

MTAG GROUP OF COMPANIES

MTAG Group Berhad

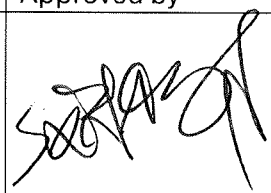
Registration No: 201801000029 (1262041-V)

and its Subsidiaries

STANDARD OPERATING PROCEDURES (SOP) FOR GROUP RISK MANAGEMENT POLICY

Reference No: [RM-P-001]

Effective Date: 20/01/2026

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Date	20/01/2026	20/01/2026	20/01/2026

*This document provides a high-level overview of the Group's risk management framework.
Detailed methodologies, assessment criteria, and internal operating practices are
maintained separately for internal governance purposes.*

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AMENDMENT PARTICULARS

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ABBREVIATIONS AND TERMS

Abbreviation / Term	Meaning / Definition
AC	Audit Committee. For MTAG Group Berhad, the combined Audit and Risk Management Committee (ARMC) fulfils this function.
ARMC	Audit and Risk Management Committee – Board sub-committee responsible for oversight of risk management, internal controls, and assurance reporting.
BCP	Business Continuity Plan – documented procedures that enable critical operations to continue during and after a disruption.
BIA	Business Impact Analysis – process of analysing business functions and the effect of an interruption.
Board	The Board of Directors of MTAG Group Berhad.
CEO / CFO / COO	Chief Executive Officer / Chief Financial Officer / Chief Operating Officer – accountable for overall management, financial integrity, and operational execution respectively.
Continuous Improvement	The ongoing effort to enhance the suitability, adequacy and effectiveness of the Group's risk management framework.
DAL	Delegation of Authority Limit – approved thresholds for financial or operational decisions.
DOE / DOSH	Department of Environment / Department of Occupational Safety and Health (Malaysia).
EHS	Environment, Health and Safety – key operational risk category under ESG.
ESG	Environmental, Social and Governance – sustainability pillars integrated into corporate strategy and risk management.
GRC	Governance, Risk and Compliance – integrated approach aligning oversight, control and assurance.
HOD	Head of Department – first-line management accountable for identifying and managing operational risks.
ISMS	Information Security Management System – framework for protecting data confidentiality, integrity and availability.
ISO 31000:2018	<i>Risk Management – Guidelines</i> ; provides principles, framework, and process for effective risk management.
ISO 9001:2015	<i>Quality Management Systems – Requirements</i> ; provides structure for continuous improvement and process control.
KPI	Key Performance Indicator – measure of operational or strategic performance.
KRI	Key Risk Indicator – metric signalling potential change in risk exposure.
VL/L/M/H/E	Very Low / Low / Moderate / High / Extreme – four or five-tier risk rating scale used in the Group Risk Matrix.
PESTLE	<i>Political, Economic, Social, Technological, Legal and Environmental</i> analysis – structured method for understanding external context and emerging risks. • Political – government stability, taxation, trade policy, incentives. • Economic – inflation, currency volatility, labour cost. • Social – demographics, ESG awareness. • Technological – automation, cybersecurity, innovation. • Legal – statutory, contractual, regulatory compliance. • Environmental – climate risk, resource efficiency, waste management.

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Abbreviation / Term	Meaning / Definition
PIR	Post-Incident Review – process for identifying root causes and lessons learnt following an incident or near miss.
QMS	Quality Management System implemented under ISO 9001:2015.
RACI	Responsible, Accountable, Consulted, Informed – model defining accountability for tasks and decisions.
Residual Risk	Remaining risk level after considering the effectiveness of existing controls.
Risk Appetite	The amount and type of risk the Group is willing to accept in pursuit of its objectives.
Risk Tolerance	The permissible variation from risk appetite before escalation is triggered.
RISK-F01	<i>Risk Identification Form</i> – used to document newly identified risks.
RISK-F02	<i>Risk Analysis Worksheet</i> – used to rate likelihood, impact and control effectiveness.
RISK-F03	<i>Risk Treatment Plan</i> – captures mitigation measures, ownership and target completion.
RISK-F04	<i>Post-Incident Review Report</i> – documents findings and corrective actions after an event.
RISK-REG-01	<i>Group Risk Register</i> – consolidated record of all identified and analysed risks across the Group.
SLA	Service Level Agreement – contract defining service performance and accountability.
SOP	Standard Operating Procedure.
SORMIC	Statement on Risk Management and Internal Control – disclosure required under the ACE Market Listing Requirements.
Stakeholder Engagement	The process of consulting internal and external stakeholders to identify, evaluate and respond to risks.
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis.
Three Lines Model	International IIA model defining roles: (1) Management, (2) Risk & Compliance, (3) Internal Audit.
VL/L/M/H/E	Very Low / Low / Moderate / High / Extreme – five-level risk rating scale for likelihood and impact.
Whistle-Blowing Mechanism	Formal process allowing employees to report unethical or illegal conduct confidentially.

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PART I – GROUP RISK MANAGEMENT POLICY

1. INTRODUCTION

1.1. Purpose

This Policy sets out MTAG Group Berhad and its subsidiaries' (the Group) commitment and overall approach to risk management to support the achievement of strategic and operational objectives, aligned with ISO 31000:2018.

1.2. Scope and Applicability

This Policy applies to MTAG Group Berhad and its subsidiaries. It covers all material risks that may affect the Group's objectives.

1.3. Policy Statement

The Group is committed to maintaining effective risk management to support sound decision-making, resilience, and protection of stakeholder interests.

1.4. Objectives

- (i) Provide a structured and uniform approach to risk management across the Group;
- (ii) Define clear governance structures and accountabilities;
- (iii) Ensure that significant risks are identified, assessed and treated within approved tolerances;
- (iv) Support the Audit and Risk Management Committee ("ARMC") and the Board in their oversight roles; and
- (v) Foster a risk-aware and transparent corporate culture.

1.5. Authority and Responsibility

This Policy is approved by the Board of Directors. The Management is responsible for the implementation across the Group.

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2. Governance and Oversight Structure

2.1. Board of Directors

The Board provides overall oversight of risk management and governance at Group level.

2.2. Audit and Risk Management Committee (ARMC)

The ARMC supports the Board in overseeing risk management matters and key risk issues.

2.3. Key Senior Management

Key Senior Management is responsible for implementing the Policy and supporting effective risk management across the Group.

2.4. Risk Owner and Process Owner

Risk Owners are accountable for managing risks within their respective areas of responsibility.

2.5. Internal Audit and Compliance

Internal Audit and Compliance provide independent support for risk management oversight and compliance with applicable laws and policies.

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3. ALIGNMENT with ISO 31000 Principles

The Group aligns its risk management approach with the principles of ISO 31000:2018.

3.1. Integration with Organisational Governance

Risk management is integrated into the Group's governance and decision-making at an appropriate level.

The Group ensures that:

- Risk considerations are factored into strategic planning, capital allocation, and project approval decisions;
- Risk oversight is clearly defined through delegated authorities and reporting lines; and
- Accountability for managing risk is integrated into the performance evaluation of all key personnel.

Risk management is integrated into the Group's governance and decision-making processes at an appropriate level.

3.2. Structured and Comprehensive Approach

The Group applies a structured and consistent approach to managing risks across its operations.

- Risks are assessed using standardised criteria, documentation, and reporting formats;
- Comparability of results is maintained across business units; and
- Decision-making is supported by reliable and timely information.

3.3. Customisation to the Group Context

The risk management approach is tailored to the Group's business context and operating environment.

- The Group's business model in labels and stickers printing, materials converting, industrial tapes and adhesives distribution;
- Its organisational structure, and regulatory environment; and
- Its risk maturity level and resource capabilities.

Customisation ensures relevance, practicality, and proportionality in managing risks at both Group and subsidiary levels.

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3.4. Inclusiveness and Stakeholder Engagement

Relevant stakeholders are considered to support effective identification and management of risks.

Stakeholder engagement includes:

- Consultation with Board and management on strategic and enterprise-level risks;
- Communication with employees, contractors, and project partners on operational and safety risks; and
- Interaction with regulators, financiers, clients, and shareholders on compliance, reputational, and ESG-related risks.

3.5. Dynamic and Responsive Nature

The risk management approach is designed to remain responsive to changes in the internal and external environment.

To remain effective, the Group's risk management framework is:

- Continuously monitored and reviewed to capture emerging risks;
- Responsive to internal and external change triggers; and
- Flexible enough to adjust controls, strategies, and resources in a timely manner.

3.6. Use of Best Available Information

Risk management decisions are based on information that is considered appropriate and available at the time.

Where uncertainty exists, management applies conservative and evidence-based assessment methods, supplemented by:

- Lessons learned from past incidents or audits;
- Market intelligence and industry benchmarks; and
- Independent professional or technical assessments, where required.

The Group recognises that information quality directly influences the accuracy of risk analysis and the effectiveness of control decisions.

3.7. Consideration of Human and Cultural Factors

The success of risk management depends on human behaviour and the prevailing organisational culture. The Group promotes a culture of openness, accountability, and continuous learning, ensuring that employees at all levels:

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- Understand their role in identifying and managing risks;
- Are empowered to raise issues without fear of reprisal; and
- Receive adequate training and awareness on risk management principles and tools.

The Group recognises the importance of people and culture in supporting effective risk management.

3.8. Continuous Improvement

The Group is committed to the ongoing enhancement of its risk management framework through:

- Post-incident reviews and root-cause analyses;
- Periodic assessments of framework maturity and effectiveness;
- Independent audits and management reviews; and
- Integration of lessons learned into policies, controls, and training programmes.

The Group is committed to continuously improving its risk management approach over time.

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4. RISK MANAGEMENT

4.1. Mandate and Commitment

The Board and Management support the adoption of risk management across the Group.

4.2. Integration into Organisational Processes

Risk management is considered within relevant organisational processes.

4.3. Design of the Framework

The Group maintains an appropriate risk management framework aligned with its business needs.

4.4. Implementation and Resources

The Management supports the implementation of risk management through appropriate resources.

4.5. Evaluation and Improvement of the Framework

The risk management framework is reviewed periodically to ensure ongoing relevance.

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5. RISK REPORTING AND COMMUNICATION

5.1. Internal Reporting

Risk information is reported internally to support management oversight.

5.2. Frequency of Reporting

- Quarterly to ARMC;
- Annually to the Board through the Statement on Risk Management and Internal Control; and
- Ad-hoc for emerging or critical risks.

5.3. Risk Escalation and Reporting Thresholds

Significant risks are escalated through appropriate management channels.

5.4. External Disclosure

External disclosure of risk-related matters is carried out in accordance with applicable requirements.

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6. TRAINING, AWARENESS AND CULTURE

The Group shall:

- (i) Conduct regular training on risk management and controls;
- (ii) Integrate risk KPIs into performance reviews; and
- (iii) Encourage open reporting of risks and incidents without reprisal.

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7. POLICY REVIEW AND APPROVAL

7.1. Review Cycle

This Policy will be reviewed at least once **every year** or earlier if required by regulatory or business changes.

7.2. Responsibility for Updates

Group Management shall recommend revisions to the ARMC for endorsement and Board approval.

7.3. Policy Approval and Effective Date

This Policy is approved by the Board of Directors of **MTAG Group Berhad** and takes effect from **20/01/2026**. It supersedes all previous risk management guidelines and policies.

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PART II – RISK MANAGEMENT STANDARD OPERATING PROCEDURE (SOP)

1. PURPOSE AND OBJECTIVES OF THE SOP

1.1. Purpose

The purpose of this Standard Operating Procedure (“SOP”) is to operationalise the Group Risk Management Policy of **MTAG Group Berhad** (“the Company”) and its subsidiaries (collectively “the Group”).

It translates the ISO 31000 risk-management principles into practical steps that enable the consistent identification, assessment, treatment, monitoring and reporting of risks across the Group.

The SOP ensures that risk management is:

- Embedded within strategic, operational and sustainability decision-making;
- Consistent across all entities and projects; and
- Integrated with the Group’s internal-control, governance and ESG frameworks.

1.2. Objectives

The objectives of this SOP are to:

- (i) Provide general guidance on risk management activities across the Group;
- (ii) Promote a consistent understanding of risk management practices; and
- (iii) Support management oversight of key risks.

1.3. Scope

This SOP applies to the Group’s entities and activities under management control and covers risks that may affect the achievement of the Group’s objectives.

Documentation Requirements

- This SOP (approved master copy maintained by the **Group Risk Coordinator**);
- Linked templates and forms: **RISK-F01, RISK-F02, RISK-F03** and **RISK-REG-01**;

Related policies:

Group Risk Management Policy (Part I),
Code of Conduct,
Sustainability Policy, and
Internal Audit Charter.

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Summary Table – Section 1 Purpose and Objectives

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points

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2. RISK MANAGEMENT PROCESS OVERVIEW

2.1. ISO 31000 Process Flow

To provide a common process framework for risk management that ensures consistency, transparency, and accountability throughout the Group.

Procedure

- 2.1.1. The Group adopts the **ISO 31000:2018** process model, which consists of seven core steps, supported by communication and monitoring at every stage:

Step 1 – Establish the Context

Define internal/external environment, objectives, stakeholders, and risk criteria.

Step 2 – Risk Identification

Recognise what, where, when, why, and how events could affect the Group's objectives.

Step 3 – Risk Analysis

Assess likelihood, impact, and control effectiveness using qualitative/quantitative methods.

Step 4 – Risk Evaluation

Compare residual risks against appetite and tolerance to prioritise treatment actions.

Step 5 – Risk Treatment

Develop and implement risk-mitigation plans (avoid, reduce, transfer, accept).

Step 6 – Monitoring and Review

Track risk performance, key indicators, and treatment progress.

Step 7 – Communication and Consultation

Engage internal and external stakeholders to ensure awareness and timely escalation.

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2.1.2. The process operates within the Group's **three-lines model**:

- **Management / Process Owners**
- **Risk and Compliance Functions**
- **Internal Audit**

2.1.3. The risk management process is applied on an ongoing basis to remain responsive to changes in the Group's operating environment.

2.2. Roles and Responsibilities

Roles and responsibilities for risk management are defined within the Group's governance structure to support accountability and effective oversight.

Level	Core Functions
Board of Directors	Approves risk policy, appetite, and framework; ensures integration with strategic planning.
Audit and Risk Management Committee (ARMC)	Oversees framework operation; reviews Group risk profile and control effectiveness.
Senior Management	Implements framework; allocates resources; promotes a risk-aware culture.
Risk Owners / Process Owners	Identify, assess, treat, and monitor risks within functional areas; maintain risk registers.
Group Risk Coordinator	Consolidates registers, prepares ARMC reports, and facilitates training.
Internal Audit	Provides independent assurance on the suitability, adequacy, and effectiveness of the framework.
All Employees	Remain alert to potential risks and report issues or incidents promptly.

Summary Table – Section 2 Risk Management Process Overview

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points

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3. STEP 1: ESTABLISHING THE CONTEXT

To understand the internal and external environment in which the Group operates and to provide a basis for consistent risk assessment and prioritisation.

3.1. External Context (PESTLE)

The Group considers relevant external factors that may influence its objectives, stakeholder expectations, and exposure to emerging risks.

This includes an assessment of macro-environmental conditions using appropriate analytical perspectives.

3.2. Internal Context

The Group considers internal factors that may affect its risk capacity and the effectiveness of existing controls, including organisational structure, resources, culture, and governance arrangements.

The outcomes of this assessment support alignment between risk priorities and the Group's overall capabilities.

3.3. Risk Criteria and Matrix Definition

The Group establishes common criteria to assess the likelihood and impact of risks to support consistent evaluation and prioritisation across the Group.

Risk criteria are developed with consideration of the nature of potential impacts, stakeholder and regulatory expectations, and relevant time horizons.

These criteria support a consistent approach to determining the significance of risks and appropriate management responses.

Output:

A consistent basis for assessing, prioritising, and managing risks across the Group.

Documentation Requirements

- Context Summary Sheet
- Risk Criteria Definition Table / Matrix
- Approved Risk Appetite and Tolerance Statement

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Summary Table – Step 1 Establishing the Context

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4. STEP 2: RISK IDENTIFICATION

The purpose of risk identification is to recognise internal and external events, circumstances, or trends that may affect the achievement of the Group's strategic, operational, financial, compliance, or sustainability objectives.

This step aims to ensure that significant risks are identified in a structured manner and are relevant to the Group's objectives and key activities.

4.1. Techniques and Tools (e.g. SWOT, Brainstorming, Incident Review)

The Group applies a systematic approach to risk identification using appropriate methods and sources of information, considering experience, current operations, and emerging developments.

Risk identification may consider internal processes, external environmental factors, historical incidents, and management insights, depending on the nature of the activity or exposure.

4.2. Documentation – Risk Identification Form (RISK-F01)

Identified risks are documented at an appropriate level of detail to support subsequent assessment and management.

Documentation typically captures the nature of the risk, potential causes and consequences, existing controls, and the area of the business affected.

4.3. Linking Risks to Objectives and Processes

Identified risks are considered in relation to relevant strategic objectives or key processes to support management's understanding of how risk exposures may affect performance and outcomes.

This linkage supports prioritisation and informed decision-making in subsequent risk management steps.

Documentation Requirements

- Form RISK-F01 (Risk Identification Form) – completed for all new and recurring risks.
- Meeting minutes, audit reports, or incident logs used as evidence of identification.
- Consolidated Risk Register (RISK-REG-01) updated with validated entries.

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Summary Table – Step 2 Risk Identification

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5. STEP 3: RISK ANALYSIS

Risk analysis is performed to understand the nature and level of identified risks by considering the likelihood of occurrence and the potential impact on the Group's objectives.

This step establishes the analytical foundation for risk prioritisation, treatment planning, and reporting to the ARMC.

5.1. Likelihood and Impact Scales

Risks are analysed using consistent criteria to assess how often a risk may occur and the extent of its potential consequences. The assessment is performed using a standard scale to support comparability across different risks and business areas.

5.2. Qualitative and Quantitative Methods

The Group applies appropriate analysis approaches depending on the nature, complexity, and availability of information relating to each risk.

Both qualitative and quantitative considerations may be applied to support informed judgement and proportional analysis.

Where data is limited, management judgement and experience are applied. Where risks are more complex or material, additional analytical techniques or external expertise may be considered.

5.3. Documentation – Risk Analysis Worksheet (RISK-F02)

Existing controls are considered when analysing risks to determine the level of risk remaining after mitigation. This allows management to distinguish between inherent risk exposure and residual risk after controls.

Documentation Requirements

- **RISK-F02 Risk Analysis Worksheet** (mandatory for each risk).
- Supporting evidence: financial models, incident logs, technical assessments, ESG indicators.
- Consolidated results to be incorporated into **RISK-REG-01 Group Risk Register**.

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Summary Table – Step 3 Risk Analysis

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6. STEP 4: RISK EVALUATION

Risk evaluation is conducted to determine whether analysed risks are acceptable or require further management action, based on the Group's approved risk appetite and tolerance.

This step supports prioritisation of risks and ensures that management responses are proportionate and aligned with strategic objectives.

6.1. Determining Risk Treatment Actions

Risk evaluation is performed to decide whether identified risks can be accepted, require further action, or need escalation.

Residual risk levels are reviewed against approved risk appetite and tolerance to guide management decisions.

Based on this review, management determines whether:

- Existing controls are sufficient;
- Additional mitigation should be considered; or
- Further review or strategic reconsideration is required.

Risks are prioritised to ensure appropriate focus on more significant exposures.

6.2. Escalation Criteria

Clear escalation mechanisms are applied for risks that exceed authorised tolerance levels.

Significant risks are escalated to Senior Management and the Audit and Risk Management Committee for oversight, direction, and decision-making.

Management decisions and justifications are documented to ensure accountability and governance transparency.

Documentation Requirements

- Records of risk evaluation and management decisions
- Updated risk prioritisation status
- Summary information for management and committee reporting

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Summary Table – Step 4 Risk Evaluation

Evaluation Decision	Definition / Action Required	Responsible Party	Documentation	Remarks

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7. STEP 5: RISK TREATMENT

Risk treatment involves determining and implementing appropriate actions to manage risks to an acceptable level, in line with the Group's approved risk appetite and tolerance.

The focus is on accountability, timely execution, and ongoing oversight of treatment effectiveness.

7.1. Treatment Options

Appropriate treatment options are selected based on the nature of the risk, its potential impact, and alignment with the Group's strategic objectives.

Management considers proportional and cost-effective responses when determining how risks should be addressed.

7.2. Action Planning and Ownership

Procedure:

7.2.1. Each plan shall specify:

- Treatment option chosen;
- Detailed action steps and resources required;
- Responsible owner and support functions;
- Target completion date and budget (if applicable);
- Key Risk Indicators (KRIs) to measure progress;
- Reporting frequency to management and ARMC.

7.2.2. Integrate approved actions into departmental budgets and work programmes.

7.2.3. Track implementation monthly; unresolved items are escalated per Section 6.2.

7.3. Monitoring of Controls and Effectiveness

The implementation and effectiveness of risk treatments are monitored to confirm that controls operate as intended and remain appropriate over time. Monitoring supports timely identification of gaps, delays, or changes in risk exposure. Independent review may be conducted to provide assurance on the adequacy and effectiveness of treatments.

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7.4. Documentation – Risk Treatment Plan (RISK-F03)

Risk treatment actions and status are documented to provide visibility, accountability, and an audit trail.

Documentation supports management review, governance oversight, and ongoing risk monitoring.

Documentation Requirements

- Records of approved risk treatment actions
- Evidence of implementation and progress tracking
- Updated risk status information for reporting purposes

Summary Table – Step 5 Risk Treatment

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points

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8. STEP 6: MONITORING AND REVIEW

Monitoring and review are conducted to ensure that risks, controls, and treatment actions remain effective, relevant, and aligned with the Group's objectives and operating environment.

This step supports continuous oversight and timely response to changes in risk exposure.

8.1. Periodic Risk Review Procedures

Risk information is reviewed on a regular basis to confirm accuracy, relevance, and completeness. Reviews are conducted at appropriate levels within the Group to identify changes in risk exposure and to confirm that treatment actions remain effective.

Additional reviews may be triggered by significant events or changes affecting the Group. Outcomes of reviews include updates to risk status, treatment actions, and follow-up measures.

Procedure:

8.1.1. Business-Unit Reviews:

Each department or subsidiary reviews its **risk register** at least quarterly, assessing whether existing risks remain valid and whether new risks have emerged.

8.1.2. Management Reviews:

Group Management consolidates risk updates and reviews significant changes before each ARMC meeting.

8.1.3. Board Oversight:

The ARMC presents consolidated risk dashboards and summary reports to the Board for oversight and guidance.

8.1.4. Ad-hoc Reviews:

Triggered by major incidents, market shocks, new regulatory requirements, or significant ESG events.

8.1.5. Outcome:

Updated risk ratings, revised treatment plans, and clear follow-up actions with documented evidence.

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8.2. Key Risk Indicators (KRIs) and Metrics

To provide early-warning signals of potential changes in the Group's risk profile.

Procedure:

8.2.1. Each risk owner defines at least one **quantifiable KRI** linked to major risk drivers—examples:

- Project schedule variance (%), customer-complaint rate, system-downtime hours, injury frequency rate, CO₂ emissions / output.

8.2.2. KRIs are categorised as:

- **Leading Indicators** – predict potential issues (e.g., supplier delivery delay %).
- **Lagging Indicators** – measure realised impact (e.g., lost-time injury rate).

8.2.3. Thresholds are established consistent with the Group's risk-tolerance limits (Appendix A).

8.2.4. KRIs are monitored monthly and reported through dashboards to Management and the ARMC.

8.2.5. Persistent deviations from thresholds trigger escalation and reassessment of residual risk.

8.3. Audit and Assurance Integration

To verify independently that the risk-management framework remains suitable, adequate, and effective in practice.

Procedure:

8.3.1. **Internal Audit** includes risk-management effectiveness in its annual audit plan.

8.3.2. Assurance reviews cover:

- Design effectiveness of controls;
- Operating effectiveness and compliance with SOPs; and
- Integration of ESG and sustainability-linked controls where applicable.

8.3.3. **ARMC** reviews internal-audit findings, management responses, and corrective actions.

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8.3.4. **External Assurance** (where applicable) may be commissioned for sustainability-reporting or safety-system validation.

8.3.5. Results feed into the annual Statement on Risk Management and Internal Control (SORMIC).

Documentation Requirements

- Records of risk reviews and updates
- Risk monitoring summaries or dashboards
- Assurance and audit reports supporting oversight

Summary Table – Step 6 Monitoring and Review

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points
Conduct quarterly risk-register reviews	Department Head / Risk Owner		Quarterly	
Monitor Key Risk Indicators (KRIs)	Risk Owner / Group Risk Coordinator		Monthly	
Consolidate and report updates to ARMC	Group Risk Coordinator		Quarterly	
Perform independent assurance review	Internal Audit / ARMC		Annual	
Implement corrective actions based on audit findings	Senior Management / Dept Head		As needed	

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9. STEP 7: COMMUNICATION AND CONSULTATION

Communication and consultation are carried out to ensure that relevant risk information is shared in a timely and consistent manner, and that feedback is considered in ongoing risk management.

This step supports transparency, awareness, and a shared understanding of risk across the Group.

9.1. Internal and External Stakeholders

To define the communication flow within the organisation and with external parties that have a legitimate interest in the Group's risk profile.

Procedure:

9.1.1. Internal Stakeholders

- **Board and ARMC:** Receive quarterly and ad-hoc risk reports summarising key exposures, trends, and mitigation status.
- **Senior Management:** Receive monthly reports on operational and strategic risks for review and decision-making.
- **Department Heads / Risk Owners:** Communicate risk updates, incidents, and treatment progress to the Group Risk Coordinator.
- **Employees:** Receive awareness briefings and updates through training, intranet postings, and toolbox meetings.

9.1.2. External Stakeholders

- **Regulators:** Formal reporting of compliance and ESG-related incidents as required by law (e.g., DOE, DOSH, Bursa Malaysia).
- **Auditors (Internal / External):** Provision of data and evidence for assurance purposes.
- **Clients, Suppliers, and Business Partners:** Communication of contractual or safety risks as necessary.
- **Investors and the Public:** Disclosure of material risk information via the Annual Report and Sustainability Report.

9.1.3. The **Group Risk Coordinator/Manager** acts as the focal point for risk communication and ensures consistency of messaging across all functions and entities.

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9.2. Reporting Templates and Frequency

To standardise reporting content and schedule across all levels of the Group.

Procedure:

9.2.1. Use the **standard reporting formats** in **Appendix E** for management and ARMC submissions, including:

- Executive Summary;
- Top-10 Risk Heat Map;
- Status of Risk Treatment Plans;
- Key Risk Indicator (KRI) dashboard; and
- Notable ESG or regulatory compliance events.

9.2.2. Frequency:

- **Monthly**
- **Quarterly**
- **Annually**

9.2.3. All reports shall include commentary on changes in residual risk rating and control effectiveness.

9.3. Escalation and Feedback Channels

To ensure timely upward reporting of material risks and encourage bottom-up communication of emerging concerns.

Procedure:

9.3.1. Escalation:

Any **High** or **Extreme** risk event or near-miss must be escalated within 48 hours to Senior Management and the Group Risk Coordinator.

The Coordinator informs the ARMC Secretariat for briefing at the next committee meeting (or earlier if urgent).

9.3.2. Feedback:

Departments may provide feedback or suggestions through periodic risk review meetings or via formal memos to the Group Risk Coordinator.

Lessons learned from incidents and audits are incorporated into continuous improvement (see Section 12).

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9.3.3. Confidential Reporting:

Employees may use the Group's **Whistleblowing Policy** to report unethical or high-risk behaviour anonymously.

Documentation Requirements

- **Quarterly Risk Report.**
- **KRI Dashboard** and heat-map summaries.
- **Minutes of ARMC and Management Risk Meetings.**
- **Whistleblowing and Incident Reports** (where applicable).

Summary Table – Step 7 Communication and Consultation

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points
Communicate risk information to internal stakeholders	Group Risk Coordinator / Dept Heads		Monthly	
Consolidate and submit Group risk report to ARMC	Group Risk Coordinator / Senior Management		Quarterly	
Escalate Extreme / High risks	Dept Head / Senior Management		Within 48 hours	
Provide feedback or lessons learned	Dept Head / Employees		Quarterly	
Manage external communication (regulatory, investor, ESG)	Group CEO / Compliance / ESG Officer		Annual	

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10. RISK REGISTER MANAGEMENT

To maintain a single, reliable, and up-to-date record of all identified, analysed, evaluated and treated risks across the Group, ensuring accountability, completeness, and evidence for internal and external assurance.

10.1. Risk Register Template (RISK-REG-01)

To provide a standardised repository for capturing risk information throughout its lifecycle.

Procedure:

10.1.1. All risks identified are consolidated into the **Group Risk Register (RISK-REG-xx)** by the Group Risk Coordinator.

10.1.2. Each entry shall include:

- Unique reference number;
- Risk description, root cause and category (Appendix B);
- Inherent & residual ratings (5-level VL–L–M–H–E);
- Control effectiveness and treatment status;
- Responsible risk owner and target date;
- Linkage to strategic / ESG objective;
- Latest review date and escalation status.

10.1.3. Colour coding shall correspond with the approved **Risk Matrix (Appendix C)** for quick visual prioritisation.

10.1.4. The master register is maintained electronically on a secured platform with restricted editing rights.

10.2. Review Frequency

To keep the Risk Register current and reflective of the Group's actual risk exposure.

Procedure:

10.2.1. Departmental Updates: Quarterly (or upon material change).

10.2.2. Group Consolidation: Quarterly, led by the Group Risk Coordinator.

10.2.3. ARMC Review: Quarterly, coinciding with committee meetings.

10.2.4. Board Acknowledgement: Annually through the SORMIC and Sustainability Report.

10.2.5. Ad-hoc Updates: Immediately following any significant incident, regulatory breach, or ESG event.

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10.3. Record Retention

To preserve evidence of historical risk decisions and demonstrate governance continuity.

Procedure:

10.3.1. Retain all approved versions of the Group Risk Register for a minimum of five (5) years from the end of each financial year.

10.3.2. Archive superseded versions with date and version control for audit traceability.

10.3.3. All supporting documents (RISK-F01 – F03, meeting minutes, ARMC papers) are stored in digital format with appropriate confidentiality classification.

10.3.4. Access is limited to authorised personnel (Group Risk Coordinator, Internal Audit, ARMC members).

10.3.5. Disposal of expired records shall follow the Group's Data Retention and Confidentiality Policy.

Documentation Requirements

- **RISK-REG-01 (Group Risk Register)** – master file maintained by the Group Risk Coordinator.
- Version-control log (register revision history).
- Meeting minutes showing ARMC review and Board acknowledgement.

Summary Table – Section 10 Risk Register Management

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points
Maintain and update Group Risk Register	Group Risk Coordinator		Quarterly	
Validate completeness and accuracy	Senior Management / Internal Audit		Annual	
Submit consolidated register to ARMC	Group Risk Coordinator / CEO		Quarterly	
Archive and retain approved versions	Company Secretary / Group Risk Coordinator		Annual	
Dispose expired records securely	Group Risk Coordinator / IT		As required	

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11. LINKAGE WITH STRATEGIC PLANNING AND ESG FRAMEWORK

To ensure that risk management is fully integrated into the Group's strategic-planning, budgeting, and sustainability-governance processes, thereby enabling informed decision-making, resilience, and long-term value creation for stakeholders.

11.1. Integration into Corporate Strategy and Budgeting

To embed risk-based thinking into strategic objectives, annual business planning, and resource allocation.

Procedure:

11.1.1.Strategic Planning Cycle:

- During annual strategy and budget formulation, each department shall identify material risks and opportunities that could affect objectives or financial forecasts.
- These include market, operational, financial, regulatory, and ESG drivers.

11.1.2.Risk-Informed Decision-Making:

- Management proposals (investments, projects, expansions, acquisitions) must include a **Risk Impact Assessment** summarising key exposures and mitigation strategies.
- Significant proposals are reviewed by the Group Risk Coordinator prior to Board submission.

11.1.3.Budget Linkage:

- Treatment actions from approved **RISK-F03** plans shall be linked to operating or capital budgets.
- Funding for mitigation (e.g. technology upgrade, training, sustainability compliance) must be incorporated into departmental cost centres.

11.1.4.Performance Monitoring:

- Risk indicators and related KPIs/KRIs are reviewed quarterly alongside financial performance to ensure that strategic risks remain within appetite.

11.2. ESG and Sustainability-Linked Risks

To align the Group's risk-management framework with its ESG and sustainability commitments as set out in the Sustainability Policy, Bursa Listing Requirement and Malaysia National Sustainability Reporting Framework (NSRF).

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Procedure:

11.2.1. Identification:

- Identify sustainability-linked risks across E (environment), S (social), and G (governance) dimensions.
- Examples: greenhouse-gas emissions, waste management, occupational safety, community relations, data privacy, and anti-bribery compliance.

11.2.2. Assessment and Treatment:

- Assess likelihood and impact using the same five-level matrix (Appendix C).
- Integrate ESG metrics and KRIs (e.g. carbon-intensity ratio, incident frequency rate) into **RISK-F02** and **RISK-F03**.
- Assign accountability to ESG Champions or Sustainability Committee members.

11.2.3. Reporting and Disclosure:

- Material ESG risks and opportunities are disclosed in the **Sustainability Report**, cross-referenced to the **Statement on Risk Management and Internal Control (SORMIC)**.
- The ARMC ensures that ESG risks with financial or reputational implications are reviewed at least quarterly.

11.2.4. External Framework Alignment:

- The Group aligns its ESG risk practices with IFRS S1/S2, GRI, and the ASEAN Taxonomy (where applicable).
- Emerging issues such as climate transition, biodiversity, and supply-chain transparency are monitored under Step 6 (Monitoring and Review).

Documentation Requirements

- Strategic and budget papers with risk sections.
- ESG Risk Register and associated KRIs.
- Sustainability Report and SORMIC cross-references.
- Meeting minutes of Management and ARMC risk-strategy reviews.

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Summary Table – Section 11 Linkage with Strategic Planning and ESG Framework

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points

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12. CONTINUOUS IMPROVEMENT AND LESSONS LEARNED

To strengthen the Group's risk management capability through periodic evaluation, post-incident learning, benchmarking, and continuous enhancement of the risk framework, processes, and culture.

Continuous improvement ensures that MTAG Group Berhad remains resilient, compliant, and adaptive to changes in business, regulatory, and sustainability environments.

12.1. Post-Incident Review

To extract lessons from operational, compliance, or ESG incidents and ensure they are translated into preventive and corrective actions.

Procedure:

12.1.1.Trigger Events:

Post-incident reviews are mandatory for:

- Major safety, environmental, or data-security breaches;
- Regulatory or customer non-compliance events;
- Project or financial losses exceeding Group thresholds;
- Reputational crises or ESG-related stakeholder complaints.

12.1.2.Review Process:

- (i) Department Head conducts root-cause analysis using structured techniques such as:
 - *Five Whys, Fishbone Diagram, Fault Tree Analysis, or Bow-Tie Analysis* (per IEC 31010).
- (ii) Findings and corrective actions are documented in the **Post-Incident Review Report (Form RISK-F04)**.
- (iii) Results are shared with the Group Risk Coordinator and discussed at the next ARMC meeting.
- (iv) Lessons learned are incorporated into updates of SOPs, controls, and risk registers.

12.1.3.Outcome:

- Enhanced control design and risk awareness;
- Reduction in recurrence likelihood;
- Evidence of responsive governance for internal audit and regulators.

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12.2. Annual Risk Maturity Assessment

To evaluate the overall maturity of the Group's risk-management framework and identify improvement priorities.

Procedure:

12.2.1. Conduct an annual self-assessment or independent review using a **Risk Maturity Matrix**

(e.g. 5-level scale: Initial → Repeatable → Defined → Managed → Optimised).

12.2.2. The assessment covers:

- Governance and leadership commitment;
- Risk identification, assessment, and treatment processes;
- Integration with strategic planning and ESG reporting;
- Data and technology enablement;
- Culture, training, and communication.

12.2.3. Benchmark results against prior years and peer organisations where feasible.

12.2.4. Prepare a **Risk Maturity Report** highlighting strengths, gaps, and a 12-month improvement plan.

12.2.5. Submit results to the ARMC for review and endorsement.

12.3. Framework Enhancement and Training

To institutionalise improvement through updated tools, training, and culture development.

Procedure:

12.3.1. Revise this SOP, appendices, and templates whenever process or regulatory changes occur.

12.3.2. Conduct refresher training for management and employees annually, focusing on:

- Emerging risks (cybersecurity, climate transition, supply-chain);
- Sustainability /ESG-linked compliance;
- Lessons learned from incidents.

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12.3.3.Promote cross-functional sharing of best practices through workshops and management dialogues.

12.3.4.Document all enhancements and training records for audit traceability.

Documentation Requirements

- **Form RISK-F04 – Post-Incident Review Report.**
- Annual **Risk Maturity Assessment Report.**
- Training materials and attendance records.
- ARMC minutes evidencing review and approval of improvement plans.

Summary Table – Section 12 Continuous Improvement and Lessons Learned

Process Step	Responsible Party	Document / Form	Frequency / Timing	Remarks / Key Points

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APPENDIX

APPENDIX A - RISK APPETITE AND TOLERANCE STATEMENT

1. Purpose

Defines the level and types of risk that MTAG Group Berhad (“the Group”) is willing to accept in pursuit of its strategic and operational objectives.

2. Principles

- Risk appetite is aligned to the Group’s strategic priorities and capital strength.
- Tolerance levels guide escalation thresholds and reporting to ARMC/Board.
- Appetite and tolerance are reviewed annually or when business conditions change.

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3. Risk Appetite Summary Table

Risk Category	Appetite Level	Qualitative Statement	Escalation Threshold
Strategic	H	- We aim to allocate more resources to Research & Development to accelerate innovation and develop higher-value products. - We anticipate further traction in acquiring new customers by vertically integrating our product offerings to expand market share.	- Risk rating > High (H) / - Net loss before tax > RM 50,000 / - Massive fluctuation in the economy
Operational	M	- We are exploring to upgrade our machinery with advanced technology and automation to reduce reliance on manual labour, enhance efficiency, and increase productivity. - We aim to deliver sustainable earnings, while rewarding shareholders with consistent returns.	- Risk rating > Medium (M) / - Recurring event affecting normal business operations
Financial	L	- We seek to maintain sustainable profitability on a continuous basis. - We aim to maintain a strong capital position with low leverage and high solvency. - We strive to remain a net cash position with zero borrowings.	- Risk rating $\geq$ Large (L) / - Financial loss of any magnitude
Compliance / Legal	M	We are committed to ensuring full compliance with all applicable laws and regulations, mitigating legal liabilities.	- Risk rating > Medium (M) / - Non-compliance affecting business operations / - Breach of listing requirements
ESG / Sustainability	H	We remain committed to integrating sustainable practices throughout our operations, building a business that is resilient, responsible, and relevant to the industries and communities we serve.	- Risk rating > High (H) / - Fatality or major environmental damage / - Breach of ESG regulations or listing requirements
Health, Safety & Security	M	We aim to secure an injury-free workplace through robust safety measures and strict adherence to the regulations of occupational safety and health.	- Risk rating > Medium (M) / - Injury that requires medical attention / - Possibility of an infectious disease outbreak / - Security incidents involving theft, intrusion, or data access
Reputational	M	We strive to be a company that customers can trust, safeguarding our reputation through the consistent delivery of quality products and services.	- Risk rating > Medium (M) / - Any level of public or media attention

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APPENDIX B – RISK CATEGORIES AND DEFINITIONS

Category	Definition	Typical Examples
Strategic Risk	Internal or external factors, situations, or occurrences that could affect the Group's ability to achieve its goals or objectives.	Acquisition risk, Economic downturn / Inflation spike, Loss of competitive advantage, Customer concentration risk
Operational Risk	Occurrences which result from inadequate or failed internal processes, people, systems, or external events that could impact day-to-day operations.	Decline in sales, Skill gap, Slow-moving stock, Supply chain disruption, System and equipment failure
Financial Risk	Changes in financial variables such as cash flow, credit, or market conditions that could result in a financial loss.	Credit default leading to bad debts, Foreign exchange fluctuations
Compliance & Legal Risk	Failure to comply with laws, regulations, internal policies, or contractual obligations, that could result in legal penalties or fines.	Inadequate communication of Whistleblowing Policy, Regulatory compliance failure
ESG / Sustainability Risk	Environmental, social, or governance factors that could impact the Group's long-term sustainability, stakeholder trust, or regulatory standing.	Anti-Bribery & Corruption (ABC), Community, Data privacy and security, Diversity, Energy management, Health & Safety, Labour practices and standards, Supply chain management, Water management
Health, Safety & Security Risk	Hazards or threats to the health, safety, or security of employees, visitors, or assets, that could result in injury, illness, property damage, or operational disruption.	Fire outbreak, Theft & Burglary, Data privacy and security
Reputational Risk	Occurrences potentially damaging the Group's reputation, public image, or stakeholder trust, that could affect business performance and relationships.	Employee misconduct, Anti-Bribery & Corruption (ABC), Community, Diversity

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APPENDIX C – RISK MATRIX AND SCORING METHODOLOGY

1. Likelihood Scale

Score	Description	Indicative Frequency
1	Rare	May occur once in > 5 years
2	Unlikely	Could occur every 2–5 years
3	Possible	Might occur annually
4	Likely	Expected several times per year
5	Almost Certain	Occurs frequently or continuously

2. Impact Scale

Score	Description	Financial / Operational / Reputational Examples
1	Insignificant	< RM 50 K loss, No injury, Negligible effect
2	Minor	< RM 250 K loss, Minor delay, Internal concern only
3	Moderate	RM 250 K–1 M loss, Temporary disruption, Local media coverage
4	Major	RM 1–3 M loss, Significant service disruption, Regulatory breach
5	Catastrophic	> RM 3 M loss, Fatality, Major reputational or legal action

4. Risk Rating Matrix

Impact → / Likelihood ↓	1- Insignificant	2- Minor	3- Moderate	4- Major	5- Catastrophic
1- Rare	VL	VL	L	M	M
2- Unlikely	VL	L	M	M	H
3- Possible	L	L	M	H	H
4- Likely	L	M	H	H	E
5- Almost Certain	M	H	H	E	E

Interpretation

- **Very Low (VL):** Monitor only; risk is trivial.
- **Low (L):** Accept and review annually.
- **Moderate (M):** Implement cost-effective controls; quarterly monitoring.
- **High (H):** Escalate to Senior Management; report to ARMC if recurring.
- **Extreme (E):** Immediate mitigation; mandatory ARMC / Board notification.

Extreme and High risks require immediate treatment and ARMC escalation.

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APPENDIX D – RISK REGISTER TEMPLATE (RISK-REG-01)

Ref No.	Risk Description	Risk Category	Root Cause	Existing Controls	Likelihood	Impact	Inherent Risk Rating	Proposed Treatment	Responsible Owner	Target Date	Residual Risk Rating	Status / Remarks
R-001												

Note: Maintained by each business unit and reviewed quarterly by Group Management.

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APPENDIX E – SAMPLE ARMC AND BOARD RISK REPORT FORMAT

Quarterly Risk Management Report Summary

Section	Key Content
1	Executive Summary of Risk Profile
2	Top 10 Group Risks (Heatmap & Trend)
3	Key Emerging Risks & ESG Considerations
4	Status of Risk Treatment Plans
5	Control Effectiveness Assessment
6	Incidents / Near Misses / Lessons Learnt
7	Recommendations & Action Plan
8	Confirmation of Policy Compliance

Submitted by Group Management to ARMC quarterly; escalated to Board bi-annually.

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APPENDIX F – ROLES AND RESPONSIBILITY CHART (RACI)

Function	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)
Board of Directors		A		I
Audit & Risk Management Committee (ARMC)		A	C	I
Managing Director	R	A	C	I
Senior Management / Heads of Subsidiaries	R	A	C	I
Risk Owners / Process Owners	R		C	I
Internal Audit		A (assurance)	C	I
Compliance Function	R	A	C	I
All Employees	R (for identifying/reporting risks)			I

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APPENDIX G – FORM RISK-F01: RISK IDENTIFICATION FORM

Ref No.	Business Unit / Department	Risk Description	Root Cause(s)	Consequence(s)	Existing Controls	Risk Category	Related Objective / Process	Identified By	Date

Instructions:

- Describe the risk clearly (“what could happen and why”).
- Identify both internal and external causes.
- Categorise according to Appendix B (Strategic, Operational, Financial, Compliance, ESG/Sustainability, H&S, Reputational).
- Submit validated form to the Group Risk Coordinator within 10 working days of identification.

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APPENDIX H – FORM RISK-F02: RISK ANALYSIS WORKSHEET

Ref No.	Risk Description	Likelihood (1–5)	Impact (1–5)	Inherent Risk Level	Existing Controls	Control Effectiveness (Strong / Moderate / Weak)	Residual Risk Level	Verified By	Date
RA-001									
RA-002									

Instructions:

- Use the 5×5 Risk Matrix (Appendix C) to rate likelihood and impact.
- “Inherent risk” assumes no control effectiveness; “residual risk” reflects actual control performance.
- Control effectiveness should be supported by evidence (audit, KPI, report).

MTAG GROUP	Risk Management Policy & Procedures	Ref No	RM-P-001
		Page No	55
		Effective Date	20/01/2026

APPENDIX J – FORM RISK-F04: POST-INCIDENT REVIEW REPORT

Ref No.	Incident / Event	Date	Root Cause(s)	Analysis Method Used (e.g. 5 Whys / Fishbone / FTA)	Corrective / Preventive Action	Responsible Person	Target Date	Verification (by)	Status
PIR-001									
PIR-002									

Instructions:

- Complete within 10 working days of any significant incident.
- Highlight both immediate corrective and long-term preventive measures.
- Reviewed by Group Risk Coordinator and reported to ARMC.