



## **Risk Management Policy**

### **1. Introduction**

The Board regards risk management as an integral part of MY E.G. Services Berhad (“MYEG” or “the Company”) and its subsidiaries (“the Group”) business operations and is committed to the development of an effective enterprise risk management framework.

The risk management policy is the starting point in the risk management initiative and has been prepared to ensure that risk management becomes a concern for every employee in the Group and that risk management practices are consistent throughout the Group, involving employees at all levels within the different business units (i.e. departments, sections, and business centres) of the Group.

### **2. Definition and Purpose**

The risk management policy establishes the scope, policies and processes that describe how risks are managed. It also defines clear roles and responsibilities of the individuals or units involved in the entire risk management processes.

The purpose of the risk management policy is to define an ongoing and consistent process for identifying, assessing, monitoring and reporting of significant risks faced by the business units and ultimately the Group.

### **3. Scope**

The primary goals of the Group’s Risk Management Policy are to support the overall business objectives of the Group by:

- Providing strategies, policies and organizational structure for the management risks that the Group assumes in its activities.
- Defining risk management roles and responsibilities within the organization and outlining procedures to mitigate risks.
- Ensuring consistent and acceptable management of risk throughout the business.
- Defining a reporting framework to ensure the communication of necessary risk management information to senior management and personnel engaged in risk management activities.

### **4. Risk Management Philosophy**

The Group will always act prudently to ensure that risks, which can prevent the Group from achieving its objectives, are adequately identified, assessed and effectively managed.

It is recognized that not all risks can be eradicated. Nevertheless, the Group is committed to the development of an adequate and effective enterprise risk management framework, which is capable of facilitating the identification, assessment and prioritization of all risks confronting the Group and development of effective measures to mitigate the risks. The Group is to continuously review the enterprise risk management framework to ensure it is operating as intended.

## **5. Accountability, Roles and Responsibilities for Risk Management**

Roles and responsibilities for risk management within the Group are summarized below:

### **5.1. Board of Directors**

The Board of Directors recognizes its responsibility for establishing a sound framework to manage risks and provides the risk oversight function, which includes:

- (i) approving the Group's risk philosophy / policy
- (ii) approving the Group's risk management framework as well as ensuring adequate resources and knowledge of management and staff involved in the risk management process;
- (iii) reviewing and approving the Group's risk portfolio and determining the Group's risk tolerance;
- (iv) assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets.

### **5.2. Risk Management Committee ("RMC")**

The RMC assists the Board in establishing a sound framework to manage risks, which includes:

- (i) reviewing the Group's risk philosophy / policy;
- (ii) reviewing the extent to which management has established an effective enterprise risk management framework;
- (iii) reviewing the Group's risk management framework and assessing the resources and knowledge of management and staff involved in the risk management process;
- (iv) reviewing the Group's risk profile and risk tolerance;

### **5.3. Risk Management Working Group ("RMWG")**

The RMWG, comprising the key management personnel and heads of business units in the Group, assists the Board and the RMC with the overall responsibility for overseeing the risk management activities of the Group and approving appropriate risk management procedures and measurement methodologies across the Group.

The principal roles and functions of the RMWG are summarized as follows:

- Developing and implementing the risk management philosophy / policy
- Developing and maintaining risk management procedures and measurement methodologies of the various departments

- Monitoring the progress of risk mitigation plans
- Reporting to the RMC on the risk management framework and the Group's risk profile
- Creating risk awareness within the organization

#### 5.4. **Risk Owner**

Risk owners comprise heads of business units. They perform the operational risk assessment, management, monitoring and reporting risk exposures in their areas / activities within their control.

#### 5.5. **Risk & Compliance Officer**

Risk officer assist the risk owner to continually assess and identify potential risks that could affect the Company's risk management philosophy.

#### 5.6. **Employee**

Employee should be aware of operational risks, undertaking risks in a careful and conscientious manner that reflects – but no limited to – the Group policies. They are to report any new or escalating risks identified to the Risk Owners.

#### 5.7. **Internal Audit Unit (“IAU”)**

The IAU conducts periodic reviews on high risk operational areas to ensure that appropriate internal control systems are in place to manage such risks.

### 6. Risk Management Structure and Cycle

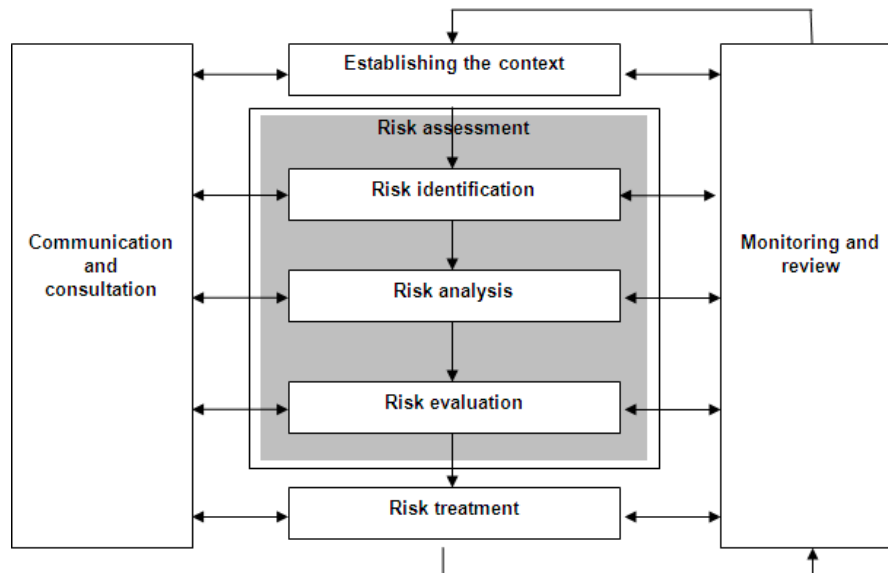


Figure 1.1 AS/NZS ISO 31000:2009 Risk Management Process (See Appendix 1)

Process:

#### 1. **Establishing the Context**

Understanding the strategic and organizational context against which the Company's risks will be considered requires an understanding the Company's internal, organizational environment and external relationships.

2. Risk Identification

The Company has adopted a comprehensive process to identify the strategic, operational and project related risks that form part of its overall risk profile, (See Appendix 2 for Risk Classification). This Company should identify causes of risk as well as areas of impact in the risk description.

3. Risk Analysis

Risk Analysis considers the range of potential consequences. Risk analysis measures bigger risks from smaller risks.

The risk rating determines if the risk requires further management by the Company. Impact and likelihood are combined to produce a risk rating. This is achieved by applying criteria in the Risk Management Matrix to determine the level of risk to the Company.

These criteria include the following:

- Likelihood of the risk, which reflects how often a risk may occur;
- Impact defines the actual/potential consequence that would/might occur;

4. Risk Evaluation

Risk evaluation involves risks being ranked and prioritized according to a risk rating. This enables risk management decisions to be made based on the outcome of risk analysis.

Management priorities and cost/benefit analysis will ultimately determine how risks will be prioritised for treatment;

5. Communication and Consultation

Effective internal and external communication and consultation to improve general understanding of risk management will be delivered through: Engagement Strategy; Regular presentations and briefings; Regular liaison with both internal and external stakeholders; Risk workshops; Reporting; Risk review processes and Training and awareness;

6. Risk Treatment

Risk treatment involves selecting one or more options for managing risks.

For Extreme and High rated risks the Company will expect active management, regular monitoring and reporting on these risks and their associated action plans.

As Medium and Low rated risks are more tolerable, the Company expects monitoring and review of these risks periodically.

There a number of possible options for treating risk:

1. Accept the risk: this may be appropriate where a risk is regarded as unavoidable, associated with pursuing an opportunity, tolerable with no available treatment plans.

2. Reduce the Likelihood or Impact of the risk by introducing a new treatment plans.
3. Transfer the risk: This requires the partial or complete responsibility for the impact of the risk being transferred or shared between parties (internal/external). (e.g. insurance; joint ventures etc).
4. Avoid the risk: Avoid involvement in the activity, or the remove the risk source that raises the Company's exposure to the risk.

Selecting the most appropriate risk treatment involves balancing the costs and efforts of implementation against the benefits derived.

7. Monitoring and Review

The Company's environment is constantly changing and hence the Company needs to continually monitor and review its risks and the effectiveness of its management of risk over the time.

The period of risk review will be determined by the risk rating, with higher rated risks and associated controls/risk mitigation strategies reviewed more often.

Risk monitoring and review will:

- ensure risks appropriately reflect the reality of the Company's operating environment and risk appetite and tolerance levels.
- involve the review of risk ratings (likelihood & impact)
- involve a review of the adequacy and effectiveness of existing risk controls / treatment plans and recommend changes to treatment priorities & timeframes
- identify emerging or new risks
- include consideration of the appropriate "responsible person(s)" for ongoing monitoring and review of risks within the Company's risk register / risk management system.

**7. Periodic Review and Disclosure**

This policy shall be reviewed annually by the Board.

This Policy was reviewed and approved by the Board on 20 November 2023



My EG Services Berhad (505639-K)

Department/Unit =  
Completed by =

**RISK ANALYSIS WORKSHEET**

**Appendix 1**

Risk No.	Source of Risk (Where or Which area?)	Risk Event (What & How it can happen)	Consequence/Impact	Existing Measures (Controls) which minimise risk	Year							
					Previous Quarter				Reporting Quarter			
					Rating			Risk Priority	Rating			Risk Priority
					Likelihood	Impact	Overall		Likelihood	Impact	Overall	
1				Current Practice								
2				Current Practice								
3				Current Practice								
4				Current Practice								
5				Current Practice								

Note = Ratings are according to Risk Event



RISK CLASSIFICATION

Likelihood	Chances	Circumstances
Almost Certain	5 >1 in 10	Expected to occur in most circumstances
Likely	4 >1 in 100	Will probably occur
Possible	3 >1 in 1,000	Might occur at some time in future
Unlikely	2 >1 in 10,000	Could occur but doubtful
Rare	1 >1 in 100,000	May occur only under exceptional circumstances

Impact	Financial	Employee	Operation	Compliance/Legal	Reputation
Catastrophic	5 > RM1,000,000 Serious financial loss	Significant loss of staff extending to the entire company (over 15%)	Business unable to be continued	Breach of legislation, contract, rule or policy leading to significant and costly legal action with widespread potential impact to company.	Loss of client confidence. Reputation and standing of the Company affected widely, impacted with majority of key stakeholders.
Critical/Major	4 ≤ RM1,000,000 Major financial loss	Significant (up to 15%) loss of staff contained to one dept.	High client impact, loss of client	Breach of legislation, contract, rule or policy leading to possible legal action.	Slight loss of client confidence. Reputation impacted significant number of stakeholders.
Moderate	3 ≤ RM500,000 High financial loss	Continuity of employment concerns across the Company	Medium client impact, possible client attrition	Breach of legislation, contract, rule or policy leading to escalated legal enquiries.	Client and/or community concern. Reputation impacted with some stakeholders.
Minor	2 ≤ RM10,000 Some financial loss	Continuity of employment concerns localised to one department	Some client impact, processing delayed	Breach of legislation, contract, rule and policy that may impact the relationship with the third party or the legislator. No long lasting effect.	Issue raised by client and/or local press. Reputation impacted minimal stakeholder interest.
Negligible	1 ≤ RM1,000 Very low financial loss	Localised morale issues or potential employment continuity concerns.	Minimal client impact, processing slightly delayed	Breach of legislation, contract, rule or policy that does not have any penalty or litigation impact.	Issue resolved promptly by operational management processes. Minimal or no stakeholder interest.

Risk Priority	Action
Extreme >7	Immediate and detailed action plan required
High 6-7	Senior management attention required
Medium 5	Specify management responsibility
Low <5	Managed by routine procedures