

ECOSCIENCE INTERNATIONAL BERHAD

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

(Incorporated in Malaysia)

RISK MANAGEMENT FRAMEWORK FOR ENGINEERING DEPARTMENT POLICY

1. Purpose

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

2. Scope

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

3. Responsibility

- a. Head of Engineering

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	Poor project management lead to project cost overruns	Low	High	Medium	Dedicated project executive is assigned to individual project to ensure a close follow up on the project overview. Proper and best practice of the project management methodology is used by every project executive during planning and execution stages	Any foreseen on-going project cost overruns due to any reasons shall be reported to management in the weekly engineering department meeting. Action must be taken immediately to avoid cost to continue escalate.	Risk reduction
2	Poor project management lead to project delay	Low	High	Medium	Dedicated project executive is assigned to individual project to ensure a close follow up on the project overview. Proper and best practice of the project management methodology is used by every project executive during planning and execution stages	Any foreseen on-going project delay shall be reported to management in the weekly engineering department meeting, and immediate counter measure must be taken to expedite the progress	Risk reduction

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3	Wrong or poor design	Low	High	Medium	The design is always a result of team discussion, and prior to fabrication, the design must be approved by the project designer engineer (subject matter expert) or the management	Any wrong or poor design of the complaint from customers must be recorded down and updated to management in monthly basis. Lesson learnt shall be shared among the team to avoid the reoccurrences.	Risk reduction
4	Poor documentation	Low	Medium	Low	All the project documentation is proper filed in hardcopy and keep in archive room for future reference	All project documentation is kept in both hard copy and soft copy	Risk avoidance

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5	Inconsistent reporting and error	Low	Medium	Low	A reporting template is established to be commonly used by all the project executives to avoid missing information and updates during project. The project executive in charge of that project must visit the site to get actual update for reporting purposes.	All project executives are trained to use the company standard report format and is part of their Performance Management System (PMS). Close follow up on project execution can avoid the error in reporting	Risk avoidance
6	Errors or inaccurate estimates in quantity survey	Low	High	Medium	Site visit must be done during collection of tenders to ensure the proper information are collected. The estimation done during quantity survey is checked by the 4 eyes principle before sending the budgetary quotation.	Any foreseen error or inaccurate estimation during on-going project shall be reported to management in the weekly engineering department meeting, and immediate counter measure must be taken to close the gap	Risk reduction

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7	Contractual disputes between client and contractor or contractor and subcontractor	Low	High	Medium	All terms and clauses must be clearly specified in the contract before issue any order confirmation to the contractor. All terms and clauses specified by the clients are made clear to avoid any dispute during tendering stage	Any term and clauses disputed that will impact the profit and loss of the company will get legal advice for the further action	Risk reduction
8	Lack of authority support or approval	Low	Medium	Low	A good relationship is well maintained with the authority to ensure the consistent and continuous support. Proper planning and application with authority for any inspection required.	Authority liaison officer from company to keep a good relationship with authority, keep the promises, always deliver the quality results to ensure continuous support from authorities' body	Risk avoidance

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9	Inaccurate cost estimates and forecast	Low	High	Medium	All profit and lost for each project are recorded and reviewed. This serve as a reference to upcoming project for more accurate cost estimation	Any foreseen inaccurate cost estimation during on-going project shall be reported to management in the weekly engineering department meeting, and immediate counter measure must be taken to minimise the cost impact	Risk reduction
10	Technical problems with the software or tools for engineering	Low	Medium	Low	In case of software failure, IT rep will try to perform the corrective maintenance, if not fix, purchaser will contact vendor to come in immediately to rectify the issue	Total failure report to be presented to management on yearly basis in case of any	Risk acceptance

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11	Client or user final reject of product or services	Low	High	Medium	A close follow up through the project is carried out by the in-charge project executive, getting feedback from client's time to time, and fast response to client's complaint and defects found	Any client complaint or rejection of product or services shall be reported to management immediately, and immediate action to be taken to rectify the issue	Risk reduction

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