D & O GREEN TECHNOLOGIES BERHAD
Company. No: 200401006867 (645371-V)
(Incorporated in Malaysia)

SUSTAINABILITY POLICY
(Approved by Board on 25 August 2021)

1. Objective

The Board of Directors ("the Board") of D & O Green Technologies Berhad ("the Company") and its subsidiaries (together with the Company, "the Group") acknowledges that a company will be judged not solely on its financial performance, but increasing on its wider impact and role within the society. The Main Market Listing Requirements and Sustainability Reporting Guide require that the Board to ensure that the Group's strategies promote sustainability especially in the aspect of governance, economic, environment and social and to make the required disclosures of the sustainability management to its stakeholders.

As such, the Board assume the ultimate accountability for the integration of sustainability management within the Group, including sustainability-related strategy and performance. The Group is committed to promoting sustainability and continuously integrates it into its working environment, business processes and strategy making process. The Group is committed to be accountable and transparent in its sustainability performance, which is based upon the following principles:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and when making and implementing business strategies;
- To manage sustainability matters in structured and systematic manner, whereby sustainability matters are embedded throughout the Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over times.

2. Sustainability Policy

The Sustainability Policy established by the Board is guided by the 17 Sustainable Development Goals ("SDGs") developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

A. Sustainable Economic Policy

The Group adopts the following sustainable economic principles:

- The Group acknowledges its responsibility to ensure economic interest of all relevant stakeholders are preserved in all significant business operations and strategic business decisions; and

- The Group strives to promote the economic development of the communities where the significant business operations are carried out or when making business strategy decision or when implementing business strategies.

B. Sustainable Environment Policy

The Group adopts the following sustainable environment principles:

- To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdiction where the Group is operating;
- Comply with recommended environmental practices in the business conducts and implement appropriate measures to reduce the impact on the environmental aspect arising from activities of the Group;
- To avoid contamination and improve the quality of environmental management;
- To reduce carbon footprint through product designs that is energy-efficient, optimise manufacturing efficiency and through investment in energy-efficient production machinery;
- To conserve the consumption of water, electricity and other natural resources in the business operations;
- To implement "Reuse, Reduce and Recycle" policy across the Group and along the internal value chain;
- To ensure all materials, where possible, are sourced from sustainable, renewable or recycled means and to make sure the Group's environment objectives and procedures are being complied; and
- To protect, and proactively manage our impact on biodiversity in the ecosystems over which the Group is operating.
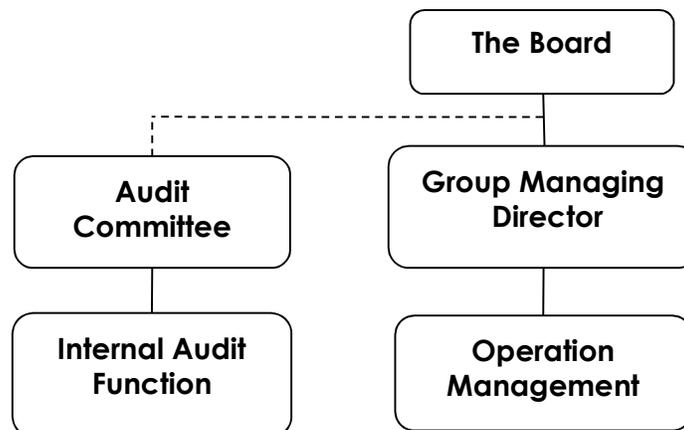
C. Sustainable Social Policy

The Group adopts the following sustainable social principles:

- To ensure that all stakeholders should receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership and political body;
- To ensure that the Group's human resources are with the right not be discriminated against, not to be enslaved, to be treated with dignity, to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay and to have freedom of opinion and expression;
- To ensure that the Group, does not allow child workers to be employed at the workplaces of the Group accordance with applicable laws and regulations;
- To provide a safe and healthy workplace for all of its human resources, customers, suppliers, subcontractors, business partners and the public at large and all the relevant stakeholders have the right to work in a safe and healthy environment,

consistent with the Occupational Safety and Health Act and any other applicable legislation;

- To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition;
- To conduct its business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption. To ensure that all level of employees, suppliers/subcontractors, customers, business partners and other stakeholders do not engage in corrupt practice, take unfair advantage of any other person, including without limitation, participating in illegal practices (for example, misleading and deceptive conduct, misrepresentation and undue influence, as well as conduct which are legal but unethical);
- To promote development of the local communities through direct support of local communities, charitable donations and support of non-profit agencies in the communities in which the Group is operating. To nurture long term relationship with the local communities and to provide safe and healthier environment for the local communities;
- To work with the local authorities and government bodies for the development of conducive environment for stakeholders;
- To uphold the quality, safety and health of our products and services with expected standard of legitimacy and integrity; and
- To uphold the highest standard in the preserving confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners receives such information to observe the confidentiality and privacy of such information.

3. Governance Structure

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    │ Internal Audit │   │   Operation    │
    │    Function    │   │   Management   │
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The roles and responsibilities of each function in the Sustainability Management governance structure is as follows:

Function	**Roles/Responsibilities**
Board of Directors ("the Board")	Primarily and ultimately responsible for sustainability management within the Group. This would involve: (a) to determine and approve the sustainability management framework (Including governance structure and process) as well as to approve the management of the material sustainability matters; (b) to develop and approve sustainability strategy (review periodically) and to ensure all business strategies and major business operations embedded with sustainability considerations; (c) to approve the process and review the results of sustainability matters identification, assessment, management and monitoring conducted by the Group Managing Director ("GMD"); (d) to conduct periodic review of the material sustainability matters of the Group (at least on an annual basis) and determine the adequacy of the response and the current standing and performance of the material sustainability matters; (e) to determine the need to conduct full sustainability review by the GMD; (f) to review and approve material sustainability matters' indicator and target, the performance and the sustainability disclosures; (g) to review and align the proposed remuneration of Directors of the Company and its subsidiaries and Key Senior Management of the Group with the actual performance on management of sustainability risks and opportunities; (h) to review and approve the management of stakeholder engagement by the GMD; and (i) to conduct periodical review of the adequacy and effectiveness of the Group's sustainability governance structure and process to identify, assess, manage and monitor sustainability matters.

Board of Directors ("the Board") (Cont'd)		(j) to identify training needs pertaining to the skill sets required for oversight of the relevant sustainability issues, including climate-related risks and opportunities.

Audit Committee ("AC") : The Board delegates the task of overseeing the sustainability management of the Group to the AC. The responsibilities of the AC are as follows:

(a) to oversee the implementation of sustainability framework approved by the Board by the GMD;

(b) to review the process and results of identification, assessment, management and monitoring of sustainability matters conducted by the GMD;

(c) to conduct periodic review of the material sustainability matters of the Group (at least on an annual basis) to determine the adequacy of the response and the current standing;

(d) to review the need to conduct full sustainability assessment by the GMD;

(e) to conduct periodical review of the adequacy and effectiveness of the Group's sustainability governance structure and process in identifying, assessing and managing sustainability matters;

(f) to review the overall management of stakeholder engagement;

(g) to oversee the identification of the material sustainability matters' indicator and target;

(h) to review the performance of the material sustainability matters' indicator and sustainability disclosures as required by laws and/or rules; and

(i) to direct the internal and external assurance function of the Group in relation to sustainability management and ensuring the adequacy of the resources and competency of the assurance functions.

The review results and recommendations will then report to the Board for decision.

| Group Managing Director ("GMD") | : | The Board delegates the task of implementing the sustainability framework and management in the Company and its subsidiaries to the GMD. The responsibilities of the GMD are as follows: |

(a) to implement the sustainability framework and strategies as approved by the Board;

(b) to manage stakeholder engagement for input for assessment and communication of results of review and response;

(c) to oversee the Heads of Department/Division in the implementation of systems of sustainability management;

(d) to lead and implement the process of sustainability matters identification, assessment, management and monitoring;

(e) to devise appropriate action plan in cases where sustainability issues are not adequately or effectively addressed and communicate the proposed action plans to the Heads of Department/Division;

(f) to conduct periodic review of all sustainability matters by the Company and its subsidiaries (at least on an annual basis) and determine the adequacy of the response and the current standing of the sustainability matters. The review results (including material sustainability matters) and recommendations will then update to the AC;

(g) to measure the material sustainability matters' indicator against target and monitoring thereof;

(h) to comply to the sustainability disclosures requirements;

(i) to update the AC on changes to the material sustainability matters on periodical basis (at least on annual basis) or when appropriate (due to change in external environment or internally);

(j) to ensure relevant sustainability trainings are provided for appropriate level of employees to cultivate a positive attitude and promote correct approach toward sustainability management; and

Group Managing Director ("GMD") (Cont'd)		(k) to include performance of sustainability management as part of performance evaluation system of the Company and its subsidiaries and to incorporate the actual performance on management of sustainability risks and opportunities as part of the remuneration and reward system of the Company and its subsidiaries.
Heads of Department/ Division of the Company and its subsidiaries ("Heads of Department/ Division)	:	The responsibilities would be: (a) to manage sustainability matters based on business processes under his/her control on day-to-day basis and to report changes in sustainability matters or new sustainability matters to the GMD for prompt actions to be taken; (b) to continuously monitor the sustainability matters for its risk and opportunity and to evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, he/she shall report to the GMD and assist the GMD with the development of the management action plans and implement these action plans; (c) assist the GMD with the implementation of the process in identification, assessment and management of sustainability matters; (d) to conduct periodic review of the performance of all sustainability matters to determine the adequacy of the response, and the current standing (at least on an annual basis); (e) to assist in the preparation of sustainability disclosures as required by laws and/or rules; and (f) to ensure that staff working under the Heads of Department/Division understand the sustainability matters and the relevant process under his/her duty and the importance of the related controls.
Assurance Unit	:	Assurance Unit is responsible for: (a) to review the Group's governance structure and process of sustainability management to determine their adequacy and effectiveness; (b) to review the Group's system of sustainability management implemented by the GMD and Heads of Department/Division to determine their adequacy and effectiveness;

Assurance Unit (Cont'd)	(c) to review compliance with the controls implemented by the GMD and Heads of Department/Division in managing sustainability matters; and
	(d) to review the accuracy and reliability of sustainability disclosures as required by laws and/or rules

before report to AC.

4. Composition of Sustainability Members

4.1 Composition

- The GMD may nominate employees from the various divisions in the Group, preferably Heads of Department/Division in the role with prior experience in risk and sustainability management to be identified as the Risk Owners.
- The GMD may also nominate an employee from the above various divisions in the Group acting as a central contact and guide for all sustainability management issues within the Group.

4.2 Minutes

- Meetings related to sustainability management shall be recorded by nominated member and circulated prior to the next meeting along with items for agenda.

4.3 Confidentiality

The members of sustainability management shall have an obligation to treat all information discussed including but not limited to matters relating to the affairs staff in a confidential manner.
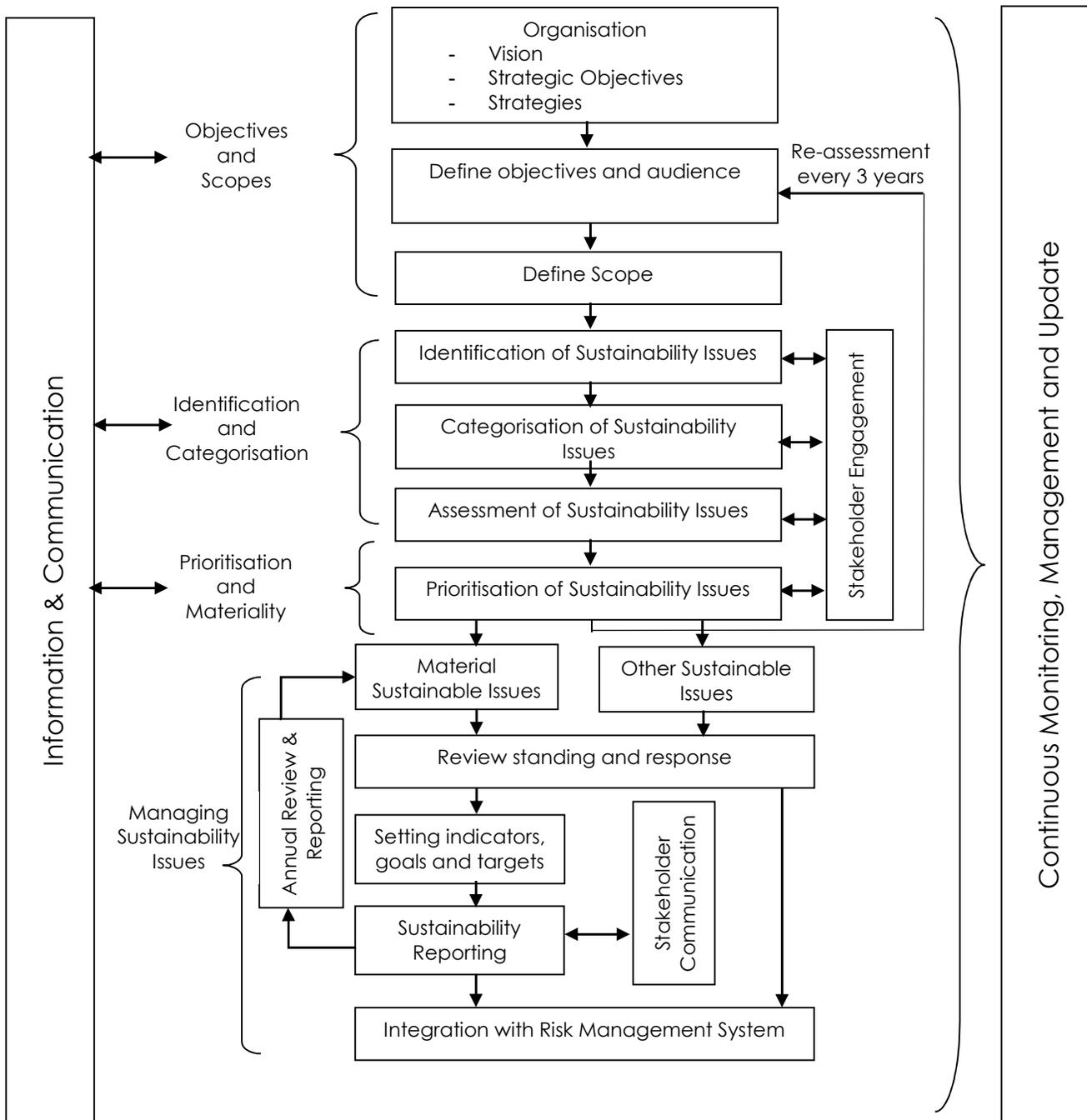
4.4 Membership of Sustainability Policy

Designation		Proposed Candidate
Chairman	:	Group Managing Director
Members	:	Refer to 5.4 for further details.

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5.   Sustainability Assessment

The sustainability assessment process is illustrated by the following diagram:

5.1. Define objectives and audience

The Board, along with the GMD, shall be responsible for the establishment of the vision and strategic plans (including specific goals and business objectives for the Group) as well as sustainability strategy of the Group. The strategic plans and sustainability strategy will be used to understand and identify the sustainability risks that the Group faces and sustainability opportunities available.

In setting materiality objectives, the Group considers the intended audience of the materiality assessment - who the key users are based on the materiality assessment and how the information is to be used.

Internal audiences are the Board of Directors, the Management and Employees.

External audiences are the investors, financial institutions, suppliers, contractors, customers, government and local authorities, non-profit organisations and public at large.

The objectives of the sustainability assessment are:

- To provide information on sustainability analysis for strategic business decision making;
- To identify material sustainability matters that need to be managed and included in sustainability disclosures (for communication with internal and external stakeholders);
- To facilitate more effective engagements with internal and/or external stakeholders, with particular focus on addressing their concerns;
- To identify future trends that may affect the organisation or its business strategy; and
- To identify areas for target setting to improve business and sustainability performance.

5.2. Define the Scope

The sustainability assessment shall be based on the entire internal value chain of the specific key business operations, analysed based on the geographical locations.

5.3. Identification of Sustainability Issues

In identifying sustainability issues, the following sources of sustainability issues will be used as a guide to ensure that all sustainability issues have been identified.

- **Internal sources**
    - Board/Board Committee reports and minutes of meetings
    - Business strategy, short and medium-term goals and objectives, and policies
    - Internal analysis of megatrends that are relevant to the organisation (e.g. talent management, cyber security)
    - Risk management assessments and risk registers
    - Internal financial reporting
    - Internal management and operation report

- • Complaints received from employees and other internal stakeholders
- • Feedbacks or concerns of employees and other internal stakeholders
- • Internal audit
- • Fines and penalty
- • Direct engagement with the internal stakeholders

- • **External Source**
  - • Complaints received from shareholders, supplier, subcontractor, customers, local communities and other stakeholders
  - • Feedbacks or concerns of shareholders, supplier, subcontractor, customers, local communities and other stakeholders
  - • Topics and emerging trends such as climate change reported by industry and peers
  - • Relevant regulations and laws, and international agreements or commitments which may impact the business strategy or drive stakeholder concerns
  - • Industry standards
  - • Media review and reports
  - • Letter from government and local authority
  - • Published research paper/white paper
  - • Surveillance audit by regulatory bodies and professionals
  - • Direct engagement with the external stakeholders

5.4. Categorisation of Sustainability Issues

The list of sustainability issues identified internally and externally is further rationalised, refined and consolidated into the following categories, taking into consideration of business strategies:

Economic		
Category	**Definition**	**Responsibility**
Procurement & Spending practices	Source for local suppliers if the source is locally available.	Purchasing Manager
Community investment	Voluntary contributions made by an organisation to enhance socio-economic benefits and create a positive social impact.	Board of Directors
Environment		
Emissions	Emissions refer to the discharge of environmentally hazardous substances into the atmosphere.	- EHS Manager - Facility Manager
Waste and effluent	Waste and effluent discharged from operations into public areas.	- EHS Manager - Facility Manager
Water	Consumption and efficiency of water usage for industrial processes and general purposes.	- EHS Manager - Facility Manager
Energy	Efficient use and consumption of electricity as well as energy.	Facility Manager

Environment		
Supply Chain (Environment)	All significant environmental impacts observed or assessed in the supply chain in relation to products and services produced and/or offered.	Facility Manager
Product and Services Responsibility (Environmental)	The environmental impact of products and services in the course of their lifecycle, (including product design, development, testing, etc.).	R&D Manager
Materials	Materials are components used as inputs in the production of goods.	R&D Manager
Compliance (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines.	- EHS Manager - Facility Manager
Social		
Social Diversity	Diversity, specifically in the workforce, management and the Board is characterised by the gender, age, etc.	- HR Manager - Nomination Committee
Human Rights	• the right to not be discriminated against; • not be enslaved; • be treated with dignity; • have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and • the right to freedom of opinion and expression.	HR Manager
Occupational Safety and Health	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders.	EMS Committee
Anti-competitive behavior	Ethical business practices without affecting consumer choice, pricing, and market efficiency.	- HR Manager - Sales Manager
Anti-corruption	Abuse of entrusted power for private gain. This theme discusses activities that promote transparency and guard against various forms of corruption.	- HR Manager - Sales Manager - Purchasing Manager - Group Financial Controller
Labour practices	Fair treatment of employees in regard to terms and conditions of employment and developments of employee's skills and knowledge.	HR Manager
Society	The impacts organisations have on society and local communities.	HR Manager

Product and Services Responsibility (Social)	The impact of products and services on the wellbeing of society, including privacy, health and safety.	- R&D Manager - Board of Directors
Supply Chain (Social)	Significant and potential social impacts on society in the supply chain.	- HR Manager - Purchasing Manager
Compliance (Social)	The adherence of an organisation's activities to relevant laws and guidelines.	All Department

The above categories are not exhaustive. The GMD shall assess from time to time to include additional categories or to split the above category in order to have better assessment of the sustainability issues in hand.

5.5. Assessment and Prioritisation of Sustainability Issues

The objective of the assessment and prioritisation of the sustainability issues is to identify material sustainability matters so that greater emphasis and efforts to be placed on managing material sustainability matters as they have a greater impact on the organisation.

Sustainability issues considered material if:

- it has **significant** economic, environmental and social impacts on the Group from the organisation's point of view;
- **substantively** influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
- it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

i. Materiality Assessment by the Group

Below are sustainability issue to be assessed by the Group:

Criteria	Description
Revenue	Revenue of the business affected across short, medium and long term.
Cost	Cost of the business affected across short, medium and long term.
Media/ Reputation	Possible media response to an event relating to a sustainability matter which will then influence on the organisation.
Strategic and Operational Risk	Possible impact of a sustainability matter related to business operation.
Business Opportunities	Possible impact of a sustainability matter on business entered by the organisation.

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The rating of the above criteria will be based on the table below:

Rate	Description	Qualitative			
		Regulatory	**Employees**	**Customers**	**Suppliers**
81-100%	Very Significant	Significant disruption to operations / services over an extended period of time (>30 days).	At least 50% employee turnover rate and involving more than 3 key position resignations. Employee strike for more than 3 days.	Loss of more than 3 key customers. Product recall. Legal action. Costly compensation. No alternatives available.	Loss of more than 3 key suppliers. Alternative source of sole material supply cannot be identified in order to fulfil customer orders for more than 30 days.
61-80%	Major	Disruption to operations / services over a period of time (15 days to 30 days).	20% to <50% employee turnover rate and involving not more than 3 key position resignations. Employee strike may occur.	Loss of 3 key customers. Product recall. Legal action. Costly compensation. Alternatives available.	Loss of 3 key suppliers. Alternative source of sole material supply cannot be identified in order to fulfil customer orders from 15 day to 30 days.
41-60%	Moderate	Fine / Compound and minor disruption to operations (4 days to 14 days) / services.	10% to <20% employee turnover rate and involving not more than 2 key position resignations.	Loss of 2 key customers. Customer complaint resulting in claim.	Loss of 2 key suppliers. Alternative source of sole material supply cannot be identified in order to fulfil customer orders from 4 day to 14 days.
21-40%	Minor	No fine / compound but warning - no disruption to operation (1 day to 3 days)/ services.	5% to <10% employee turnover rate and involving 1 key position resignation.	Loss of 1 key customer. Minor customer complaint.	Loss of 1 key supplier. Alternative source of sole material supply cannot be identified in order to fulfil customer orders from 1 day to 3 days.
0-20%	Insignificant	No violation.	< 5% employee turnover rate and involving non key position resignation.	No loss of key customer. No customer complaint.	No loss of key supplier.

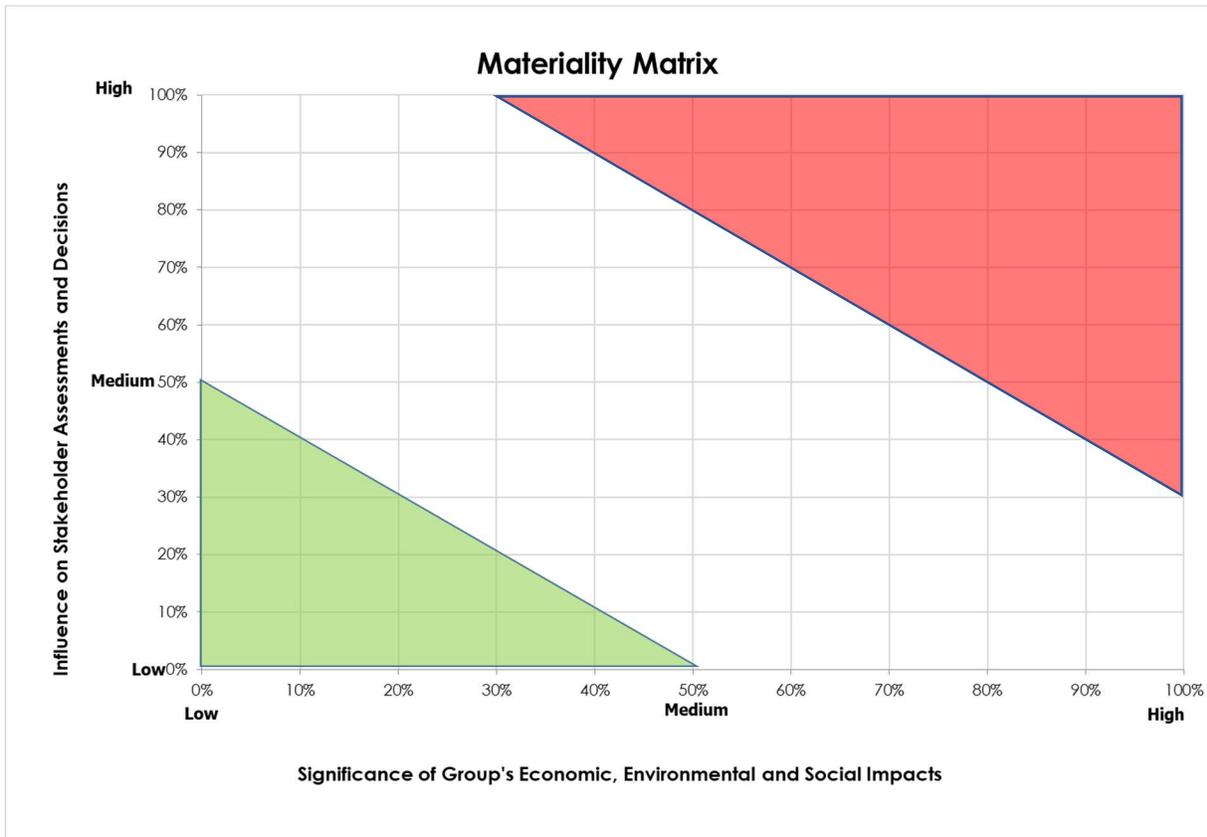*[The Remainder of This Page is Intentionally Left Blank]*

Rate	Description	Quantitative		
		Revenue	**Profit before tax**	**Cash flow**
81-100%	Very Significant	More than 30% decrease in revenue.	>50% decrease in profit before tax or resulting in loss before tax of RM1 million or more.	1) Unable to release salary and statutory payments on time 2) Unable to pay interests and repay financing facilities that fall due 3) Receive letter of demand from supplier due to unable to settle outstanding balance (excluding invoices and under dispute/discussion).
61-80%	Major	10% to 30% decrease in revenue.	30% to 50% decrease in profit before tax or resulting in loss before tax of <RM1 million.	Insufficient cash and financing facilities for operational needs.
41-60%	Moderate	2.5% to <10% decrease in revenue.	10% to <30% decrease in profit before tax.	Utilise >90% of financing facilities.
21-40%	Minor	0.5% to <2.5% decrease in revenue.	2.5% to <10% decrease in profit before tax.	Utilise 50% to 90% of financing facilities.
0-20%	Insignificant	<0.5% decrease in revenue.	<2.5% decrease in profit before tax.	No impact.

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ii. Materiality Assessment by the Stakeholders

The stakeholders' assessment of the sustainability matters is based on the significance of such matters to influence on the assessment and decision by respective stakeholder. The stakeholders' assessment of the sustainability matters is obtained during stakeholders' engagement through prescribed checklist and direct communication by the Executive Directors or Heads of Department/Division via the rating system established by the Board in the Materiality Matrix.

The results of the above assessments, together with the results of the Stakeholder Prioritisation are input into Materiality Matrix.

A sustainability issues is:

i.   Material – if it is within the **Red** zone;
ii.   Low and Medium Materiality – if it is within the White zone; and
iii.   Not material - if it is within the **Green** zone.

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5.6. Review standing and response

i. Review Standing

Subsequent to the assessment process, existing controls in place should be identified together with its owner (person responsible to monitor the controls to ensure its effectiveness and compliance). Please refer to the Risk Management Policy for the detailed process.

Controls are the policies, standards, procedures and physical changes to minimise adverse risks or to maximise opportunity(ies). The controls relating to the identified sustainability issues can be categorised as follows:

Preventive : Controls to prevent the risk from occurring.

Detective : There are two aspects to detective controls to reduce the impact:-

- To identify impending risks which are about to take place thereby enabling awareness of risks.
- To identify unfortunate events as soon as possible to prevent further deterioration.

Corrective : After the events happened, the control to minimise losses and to enable recovery to take place promptly.

Once all the relevant controls for a particular sustainability issue have been identified, the risk shall be rated **at Residual level**, take into consideration of the adequacy and effectiveness of the controls put in place, in terms of possibility of the risk occurring and its impact when it occurs after taking into consideration existing controls.

The adequacy and effectiveness of the controls can be assessed in accordance with the following criteria:

(i)   Reduce the possibility of risk occurring; and
(ii)   Reduce the impact on the Group after the risk has occurred.

Rating Category	Criteria
L	***High – Adequate & Effective*** • Controls are operating adequately & effectively and in accordance with management's control objectives for the area under review. • Controls are operating at its optimum level, functioning as intended and limited opportunity for further improvement exists in the form of long term action plan. • Presence of all controls and no control weaknesses were noted. • No incidence of non-compliance/control lapses. • Good compliance culture and control environment.

Rating Category	Criteria
M	**_Moderate - Improvement opportunity available for Adequacy & Effectiveness_** • Few risks/controls require further improvement in order for the overall control mechanism to operate effectively. • Presence of all key controls / No key controls weaknesses were noted. • Absence of very limited less significant controls due to cost/benefit trade-off/Less significant control weaknesses are noted in a number of control components with compensating controls exist. • Opportunity for further improvement exists in the form of long term action plan. • No incidences of non-compliance/control lapses of critical control point or few incidences of non-compliance/control lapses of non-critical control point. • Satisfactory compliance culture and control environment.
H	**_Low - Significant improvement opportunity_** • Controls are not operating satisfactorily and effectively in accordance to its control objectives. • Absence of very limited key controls/Key controls weaknesses are noted in a number of control components. • Less significant control exist over the entire control environment. • Certain compensating controls exist where control weaknesses were noted. • Few incidences of non-compliance/control lapses of critical control point or frequent occurrence of non-compliance/control lapses of non critical control point requiring short term Management's attention.
S	**_Very Low - immediate attention needed_** • An effective control structure and mechanism had not been established or significant weaknesses in controls have been noted across the control environment including a lack of both basic and compensating controls. • High to very high frequency of non-compliance/control lapses requiring immediate Management's attention. • Weak compliance culture and control environment.

It is important that only existing controls are being considered during the determination of control effectiveness. Controls which are currently not in place should not be considered to arrive at the residual level rating as these controls are management action plans which the management of the Group will put in place in a future date to manage or mitigate the risk.

ii. Response

The GMD to identify and evaluate whether the residual risks are acceptable in the context of the departments' or divisions' as well as the Group's objectives. The objective is not to eliminate all residual risks but rather to ensure that the residual risk is maintained at an acceptable level in a cost effective and efficient manner.

The options available to the management in addressing the residual risks, which is at a material (high risk) level after a risk assessment is completed, are as follows:

(i) **Avoid the risk** by ceasing to undertake the process or business activity altogether. Normally, this route is chosen when the risk could have a catastrophic impact on the business and where the costs of pursuing other choices significantly outweigh the potential benefits; or

(ii) **Reduce the risk** by taking steps to minimise its impact and / or possibility of occurrence. This can be achieved by taking specific actions aimed at reducing the possibility of the risk occurring in the first place or reducing the impact that the risk might have on the business should it actually occur; or

(iii) **Accept the risk** without any further action. Management may choose not to act and to consciously accept the risk as the risk is regarded insignificant to moderate risk in relation to the Group's risk appetite. However, management may want to consider the following factors before deciding to tolerate the risk:
  (a) The adequacy and effectiveness of the existing controls;
  (b) The possibility and consequences of the risk occurring; and
  (c) The cost of additional controls to be put in place; or

(iv) **Share the risk** by passing on all or part of the risk to another party by:
  (a) Transferring the entire business process / activity to another party such as outsourcing and sub-contracting;
  (b) Sharing the business process / activity with another party such as joint venture;
  (c) Sharing of risk through insurance; and
  (d) Retaining the business process and transferring the legal or financial risks such as insurance.

(v) **Exploitation of Opportunity** by taking active action to implement action plan by relevant Heads of Department/Division.

The process of identification and assessment process and outcome of the materiality assessment, together with the sustainability standing and response, are reviewed by the GMD and Audit Committee and approved the Board.

The Board, may at its discretion, to request the Assurance Unit (reporting directly to the Audit Committee) to provide independent assurance on the effectiveness and integrity of the materiality assessment process.

The Board, shall at its discretion on recommendation by the Audit Committee, to request the GMD to conduct full identification and assessment of sustainability matters. It is recommended that such full identification and assessment of sustainability matters shall

be conducted at least three (3) years once or if there is significant change in the internal organisations.

5.7.   Managing Material Sustainability Issues

The management of material sustainability matters should be formulated by the GMD and reviewed by the Audit Committee and recommended to the Board for approval.

The GMD to develop position and response with respect to each material sustainability matter in the following manners:
- developing policies and procedures;
- implementing various initiatives, measures or action plans;
- Complying with applicable laws and regulations;
- setting indicators, goals, targets, timeframe and long-term goals in line with the strategic objectives;
- implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements.

The GMD to review the current standing and responses of the material sustainability matters and to report to the Audit Committee on annual basis or as and when the changes in the business operations and external environment warrant for review and for recommendation to the Board for review and approval.

5.8.   Sustainability Report

The GMD, with the assistance from the Heads of Department/Division, to compile sustainability report based on the prevailing Main Market Listing Requirements, to be tabled to the Audit Committee to review and the Board for review and approval, three (3) months after the financial year close.

The Board, on recommendation of the Audit Committee, can request for independent review by Assurance Unit on the relevant, accuracy and reliability of sustainability disclosures as required by laws and/or rules.

5.9.   Integration with Risk Management

The GMD and the Head of Department/Division shall include sustainability issues, together with its results of assessment, current standing and responses, in the Risk Management Process in order to include sustainability risks and opportunity for risk management and consideration.

6.   Engagement

Communication is an important consideration at each step of the sustainability assessment and reporting process that involves both internal and external stakeholders such as employees and customers respectively. The factors to consider for effective sustainability management are:

- Communication should involve a 2-way dialogue between the stakeholders with efforts focused on consultation rather than a one-way flow of information from decision maker to other stakeholders;

20

- Internal communication should be organised by respective department with input directly from the point of identification, through prescribed forms established by the GMD or meetings or other electronic platforms;
- Periodic update by the GMD to the Audit Committee and subsequently to the Board in connection with current sustainability standing and response; and
- Periodic reporting by the Audit Committee to the Board to inform them on the state of the sustainability management.

Communication with stakeholders can be achieved through various means, including:
- establishing communication channels that are available at all times for stakeholders to provide their views and feedback including complaints and the Company and its subsidiaries can acknowledge and respond directly to the stakeholders via these channels, as well as through the personal contact numbers and email addresses of GMD and Senior Group Financial Controller(whom are the designated contact persons for investor relations) provided in the Company's website.
- conducting engagement forum/ townhall sessions;
- meeting and interview with institutional investor, analyst, media and other stakeholders when necessary;
- electronic feedback form available in the Company's website;
- press release on matters relevant to sustainability management; and
- annual sustainability report published in the Annual Report.