ECOSCIENCE INTERNATIONAL BERHAD

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

RISK MANAGEMENT FRAMEWORK FOR FINANCE DEPARTMENT POLICY

1. Purpose

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

2. Scope

a. It covers all financing processes related risks which directly affect financial performance of the Company.

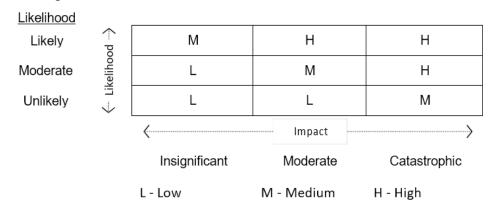
3. Responsibility

a. Head of Finance (HOF)

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 review quarterly projected and		
					budgeted plan against actual to		
					identify and address significant		
					variances from the impact of		
					economy.		
					Risk can be shared to Oversea	Company performance	
	Poor financial				market in the case of low order	forecast vs actual to be	Risk
	economic				book in local market due to	presented to management on	reduction and
1	performance	Medium	Medium	Medium	Malaysia economy performance.	quarterly basis	acceptance
					To access counterparties financial		
					standings and monitor the limits	To highlight late payment to	
					and credit terms. To follow up	management at monthly	
					payment closely with clients,	basis	
					make phone call, send gently	To issue the demand letter	Risk
					reminder on the payment date,	based on the credit control	reduction and
2	Credit risk	Medium	Medium	Medium	and frequent visit to the clients.	SOP.	acceptance
					Risk is partly hedged through the		
					fixed currency rate with bank, and		
					remaining risk is monitored	Currency risk identified to	Risk
					closely to ensure acceptable risk	be reported to management	reduction and
3	Currency risk	Medium	Medium	Medium	level undertaken	on quarterly basis	acceptance

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		Risk measurement and assessment				Risk reporting and	Risk
No	Risk identification	Likelihood	Impact	Severity	Risk mitigation	monitoring	governance
					To practice prudent liquidity risk management to minimise the mismatch of financial asset and liabilities whilst ensuring sufficient and positive cash flow and availability of funding	Liquidity risk identified to be reported to management	Risk
4	Liquidity risk	Medium	Medium	Medium	through standby credit facilities	on quarterly basis	reduction
		_	M 1:		To reduce dependency on bank loan Proper financial planning to	Interest rate risk identified to be reported to	Risk reduction and
5	Interest rate risk	Low	Medium	Low	ensure positive cash flow	management on yearly basis	acceptance

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