

Risk Management

The Board of Directors acknowledges its responsibility to adopt best practices in corporate governance and endeavours to instill risk management and control as part of the Group's business culture.

Achievement of the Group's business objectives depends, inter alia, on external economic factors, regulatory regimes, market trends, ever evolving technology, unforeseen catastrophes and human factors. The Group has in place a continuous and systematic process in identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year ended 30 June 2011. The Group's risk management methodology is based on an integrated risk management infrastructure that considers risk at all levels from strategic to the day-to-day operations.

RISK MANAGEMENT PROCESS

The risk management processes are categorized into five (5) broad processes as follows:

The Group's risk management process is managed by the Risk and Control Workgroup (RCW) which is made up of cross-functional senior managers and is headed by the Finance Director. This workgroup is responsible for assessing the major areas of risk including the business continuity plan and risk financing, process, operations and financial related risks, as well as transactions with related parties. The RCW meets on a quarterly basis to review the adequacy of systems, policies and procedures and internal control processes to mitigate the internal control business risk and to follow-up on action plans proposed by Management on the recommendations of the Internal Audit Department. It reports to the Audit Committee through the Head of Internal Audit.

The Group adopts a proactive approach to managing its business risks in a rapidly changing business environment with the following objectives:

- Ensuring the continuity of supply of its products to the consumers at all times
- Safeguarding the Group assets and reputation
- Preserving the safety and health of its employees
- Ensuring that the Group's operations do not impact negatively on the business community
- Improving business performance by improving decision-making and planning
- Protecting the interests of all stakeholders
- Ensuring compliance to internal policies and procedures, the Malaysian Code on Corporate Governance, brand partners guidelines and all applicable Malaysian laws and regulations
- Promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems



The RCW reviews the Group’s risk profile on a regular basis to identify potential risks and implications to the Group and to re-assess the risk events, controls and mitigation plan. The risk registers were also individually reviewed by the respective functions on a regular basis. Risks identified will be analysed and categorised in the following manner to enable the Group allocates its resources to deal with the different levels of risks:

Impact	Risk Management Actions		
Significant	Considerable management required	Must manage and monitor risks	Extensive management essential
Moderate	Risks may be worth accepting with monitoring	Management effort worthwhile	Management effort required
Minor	Accept risks	Accept, but monitor risks	Manage and monitor risks
	Low	Medium	High
	Likelihood		

The Group has in place a comprehensive Business Continuity Plan as an integral part of the Group’s strategy to mitigate risks and manage the impact of crisis events. The Group has formed a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision-making in the event of crisis. The Crisis Management Team is assisted by the Emergency Response Team, which is entrusted to implement the necessary procedures for responding and stabilizing the situation following an incident as well as the Recovery Team, which is assigned to identify primary disaster recovery plan to keep the function operational.

Crisis simulations are conducted periodically to enhance the Group’s preparedness in crisis and emergency response so as to ensure that there is no disruption to its operations and business during a crisis or disaster.

A simulation on political instability was conducted in October 2010 to assess the Group’s preparedness in dealing with crisis and to raise awareness of crisis management processes. The simulation was attended by members of the Crisis Management Team, Emergency Response and Recovery Teams.

PROMOTION OF RISK AWARENESS

In support of the Group’s efforts to promote a risk awareness culture, the RCW communicates the Group’s risk management programme to the appropriate levels of employees and other stakeholders via the appropriate channels.

Briefing sessions are conducted by the Head of Internal Audit to raise awareness and educating management staff on Group’s approach to risk management and internal controls. Such sessions also provide a forum to enhance the participants’ understanding on risk management and control procedures as well as their roles in managing the Group’s risks. Employees are encouraged to provide feedback on risk management issues and make suggestions for improvement.