

HEXATECH	OPERATIONS CONTROL SERVICES	Issue No.: 1	Document Effective Date: 01 Mar 2017	Page 1 of 7
	Risk Management Procedure	Revision No.: 0		Document Ref: OCS-PRO-01

1.0 SCOPE & PURPOSE

This procedure provides information for all personnel who are responsible for risk management.

The objectives of this risk-based system of internal control are to assist the Company in achieving its strategic objectives and identifying opportunities for the benefit of the Company by the following manner:

- Protecting Company employees, the Company, and Company assets (financial, property, and information).
- Facilitating optimal use of resources and provide a system for setting priorities when there are competing demands on limited resources.
- Assist in realizing opportunities.
- Supporting innovative decision making through recognition of threats and opportunities.
- Improving service delivery, reporting systems, outcomes and accountability.

2.0 REFERENCE

- ISO31000 Risk Management Standards
- Risk Management Policy (refer 8.0 below)

3.0 TERMS & DEFINITIONS

Risk

The effect of uncertainty on objectives.

Risk level

The relative measure of risk as defined by the combination of likelihood and consequence.

Risk Management

The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. The coordinated activities to direct and control an organization with regard to risk.

Risk Treatment

Measures that modify the characteristics of organizations, sources of risks, customer requirements and environments to reduce risk.

Source (of Risk)

A real or perceived event, situation or condition with a real or perceived potential to cause harm or loss to stakeholders, customers or environment.

Opportunities

Exploitable set of circumstances with uncertain outcome, requiring commitment of resources and involving exposure to risk. The Company can take leverage over such opportunities.

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Threat

An indication of something impending that could attack the system, includes strategic threats such as a regional conflict or tactical threats such as impending physical attack. Threats are usually measured in terms of intent and capability. The term includes known (stated or assessed intention or determination to inflict pain, loss or punishment on someone or something) or unknown (undeclared, hidden or potential) threats. Malicious threats such as system hacks, data destruction, data modification, theft, bomb threats, sabotage, fraud, can be categorized within a range going from rational (obtaining something of value) to irrational (attack against of assets without benefit). Business threats are related to uncompetitive markets, stronger contender, failure to control internal costs, corrupted staff, etc.

Treatment

Controls that are proposed (i.e. not yet existing) to reduce or mitigate the likelihood or consequence of an event occurring, that is to reduce the residual risk.

4.0 RESPONSIBILITY

Risk management is a core management requirement and integral part of day-to-day operations. As individuals in managing risk and staff at all levels are responsible for understanding and implementing Company risk management principles and practices in their work areas.

Top management and Head Of Departments are responsible for applying agreed risk management policy and strategies in their area of responsibility and are expected to:

- Ensure that risk management is fully integrated with corporate planning processes and considered in the normal course of activities at all levels.
- Identify and evaluate the significant risks that may influence the achievement of business objectives.
- Assign accountability for managing risks within agreed boundaries.
- Ensure that a risk based approach is communicated to our people and embedded in business processes.
- Comply with Company and Government standards which relate to particular types of risk.
- Define acceptable levels for risk taking and apply fit for purpose mitigation measures where necessary.
- Design, resource, operate, and monitor internal risk management systems.
- Monitor the effectiveness of the system of risk management and internal control.
- Report identified weaknesses or incidents to executive management.
- Provide risk management and treatment progress reports to top management.

Each Head Of Department is responsible for the development, coordination, and promulgation of the Company Risk Management Procedure including monitoring and reporting systems capable of identifying and reporting new and evolving risks. The HODs will coordinate training and assistance regarding implementation of the risk management, and ensure adequate information is available to all staff.

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5.0 AUTHORITY

All head of operations are given the authority to managing risk for their respective operating departments.

6.0 PROCEDURE

The Company's objectives in risk management includes the identification, analysis, assessment, treatment and monitoring of risk. The Company Risk Management process follows the ISO31000 methodology (illustrated below).

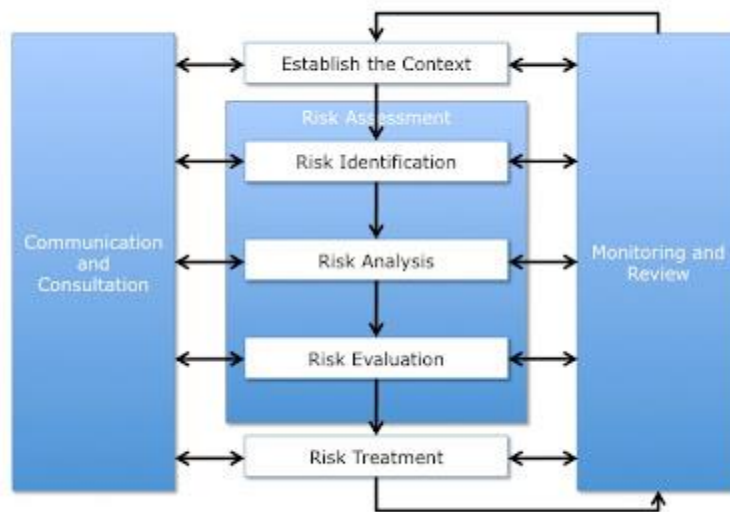


Figure 1: ISO 31000 Risk Management Process

The process of managing risk at Company involves:

- establishing the context associated with the program goals and activities;
- identifying the risks (including identifying the likelihood and consequences associated with each risk);
- analyzing the risks;
- assessing and prioritizing the risks;
- treating the risks (including a cost/benefit analysis of the treatment options);
- continually monitoring and reviewing the risks and treatments; identify opportunities.

7.0 GUIDELINES

Guidelines in implementing risk management is as follows:

Establish the context.

Define the stakeholders and review the levels of acceptable risk using tools such as consultative groups, and develop risk evaluation criteria. Engagement of stakeholders and subject matter experts in deriving risk assessment and requirement are required. Effective engagement enables the strategic management of uncertainty and develops resilience amongst those involved. Risk management is also an effective communications process.

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Identify risks.

Identify and describe the sources of risk, stakeholders, customers and environments. Scope the vulnerabilities and describe the risks. There may be great diversity of opinion on the actual risks and their various sources, given different perceptions, knowledge and experience.

Analyze risks.

Analyze the risk associated with the problem by determining the likelihood and consequence of the identified risks.

Evaluate risks.

Compare risks against risk evaluation criteria, prioritize the risks and decide on risk acceptability.

Treat risks.

Identify and evaluate the treatments. Respond to the level of risk by deciding which source of risk, stakeholders, customers or environment can be addressed, either by increasing resilience or robustness, to reduce risk. Make changes to obtain the new level of risk. Select treatments, plan and implement.

Communication and consultation.

Where stakeholders and customers contribute to the decision making process there is a much larger pool of information and expertise to enable appropriate solutions to be developed. For catastrophic events communication and consultation is considered extremely important. Communication and consultation develop resilience amongst stakeholders and customers and will be invaluable in terms of regaining control of business activities.

Monitor and review.

Systems that monitor and review risk, and its management, must be established and maintained. Risk management must be on going to ensure that change and uncertainty can be accommodated.

Identify opportunities

To observe any shortage or improvement that can be an valued added service and propose such opportunities to the management for further business development.

8.0 RISK MANAGEMENT POLICY

We adhered to identify and undertake risk-free work processes and environment in an organized and active way towards reducing loss by controlling our project job sites and striving for high job quality. In doing so, we aim to:

- Protect our human resources.
- Protect our materials, tools and equipment.
- Safeguard our stakeholders’ investment returns.
- Maintain our organizational knowledge on what we do best.
- Provide our customers with quality product and incident free service.
- Create business opportunities that bring valued added service to our customers.

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9.0 DOCUMENTATION

Each stage of the risk management process should be appropriately documented to retain knowledge and satisfy audit requirements. Documentation should include objectives, information sources, assumptions, methods, decisions, and results. Individual projects and groups maintain their own risk registers and risk tables.

Decisions concerning the extent of documentation may involve costs and benefits and should take into account the factors listed in Clause 5.2 (ISO31000). At each stage of the process, documentation should include:

- a) objectives;
- b) information sources;
- c) assumptions; and
- d) decisions.

10.0 RISK ASSESSMENT FORM

The risk assessment form comes in various formats and all Company personnel are allowed to use those formats that meets the customers' requirement. Below are sample forms to be used by the Company:

Format 01

HEXATECH	OPERATIONS CONTROL SERVICES				Issue No.: 1	Document Effective Date: 01 Mar 2017	Page 1 of 1
	Risk Assessment Form				Revision No.: 0		Document Ref.: OCS-REC-RAF1
DEPARTMENT:					DATE:		
FUNCTION / SCOPE:					PROCEDURE NO.:		
No.	Risk	Impact	Immediate Precaution	Long Term Precaution	Action By	Target Completion Date	Actual Completion Date
Prepared by:		Verified by:		Approved by:		Recorded by:	
Signature:		Signature:		Signature:		Signature:	
Name:		Name:		Name:		Name:	
Appointment:		Appointment: IM		Appointment: MD		Appointment: QSAE	
Date:		Date:		Date:		Date:	

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		Risk Assessment Form				Revision No.: 0		Document Ref.: OCS-SEC-BAF2
DEPARTMENT:						DATE:		
FUNCTION/SCOPE:						PROCEDURE NO.:		
Work Sequence	Work to be accomplished	Potential Hazard / Risk	Risk Rating	Long Term Precaution	Action By	Target Completion Date	Actual Completion Date	
Prepared by:		Verified by:		Approved by:		Recorded by:		
Signature:		Signature:		Signature:		Signature:		
Name:		Name:		Name:		Name:		
Appointment:		Appointment: IM		Appointment: MD		Appointment: QSAE		
Date:		Date:		Date:		Date:		

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Simple Risk Assessment Methodology

1. Rate the potential consequences of the hazard occurring using the following table:

Consequences	Description
Insignificant	No injuries, low financial loss (eg. < 1% contract value).
Minor	First aid treatment, medium financial loss (eg. 5% contract value).
Moderate	Medical treatment required, high financial loss (eg. 10% contract value).
Major	Extensive injuries, loss of productive time, major financial loss (eg 20% contract value).
Catastrophic	Death, huge financial loss (eg. > 20% contract value).

2. Estimate the likelihood of the hazard causing a problem, using the following table:

Likelihood	Description
Rare	The event may only occur in an exceptional circumstance.
Unlikely	The event could occur at some time during the contract.
Likely	The event is quite likely to occur at some time during the contract.
Very likely	The event will probably occur during the contract.
Almost certain	The event is expected to occur during the contract.

3. Determine the risk level using the following matrix:

Consequence	Likelihood				
		<i>Very likely</i>	<i>Likely</i>	<i>Unlikely</i>	<i>Rare</i>
<i>Insignificant</i>	significant	moderate	low	low	low
<i>Minor</i>	significant	significant	moderate	low	low
<i>Moderate</i>	high	significant	significant	moderate	moderate
<i>Major</i>	high	high	significant	significant	significant
<i>Catastrophic</i>	high	high	high	high	significant

4. Rating Definition:

<i>High</i>	Unacceptable risk level. Immediate actions required to eliminate or reduce this risk level.
<i>Significant</i>	Serious monitor required, prepare for contingency plan.
<i>Moderate</i>	Appropriate controls are required.
<i>Low</i>	Controls may still be justified.

End