

Sunshine Holdings utilises an effective governance framework to manage risk and our subsidiaries maintain their own risk management functions, ensuring that we maintain regulatory compliance, transparency, and accountability, avoid conflict of interest, and safeguard the integrity of our financial reporting and disclosures.

Serial number	Headline risk	Related risk	Risk	Risk control measure/mitigation action
1.	Political Environment	Changes in Government policies	Price control of pharmaceutical and medical devices products by the Government	Continuous negotiations with the principals to pass risk on price control to them through CIF reduction.  Volume driven revenue growth.  Revision of prices of non-controlled products.  Continuous negotiations with the Government to increase the MRP of price controlled products.
2.	External Environment	Exchange rate risk	Potential losses as a result of adverse exchange movement	Negotiation with principals to fix the exchange rate through the contracts.  Hedging techniques – Eg: Forward booking.  Price increase of uncontrolled products.
3.	External Environment	Import duty	Price volatility arises mainly from global crude palm oil market forces and import duty on crude palm oil	Monitoring of duty in collaboration with Pyramid Wilmar( Strategic partner).  Monitoring coconut prices and the production which affects the import duty of palm oil.  Improve efficiencies to sustain without the duty.
4.	Strategic	Social pressure against oil palm expansion	Social pressure against oil palm expansion	Public awareness campaigns.  Village integration programmes.  RSPO certification.  Engagement with pressure groups.

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5.	Strategic	Government policy on palm oil expansion	Obstacles to palm oil expansion due to Gvt. policy uncertainties such as red tape, suspensions etc.	Engagement with government agencies. Representations. Lobbying through Planters Association.
6.	Strategic	Climate change	Unfavourable weather patterns, especially droughts, can hinder the achievement of the expected crops	Follow sustainable agricultural practices including RSPO recommendations. Conservation of environment and water resources.
7.	Operational	Environmental impact	Environmental impact due to factory/mill operations operations	Treatment of effluents. Maintaining facultative ponds. RSPO guidelines.
8.	Operational	Dairy business risks	Manure and slurry management, waste water management	Improve filtration system to reduce COD and BOD level (Slurry pits, Bulk pit, Solid separator, Digesters, facultative ponds and earth ponds etc.)
9.	Business Strategies and policies	Market risk	Market risk – Price volatility	Price revision has already been taken via consumer offer. Trade activities and brand support have been strengthened. Will continue to monitor impact of competitor activities