



YINSON HOLDINGS BERHAD

Enterprise Risk Management (ERM) Policy Statement & Framework

06	17/12/2021	Issued for Implementation	WS	AGAS	Board
05	22/09/2021	Issue for amendment	SO/AYTF	AGAS	Board
04	30/07/2021	Issue for amendment	AYTF	AGAS	Board
Rev No.	Date	Reason for Issue	Prepared By	Checked By	Approved By

Document Classification: Proprietary			
Document Title:	Enterprise Risk Management (ERM) Policy Statement & Framework		
Document No:	YHB-RC-CG-PP-0004		
Process:	Governance, Risk Management & Compliance	Applicable To:	YINSON Group of Companies
Revision No:	06	Effective Date:	17 December 2021

*This document is uncontrolled if printed.
Please refer PULZ system for the most up to date version*



TABLE OF CONTENTS

SECTION 1	PURPOSE
	1.1 Scope
SECTION 2	DOCUMENT OWNERSHIP
SECTION 3	ABBREVIATIONS AND DEFINITIONS
SECTION 4	ENTERPRISE RISK MANAGEMENT ARCHITECTURE
SECTION 5	ERM FRAMEWORK EXECUTIVE SUMMARY
	5.1 Objective
	5.2 Enterprise Risk Management Policy Statement of Yinson Group
	5.3 Risk Appetite and Tolerance
	5.4 References and relevant Standards
SECTION 6	RISK MANAGEMENT SCOPE
	6.1 Strategic Risk Management
	6.2 Corporate Risk Profile based on Business Function
SECTION 7	GOVERNANCE OVERSIGHT STRUCTURE
	7.1 Governance Structure
SECTION 8	ROLES AND RESPONSIBILITIES
SECTION 9	ENTERPRISE RISK MANAGEMENT PROCESS
	9.1 Establishing Context
	9.2 Risk Control Self-Assessment (“RCSA”)
	9.3 Risk Treatment
	9.4 Risk Monitoring and Review
	9.5 Recording and Reporting
SECTION 10	ENTERPRISE RISK MANAGEMENT ENABLERS
	10.1 Risk Culture
	10.2 Training and Communications
	10.3 Monitor and Continual Improvements
SECTION 11	APPENDICES
	11.1 Climate Risk Assessment
	11.2 Risk Register Profile Format
	11.3 Risk Likelihood Description
	11.4 Detailed Risk Impact Rating for Financial Parameters
	11.5 Detailed Risk Impact Rating for Non-Financial Parameters
	11.6 Risk Matrix Descriptions
	11.7 Risk Treatment and Monitoring Process Flow
	11.8 Risk Dashboard
	11.9 List of Acts and Legal References



Revision Details

Rev. No.	Section	Details
03	4: ERM Reporting Structure	To revise the following department's name due to changes made: <ul style="list-style-type: none"> Investment, Strategic and Finance (ISF) to Corporate Finance & Investment (CFI). Risk Management & Compliance (RMC) to Group Governance, Risk Management & Compliance (GRC).
	5 & 6: ERM Roles & Responsibilities ERM Reporting Frequency	To revise the department's name of Risk Management & Compliance (RMC) to Group Governance, Risk Management & Compliance (GRC).
	8: Risk Parameters: Impact Ratings for Financial Parameters	To update the risk parameters with the Financial projection for FY2022 from the previous FY2020.
	9: Risk Parameters: Impact Ratings for Non-Financial Parameters	Newly added bribery and corruption impact parameter to facilitate bribery risk review.
04	17: Appendix page updated	List of Acts and Regulations updated to include countries which the ERM is applicable.
05	All	i) To change from BOD to Board for consistency ii) Adjust document formatting
	4	Included Renewables and Green Technology segment into the reporting of their risk management activities.
	16	Inclusion of new area: 16.1 Principles for Integration of Climate-Related Risks 16.2 Integrating Climate-Related Risks into ERM Processes 16..2.1 Yinson's Climate-Related Risks and Opportunities Register 16.2.2 Defining Climate-Related Risk Drivers 16..2.3 Selection of Climate Scenarios for Analysis 16.2.4 Time Frame Selection 16.2.5 Organizational Ownership 16.2.6 Revision of Climate-Related Assessment 16.3 Format for Climate-Related Risks and Opportunities Register 16.4 Climate-Related Documents of References
06	All	Enhance and restructure the ERM Policy and Framework to best suit strategic business direction of Yinson Holdings Berhad.



1.0 Purpose

The purpose of this Enterprise Risk Management (“ERM”) Framework is to provide a documented and established foundation for the enterprise-wide risk management approach to identify, manage and articulate the risk strategy for Yinson Holdings Berhad (also known within the document as “Yinson” or “the Group”).

The ERM Framework is defined by the international standard bodies and adopted by Yinson as follows:

- Risk Management is a set of coordinated activities to direct and control an organization with regards to risk. In addition, it further defines that the ERM Framework set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organization (Source: ISO 31000).
- ERM Framework is defined as the culture, capabilities and practices, integrated with strategy-setting and performance, that organizations rely on to manage risk in creating, preserving and realizing value (Source: COSO, ERM Framework – Integrating with Strategy and Performance, 2017).

1.1 Scope

The ERM Framework sets out an overarching overview of strategic risk management building block, guide to perform the risk management process and the methodology that the Group Governance, Risk and Compliance (“GRC”) team within the Group is adopting.



Title : Enterprise Risk Management (ERM) Policy Revision : 06
Statement & Framework
Document No : YHB-RC-CG-PP-0004 Date : 17-Dec-2021

2.0 Ownership

Approver: [Process Owner]

- This document shall not be altered without the Approver signature.

Checker: [Delegated by Approver]

The Corporate Document Controller, reporting to the Head of Risk & Compliance, shall be the maintenance owner of the YHB CIMS and its associated Master Document Register ensuring compliance with laws and regulations, formats, coding conventions, content, review cycles, records, sign-off and revision coding.

This procedure is a 'living' document and will undergo periodic review and assessment of its effectiveness and where necessary alignment will be performed.



3.0 Abbreviations and Definitions

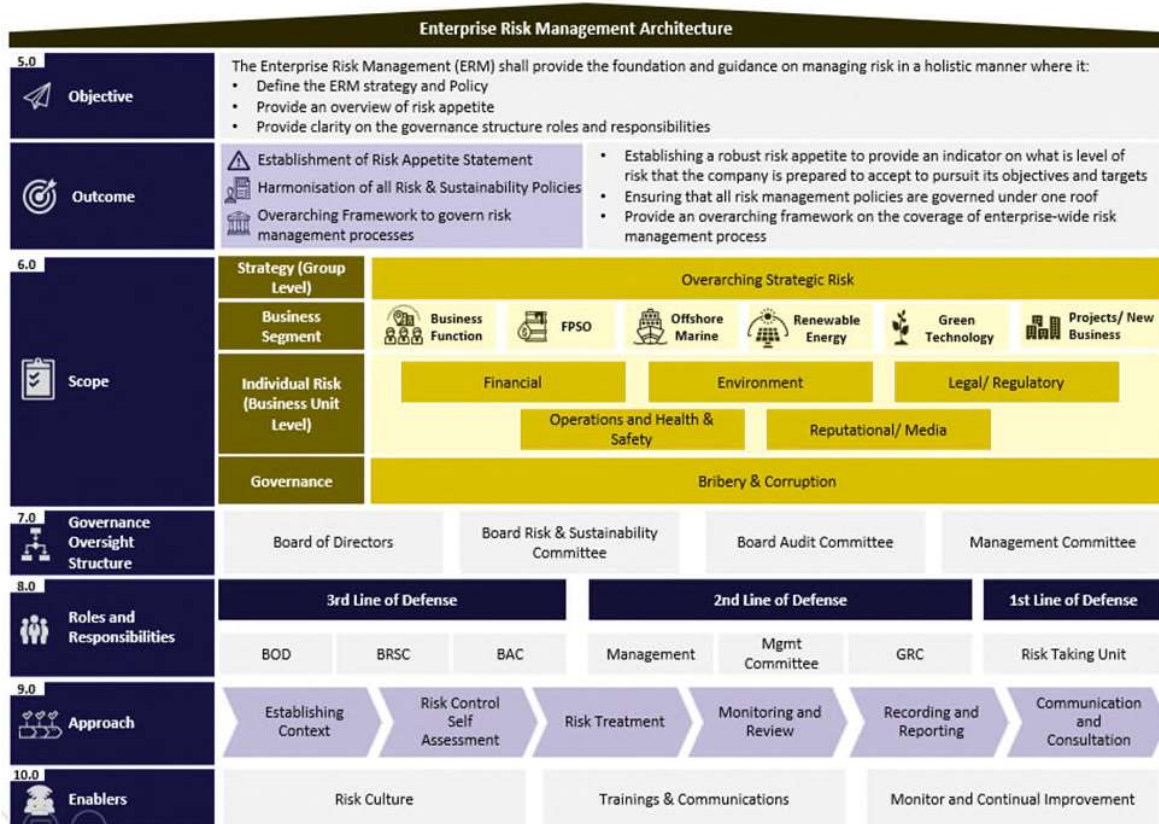
The definitions below are the Group standard for all managed documents.

Abbreviations	Descriptions
BAC	Board Audit Committee
BRSC	Board Risk & Sustainability Committee
ERM	Enterprise Risk Management
FPSO	Floating Production Storage and Offloading
GRC	Group Governance, Risk & Compliance
MC	Management Committee
SC	Sustainability Committee
Yinson or “the Group”	Yinson Holdings Berhad



4.0 Enterprise Risk Management Framework Architecture

The ERM Framework is designed to strengthen the Group risk management system and provide an end-to-end coverage of the enterprise-wide risk management governance process. The diagram below, provide an overview of the ERM architecture and sets a foundation content of the ERM Framework.





5.0 ERM Framework Executive Summary

5.1 Objective

In delivering value to our customers, employees, business partners, communities and shareholders, Yinson, undertakes a comprehensive process to manage and understand the risks faced across the Group.

The Enterprise Risk Management (“ERM”) Framework provides a foundation to manage risk effectively through the application of the ERM process at varying levels and within the specific context of the Group. The objectives of the ERM Framework is to:

- Define and communicate the ERM strategy and framework;
- Define and establish the risk appetite of the Group;
- Defining the scope and coverage of the ERM Framework;
- Establishing and defining the governance structure, roles and responsibilities; and
- Articulating the overall ERM process and approach.

5.2 Enterprise Risk Management Policy Statement of Yinson Group

Yinson Group remains committed in meeting its strategic objective. To be able to meet the Group strategic objective, it is critical for the Group to be able to register, monitor and manage the Group risks effectively and on a timely basis.

The Board of Directors (“Board”) has a stewardship responsibility to understand these risks, provide guidance in dealing with these risks and to ensure risks are managed proactively, in a structured and consistent manner. The policy statements adopted by the Board are as follows:

- **To inculcate the risk management philosophy and process into the management culture, business activities and decision-making processes**

Risk management concept, thinking and initiatives must be embedded in the day-to-day business operations and decision-making process of the Group. Risks that can be managed through embedded, routine systems and processes should be so managed and monitored. In the event where risks are not able to be managed or controlled, those risk shall be subjected to individualized risk treatment and decision.

- **To anticipate and respond to the changing operational, social, environmental, and regulatory requirements proactively**

All risks shall be identified, analyzed, and dealt with by the Management proactively based on their experience, industry knowledge and information available from the marketplace. Yinson shall not experience any crystallization of major risk unexpected by the Board.

- **To manage risks pragmatically and reduce the risk to an acceptable level**

When managing, monitoring and evaluating each risk, a cost-benefit approach is required to be assess, where the returns shall be commensurate with the risks taken. Should the cost (higher risk) outweigh the returns, adequate controls and risks shall be undertaken by the Board for decision making.



- **To ensure the adequacy of the risk governance and risk controls in place in relation to any investment that the Group is undertaking or considering to embark or participate**

All papers related to strategy, key project approval, significant action or investment with a threshold of USD 50 million and above are required to be submitted to the Board by the Management.

- **To continuously strive towards strengthening the risk management practices through continuous learning and improvement**

The Board, Management of Yinson Group and the Risk Management Business Function shall inculcate the risk management culture and promote the enhancement of the employees' risk management technical skill set and ensure that all employees are up to date with risk management related matters to be able to respond to any category of risk effectively.

The ERM Policy Statement shall be achieved by:

- Conducting periodic reporting to the Board on risk management related activities and keep the Board apprised and advised of all aspects of ERM and any significant individual risks as well as the risk trends surrounding the individual business units;
- Establishing an organized risk governance structure and ensure there is adequate documented and communicated roles & responsibilities within the Framework;
- Ensure there are adequate and appropriate resources, including tool(s) and manpower to ensure the ERM Framework and system are operating effectively;
- Ensure that adequate risk management education being conducted during induction programme and periodic communication during town hall meeting to ensure Employee comprehend the requirements, benefits, and their role & responsibilities for risk management; and
- Ensure that all risks for all related projects, division or new business functions are being documented adequately (via risk registers and risk action plans).



5.3 Risk Appetite and Tolerance

Risk appetite measures the amount and type of risk that the Group is willing to take or accept in the pursuit of its corporate and operational objectives. (Source: ISO 31000).

Risk Appetite Statement

The table below provides a guidance to the Group in determining the risk appetite:

No.	Key Areas	Risk Appetite
1.	Strategic	Yinson shall only conduct business with counterparties and strategic partners that adhere to high regulatory standards and ensuring robust contractual terms including warranty or termination protections are in place.
2.	Financial	Yinson as a Group will always ensure that there is adequate cash flow management and planning in place to prevent and mitigate the Group to be in a situation of insufficient cash flow to expand or operate its existing operations/ business.
3.	Environment	Yinson as a Group has zero tolerance for oil spillage at its operating locations and Yinson is committed to adhere to the latest climate goals and shall ensure that any business ventures or diversifications that the Group is embarking on, it shall not have negative impact to the environmental ecosystem.
4.	Legal / Regulatory / Compliance	Yinson is committed to comply with all applicable rules and regulations and strict risk assessment and compliance measures are in place to ensure that Yinson as a Group shall in no circumstances breach the regulations (e.g., anti-bribery and corruption legislation, local content law, cabotage law, etc.) Yinson Group has zero tolerance for bribery and corruption.
5.	Operations	Health & Safety Yinson has zero tolerance for any violation of workplace safety. Workers are expected to strictly comply with all safety regulations with regular safety trainings provided. Yinson shall not allow any fatality or severe permanent disability incidents happen in both onshore and offshore.
6.	Reputation / Media	Yinson is committed to not carry out activities that may lead to negative publicity and complaints to authority / stakeholders which could affect the Group reputation, loss of key customers and future businesses.

Risk Parameters

The risk parameter is used to quantify the risk appetite of Yinson Group and its individual business segment and units. A risk parameter is an indicator used as a guide to quantify risks and allow relative comparison of the significance of different risks. The measurement would also assist in risk prioritisation and enhancing the ability of Yinson Group to further assess which business processes are increasing or reducing the organisation's value.

The risk appetite is decided based on the maximum losses that the Group or the Departments / Sectors / Operating Units can sustain or accept in order to meet its strategic objectives.



The Group risk parameters is prepared based on a 3-tier system as follows:

- Tier 1: Group level (Yinson Holdings Berhad);
- Tier 2: Business Segment level (FPSO, Offshore Marine, Renewable Energy and Green Technologies Segment); and
- Tier 3: Individual Business Unit level

Escalation from Tier 3 to Tier 2 uses the Segment's parameter, while escalating to the Tier 1, Group's parameter will be used. Risk parameters should be consistent across the Yinson Group. Risk parameters at Business Segment level should be aligned to the Individual Business Unit level objectives and activities.

The risk parameters defined at Group level, Business Segment level and Individual Business Unit level should use one common language and able to be aggregated to facilitate a consolidated view of risk exposure at the Group level. Clear understanding of quantification techniques at Group, Business Segment and Individual Business Unit level is required. The context for setting risk appetite at the Group, Business Segment and / or Individual Business Unit level must be clearly defined and understood by the Board and Management and reviewed as and when required to reflect the business environment. Group risk parameters must be discussed and agreed with the GCEO and endorsed by the Board.

Risk parameters can be defined using the following techniques to rank and profile risks:

Quantitative (Financial)	<ul style="list-style-type: none">• Profit after tax, total revenue, total cost, cash position or shareholder equity.• Enable active tracking of aggregated risks.
Qualitative (Non-Financial)	<ul style="list-style-type: none">• Business continuity, image / reputation, media coverage, regulatory / legal / compliance.

Potential source for deciding the risk parameters description and tolerance level are as follows:

- Standard quantification methodology e.g., key external trends in relation to the internal and regulatory compliance;
- Risk indicators and incident database; and
- Experts' judgment, knowledge, and experience, etc.

5.4 References and relevant Standards

The ERM Framework is developed and tailored to best suit the strategic objective of the Group and business requirements or future project initiatives to be in aligned with the following globally recognized guidelines and standards:

- ISO 31000:2018 – Risk Management Guidelines ("ISO 31000");
- COSO 2017 Enterprise Risk Management – Integrated Framework ("COSO 2017"); and
- Bursa's Guidelines: Statement on Risk Management and Internal Control ("SORMIC").



6.0 Risk Management Scope

6.1 Strategic Risk Management

Traditional risk management focuses solely on managing risk in a silo basis and focuses on classifying risk into broad based business function.

The Group has taken the initiative to embark on a methodology in assessing and formulating the strategic risk point of view moving forward by incorporating strategic risk indicators for any decision-making process.

6.2 Corporate Risk Profile based on Business Functions

Corporate risk management focuses on providing the Board and management with a strategic and holistic view of the key risks that is affecting or potential may affect the Group objectives as well as support the strategic decision-making.

There are seven (7) categories of corporate risks in Yinson as summarized below:

Categories	Definitions
Strategy	Risk associated with the Group strategic directions including diversifying into renewable energy and green technologies.
Financial	Risk associated with revenue leakages, liquidity, cashflow management, capital planning, budgeting, and loans & receivables management.
Environment	Risk associated with non-conformance to the climate and emission requirements. <i>(Refer to <u>Appendix 11.1</u> on the details of climate-related requirements and risks associated with climate change)</i>
Legal/ Regulatory	Risks arising from non-compliance to laws and relevant regulatory requirements.
Operations	Risk associated with operational matters, including additional new business divisions, functions and/ or activities such as FPSO business, renewable energy, and green technologies.
Reputation/ Media	Risk arising due to negative publicity within social media (e.g. news, opinion articles, social media posts, reputation index or customer complaints).
Bribery and Corruptions	Risk arising due to bribery and corruptions detected by internal or external regulators/ auditors.

6.3 New Business Activities/ Segment and Project Risk Management

Robust risk management or assessment should be conducted by the GRC Team and in an event the Group decided to venture into new business segment or any new Projects. The risk assessment for new business segment or projects shall be conducted at three phases.

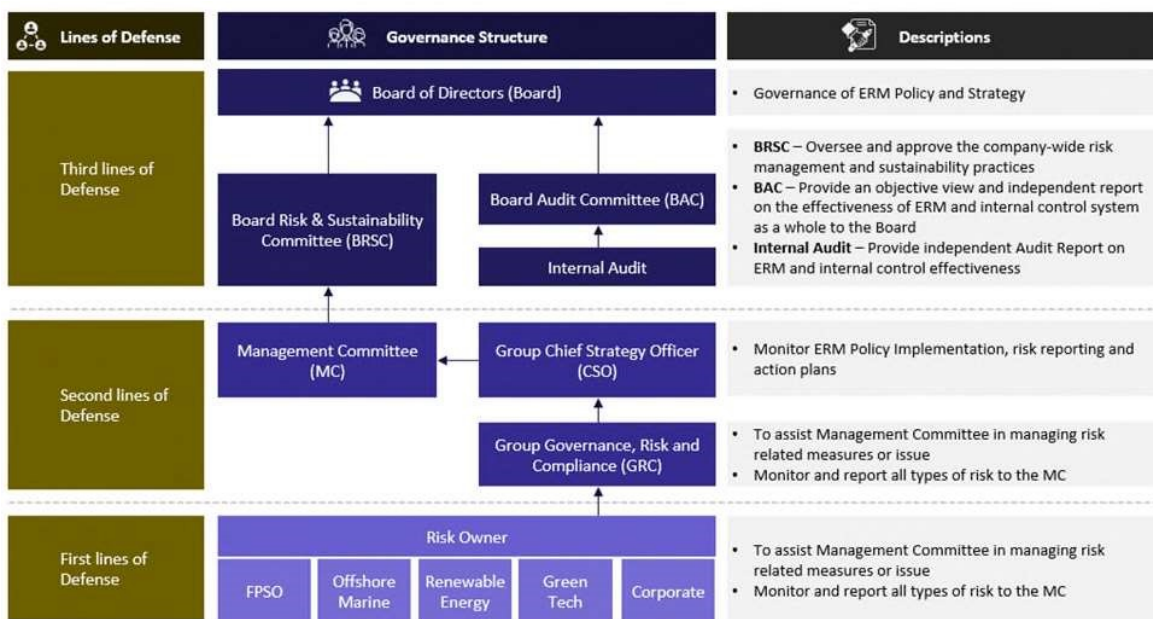
- Phase 1 – Prior engaging or participating in any new business activities/ project;
- Phase 2 – Beginning of the project; and
- Phase 3 – During project and post-mortem.



7.0 Governance Oversight Structure

7.1 Governance Structure

The ERM Framework governance structure defines the roles and responsibilities of the stakeholders in governing, managing, monitoring and communicating the risks. The Board is responsible for the supervision and monitoring the principal and strategic risk while the Management Committee (“MC”) and GRC is responsible for the overall implementation of risk management of Yinson. The governance structure for the Group is shown in the diagram below:





8.0 Roles and Responsibilities

To ensure there is adequate governance in place to govern the risk management and ERM Framework for the Group, the ERM Framework has set forth the detailed roles and responsibilities as follows:

Roles	Principal Responsibilities for ERM
Board of Directors ("Board")	<ul style="list-style-type: none"> • Approve and adopt the ERM Framework (including ERM Policy and Group level Risk Parameters) of the Group. • Provide oversight of the establishment and implementation of the ERM framework. • Review, provide feedback and adopt the ERM Reports submitted by the BRSC pertaining to the ERM activities of Yinson i.e., risk assessment result, risk action implementation, risk action monitoring, emerging risk reported by BRSC / MC.
Board Risk & Sustainability Committee ("BRSC")	<ul style="list-style-type: none"> • Articulate and provide direction on risk appetite, organizational control environment and risk culture at Yinson. • Implement and maintain a sound ERM framework which identifies, assesses, manages, and monitors the Group's business risks. • Actively requests and challenges risk information from the business. • Act as an advisor, educator and change catalyst in key risk and control areas in the organization. • Review and recommend strategic initiatives in relation to the Corporate Sustainability function.
Board Audit Committee ("BAC")	<ul style="list-style-type: none"> • Provide an objective view on the effectiveness of ERM and internal control as a whole to the Board, reviews and approves internal and external audit plans and monitors risk reporting. • Provide an independent view on specific risk and control issues, the state of internal control, trends, and events.
Internal Audit	<ul style="list-style-type: none"> • To assist BAC in reviewing the effectiveness of ERM and internal controls and providing an independent view on specific risks and control issues, the state of internal controls, trends, and events.
Management Committee ("MC")	<ul style="list-style-type: none"> • Monitor the implementation of the ERM Framework across the Group. • Communicate the requirements of the ERM Framework and ensure continuous enhancement of ERM on a yearly basis or as and when required. • Review the risk appetite, risk parameters, risk profiles, risk treatment options and risk action plans status monitoring. • Provide guidance and advice on appropriateness of risk treatment option selected and risk action plans development. • Formulate and implement ERM mechanism to accomplish requirements of the ERM policy. • Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by Risk Owners. • Ensure that the ERM reports prepared are submitted to BRSC/ Board in a timely manner, and flash reports are submitted in the event of any new risk(s) that required urgent attention. • Annual review on the ERM Policy and consider adopting the best practices based on corporate governance framework.

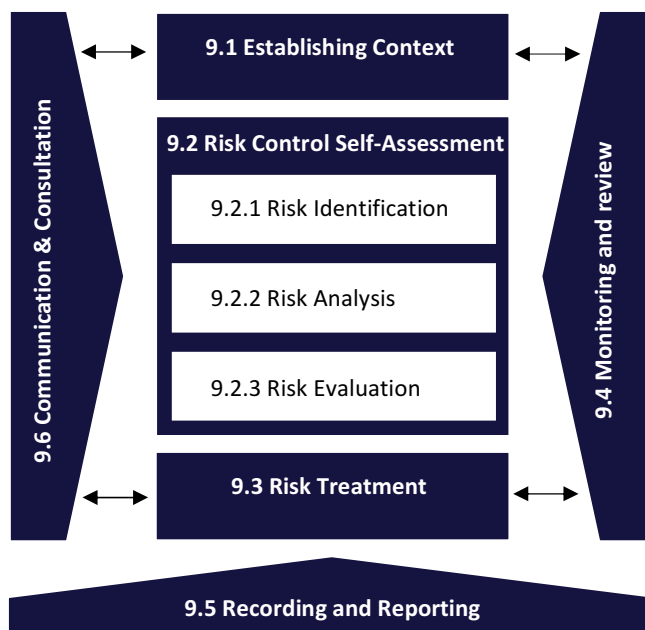


Role	Principal responsibilities for ERM
Group Governance, Risk Management & Compliance ("GRC")	<ul style="list-style-type: none">• Continuously communicate, evaluate, and improve the ERM Framework.• Facilitate the risk assessment, implementation, and monitoring of risk action plans.• Provide independent input on risk assessment (risk types and risk ratings), and action plans comprehensiveness.• Periodic meetings with senior management of all corporate and business units to coordinate the risk activities.• Prepare and report to the MC in a timely manner and ensure flash reports is prepared in the event of any new risk(s) that required urgent attention.• Ensure climate-related risks and opportunities are being communicated to Sustainability Committee ("SC") and embed in the ERM process.• Lead the ERM educational programmes, and continuous sharing insights into risk and market trends with Risk Owners.
Risk Owners	<ul style="list-style-type: none">• Identification and assessment of risks, implementation, and monitoring of risk action plans.• Prepare and report to GRC on a timely manner and timely preparation of flash reports in the event of any new risk(s) that required urgent attention.• Maintain at a highest alert on both internal and external activities or circumstances that may have adverse risk impacts and consequences to Yinson.
Risk Co-Owners	<ul style="list-style-type: none">• Provide support to Risk Owners on key risks identified and to assist in the implementation of risk action plans.• Engage and discuss with Risk Owners on internal and external activities or circumstances that may give rise to new risks or changes on rating or control effectiveness of existing risks.
Employee	<ul style="list-style-type: none">• Provide assistance to Risk Owners and / or Risk Co-Owners on key risks identified and to support the implementation of risk action plans.• Engage and discuss with Risk Owners and / or Risk Co-Owners on internal and external activities or circumstances that may give rise to new risks or changes on rating or control effectiveness of existing risks.• Exercise care to prevent loss, whilst capitalizing the opportunity as well as ensuring the operations, reputation and assets are not adversely affected.



9.0 Enterprise Risk Management (ERM) Process

In providing a consistent and comprehensive ERM approach across the Group, Yinson adopts the ERM framework outlined by the ISO31000:2018 to facilitate the effective identification, assessment, evaluation, treatment, monitoring and reporting of corporate and business associated risks. The overview and interrelation of the ERM framework components is depicted as below:



9.1 Establishing Context

The establishment of context defines the scope for the risk management process and sets the criteria to be used for the assessment and evaluation of the risks. This process entails an assessment and understanding on the business processes and the associated internal and external factors which present potential exposure to the achievement of strategic objectives.

- **Internal Factor**
This refers to the internal environment within the Group which influences the way of managing business and resources in achieving the strategic objectives. The scope of internal factor includes (but not limited to) internal stakeholders, governance, process, and system.
- **External Factor**
This refers to the macro-environmental factors which influence the business strategy and moving forward direction of the Group. The scope of external factor includes (but not limited to) geopolitical, macroeconomic, regulatory and culture.

Establishing the context is necessary in ensuring the development of comprehensive risk management process which in tandem with business needs and requirements as well as enabling effective risk assessment and appropriate risk treatment across the Group.



9.2 Risk Control Self-Assessment (“RCSA”)

RCSA is an overall process of risk identification, risk analysis and risk evaluation. Yinson shall conduct the risk assessment systematically, interactively, and collaboratively, deriving from the knowledge and views of stakeholders by utilising the best available information which supplemented by further inquiry as necessary.

Refer to Appendix 11.2 for detailed on the Risk Register Profiling Format.

9.2.1 Risk Identification

The objective of risk identification process is to identify, recognize and describe the risks associated with the business function. There are various methods that can be applied for the identification of risk during the risk workshop phase. This includes conducting strategic planning workshop, during management meeting, interviews, surveys, desk research, etc.

9.2.2 Risk Analysis

The purpose of risk analysis is to prioritize the risk by evaluating the potential impact and likelihood of the risk occurring which could affect the business objective should the risk arises.

Risk analysis involves a detailed understanding of nature, root cause and consequences of the identified risks along with the likelihood of occurrence and potential impact in which the combination of these two components shall establish the inherent rating of the risk.

- Determine the Possible Root Cause

Possible root causes are identified to facilitate Management’s understanding of a particular risk in a systematic manner. The root causes could be a combination of existing and potential root causes.

- Determine the Likelihood

Likelihood is defined as the frequency of an event occurring in a stipulated time period. Considerations of history of past events and / or anticipation on frequency of the event occurring in the future are given in determining the likelihood ratings.

Refer to Appendix 11.3 for detailed on the Risk Likelihood.

- Determine the Impact

The impact rating needs to be determined based on either the financial or non-financial risk parameters.

Refer to Appendix 11.4 for detailed on the Risk Impact Rating for Financial Parameter and Appendix 11.5 for Risk Impact Rating for Non-Financial Parameter.

- Determine Gross Risk Rating

Gross risk rating refers to the initial level of risk in the absence of controls and action plans taken to alter the likelihood and impact.

Refer to Appendix 11.6 for detailed on the Risk Matrix.



9.2.3 Risk Evaluation

Risk evaluation process involves the identification of existing key controls and assessment on the effectiveness level which shall define the residual rating of the risks following the development and implementation of the existing controls.

- Determine Existing Key Controls

Existing key controls that manage the risks are identified and matched to the root causes. Controls identified could address one or more root causes and vice-versa.

- Determine Control Effectiveness

For the purpose of risk evaluation, control effectiveness should be assessed and categorized into the following categories:

Control Effectiveness	Descriptions	Example
Effective	Controls are well managed, operating consistently, and meet compliance requirements.	Adequate documents in place (procedures, checklist, due diligence documents, segregation of duties, etc.)
Moderately Effective	Some control weakness / areas of improvement required, or minor inefficiencies could have been identified. Although they do not present serious risk exposures but improvements in the controls are required.	Outdated policies and procedures, semi-automated system, some outstanding audit findings, etc. Having adequate practices in place, but in the midst of enhancement.
Weak	Unsatisfactory controls state which does not meet the acceptable standards, as many control weakness / inefficiencies have been identified.	Absence of any policies or procedures, newly set up business functions, complete manual process, etc.

- Determine Residual Risk Rating

The impact and the likelihood rating may be re-evaluated if the employees are of the opinion that the controls in place are effectively or ineffectively managing the likelihood and/or impact. Residual risks are quantified taking into account the effectiveness of existing controls, and the degree of the impact and likelihood in reducing the gross rating of the risk identified.

Refer to [Appendix 11.6](#) for detailed on the Risk Matrix.

- Risk Profiling

Existing risk profile is prioritized based on the risk rating of Critical, High, Medium, or Low.



9.3 Risk Treatment

Risk treatment process involves identifying the range of options for treating risks, assessing these options, and prioritizing the implementation of treatment plans. The risk treatment methodology that the Group is currently practicing is as follows:

Risk Treatment	Descriptions
<u>A</u> voiding	Management may decide to avoid the risk by not starting, discontinuing, terminating an activity that gives rise to the risk. Inappropriate risk avoidance may increase the significance of other risks or may lead to the loss of opportunities for gain.
<u>A</u> ccepting	Management can decide to retain or accept the risk. Decision of risk retention must be supported with adequate cost-benefit analysis (financial and non-financial).
<u>M</u> odifying	Treatment to modify, such as reducing the magnitude of the likelihood (pre-event) or impact (post-event), or both likelihood and impact of the risk.
<u>S</u> haring	Management can decide to share the risk with a third party via sub-contracting, joint venture, partnership, and outsourcing or insurance. This usually involves a cost or risk premium such as insurance premium.

Refer to [Appendix 11.7](#) for the detailed risk treatment process and steps undertaken by the Group and GRC.

9.4 Risk Monitoring and Review

Risks required to be identified, monitored and re-evaluated on a quarterly basis and updated in the Risk Register (Appendix 11.2 for sample of Risk Register Template). The tools that can be used to monitor and review risks are Key Risk Indicator. Key Risk Indicator will only be reviewed or populated where the risk has material impact to the Group as a whole.

The review will be initiated and facilitated by the GRC Team to conduct a review on Risk Register. One of the key crucial processes that will be undertaken by the GRC Team is to monitor and report on the risk action plans.

Moving forward, as per the dashboard in the Appendix, the Company shall include all risk action plans should the risk falls under the category of High or Critical risk unless the department/ business unit decided to “accept” the risk.



9.5 Recording and Reporting

Regular risk reporting is an integral part of governance which instituted at various levels of the organization to support oversight bodies in fulfilling the responsibilities. The risk management process and its outcome should be documented and reported through appropriate mechanisms. The frequency of reporting to the respective oversight bodies in Yinson are practiced as follows:

Reporting Party	Reporting to	Reporting Frequency	Report to be Submitted
Management Committee (MC)	<ul style="list-style-type: none"> Board Risk & Sustainability Committee (BRSC) Board 	Quarterly	<ul style="list-style-type: none"> Group risk profile Summarized risk action plans for top 5 risks of Yinson Group Status update on implementation of key risk action plans for top 5 risks Special risk report / Flash report on need basis
Group Governance, Risk & Compliance Department (GRC)	<ul style="list-style-type: none"> Management Committee (MC) 	Quarterly	<ul style="list-style-type: none"> Updated individual risk registers and risk profiles for key risks of business unit / Department Detailed risk action plans for key risks of each business unit / Department Status update on the implementation of key risk action plans Special risk report / Flash report on need basis
Risk Owners / Risk Co-Owners	<ul style="list-style-type: none"> Group Governance, Risk & Compliance Department (GRC) 	Quarterly	<ul style="list-style-type: none"> Updated risk registers and risk profiles of each business unit / department Detailed risk action plans and status updates Status of embedment of completed risk action plans Special risk report / Flash report on need basis
Internal Audit	<ul style="list-style-type: none"> Board Audit Committee (BAC) 	Annually	<ul style="list-style-type: none"> Independent report on the effectiveness of internal controls and risk management implementation

Refer to [Appendix 11.8](#) for the Risk Dashboard that should be presented to the BRSC.



9.6 Communication and Consultation

Overall process of an enterprise-wide risk management requires constant communication and consultation as well as end-to-end risk discussion involving relevant stakeholders across the Group. Communication seeks to promote awareness and understanding of risk whereas consultation involves obtaining feedback and information to support decision-making. The purpose of having close coordination between communication and consultation is to facilitate factual, timely, relevant, accurate and understandable exchange of information within and throughout all steps of risk management process.



10.0 Enterprise Risk Management (ERM) Enablers

Integrating risk management in an organization is a dynamic and iterative process which requires collaboration among multiple business units of different sizes, scope, and capability. Hence in ensuring the effective implementation of ERM across the Group, Yinson shall empower and leverage on the identified key enablers to push for the risk agenda and promote robust risk management understanding to the stakeholders.

10.1 Risk Culture

Risk culture reflects the collective norms, values, attitudes and behaviors of the employees towards risk which form a vital factor in ensuring successful implementation of a comprehensive ERM process across the Group. An effective risk culture is the one that enables and rewards individuals and groups for taking the right risks in an informed manner which will result in earlier identification of risk, allowing the opportunity to develop a collaborative response, ultimately leading to a more resilient organization. In effort to successfully develop and inculcate the desired risk culture, Yinson shall consider the following key aspects:

Key Aspects	Descriptions
Tone from the top	<ul style="list-style-type: none">• Demonstration of clear commitment and direction by the top management that flow throughout the Group• Strong encouragement to uphold ethical values and integrity in business practices
Decision making	<ul style="list-style-type: none">• Taking into account the risk management perspective in strategic and operational decision-making process• Translate risk strategy into operational and tactical objectives
Collaboration	<ul style="list-style-type: none">• GRC provide advisory role to business function in risk related matters• Develop collaborative working relationship between GRC and business function
Ownership and accountability	<ul style="list-style-type: none">• Clarify clear risk management responsibility and accountability of specific risks by the business functions• Establish risk management as an integral part of day-to-day program and operational management
Education and training	<ul style="list-style-type: none">• Inclusion of risk awareness briefing as part of compulsory induction program for new hires• Conduct technical training and awareness session for the associated risk personnel across the Group• Sharing of risk related reading materials and reference sources via YNet platform



10.2 Trainings and Communications

Yinson shall strive to constantly develop the risk management identification and assessment capabilities of the employees through training and educational programs which will be tailored accordingly to the respective audience for effective communication. In championing this agenda, risk awareness briefing shall be included as a compulsory session within the induction program for new hires and periodic risk training programs shall be continuously conducted for all risk personnel across the Group. Besides that, GRC shall develop and share risk related reading materials as well as reference sources via the YNet platform with purpose to educate and promote risk culture within all employees in Yinson.

10.3 Monitor and Continual Improvement

Effective monitoring and reviewing of the risks associated with the Group shall be conducted continuously to ensure the risk registers and action plans remain relevant within the fast-changing business environment and the alteration of risk profiles due to any changing circumstances are properly documented. The monitoring and reviewing of risks across the Group are being deployed and implemented through the following practices:

Process	Description
Continuous Monitoring and Assessment	<ul style="list-style-type: none">• The Head of Department / Business Unit shall appoint a dedicated person-in-charge to conduct regular monitoring of the risks associated with respective function through routine checking against the risk parameters.• Continuous assessment on the existing, changing, emerging and new risks shall be conducted through line management review to ensure adequate action plans are in place to address the associated risks.
Review and Reporting	<ul style="list-style-type: none">• GRC shall conduct risk discussion with respective department / business unit quarterly to review the existing risks, assess the emerging risks as well as the action plan implementation status. GRC is also responsible to review the appropriateness and completeness of risk profiles and produce consolidated risk report for submission to the MC.• The MC shall deliberate the risk report and ensure sufficient action plans have been set in place to address the highlighted key risks.• The BRSC is required to review all reports / risk information escalated by the MC and seek further clarification directly from the GRC, as deemed necessary. In particular, the BRSC shall review and assess the effectiveness and appropriateness of the risk treatment for high-rated risks and monitor the completion of approved action plans against the agreed timeline.• The Board shall review, comment and adopt the risk-related reports submitted by BRSC on the ERM implementation across the Group.
Benchmarking and continual improvement	<ul style="list-style-type: none">• GRC shall periodically benchmark the implementation of ERM process across the Group against the best practices in industry to ensure continual improvements and enhancement on the existing ERM process.












11.0 Appendix

The following section documents and furnishes the detailed process flow, procedures, policies, templates, etc. that will be used or utilised by GRC to govern the ERM Framework and process to identify, assess, evaluation and monitor the risk within the Group.

Appendix 11.1 – Climate Risk Assessment

At Yinson, we believe that climate change should intrinsically be part of risk management processes, as it can lead to both financial and non-financial risks. Nonetheless, the integration of climate-related risks into our existing ERM processes require that we be cognisant of the unique characteristics of such climate-related risks. In terms of the range of implications of climate change, it is widely recognized that continued emission of greenhouse gases will cause further warming of the Earth and that a warming above 2°C, relative to the preindustrial period, could lead to catastrophic economic and social consequences. These implications include potential impacts on human health, infrastructure, transportation systems, energy, food, and water supply. For Yinson, this means climate change can affect our assets and operations, supply and distribution chains, employees, and clients. Figure 11-1 indicates the likely physical and economic impacts due to rising global temperature in this century.

Figure 11-1 Physical and economic Impacts due to rising global temperature by year 2100.

Warming by 2100		<2°C		3°C	5°C
Physical Impacts		1.5 °C	2 °C		
 Sea-level rise		0.3-0.6 m	0.4-0.8 m	0.4-0.9 m	0.5-1.7 m
 Chance of ice-free Arctic summer		1 in 30	1 in 6	4 in 6 (63%)	6 in 6 (100%)
 Frequency of extreme rainfall		+17%	+36%	+70%	+150%
 Increase in wildfire extent		x1.4	x1.6	x2.0	x2.6
 People facing extreme heatwaves		x22	x27	x80	x300
 Land area hospitable to malaria		+12%	+18%	+29%	+46%
Economic Impacts					
 Global GDP impact (2018: \$80tn)		-10%	-13%	-23%	-45%
 Stranded assets		Transition: fossil fuel assets (supply, power, transport, industry)		Mixed: some fossil fuel assets and some physical stranding	Physical: uninhabitable zones, agriculture, water-intensive industry, lost tourism
 Food supply		Changing diets, yield loss in tropics		24% yield loss	60% yield loss, 60% demand increase



Given the wide-ranging implications of climate change in both the short and longer time horizon, assessing associated risks will involve dealing with a set of complex interconnecting, many of which operate at different temporal and spatial scales. A critical aspect of integrating climate-related risks into our existing ERM processes involves taking into consideration unique characteristics of climate-related risks as follows:

- **Different effects based on geography and activities**

The effects of climate change and climate-related risks occur on local, regional, and global scales with varied implications for our different businesses, assets, markets, operations, and value chains.

- **Longer time horizons and long-lived effects**

Some climate-related risks exist and play out over time horizons that stretch beyond traditional business planning and investment cycles. These risks and related impacts may occur as a result of decade-long changes in driving forces (e.g., greenhouse gas concentrations in the atmosphere) leading to climate-related physical or transition risk changes over the short, medium, and long term.

- **Novel and uncertain nature**

Many of the effects of climate change have no precedence, limiting the ability to apply statistical and trend analysis based on historical data. Further, climate change is a dynamic and uncertain phenomenon, resulting in complex possible mitigation responses with many unknowns. Such mitigative responses may include development and deployment of critical technologies and adaptation strategies to changing market and consumer behaviors.

- **Changing magnitude and nonlinear dynamics**

Climate-related risks may manifest at different scales over time, with increasing severity and scope of impacts. Climate systems may exhibit thresholds and tipping points that result in large, long-term, abrupt, and possibly irreversible changes. Therefore, understanding the sensitivities of tipping points in the physical climate system as well as in ecosystems and society is essential for understanding climate-related risks.

- **Complex relationships and systemic effects**

Risks associated with climate change are interconnected across socioeconomic and financial systems. Such interconnected risks are often characterized by knock-on effects and systemic effects, requiring a multidimensional perspective to assess the short-, medium-, and long-term implications for our businesses.



Principles for Integration of Climate-Related Risk

In view of the unique characteristics of climate-related risks, we adopted key principles based on TCFD's guidance in the integration of climate-related risks into our ERM processes. The principles support the inclusion of climate change considerations into the elements of risk management processes consistently and proportionately, considering other risks to which our risk management process applies. Interconnections between climate-related risks and other risks shall be considered as part of the integration process and where the existing elements will be applied to a limited business or strategic planning horizon, integration shall consider the longer time horizons over which climate-related risks might materialize. The key principles adopted for integration of climate-related in our ERM processes are as follows:

- **Interconnections**

Integrating climate-related risks into existing risk management requires analysis and collaboration across our businesses. The principle of interconnections means all relevant functions, departments, and experts are involved in the integration of climate-related risks into our risk management processes and in the ongoing management of climate-related risks.

- **Temporal Orientation**

Climate-related physical and transition risks shall be analyzed across short-, medium-, and long-term time frames for our operational and strategic planning, which may require extending beyond traditional planning horizons.

- **Proportionality**

The integration of climate-related risks into existing risk management processes should be proportionate in the context of our non-climate-related risks, the materiality of its exposure to climate-related risks, and the implications for our strategy.

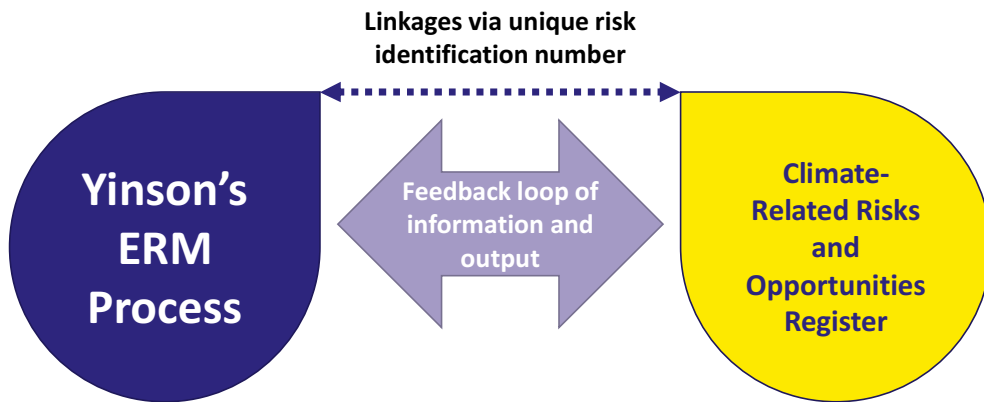
- **Consistency**

The methodology used to integrate climate-related risks should be used consistently within our ERM processes to support clarity on analysis of developments and drivers of change over time.

Integrating Climate-Related Risks into ERM Process

Each of the risks identified in the risk assessment as part of the ERM processes contains a **unique risk identification number**. The risks identified could be related or not related to climate risks, thus, a thorough consideration shall be given when determining the root causes of the risk identified. If the root causes are linked to climate-related events (either due to transition to low carbon economy or extreme physical weather events), the identified risk shall be earmarked, and linkages shall be established to Yinson’s climate-related risks and opportunities register. A simple illustration of the relationship between Yinson’s ERM process and the climate-related risks and opportunities register is shown in Figure 11-2.

Figure 11-2 Illustration of the relationship between ERM process and climate-related register

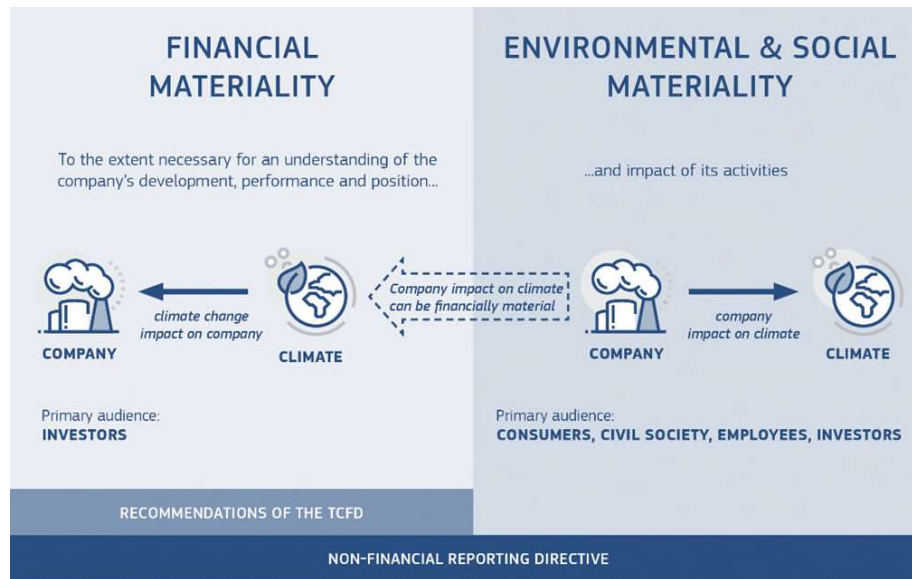


Yinson’s Climate-Related Risks and Opportunities Register

The climate-related risks and opportunities register is a dedicated register used specifically to capture the climate-related risks and opportunities of our businesses. This register is a supplement to link the overall Yinson’s ERM processes with climate-related risks. This register also serves as a feedback document to the existing risk management process to capture medium- to long-term climate-related risks which could be overlooked in the short-term basis.

It is to note that the climate-related risks shall consider both the impacts/ causes to and from external environments. We adopt the concept of “double materiality” while we consider climate related risks. In other words, while materiality is the effect of climate change on finance and corporate activities, double materiality includes the effect of finance and corporate activities on climate change. Figure 11-3 depicts the concept of double materiality for climate change impact.

Figure 11-3 Double materiality for climate change impact



* Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements.

Defining Climate-Related Risk Drivers

We adopt the climate-related risks categorisation based on TCFD guidance. Broadly, the climate-related risks are divided into two major categories; risks related to the transition to a lower-carbon economy (Transition Risks) and risks related to the physical impacts of climate change (Physical Risks).

Transition Risk

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these:

- Policy Risks

Policy risks generally fall into two categories, that is policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change. Some examples include implementing carbon-pricing mechanisms to reduce GHG emissions, shifting energy use toward lower emission sources, adopting energy efficiency solutions, encouraging greater water efficiency measures, and promoting more sustainable land-use practices.

- Legal Risks

Legal risks, or commonly also referred to litigation risks typically arise (in a climate-related context) due to failure of an organization to mitigate impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. In recent years, we have seen an increase in climate-related litigation claims being brought before the courts by property owners, municipalities, states, insurers, shareholders, and public interest organizations. As the value of loss and damage arising from climate change grows, litigation risk is also likely to increase.



- Market Risks

While the ways in which markets could be affected by climate change are varied and complex, one of the major ways is through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into considerations.

- Technology Risks

Technology risks typically manifest with the development and use of emerging technologies such as renewable energy, battery storage, energy efficiency, and carbon capture and storage. This affects the competitiveness of our businesses through areas such as operational costs, and ultimately demand for our services from end clients. To the extent that new technology displaces old systems and disrupts some parts of the existing economic system, winners and losers will emerge from this “creative destruction” process.

- Reputation Risks

Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organization’s contribution to or detracting from the transition to a lower-carbon economy

Physical Risks

Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for our business, such as direct damage to assets and indirect impacts from supply chain disruption.

- Acute Risks

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.

- Chronic Risks

Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

Selection of Climate Scenarios for Analysis

A scenario describes a path of development leading to a particular outcome. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments. It is important to remember that scenarios are hypothetical constructs; they are not forecasts, predictions, nor are they sensitivity analyses. Scenario analysis is a tool to enhance critical strategic thinking. A key feature of scenarios is that they should challenge conventional wisdom about the future. In a world of uncertainty, scenarios are intended to explore alternatives that may significantly alter the basis for “business-as-usual” assumptions.

The purpose for application of climate scenarios is to consider and better understand how we might perform under different future states (i.e., its resiliency/robustness). In the case of climate change, climate-related scenarios allow us to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact the business over time. Scenario analysis, therefore, evaluates a range of hypothetical outcomes by considering a variety of alternative plausible future states (scenarios) under a given set of assumptions and constraints.



A critical aspect of scenario analysis is the selection of a set of scenarios that cover a reasonable variety of future outcomes, both favourable and unfavourable. While there is an almost infinite number of possible scenarios, we will use a limited number of scenarios to provide the desired variety. In this regard, based on the TCFD guidance, we have selected a 2°C scenario, i.e. Sustainable Development Scenario (SDS) and other scenario such as Stated Policies Scenario (STEPS), and physical climate risk scenario, such as Representative Concentration Pathways (RCP) 8.5.

Stated Policies Scenario (STEPS)

This is based on the stated policies by governments around the world today, which tracks global warming to below 3°C.

Sustainable Development Scenario (SDS)

This scenario is in addition to STEPS, where it is characterized by a larger investment push for clean, renewable energy in the next ten years. This yields far fewer greenhouse gas emissions than the STEPS and it caps global warming at 2°C.

Representative Concentration Pathways (RCP) 8.5

In RCP 8.5, it is assumed that emissions continue to rise throughout the 21st century. Since IPCC AR5, this has been perceived to be very unlikely, but still possible as feedbacks are not well understood. RCP8.5 remains useful for its aptness in both tracking historical total cumulative CO₂ emissions and predicting mid-century (and earlier) emissions based on STEPS. We will utilise the RCP 8.5 scenario for physical risk analysis purposes only.

Time Frame Selection

For the purpose of climate-related risk assessment, it is important to define the time frame for short, medium, and long term as climate-related impacts will be different. For consistency, the risk assessment time frame will be set at year 2025, 2030, 2040 and 2050 for every adopted scenario. This setting would give a reasonable snapshot at each time frame to understand the transition of climate-related risk.

Organizational Ownership

GRC department along with the Risk Management function will be the custodian for the Climate-related Risks and Opportunities assessment, with the Corporate Sustainability function acting as facilitator. The assessment relies on inputs and collaborations from all businesses and internal organisational functions as the impact of climate-related risk will span across all our operations.

Revision of Climate-Related Assessment

The climate-related risks and opportunities register shall be updated in a timely manner using appropriate media on an annual basis at minimum within the main annual report.



Climate-Related Documents of References

The climate-related assessment will be based on the following (but not limited to) documents of references:

- TCFD, Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017;
- TCFD, Guidance on Risk Management Integration and Disclosure, October 2020;
- TCFD, Guidance on Scenario Analysis for Non-Financial Companies, October 2020;
- TCFD, Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, June 2017;
- IEA, World Energy Outlook 2020, October 2020;
- IPCC, Fifth Assessment Report (AR5), 2015; and
- IPCC, Climate Change 2021, The Physical Science Basis, August 2021.



Title : Enterprise Risk Management (ERM) Policy Statement & Framework Revision : 06

Document No : YHB-RC-CG-PP-0004 Date : 17-Dec-2021

Appendix 11.2 – Detailed of Risk Register Profiling

[illegible]

Appendix 11.3 – Risk Likelihood Description

Likelihood	Likelihood Description	Frequency
Almost Certain	The risk will occur in most circumstances or at frequent intervals.	More than 50% chance of occurring in the next one year.
Likely	The risk is expected to occur at most circumstances.	10% to 50% chance of occurring in the next one year.
Possible	The risk may occur at some period.	1% to 10% chance of occurring in the next one year.
Unlikely	The risk is likely to occur less frequently.	1% to 10% chance of occurring in the next 10 years.
Rare	The risk may occur in exceptional circumstances.	Less than 1% chance of occurring in the next 10 years.



Appendix 11.4 – Detailed of Risk Impact Rating for Financial Parameter

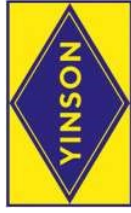
Factor	Financial Impact (in RM)			
	Insignificant	Minor	Moderate	Major
Tier 1: Yinson Group				
Profit After Tax (RM 473M)*	Decrease by < than 20% (< RM 95M)	Decrease by 20% - 40% (RM 95M - RM 189M)	Decrease by 40% - 60% (RM 189M - RM 284M)	Decrease by 60% - 80% (RM 284M - RM 379M)
Total Revenue (RM 3,891M)*	Decrease by < than 6% (< RM 233M)	Decrease by 6% - 13% (RM 233M - RM 506M)	Decrease by 13% - 20% (RM 506M - RM 778M)	Decrease by > 25% (RM 778M - RM 973M)
Total Cost (RM 3,286M)*	Increase by < than 6% (< RM 197M)	Increase by 6% - 13% (RM 197M - RM 427M)	Increase by 13% - 20% (RM 427M - RM 657M)	Increase by > 25% (RM 657M - RM 822M)
Tier 2: Production segment (FPSO)				
Profit After Tax (RM 499M)*	Decrease by < than 20% (< RM 99.8M)	Decrease by 20% - 40% (RM 99.8M - RM 199.6M)	Decrease by 40% - 60% (RM 199.6M - RM 299.4M)	Decrease by > 80% (RM 299.4M - RM 399.2M)
Total Revenue (RM 3,775M)*	Decrease by < than 6% (< RM 226.5M)	Decrease by 6% - 13% (RM 226.5M - RM 490.8M)	Decrease by 13% - 20% (RM 490.8M - RM 755M)	Decrease by > 25% (RM 755M - RM 943.8M)
Total Cost (RM 3,142M)*	Increase by < than 6% (< RM 189M)	Increase by 6% - 13% (RM 189M - RM 409M)	Increase by 13% - 20% (RM 409M - RM 629M)	Increase by > 25% (RM 629M - RM 786M)
Tier 2: Marine segment (OSV)				
Profit After Tax (RM 5M)*	Decrease by < than 20% (< RM 1M)	Decrease by 20% - 40% (RM 1M - RM 2M)	Decrease by 40% - 60% (RM 2M - RM 3M)	Decrease by > 80% (> RM 4M)
Total Revenue (RM 29M)*	Decrease by < than 6% (< RM 1.7M)	Decrease by 6% - 13% (RM 1.7M - RM 3.7M)	Decrease by 13% - 20% (RM 3.7M - RM 5.7M)	Decrease by > 25% (RM 5.7M - RM 7.1M)
Total Cost (RM 23M)*	Increase by < than 6% (< RM 1.4M)	Increase by 6% - 13% (RM 1.4M - RM 3M)	Increase by 13% - 20% (RM 3M - RM 4.6M)	Increase by > 25% (RM 4.6M - RM 5.8M)
Tier 3: Production segment (FPSO) – JV in Ghana only (YPWAL) – 100%				
Profit After Tax (RM 11,388)*	Decrease by < than 20% (< RM 2,200)	Decrease by 20% - 40% (RM 2,200 - RM 4,600)	Decrease by 40% - 60% (RM 4,600 - RM 6,800)	Decrease by > 80% (> RM 9,100)
Total Revenue (RM 236M)*	Decrease by < than 6% (< RM 14M)	Decrease by 6% - 13% (RM 14M - RM 30.6M)	Decrease by 13% - 20% (RM 30.6M - RM 47M)	Decrease by > 25% (RM 47M - RM 59M)
Total Cost (RM 228M)*	Increase by < than 6% (< RM 13.6M)	Increase by 6% - 13% (RM 13.6M - RM 30M)	Increase by 13% - 20% (RM 30M - RM 45.5M)	Increase by > 25% (RM 45.5M - RM 57M)



Appendix 11.4 – Detailed of Risk Impact Rating for Financial Parameter (cont'd)

Factor	Financial Impact (in RM)			
	Insignificant	Minor	Moderate	Major
Production segment (FPSO) – Applicable to Oslo Office only and figures are actual FYE2021^(A)				
Profit After Tax (RM 5.9M)*	Decrease by < than 20% (< RM 1.2M)	Decrease by 20% - 40% (RM 1.2M – RM 2.3M)	Decrease by 40% - 60% (RM 2.3M – RM 3.6M)	Decrease by 60% - 80% (RM 3.6M – RM 4.7M)
Total Revenue (RM 70.5M)*	Decrease by < than 6% (< RM 4.2M)	Decrease by 6% - 13% (RM 4.2M – RM 9.2M)	Decrease by 13% - 20% (RM 9.2M – RM 14.1M)	Decrease by 20% - 25% (RM 14.1M – RM 18M)
Total Cost (RM 66.7M)*	Increase by < than 6% (< RM 4M)	Increase by 6% - 13% (RM 4M – RM 8.7M)	Increase by 13% - 20% (RM 8.7M – RM 13.3M)	Increase by 20% - 25% (RM 13.3M – RM 16.7M)
Production Segment (FPSO) – Nigeria (YOPWAL)				
Profit After Tax (RM 213,000)*	Decrease by < than 20% (< RM 42,600)	Decrease by 20% - 40% (RM 42,600 – RM 85,200)	Decrease by 40% - 60% (RM 42,600 – RM 127,800)	Decrease by 60% - 80% (RM 127,800 – RM 170,400)
Total Revenue (RM 95.9M)*	Decrease by < than 6% (< RM 5.75M)	Decrease by 6% - 13% (RM 5.75M – RM 12.5M)	Decrease by 13% - 20% (RM 12.5M – RM 19.18M)	Decrease by 20% - 25% (RM 19.18M – RM 23.90M)
Total Cost (RM 95.6M)*	Decrease by < than 6% (< RM 5.73M)	Decrease by 6% - 13% (RM 5.73M – RM 12.4M)	Decrease by 13% - 20% (RM 12.4M – RM 19.12M)	Decrease by 20% - 25% (RM 19.12M – RM 23.90M)
Production Segment (FPSO) – Yinson Lavender Operations (Miri)				
Profit After Tax (RM 17.5M)*	Decrease by < than 20% (< 3.5M)	Decrease by 20% - 40% (RM 3.5M – RM 7.0M)	Decrease by 40% - 60% (RM 7.0M – RM 10.5M)	Decrease by 60% - 80% (RM 10.5M – RM 14.0M)
Total Revenue (RM 97.2M)*	Decrease by < than 6% (< RM 5.8M)	Decrease by 6% - 13% (RM 5.8M – RM 12.6M)	Decrease by 13% - 20% (RM 12.6M – RM 19.4M)	Decrease by 20% - 25% (RM 19.4M – RM 24.3M)
Total Cost (RM 74.1M)*	Decrease by < than 6% (< RM 4.4M)	Decrease by 6% - 13% (RM 4.4M – RM 9.6M)	Decrease by 13% - 20% (RM 9.6M – RM 14.8M)	Decrease by 20% - 25% (RM 14.8M – RM 18.5M)
Renewable Energy				
Profit After Tax (-RM 12.3M)***	Increase by < than 20% (> - 14.76M)	Increase by 20% - 40% (RM -14.76M – -RM 17.2M)	Increase by 40% - 60% (RM -17.2M – -RM 19.7M)	Increase by 60% - 80% (RM -19.7M – -RM 22.1M)
Total Revenue (N.M*)	N.M**	N.M**	N.M**	N.M**
Total Cost (-RM 12.3M)***	Increase by < than 6% (> - 13.04M)	Increase by 6% - 13% (RM -13.04M – -RM 13.9M)	Increase by 13% - 20% (RM -13.92M – -RM 14.76M)	Increase by 20% - 25% (RM -14.76M – -RM 15.37M)

Source: ^(*) Yinson Holdings Berhad Budgeted Financial Projection for FYE2022.
^(A) Excluding all JVs (PTSC SEA, PTSC AP, YPWAL, ARO)
^(**) Not meaningful (as there is no budgeted or forecast revenue yet) and will required to update once there is a budgeted amount.
^(***) Budgeted project for FYE 2021 and it may not lead to catastrophic impact given the circumstances as this is a new business segment. FYE 2022 amount will be ready or available by Q1, 2022
 Remarks: The risk parameter is subjected to review by the Management in the next risk assessment.



Appendix 11.5 – Detailed of Risk Impact Rating for Non-Financial Parameter

Factor	Impact			
	Insignificant	Minor	Moderate	Major
Risk Impact Description	<ul style="list-style-type: none"> An event where the impact can be absorbed / managed through routine activity. 	<ul style="list-style-type: none"> An event where the impact can be absorbed / managed with minimum Management effort. 	<ul style="list-style-type: none"> An event that causes the business to sustain negative financial / non-financial impacts that would require some work / planning from Management to manage the issue. 	<ul style="list-style-type: none"> An event that could lead the business to sustain huge adverse financial / non-financial impacts that would require hard work from Management to manage the issue.
Strategic	<ul style="list-style-type: none"> No impact to any of its business or group initiatives or strategic direction 	<ul style="list-style-type: none"> Potential impact to one of the group strategic direction or initiative 	<ul style="list-style-type: none"> Impact one of the business initiative 	<ul style="list-style-type: none"> Impact more than half of the business and direction initiatives set forth
Environment	<ul style="list-style-type: none"> Low impact with no lasting effect. Minimal area exposed. <20 litre oil spill. 	<ul style="list-style-type: none"> Temporary or medium-term impact. Minor effect to small area. 20 litre – 1 ton oil spill. 	<ul style="list-style-type: none"> Short-term or medium-term impact on local area. Not affecting ecosystem. 1-10 tons oil spill. 	<ul style="list-style-type: none"> Medium long-term impact with some impairment to ecosystem function. Widespread. 10-1000 tons oil spill.
Legal / Regulatory / Compliance	<ul style="list-style-type: none"> No litigation consequences. Issuance of advice letter. 	<ul style="list-style-type: none"> Issuance of reprimand / warning letter. Minimum fine. 	<ul style="list-style-type: none"> Issuance of public reprimand / warning letter. Moderate fine. 	<ul style="list-style-type: none"> Multiple issuances of public reprimands / warning letters. Heavy fines. Suspension of share.
Operations	<ul style="list-style-type: none"> First aid case / Case with no medical treatment 	<ul style="list-style-type: none"> Minor disability requiring sick leave 	<ul style="list-style-type: none"> Minor disability requiring medical attention. 	<ul style="list-style-type: none"> Single fatality or severe permanent disability
				<ul style="list-style-type: none"> An event that could potentially crumble the entire business in the long-term. Required to change the business direction and scrap existing initiative Long-term impact to ecosystem function. Widespread effects of sensitive areas. >1000 tons of oil spill. Closure of operations Jail sentence for directors Multiple fatalities



Title : Enterprise Risk Management (ERM) Policy Statement & Framework
 Document No : YHB-RC-CG-PP-0004
 Revision : 06
 Date : 17-Dec-2021

Appendix 11.5 – Detailed of Risk Impact Rating for Non-Financial Parameter (cont'd)

Factor	Impact			
	Insignificant	Minor	Moderate	Major
Reputation / Media	<ul style="list-style-type: none"> No permanent damage in the short and long term Customer notice without incident comment 	<ul style="list-style-type: none"> Minor impact due to complaints / unfavourable media coverage but would not disrupt routine operations Informal complaint without non-conformance 	<ul style="list-style-type: none"> Significant media coverage / complaints to authority / stakeholder / press that could disrupt operations in short and medium term Minor formal complaint or minor non-conformance 	<ul style="list-style-type: none"> Unfavourable publicity or media coverage affecting corporate image that requires immediate remedial actions or response Major formal complaint or major non-conformance threatening certificate validation
				<ul style="list-style-type: none"> Unfavourable publicity or media coverage with long term adverse effects on corporate reputation and disruption of business that require immediate remedial actions or response Loss of customer and / or future business



Appendix 11.5 – Detailed of Risk Impact Rating for Non-Financial Parameter (cont'd)

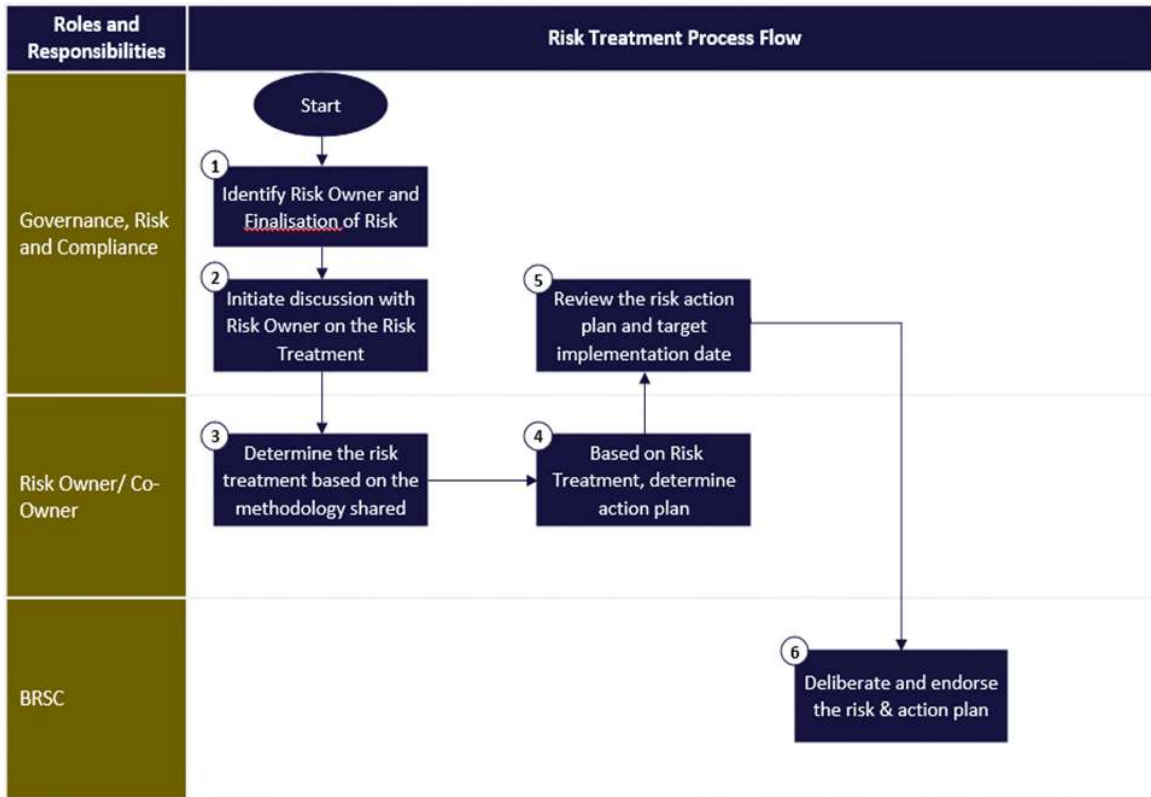
Factor	Impact			
	Insignificant	Minor	Moderate	Major
Bribery and Corruption	<ul style="list-style-type: none"> No adverse publicity or ministerial involvement No conflicts with any engaged stakeholders Breach of internal process and controls 	<ul style="list-style-type: none"> Some adverse publicity Minor loss of stakeholder confidence Internal review of existing policies and practices instigated Breach of guidelines and SOP 	<ul style="list-style-type: none"> Substantial adverse publicity Loss of some stakeholder confidence Risk event requires Management response Breach of ABAC Policy (i.e. ISO37001) 	<ul style="list-style-type: none"> Adverse national media reports on failings, inefficiency or inadequacy Serious loss of stakeholder confidence Serious consequences to Senior Management (any entity within the Group) which may lead to penalty / imprisonment Breach of laws and regulations (Bribery Act standards) resulting in penalty by Government entities (i.e. List of acts and legal reference in Appendix 11.9)
				<ul style="list-style-type: none"> Intense public, political and media scrutiny / criticism evidenced by front-page headlines, adverse international media and reports and / or sustained television coverage Complete loss of stakeholder confidence Board of Director penalty / imprisonment (within Group) Breach of laws and regulations (Bribery Act standards) resulting in criminal penalty by Government entities (i.e. List of acts and legal reference in Appendix 11.9)



Appendix 11.6 – Risk Matrix Table

Risk Heat Map			Risk Impact				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Risk Likelihood	Almost Certain	5	Medium (5)	Medium (10)	High (15)	Critical (20)	Critical (25)
	Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Critical (20)
	Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	Medium (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Appendix 11.7 – Risk Treatment and Monitoring Process Flow



Roles and Responsibilities	Mapping	Process Descriptions
GRC	①	During the walkthrough process, the GRC Team will identify the Risk Owner for each of the risk which will be accountable to manage and monitor the specific risk. Thereafter, as session will be conducted with the respective Risk Owner to finalize the risk and action plans where required.



Roles and Responsibilities	Mapping	Process Descriptions
GRC	②	<p>GRC Team shall discuss and share with the Risk Owner on the Risk Treatment methodology that the Group is currently embarking on. The Methodology is as follows:</p> <ul style="list-style-type: none"> • <u>A</u>voiding – The Management, Risk Owner and/ or Department Head may choose to avoid the risk on the basis that the specific risk is unacceptable and may result in further consequences should it not be avoided. • <u>A</u>ccepting – The Management, Risk Owner and/ or Department may decide to retain the risk or accept the risk as it is unavoidable and risk action plans should be in placed should the final risk rating is at high or critical classification. • <u>M</u>odifying – The Management, Risk Owner and/ or Department shall decide to modify the risk by implementing or recommending action plans to reduce or mitigate the risk from escalating to a high risk rating. • <u>S</u>haring – The Management, Risk Owner and/ or Department may decide to share the risk with either a third party through sub-contracting, joint venture, partnership, outsourcing or insurance. The sharing of risk can also be known as transferring the risk. On a general basis, if the Company decides to proceed to share or transfer the risk, it will involve cost.
Risk Owner/ Co-Risk Owner	③	<p>The Risk Owner together with the Risk Co-owner shall review the risk and the methodology shared by the GRC Team and determine the risk treatment for each specific.</p> <p>Where required, the Risk Owner shall perform a cost, impact and benefit analysis to determine the treatment for each type of risk. For instance, if the cost to mitigate or manage the risk is too costly and there is no or minimal impact to the Company, the Risk Owner has the alternative to choose to retain or accept the risk as it is.</p>
	④	<p>Based on the risk treatment that the Risk Owner has decided/ concluded, the Risk Owner shall decide on the action plans required for the risk. The risk action plan prepared by the Risk Owner should be detail down the target timeline or deadline to implement the plan, estimated cost to implement (where applicable).</p>
GRC	⑤	<p>GRC Team shall review the risk treatment together with the risk action plan proposed by the Risk Owner. For instance, should the specific risk be rated as high or critical and the Risk Owner decided to modify the risk, but there was no risk action plan recommended, the GRC Team shall advise and work together with the Risk Owner on the risk action plan prior to tabling or presenting to BRSC.</p>
BRSC	⑥	<p>GRC Team shall compile all the action plans and present to the BRSC for endorsement. Any feedback by the BRSC shall be further be updated or deliberated to the Risk Owner.</p>

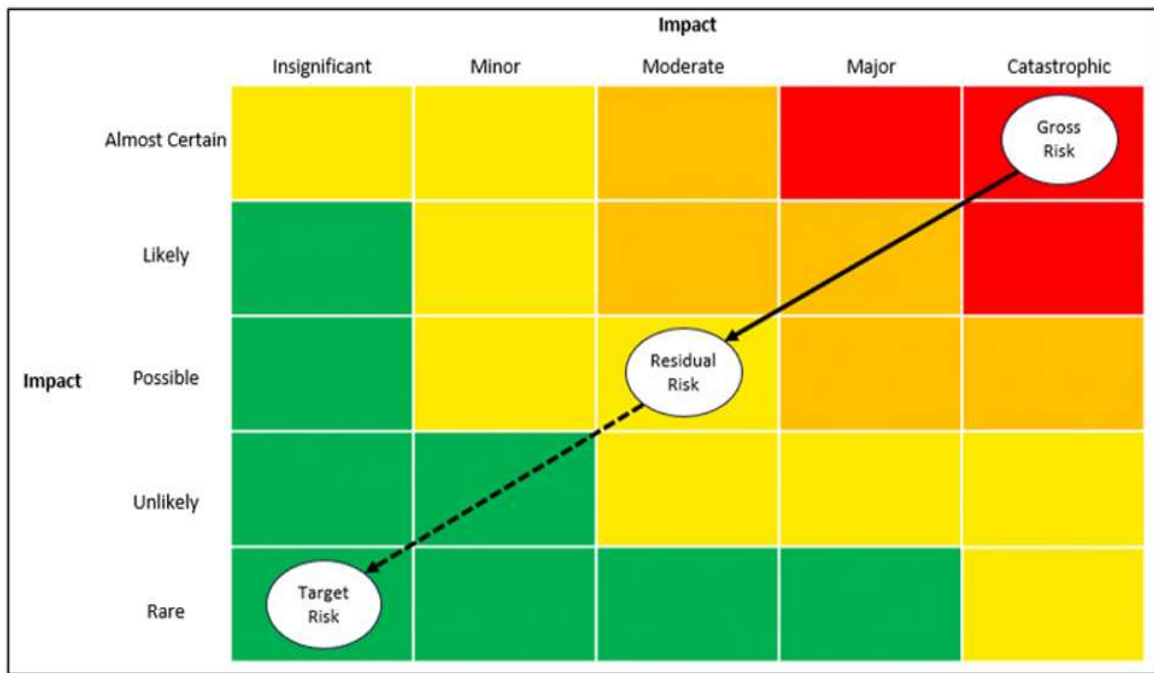


Appendix 11.8 – Risk Dashboard

The Risk Reporting Dashboard will be reported based on the quarterly review conducted. Based on the quarterly reporting conducted, there could be changes to the likelihood and impact to the risk based on the case-to-case basis. Risks are assessed on both gross and residual basis. Risk assessment is applied first to gross risks. Once risk responses have been developed, management then consider the residual risks. The residual risk (i.e. risk mitigated with existing controls) should be compared to the target risk (i.e. desired level of risk) to decide on appropriate response measures to derive the desired level i.e. target risk. The Corporate Risk Dashboard shall encompass the following analysis:

- Overview of Corporate Risk Profile
- Status of Risk Action for High or Critical

The summary of the movement can be shown as follows:

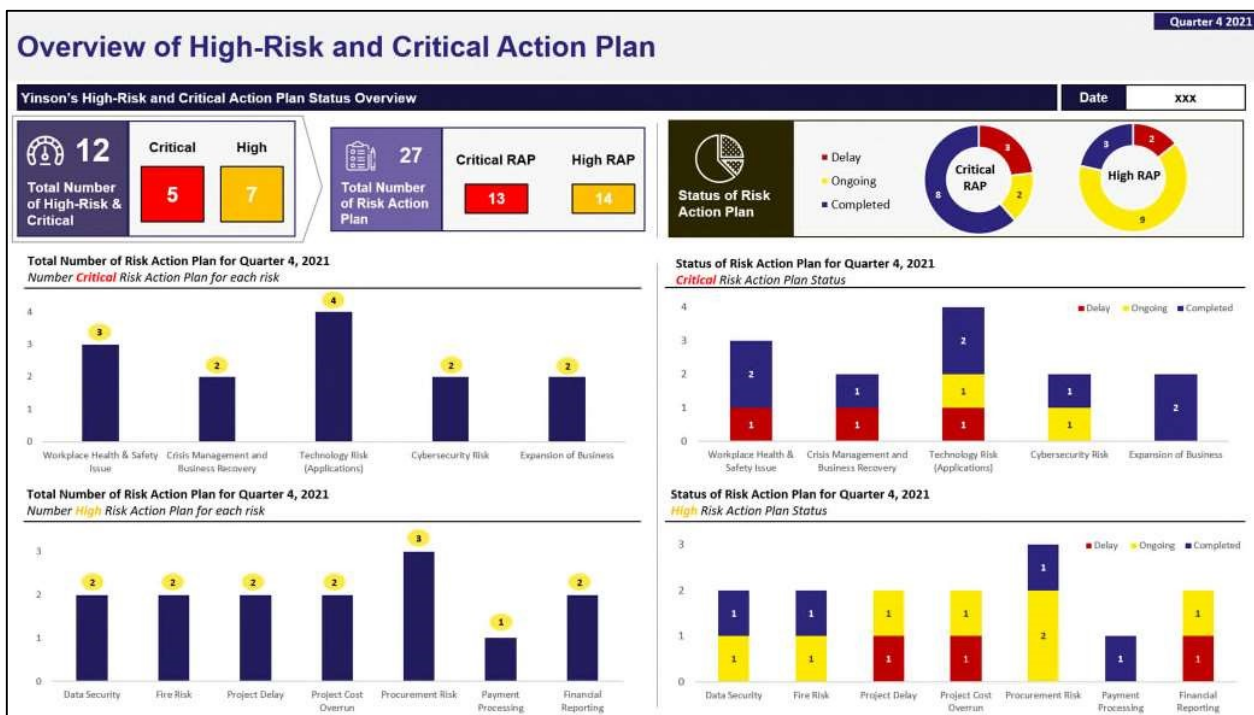




(1) The Corporate Risk Trend can be presented as follows (Example only):



(2) The Status of Risk Action for High and Critical Risk can be presented as follows (Example only):





The table below depict some of the action plans or monitoring action plan that the GRC Team will be performing:

Risk Rating	Criteria
Critical	<ul style="list-style-type: none">• Requires immediate action / monitoring (Not acceptable)• Risk action plans must be developed to reduce overall ranking of these risks• Reporting to BRSC and strict monitoring shall be in place
High	<ul style="list-style-type: none">• Requires close monitoring as it may become more significant• Risk action plans should be developed to reduce overall ranking of these risks• Reporting to BRSC is required but detailed deliberation depending on the impact
Medium	<ul style="list-style-type: none">• Acceptable level of risks• Requires monitoring as risk may become more significant
Low	<ul style="list-style-type: none">• Acceptable level of risks• Requires minimal monitoring



Appendix 11.9 – List of Acts and Legal References

Malaysia

- Federal Constitution
- Malaysian Anti-Corruption Commission Act 2009 (Act 694)
- Anti-Corruption Act 1997 (Act 575)
- Penal Code (Act 574)
- Criminal Procedure Code (Act 593)
- Courts of Judicature Act (Act 91)
- Evidence Act 1950 (Act 56)
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613)
- Witness Protection Act 2009 (Act 696)
- Whistle blower Protection Act 2010 (Act 711)
- Criminal Procedure (Rates of Payment to Witnesses) Rules 2011
- Appointment of Lock-Up To Be A Place of Confinement (Gazette)
- Malaysian Anti-Corruption Commission (Amendment) Act 2018 (Act A1567)

Singapore

- Prevention of Corruption Act, Chapter 241.
- Penal Code, Chapter 224.
- Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A.
- Organized Crime Act (Act No. 26 of 2015) - stipulates that assets could be seized where these are found to be proceeds of corrupt activity.

Ghana

- Criminal Offences Act, 1960 (Act 29);
- Companies Code, 1963 (Act 179);
- Whistle Blower Act 2006 (Act 720);
- Customs Act, 2015 (Act 891);
- Public Financial Management Act, 2016 (Act 921);
- Representation of the People Law (PNDCL 284);
- Audit Service Act, 2000 (Act 584);
- Government Contracts (Protection) Act, 1979 (AFRCD 58);
- Economic and Organized Crime Office Act, 2010 (Act 804);
- Constitution of the Republic of Ghana 1992;
- Ghana is also a signatory to the following conventions:
 - United Nations Convention against Corruption; and
 - the African Union Convention on Preventing and Combating Corruption.



Nigeria

- Corrupt Practices and Other Related Offences Act 2000, Act No.5 Laws of the Federation of Nigeria.
- Economic and Financial Crimes Commission (Establishment) Act 2003 (Chapter E1, LFN 2004).
- Code of Conduct for Public Officers, Fifth Schedule to the Constitution of the Federal Republic of Nigeria 1999
- Criminal Code Act (Chapter C38, LFN 2004) - applicable to the Southern part of Nigeria.
- Penal Code - applicable to the Northern part of Nigeria.
- Advance Fee Fraud and Other Related Offences Act 2006.
- Nigeria is also a signatory to the following conventions:
 - African Union Convention on Preventing and Combating Corruption;
 - United Nations Convention Against Corruption; and
 - United Nations Convention Against Transnational Organized Crime.

Norway

- Norwegian Penal Code
- Anti-Money Laundering and Terrorist Financing Act
- Norwegian Labor Law
- Political Parties Act
- Working Environment Act
- Public Procurement Act
- Public Administration Act
- EEA Competition Act
- Personal Data Act
- Limited Liability Companies Act
- Securities Trading Act
- Accounting Act
- Book-keeping Act
- Political Parties Act
- Civil Service Act
- Heath Personnel Act
- EU Procurement Directives - establishes conditions for mandatory exclusion of economic operators who have been convicted of financial crimes, including corruption.
- Norway is also a signatory to the following conventions:
 - OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997);
 - United Nations Convention Against Corruption (UNCAC);
 - The Council of Europe Civil Law Convention on Corruption (1999); and
 - The Council of Europe Criminal Law Convention on Corruption (1999).



Brazil

- Brazilian Clean Company Act (Law 12846/2013)
- Brazilian Penal Code (Decree-Law 2848/1940)
- Administrative Improbity Law (Law 8429/1992)
- Decree 8420/2015
- Ordinances 909/2015 and 910/2015 of the Ministry of Transparency, Monitoring and Control (previously the CGU)
- Law 13608/2018
- Decree 10153/2019
- Anti-Money Laundering Law (Law 9613/1998 and 12683/2012).
- Procurement Law (Law 8666/1993)
- Conflict of Interest Law (Law 12813/2013)
- Crimes of Responsibility Law (Law 1079/1950 and Decree 201/1967)
- Clean Records Law (Complementary Law 135/2010)
- Anti-Trust Law (Law 12529/2011)
- Anticrime Law (Law 13.964/2019)
- Decree 4081/2002
- Law 13869/2019
- Normative Instructions of CGU 01/2015 and 02/2015
- There are also norms of the Public Ethics Commission and codes of conduct and ethics and manuals that apply to public officials
- Brazil is also a signatory to the following conventions:
 - the Inter-American Convention against Corruption (1996)
 - the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
 - the United Nations Convention against Transnational Organized Crime (2000)
 - the United Nations Convention against Corruption (2003)

Netherlands

- Dutch Criminal Code
- Code of Criminal Procedure
- The Netherlands is also a signatory to the following conventions:
 - the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
 - the United Nations Convention Against Corruption (2003)