



**KHPT HOLDINGS BERHAD**  
**[REGISTRATION NO. 201900105770 (1315097-M)]**

**RISK MANAGEMENT FRAMEWORK**

**DOC NO: KHPT-POLICY-14**

No	Rev	Effective Date	Change Description
1	0	13.01.2025	Initial release
2	1	19.08.2025	Revised on categories of risk
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## 1. INTRODUCTION

- 1.1. The KHPT Holdings Berhad (“**Company**”) and its subsidiaries (“**Group**”) recognizes the need to systematically manage and regularly review its risk profile at a strategic and operational level. In relation thereto, the Group has developed a Risk Management Framework that determines the process and identifies tools for realizing its objectives.
- 1.2. The scope of the Risk Management Policy and Procedures (“**Framework**”) applies Group- wide and is aligned with the organization’s key strategic and operational plans. Oversight of this Framework is the responsibility of the Board of Directors and the Audit and Risk Management Committee (ARMC) of the Board.
- 1.3. The Framework and the methodology that support it will be reviewed periodically and updated (where necessary) to provide continuous process improvement with respect to development in risk management and compliance practices.

## 2. KEY OBJECTIVES

The objectives of this framework are:

- 2.1. To establish a robust system for identifying and addressing risks that could impact on the Group financial performance, reputation, and operational continuity.
- 2.2. To ensure compliance with statutory and regulatory obligations.
- 2.3. To enhance decision-making by integrating risk awareness into strategic planning and corporate governance.
- 2.4. To protect and grow shareholder value by minimizing potential adverse impacts.
- 2.5. To foster a culture of risk awareness and accountabilities across all levels of the Group.

## 3. KEY PRINCIPLES

The risk management framework is guided by the following principles:

- 3.1. **Enterprise-Wide Integration:** Embed risk management into corporate strategy, financial planning, and operational processes.
- 3.2. **Proactive Identification:** Anticipate risks early through robust monitoring and scenario planning.
- 3.3. **Comprehensive Scope:** Address risks across financial, operational, strategic, compliance, and reputational domains.
- 3.4. **Stakeholder Transparency:** Communicate risk strategies clearly to stakeholders, including investors, regulators, and employees.
- 3.5. **Continuous Evolution:** Regularly update risk management practices in response to internal and external changes.

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#### 4. CATEGORIES OF RISK

The Company's operates within ten (10) primary categories of risks. These categories are essential for understanding the diverse challenges faced by the organization and implementing targeted mitigation strategies:

##### 4.1. Market Risk

4.1.1. Market Risk refers to the potential for external market conditions to adversely affect the Company's performance. This includes fluctuations in demand, pricing dynamics, foreign exchange movements, and broader economic or industry trends that could impact competitiveness and revenue stability.

##### 4.2. Business Risk

4.2.1. Business Risk involves uncertainties that may affect the Company's ability to achieve strategic objectives, maintain competitiveness, or adapt to changes in its business environment. It encompasses issues related to strategic planning, customer concentration, and evolving business models.

##### 4.3. Operational Risk

4.3.1. Operational Risk refers to risks arising from internal processes, systems, personnel, or external events that may disrupt daily operations. These risks can affect production, service delivery, internal controls, and business continuity.

##### 4.4. Cybersecurity and Contagious Risk

4.4.1. Cybersecurity and Contagious Risk relates to the potential for unauthorized access, cyberattacks, data breaches, or system failures that compromise the confidentiality, integrity, or availability of the Company's information systems and digital assets.

##### 4.5. Financial Risk

4.5.1. Financial Risk encompasses exposures that may impact the Company's financial position, liquidity, profitability, or ability to meet financial obligations. This includes risks related to credit, market volatility, interest rates, and capital management.

##### 4.6. Legal Risk

4.6.1. Legal Risk refers to exposure to legal or regulatory action due to non-compliance with laws, regulations, contracts, or statutory obligations. It may result in financial penalties, reputational damage, or operational restrictions.

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#### 4.7. **Reputational Risk**

4.7.1. Reputational Risk involves the potential for adverse public perception, stakeholder dissatisfaction, or erosion of trust that could harm the Company's brand, investor confidence, or market standing.

#### 4.8. **Environmental Risk**

4.8.1. Environmental Risk refers to the potential for environmental events or impacts to affect the Company's operations, regulatory compliance, or sustainability performance. This includes risks arising from environmental damage, climate change, or inadequate environmental management.

#### 4.9. **Social Risk**

4.9.1. Social Risk relates to the Company's interactions with employees, communities, and broader society. It includes risks associated with labour practices, occupational safety, human rights, and social responsibility expectations.

#### 4.10. **Governance Risk**

4.10.1. Governance Risk refers to deficiencies in the Company's corporate governance framework, including oversight, transparency, accountability, and ethical conduct. Poor governance can affect decision-making processes, regulatory compliance, and stakeholder confidence.

### 5. **REVIEW AND REVISION OF THE POLICY G PROCEDURE**

- 5.1. This Policy will undergo periodic reviews by the Company to ensure its relevance and effectiveness in addressing ethical and operational matters. Revisions will be made as necessary to reflect evolving best practices, regulatory changes, and the needs of the Group.
- 5.2. The provisions of this Policy can be amended and supplemented from time to time by a resolution of the Board.