

ECOSCIENCE INTERNATIONAL BERHAD

(Registration No.: 202001024633 (1380953-M))

(Incorporated in Malaysia)

RISK MANAGEMENT FRAMEWORK POLICY

1. Preface

- a. This Policy shall supersede all earlier Policy Memorandums issued and implemented on subject matter. It is the policy of the Board of Directors (“Board”) of Ecoscience Group (“Ecoscience”) that all Risk Management matters, as those terms are defined in this policy, shall be subject to approval or ratification in accordance with the procedures set forth below.
- b. This Policy is meant for internal consumption and shall be circulated to the authorized groups and related personnel to implement the Policy only. It is the prerogative of the Board of Directors of Ecoscience, where necessary, to revise, update, amend, alter or discontinue the practice of the Policy.

2. Risk Management Policy

- a. Ecoscience shall establish and implement an effective Risk Management framework to understand, profile and manage risks to an acceptable level.
- b. Ecoscience shall endeavour to identify all risks associated with its business operations and also analyse in sufficient detail, report the risk timely and adopt appropriate measures to manage these risks effectively to acceptable levels.

3. Key Objectives for Risk Management

- a. Supports the fulfilment of the Group’s strategic objectives.
- b. Optimise business opportunities and the returns to the Group, and protect the interests of, stakeholders including shareholders, customers and staff, within acceptable level of risks.
- c. Promote and embrace education and risk assurance culture.
- d. Safeguard the Group’s assets and maintain its reputation and brand values.
- e. Identify and assess operational risks and other related business risks in order to improve the Group’s operating performance without compromising effectiveness of internal control procedures.
- f. Compliance to Group’s policies, regulations and statutory requirements, including timely reporting of performance.

4. Risk Monitoring Review

The Management meets once every year. The contribution of risk management to the overall business performance should be regularly reviewed as the process flows up to the Board of Directors.

RISK MANAGEMENT FRAMEWORK POLICY

5. Extent and Category of Risk

In determining whether a risk is acceptable to the Group, the Board of Directors and Top Management must firstly ascertain the levels of risk appetite of the company.

Risk appetite refers to the risk tolerance vis-à-vis the returns, or simply the extent of risk that Group can take or tolerate in relation to the potential gains or advantage for a specified condition. In computing the risk appetite, the industry's risk appetite, the expected return on investment, return on capital employed, the pay-back period for projects or any other means can be taken into consideration.

For the group, the aggregated risk capacity of the key operating unit will determine the overall risk capacity of the Group and therefore, it is necessary that the risk capacity of each key operating unit is in line with the overall Group risk capacity.

6. Extent and Category of Risk (On a Single Occurrence)

The extent and category of risk, where practical and possible, should be determined by taking into consideration various factors such as, among others, the nature of the Group's principal activity(ies), the industry norm and risk appetite. It should be noted that it is not always possible to quantify the magnitude of the extent of risk in some instances particularly in safety and human resources risks.

	Description	Extent and category of risk
1.	Low	<ul style="list-style-type: none"> Adverse impact of less than 10% of Group profit before tax, Group net revenue, net assets or shareholders' funds, whichever is the lowest. Consequences can be absorbed under normal operating conditions. No material impact on market share and/or reputation of company.
2.	Medium	<ul style="list-style-type: none"> Adverse impact of more than 10% but less than 30% of group profit before tax, Group net revenue, net assets or shareholders' funds, whichever is the lowest. Potential impact on market share or reputation of company.
3.	High	<ul style="list-style-type: none"> Adverse impact of more than 30% of group profit before tax, Group net revenue, net assets or shareholders' funds, whichever is the lowest. Market share, reputation or value of company will be affected in the short-term.

Risk rating matrix

Likelihood

Likely
Moderate
Unlikely

↑
Likelihood
↓

M	H	H
L	M	H
L	L	M

← Impact →

Insignificant Moderate Catastrophic

L - Low M - Medium H - High

RISK MANAGEMENT FRAMEWORK POLICY

7. Attachment

- RF-01.1 Risk Management Framework for Organization
- RF-01.2 Risk Management Framework for Operational Department
- RF-01.3 Risk Management Framework for Finance Department
- RF-01.4 Risk Management Framework for Purchasing Department
- RF-01.5 Risk Management Framework for Logistic Department
- RF-01.6 Risk Management Framework for Store Department
- RF-01.7 Risk Management Framework for Engineering Department
- RF-01.8 Risk Management Framework for Human Resource Department
- RF-01.9 Risk Management Framework for Information Technology Department
- RF-01.10 Risk Management Framework for Safety Department

This Risk Management Framework Policy is adopted on 1st July 2020.