

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with the practices set out in the revised Malaysian Code on Corporate Governance issued in April 2021, a listed company should establish an effective risk management and internal control framework and the Board of Directors (“Board”) should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Therefore, the Board is pleased to provide this Statement on Risk Management and Internal Control, prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by The Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## RESPONSIBILITY AND ACCOUNTABILITY

### Responsibility of the Board

The Board affirms its commitment and responsibility in maintaining a sound and effective system of risk management and internal control in safeguarding shareholders’ interests and the Group’s assets.

The Board is constantly and actively identifying the Group’s level of risk tolerance, assessing and monitoring the key business risks. The risk management and internal control system adopted by the Group are reviewed and updated periodically to align with the dynamic changes in the business operating environment as well as changes in regulatory requirements.

The Board acknowledges that the risk management and internal control system are designed to manage and reduce the risk of not achieving business objectives and can only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information and records, financial losses or fraud or any occurrences of unforeseeable circumstances.

### Board and Board Committees

For the financial year under review, there are ten (10) Directors on the Board comprising one (1) Managing Director/Chief Executive Officer (“MD/CEO”), six (6) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

The Board is supported by five (5) established Committees, namely the Audit Committee (“AC”), Board Governance and Risk Committee (“BGRC”), Nomination and Remuneration Committee (“NRC”), Board Tender Committee (“BTC”) and Board Investment Committee (“BIC”) which examine all matters within its scope and responsibilities, and report to the Board with its recommendations for the Board’s decision.

The responsibilities and functions of the Board, each of its committees and the individual directors are specified in its respective Terms of Reference and Board Charter.

### General Management Committee

The General Management Committee (“GMC”) is chaired by the Managing Director/Chief Executive Officer and comprises the Chief Financial Officer, Chief Strategy Officer, Chief People Officer, Chief Digital Officer and management team members from the respective business divisions and corporate support services.

The key roles of the GMC are to drive strategic execution, deliberate and resolve the Group’s key strategic and operational issues in a timely manner and keep track of key business developments.

The GMC also serves as a platform to monitor the Group’s strategic direction and for members to report on their respective business and operation plans to the Managing Director/Chief Executive Officer, highlight issues and devise solutions/corrective plans, as well as address other matters as directed by the Board and/or the Managing Director/Chief Executive Officer.

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## Risk Management Committee

The Risk Management Committee (“RMC”) is responsible to implement the policies and procedures established by the Board and Board Governance and Risk Committee (“BGRC”) in ensuring a sound and robust Risk Management Framework (“RMF”) to achieve the Group’s strategic objectives, safeguard shareholders’ investments and its assets.

The RMC is chaired by the Group’s Managing Director/Chief Executive Officer and its members include the Group’s Executive Leadership Team, comprising Heads of Business Units and co-opted members from the management team of the Group.

### The RMC undertakes the following responsibilities:

Review and recommend risk management policies and procedures for the approval or acknowledgement of the BGRC and Board and Managing Director/Chief Executive Officer respectively;

Review and deliberate on identified risks, controls and risk mitigating strategies to ensure that these are adequately managed;

Act as Primary Champion of risk management at strategic and operational levels;

Review the Group’s resilience in event of a crisis or disaster and ensure adequate insurance coverage against key risks and perils;

Review the ongoing adequacy and effectiveness of the risk management process;

Oversee the establishment and effectiveness of the Group’s practices in integrity and compliance management programmes to drive and embed a culture of ethical behaviour and integrity; and

Ensure that the BGRC and Board receive adequate and appropriate information for review and decision-making purposes.

The RMC is assisted by the Risk, Integrity & Compliance Department (“RICD”), which is primarily responsible for the implementation of the risk management, business resilience and compliance integrity processes and practices within the Group. A Charter, which defines RICD’s responsibilities, scope and authority, has been established and endorsed by the Board.

## RISK MANAGEMENT

Managing risks is an integral part of the Group’s daily business activities and management decision making process. It involves the activity of identifying, assessing, monitoring and managing risks and uncertainties that could inhibit the Group’s ability to achieve its strategy and strategic objectives.

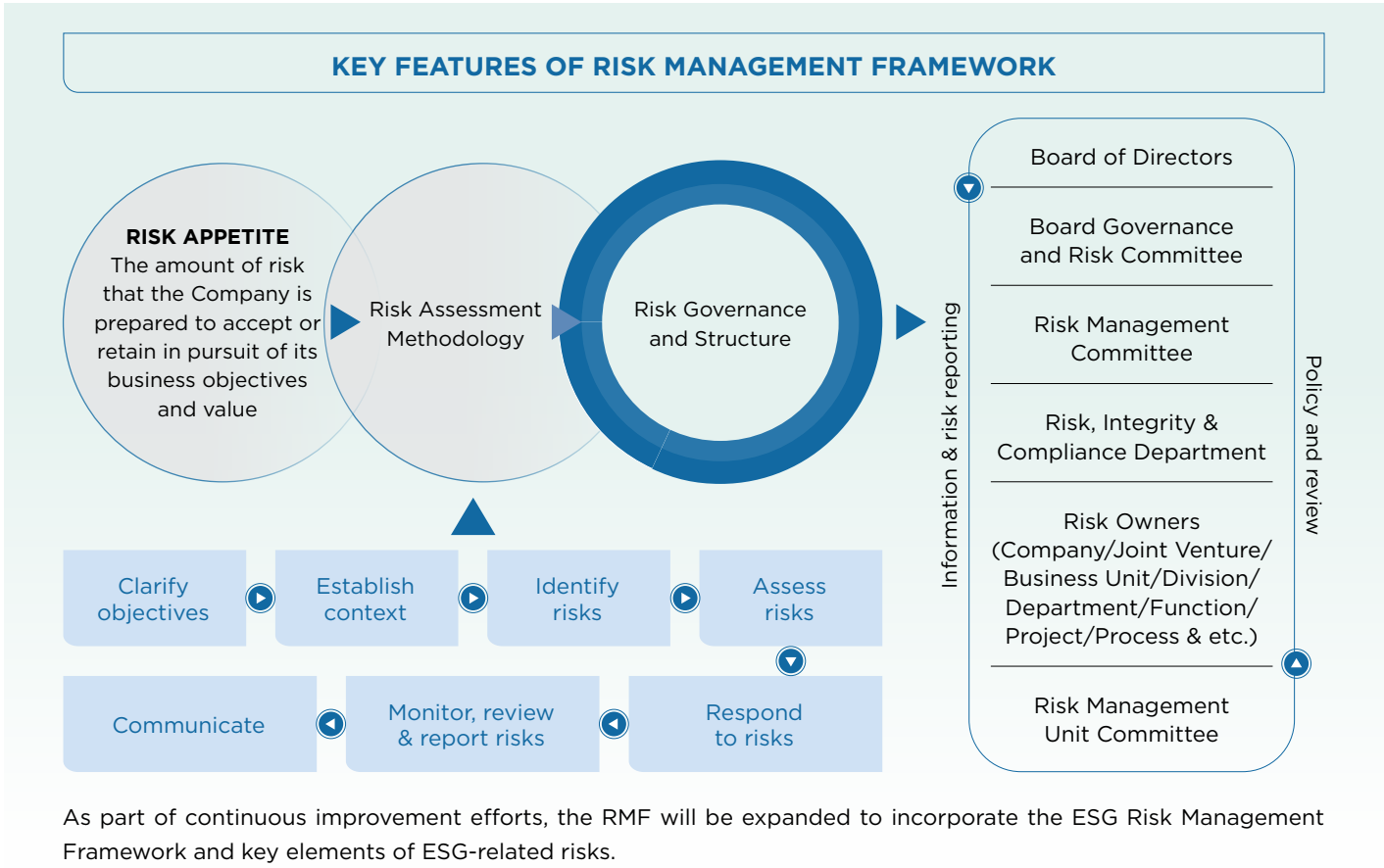
### Risk Management Framework

The Group has in place a Risk Management Framework (“RMF”) that provides the foundation and organisational arrangement for managing risk across the Group.

Principally aligned with ISO:31000, the RMF sets out the context and objectives, emphasising on enterprise-wide risk assessment and management encompassing the identification, assessment and measurement, mitigation responses, as well as monitoring, communicating and reporting of risks.

The RMF serves as a tool in managing both existing and emerging risks with the objective to enhance and protect stakeholders’ interests and at the same time to safeguard the Group’s assets and reputation.

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Risk Management Approach

The Group’s risk management approach adopts a process which entails a consistent and systematic approach in the identification, assessment, monitoring and reporting of risk exposures.

The risk management process is applied throughout the whole of the Group (enterprise level) or to any part of a business (i.e., divisions, departments, functions, business units and projects).

The risk management approach comprises sequential steps of activities that are interrelated and iterative as follows:

- a. Set / clarify business objectives  
Set and understand the objectives for the Group and/or its business.

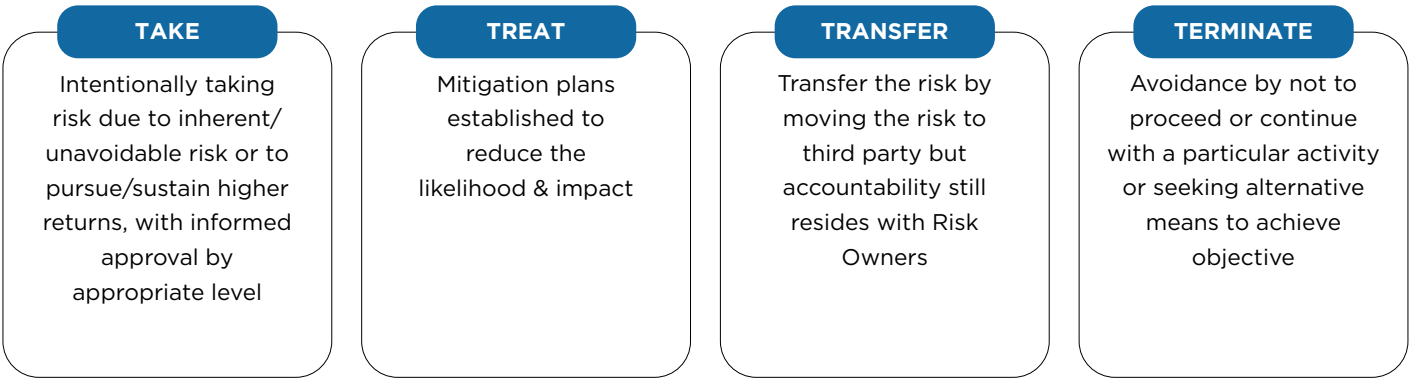
- b. Establish the context  
Define the context and boundaries within which the Group and/or the business operates.
- c. Risk Identification  
Identify risks together with their respective causes and consequences which could affect / impact the achievement of the Group and/or business objectives.
- d. Risk Assessment  
Identified risks are prioritised to determine the overall effect on the Group and/or business by evaluating the potential impact on business objectives should a risk materialise together with the likelihood of its occurrence.

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The Group adopts the following risk rating matrix to articulate the relationship between risk impact and likelihood:

Risk Rating					
Likelihood	Risk Impact				
	Insignificant	Minor	Moderate	Major	Catastrophic
Certain	Medium	Significant	Significant	High	High
Likely	Medium	Medium	Significant	Significant	High
Possible	Low	Medium	Medium	Significant	High
Unlikely	Low	Medium	Medium	Significant	Significant
Remote	Low	Low	Medium	Medium	Significant

- e. Risk Response  
Risk treatment involves developing a range of responses and options for mitigating the risks.
- The Group adopts the **4Ts** (*Take, Treat, Transfer & Terminate*) strategy in responding to the identified risks and qualifies these risks according to the acceptable levels by the relevant risk owners and stakeholders.



- f. Monitor, review and report risks  
Risk events and trends to be continually reviewed, assessed and monitored. Similarly, risk responses and mitigation plans are monitored continuously to ensure their relevance and effectiveness and are operating as designed and expected.
- g. Communication  
Communication is required for an effective risk management programme. The evolving business conditions continuously alters the risk profile of the Group and/or business, hence, frequent and explicit engagement and discussions about risk is vital to maintain continuous awareness and effective management of key risks.

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Summary of Risk Management Activities

Risk management activities undertaken for the financial year at the Group and subsidiaries to instil a proactive risk management culture and ownership are as follows:

Periodic risk awareness briefings and risk management workshops are conducted as part of continuous efforts to inculcate a proactive risk-aware culture within the Group.

Risk Management Status Reports are produced quarterly at the minimum and are presented to the RMC, BGRC and Board for deliberation and approval.

Quarterly review and monitoring implementation of risk action plans by RICD to ensure their appropriateness and effectiveness.

Identification and reporting of emerging, key business risks and mitigation plans to the RMC, BGRC and Board for deliberation and approval.

Provides risk management consultation and advisory services to projects, investment and potential business leads.

INTERNAL CONTROLS

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include:

Policies and Procedures

Written policies are established to guide how a department or an individual within the Group works or behaves and provides guidance to employees as to what their obligations are. Some policies are supported by procedures which describe the steps the employees shall take to produce an output or to complete a process. The policies and procedures also form part of the various management systems which are reviewed and updated periodically as part of continual improvement to ensure that they remain relevant and reflective of the Group's operating and business environment.

The Group, via its subsidiaries, have in place several Internationally Accredited Management Systems (for e.g., ISO 9001:2015 – Quality Management System, ISO 45001:2018 – Occupational Quality Health & Safety Management System, ISO 14001:2015 – Environmental Management System, ISO 13485 – Medical Devices Quality Management System and ISO 39001:2012 – Road Traffic Safety Management System) to standardise its management and operational processes and to further improve its efficiency. These certifications reflect the Group's commitment to ensuring quality deliverables to customers, safeguard safety and health of employees and safeguard the environment.

The Group has also established a HSSE Management Systems, comprising HSSE Rules, standard operating procedures and processes, to inculcate a strong HSSE culture, behaviour and sustainable HSSE performance. This also includes introducing an enhanced UEM Edgenta HSSE Management System Manual which seeks to make the HSSE execution simpler and more aligned within the Group.

The Group has dedicated teams to carry out Quality Assurance/ Quality Control, and Health, Safety and Environment activities to ensure continuous improvement of processes and ongoing compliance with the established internal policies and procedures, International Management System Standards, contracts and relevant legal and other requirements.

Organisational Structure

The organisational structure of the Group is clear and detailed, defining the roles, responsibilities and reporting line of the various Committees of the Board; Management of the Corporate Office and subsidiaries; departments and individuals.

The Board appoints the Managing Director/Chief Executive Officer of the Group, Chief Financial Officer, Chief Strategy Officer, Chief People Officer, Chief Digital Officer, and Heads of Divisions / Business within the Group, as well as holders of mission-critical position.

The organisational structure is reviewed regularly to assess its effectiveness and to ensure that it is in line with any changes in business requirements.

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Operating Plans and Strategies

The Group undertakes a comprehensive annual budgeting and forecasting exercise during the development of business plans for each operating divisions are aligned with the 5-year Group Operating Plan, including the short-term and long-term strategic plans.

Each Business Division is responsible to carry out a detailed analysis on both current and prior years' performances and identify the strategic priorities for consideration and commitment in the Group Annual Operating Plan ("AOP"), 5-year Group Operating Plan and Strategic Plan. These form the basis for the development of Key Performance Indicators ("KPIs") to be included in the Group's Corporate Scorecard and Managing Director/Chief Executive Officer's Scorecard which are deliberated and reviewed by the Board for approval.

The approved AOP, 5-year Group Operating Plan and Strategic Plans are cascaded to the senior management team in each Business Division for planning, monitoring and execution.

The Group monitors the business performance of respective Business Divisions through its KPIs and measures them against the approved Group AOP, 5-year Group Operating Plan and Strategic Plan on a regular basis via its General Management Committee meetings and other ad hoc meetings to be carried out by the senior management as and when necessary. Reports and analysis on variances against the Group AOP are prepared and monitored, taking into consideration current and future macro/microeconomic situations and business landscapes. A report on the year-to-date quarterly Group results and performance is submitted and presented to the Board on a quarterly basis.

The management is responsible for identifying and executing any mitigation actions, where necessary.

Employee's Authority and Responsibility

UEM Edgenta's internal controls are embedded within the responsibility of each employee as specified in the Job Description.

The establishment of performance monitoring serves as a tool to monitor performance against the set KPIs and targets at various levels, covering key financials, customers, internal business processes and learning and growth indicators.

Discretionary Authority Limits

Clear delegation of authority is defined in the Discretionary Authority Limits ("DAL"), which sets the limit for strategic, operating and capital decisions and expenditures, as well as decision authority for each level of management within the Group, and also the Board's authority.

The DAL is reviewed from time-to-time to ensure effectiveness of strategic and operational executions.

Procurement

In parallel with the implementation of Oracle ERP, GPCM functions as a centralised and coordinated procurement function to control and manage procurement activities within each of the Group's key business division, encompassing eight (8) key areas, namely, Procurement Strategy & Performance, Category Management, Vendor Management, Sourcing, Purchasing Admin, Contract Management, Master Data Management, and Inventory Management.

The potential risks pertaining to these key areas are mitigated through procedural governance and compliance monitoring of the SOPs users. The SOPs will be reviewed periodically and updated as and when required to ensure continuous improvement of internal controls and taking into consideration any additional process improvement required.

The provisions for Integrity & Compliance (i.e., Code of Conduct for Business Partner, Business Partners Letter of Declaration), HSSE Management Requirements are incorporated accordingly in the procurement terms and conditions to create awareness on our anti-bribery, anti-corruption, safety and accountability policies amongst our suppliers and contractors at the early stage of engagement with these stakeholders.

Insurance on Assets

UEM Edgenta always maintains comprehensive insurance coverage such as general, motor, employee, cyber, asset, project and others to mitigate potential losses arising from unforeseen incident.

Regular reviews of insurance coverage are conducted to align with the dynamic business environment and changing operational profiles, ensuring that the level of coverage remains sufficient and responsive to evolving risk factors.



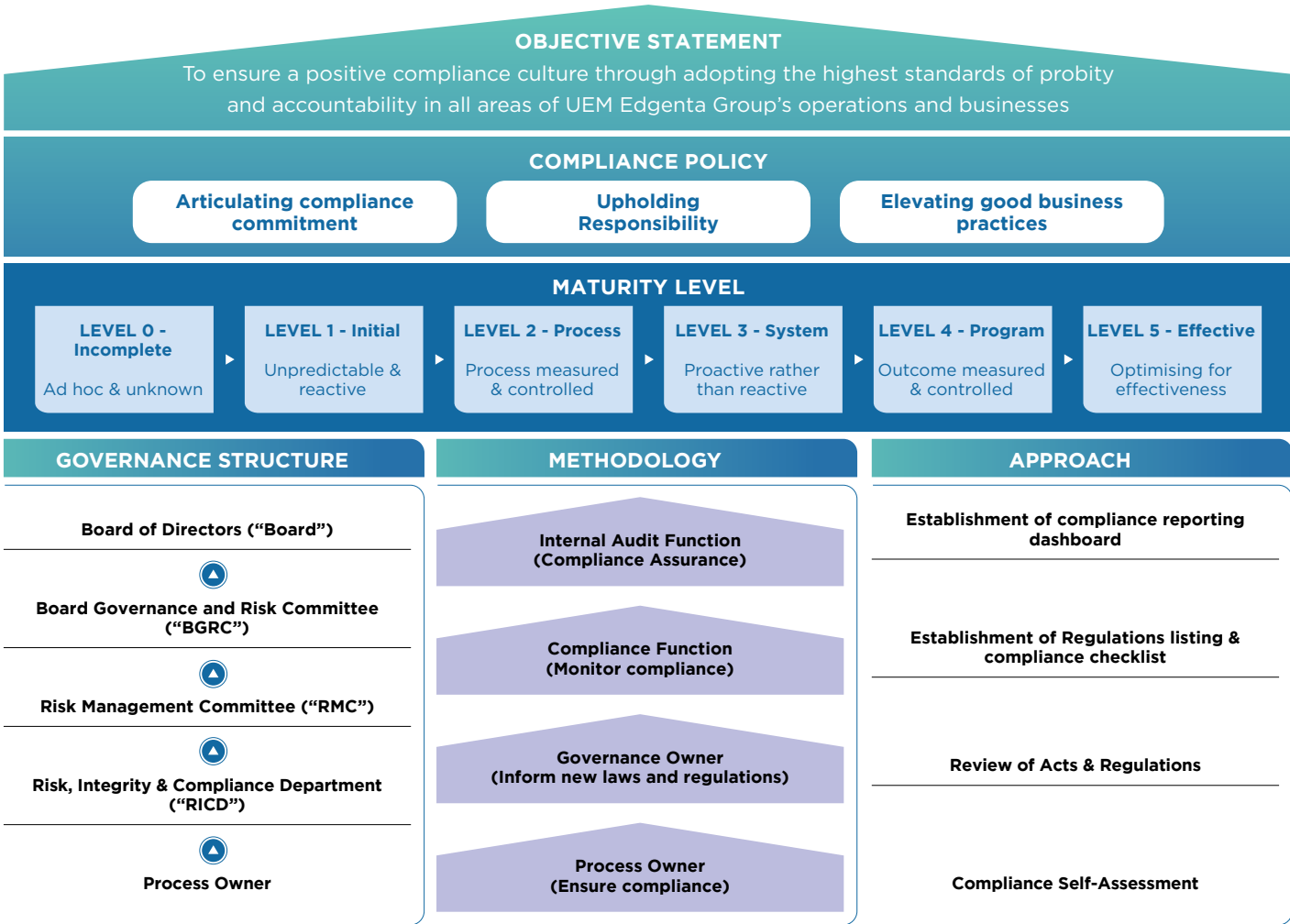
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Integrity & Compliance

Integrity  
UEM Edgenta is committed to support the national anti-corruption efforts by adopting zero-tolerance approach against all forms of corruption and embedding the integrity within our F.I.R.S.T core values. Our initiatives in preventing bribery and corruption are in line with the requirements of subsection 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 by adopting the T.R.U.S.T principle. The details disclosure on our Corporate Integrity and Ethical Business Conduct can be found on pages 247 - 251 of this Integrated Annual Report

Compliance  
UEM Edgenta’s compliance management involves a comprehensive approach to maintaining an effective compliance policy and program consistent with the applicable laws and regulations to safeguard the reputation and integrity of UEM Edgenta.

UEM Edgenta’s Compliance Unit adopts the following Compliance Framework in undertaking its compliance commitment:



The Compliance Framework sets out the approach for UEM Edgenta in managing regulatory compliance obligations and mitigating compliance risk, in order to achieve its compliance objective.

The Compliance Unit is spearheading the compliance management process ensuring the effectiveness of the compliance process and establishing appropriate compliance monitoring to address and report on any compliance issues. The outcome of the monitoring activities is reported to the RMC, BGRC and Board.

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Business Continuity Management

UEM Edgenta maintains an unwavering commitment to fortifying organisational resilience through the implementation of a robust Business Continuity Management (“BCM”) program. This strategic initiative aligns with the organisation’s ongoing efforts to ensure the sustainability of operations and the seamless delivery of essential services, even in the event of crises or disasters. Key components of this commitment include the development and implementation of comprehensive plans such as Business Continuity Plan (“BCP”), Crisis Management Plan (“CMP”), Disaster Recovery Plan (“DRP”), Crisis Communication Plans (“CCP”), Emergency Response Plan (“ERP”), Pandemic Plan (“PP”), Cyber Incident Response Plan (“CIRP”) and other measures aimed at supporting the continuous functioning of business operation.

As part of the ongoing enhancement of the BCM program, UEM Edgenta has initiated the ISO 22301:2019 BCMS Certification exercise, reinforcing its dedication to ensuring business continuity and resilience.

To further solidify this initiative, UEM Edgenta has been selected under the 12th Malaysia Plan (Rancangan Malaysia Ke-12) by Cybersecurity Malaysia under the Ministry of Communication & Digital to obtain the Business Continuity Management System (“BCMS”) certification.

Human Resources Management

UEM Edgenta’s internal controls are realised and supported by a formal organisational structure. This official structure is made of defined lines of authority, responsibility and accountability. These lines of authority, responsibility and accountability are continuously and transparently updated and improved to demonstrate good governance.

Talent acquisition standard operating procedures and guidelines are established within UEM Edgenta and its subsidiaries. This is to ensure the selection of suitable candidates who meet the job requirements and core competencies for the role in UEM Edgenta. Potential candidates will go through a structured recruitment process which includes interviews by the hiring manager and relevant stakeholders; and for certain roles, additional assessments would be applicable. A thorough and complete pre-employment background screening which includes medical screening, checks on past employment records, education and qualification records, credit records, criminal records, directorship and reference check, would be performed before the job offers are issued. This is a control measure to minimise the risk to the Company.

To ensure that we are able to develop a capable, agile and competitive workforce, employees are provided with structured internal technical and soft skills training, mobility opportunities and external development programmes, as well as professional certification opportunities for identified employees. Technical skills training is also prioritised through the development of a technical competency framework and subsequent development interventions. These interventions are tied back to the Individual Development Plan of our employees.

Management Information System (“MIS”)

UEM Edgenta places a paramount emphasis on prioritising cyber security to safeguard its digital infrastructure and incorporates effective governance measures. This commitment is reflected in the implementation of robust access controls and the execution of security audits which form integral components of the governance framework. By adopting this proactive approach, the Group aims to not only meet industry best practices but also fortify its defence against evolving cyber threats.

The Group employs a discerning strategy that strikes a delicate balance between harnessing the advantages of cloud technology and ensuring the utmost confidentiality and integrity of its data assets. This entails a continuous cycle of assessments and updates, where the Group meticulously evaluates the evolving landscape of cyber risks and adjusts its security measures accordingly. The proactive stance towards cloud technology use underscores the Group’s commitment to staying ahead of potential vulnerabilities while leveraging the efficiencies and flexibility offered by cloud-based solutions.

In essence, the Group’s comprehensive approach to cyber security underscores its dedication to not only meeting compliance standards but also staying at the forefront of technological advancements, thereby fostering a resilient and secure digital environment.

Disaster Recovery Planning

The Business Continuity Management (“BCM”) process within the Group extends to encompass Disaster Recovery Planning (“DRP”), aimed at ensuring the utmost security for data, systems, and applications stored in the cloud.

UEM Edgenta places emphasis on the swift and efficient retrieval of company data, a pivotal aspect of its strategy for maintaining seamless business continuity. The emphasis on quick access to data is instrumental in minimising downtime

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during unforeseen events or disasters, thereby preserving overall productivity levels. Through this comprehensive approach to BCM, the Group not only safeguards its digital assets but also fortifies its resilience against potential disruptions, demonstrating a commitment to maintaining operational continuity and safeguarding business interests.

### Joint Ventures and Associates

The disclosures in this statement do not include the risk management and internal control practices of the Group's joint venture and associate companies, as the Board does not have any direct control over their operations.

The Group's interests in these entities are safeguarded through the representation on the Boards of the respective companies where management accounts and periodical reports are received and reviewed, as well as deliberation on proposals related to these companies. Such representation also provides the Board with information for decision-making on the continuity of the Group's investments based on the performance of the Group's joint venture and associate companies.

### Internal Audit

The Group has established its own Internal Audit Department ("IAD") to carry out the internal audit function of the Group. IAD reports functionally to the Audit Committee ("AC") and administratively to the Managing Director/Chief Executive Officer. The IAD regularly reviews the Group's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by the management. The reviews conducted are based on the risk-based Annual Audit Plan approved by the AC. The results of audit reviews, including status of management action plans to address gaps identified in the governance processes, risk management processes and controls during the engagements are reported regularly to the AC for deliberation.

The Group has also established a Management Audit Committee ("MAC") to ensure effective actions are taken to address internal control weaknesses and proper closures of all audit issues and areas for improvement highlighted by the IAD. The MAC is chaired by the Managing Director/Chief Executive Officer and holds its meeting regularly.

Internal control weaknesses and areas for improvement regarding risk management and governance identified during the financial period under review have been or are being addressed by the management. None of the weaknesses

identified have resulted in any material loss that would require disclosure in the Group's financial statements.

### ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Managing Director/Chief Executive Officer and Chief Financial Officer that a review on the adequacy and effectiveness of the risk management framework and internal control system has been undertaken and the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditor has performed limited assurance procedures on this Statement on Risk Management and Internal Control in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board on 26 March 2024.

### CONCLUSION

The Board is of the view that the risk management and internal control system are in place for the year under review, and up to the date of approval of the Statement on Risk Management and Internal Control, are sound and sufficient to safeguard shareholders' interests and the Group's assets.