

# ECOSCIENCE INTERNATIONAL BERHAD

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

(Incorporated in Malaysia)

## RISK MANAGEMENT FRAMEWORK FOR ORGANIZATION POLICY

### 1. Purpose

- a. This Policy is established to access the organization risks that will potentially bring threat to the company business.

### 2. Scope

- a. It covers all general organization risk which directly affect product or work quality.

### 3. Responsibility

- a. Managing Director
- b. General Manager

### 4. Risk matrix

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

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 FOR ORGANIZATION POLICY**

**5. Risk management framework**

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
1	Market risk	Medium	High	High	To closely access the market environments and price. On-going efforts on cost management control. Continuous lookout for opportunities to develop and penetrate new markets.	Company performance forecast vs actual to be discussed by management on monthly basis	Risk reduction
2	Construction risk	Low	High	Medium	Construction all risk (CAR) insurance is available	Any incident report to be presented to management immediately. Safety action to be taken immediately to avoid the similar incident	Risk sharing
3	Regulatory risk	Low	High	Medium	Policies and procedures of company to be reviewed and updated periodically to ensure its effectiveness and in line with the new laws and regulations. To conduct intensive checks on requirements and licenses to ensure compliance thereof.	Head of department to review the department policies annually in case of amendment of existing laws and regulations or introduction of new laws and regulations.	Risk avoidance

**RISK MANAGEMENT FRAMEWORK FOR ORGANIZATION POLICY**

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
4	Legal risk (Corporate, contract, asset, intellectual property right etc)	Low	High	Medium	Professional 3rd party legal team are engaged to support and advise all legal related matters to ensure all company rights are protected	Any legal related matter to be reported to management immediately before any action taken.	Risk avoidance
5	Political risk	Low	High	Medium	To close monitor the Government masterplan in respect of long term economic and development view and policy	Any updated government masterplan which will affect company business will be discussed by management before further action	Risk reduction
6	Strategic risk	Low	High	Medium	Any new business development plan must have a proper feasible study and risk assessment, and must be discussed and approved by the management to avoid making the poor business decision. R&D and explore of new technologies to ensure the change in market will not affect the business continuity.	Any new business opportunity or new investment will be discussed by management before making decision	Risk acceptance

**RISK MANAGEMENT FRAMEWORK FOR ORGANIZATION POLICY**

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
7	Competition risk	Medium	High	High	To ensure continuous business development and innovation in order to maintain and grow our standing in this industry. To maintain the highest quality product, productivity, and services to the clients.	Company performance affected by competitor will be discussed by management on monthly basis	Risk reduction
8	Environmental risk	Low	Medium	Low	To ensure sustainability in the environmental aspect in which we operate, has minimal impact to environment	Any environmental issue will be reported by safety rep to the management on case basis. Action to be taken immediately if violation to the regulation	Risk avoidance
9	Fire risk	Low	High	Medium	To ensure fire-fighting system are in place, and the workers are trained to use. Fire insurance are made available to the fire protection of the equipment and goods	Any fire incident report to be presented to management immediately. Safety action to be taken immediately to avoid the similar incident	Risk sharing

**RISK MANAGEMENT FRAMEWORK FOR ORGANIZATION POLICY**

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
10	Coordination hurdle or miscommunication	Medium	Medium	Medium	Established workflow and procedure must be available and enforced to ensure proper alignment and understanding is achieved	Any communication breakdown to be reported to management in monthly basis	Risk reduction
11	Theft break-ins caused by insufficient security	Low	Medium	Low	Security supervision and CCTV is made available	Any theft incident report to be presented to management immediately. Safety action to be taken immediately to avoid the similar incident	Risk reduction
12	Health risk	Medium	Low	Low	Employees who assigned for project in Africa must get the minimum required medical prevention vaccine e.g. yellow fever vaccine. Employees who work in Africa are advised to avoid staying outdoor at night to avoid Malaria disease. Employees who work in Africa who have the symptoms of Malaria must seek for medical treatment immediately	Any medical incident report to be presented to management immediately. Safety action to be taken immediately to avoid the similar incident	Risk reduction

**RISK MANAGEMENT FRAMEWORK FOR ORGANIZATION POLICY**

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
13	Loss of power supply	Low	Low	Low	Genset are available in case of failure or loss of power supply	Total power failure report to be presented to management on yearly basis in case of any	Risk acceptance
14	Concentration risk	Medium	High	High	Explore new market and business. Participate in more tender and bidding project. Diversify business nature. Penetrate into Oversea market.	Company performance forecast vs actual to be discussed by management on monthly basis	Risk reduction

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