

RISK MANAGEMENT POLICY

Mission

To produce high quality snacks and confectionery.

Vision

To become a strong global food brand.

Core Values

- Building the trust and confidence of consumers and stakeholders via sustainable process.
- Compliance with all applicable legislations and standards for the food industry.

Strategic Objective

Component	Strategic Objectives
Governance	To have a clear and healthy framework for good management of the Company.
Strategic	To have good planning and strategic decision process for the Company.
Products & Services	To maintain the quality of the products through research and development.
Competitiveness	To actively engage existing customers and explore new markets. To maintain a smart and healthy relationship with suppliers.
Financial	To ensure Company remains profitable.
Human Resource	To develop and maintain a conducive working environment.
Legal and Regulatory	To have a clear understanding and knowledge of relevant legislations and guidelines issued by local and federal government bodies.
Physical	To ensure that OSHA measures are in place.
System and Technology	To keep abreast with the development of technology, product obsolescence, operational and information systems.
External	To maintain good relationship with stakeholders.
Operations	To instil effective, efficient and feasible procedures and policies to support and guide the organizations.

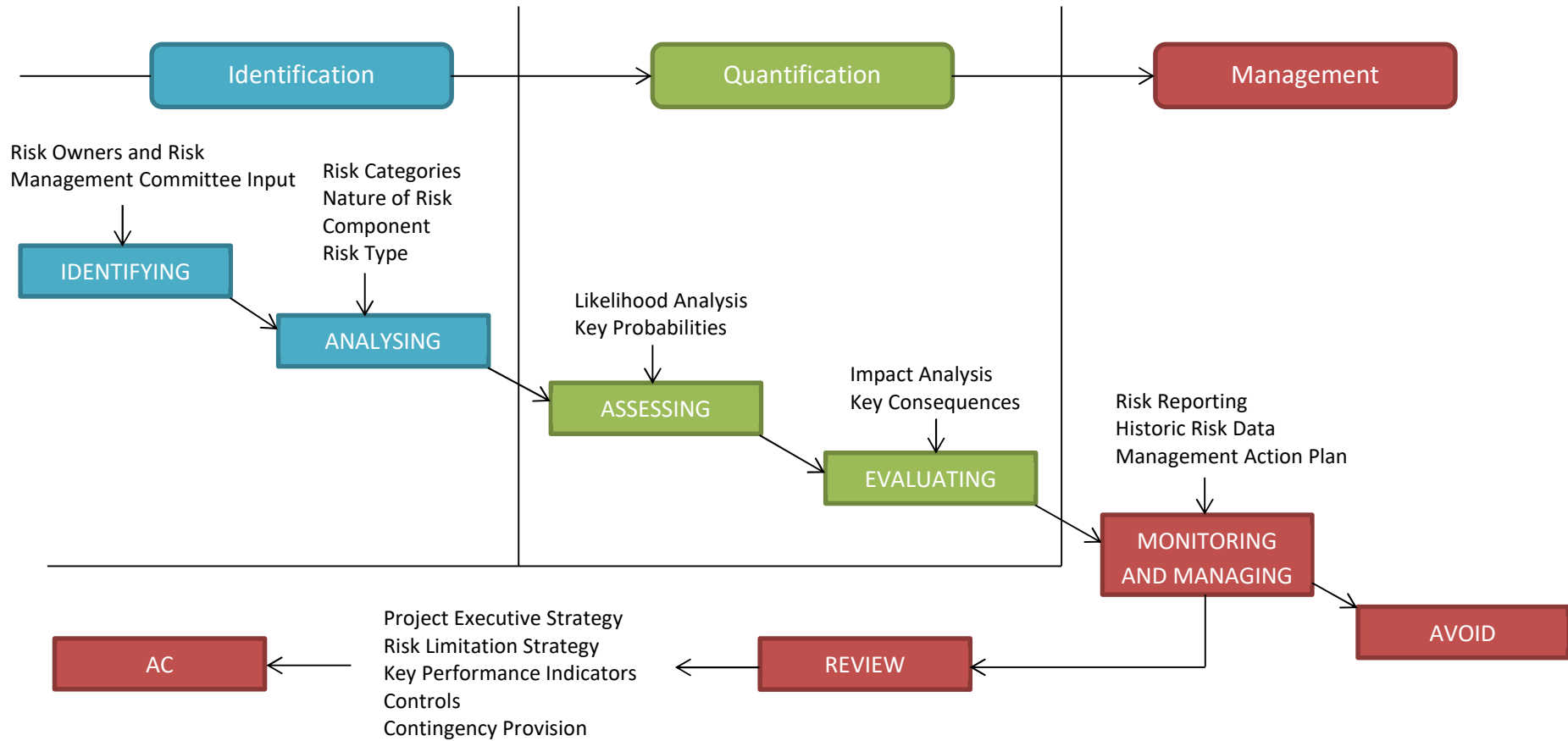
Reporting Frequency

The Risk Management Committee reports to the Audit Committee in the following manners:

1. Changes in the risk events identified in Risk Register at least once annually or as and when required due to significant change to the risk events identified or internal and external business context with the course of action to be taken by management in managing the changes; and
2. Material emerging risk events and risk incidents as and when it happens, the responses formulated/ implemented to mitigate the risk events and risk incidents and the progress of implementation until its resolution.

This Risk Management Policy is updated and adopted by the Board on 11 August 2022.

RISK MANAGEMENT FRAMEWORK



LIKELIHOOD RISK RATING TABLE

Likelihood Rating & Description
 (Assessment based on historical trends and future projections)

ID	Description	User Description
5	Highly Likely	<ul style="list-style-type: none"> • Very likely to happen & the event may occur more than once on a monthly basis • Speculative with no mitigation procedure • >75% chance of probability within next 12-24 months
4	Likely	<ul style="list-style-type: none"> • Highly likely to happen & the event may occur more than once on a quarterly basis • Analytically demonstrated possible mitigate procedure • 50-75% chance of probability within next 12-24 months
3	Moderate	<ul style="list-style-type: none"> • Known to happen & the event might occur at some time, i.e. once per quarterly basis • Partially demonstrated or mitigated by existing procedure • 25-50% chance of probability within next 12-24 months
2	Unlikely	<ul style="list-style-type: none"> • Very low likelihood of happening & the event could occur at some time, i.e. once in a year • Demonstrated or well mitigated by existing procedure • 0-25% chance of probability within next 12-24 months
1	Seldom	<ul style="list-style-type: none"> • The event may occur only in exceptional circumstances, e.g. once in every 3 years • Not known to happen, proven or completely mitigated by existing procedure • Minimal chance of probability within next 12-24 months

IMPACT RISK RATING TABLE

Impact Rating & Description

ID	Consequences				
	1	2	3	4	5
Factors	Insignificant	Minor	Moderate	Major	Catastrophic
Revenue	< RM 100,000 decrease in revenue	RM 100,000 to 2.0% decrease in revenue	2.0% to 10.0% decrease in revenue	10% to 30% decrease in revenue	> 30% decrease in revenue
Gross Profit	< RM 50,000 decrease in gross profit	RM 50,000 to 2.0% decrease in gross profit	2.0% to 10% decrease in gross profit	10% to 30% decrease in gross profit	> 30% decrease in gross profit
Net Profit After Taxation for the year	< RM 25,000 decrease in profit	RM 25,000 to 2.0% decrease in profit	2.0% to 10% decrease in profit	10% to 30% decrease in profit	> 30% decrease in profit
Cash flow impact	<ul style="list-style-type: none"> Insignificant impact Reduce cash flow from operating activities by < RM 50,000 	<ul style="list-style-type: none"> Cash flow impact absorbed under normal operating conditions Reduce cash flow from operating activities by RM 50,000 < x < RM 1.0 million Gearing ratio increased by < 10% 	<ul style="list-style-type: none"> Cash flow is affected negatively and working capital requirements rely on external funding Reduce cash flow from operating activities by RM 1.0 million < x < RM 5.0 million Gearing ratio increased by 10% to 30% 	<ul style="list-style-type: none"> Cash flow is adversely affected and rely heavily on external funding for working capital Resulting in negative cash flow from operating activities Gearing ratio increased by 30% to 100% 	<ul style="list-style-type: none"> Imminent cash flow problems resulting in inability to meet liabilities / obligations Gearing ratio increased by > 75%
Financial Institution/Debt Financing	<ul style="list-style-type: none"> No clawback by financial institution. 	<ul style="list-style-type: none"> 10% drawn down financial facilities or debt equity are being clawback and no difficulty in obtaining additional funding to meet the call-back. 	<ul style="list-style-type: none"> 10% to 30% drawn down financial facilities or debt equity are being clawback and facing some difficulties which can be overcome within 3 months. 	<ul style="list-style-type: none"> 30% to 80% drawn down financial facilities or debt equity are being clawback and facing difficulties which take more than 3 months to overcome. 	<ul style="list-style-type: none"> More than 80% of financial facilities or debt equity are being drawn back and being blacklisted for future borrowings from any financial institution. Winding up proceeding is being instituted against the company.

IMPACT RISK RATING TABLE (CONTINUED)

Impact Rating & Description (From non-financial standpoint)

ID	Consequences				
	1	2	3	4	5
Factors	Insignificant	Minor	Moderate	Major	Catastrophic
<ul style="list-style-type: none"> Regulatory Compliance: Department of Environment and Department of Occupational Safety and Health Product & Service Quality 	<ul style="list-style-type: none"> Minimal impact No customer complaint or no impact No pollution No penalty imposed by regulators or governing authorities 	<ul style="list-style-type: none"> Moderate impact Noticeable effect, minor customer complaint Verbal feedback by regulators / governing authorities 	<ul style="list-style-type: none"> Moderate impact Customer complaint resulting in claim Customer rework Incompliance which may result in penalty / compound Alternative available 	<ul style="list-style-type: none"> Moderate impact Customer complaint (major) that may incur business loss Violation of environmental requirements Penalty 	<ul style="list-style-type: none"> Major impact Catastrophic, recall, fatality, legal action, costly compensation Violation of environmental & OSHA compliance that may cause operation stoppage
Anti-Bribery and Corruption		<ul style="list-style-type: none"> Verbal feedback and comment on non-compliance and no penalty imposed by regulators or governing authorities 	<ul style="list-style-type: none"> Complaint on minor non-compliance reported to or instance of minor non-compliance discovered by ABC Compliance Unit and promptly resolved and corrective action implemented. No penalty imposed by regulators or governing authorities. 	<ul style="list-style-type: none"> Written warning on non-compliance and/or penalty imposed by regulators or governing authorities 	<ul style="list-style-type: none"> Violation of Anti-Bribery and Corruption resulting in prosecution by regulators or governing authorities
Other Regulatory Compliance, e.g. SC, BURSA, the Companies Act, MFRS, IRB, anti-money laundry etc.	<ul style="list-style-type: none"> Verbal complaints / warning 	<ul style="list-style-type: none"> No fine but warning – no disruption to operations / services 	<ul style="list-style-type: none"> Fined and minor disruption to operations / services 	<ul style="list-style-type: none"> Disruption to operations / services over a period of time (1 weeks < x ≤ 2 weeks) 	<ul style="list-style-type: none"> Significant disruption to operations / services over an extended period of time

IMPACT RISK RATING TABLE (CONTINUED)

Impact Rating & Description (From non-financial standpoint) (continued)

ID	Consequences				
	1	2	3	4	5
Factors	Insignificant	Minor	Moderate	Major	Catastrophic
Operational and Environmental Performance - ISO	<ul style="list-style-type: none"> No negative trend May lead to environmental concern No efficiency loss 	<ul style="list-style-type: none"> Indicators with negative trend < those with positive trend Slight aesthetic effect Slight process inefficiency 	<ul style="list-style-type: none"> Indicators with negative trend = those with positive trend On-site pollution Able to be contained immediately Process inefficiency resulting in significant resource loss / wastages 	<ul style="list-style-type: none"> Indicators with negative trend > those with positive trend Alternatives available Pollution occurred Injuries 	<ul style="list-style-type: none"> Consistently all indicators negative trend No alternatives available Widespread pollution occurred Injuries that lead to fatality
Image / reputation	<ul style="list-style-type: none"> Minimal / no impact on image / reputation 	<ul style="list-style-type: none"> There is potential impact on image / reputation with minor complaints 	<ul style="list-style-type: none"> Image / reputation will be affected in the short term with complaints to minister / local members and stakeholders 	<ul style="list-style-type: none"> Serious with potential for permanent diminution in image / reputation with adverse publicity 	<ul style="list-style-type: none"> Sustained, serious loss in image / reputation in longer term with extensive negative nationwide media coverage
Management's effort	<ul style="list-style-type: none"> Impact can be readily absorbed through normal activity 	<ul style="list-style-type: none"> An adverse event which can be absorbed with some management effort 	<ul style="list-style-type: none"> A serious event which requires additional management effort 	<ul style="list-style-type: none"> A critical event which requires extraordinary management effort 	<ul style="list-style-type: none"> Disaster with potential to lead to collapse of the business
Business disruption	<ul style="list-style-type: none"> < 1 day 	<ul style="list-style-type: none"> 1 day < x ≤ 7 days 	<ul style="list-style-type: none"> 7 days ≤ x ≤ 14 days 	<ul style="list-style-type: none"> 14 days ≤ x ≤ 30 days 	<ul style="list-style-type: none"> > 30 days
Key Customers (defined as top 10 customers)	<ul style="list-style-type: none"> No loss of key customer 	<ul style="list-style-type: none"> Loss of 1 key customer 	<ul style="list-style-type: none"> Loss of 2 keys customers 	<ul style="list-style-type: none"> Loss of 3 key customers 	<ul style="list-style-type: none"> Loss more than 3 key customers
Employees	<ul style="list-style-type: none"> < 5% employee turnover rate Involving non key position 	<ul style="list-style-type: none"> 5% to 10 % employee turnover rate Involving 1 key position resignation 	<ul style="list-style-type: none"> 10% to 20% employee turnover rate Involving not more than 2 key position resignations 	<ul style="list-style-type: none"> 20% to 50% employee turnover rate Involving not more than 3 key position resignations Employee strike may occur 	<ul style="list-style-type: none"> High employee turnover rate. More than 50% Involving more than 3 key position resignations Employee strike for more than 3 days

IMPACT RISK RATING TABLE (CONTINUED)

Impact Rating & Description (From non-financial standpoint) (continued)

ID	Consequences				
	1	2	3	4	5
Factors	Insignificant	Minor	Moderate	Major	Catastrophic
Key Suppliers (defined as top 10 suppliers)	<ul style="list-style-type: none"> No loss of key supplier 	<ul style="list-style-type: none"> Loss of 1 key supplier The alternative source of material supply cannot be identified in order to fulfil customer orders from 1 day to 3 days 	<ul style="list-style-type: none"> Loss of 2 key suppliers The alternative source of material supply cannot be identified in order to fulfil customer orders from 3 days to 7 days 	<ul style="list-style-type: none"> Loss of 3 key suppliers The alternative source of material supply cannot be identified in order to fulfil customer orders from 7 days to 21 days 	<ul style="list-style-type: none"> Loss more than 3 key suppliers The alternative source of material supply cannot be identified in order to fulfil customer orders for more than 21 days
Operational Improvement - ISO	<ul style="list-style-type: none"> Insignificant The impact on objectives of QMS is very low Opportunity occurring would represent a minor revision to planned outcome 	<ul style="list-style-type: none"> Minor The impact on objectives of QMS is low Opportunity occurring may improve slightly the desired quality of the outcome 	<ul style="list-style-type: none"> Moderate The impact on objectives of QMS is moderate Opportunity occurring would improve the desired quality of the outcome but not improve the overall purpose 	<ul style="list-style-type: none"> Significant The impact on objectives of QMS is high Opportunity occurring would significantly improve the original desired quality of the outcomes 	<ul style="list-style-type: none"> Very significant The impact on objectives of QMS is very high Opportunity occurring improve the quality of desired outcomes to an extent that it exceeded the planned result
Best Practices	<ul style="list-style-type: none"> No perceived value for improvement 	<ul style="list-style-type: none"> Pursuing the opportunity will slightly improve good governance 	<ul style="list-style-type: none"> Pursuing the opportunity will considerably improve good governance and will improve customer satisfaction 	<ul style="list-style-type: none"> Pursuing the opportunity will highly improve good governance and bring new business opportunities for the company and value added to customer 	<ul style="list-style-type: none"> Pursuing the opportunity will improve good governance essential for sustainability and enable company to become market player in industry

RISK HEAT MAP

Impact					
Catastrophic					
Major					
Moderate					
Minor					
Insignificant					
Likelihood	Seldom	Unlikely	Moderate	Likely	Highly Likely