

RISK MANAGEMENT SYSTEM

Enterprise Risk Management Disclosure — Vitarich Corporation
 Review Period: Year 2025 | Prepared by: Risk Management Department

1. Risk Management System Disclosures

(a) Overall Risk Management Philosophy

Vitarich Corporation's risk management program is anchored on the recognition that sound governance and disciplined risk oversight are essential to sustaining its agribusiness operations, protecting stakeholder value, and enabling responsible long-term growth. The Company's approach focuses on the unpredictability of markets, supply chains, regulatory environments, and operational conditions, and seeks to minimize adverse effects of such uncertainties on the Company's performance and strategic objectives.

Beyond loss prevention, the Company's risk management philosophy emphasizes proactive identification of emerging exposures, integration of risk thinking into business decision-making, and the building of organizational resilience across all levels of the enterprise.

(b) Enterprise Risk Management Framework

Vitarich's ERM Framework serves as the Company's enterprise-wide governance and decision-support structure for identifying, assessing, managing, monitoring, and responding to risks that may affect the achievement of its strategic, operational, financial, regulatory, and sustainability objectives.

The framework follows an integrated risk management lifecycle:



A key principle of the framework is that risk ownership resides with the operational and functional leaders closest to each exposure. Business units and designated process owners are assigned accountability for risks within their domains — including the design and execution of mitigation measures, monitoring of controls, and escalation of material

developments. This operational ownership model promotes stronger stewardship, clear accountability, and genuine integration of risk management into day-to-day business activities.

(c) Directors' Review of Risk Management System Effectiveness

The Board of Directors, through the Audit Committee, regularly reviews the Company's internal control and risk management arrangements, systems, and procedures, as well as management's degree of compliance with established risk policies and governance standards. The Board has assessed the current risk management system to be adequate and consistent with the Company's risk profile, operational complexity, and strategic direction, while acknowledging the continuing enhancement of the framework as the organization matures its enterprise risk management capabilities.

(d) Period Covered by the Review

Year 2025

(e) Frequency of Review and Criteria for Assessing Effectiveness

The risk management system is reviewed on a regular basis throughout the year, including during Management Review cycles and as part of ongoing governance and oversight activities. Effectiveness is assessed based on:

- Adequacy of risk identification and coverage across all enterprise domains
- Quality and timeliness of risk reporting to Management and the Board
- Implementation status of mitigation measures and corrective actions
- Alignment of risk management activities with strategic and operational objectives
- Monitoring of actual performance against established risk thresholds and risk appetite

Material developments are escalated to Senior Management and the Board as warranted.

(f) Where No Review Was Conducted

N/A — reviews were conducted during the period covered.

2. Risk Policy

(a) Company — Risk Exposures, ERM Domain Alignment, Policy, and Objective

The following table sets out the Company's principal risk exposures organized by ERM domain, together with the corresponding risk management policy and objective for each. The ERM domains reflect Vitarich's integrated enterprise risk assessment framework covering Financial, Operational, Procurement, Compliance, Technology, People, and Strategic risk dimensions. Risk management ownership is embedded within each domain, with cross-functional accountability for mitigation, monitoring, and reporting.

Risk Exposure	ERM Domain	Risk Management Policy	Objective
Financial Risk			
Liquidity Risk	Financial Risk	The Company manages its liquidity profile to ensure obligations are serviced	Maintain a sustainable balance between funding

Risk Exposure	ERM Domain	Risk Management Policy	Objective
		as they fall due, maintaining sufficient cash from operations and a minimum 30-day liquidity buffer.	continuity for operations and timely discharge of financial obligations.
Credit Risk	Financial Risk	The Company continuously monitors counterparty defaults, transacts only with creditworthy parties, maintains adequate receivable provisions, and requires collateral (generally land and real estate) where necessary.	Minimize bad debt provisioning and protect the Company's financial assets from counterparty default.
Foreign Currency Risk	Financial Risk	Foreign currency-denominated purchases are kept to a minimum. The Company monitors FX exposure arising from imported raw material inputs and has not experienced significant losses from currency fluctuations.	Minimize the adverse impact of foreign exchange movements on input costs and overall financial performance.
Interest Rate Risk	Financial Risk	The Company has no significant floating rate financial assets or liabilities. Operating cash flows are substantially independent of market interest rate movements, and no borrowings carry variable rates.	Avoid material financial exposure from interest rate fluctuations.
Operational Risk			
Price / Commodity Risk	Operational Risk	The Company is exposed to commodity price risk as raw materials are subject to market price movements. Management monitors price trends and pursues sourcing strategies — including diversification and volume agreements — to manage cost exposure across Farm, Feed, and Food operations.	Ensure adequate supply of key inputs at sustainable costs while protecting production margins and supporting sales requirements.
Supply Chain & Continuity Risk	Operational Risk	Supply disruption risks — including raw material shortages, sourcing concentration, and inbound logistics failures — are managed through supply diversification, contingency sourcing protocols, and business continuity planning embedded across operational functions.	Maintain uninterrupted supply of critical inputs to sustain production output and service delivery across all business units.
Production & Biosecurity Risk	Operational Risk	Production continuity risks — including animal disease outbreaks, equipment failure, facility disruptions, and process breakdowns — are managed through preventive maintenance, biosecurity protocols, standard operating procedures, and operational resilience planning.	Sustain consistent production output across Farm, Feed, and Food operations and minimize the business impact of operational disruptions.
Logistics & Distribution Risk	Operational Risk	Transport reliability, delivery scheduling, warehousing controls, and third-party logistics management address risks from inbound and outbound distribution failures that could affect production timelines and customer service levels.	Ensure reliable, cost-effective movement of materials and finished goods across the Company's supply chain and distribution network.
Internal Controls Risk	Operational Risk	Approval authority frameworks, segregation of duties, transaction controls,	Strengthen internal governance and reduce

Risk Exposure	ERM Domain	Risk Management Policy	Objective
		and documentation standards are enforced across business functions to reduce the risk of control failures, unauthorized transactions, and process breakdowns.	operational risk arising from control deficiencies across the organization.
Procurement Risk			
Procurement & Supplier Risk	Procurement Risk	The Company manages procurement risk through a structured enterprise risk framework covering supplier qualification and performance, sourcing concentration, ethics and compliance controls, contract management, and supply continuity. Designated risk owners manage exposure across all procurement categories, with risks assessed, rated, and tracked in the Procurement Risk Register.	Ensure supply chain integrity, cost efficiency, procurement governance, and continuity of key input materials across all supplier relationships.
Compliance Risk			
Regulatory & Compliance Risk	Compliance Risk	Regulatory monitoring, legal compliance reviews, and government engagement protocols manage risks from changes in laws, regulations, permits, and licensing requirements affecting the Company's agribusiness operations.	Ensure full regulatory compliance and enable proactive management of legislative and policy developments.
Ethics & Fraud Risk	Compliance Risk	Fraud prevention controls, conflict-of-interest disclosure requirements, ethics policies, whistleblower mechanisms, and audit protocols address integrity and misconduct risks across operational and support functions.	Maintain organizational integrity, protect the Company's reputation, and prevent financial and reputational losses from unethical conduct.
Contract & Legal Risk	Compliance Risk	Contracts are reviewed for completeness, enforceability, and appropriate commercial terms. Contract compliance monitoring and renewal tracking reduce exposure from inadequate, expired, or poorly structured agreements.	Ensure legal enforceability and commercial protection across all business contracts and agreements.
Technology Risk			
Technology & Data Risk	Technology Risk	ERP system reliability, cybersecurity controls, data integrity standards, IT resilience planning, and access management protocols address risks from system failures, unauthorized access, data loss, and technology disruptions.	Protect operational systems, data assets, and digital infrastructure critical to the continuity of business functions.
People & HR Risk			
Human Resource & People Risk	People & HR Risk	Key person dependency, workforce safety, labor compliance, succession planning, and organizational capability programs address people-related risks across all levels of the organization.	Sustain organizational capability, workforce safety, and labor compliance across the enterprise.
Strategic Risk			
Strategic & Reputational Risk	Strategic Risk	Strategic risk reviews, Board-level governance oversight, scenario planning, and reputational risk monitoring address	Protect long-term enterprise value,

Risk Exposure	ERM Domain	Risk Management Policy	Objective
		risks arising from business model vulnerabilities, competitive shifts, stakeholder expectations, and brand exposure.	competitive positioning, and stakeholder trust.

Risk assessments are conducted across six impact dimensions: Financial, Reputational, Operational, Regulatory, People, and Social. Each risk domain is assigned designated risk owners responsible for mitigation implementation, monitoring, and regular reporting to the Risk Management function and senior governance bodies.

(b) Group

The Group's risk management control system generally follows the Company's control system as set out above.

(c) Minority Shareholders

The Board is committed to practicing good corporate governance and shall always respect the rights of all shareholders as provided under the Company's Manual on Corporate Governance. Controlling shareholders' voting power shall not be exercised to the detriment of minority shareholders, consistent with the principle that a director shall not be removed without cause if such removal would deny minority shareholders their rightful representation on the Board.

3. Control System Set-Up

(a) Company

The Company has established a structured Enterprise Risk Management (ERM) Framework to assess, manage, and control risks across its operations. Key features of the control system include:

- A defined risk management lifecycle covering Risk Identification, Risk Assessment, Risk Treatment and Mitigation, and Monitoring, Reporting, and Continuous Improvement.
- Risk ownership assigned to operational and functional stakeholders closest to each exposure, with designated process owners accountable for mitigation implementation, control monitoring, and risk reporting.
- Enterprise-wide risk registers maintained across strategic, operational, financial, technology, procurement, production, compliance, sales, and human resource domains.
- A multi-dimensional risk assessment model evaluating each exposure across six impact factors: Financial, Reputational, Operational, Regulatory, People, and Social — with RAG-rated risk ratings guiding prioritization and escalation.
- In February 2026, the Company strengthened its ERM governance structure through the appointment of a dedicated Corporate Risk Manager, providing independent, enterprise-wide coordination of risk management activities and governance reporting.
- Integration of Business Continuity Planning (BCP) and crisis management preparedness into the ERM framework, supporting organizational resilience and operational sustainability across all business units.

(b) Group

The Group's control systems generally follow the Company's control system as stated above.

(c) Committee

Committee / Unit	Control Mechanism	Details of Functions
Board of Directors	Enterprise-level risk governance and oversight	Identifies key risk areas and key performance indicators; monitors material risks with due diligence; reviews the adequacy and effectiveness of the risk management framework on a regular basis.
Audit Committee	Oversight of financial and operational risk controls	Performs oversight of financial management functions specifically in the areas of credit, market, liquidity, operational, legal, and other risks of the Corporation, and crisis management. Reviews internal audit findings and management compliance with risk policies.
Corporate Risk Manager	Enterprise-wide ERM coordination and governance	Leads and coordinates ERM activities across the organization; maintains enterprise-wide visibility of risk exposures across all domains; supports mitigation monitoring, escalation processes, and risk reporting; provides objectivity and governance alignment independent from operational business functions. Role established February 2026.
Business Unit Risk Owners / Process Owners	Domain-level risk ownership and mitigation execution	Accountable for risks within their respective operational and functional domains — including implementation of mitigation measures, monitoring of controls, completion of risk register entries, and reporting of developments to the Risk Management function. Risk ownership spans all enterprise domains: Operational, Procurement, Financial, Technology, Compliance, People, and Strategic.
Internal Audit	Independent assurance and compliance verification	Provides independent evaluation of the effectiveness of internal controls, risk management processes, and governance arrangements. Findings are reported to the Audit Committee and used to inform risk register updates and mitigation improvements.

Note on ERM Program Maturity

As part of the continuing maturity and operationalization of the Company's ERM program, enterprise risk coverage has progressively expanded across strategic, operational, financial, technology, procurement, production, compliance, sales, and human resource domains. Governance reporting, mitigation tracking, cross-functional coordination, and risk monitoring mechanisms continue to be strengthened to support a more resilient, accountable, and risk-aware organization consistent with Vitarich's commitment to responsible governance and sustainable growth.