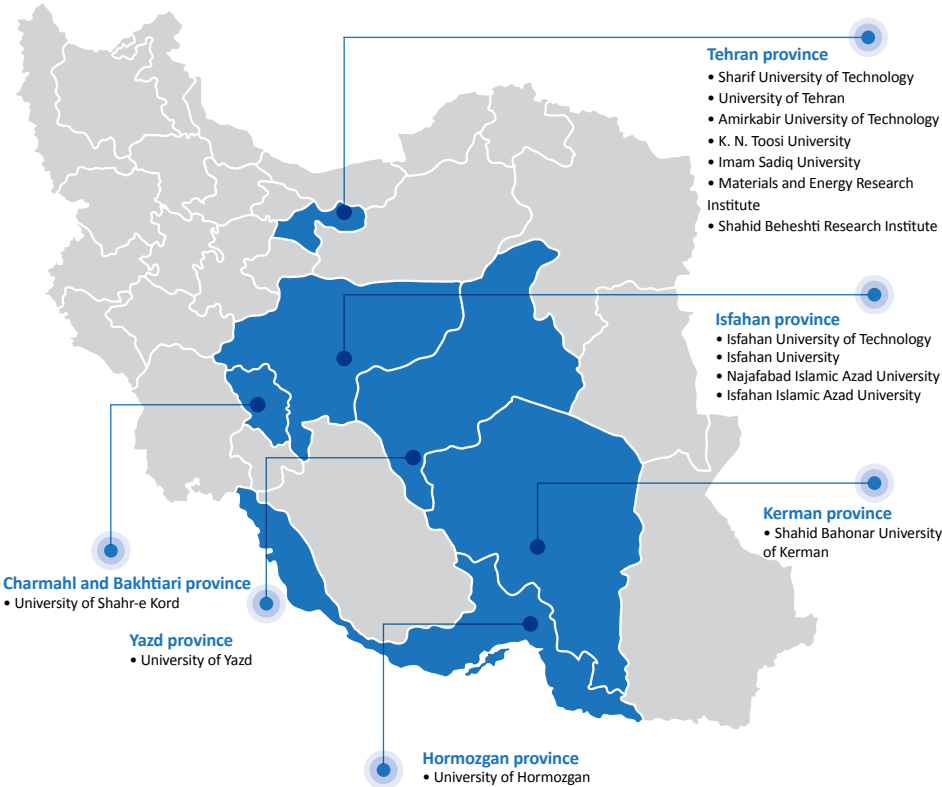
Innovation ambassadors of MSC at Isfahan University of Technology



• Innovation ambassadors of MSC at Isfahan University of Technology

To facilitate the registration and introduction process for supporting master’s theses and doctoral dissertations, innovation ambassadors are selected from each faculty at Isfahan University of Technology. These ambassadors receive training and are tasked with being present in their respective faculties. They provide information about MSC’s research grant programs, register student information, and assist with the registration process.

- Organizing specialized and public industrial tours for professors and students of some universities in the country
- Investing in 64 pre-acceleration plans and 24 acceleration plans
- Supporting 622 student projects in the form of grants



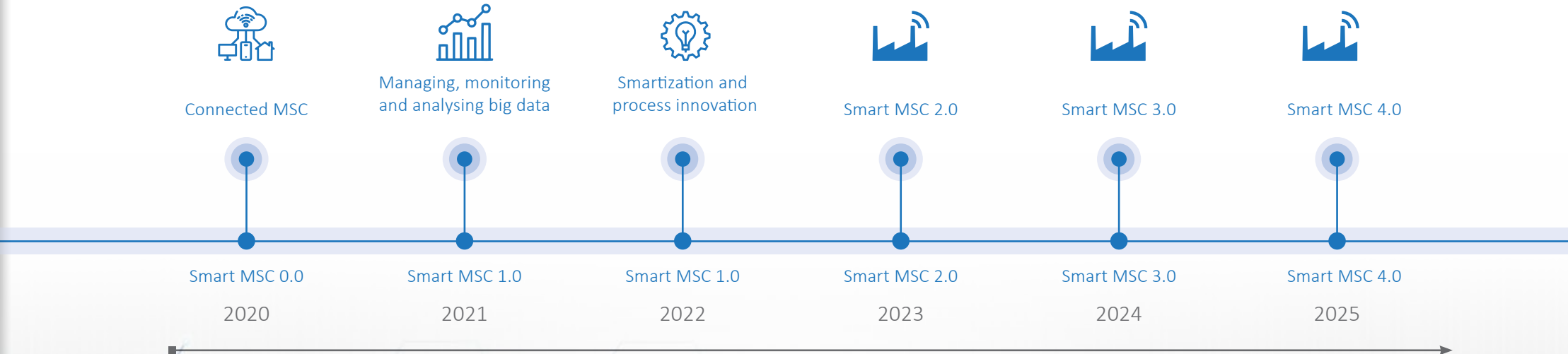


MSC on the path to smartization

MSC aims to achieve its strategic goal of becoming a “world-class smart steel company” by focusing on key areas such as the global economy, the impacts of digital economics, and the Fourth Industrial Revolution (Industry 4.0). Since August 2020, MSC has embarked on a “digital transformation and smartization” initiative aimed at creating new value, diversifying products, reducing costs, and fostering innovation both nationally and globally.

This initiative is informed by international steel industry trends, competitive behavior, and technological advancements. It is defined based on MSC’s Value Creation System and its vision of becoming a “world-class organization”. The company aims to join the “Global Lighthouse Network” and has set its digital transformation and smartization roadmap with the slogan “steel of tomorrow, smart from stone to color” for a six-year period from 2020 to 2026.

Key technologies utilized in this plan include cloud computing, artificial intelligence (AI), augmented reality (AR), virtual reality (VR), big data, blockchain, data analytics, and the Internet of Things (IoT).



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MSC on the path to smartization

MSC’s digital transformation portfolio includes a range of projects aimed at developing a smart factory infrastructure. These projects encompass various aspects such as creating a connected factory infrastructure, deploying a smart factory platform, implementing smart logistics, monitoring environmental pollutants, smart energy and fluid consumption management, predictive maintenance using on-line equipment condition data analysis, transformer condition monitoring, material tracking and volume calculation using drones, and developing a smart control model for direct reduction units. So far, various projects in the field of smart logistics and development of SCADA systems to control and monitor environmental performance and energy consumption have been implemented and other projects are being implemented. Other innovative and major measures that have been taken to advance the “digital transformation and smartization” plan of MSC are:

- 1. Development of a digital transformation roadmap
- 2. Establishment of a digital transformation organizational structure
- 3. Reviewing the roadmap and defining digital transformation projects (in consultation with RCG Co)
- 4. Formation of digital transformation steering and technical and commercial committees
- 5. Conducting Digital leadership training courses with the University of Isfahan, utilizing both domestic and international experts, to familiarize MSC managers with digital transformation principles and frameworks, promoting a digital culture within the organization, and creating a shared digital ecosystem for project execution and Industry 4.0 initiatives.
- 6. Evaluating digital maturity in 2020, 2021, and 2022.

- 7. Participating in national digital transformation assessments in 2021 and 2022 and receiving a Level One Bronze Digital Excellence Award
- 8. Signing an agreement with Irancell to establish the first 5G industrial site at MSC to create the necessary communication infrastructure for a smart factory and support other digital transformation projects
- 9. Signing an agreement with the Isfahan University of Technology to establish an Industry 4.0 laboratory to create sustainable and shared value, build necessary infrastructure in academic environments, develop knowledge-based networks, and accelerate the smart transformation process
- 10. Creating the 4th industrial revolution ecosystem through the call to identify capable companies in the field of the 4th industrial revolution and identifying more than 50 active companies to implement digital transformation projects in various fields
- 11. Organizing three reverse pitch events with startups and knowledge-based companies to present MSC’s challenges and receive smart solutions, innovative ideas, and utilize the engineering capabilities of the country
- 12. Defining 34 projects (including 4 infrastructure projects and 30 execution projects) to address steel industry challenges using emerging technologies
- 13. Executing 10 contracts with seven external companies (through IRISA Co.) based on challenges identified in reverse pitch events for implementing defined projects
- 14. Identifying communication channels with leading companies in digital transformation to learn from their experiences
- 15. Gathering ideas and proposals related to digital transformation challenges through the Foladino program to engage all employees in the organization
- 16. Constructing the Digital Innovation Center at Tehran University’s Science and Technology Park to create a startup studio focused on digital transformation in the steel industry and establish innovative hubs and technology companies in the country

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Industry 4.0 development lab

Industry 4.0 Development Lab has been established for the first time in Isfahan University of Technology in collaboration with MSC, IRISA Co. and Isfahan University of Technology with the aim of providing an environment for cultivating talents in the field of digital industry, improving the skills of engineers and industry specialists, creating an applied research infrastructure for defining demand-oriented postgraduate theses, increasing public awareness through student and student visits, as well as creating a suitable environment for internships and holding joint courses such as Co-Op.

Industry 4.0, or the fourth generation of industrial automation, is about creating a digital transformation in the industry. In other words, this concept expresses the entanglement and comprehensive connection of smart hardware and software components through the Internet of Things (IoT) platform in the industrial environment. The communication of components through the Internet network compared to the previous generation automations that were only connected through internal networks, has created a platform for the use of artificial intelligence in system management, as well as the possibility of using cloud processing infrastructures and edge computing in the entire industry chain.

In the steel industry, from the extraction stage to the production and delivery of the final product, artificial intelligence can be used in various fields, such as the smartization of the production process, communication with customers, market analysis and management, smartization of the maintenance process, optimal monitoring of the work environment, and improvement safety in workplace. All these things improve the efficiency and safety of the workplace along with reducing production costs.



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SCADA System

The Supervisory Control and Data Acquisition (SCADA) system is a combination of hardware and software components designed to monitor and control industrial processes. Given that international SCADA system providers, due to sanctions, were unwilling to sell their updated products to MSC and often did not fully transfer the necessary technical knowledge even when deliveries were made, MSC leveraged years of experience in maintaining and repairing old systems and the technical expertise developed within the company to localize the SCADA system. After approximately four years of evaluating available external and internal systems, the SCADA system was localized using domestic knowledge with the support and oversight of the CEO and other company managers, in collaboration with experts from Irisa and MSC and with effort of engineering expertise in the plant and energy and fluids units.

SCADA systems are at the heart of Operational Technology (OT), where most of the data needed for digital transformation is found. SCADA bridges the gap between Operational Technology (OT²) and Information Technology (IT³), facilitating the seamless flow of essential data for monitoring, control, decision-making, and other functions. This system has met the needs of MSC and other industries in the country by providing domestic technical implementation and product support. The installation of this system across various sites, including power distribution, fluid distribution, environmental monitoring, and central maintenance at MSC, has resulted in over 4 million euros in foreign exchange savings. Given that the software produced is modular, it can be tailored and utilized across different units and industries based on the specific application. The four defined projects

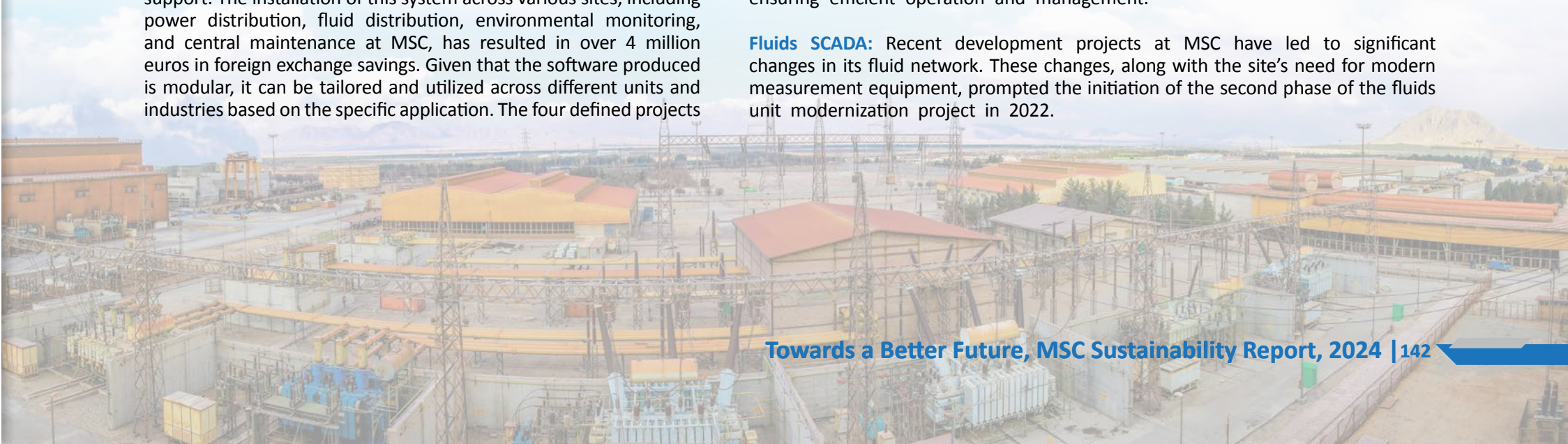
in this area within the realm of digital transformation include:

Environmental SCADA: In alignment with MSC’s commitment to providing accurate and transparent environmental pollutant data to relevant authorities such as the Iran’s Department of Environment, there was a need to establish an integrated system for measuring and displaying pollutants. Previously, data was collected through equipment generally lacking industrial automation standards, transferred to intermediary servers outside MSC, and then displayed on the internet edge. Experts accessed pollutant levels via user accounts, but the lack of integration and real-time capabilities necessitated the development of a more comprehensive system.

Electrical SCADA: Automation systems that collect energy consumption measurements from factory sites and provide energy analysis through graphical tools and real-time monitoring can facilitate energy resource management and cost reduction. Consequently, the need for implementing an Electrical SCADA project at MSC was identified in 2022, with half of its goals already achieved to date.

Engine room SCADA: Approximately 400 air handling units and 80 engine rooms are operational across the company, using significant amounts of energy (gas and electricity) and fluids daily to service personnel. There was a clear need for a comprehensive system to control and monitor all pump stations and engine rooms, ensuring efficient operation and management.

Fluids SCADA: Recent development projects at MSC have led to significant changes in its fluid network. These changes, along with the site’s need for modern measurement equipment, prompted the initiation of the second phase of the fluids unit modernization project in 2022.



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SCADA System

Electrical SCADA



- Creating more stability of electricity production and distribution
- Establishing the capability of troubleshooting and rooting events and incidents in the network
- Creation of power network analytical engineering facilities
- Increasing the power of monitoring in the electricity network, followed by the reduction of accidents and breakdowns
- Reducing energy costs

Environmental SCADA



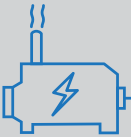
- Significant reduction of environmental fines due to accurate measurement of pollutants and control of out-of-range factors in monitored areas
- Sending environmental data online to the environmental record system and simultaneously sending this information to the environmental organization through a secure communication platform and with all security protocols
- Exclusion of some production areas due to reliable reference to measured data from the list of polluting areas of MSC

Fluids SCADA



- Monitoring and control of fluid transmission lines, including valves and transmission routes, and measurement of fluid consumption by units
- Management of energy consumption at the macro level of MSC
- The use of data that the amount of energy and fluids consumption is extracted by units and finally can be used as energy consumption models in order to save and increase productivity

Engine room SCADA



- Smart control of engine rooms and air conditioners and no need for physical controls of operators
- 20% reduction in gas consumption of engine rooms
- Updating the hardware equipment of engine rooms and making them smart

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SCADA System

Smart logistics at MSC

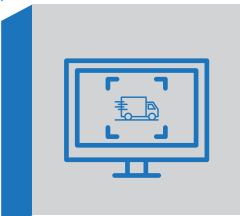
One of the most important factors of industrial competition is the costs in supply chains. Industry owners and supply chain managers make extensive efforts to reduce the cost of supply chain processes. Among these efforts is the smartization of logistics and transportation. Digital logistics refers to the smartening of processes related to the movement of goods, which uses technologies based on the Internet of Things (IoT), artificial intelligence (autonomous vehicles, drones, and robotics), machine learning, and even blockchain technology. Logistics smartization in MSC plays a vital role in improving efficiency and environmental impact. By using advanced technologies such as automation and data analysis, logistics operations will be improved and will result in increased satisfaction, service quality, increased safety levels, and increased productivity. Smart logistics also reduce costs and strengthen the economic sustainability of the company. By providing real-time data and predictability, intelligent logistics management helps the company proactively face risks and ensure its long-term sustainability. The smart logistics platform in MSC is divided into five sections and each of them is defined as separate projects. These five projects are:

- 1. Monitoring the status of heavy transportation
- 2. Monitoring the status of transportation inside the factory
- 3. Smart management of light transportation
- 4. Monitoring of steel slag transportation status
- 5. Smart transportation of materials and products by rail



Monitoring of heavy transportation

- Increasing satisfaction and quality level of services
- Increasing the safety level of the fleet
- Reducing costs
- Increasing fleet productivity



Monitoring the status of transportation inside the factory

- Creating integration in internal control and transportation
- Increasing the power of management
- Directing shipping requests
- Appropriate decision making to improve productivity



Smart management of light transportation

- Improving the performance status of the staff transportation fleet
- Performance evaluation of subordinate units
- Process improvement
- Planning and continuity of services in different conditions and in times of crisis
- Cost rationalization through system control



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Cybersecurity ecosystem at MSC

MSC, as one of the largest producers of steel products in the region, which has an influential position in the local and national economy, considers the management philosophy of creating a better future as the basis of all its works and activities, with the thought that the growth of the industry is actually mixed with the development of the society. Although development has always been interpreted as progress and growth; But in fact, development refers to the goal of increasing wealth and improving the quality of life of individuals and society. In traditional methods, the goal of development has been to create only added value without considering resource limitations and the challenges and risks affecting it. Adding the concept of security to development requires new approaches, which cannot be achieved using the previous tools and methods.

Because in the last five years, according to the report of the World Economic Forum, cyber risks have been introduced as one of the top 10 risks in the world and it is predicted that in the next 10 years it will continue to be one of the top 10 risks with growing statistics, so the position of security In the company’s strategy map, it is considered as one of the areas of focus, and MSC, in addition to defining security and resilience approaches within the company, formed a “cyber security ecosystem” at the national level so that with the effectiveness of this approach, it can take an effective step in support the growth of industrialists, the flourishing of experts in the field of cyber security and the development of the country’s internal power in this field.

In today’s digital world, where we are increasingly connecting businesses with modern technologies and the concepts of the 4th industrial revolution and digital transformation, and at the same time, cyber attack techniques are becoming more complex and expanding, securing the infrastructure and technologies used is inevitable.

In 2022, MSC faced serious challenges such as a cyber attack, which, although relying on the determination and efforts of its human resources, was able to overcome these challenges and move forward more seriously in the path of creating a better future take it, but according to its attitude of responsibility and support of national and

community industries has compiled strategies for its stakeholders, one of which is “creating and developing a cyber security ecosystem”.

One of the goals of MSC is to transform Isfahan province into the cyber security pole of the country, because the data shows that Isfahan has a remarkable population of educated people, and today’s industry and even the country’s need for growth and prosperity will be formed on the basis of security.

At MSC, we base our cybersecurity strategy on two fundamental pillars:

- **Preservation Pillar:** This involves utilizing policies and measures designed to prevent any disruptions or halts due to cybersecurity factors. Examples include secure architecture practices, secure software development, and IT service security.
- **Resilience Pillar:** This focuses on maintaining production operations under high-risk conditions and during cyber disaster scenarios. It involves implementing frameworks, standards, and business continuity plans, which are tailored to MSC’s specific processes and are currently being developed and executed.

To reinforce the foundations of cybersecurity in the country, MSC has initiated the planning and development of a cybersecurity ecosystem. This effort is in collaboration with key players in the field, including the IRISA Co., MSTID CO. and the Isfahan University of Technology’s APA Center.

Objectives of the cybersecurity ecosystem

- Identifying and nurturing cybersecurity talents in the country and bridging the knowledge gap between industry needs and academic knowledge
- Raising the level of cybersecurity awareness nationally
- Motivating cybersecurity professionals to ideate and create cutting-edge products
- Fostering innovation across various levels
- Training specialists and providing both monetary and non-monetary support to enthusiasts aiming to establish start-ups
- Keeping cybersecurity professionals informed about the latest in cyber attacks



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Cybersecurity ecosystem at MSC

Supporting the holding of the national festival of information exchange space in cooperation with Isfahan University of Technology
This festival is one of the biggest festivals in the field of cyber security in Iran and the Middle East with the target community of students, researchers, start-up businesses, network leaders of organizations and cyber security experts. In this festival various events such as educational and specialized workshops, new ideas of AFTA (Space of security of the information production and exchange), AFTA exhibition and CTF (Capture the Flag) competitions are held.

New ideas of AFTA event
This event consists of categorizing theses, ideas and localized products in four levels (Knowledge, Emergence, Growth and Expansion). This category is intended to manage each class of knowledge and ideas to empower the participants along with the support provided.

CTF event
In the CTF event, it provides a platform for training the employees of the organizations that, based on specific scenarios, teams will act to penetrate and perform destructive actions in the systems under the scenario. In these scenarios, factors such as “failure to comply with security issues by employees that will lead to a security disaster” are explained. Infrastructural measures for holding the CTF event include creating an identity (event branding, event slogan, advertising), creating a competition website, designing a scenario and competition questions, and finally producing visual content for the conclusion and awarding of prizes.

Educational workshops events
In line with the progress of other events, MSC has organized the following training courses with the aim of developing the education and training of security specialists through the power and experience of Isfahan University of Technology:

- Secure coding
- Network security assessment



- Securing the Linux operating system
 - Web security assessment
 - Secure network design
 - Forensics (is a collection of techniques and methods used to collect evidence from computer equipment, digital media, etc., in order to discover the incident and its causes, and it is also referred to as the science of discovering and recording, processing and interpreting data from computers.)
- Infrastructural measures for holding these courses include equipping workshops in terms of hardware and hardware communication, selecting and inviting expert professors, and inviting the audience to participate in educational courses.

Cyber drill event
In this event, according to the designed scenario, the infrastructure of a simulated factory will be attacked live by using a critical vulnerability, and the methods of fixing the vulnerabilities will be explained to the guests.

AFTA exhibition event
During the closing time of the festival, two days are dedicated to holding the exhibition, which includes providing suitable infrastructure for holding the exhibition, inviting teams and companies to attend the exhibition, inviting cyber security authorities in the country, and the chosen ones of the New AFTA event and exhibition teams, among other planned actions.

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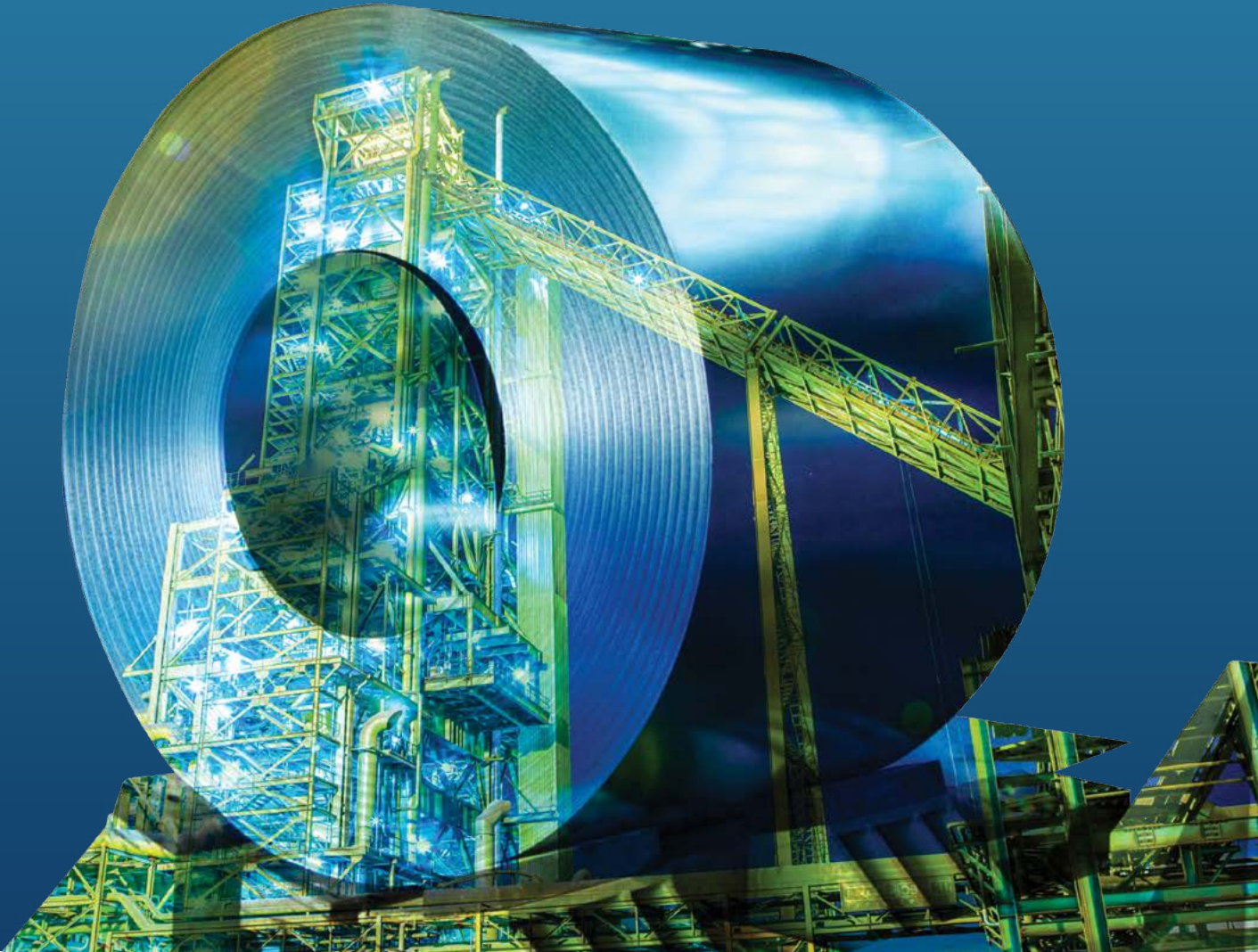
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Environmental Data

GHG emissions and other air pollutants	Unit	2019	2020	2021	2022
CO2*	t CO2/t crude steel	1.95	1.7	1.56	1.56
NOx	Kg/t crude steel	0.29	0.61	0.6	0.57
SOx	Kg/t crude steel	0.7	1.58	1.25	1.41
Ambient Dust Concentration / PM10**	µg/Nm³	39	33	43	35

* Although crude steel production has risen, CO2 emissions have actually decreased over the last four years. MSC has contributed to this decrease by increasing its use of scrap in furnace charges, cutting down on diesel fuel consumption, selling slag as a by-product, and heat recovery from its gas power plant (HRSG). These factors have played a crucial role in reducing the intensity of CO2 emissions.

- ** MSC has implemented a variety of initiatives aimed at reducing air pollutants, with several of these measures proving effective in decreasing ambient dust in 2023. These initiatives include:
- The establishment of a facility to convert lime powder into briquettes, which helps control dust emissions and prevents the waste of raw materials
 - The mechanization of fine dumper trucks in the wagon turn unit for stacking and reclaiming, aimed at reducing dust emissions in the ironmaking area, with an investment of approximately 3.5 million euros
 - The installation of a water spraying system and lime milk spraying during the transfer of concentrate materials to the pelletizing unit
 - Enhancements to the dust collectors in the pelletizing unit through the development of wear-resistant silicones
 - Carrying out a project to resolve dust leakage issues from the sintering furnace in the pelletizing unit
 - The installation of roof dust collectors in the steelmaking factory
 - The mechanization of industrial cleaning systems in the steelmaking factory
 - An initiative to organize the area for the removal of blocked slag pots in steelmaking
 - Improvements to dust collectors in the scrap recycling hall
 - The cleanup of the acid recovery area, which has led to the removal of oxide powder deposits, a reduction in pollutant emissions due to poor environmental conditions, and the transfer of these materials to the process waste unit for proper storage and preparation for sale

Water and wastewater	Unit	2019	2020	2021	2022
Specific water consumption	m³/ t crude steel	2.93	2.20	2.27	2.78
Fat and oil	mg/liter	0.5	0.53	0.5	0.6
TSS	mg/liter	13	5	6	4
COD	mg/liter	25	26.8	33	24.25
BOD	mg/liter	7.5	6.8	8	10
Urban wastewater transferred to MSC for treatment	m³	3,965,011	7,721,296	7,020,391	8,433,539

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Environmental Data

Waste*	Unit	2020	2021	2022	2023
Waste disposed**	ton	1,847	1,044	187	48
Processed slag	ton	316,000	206,000	500,000	555,000
Ratio of recycled or sold waste to total waste generated	%	24	14	24	24

* Types of waste generated: regular, agricultural, industrial, medical, and hazardous
** Disposal method: special industrial incinerator approved by the Iran's Department of Environment

Energy	Unit	2020	2021	2022	2023
Energy specific consumption	GJ/ t crude steel	2427	23.81	23.23	24.19
Pellet making plant energy consumption- thermal	GJ/ton	0.48	0.50	0.51	0.51
Pellet making plant energy consumption- electrical	Kwh/ton	33.85	34.80	31.68	25.07
Direct reduction plant energy consumption- thermal	GJ/ton	10.07	9.83	9.70	10.06
Direct reduction plant energy consumption- electrical	Kwh/ton	117.64	123.08	110.26	121.12
Steel making plant energy consumption- electrical	Kwh/ton	736.65	735.13	727.61	727.96
Hot rolling plant energy consumption- thermal	GJ/ton	1.49	1.69	1.51	1.32
Hot rolling plant energy consumption- electrical	Kwh/ton	82.18	81.72	78.28	75.80

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Employees	Unit	2020	2021	2022	2023
Total number of employees	Persons	12,297	12,295	12,160	11,836
Number of positions	Count	3,000	2,734	2,794	2,786
Number of jobs	Count	200	258	251	219
Number of job levels	Count	11	11	11	11
Female Employees	%	1.5	1.62	1.7	1.7
Male Employees	%	98.5	98.4	98.3	98.3
Employees under 30 years old	%	13.43	8.4	6.64	7
Employees aged 30-50 years	%	75.32	80.7	81.7	84.5
Employees aged 50 and above	%	11.25	10.9	11.6	8.5
Retention rate of employees	%	100	100	100	100
Employee complaints against the company	Count	9	8	7	5
Employee training per capita	Person-hours	24	42.17	46.33	48.23
Participants in humanitarian activities*	Count	5,285	5,395	5,934	3,200
Average employee performance evaluation score	%	86.6	85.44	86.8	87.5
New hires	Persons	36	451	194	468
New hires from surrounding areas	Persons	6	120	85	210
Employees taking parental leave**	Persons	13	13	17	496

* The decrease in the number of employees participating in humanitarian activities in 2023 is due to the reduced occurrence of natural disasters.

** The increase in the number of employees taking parental leave in 2023 is due to the introduction of an incentivized parental leave policy. This policy, which started in 2023, includes three days of leave for male employees at MSC in addition to the leave granted to female employees. Among the employees who took parental leave in 2023, 11 were female employees.

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Safety and health	Unit	2020	2021	2022	2023
Severity Rate (SR)	Person/1 million Hours	0.017	0.021	0.018	0.011
Frequency Rate (FR) (LTIFR)	Person/1 million Hours	1.073	0.95	0.847	0.813
Near misses (Green Cards)	Count	10,920	13,963	17,663	55,456
Days without accidents	Days	Up to 2020: 775	Up to 2021: 1,146	Up to 2022: 1,511	Up to 2023: 1,876
Fatal Frequency Rate (FFR)	Person/1 million Hours	0	0	0	0
Work-related fatalities	Person	0	0	0	0
Deaths due to work-related illnesses	Person	0	0	0	0
Employee Health Index*	%	Not Calculated	Not Calculated	55.5	57.99

* The Employee Health Index was not calculated in 2020 and 2021 due to the COVID-19 pandemic and the absence of regular health check-ups for employees. The decline in the index in 2022 is attributed to a revision of the calculation criteria.

Supporting local communities and engaging with them	Unit	2020	2021	2022	2023
Financial support for regional development, cultural, sports, and social projects	Billion Rials	500	500	1,000	1,220
Number of university interns accepted	Persons	0	313	330	797
Number of regular and in case meetings with local officials and community representatives	Count	85	100	100	110

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Supporting local communities and engaging with them	Unit	2020	2021	2022
Number of direct employment in the Mobarakeh steel Group	Persons	50,000	35,126	56,785
Number of indirect employment in service sectors and upstream & downstream industries in the country	Persons	330,000	345,000	350,000

Number of contributions for supporting local communities	Unit	2021	2022	2023
Social contributions	Number	38	68	90
Educational contributions	Number	13	41	28
Infrastructure contributions	Number	40	28	94
Cultural contributions	Number	36	171	112
Sports contributions	Number	7	40	7

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Economic performance	Unit	2020	2021	2022	2023
Total sales	Billion Rials	774,037	1,456,266	1,607,039	2,410,860
Domestic sales	Billion Rials	640,793	1,254,916	1,428,890	2,135,595
Exports	Billion Rials	133,244	201,351	178,149	275,265
Net profit	Billion Rials	382,775	840,794	679,241	925,510
Return on Equity (ROE)	%	65.04	81.2	46	50
Crude steel production*	Million tons	8.15	8.01	8.71	8.85
Hot-rolled steel production	Million tons	6.44	6.25	6.59	6.66
Exports	Million tons	1.25	1.26	1.20	1.40
Return on Assets (ROA)	%	47	54	30	32
Debt ratio	%	33.8	33	38	35
Payment of taxes and legal duties	Billion Rials	39,977	84,645	94,094	124,864
Current assets	Billion Rials	814,313	1,679,925	1,846,863	2,205,436
Non-current assets	Billion Rials	232,161	383,235	669,788	1,036,689
Total assets	Billion Rials	1,046,474	2,063,160	2,516,651	3,242,124
EPS	Rials	1,313	2,870	849	857
DPS	Rials	400	1,700	500	

* This number is the total production of MSC and Saba steel complex.



Governance Data

Suppliers	Unit	2020	2021	2022	2023
Total number of suppliers of Isfahan geographical area	Number	4,894	5,023	5,150	5,270
Number of active suppliers of Isfahan geographical area	Number	1,173	1,178	1,050	1,200
Total number of suppliers of other geographical areas	Number	7,119	7,362	7,719	8,045
Number of active suppliers of other geographical areas	Number	1,174	1,191	1,146	1,475

Raw materials	Unit	2020	2021	2022	2023
Iron Concentrate (Purchased)	million tons	8.1	7.2	7.6	6.7
Pellet (Purchased)	million tons	10.4	10.8	14.8	5.2
DRI and briquette (Purchased)	million tons	1.4	1.8	6.7	3.7
Limestone (Purchased)	tons	131,155	856,617	353,583	258,500
Iron scrap (Purchased)	tons	0	718,767	12,055	96,708

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Category	Disclosure		MSC response
General Disclosures The organization and its reporting practices	2-1	Organizational details	4
	2-2	Entities included in the organization’s sustainability reporting	1
	2-3	Reporting period, frequency and contact point	1, 161
	2-4	Restatements of information	1, 20
	2-5	External assurance	
General Disclosures Activities and workers	2-6	Activities, value chain and other business relationships	4, 6
	2-7	Employees	4, 57, 150
	2-8	Workers who are not employees	4, 57, 150
General Disclosures Governance	2-9	Governance structure and composition	97-100
	2-10	Nomination and selection of the highest governance body	97-100
	2-11	Chair of the highest governance body	97-100
	2-12	Role of the highest governance body in overseeing the management of impacts	97-101
	2-13	Delegation of responsibility for managing impacts	97-101
	2-14	Role of the highest governance body in sustainability reporting	97-100
	2-15	Conflicts of interest	97-100
	2-16	Communication of critical concerns	97-100
	2-17	Collective knowledge of the highest governance body	97-100
	2-18	Evaluation of the performance of the highest governance body	97-100
	2-19	Remuneration policies	97-100, Activity report of the board of directors until the fiscal year 2023
	2-20	Process to determine remuneration	97-100, Activity report of the board of directors until the fiscal year 2023
	2-21	Annual total compensation ratio	97-100, Activity report of the board of directors until the fiscal year 2023

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Category	Disclosure		MSC response
General Disclosures Strategy, policies and practices	2-22	Statement on sustainable development strategy	5, 8-11
	2-23	Policy commitments	5, 8-11, 108-109
	2-24	Embedding policy commitments	5, 8-11, 108-109
	2-25	Processes to remediate negative impacts	23-25
	2-26	Mechanisms for seeking advice and raising concerns	23-25
	2-27	Compliance with laws and regulations	None
	2-28	Membership associations	34
General Disclosures Stakeholder engagement	2-29	Approach to stakeholder engagement	23-25
	2-30	Collective bargaining agreements	None
Material Topics	3-1	Process to determine material topics	20-22
	3-2	List of material topics	21
	3-3	Management of material topics	18-22
Economic Performance	201-1	Direct economic value generated and distributed	12, 153
	201-2	Financial implications and other risks and opportunities due to climate change	29-30, 101-102, 105-106
	201-3	Defined benefit plan obligations and other retirement plans	58, 70-71
	201-4	Financial assistance received from government	None
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	There is no significant difference. In this regard, MSC acts in accordance with the laws and regulations of the Islamic Republic of Iran including the constitution and labor law (labor code) of I. R. Iran.
	202-2	Proportion of senior management hired from the local community	59
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	81-95, 151-152
		Significant indirect economic impacts	81-95, 151-152

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Category	Disclosure		MSC response
Procurement Practices	204-1	Proportion of spending on local suppliers	None
	205-1	Operations assessed for risks related to corruption	Corruption and related risks are of great importance to MSC and in this regard, necessary training are presented to employees through company Code of Conduct. Also, this issue is monitored and controlled through current approaches in MSC's related departments (e.g. security department).
	205-2	Communication and training about anti-corruption policies and procedures	
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	None
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
Tax	207-1	Approach to tax	MSC pays its taxes according to laws and regulations of Iran, Ministry of Economic Affairs and Finance, Iranian National Tax Administration (INTA). Also, policies in this regard are made in the framework of and in accordance with these laws and gulations
	207-2	Tax governance, control, and risk management	105-106
	207-3	Stakeholder engagement and management of concerns related to tax	105-106
	207-4	Country-by-country reporting	None
Materials	301-1	Materials used by weight or volume	124, 154
	301-2	Recycled input materials used	124, 154
Energy	301-3	Reclaimed products and their packaging materials	124, 154
	302-1	Energy consumption within the organization	50, 149
	302-2	Energy consumption outside of the organization	50, 149
	302-3	Energy intensity	50, 149
	302-4	Reduction of energy consumption	50-55, 149
	302-5	Reductions in energy requirements of products and services	50-55, 149

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Category	Disclosure		MSC response
Water and Effluent	303-1	Interactions with water as a shared resource	42-45, 148
	303-2	Management of water discharge-related impacts	42-45, 148
	303-3	Water withdrawal	42-45, 148
	303-4	Water discharge	42-45, 148
	303-5	Water consumption	42-45, 148
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None
	304-2	Significant impacts of activities, products and services on biodiversity	37-40
	304-3	Habitats protected or restored	37-40
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	37-40
Emissions	305-1	Direct (Scope 1) GHG emissions	29-36, 148
	305-2	Energy indirect (Scope 2) GHG emissions	29-36, 148
	305-3	Other indirect (Scope 3) GHG emissions	29-36, 148
	305-4	GHG emissions intensity	29-36, 148
	305-5	Reduction of GHG emissions	29-36, 148
	305-6	Emissions of ozone-depleting substances (ODS)	29-36, 148
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	29-36, 148
Waste	306-1	Waste generation and significant waste-related impacts	47-49, 149
	306-2	Management of significant waste-related impacts	47-49
	306-3	Waste generated	47-49, 149

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Category	Disclosure		MSC response
Waste	306-4	Waste diverted from disposal	47, 149
	306-5	Waste directed to disposal	47, 149
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	125-126
	308-2	Negative environmental impacts in the supply chain and actions taken	125-126
Employment	401-1	New employee hires and employee turnover	4, 57, 59, 150
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66, 69-72
	401-3	Parental leave	66, 150
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Whenever there is a change in operation that has an impact on stakeholders (especially employees), these changes are communicated to stakeholders (especially employees) through communication approaches and channels, and the necessary planning is done in this regard
Occupational Health and Safety	403-1	Occupational health and safety management system	73-80
	403-2	Hazard identification, risk assessment, and incident investigation	73-80
	403-3	Occupational health services	78-80
	403-4	Worker participation, consultation, and communication on occupational health and safety	73-80
	403-5	Worker training on occupational health and safety	73-80
	403-6	Promotion of worker health	78-80
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73-80
	403-8	Workers covered by an occupational health and safety management system	73-80
	403-9	Work-related injuries	73-80, 151
	403-10	Work-related ill health	73-80, 151

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Category	Disclosure		MSC response
Training and Education	404-1	Average hours of training per year per employee	42, 150
	404-2	Programs for upgrading employee skills and transition assistance programs	61-63
	404-3	Percentage of employees receiving regular performance and career development reviews	64
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	57-59
	405-2	Ratio of basic salary and remuneration of women to men	There is no significant difference
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	None
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	None
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
Security Practices	410-1	Security personnel trained in human rights policies or procedures	None
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	None
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	81-95
	413-2	Operations with significant actual and potential negative impacts on local communities	None
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	125-126
	414-2	Negative social impacts in the supply chain and actions taken	125-126

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Category	Disclosure		MSC response
Public Policy	415-1	Political contributions	According to I. R. Iran's regulations and laws, MSC is not allowed to participate in any political process, and this is not the case.
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	122
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
Marketing and Labeling	417-1	Requirements for product and service information and labeling	122
	417-2	Incidents of non-compliance concerning product and service information and labeling	None
	417-3	Incidents of non-compliance concerning marketing communications	None
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None

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Towards a better future

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Mobarakeh Steel Company (MSC)

