# **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.

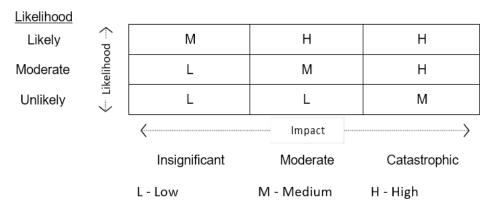
#### 3. Responsibility

a. Head of Engineering

#### 4. Risk matrix

	Description	Extent and category of risk
1.	Low	<ul> <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 assessment			Diele von onting and	Risk	
No	<b>Risk identification</b>	Likelihood	Impact	Severity	Risk mitigation	Risk reporting and monitoring	governance
					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	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	
1	Poor project management lead to project cost overruns	Low	High	Medium	during planning and execution stages	cost to continue escalate.	Risk reduction
		Low	Tingi	Wiedram	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	Any foreseen on-going project delay shall be reported to management in the weekly engineering department meeting, and immediate counter measure must be taken	
2	Poor project management lead to project delay	Low	High	Medium	during planning and execution stages	to expedite the progress	Risk reduction

		Risk measurement and assessment				Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
					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	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	Risk
3	Wrong or poor design	Low	High	Medium	management	reoccurrences.	reduction
					All the project documentation is proper filed in hardcopy and keep in archive room for future	All project documentation is kept in both hard copy and	Risk
4	Poor documentation	Low	Medium	Low	reference	soft copy	avoidance

		Risk measurement and assessment				Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
					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	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	
	Inconsistent reporting and				actual update for	execution can avoid	Risk
5	error	Low	Medium	Low	reporting purposes.	the error in reporting	avoidance
					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	Any foreseen error or inaccurate estimation during on-going project shall be reported to management in the weekly engineering department meeting, and immediate counter	
	Errors or inaccurate estimates	т	TT: 1	M P	sending the budgetary	measure must be taken	Risk
6	in quantity survey	Low	High	Medium	quotation.	to close the gap	reduction

		Risk measurement and assessment				Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
	Contractual discutos hotocor				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	Any term and clauses disputed that will impact the profit and	
	Contractual disputes between client and contractor or				are made clear to avoid any dispute during	loss of the company will get legal advice	Risk
7	contractor and subcontractor	Low	High	Medium	tendering stage	for the further action	reduction
					A good relationship is well maintained with the authority to ensure the consistent and continuous support. Proper planning and application with	Authority liaison officer from company to keep a good relationship with authority, keep the promises, always deliver the quality results to ensure	
8	Lack of authority support or approval	Low	Medium	Low	authority for any inspection required.	continuous support from authorities' body	Risk avoidance

		Risk measurement and assessment			Risk reporting and	Risk	
No	<b>Risk identification</b>	Likelihood	Impact	Severity	<b>Risk mitigation</b>	monitoring	governance
					All profit and lost for each project are	Any foreseen inaccurate cost estimation during on- going project shall be reported to management in the weekly engineering	
	Inaccurate cost estimates and				recorded and reviewed. This serve as a reference to upcoming project for more	department meeting, and immediate counter measure must be taken to minimise the cost	Risk
9	forecast	Low	High	Medium	accurate cost estimation	impact	reduction
					In case of software failure, IT rep will try to perform the corrective maintenance, if not fix, purchaser	Total failure report to	
	Technical problems with the				will contact vendor to	be presented to	Diala
10	software or tools for engineering	Low	Medium	Low	come in immediately to rectify the issue	management on yearly basis in case of any	Risk acceptance

		Risk measurement and assessment				Risk reporting and	Risk
No	<b>Risk identification</b>	Likelihood	Impact	Severity	-		governance
					A close follow up through the project is	Any client complaint	
					carried out by the in- charge project executive, getting	or rejection of product or services shall be reported to	
					feedback from client's time to time, and fast response to client's	management immediately, and immediate action to be	
	Client or user final reject of				complaint and defects	taken to rectify the	Risk
11	product or services	Low	High	Medium	found	issue	reduction

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