

ECOSCIENCE INTERNATIONAL BERHAD

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

(Incorporated in Malaysia)

RISK MANAGEMENT FRAMEWORK FOR STORE DEPARTMENT POLICY

1. Purpose

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

2. Scope

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

3. Responsibility

- a. HOD of Store

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	Bad inventory management	Low	Medium	Low	A proper inventory system is available to ensure the management of stock are in placed. Stock count management is in placed.	Continuous improvement on the inventory management system to ensure a proper storage system for all materials and spare movement	Risk avoidance
2	Missing spare parts	Medium	Medium	Medium	The spare part only can be issued by store personnel with proper record and signature by the receiver	All missing spare part that required for fabrication or project request must be recorded and reported to management in quarterly basis. Root cause must be investigated in each case, to avoid reoccurrences.	Risk reduction

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3	Spare part condition turns bad	Medium	Low	Low	A proper spare part preservation program is available and well-practiced. The spare part which are sensitive to high temperature are not exposed to sun.	Any spare part that are not in the good condition can be sent for refurbishment if possible. HOD of the store to improve the preservation program to avoid the similar damage	Risk avoidance
4	Inventory fall below acceptance level	Low	Medium	Low	The stock level is frequently check, and the reordering process in placed to replenish the inventories	In the case of short fall of inventory, HOD of the store to review the minimum stock level to increase the availability of the spare inventory	Risk reduction
5	Congested space during unloading of spare part	Medium	Low	Low	The purchaser will inform store personnel two days ahead in case of big items delivery and unloading will take place	Proper communication must be established between logistic, store, and purchasing department to align the delivery the big size items to avoid unnecessary hiccup during unloading activities	Risk avoidance

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6	Limited space for storage	Medium	Low	Low	Proper racking system is done, and well organised arrangement of over-sized materials to ensure space efficient utilization	Continuous improvement to be implemented to ensure a proper storage system and space for all materials	Risk acceptance

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