



RISK MANAGEMENT POLICY

Process Owner: Finance & Operation Department

Intended Users: ABNT Group - All Users

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Version 2.5

1. Introduction

ABNT Global Sdn Bhd is committed to safeguarding its operations, assets, and reputation by effectively managing risks across all facets of the business. Our Risk Management Policy ensures that risks are identified, evaluated, mitigated, and monitored in a structured manner, aligned with international best practices and regulatory requirements. The policy underscores the company's commitment to achieving business objectives while minimizing the potential for harm, whether internal or external, that may impede the achievement of those objectives.

2. Purpose and Objectives

The primary purpose of this policy is to provide a clear framework for managing risks across ABNT Global Sdn Bhd's diverse operations. Our risk management practices are designed to:

- Identify potential risks to operations, assets, employees, and stakeholders.
- Evaluate the impact and likelihood of those risks to ensure they are properly understood and prioritized.
- Develop effective risk mitigation strategies to reduce exposure to unacceptable risks.
- Establish clear roles and responsibilities for managing risks at all levels of the organization.
- Foster a proactive risk management culture across the company.
- Ensure that the company complies with all relevant regulatory, legal, and contractual obligations while supporting sustainable business growth and operational excellence.

3. Scope

This policy applies to all functions and operations of ABNT Global Sdn Bhd, including construction, water management, technology services, and any other divisions or projects undertaken by the company. It encompasses risks that may arise from strategic decisions, operational activities, financial matters, legal obligations, technological changes, market conditions, and environmental factors.

4. Risk Management Framework

ABNT Global adopts a structured, enterprise-wide approach to risk management that aligns with the principles set forth in the **ISO 31000:2018** Risk Management Guidelines. Our risk management framework consists of several key stages to identify, assess, manage, and monitor risks systematically.

4.1 Risk Identification

The first stage of the risk management process is to identify potential risks that could impact the company's objectives. This involves a comprehensive analysis of both internal and external sources of risk, considering factors such as market volatility, technological advancements, regulatory changes, competitive pressures, environmental hazards, and geopolitical risks. The identification process is dynamic, with regular updates and reviews to ensure that emerging risks are promptly recognized.

4.2 Risk Assessment

Once risks are identified, they are assessed in terms of their likelihood and potential impact on the company's operations and objectives. Risk assessments will prioritize risks according to their severity, considering factors such as:

- **Likelihood:** The probability of a risk occurring.
- **Impact:** The potential consequences or severity of the risk if it materializes.
- **Urgency:** The need for immediate action to address the risk.

The risks are categorized as follows:

- **Low Risk:** Risks with minimal impact and low likelihood of occurrence.
- **Moderate Risk:** Risks that could have a moderate impact and are somewhat likely to occur.
- **High Risk:** Risks that could significantly disrupt operations and may occur with some probability.
- **Critical Risk:** Risks that could cause severe disruption to the company, its operations, and stakeholders, requiring urgent mitigation efforts.

4.3 Risk Treatment and Mitigation

Following risk assessment, ABNT Global implements strategies to manage and mitigate identified risks. Depending on the nature of each risk, the following treatment options may be applied:

- **Risk Avoidance:** Modifying plans, processes, or strategies to eliminate the risk entirely.
- **Risk Reduction:** Implementing measures to reduce the likelihood or impact of the risk, such as improving internal controls or redesigning processes.
- **Risk Transfer:** Shifting the risk to third parties through insurance, outsourcing, or other contractual mechanisms.
- **Risk Acceptance:** In certain situations, a decision may be made to accept the risk if its impact is deemed manageable or if mitigation measures are not feasible.

4.4 Risk Monitoring and Review

ABNT Global commits to continuous monitoring and review of identified risks to ensure that mitigation strategies remain effective over time. The company will regularly evaluate the risk landscape and adjust strategies as necessary to accommodate changes in internal operations or external factors. Key risks will be reported to senior management, who will be responsible for oversight and review of risk management activities. All identified risks will be tracked through a **Risk Register**, which will document the status and progress of mitigation efforts.

5. Roles and Responsibilities

The effective management of risk requires active involvement at all levels of the organization. The following roles and responsibilities are defined:

- **Board of Directors and Senior Management:** Provide leadership and overall governance for the risk management process, ensuring that adequate resources are allocated and that risk management is integrated into strategic decision-making. They are ultimately accountable for the management of risk within the company.
- **Risk Management Committee:** A cross-functional team responsible for the coordination of risk management activities, development of risk policies, and implementation of risk treatment strategies across the organization. This committee is tasked with monitoring key risks, evaluating mitigation strategies, and reporting to senior management.
- **Department Heads and Managers:** Responsible for identifying risks within their departments, ensuring that appropriate mitigation strategies are implemented, and monitoring the effectiveness of these strategies on an ongoing basis.
- **Employees:** All employees are expected to participate in the company's risk management efforts by adhering to risk management procedures, identifying potential risks within their areas of responsibility, and reporting them to management.

6. Risk Register

ABNT Global will maintain a **Risk Register** to track identified risks, their assessment, treatment plans, and progress in mitigation efforts. The Risk Register is a central tool for managing risks and will be updated regularly as new risks are identified or as existing risks change in severity.

7. Training and Awareness

To ensure that all employees are equipped with the knowledge and tools to manage risks effectively, ABNT Global will provide regular risk management training. This includes educating employees on the identification and mitigation of risks within their respective roles, as well as fostering a risk-aware culture throughout the organization. Training will be conducted on a periodic basis, and all new employees will undergo an introductory risk management training program as part of their onboarding process.

8. Communication and Reporting

Clear and effective communication is essential for the successful management of risk. ABNT Global will ensure that risk information is communicated in a timely manner to all relevant stakeholders, including senior management, department heads, and employees. The company will maintain an open reporting environment where risks can be escalated without fear of reprisal. Senior management will receive periodic reports on the status of key risks and ongoing risk mitigation efforts.

9. Compliance and Legal Considerations

ABNT Global is fully committed to compliance with all relevant local, national, and international laws, regulations, and industry standards pertaining to risk management. This includes compliance with **CIDB** (Construction Industry Development Board) and **SPAN** (Suruhanjaya Perkhidmatan Air Negara) regulations, as well as adherence to contractual obligations, legal responsibilities, and environmental standards.

10. Continuous Improvement

ABNT Global is committed to the continuous improvement of its risk management processes. We will regularly review and update the Risk Management Policy to ensure its relevance and effectiveness. Feedback from employees, contractors, and stakeholders will be actively sought to identify opportunities for enhancing our risk management practices.

11. Conclusion

ABNT Global Sdn Bhd recognizes that effective risk management is essential to the long-term success and sustainability of the organization. Through the implementation of this comprehensive Risk Management Policy, we aim to identify, assess, mitigate, and monitor risks in a systematic manner, ensuring that we protect our assets, operations, and reputation. Our commitment to proactive risk management will help us navigate the complexities of the business environment and continue to deliver exceptional value to our stakeholders.