ECOSCIENCE INTERNATIONAL BERHAD

(Registration No.: 202001024633 (1380953-M)) (Incorporated in Malaysia)

RISK MANAGEMENT FRAMEWORK FOR OPERATIONAL DEPARTMENT POLICY

1. Purpose

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

2. Scope

a. It covers all processes/operations risk which directly affect product or work quality.

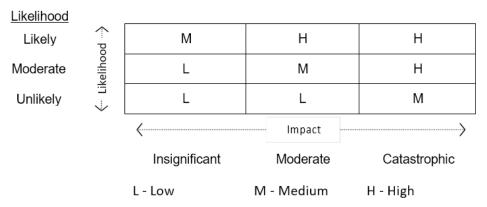
3. Responsibility

a. HOD of Workshop

4. Risk matrix

	Description	Extent and category of risk
1.	Low	 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	 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	 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



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5. Risk management framework

		Risk measurement and assessment				Risk reporting and	Risk
No	Risk identification	Likelihood	Impact	Severity	Risk mitigation	monitoring	governance
					To reduce the dependency		
					on foreign workers by		
					implementation of specify		
					job on individual worker to		
	High dependency on				increase the efficiency and	To monitor the hiring of	
	foreign workers				productivity of the workers.	foreign workers and report	
	(increase in				To hire and train more local	annually the change in	
1	minimum wages)	Medium	Low	Low	workers.	number to management	Risk reduction
					Overview of vendor approved list is available, in case the primary supplied breakdown, alternate	Non-conformance management (NCM) report	
					supplier can be engaged	will be issued to supplier in	
	Breakdown in the				immediately.	case of violation. Total	
	movement of				Consistent engaging similar	number of violations will be	
	supplied raw				supplier to have a good	reported to management in	
2	materials	Low	High	Medium	working relationship.	the yearly basis	Risk reduction

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	Risk measurement and assessm			assessment		Risk reporting and	Risk
No	Risk identification	Likelihood	Impact	Severity	Risk mitigation	monitoring	governance
					Overview of vendor approved list is available, in case the primary supplied breakdown, alternate service provider can be engaged immediately.	Non-conformance management (NCM) report will be issued to supplier in case of violation. Total	
	Breakdown in the				Consistent engaging similar	number of violations will be	
	movement of				service provider to have a	reported to management in	
3	supplied services	Low	High	Medium	good working relationship.	the monthly basis	Risk reduction
	Loss of business continuity due to				A response team led by the head of operation is formed to devise a plan to manage the disruption in case happened. E.g. In the case of flood happen in the area, company can arrange the pick-up of key personnel to the workplace to ensure	In the case of the event, the head of operation to inform management immediately, and the sequence and number	
	natural disaster				critical production can be	of events will be reported to	Risk
4	(e.g. flood, fire etc)	Low	Medium	Low	managed	management annually	acceptance

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	Risk Risk measurement and a		assessment		Risk reporting and	Risk	
No	identification	Likelihood	Impact	Severity	Risk mitigation	monitoring	governance
5	Increased product cost	Low	Medium	Medium	To make sufficient stock in hand to overcome the fluctuation of product cost. Competitive bidding is in placed to ensure the cost are effectively reduce.	In the case of product cost is increased by 10%, the purchaser will report to management immediately before taking any further action	Risk reduction
6	Quality of product - off specification	Low	Medium	Low	Standard operating procedure for workshop is available. A quality control management is in placed and well-practiced.	The number of off specification or rejected products will be reported to management in monthly basis in case of any.	Risk avoidance
7	Machinery and equipment breakdown	Medium	Medium	Medium	Timely preventive maintenance is in placed to ensure the reliability of the machinery and equipment. Additional machinery and equipment are available in case of breakdown.	The number of machinery and equipment breakdown will be reported to management in yearly basis	Risk reduction

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	Risk measurement and assessmen			assessment		Risk reporting and	Risk
No	identification	Likelihood	Impact	Severity	Risk mitigation	monitoring	governance
8	Over production demand increase the overtime cost	High	Low	Medium	A proper headcount planning on the scope and demand of work. A proper work management planning to avoid overtime.	The overtime cost is summarised and report to management in monthly basis	Risk
0	the overtime cost	Tilgii	LOW	Medium	To engage a few reliable and	management in monthly basis	acceptance
					good quality and		
					performance subcon to share		
					the availability of labour in		
					different fields.		
					To do the mock up test		
					before engage the new		
	Labour issue				contractor who supply		
	(labour shortage,				labour or services.		
	labour				To train permanent worker	Any labour quality issue will	Risk reduction
	productivity,				to increase the productivity	be reported to management in	and risk
9	labour quality)	Medium	Low	Low	and skills set.	a quarterly basis	sharing

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