# ZHULIAN®

## ZHULIAN CORPORATION BERHAD

**Company No. 199701000031 (415527-P)**

(Incorporated in Malaysia)

# ENTERPRISE RISK MANAGEMENT POLICY

1. **INTRODUCTION**

   Zhulian Corporation Berhad and its subsidiaries ("the Group") recognize risk management as a strategic and integral part of its corporate governance, culture, and business operations. This Enterprise Risk Management (ERM) Policy ("Policy") provides a structured and consistent approach aligned with the principles and guidelines of ISO 31000:2018 for identifying, assessing, treating, monitoring, and communicating risks across all levels of the Group.

2. **PURPOSE**

   The purpose of this Policy is to:
   • Establish a robust and uniform risk management framework across the Group.
   • Promote a risk-aware culture in line with the Group's strategic goals and values.
   • Provide guidelines for effective and informed decision-making at all organizational levels.
   • Define roles, responsibilities, and accountabilities related to risk management.

3. **SCOPE**

   This Policy applies to all departments, operations, subsidiaries, and employees within the Group. It is applicable to strategic, operational, financial, compliance, reputational, technological, ESG-related, and project risks, including emerging risks.

4. **RISK MANAGEMENT PHILOSOPHY**

   The Group is committed to managing risk proactively and systematically to protect and create value. While recognizing that not all risks can be eliminated, the Group ensures that all significant risks are identified, evaluated, and managed in accordance with its risk appetite and tolerance. The Group strives to integrate risk considerations into decision-making, strategic planning, performance management, and daily operations.

5. **PRINCIPLES**

   The Group adopts the following principles of ISO 31000:2018 to ensure effective risk management:
   • Integrated with all business activities
   • Structured and comprehensive for consistent results
   • Customized to the Group's context
   • Inclusive of stakeholder input
   • Dynamic to adapt to change
   • Based on best available information
   • Influenced by human and cultural factors
   • Continuously improved through feedback and learning

6. **GOVERNANCE, ROLES AND RESPONSIBILITIES**
   6.1. **Board of Directors**
   • Approves the ERM framework and policy.
   • Determines the Group's risk appetite and tolerance.
   • Provides strategic oversight and monitors risk exposures.

**6.2.**  **Risk Management and Sustainability Committee (RMSC)**
- Reviews risk philosophy and ERM framework effectiveness.
- Oversees sustainability and ESG-related risks.
- Assesses the adequacy of resources and capabilities.

**6.3.**  **Executive Management Committee (EMC)**
- Reviews and deliberates on key strategic, financial, operational, compliance, and project risks.
- Recommends the Group's risk appetite, policies, and frameworks to the RMSC.
- Monitors emerging risks, regulatory developments, and changes in the business environment, escalating significant matters to the RMSC.
- Ensures risk management is embedded in business planning, budgeting, and performance management.
- Promotes a strong risk and sustainability culture across the Group.

**6.4.**  **Risk Management Working Group (RMWG)**
- Coordinates risk identification, mitigation planning, and internal risk reporting.
- Develops methodologies and ensures consistency across the Group.

**6.5.**  **Risk Owners**
- Heads of departments or process owners responsible for specific risk areas.
- Accountable for identification, analysis, treatment, and monitoring of risks in their domains.

**6.6.**  **Employees**
- Understand and manage risks in their day-to-day duties.
- Report any incidents or risks promptly to their Risk Owner.

**6.7.**  **Internal Audit**
- Provides independent assurance on the adequacy and effectiveness of the risk controls and processes.

**7.**  **RISK MANAGEMENT FRAMEWORK**

The following diagram describes the risk management process adopted by the Group based on ISO31000 Risk Management Principles and Guidelines.
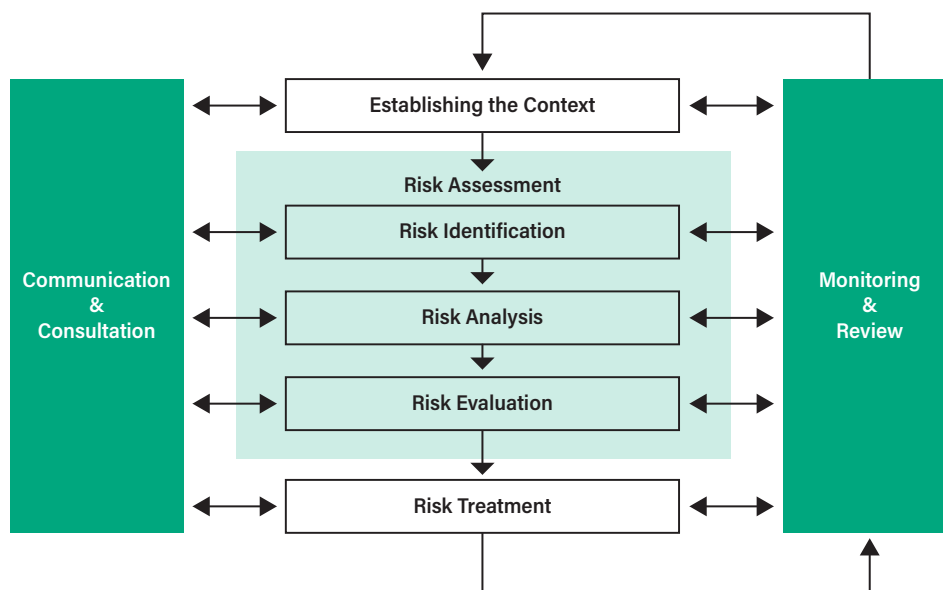
### 7.1. Establishing the Context
- Define internal and external environments relevant to the business.
- Align risk management objectives with the Group's strategic priorities.

### 7.2. Risk Identification
- Identify existing and potential risks across functions, projects, and strategies.
- Consider sources, events, causes, and potential impacts.

### 7.3. Risk Analysis
- Assess likelihood and consequence of risks using a standardized risk matrix.
- Evaluate interdependencies and control effectiveness.

### 7.4. Risk Evaluation
- Prioritize risks based on risk rating (e.g., Extreme, High, Medium, Low).
- Recommend escalation and resource allocation accordingly.

### 7.5. Risk Treatment
- Determine and implement appropriate risk responses:
  - Accept
  - Reduce (mitigate)
  - Transfer (e.g., insurance)
  - Avoid
- Develop and document treatment plans with responsible persons and timelines.

### 7.6. Communication and Consultation
- Engage stakeholders internally and externally to build risk awareness and ownership.
- Promote open dialogue and feedback loops at all levels.

### 7.7. Monitoring and Review
- Continuously monitor risk environment, control effectiveness, and treatment progress.
- Update risk registers and escalate material changes.

### 7.8. Recording and Reporting
- Maintain up-to-date records of risk profiles, treatment plans, and mitigation activities.
- Periodic reports submitted to the RMSC and Board.

## 8. MONITORING & CONTINUAL IMPROVEMENT
The Group commits to periodically evaluating the ERM framework and improving it based on:
- Changes in business strategy or risk profile.
- Results from audits, reviews, and feedback.
- Lessons learned from incidents or near-misses.

## 9. PERIODIC REVIEW
This policy shall be reviewed and approved by the Board annually or more frequently as required to ensure its continued relevance and alignment with evolving standards, business priorities, and regulatory changes.

## 10. EFFECTIVE DATE
This Policy was reviewed and approved by the Board of Directors of Zhulian Corporation Berhad on 22 October 2025 and supersedes all previous versions.