

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

**SUSTAINABILITY POLICY & MANAGEMENT**  
(Approved by Board on 26 February 2024)

**A) Sustainability Policy**

**1. Objective**

The Sustainability Policy is intended to ensure that the Group's strategies promote sustainability especially in the aspect of governance, economic, environment and social and to integrate sustainability in daily activities of Group. This policy is in accordance to The Main Market Listing Requirements (MMLR) and the Group's Sustainability Report is guided by Global Reporting Initiative (GRI).

The Board 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 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 systematically address and oversee sustainability concerns, ensuring their thoughtful incorporation into the Group's daily business activities, as well as during the formulation and execution of business strategies;
- To consistently foster, educate, and engage in open communication with employees, suppliers, business partners, and other pertinent stakeholders. This aims to instill awareness and commitment among them, ensuring the effective adoption and measurement of sustainability initiatives aligned with the Group's or their respective strategies, encompassing economic, environmental, social, and governance dimensions; and
- To strive to improve the Group's sustainability performance.

**2. Sustainability Principles**

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.

**(i) Sustainable Economic Principle**

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.

## **(ii) Sustainable Environment Principle**

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
  - Built-in carbon-saving products for customers
  - Built-in carbon-savings from machines/materials from suppliers
  - Built-in decarbonisation target
- To conserve and improve the consumption intensity 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.

## **(iii) Sustainable Social Principle**

The Group adopts the following sustainable social principles:

- To ensure all stakeholders receive fair treatment and do not engage in or support any form of discrimination including discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership, political body, etc;
- To ensure that the Group’s employees are:
  - i. not discriminated against in any form,
  - ii. not enslaved (i.e. no forced labour),
  - iii. not harassed in any form (including sexual harassment),
  - iv. to be treated with dignity,
  - v. accorded with rest and leisure, including reasonable limitation of working hours (i.e. no excessive working hours) and periodic holidays with pay and
  - vi. accorded with freedom of opinion and expression.
- To ensure that the Group, does not allow child workers to be employed at the workplaces of the Group in 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.
- 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 work with the local authorities and government bodies for the development of conducive environment for stakeholders; and
- To uphold the quality and safety of our products and services with expected standard of legitimacy and integrity;

#### **(iv) Governance Principle**

The Group adopts the following sustainable governance principles:

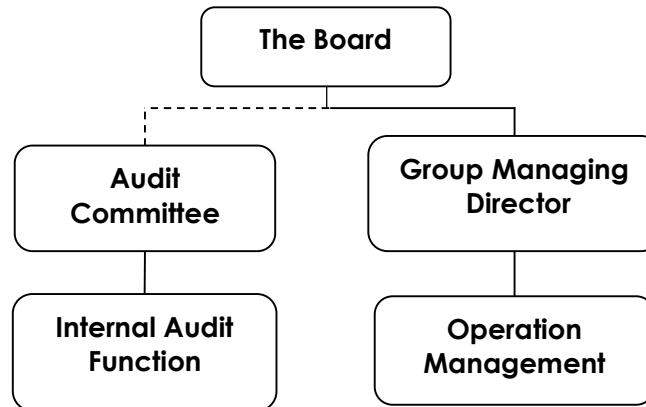
- To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition;
- To conduct its business 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, corruption and illegal practices;
- To uphold the preservation of 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. Review of Policy**

This policy including the procedures below will be reviewed every 3 years or when required by the Board of Directors for its continued application and relevance.

## **B) Sustainability Management**

### **1) Governance Structure**



The roles and responsibilities of each function in the Sustainability Management governance structure is as follows:

<b><u>Function</u></b>	<b><u>Roles/Responsibilities</u></b>
Board of Directors ("the Board")	<p>Primarily and ultimately responsible for sustainability management within the Group. This would involve:</p> <ul style="list-style-type: none"><li>(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;</li><li>(b) to develop and approve sustainability strategy (review periodically) and to ensure all business strategies and major business operations embedded with sustainability considerations;</li><li>(c) to review annually, quarterly and as and when required the material sustainability matters of the Group, sustainability matters' indicator/target, the adequacy of the response and the current standing and performance of the material sustainability matters;</li><li>(d) to review and align the proposed remuneration of Executive Directors of the Company and its subsidiaries and Key Senior Management of the Group based on their performance while integrating the management of sustainability risks and opportunities;</li><li>(e) to identify training needs required for oversight of the relevant sustainability issues, including climate-related risks and opportunities.</li></ul>
Audit Committee ("AC")	<p>: The Board delegates the task of overseeing the sustainability management of the Group to the AC. The responsibilities of the AC are as follows:</p> <ul style="list-style-type: none"><li>(a) to oversee the implementation of sustainability framework approved by the Board including review of the adequacy and effectiveness of the Group's sustainability governance structure;</li><li>(b) to review the sustainability matters identified including the performance of indicators/target;</li><li>(c) to conduct annual review of the material sustainability matters of the Group in order to determine the adequacy of the response and the current standing;</li></ul>

<u>Function</u>	<u>Roles/Responsibilities</u>
	<p>(d) 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.</p> <p>Report the results and recommendations (if any) to the Board for decision.</p>
Group Managing Director ("GMD")	<p>: 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:</p> <ul style="list-style-type: none"> <li>(a) to implement the sustainability framework and strategies as approved by the Board;</li> <li>(b) to manage stakeholder engagement for input for assessment and communication of results of review and response;</li> <li>(c) to oversee the Heads of Department/Division in the implementation of systems of sustainability management;</li> <li>(d) to conduct monthly review on key sustainability matters by the Company and its subsidiaries including sustainability indicator/target and its performance;</li> <li>(e) 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</li> </ul> <p>: The responsibilities would be:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) to continuously monitor the sustainability matters for its risk and opportunity and to evaluate existing controls including performance of sustainability matters;</li> <li>(c) assist the GMD with the implementation of the process in identification, assessment and management of sustainability matters including all sustainability disclosures;</li> </ul>

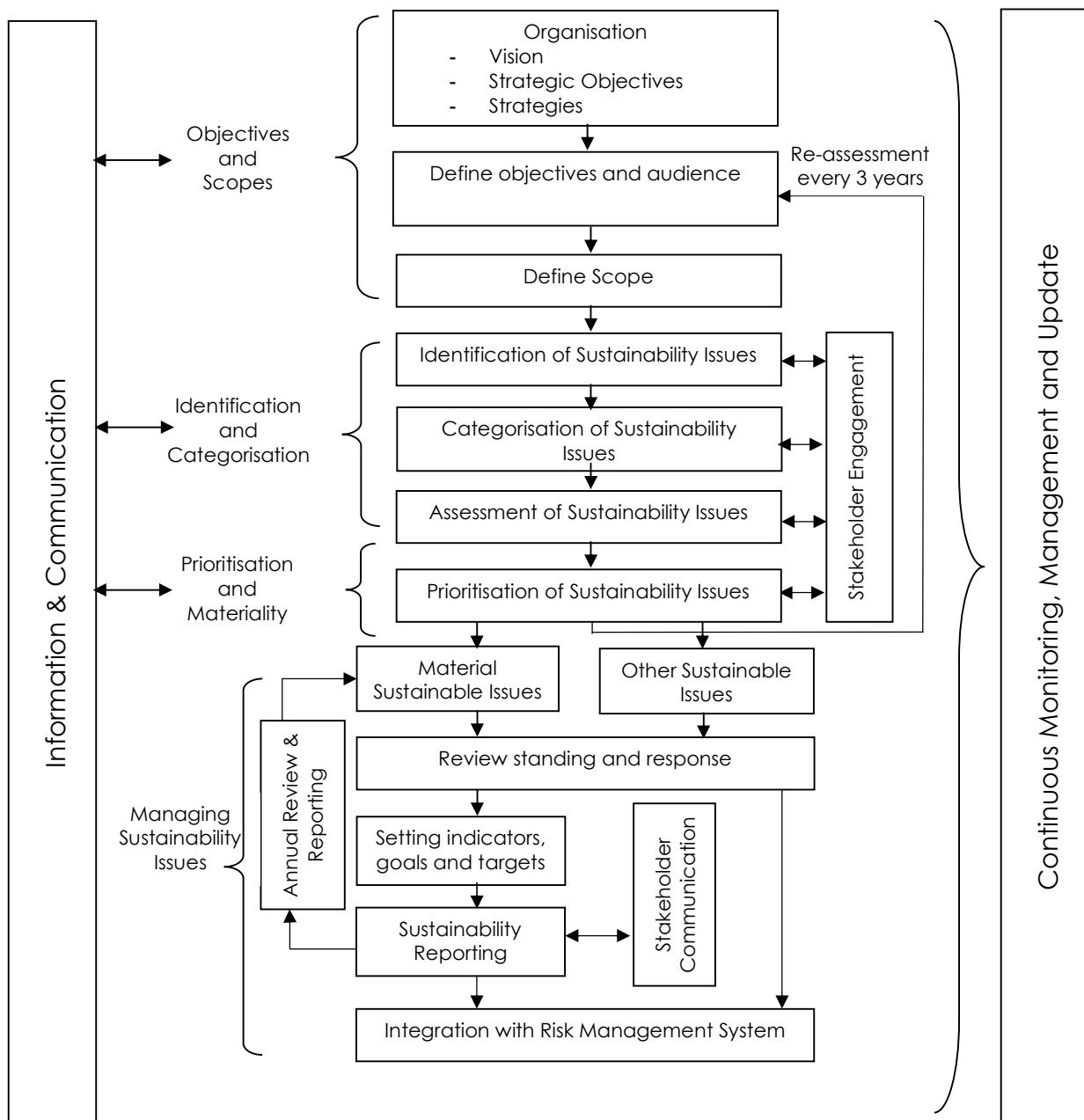
<u>Function</u>	<u>Roles/Responsibilities</u>
Assurance Unit	<p>(d) to ensure that staff working under the Heads of Department/Division understand the sustainability matters and the relevant process under his/her duty and the importance of the related controls.</p> <p>: The responsibilities would be:</p> <ul style="list-style-type: none"> <li>• to review the Group's governance structure and process of sustainability management to determine their adequacy and effectiveness;</li> <li>• to review compliance with the controls implemented by the GMD and Heads of Department/Division in managing sustainability matters when perform internal audit; and</li> </ul>

All review results will be reported to AC.

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## 2) Sustainability Assessment

The sustainability assessment process is illustrated by the following diagram:



## **2.1. Define objectives and stakeholders**

In setting materiality objectives, the Group considers the internal stakeholders (the Management and Employees) and external stakeholders (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.

## **2.2. 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.

## **2.3. Identification of Sustainability Issues**

In identifying sustainability issues, the following sources will be used as a guide.

- **Internal sources**
  - Board/Board Committee reports and minutes of meetings
  - Business strategy, short and medium-term goals and objectives, and policies
  - Internal analysis that are relevant to the organisation (e.g. recruitment, 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 Sources**
  - Complaints/feedbacks received from external stakeholders such as supplier, subcontractor, customers and local communities
  - 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
- Surveillance audit by regulatory bodies and professionals
- Direct engagement with the external stakeholders

## 2.4. 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, social and governance 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

### i. Materiality Assessment by the Group

Below are sustainability issues 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 may affect the organisation's reputation.
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.

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

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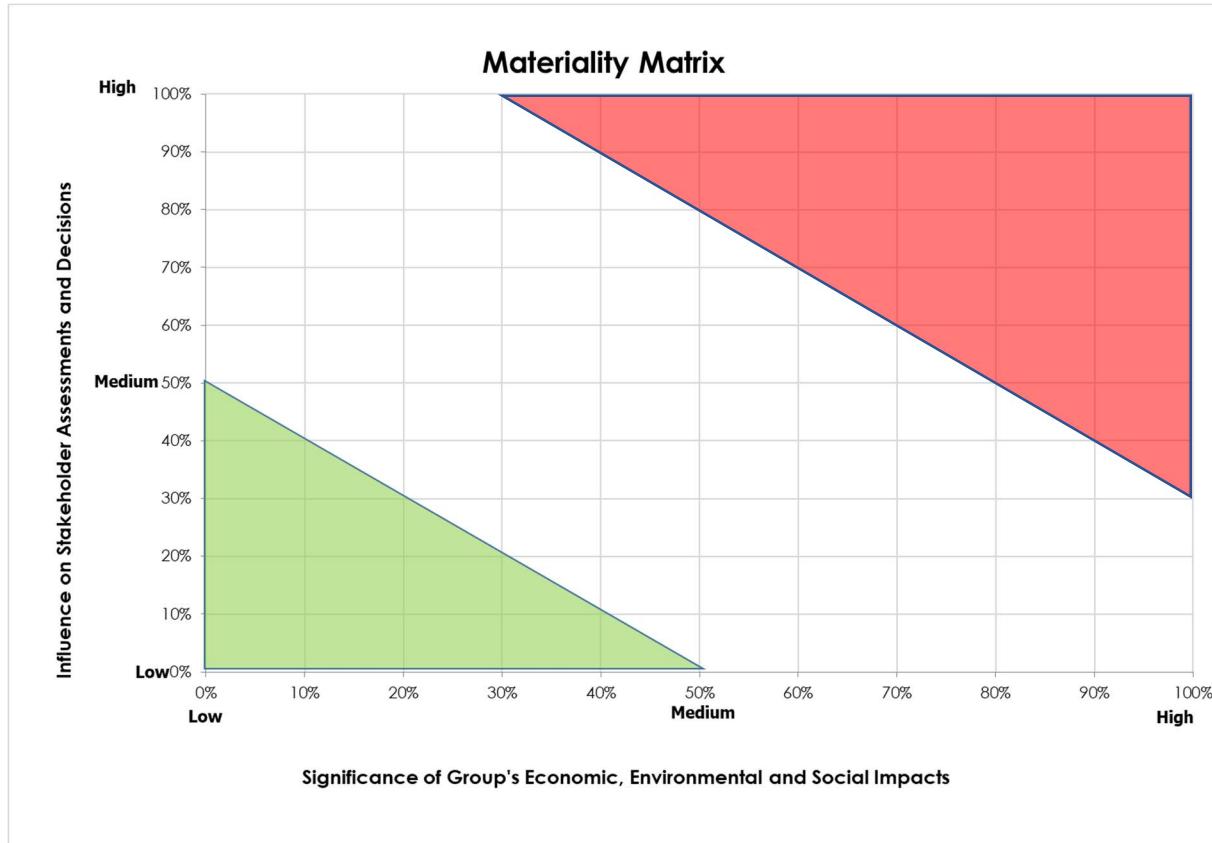
Rate	Description	Quantitative		
		Revenue	In profit before tax scenario	In loss before tax scenario
81-100%	Very Significant	Impact more than 30% decrease in revenue	Resulting in additional decrease in profit before tax of >20%	Resulting in additional loss before tax of RM2 million or more.
61-80%	Major	Impact 10% to 30% decrease in revenue	Resulting in additional decrease in profit before tax of 10% to <20%.	Resulting in additional loss before tax of RM1 mil to <RM2 mil.
41-60%	Moderate	Impact 2.5% to <10% decrease in revenue	Resulting in additional decrease in profit before tax of 5% to <10%	Resulting in additional loss before tax of RM500,000 to RM1 mil.
21-40%	Minor	Impact 0.5% to <2.5% decrease in revenue	Resulting in additional decrease in profit before tax of RM500,000 to less than 5%.	Resulting in additional loss before tax of RM250,000 to <RM500,000.
0-20%	Insignificant	Impact <0.5% decrease in revenue	Resulting in additional decrease in profit before tax of less than RM500,000.	Resulting in additional loss before tax of less than RM250,000.

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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 influencing 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 Heads of Department/Division via the rating system in the Materiality Matrix.

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



A sustainability issue 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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## 2.5. 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 and Opportunity Management Policy and Procedure for the detailed process.

Controls are the policies, standards, procedures and physical changes to minimise adverse risks or to maximise opportunity(ies).

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

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

- (i) Reduce the possibility of risk occurring;
- (ii) Reduce the impact on the Group after the risk has occurred;
- (iii) Optimise the opportunities identified.

### 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. This route is chosen when pursuing other choices could have a risk of catastrophic impact on the business and the costs of 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 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.

## **2.6. 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.

## **2.7. Sustainability Report**

The GMD, with the assistance from the Heads of Department/Division, to compile a 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 relevance, accuracy and reliability of sustainability disclosures as required by laws and/or rules.

## **2.8. 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.

### **3) 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;
- Internal communication should be organised by respective department with input directly from the point of identification, through prescribed forms established or meetings or other electronic platforms;
- Periodic update by the GMD to the Board in connection with current sustainability standing and response; and

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 where the Company and its subsidiaries can acknowledge and respond directly to the stakeholders via these channels, as well as through the email addresses of GMD and Group Financial Controller (whom are the designated contact persons for investor relations);
- 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
- publishing annual sustainability report and integrated report.