



## **ENTERPRISE RISK MANAGEMENT FRAMEWORK**

### **1. Overview**

This **Enterprise Risk Management (ERM) Framework** provides guidelines and methodical approach to Kinergy Advancement Berhad ("KAB" or the "Company") in recognizing, evaluating, and addressing risks that could impact the Company's goals. It involves identifying risks, assessing their impact and likelihood, implementing strategies to manage them, and integrating risk considerations into decision-making processes for improved resilience and value creation.

### **2. Objectives**

This policy is designed to provide a framework for the Company to achieve:

- i) communicate and disseminate across the organization the vision, role and direction of the Company;
- ii) identify, assess, evaluate and manage the various principal risks which affect the Company's business;
- iii) create a risk-awareness culture and risk ownership for more effective management of risks; and
- iv) formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

### **3. Commitment and Governance Structure**

#### **3.1. The Board's commitment**

The Board is committed in ensuring robust strategies are implemented to identify, assess, and mitigate risks across all facets of the Company's operations, fostering resilience and sustainable growth.

#### **3.2. Responsibilities**

The Board has established the Board's Risk Management Committee (RMC) which responsible for oversight overall risk governance and developing strategies to meet the objectives of the policy, as well as monitoring the progress of achieving the objectives.

The Executive Risk Management Committee (ERMC) assumes direct responsibility for the routine risk management activities within the Company and report to the RMC at least twice a year. The key duties of the ERMC include risk advisory, risk monitoring and regulatory compliance.

The RMC responsibilities, structure and functions are spelled out in the Term Of Reference (TOR) of the Risk Management Committee.



#### 4. Framework

The Company adopts the ERM Framework promulgated by the Committee of Sponsoring Organization of the Treadway Commission (“COSO”) detailed as follows:

Governance & Culture	1	Governance sets the organization's tone, reinforcing the importance of, and establishing oversight responsibilities for, enterprise risk management.
	2	Culture pertains to ethical values, desired behaviours, and understanding of risk in the entity.
Strategy & Objective-Setting	3	Enterprise risk management, strategy, and objective-setting work together in the strategic-planning process.
	4	A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.
Performance	5	Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritized by severity in the context of risk appetite.
	6	The organization then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.
Review & Revision	7	By reviewing entity performance, an organization can consider how well the enterprise risk management components are functioning over time and in light of substantial changes, and what revisions are needed.
Information, Communication & Reporting	8	Enterprise risk management requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows up, down, and across the organization.

#### 5. Enterprise Risk Assessment (ERA)

ERA is adopted to establish a precise and objective calculation of risk and allows the decision-making process to be more certain.

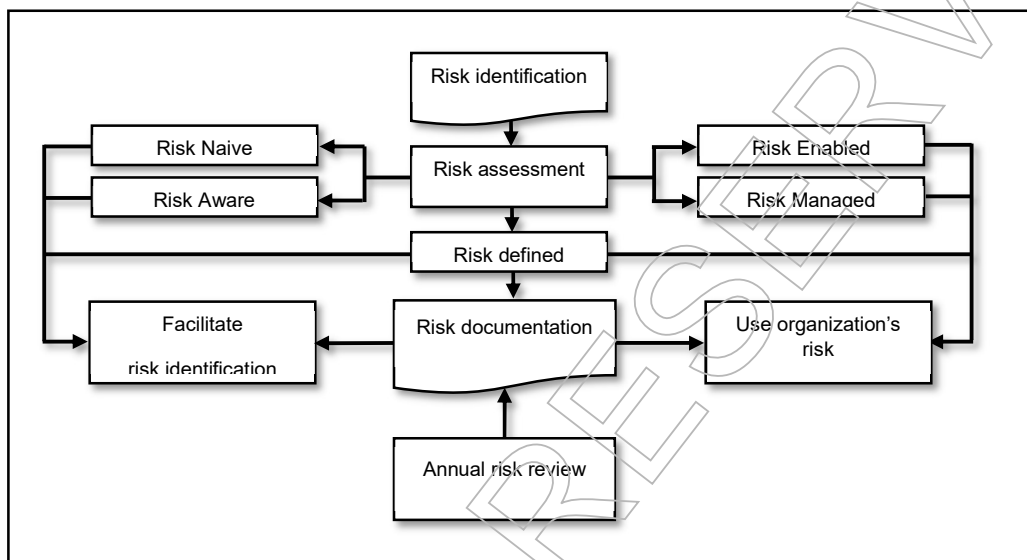
5.1. The Company's ERA is divided into five (5) key components:

- i) Risk Identification  
Identification of risks that could affect the Company's ability to achieve its goals and exposure to uncertainty.
- ii) Risk Evaluation  
For every risk identified, consideration to be given to the consequence and probability of each of the risks occurring. A significance rating assigned to each risk provides for the prioritizing of risks.
- iii) Risk Management Strategies  
Formulating a risk management strategy involves selecting and implementing measure to reduce the adverse impact of the risk.
- iv) Evaluating and Validating Controls  
Implementing effective internal control to eliminate or reduce the impact and/or likelihood of risks occurring.



- v) Residual Risk Reporting, Monitoring & Updating the Risk Assessment Program  
Regular audits of policy and compliance with set standards are carried out and standards performance reviewed to identify gaps and opportunities for improvements.

5.2. The Company's ERA model and process flow are as follows:



## 6. Review and Approval

This framework shall be reviewed and approved from time to time by the RMC where deem necessary in accordance with the needs of the Company and/or Listing Requirements or any other regulatory requirements enforced at the time being.

This framework is dated 30 April 2024.

*\*End of Document \**



**REVISION HISTORY AND APPROVAL**

Rev.	Issue/ Revision Date	Description of changes	Author	Approval Date
0	23.11.2018	Established	Executive Risk Mgmt Committee	23.11.2018
1	30.04.2024	Change of Company name and logo	-	30.04.2024