

CSH ALLIANCE BERHAD

[Registration No. 200001002113 (504718-U)]

(Incorporated in Malaysia)

**RISK MANAGEMENT POLICY
(Updated on 18 October 2022)**

CSH Alliance Berhad ("**CSH**") and its subsidiaries ("**the Group**") is committed to implement an effective enterprise risk management ("**ERM**") framework to ensure sustainable business growth and promote a proactive approach in reporting, evaluating and managing risks associated within the Company, in-line with the agreed risk framework and accepted by the Risk Management Committee and approved by the Board of Directors.

1. Board's Responsibility

- (a) The Board is responsible and accountable for maintaining sound processes on risk management and internal control practices to safeguard shareholders' investments and the Group's assets. Such processes cover not only financial but also operational and compliance controls. In view of the limitations inherent in any process, the risk management and internal control processes and procedures put in place can only manage risks within tolerable levels, rather than eliminate the risk of failure to achieve the Group's business objectives.
- (b) Together with the Board and our Risk Management Committee, we try to determine our core capabilities, divisions, competitive advantages, the formation of the value-added chain, and thus key factors which contributes to the Group's value drivers. The risk management strategy will align ERM resources and actions with business strategy necessary to maximise organisational effectiveness. Linking the business strategies to ERM can also provide a context for setting risk appetite and risk measures so that they are linked to the strategic plan of the Group.
- (c) The following key internal control structures are in place to assist the Board to maintain a proper internal control system. It sets the tone for risk management that guides all employees of the Group in dealing with risks in a rational, target-oriented manner:-
 - (i) CSH's risk management policy statement shall be adopted by all business units and divisions and the risk management decisions shall be made at the operating level where knowledge and expertise reside. Responsibility for risk management will be undertaken by business units/divisions with appropriate advisory guidelines from the Risk Management Committee;
 - (ii) the Board strongly supports risk management with formal reporting. Risk management is periodically on the Board's agenda, and the Board and senior management are aware/trained on identifying risks;
 - (iii) risk management is linked to business and operational planning, and is generally incorporated into new projects; and
 - (iv) the risk management process is meant to promote a proactive risk management approach and create the necessary risk awareness and cultivate an intra-group risk and control culture.

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2. Risk Management Policy

CSH has appointed the risk management committee as being responsible for risk management policy which covers organisational, financial and operational aspects of the Company's affairs.

(a) Business Risk Management

The Committee has identified key business risks for the Group.

The Company manages its activities within budgets and operational and strategic plans. The Committee together with Operational Management work to safeguard assets and to ensure business risks are identified and appropriately managed.

(b) Internal Controls

The Board is responsible for the overall internal controls within the organisation, but recognises that no internal cost effective control system will preclude all errors and irregularities. The Board examines the adequacy of the nature, extent and effectiveness of the internal control processes of the Company and relies on a review by the outsourced internal auditors and the declarations made by senior executives.

(c) Financial Reporting

A comprehensive annual budgeting process is in place to evaluate the feasibility and viability of the Company's businesses and to ensure that the Group's business plans are in line with the Group's future strategic plans. Annual budgets are prepared by the respective department and deliberated with the Board of Directors for discussions and approval before the commencement of a new financial year. Quarterly financial statements and the Company's performance are reviewed by the Audit Committee, which subsequently recommends them to the Board for their consideration and approval.

(d) Operations Review

Members of the Board regularly visit the Company's development project areas to review all practices including the environmental and safety aspect of the operations.

(e) Investment Appraisal

The Board will review and conduct due diligence requirements on potential acquisitions or divestments prior to its execution.

(f) Environment and Safety

The Company is committed to ensuring that a sound environmental management and safety practices are carried out in its operations and exploration activities, in compliance with relevant statutory requirements relating to environmental matters, workplace health and safety and community relationships.

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(Risk Management Policy - cont'd)

3. Applicability

This policy applies to the Group, management and staff, with immediate effect.

4. Policy statement

CSH is committed to integrating risk management practices into all business processes and operations to drive consistent, effective and accountable action, and management practices.

The Group recognises that risk is dynamic and is inherent in all external and internal operating environments and is committed to managing risks effectively. Just as risk is inherent in our operations, risk management is also inherent in all decision making and management processes.

Risk management is a priority and will be implemented through consultation with the Board, Directors, Executives and all employees.

This Risk Management Policy was reviewed and updated by the Board of Directors on 18 October 2022.