# ECOSCIENCE INTERNATIONAL BERHAD

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

### RISK MANAGEMENT FRAMEWORK FOR PURCHASING DEPARTMENT POLICY

#### 1. Purpose

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

#### 2. Scope

a. It covers all procurement risk which directly affect product, services or work quality.

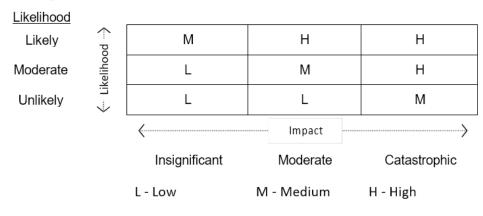
#### 3. Responsibility

a. HOD of Purchasing

#### 4. Risk matrix

	Description	Extent and category of risk
1.	Low	<ul> <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> <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> <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



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# 5. Risk management framework

	Risk measurement and					
Risk identification		sessment	Soverity	<b>Risk mitigation</b>	Risk reporting and	<b>Risk</b> governance
Low quality of	Likemiood	Impact	Severity	Proper technical review and screening will be done on new	Non-conformance management (NCM) report will be given to the vendor or service provider who failed to deliver the expectations. Repetitive on	Risk
provider	Low	High	Medium	1		reduction
Conflict with vendor during				Proper communication is established with vendor throughout the project to minimize the conflict during execution. Kick-off meeting is done prior to execution to ensure the same understanding	In the case of conflict with vendor during project, the said vendor will be banned from the company to be involved in the future	Risk
project	Low	High	Medium	between all parties	business collaboration	reduction
				Vendor failed to meet requirement will be claimed for	Non-conformance management (NCM) report will be given to the vendor or service provider who failed to deliver the expectations. Repetitive on	
	Low	High	Medium			Risk reduction
	endor or service rovider Conflict with endor during	Risk identification       Likelihood         Low       Low         Conflict with endor during roject       Low	Risk identification       Likelihood       Impact         ow quality of endor or service rovider       Low       High         Conflict with endor during roject       Low       High         Vendor failed to       High       High	Kisk identificationLikelihoodImpactSeverityLowHighMediumLowHighMediumConflict with endor during rojectLowHighMediumConflict with endor during rojectLowHighMedium	tisk identificationLikelihoodImpactSeverityRisk mitigationow quality of endor or service roviderLowHighMediumProper technical review and screening will be done on new vendor or service provider before engage of any jobLowHighMediumProper technical review and screening will be done on new vendor or service provider before engage of any jobConflict with endor during rojectLowHighMediumProper communication is established with vendor throughout the project to minimize the conflict during execution. Kick-off meeting is done prior to execution to ensure the same understanding between all partiesLowHighMediumVendor failed to meet requirement will be claimed for the loss, and blacklisted from	LikelihoodImpactSeverityRisk mitigationNon-conformance management (NCM) report will be given to the vendor or service provider who 

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		Risk measurement and assessment				Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
					When there is a poor performance by the vendor after each job, vendor performance review to be carried out, otherwise, the evaluation will be carried out every 3 years. The bad performance vendor will not be engaged again, and the vendor	Approved supplier list will be updated and shared with	
	Slow response or				which are not active for 3 years	management on a yearly	Risk
4	inactive vendor	Low	High	Medium	will be reviewed	basis	reduction
	Failure to negotiate				Always engage the same	Vendor or contractor who are not cooperative in term of commercial negotiation for any contracts will not has the privilege to take	
	a reasonable price				contractor to ensure the price	part in any company	D. 1
_	or terms for	•			and terms are the most	technical bid unless	Risk
5	contracts	Low	Medium	Medium	commercial favourable	unavoidable circumstances	reduction

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		Risk measurement and assessment		t and		Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
	Delays to procurement				Procurement process is simplified to make the process efficient. Purchasers are well trained in order to convert the purchase	Performance management system (PMS) is used to monitor the deliverables of every purchasing executives in the company. Any gap found will be discussed between the direct superior and management on the career development plan to close the gap. Consequence management will be executed on the executives that been given	
6	processes impact	Low	Illich	Madium	requisition to purchase order in	several chances yet failed to fulfil his/her duties.	Risk
6	project	Low	High	Medium	time.	to runn ms/ner duties.	reduction

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