RISK MANAGEMENT PROCEDURE

Rev	Date	Revision Record	Updated by	Reviewed by	Approved by
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CONTROLLED

1.0 PURPOSE

Business risk is defined as the possibility that due to unforeseen circumstances, a business will experience adverse conditions that results in loss or failure. The purpose of this procedure is to ensure that a formal process exists for the identification and management of risk in order that the effects of that risk are minimized and maximize the opportunities identified. The procedure provides guidelines on the process for identification, assessment and control of identified risks within The Organization operations to reduce the potential impact of those risks.

2.0 SCOPE

The scope of this procedure covers all operations, activities and criteria of the company's QHSE Management system to be taken in consideration for the identification of risk and opportunities

3.0 DEFINITIONS

Risk: A negative effect of uncertainty.

Opportunity: A positive effect of uncertainty.

Risk Assessment: a systematic investigation and analysis of potential risks, combined with the assignment of severities of probabilities and consequences. These are used to rate risks in order to prioritize the mitigation of high risks.

Risk Mitigation: a plan developed with the intent of addressing all known or possible risks and preventing their occurrence

4.0 RESPONSIBILITY

It is the responsibility of SAIFCO Top Management to ensure risk and opportunities are planned and mitigated from high risk to achieve a positive plan development.

5.0 PROCEDURE

Each of the business processes deal with concerns, dissatisfaction, non-conformance, variations, incidents, risk assessments, etc. Records of each are maintained as part of those processes.

This procedure aims to manage non-conformances and to implement system improvements by eliminating the root causes of existing problems; by taking corrective action; eliminating the causes of potential problems by taking corrective action; and searching for improvement opportunities.

This procedure describes the formal escalation for any of the above as well as controlling change as a result of internal / external audits, formal customer complaints, environmental incidents, safety incidents and the need to eliminate the potential causes of non-conformance.
Any employee can identify and submit a **Risk Improvement Opportunity (RIO)** for consideration.

This can include (but is not limited to); risk assessments, improvements, opportunities, client complaints, suggestions, audit reports, management reviews, corrective actions for nonconformity, or corrective actions to eliminate potential causes of nonconformity.

Upon submission, the Top management will consider the RIO and as needed, ensure appropriate controls are put in place to manage the situation.

Any RIO requiring controls and any subsequent actions will be raised and managed through the Non-Conformance register.

The components and details of the Non-Conformance register ensures the relevant actions and records are generated until an effective conclusion is realized.

Risk categories will include, but may not be limited to, the following:

- **Natural disasters,** such as floods, storms, bushfires and drought.
- **Pandemic,** such as human influenza, swine flu or bird flu
- **Legal,** such as insurance issues, resolving disputes, contractual breaches, noncompliance with regulations, and liabilities
- **Global events,** such as pandemics and interruptions to air traffic
- **Technology,** such as computer network failures and problems associated with using outdated equipment
- **Regulatory and government policy changes,** such as water restrictions, quarantine restrictions, carbon emission restrictions and tax
- **Environmental,** such as climate change, chemical spills and pollution
- **Work health and safety,** such as accidents caused by materials, equipment, or location of your work
- **Property and equipment,** such as damage from natural disasters, burst water pipes, robbery and vandalism
- **Security,** such as theft, fraud, loss of intellectual property, terrorism, extortion and online security and fraud
- **Economic and financial,** such as global financial events, interest rate increases, cash flow shortages, customers not paying, rapid growth and rising costs
- **Staffing,** such as industrial relations issues, human error, conflict management and difficulty filling vacancies
- **Suppliers,** such as issues within their business or industry resulting in failure or interruptions to the supply chain of products or raw materials
- **Market,** such as changes in consumer preference and increased competition
- **Utilities and services,** such as failures or interruptions to the delivery of your power, water, transport and telecommunications

The Risk and Opportunity Assessment is carried out using the Risk - Opportunity Matrix below.

Likelyhood											
Almost Certain	5	S	S	S	H	M	M	H	S	S	S
Likely	4	S	S	H	H	M	M	H	H	S	S
Possible	3	S	H	H	M	L	L	M	H	H	S
Unlikely	2	H	H	M	M	L	L	M	M	H	H
Rare	1	M	M	L	L	L	L	L	L	M	M
		5 Extreme	4 Major	3 Moderate	2 Minor	1 Insignificant	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
		Negative Consequence					Positive Consquence				

6.0 ATTACHMENTS

Type	Name	Number / Code
Form	Risk and Opportunities Assessment Register	IMS/QHSE/RM/04/01

QHSE MANAGEMENT SYSTEM	SAIFCO Electromechanical Works (LLC)	
Document Name: Risk and Opportunities Assessment Register	QHSE Ref: No.:	IMS/QHSE/RM/04/01 Rev.00
	Date:	

S/R	Issue	Type	Risk/ Opportunity R/O	Interested Parties	Needs & Expectation	Consequence / Benefits	Probability (P)	Severity (S)	R/O Level	Available Controls	Probability (P)	Severity (S)	Residual R/O	Accepted? Yes/ No	Mgt. Program
1	Conflict of Interest	E	**Risk:** 1. Legal implications. 2. loss of market reputation **Opportunity:** NA	SAIFCO & Client	Business Assurance	Adverse effect on business	5	5	**Medium**	Careful review of requirements, availability of various checking controls	5	1	**Low**	**Yes**	**NA**
2	VAT-UAE	E	**Risk:** 1. Cost of doing business will be higher. 2. Impact on higher budget purchases/orders **Opportunity:** NA	SAIFCO & Client	- system to collect and deposit VAT as required - Meet budget limit	Prices are fixed with the Principal prior to sale	5	1	**Low**		5	1	**Low**	**Yes**	**NA**
3	Prolonged period of low Oil prices	E	**Risk:** 1. Reduced business 2. Extended sales cycles 3. Tough Payment terms especially on Govt. contracts **Opportunity:** NA	SAIFCO, Supplier & Client	Business Assurance	Cash-flow problems resulting in delayed payments	5	10	**High**	Sufficient liquidity is maintained to ensure payments are on time	5	5	**Medium**	**No**	
4	Defaulters & delayed payments	E	**Risks:** 1. Major Impact on Cash flow 2. Tough payment terms **Opportunity:** NA	SAIFCO & Client	- Risk reduction, No payment default - Longer credit period	Delayed Payments	5	10	**High**	Contracts are prepared with controls on payment	5	5	**Medium**	**No**	
5	Currency fluctuations	E	**Risk:** 1. Lower Deal Size 2. Effect on profits/margins **Opportunity:** NA	SAIFCO, Supplier & Client	- risk passed on to Client or supplier '– risk to the organization	Delayed Payments	5	1	**Low**	Sufficient liquidity is maintained to ensure payments are on time	5	1	**Low**	**Yes**	**NA**
6	Market slow down	E	**Risk:** 1. Extended Sales Cycle 2. Budget constraints for Projects **Opportunity:** NA	SAIFCO, Supplier & Client	- business assurance	Delayed Payments	**5**	**10**	**High**	Market Intelligence is being captured	5	5	**Medium**	**No**	

7	Increase in administrative fees eg: parking, visa, salik, insurance	E	**Risk:** 1. Higher operational expenses. **Opportunity:** NA	SAIFCO & Client	- improve the margin for AF cost coverage, early awareness - price reduction	Increase in selling price leading to Client dissatisfaction	5	1	**Low**	Price adjustments are made prior to contracting	5	1	**Low**	**Yes**	**NA**
8	Delayed deliveries	E	**Risk:** 1. Expenses for storage of materials in the warehouse 2. Delay in payments and reduce cash flow **Opportunity:** NA	SAIFCO, Supplier & Client	– just in time – longer lead times	Client Dissatisfaction due to delayed deliveries	5	1	**Low**	Delivery Dates are planned after considering the lead time needed	5	1	**Low**	**Yes**	**NA**
9	Competitors with exclusive rights / Monopoly		**Risk:** 1. Profit margins will be less 2. Dependency on the exclusive partners **Opportunity:** NA	SAIFCO	Open market scenario for some of the products in certain territories	Price Hikes leading to Client exit	5	1	Low	Price adjustments are made prior to contracting	5	1	**Low**	**Yes**	**NA**
10	Labor and immigration rules	E	**Risk:** 1. Additional Costs **Opportunity:** NA	SAIFCO, Govt.	Maintain the requisite number of staff Govt. - compliance	Price Hikes leading to Client exit	5	1	Low	Price adjustments are made prior to contracting	5	1	**Low**	**Yes**	**NA**
11	Sampling used in auditing process	E	**Risk:** 1. Omission of key critical areas **Opportunity:** NA	SAIFCO & Client	Coverage of all critical areas / Achievement of audit objectives	critical areas may not be audited	5	1	Low	Prior communication with client, care in sampling	5	1	**Low**	**Yes**	**NA**
12	Real and perceived impartiality	E	**Risk:** 1. Biasing, deviation from process **Opportunity:** NA	SAIFCO & Client	impartial approach / real and perceived	Loss of image, brand image loss	5	5	Medium	Careful handling of enquiries, prior communication	5	1	**Low**	**Yes**	**NA**
13	Legal, regulatory and liability issues	E	**Risk:** 1. Non compliance **Opportunity:** NA	SAIFCO & Legal Bodies	Legal compliance with legal bodies	Non compliance, penalties, loss of image	5	5	Medium	Careful handling of operations, trainings, proper, communication	1	5	**Low**	**Yes**	**NA**
	Perception of interested parties	E	Risk 1. No compliance with interested parties **Opportunity:** NA	SAIFCO & interested parties	Compliance with interested parties	Noncompliance, penalties, loss of image	5	5	Medium	Careful handling of operations, trainings, proper, communication	1	5	**Low**	**Yes**	**NA**

LEGEND: E = External, I=Internal, P= Probability, S= Severity, Category (Low, Medium, High), Target Score (Accepted Level), Status (Risk Mitigated, Available, Opportunity Availed)