

# RISK MANAGEMENT POLICY

Risk management supports PBA Holdings Bhd. (“PBAHB”)’s endeavour to achieve its mission of meeting Penang’s water supply needs.

Risk management is an integral part of corporate governance. The Board shall be reasonably assured that adverse impacts arising from a risk event on the company’s objectives are mitigated and managed.

Management shall be responsible to promote a risk culture, where employees are aware of the risks and opportunities faced by the organisation.

Decision making will be enhanced by learning lessons from past activities, and adopting a pragmatic approach. This is done to manage emerging and current risks that may affect the achievement of PBAHB’s objectives. Current and future decisions can be made to reduce threats and optimise potential benefits. PBAHB acknowledges that Environment, Social and Governance (ESG) risks and opportunities may influence and impact the achievement of PBAHB’s objectives.

PBAHB has established and implemented an Enterprise Risk Management process. This enables decision makers to make informed decisions based on the risks assessed. The embedding of material ESG risks in PBAHB’s Enterprise Risk Management activities will be an ongoing process.

The objectives of Enterprise Risk Management in PBAHB are to:

- i) Continuously identify and assess risks and improve control measures, steered by clear guidelines for preventing, detecting and mitigating risks.
- ii) Maintain a continuous effort towards prioritising and managing business risks based on the likelihood of occurrence (possibility) and magnitude of impact (severity) to:
  - a) Ensure business continuity;
  - b) Minimise any unexpected damage to reputation, shareholders’ value and confidence; and
  - c) Prevent capital leakage, wastage and loss of earnings.

