

RISK MANAGEMENT AND SUSTAINABILITY POLICY

1. Purpose and Governance Philosophy

- 1.1 The Board of Directors ("Board") of Ancom Nylex Berhad ("ANB" or "Company") is ultimately accountable for the governance of risk across the Company and its subsidiaries (the "Group"), including determining the nature and extent of the significant risks the Group is willing to take in pursuit of its strategic objectives, and for the adequacy and effectiveness of the Group's risk management and internal control systems. That accountability is not delegated.
- 1.2 The Board establishes the Risk Management and Sustainability Committee ("Committee") to assist it in discharging this responsibility. The Committee does not itself manage risk, prepare the Group's accounts or operate its controls; those are the responsibilities of Management, supported by the Risk Management Working Group. The Committee's role is to provide dedicated oversight of the Group's risk management framework and of sustainability-related risks and opportunities, and to satisfy itself, through informed enquiry, that Management has identified, assessed and is managing the Group's material risks appropriately.
- 1.3 This Policy sets out the principles, governance structure, framework and responsibilities for managing risk, including sustainability-related risk, across the Group. It is to be read and applied with that intent, and is not to be treated as an exhaustive checklist limiting the scope of risk oversight exercised by the Board, the Committee or Management.
- 1.4 This Policy is established having regard to Practice Note 9 (Risk Management and Internal Control, Corporate Governance and Sustainability Statement) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Part II of Principle B of the Malaysian Code on Corporate Governance ("MCCG"), and the National Sustainability Reporting Framework issued by the Securities Commission Malaysia, which adopts the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) issued by the International Sustainability Standards Board as the baseline for sustainability and climate-related disclosure.

2. Scope

- 2.1 This Policy applies to the Company and its subsidiaries (collectively, the "Group") and covers the Group's material risks, including strategic, business, operational, financial, compliance, sustainability (environmental, social and governance ("ESG")), climate-related, occupational safety and health ("OSH"), and bribery and corruption risks, and any other risk that may affect the achievement of the Group's objectives.
- 2.2 Where a matter falls within the remit of both the Committee and the Audit Committee — in particular the preparation of the Statement on Risk Management and Internal Control and the review of the adequacy of the Group's system of internal control — the Committee shall coordinate with the Audit Committee so that the matter is properly covered without duplication or gap, and shall report to the Board on how it has been dealt with.

3. Governance Structure and Responsibilities

A. The Board

- 3.1 The Board is primarily responsible for the governance of risk in the Group, including determining the Group's risk appetite, approving this Policy and the Group's risk management framework, and reviewing, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

B. Risk Management and Sustainability Committee

- 3.2 The Board has established the Committee to assist it in carrying out these responsibilities more effectively. The Committee is entrusted with the authority to act on behalf of the Board in accordance with the Terms of Reference of the Committee, and shall perform the following:
- (a) review and recommend the overall risk management strategies, policies, procedures and risk appetite framework of the Group;
 - (b) review and assess the adequacy of the Group's risk management policies and framework and recommend changes as needed, so that the Group has in place at all times an effective risk management framework;
 - (c) oversee the implementation and maintenance of a sound risk management framework which identifies, assesses, manages and monitors the Group's strategic, business, operational, financial, compliance, sustainability, climate-related, OSH, and bribery and corruption risks, and assess the adequacy of the mitigating actions put in place to manage those risks;
 - (d) review the adequacy of the infrastructure, resources and systems supporting the Group's risk management framework;
 - (e) promote awareness and understanding of risk management, sustainability, climate-related risks and opportunities, and occupational safety and health throughout the Group through appropriate training and communication programmes; and
 - (f) coordinate with the Audit Committee on any matter of shared oversight in accordance with paragraph 2.2 above.

C. Management and the Risk Management Working Group

- 3.3 Management is responsible for the day-to-day identification, assessment, management and monitoring of risk, for implementing the risk management framework approved by the Board, and for maintaining a sound system of internal control. The Risk Management Working Group shall coordinate risk assessments across the Group's business units and functions and report the results to the Committee.

D. Internal Audit

- 3.4 Internal Audit shall provide independent assurance on the adequacy and effectiveness of the Group's risk management and internal control systems, and shall report its findings to the Audit Committee, coordinating with the Committee as necessary.

4. Risk Management Framework

The Group's risk management framework comprises the following:

- 4.1 Identification: risks shall be identified through regular risk assessments conducted by the Risk Management Working Group and by Management across all levels and functions of the Group.
- 4.2 Assessment: identified risks shall be assessed based on their likelihood of occurrence and potential impact on the Group's objectives, financial performance and reputation, and shall be prioritised accordingly to determine the order of management.
- 4.3 Management: appropriate risk mitigation or treatment plans shall be developed and implemented to reduce the likelihood and impact of identified risks, and shall be regularly reviewed and updated as necessary.
- 4.4 Monitoring and Review: the effectiveness of risk mitigation measures shall be continuously monitored, and risk assessments shall be periodically reviewed to ensure their continued relevance and accuracy.

5. Risk Appetite and Tolerance

- 5.1 The Board shall establish and periodically review the Group's Risk Appetite Framework, which defines the nature and level of risk that the Group is willing to accept in pursuit of its strategic objectives, and shall ensure that the framework is communicated and applied consistently across the Group.

6. Sustainability and Climate-Related Risk Management

- 6.1 The Group recognises that sustainability-related risks and opportunities, including ESG, climate-related and OSH matters, are integral to its overall risk profile and shall be incorporated into its risk management and oversight processes.
- 6.2 In identifying, assessing and managing climate-related risks and opportunities, the Group shall have regard to the pillars of governance, strategy, risk management, and metrics and targets that underpin the climate-related disclosure requirements under the Listing Requirements, the recommendations of the Task Force on Climate-related Financial Disclosures, and the ISSB Standards adopted under the National Sustainability Reporting Framework.
- 6.3 The Committee shall oversee the Group's compliance with the phased implementation of the National Sustainability Reporting Framework applicable to the Group, and shall review the Group's readiness, including data collection, materiality assessment and assurance arrangements, in advance of each applicable reporting phase.

7. Authority

- 7.1 In discharging its responsibilities the Committee has, at the Company's cost:
- (a) explicit authority to investigate any matter within its Terms of Reference;
 - (b) all the resources required to perform its duties;
 - (c) full and unrestricted access to any information, records, property and personnel of the Group pertaining to risk management and sustainability matters;
 - (d) direct communication channels with Senior Management, and the ability to convene meetings at its discretion with any of them, without the attendance of other Directors, Management or employees of the Group; and
 - (e) the authority to obtain independent professional or other advice and to secure the attendance of any person with relevant experience or expertise it considers necessary.
- 7.2 The Committee's authority is exercised as a committee. An individual member has no authority to act alone in the name of the Committee except as expressly delegated by it.

8. Reporting and Disclosure

- 8.1 The Committee, together with the Audit Committee, shall review and recommend the Statement on Risk Management and Internal Control ("SORMIC") for approval by the Board, for inclusion in the Company's annual report in accordance with Paragraph 15.26(b) of the Listing Requirements, guided by the MCCG and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.
- 8.2 The Committee shall ensure that the SORMIC is reviewed by the External Auditors in accordance with Paragraph 15.23 of the Listing Requirements, and that the results of that review are reported to the Board.
- 8.3 The Committee shall review the Group's Sustainability Statement, including its climate-related disclosures prepared in accordance with the ISSB Standards adopted under the National Sustainability Reporting Framework, and shall satisfy itself as to whether the disclosures have been subject to internal review by Internal Audit or independent assurance in accordance with ISAE 3000 (Revised) or ISSA 5000, before recommending the Sustainability Statement to the Board for approval.
- 8.4 The Committee shall ensure that the Group's Sustainability Statement and climate-related disclosures are submitted through Bursa Malaysia Securities Berhad's Centralised Sustainability Intelligence platform, or such other platform as may be prescribed by Bursa Malaysia Securities Berhad from time to time.

9. Review and Publication

- 9.1 This Policy shall be reviewed by the Committee at least once every three years, and whenever there is a material change in the applicable law, regulation or governance guidance, or in the circumstances of the Group. Any amendment is subject to the approval of the Board.
- 9.2 This Policy shall be made available on the Company's website at www.ancomnylex.com.

DOCUMENT CONTROL

Document	Risk Management and Sustainability Policy
Owner	Risk Management and Sustainability Committee
Approved by	Board of Directors
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