

ECOSCIENCE INTERNATIONAL BERHAD

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

(Incorporated in Malaysia)

RISK MANAGEMENT FRAMEWORK FOR LOGISTIC DEPARTMENT POLICY

1. Purpose

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

2. Scope

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

3. Responsibility

- a. HOD of Logistic

4. Risk matrix

	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

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5. Risk management framework

No	Risk identification	Risk measurement and assessment			Risk mitigation	Risk reporting and monitoring	Risk governance
		Likelihood	Impact	Severity			
1	High logistic cost	Medium	Medium	Medium	Optimisation of cargo size, logistic mapping and chartering capability	For all the logistic services including forwarding, minimum of 2 quotations must be obtained prior to the order.	Risk reduction
2	Peak traffic in cargo	Medium	Medium	Medium	Plan ahead the upcoming inbound and outbound logistic work to avoid last minute booking. Prioritization to be made in case there is too high demand in logistic arrangement.	Any delay in shipment due to poor planning must be reviewed and amended, and reported to management on quarterly basis.	Risk reduction
3	Accident during transportation	Low	High	Medium	Condition of the transportation are checked before leaving factory.	Any traffic incident report to be presented to management immediately. Safety action to be taken immediately to avoid the similar incident.	Risk reduction and avoidance

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4	Wrong goods delivery / shipment	Low	High	Medium	Goods must be accompanied with packing list before loading to the truck, container etc, and must be physically check before signing off the acceptance of packing list	Any wrong shipment to be reported to management on monthly basis	Risk reduction and avoidance
5	Dangerous goods regulatory risk	Low	High	Medium	Logistic and purchasing team will monitor the type of goods to ensure the goods or shipment do not fall under this category	Any violation of dangerous goods regulatory risk must be reported to management immediately before taking any further action	Risk avoidance
6	Misalignment with the logistics by 3rd party	Low	Medium	Low	Logistic team to communicate closely with 3rd party logistic suppliers to ensure all information are shared and well communicated	In case of delay or wrong shipment due to communication breakdown, the HOD of logistic have to meet up with 3rd party to find the root cause and prevent the similar occurrence	Risk sharing

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