

Risk Management

OVERVIEW

Mewah continued to operate across a challenging and rapidly shifting global environment in 2025, shaped by persistent geopolitical tensions, evolving trade policies and the accelerating pace of technological change. Against this backdrop, a resilient and well-governed risk management framework reinforced the importance of Mewah's disciplined, enterprise-wide approach to risk management, and serves as a strategic pillar for sustainable growth and long-term value creation.

Mewah's Enterprise Risk Management ("ERM") framework provides a systematic and integrated basis for identifying, assessing, mitigating and monitoring risks across all dimensions of the business – market, financial, geopolitical, ESG and operational. The framework is designed to provide reasonable assurance that assets are safeguarded, strategic objectives are achievable within acceptable parameters, and material risks are visible to the Board with sufficient lead time to act. While the Group strives to manage risks prudently, it acknowledges that not all risks can be eliminated. Instead, the focus is on mitigating exposures to acceptable residual levels, ensuring they remain commensurate with potential rewards.

The framework is anchored on three core risk principles that define how risk is owned, governed and managed across the Group.

Accountability ensures that risk management responsibilities are clearly defined and assigned at every level of the organisation.

Risk Owners and their respective departments are responsible for identifying, assessing, managing, and reporting risks within their areas of control. Leadership sets the tone from the top, modelling risk-aware behaviour and reinforcing the implementation of risk management practices.

Integration ensures that risk management is embedded into key business processes and decision-making activities. This principle promotes a culture where risks are considered in strategic planning, project execution, and daily operations to support more informed and resilient decision-making.

Innovative and Adaptivity speaks to the Group's recognition that an effective risk management framework is never static. Through regular evaluation and structured refinement, Mewah draws on lessons learned from incidents, audits, and risk assessments to continuously strengthen its policies, tools, and practices. The Group is committed to a framework that remains attuned to emerging risks, responsive to change, and purposefully improved to meet the demands of a dynamic and complex operating landscape.

To reinforce our commitment to robust risk management, Mewah continues to invest in risk analytics and automation initiatives to streamline operations, enhance risk visibility and empower decision-making with informed data-driven insights.

RISK GOVERNANCE STRUCTURE

Mewah's risk governance structure follows a holistic approach where every stakeholder, from the Board

to business-unit operators, plays an active role in building a strong risk awareness culture. It is designed as an integrated system in which strategic oversight, operational insight, and independent assurance work in concert to keep risk management effective, responsive, and continuously aligned with the Group's objectives.

The Board's Audit Committee, comprising three independent directors, holds ultimate oversight responsibility for the Group's risk governance. Working in close alignment, the Executive Risk Management Team ("ERMT"), chaired by the CEO and including the Chairman, Deputy CEO, CFO and Head of Risk Management, drives the Group's risk strategy. The ERMT evaluates, monitors and reviews the overall effectiveness of the risk management system to achieve its strategic objectives. It reviews and recommends to the Board's Audit Committee the Group's risk tolerance threshold, reviewing policies and procedures while managing exposures across products and regions to enhance corporate resilience and long-term value creation. Significant changes to the risk profile, or risks that approach tolerance thresholds, are escalated to the Audit Committee for review.

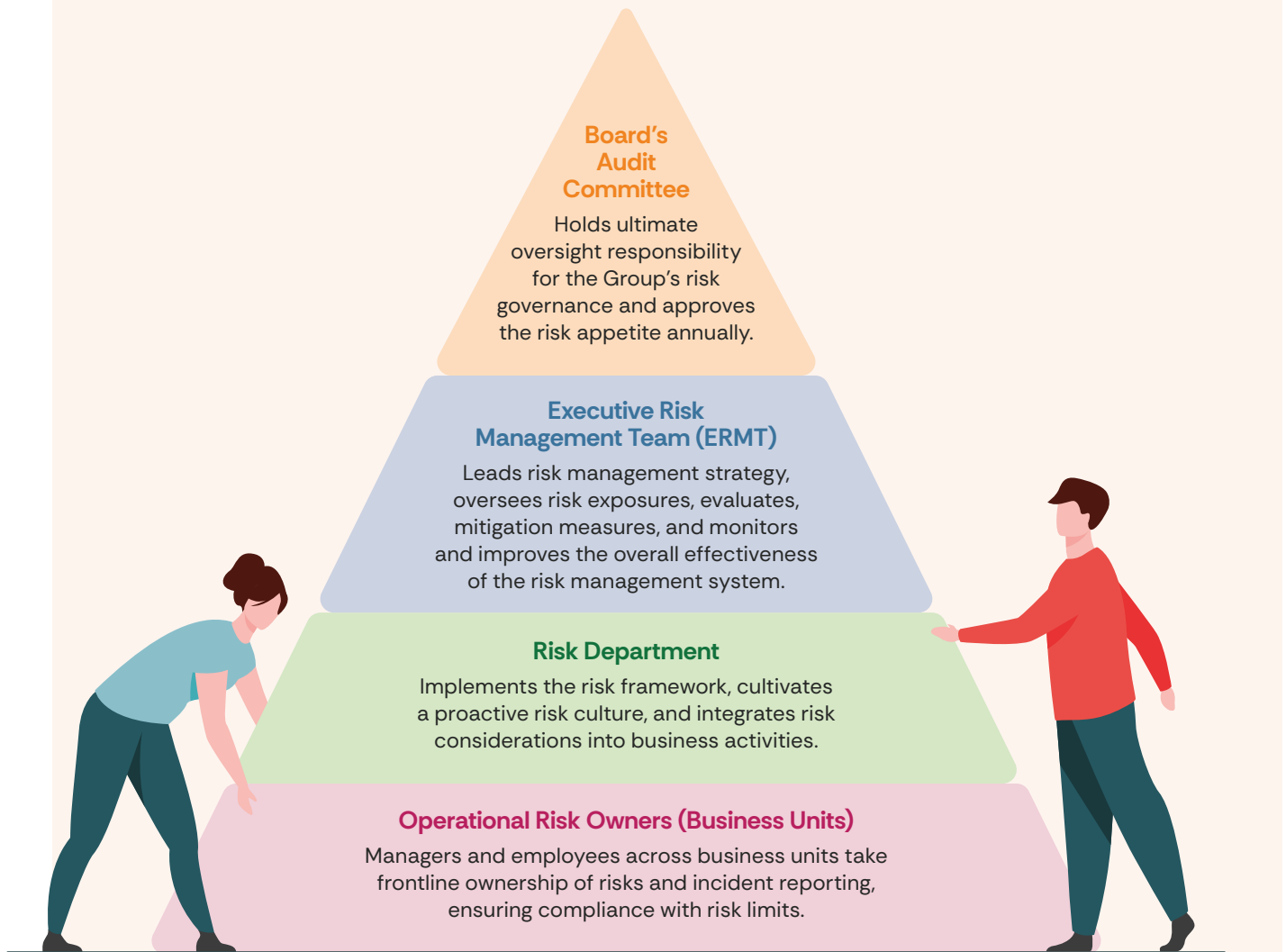
Operational risk owners from origination, processing, logistics, and commercial functions are active participants in the risk management process. Their proximity to day-to-day activities makes them an essential source of risk insight, capturing risks specific to their activities and ensuring that material information is identified, surfaced, and responded to at the appropriate level.

The Risk Department serves as the connective layer that holds the governance structure together. Acting as custodian and operator of the ERM framework, it allocates Board-approved limits to individual business units, monitors compliance against those limits daily for market and credit risks for the Group.

The outcome is a cohesive and self-reinforcing governance system. This is further strengthened by independent audit, both internal and external, which provides assurance that controls are effective, reporting is reliable, and the governance framework continues to function as intended.



MEWAH'S RISK GOVERNANCE STRUCTURE



Board's Audit Committee

Holds ultimate oversight responsibility for the Group's risk governance and approves the risk appetite annually.

Executive Risk Management Team (ERMT)

Leads risk management strategy, oversees risk exposures, evaluates, mitigation measures, and monitors and improves the overall effectiveness of the risk management system.

Risk Department

Implements the risk framework, cultivates a proactive risk culture, and integrates risk considerations into business activities.

Operational Risk Owners (Business Units)

Managers and employees across business units take frontline ownership of risks and incident reporting, ensuring compliance with risk limits.


Risk Management

MEWAH'S FOUR LINES OF DEFENCE MODEL

To reinforce governance clarity and accountability across its multi-geography operations, Mewah implements a Four Lines of Defence model, ensuring clear accountability across operational management, risk and compliance functions, internal audit, and executive oversight.







KEY RISKS FOR MEWAH

Risk Category	Risk Type	Description	How We Manage It
Market Risk 	Commodity Price Risk	<p>Agricultural commodity prices are highly volatile, with the price fluctuations driven by factors like supply and demand dynamics, geopolitical events, currency fluctuations, and weather conditions. In sourcing raw materials and selling manufactured products, the Group is exposed to commodity price fluctuations, as the sale and purchase commitments do not typically match at the close of each business day.</p>	<ul style="list-style-type: none"> The Board sets Group-level risk envelopes including market risk Value at Risk (“VaR”). The Risk Department allocates these limits across business units and monitors exposure to ensure compliance. The positions are tracked and monitored against the limits set. This limit is reviewed regularly based on prevailing market conditions. The Group uses derivative instruments, predominantly exchange traded futures for the purpose of managing exposures associated with commodity prices. The derivative instruments that we use for hedging purposes are intended to reduce the volatility in our operations. While these derivative instruments are subject to fluctuations in value, those fluctuations are generally offset for the hedged exposures by the changes in fair value of the underlying exposures. However, as our major portion of inventories are valued at cost or net realisable value whichever is lower, no compensating fair value gain gets recognised in our reported financial statements for inventories. Our net commodity position consists of our inventory of raw material and finished goods, forward purchase and sale contracts, and associated derivative instruments. The fair value of this position is a summation of the fair values calculated by valuing all our positions at quoted market prices for the period where available or utilising a close proxy. VaR is calculated on the net position and monitored at the 95% confidence interval. The Group has been consistently working to actively manage and mitigate this inherent risk by systematic diversification of our product portfolio such as by increasing the sales volumes of consumer pack segment and value-added products.





Risk Management

Risk Category	Risk Type	Description	How We Manage It
Financial Risk 	Counterparty and Credit Risk	<p>The Group is subject to counterparty and credit risks that arise through our sale contracts and purchase transactions. This risk is influenced by global and local macroeconomic conditions, which contribute to ongoing volatility in commodity and financial markets, affecting the stability and reliability of business partners.</p>	<ul style="list-style-type: none"> Counterparties undergo rigorous due diligence to assess credit worthiness, including thorough evaluations of their financial standing, management capabilities, and performance track record. We leverage the strong internal knowledge of our commercial team and industry contacts to perform market background checks and further enhance this assessment. The Risk Department allocates the Board approved limits across businesses and individual counterparty levels, with consideration of Group's risk appetite as well as the size of relevant transactions in comparison to Group's Balance Sheet, set in accordance with defined approval hierarchies. Where possible, risks are mitigated through credit insurance, marine insurance, or bank guarantees. The Group actively monitors credit and counterparty risks through regular reviews of exposures and credit analysis. Existing credit limits are periodically reviewed after considering their payment history, transaction volume, and the duration of our business relationship, aligned with prevailing market conditions. The Operational teams take their compliance obligations regarding international sanctions extremely seriously with support from the Risk, Legal and Treasury Departments.
	Foreign Exchange Risk	<p>The Group's functional and reporting currency is in US Dollars ("USD"). Our key origin's exports are denominated in USD. The majority of our expenses and domestic sales are denominated in the respective subsidiary's local currency. The primary currencies we are exposed to directly or indirectly are Malaysian Ringgit, Euro, Singapore Dollar, Indonesian Rupiah, Australian Dollar and Chinese Yuan.</p>	<ul style="list-style-type: none"> Transactional foreign exchange exposures are managed by accessing forward FX markets, local currency borrowing as well as by implementing natural hedges within our business operations whenever possible. As our consolidated financial statements are prepared in USD, this requires many of our subsidiaries financial statements to be translated from their respective local currency to the Group's reporting currency, USD. The fluctuations in the currency exchange rates due to this translation process also leads to foreign exchange gains or losses recognised in our reported financial statements. The equity in these countries is not hedged as these foreign currency exposures are considered long-term in nature.

Risk Category	Risk Type	Description	How We Manage It
Financial Risk 	Liquidity (Cash Flow) Risk	Cash flow risk is the risk that the Group's cash flow will be insufficient to meet its liabilities when they fall due.	<ul style="list-style-type: none"> The Group continuously monitors its ability to meet cash flow requirements and evaluates its overall financial position. Cash flow trends, debt maturity profiles, and market conditions are regularly assessed to identify optimal funding opportunities.
	Interest Rate Risk	<ul style="list-style-type: none"> A major portion of our borrowings are from short-term trade finance banking facilities. These are used to fund our operations. The Group also borrow term loans from banks. Such term loans are generally taken for funding our long-term investments. 	<ul style="list-style-type: none"> Our short-term loan facilities are generally linked to the prevailing interest rates. Our marketers budget these interest expenses into their product pricing, based on their forecasted cash conversion cycle, and recover from the customers. Our long-term assets are substantially funded by equity, but we do avail ourselves of long-term loans from banks as part of our overall liquidity management strategy. We manage these term loans through our Group's capital management strategy. The Group periodically reviews its financial ratios to assess its ability to service long-term loans.
Geopolitical Risk 	Country Risk	Country risk refers to adverse impact on business operations due to political, economic, social, or environmental factors in a particular country.	<ul style="list-style-type: none"> The Group continuously monitors country risk exposure across all regions of operation and stays informed about relevant news and events. The Group also takes selected political risk and terrorism risk insurance as per their assessment. Full compliance with local laws and regulations is maintained in every jurisdiction in which the Group operates.
Compliance Risk 	Regulatory Compliance Risk	Regulatory compliance risk refers to the risk of failing to comply with laws and regulations that govern business operations, potentially leading to legal penalties, financial losses, and reputational damage.	<ul style="list-style-type: none"> Driven by a robust governance framework and a proactive compliance culture, Mewah is positioned to uphold full regulatory adherence through continuous legal oversight, compliance tracking, and strategic engagement with regulators to navigate evolving industry requirements.
	Sanction Risk	Sanction risk involves the legal, financial, and reputational consequences of engaging with sanctioned entities, individuals, jurisdictions, or conducting prohibited transactions.	<ul style="list-style-type: none"> The Group has established key processes to manage sanctions-related risks. These include conducting regular risk assessments to identify potential exposure, performing due diligence on counterparties, and screening transactions against major international sanctions lists. In addition, employee training and awareness initiatives play a vital role in strengthening our sanctions risk management approach.

Risk Management

Risk Category	Risk Type	Description	How We Manage It
ESG Risk 	Environmental Risk	Environmental risk arises from a company's impact on ecosystems, including pollution, deforestation, and resource depletion, leading to regulatory penalties and reputational harm.	<ul style="list-style-type: none"> Through the implementation of various sustainability initiatives, Mewah is enhancing environmental stewardship by integrating eco-efficient technologies, achieving industry recognised certifications, and strengthening its sustainability governance to mitigate long-term environmental risks.
	Social Risk	Social risk includes challenges related to labour rights, human rights, and community relations, which, if mismanaged, can result in reputational and financial losses.	<ul style="list-style-type: none"> Mewah is reinforcing its commitment to responsible business practices by continuously enhancing ethical sourcing protocols, strengthening worker welfare initiatives, and advancing its grievance mechanisms to uphold the highest social responsibility standards.
	Climate-Related Risk	Climate-related risks encompass transition risks from regulatory shifts and physical risks such as extreme weather events, affecting business continuity and market positioning.	<ul style="list-style-type: none"> Through a structured ESG governance framework, Mewah is integrating climate resilience strategies, optimising energy efficiency, and aligning with global sustainability benchmarks to ensure long-term business adaptability in response to evolving climate regulations.
Operational Risk 	Cyber & Data Security Risk	Cyber and data security risks threaten critical IT systems, data integrity, and business operations, leading to potential financial and reputational damage.	<ul style="list-style-type: none"> By continuously fortifying our IT cybersecurity architecture, enhancing system resilience, and embedding risk data analytics, Mewah is strengthening its ability to mitigate cyber threats, ensuring a secure and adaptive digital ecosystem.
	Safety, Health & Environmental (SHE) Risk	SHE risk pertains to workplace safety, employee health, and environmental hazards that could lead to operational disruptions or legal liabilities.	<ul style="list-style-type: none"> Through rigorous safety governance, predictive risk assessments, and continuous workforce training, Mewah is fostering a high-reliability culture that prioritises operational excellence and regulatory compliance in workplace safety and environmental management. We maintain insurance coverage to manage SHE related risks and safeguard our assets.
	Reputational Risk	Reputational risk stems from negative publicity, ethical breaches, or operational failures that can erode stakeholder trust and brand value.	<ul style="list-style-type: none"> Our policies, codes and standards focus on enhancing transparency in corporate communications, and strengthening stakeholder engagement, reinforcing Mewah's reputation as a trusted industry leader, prepared to navigate reputational challenges with agility.