

**Monde Nissin Corporation**  
**ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK**

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**VERSION CONTROL LOG**

Version	Date of issue/revision	Details of changes/reviewed comments in the manual	Updated by	Reviewed and approved by
1.0	07.13.2022	First issue	Daniel Teichert	RRPT Committee

## **CHAPTER 1 INTRODUCTION**

### **1.1 Background**

The ERM initiative aims to assist the Monde Nissin Group grow its shareholder value and protect the interest of stakeholders by effectively managing the existing and emerging risks as well as to enhance its risk management infrastructure and capabilities to demonstrate its ability to take on additional risks accompanying new growth opportunities.

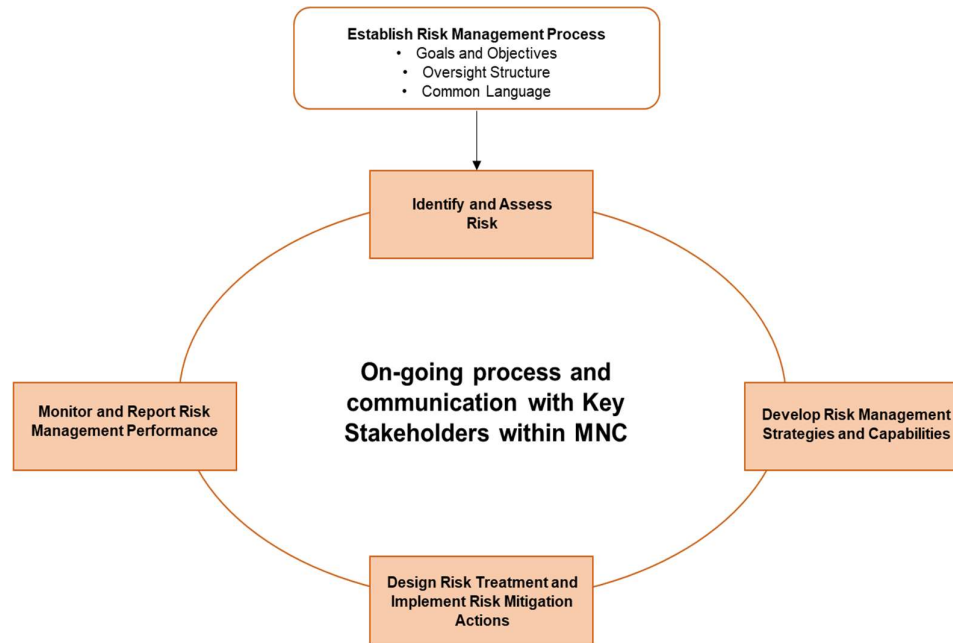
### **1.2 Objectives and Scope**

The ERM Manual governs the overall management of risks in the Monde Nissin Group. It covers the governance, framework, and control processes with regard to risk taking activities by its subsidiaries and affiliates. The Monde Nissin Group adopts a common risk framework supported by appropriate standards that is used and implemented throughout the organisation to manage risks. The ERM Manual should be read in conjunction with the other supporting/internal risk policies and procedures.

The ERM Manual is subjected to review by the Board of Directors on at least an annual basis and when a significant change in the business strategy or regulatory requirements is identified.

### 1.3 Common Risk Language

To enable a fully integrated ERM framework within Monde Nissin Group, the ERM Process has been put in place, covering the following key processes of an entire cycle of risk management:



Monde Nissin Group has adopted a common definition of risk, which addresses both value preservation and value creation, is used consistently throughout the organisation and within the Group. The common definition of risk is embedded in the Company's risk register. The common definition of risk shall be continuously updated and modified to include new, existing and emerging risks and changes in the external environment which affect the nature and consequences of the risks.

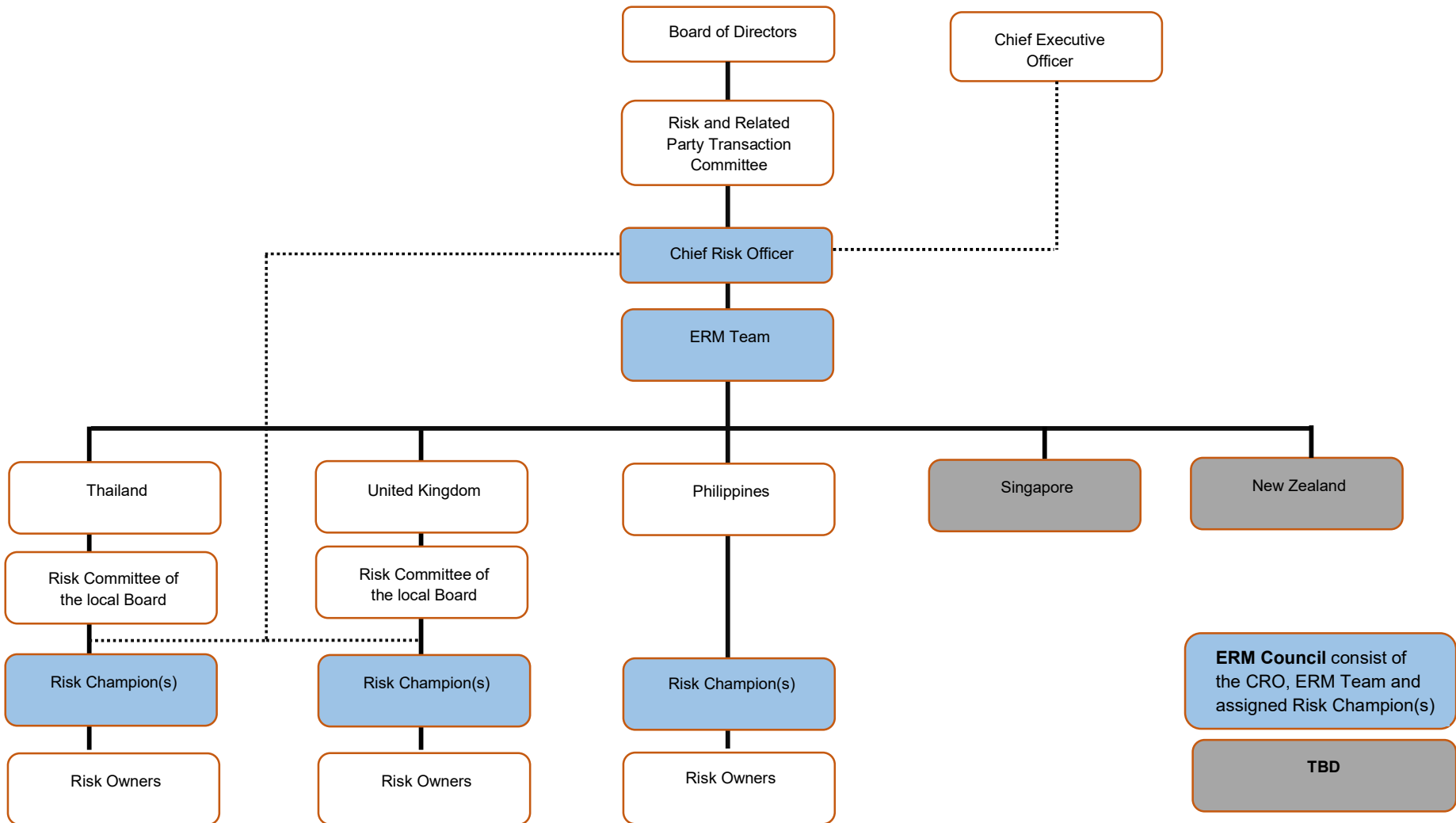
The Risk Register provides a detailed description of all risks identified by the organization and prioritized in the order of importance. It also includes the assessment of likelihood, impact, key controls in place, corresponding mitigation plans and the respective risk owners. Each risk owner is responsible to assess, monitor and report any issues/developments in relation to the identified risks within their function/business activities.

## **CHAPTER 2 GOVERNANCE**

Employees of the Monde Nissin Group's companies in all geographies must be aware of the risks inherent to their business activities and must ensure that in the execution of their assigned responsibilities, the risks stay within the defined risk tolerance. Respective Business Units for each Legal Entity/Geography are responsible for managing its risks in accordance with this document, other relevant internal policies, and applicable regulations.

The key roles, responsibilities and authority relating to enterprise risk management are clearly defined and delineated within the organisation. A common risk management infrastructure is used to support the business units and functions within the Monde Nissin Group for the performance of their risk responsibilities.

## 2.1 ERM Structure, Roles and Responsibilities



The roles and responsibilities of the Board, Board Risk Committee, and local Risk Committees for each jurisdiction in scope, CRO and the other functions involved in the ERM process are specified below.

<p><b>Board of Directors</b></p>	<ul style="list-style-type: none"> <li>• Assumes ultimate responsibility for the oversight of Monde Nissin Group’s ERM framework, policies, and procedures.</li> <li>• Ensure that risks arising from the business activities are identified, assessed, managed, monitored and reported in a timely and appropriate manner.</li> <li>• Sets clear directions on the management of critical risks.</li> <li>• Approves the ERM policies, strategies, risk appetite and thresholds.</li> <li>• Receives regular reports from delegated BOD Committee including CRO on Monde Nissin Group’s risk management activities and evaluates the effectiveness of the overall ERM process.</li> </ul>
<p><b>Risk and Related Party Transaction Committee</b></p>	<ul style="list-style-type: none"> <li>• Oversight and discussion of risk exposure of the Monde Nissin Group in all geographies.</li> <li>• Develop and implement ERM framework, policies, procedures, controls and accountabilities.</li> <li>• Work together with the CRO, local Board Committees for each legal entity in scope and ERM team to ensure timely</li> </ul>



	<p>escalation and remediation of material risk issues that is material to the Group.</p> <ul style="list-style-type: none"> <li>• Reporting of risk exposures including any material risk issues to the Board.</li> </ul>
<p><b>Chief Risk Officer (CRO)</b></p>	<ul style="list-style-type: none"> <li>• Oversees the ERM Team and provide overall leadership, vision, and direction for risk management.</li> <li>• Develop enterprise risk management strategies, framework, and policy, including risk appetite and thresholds.</li> <li>• Communicate Monde Nissin Group's risk profile including top risks and the status of implementation of risk management strategies and action plans to the Risk and Related Party Transaction Committee of the BOD on periodic basis.</li> <li>• Establish an integrated ERM framework across the organization and perform regular review of the risk register.</li> <li>• Facilitate enterprise-wide risk assessments/targeted risk analysis and monitors priority risks across the organization in all jurisdiction.</li> <li>• Receive inputs from the Risk Committee of the local Board and Risk Champion(s) for all jurisdiction on any significant risk issues identified for escalation to the Group/HQ's</li> </ul>

	Risk and Related Party Transaction Committee.
<b>Enterprise Risk Management (ERM) Team</b>	<ul style="list-style-type: none"> <li>• Ensure adequacy of resources and provides guidance and support to risk champions and risk owners (business units) in managing their risk exposures.</li> <li>• Provide support to the CRO in conducting enterprise-wide risk assessments/targeted risk analysis.</li> <li>• Escalate risk issues to CRO and where applicable/required to the Risk and Related Party Transaction Committee.</li> <li>• Develops Risk Training Program and conducts risk awareness sessions, orientation, and training within the enterprise.</li> </ul>
<b>Risk Committee of the local Board for each Legal Entity/Geography in scope</b>	<ul style="list-style-type: none"> <li>• Responsible for oversight and supervision of management of risk exposures for the assigned jurisdiction/legal entity.</li> <li>• Provides periodic report to the Group/HQ's ERM team and CRO on risk profile of the assigned jurisdiction/legal entity in-scope.</li> <li>• Reviews the results of enterprise-wide risk assessments/targeted risk analysis performed for the assigned jurisdiction/legal entity in-scope.</li> </ul>

	<ul style="list-style-type: none"> <li>• Each Legal Entity/Geography in scope which include Monde Nissin Group's subsidiary is responsible for the management of their own risks. Any material risk exposure affecting their respective area of jurisdiction shall be reported immediately to their local Board.</li> <li>• In case of risk issues that are assessed to be material to the Monde Nissin Group, the Committee is responsible to report immediately to the Monde Nissin Group's RRPT Committee and the Board.</li> </ul>
<p><b>Legal Entity/Geography: Respective Business Units Risk Champion(s) and Risk Owners</b></p>	<p><b>Risk Champion(s)</b></p> <ul style="list-style-type: none"> <li>• Supervise the consistent execution and continuous improvement of the ERM process in their respective business functions for the assigned jurisdiction.</li> <li>• Regularly review, monitor, and provide updates in the risk register and ensure that newly emerging risks are identified and included.</li> <li>• Provide inputs to the Risk Committee of the local Board in their respective jurisdiction in conducting the enterprise-wide risk assessments/targeted risk analysis.</li> <li>• Act as the ERM resource person for each jurisdiction/legal entity of Monde Nissin Group providing support to the respective</li> </ul>

	<p>business units and collaborate with the Risk Committee of the local Board to ensure that an integrated ERM framework are deployed within the organisation.</p> <ul style="list-style-type: none"> <li>• Dotted line to Monde Nissin Corporate/HQ's CRO for any significant issues identified within his/her assigned jurisdiction/legal entity.</li> </ul> <p><b>Risk Owners</b></p> <ul style="list-style-type: none"> <li>• Overall accountable and responsible for the assigned risks.</li> <li>• Performs risk assessment and measurement as well as monitoring and reporting of risks associated with their business or function for the assigned jurisdiction.</li> <li>• Implement the ERM policies, procedures and tools and assess the identified risks and effectiveness of controls/mitigating measures.</li> <li>• Communicate the status of risk management activities (including any identified new and/or emerging risks), progress of risk management strategies and action plan to the Risk Committee of the local Board and Risk Champion(s) within his/her functional and geographical area of responsibility.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Designate risk management responsibilities and accountabilities within his/her functional and geographical area of responsibility.</li> <li>• Reviews new and emerging risks identified by the respective business units and coordinates the disposition/remediation of these risks with the assigned Risk Champion(s) and the Risk Committee of the local Board.</li> <li>• Ascertain the sufficiency and continuous implementation of ERM programs at business function level assigned to him/her.</li> <li>• Ascertain that ERM objectives and responsibilities form part of the function's periodic performance review.</li> </ul>
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**Frequency/Schedule of ERM related Meetings:**

<b>Board of Directors</b>	Annual
<b>Risk and Related Party Transaction Committee</b>	Twice a year
<b>Risk Council</b> (comprise of CRO, ERM Team and Risk Champions)	Twice a year or as needed/required to evaluate and remediate any significant risk issues escalated.
<b>Risk Committee of the Local Board</b> (for each Legal Entity/Geography – TH, UK)	Quarterly and/or ad hoc as needed/required.

## **2.2 Risk Culture**

Monde Nissin Group's risk culture provides guiding principles for the behaviours expected from its officers and employees when managing risk. Monde Nissin Group have a sound risk culture that continuously encourages and supports appropriate risk awareness, behaviours, and judgements about risk-taking within a strong risk governance framework. This also helps to ensure that new and emerging risks or risk-taking activities beyond Monde Nissin Group's risk appetite are identified, assessed, escalated, and addressed in a timely manner.

It is the overarching responsibility of the Board and senior management to set the tone at the top, which includes clearly articulating the desired behaviours and continuously monitoring the risk culture within the organisation. Monde Nissin Group's guiding principles are also aligned with the organisation's goals and strategies.

## **CHAPTER 3 ENTERPRISE RISK MANAGEMENT PROCESS**

### **3.1 Risk Identification and Assessment**

Comprehensive and timely identification of risks is essential to capture the sources and assess the current and emerging risks that the Monde Nissin Group might face or is likely to be confronted with in the future. Evaluating the relative impact of identified risks and their likelihood of occurring is a critical element in the risk management process in order to help Monde Nissin Group's management to focus its attention and resources on the vulnerabilities that could most significantly threaten the organisation.

The Board is ultimately responsible for identifying the top risks of Monde Nissin Group. Senior Management on the other hand, is responsible for supporting the RRPT Committee in the oversight and implementation of risk management processes and controls.

Monde Nissin Group maintains a risk register that is subject to review by the Board and senior management on an annual basis or as and when new material risks are identified.

### **3.2 Risk Ownership and Mitigation**

The process for implementation of Monde Nissin Group risk management strategies, processes and controls are assigned to the respective risk owners for each jurisdiction in-scope.

Risk strategies are developed by risk owners in collaboration with risk champions and ERM team within the respective jurisdictions. These have to be consistent with the Monde Nissin Group goals and objectives.

The Risk Owners are also responsible for developing specific action plans to build the risk management capabilities and treatment required for managing the associated risks in the operation.

Monde Nissin Group can choose to avoid, accept, mitigate or transfer identified risk. The determination of which strategy to adopt depends on detailed assessment and review by the both Monde Nissin Group and subsidiary Board with inputs from senior management.

The risk mitigation strategies are also subjected to periodic review, at least on an annual basis, by both the Monde Nissin Group and subsidiary Board and senior management. The board and senior management will review the effectiveness of the different risk mitigation techniques and provide feedback to the relevant risk functions.

### **3.3 Risk Monitoring and Reporting**

The monitoring of Monde Nissin Group's material risks is mainly performed by the respective risk owners with the assistance of the designated risk champions and the ERM team. The risk owners are primarily responsible for their risks and to conduct ongoing monitoring of their risks. The risk champions and ERM team serve as the independent function for each jurisdiction in-scope and play a part in the oversight and monitoring of material risks within the organisation. Should the risk champions or ERM team become aware of any potential indicators and impact of risks, the team would inform the CRO and RRPT Committee immediately for the necessary follow-up actions in case the development is material to the group.

Results of risk assessment and monitoring process are presented in a formal risk report. The frequency of reporting depends on the audience, type and content of risk report generated. The different risk reports will be submitted to the local risk committee for each jurisdiction in-scope the CRO and the RRPT Committee. The integrated risk report covering all Monde Nissin Group's risk exposures will also be presented to the Board. Follow up actions and recommendations arising from the review of these reports are tracked and closed in a timely manner.

**Adopted by the unanimous vote of the Risk and Related Party Transaction Committee on July 13, 2022.**