



PSP Group

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Updated as at 22/10/2025



ENTERPRISE RISK MANAGEMENT FRAMEWORK

1.0 INTRODUCTION

1.1 PSP Energy Berhad ("**Company**") is committed to a robust and structured approach to Enterprise Risk Management ("**ERM**") in compliance with the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). This ERM Framework ensures that risks are identified, assessed, managed, and monitored effectively to safeguard the Company's assets, reputation, and stakeholders' interests.

2.0 OBJECTIVES

2.1 The objectives of this ERM Framework are to:

- a) Establish a structured and systematic risk management process.
- b) Ensure compliance with Bursa Securities' ACE Market Listing Requirements and relevant regulatory requirements.
- c) Enhance the Company's ability to achieve strategic and operational objectives.
- d) Protect the Company's assets, reputation, and shareholder value.
- e) Foster a risk-aware culture within the Company.
- f) Promote transparency and accountability in risk management practices.
- g) Enable proactive decision-making in response to emerging risks.

3.0 SCOPE

3.1 This Framework applies to all business units, functions, and employees within the Company. It covers strategic, financial, operational, compliance, environmental, social, and governance (ESG), cybersecurity, and reputational risks that may impact business objectives.



4.0 RISK GOVERNANCE STRUCTURE

4.1 Board of Directors (“Board”)

- a) Provides oversight and ensures the effectiveness of the ERM Framework.
- b) Approves the Company’s risk appetite and strategy.
- c) Reviews significant risks and mitigation measures.

4.2 Senior Management

- a) Implements and maintains an effective ERM process.
- b) Identifies, assesses, and manages risks within their respective functions.
- c) Reports significant risks to the Board.
- d) Ensures risk integration into strategic and business planning.

5.0 RISK MANAGEMENT PROCESS

5.1 Risk Identification

- a) Identifying potential risks that could impact business objectives.
- b) Categorizing risks into strategic, financial, operational, compliance, cybersecurity, ESG, and reputational risks.

5.2 Risk Assessment

- a) Evaluating risks based on likelihood and impact.
- b) Classifying risks as low, medium, high, or critical.
- c) Establishing risk tolerance and appetite.
- d) Using quantitative and qualitative risk assessment methodologies.

6.0 RISK APPETITE AND TOLERANCE

6.1 The Company defines risk appetite as the level of risk it is willing to accept in pursuit of business objectives. Risk tolerance thresholds are established for key risk areas. Any risk exceeding the established tolerance level requires immediate escalation to the Board. The risk appetite statement is reviewed and updated annually.



7.0 DISCLOSURE AND REPORTING

7.1 The Company discloses its risk management framework and key risk exposures in its Annual Report, in compliance with Bursa Malaysia's requirement. Risk reporting follows a structured process, ensuring transparency and accountability. Stakeholder engagement on risk-related matters is conducted periodically.

8.0 REVIEW AND CONTINUOUS IMPROVEMENT

8.1 The ERM Framework is reviewed periodically to ensure its effectiveness and alignment with evolving regulatory and business landscapes. Updates to the Framework are approved by the Board as required. Industry best practices and benchmarking are considered for continuous improvement.

This framework has been approved and adopted by the Board of Directors on 22 October 2025.