

# PROCEDURE

## Project Risk Management

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### 1 PURPOSE

This procedure provides details on how the company shall undertake risk management in the workplace to ensure hazards and risks are identified and control measures are effectively implemented.

The company's policy towards risk management is simple:

- If suitable risk assessments have not been done, then work shall not commence.

## 2 SCOPE

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This procedure applies to all of the company's work locations and projects unless instructed by the client that the company's employees and subcontractors are required to follow their specific procedures.

## 3 RESPONSIBILITIES

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The Operations Manager, Site Supervisor and HSEQ function have overall responsibility for ensuring that the control of hazards and risks associated with the company's work activities are managed through this procedure.

The Operations Manager, Site Supervisor and HSEQ function are responsible for ensuring that project risk assessments are undertaken in a timely manner and in accordance with client and project scope requirements.

All company employees and contractors are responsible for complying with the requirements of this procedure.

QMS-FRM-070 Project Risk Assessment provides information on how to properly conduct a risk assessment.

## 4 COST BASED RISK ASSESSMENTS

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If required by the client, a cost based risk assessment shall be prepared in consultation with the client representatives to develop a 'risk pool'. The risk pool acts as draw down facility during project execution if risks are encountered that have associated costs.

Cost based risk assessments are primarily used for Alliance or Target Cost type contract models to eliminate or significantly mitigate the requirement for variations or scope changes.

## 5 RISK CONSEQUENCE DESCRIPTIONS

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Risk assessments can be applied to all project functions such as – safety, quality, the environment, personnel competencies, stakeholders, the community, design, engineering, procurement, construction, testing and commissioning.

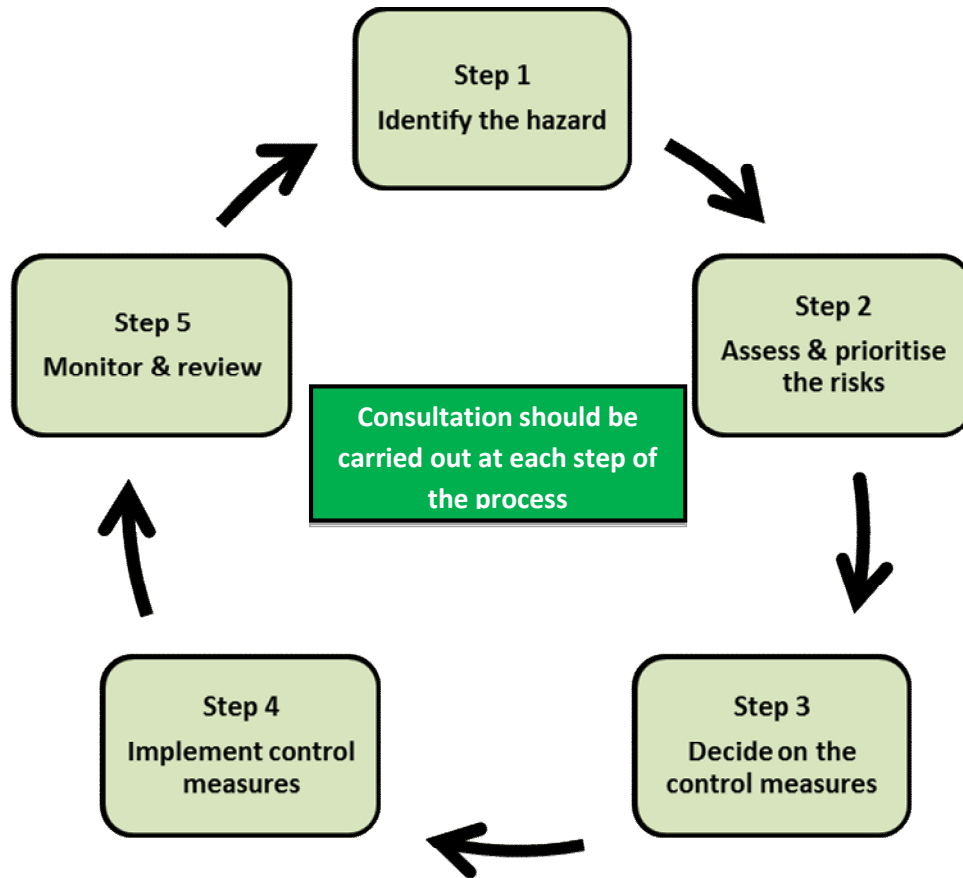
Attachment A - Risk Consequence Descriptors, should be used as a guidance/reference tool when preparing a project risk assessment.

## 6 THE 5 STEPS TO RISK MANAGEMENT

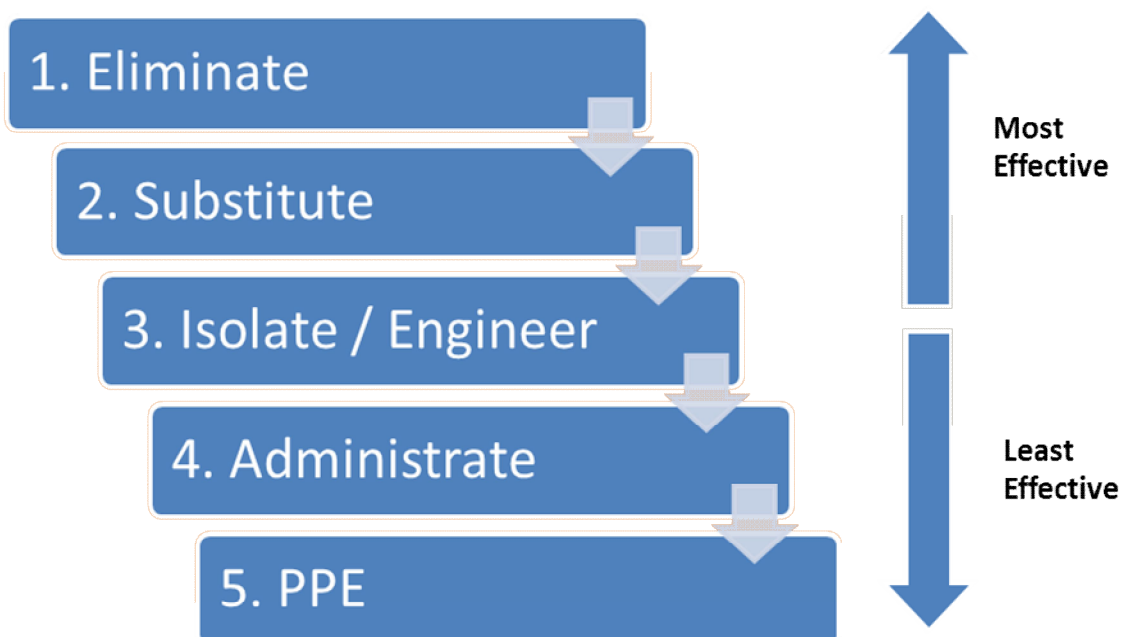
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The following model identifies the 5 steps to risk management.

This model will be used in all of The Company's risk management processes.



## 7 HIERARCHY OF CONTROLS



### 8 INITIAL RISK SCORE

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The following 'initial risk score' of each item contained in the project risk assessment shall be used:

#### Likelihood

5 = Almost Certain 4 = Likely 3 = Possible 2 = Unlikely 1 = Rare

#### Consequence

5 = Catastrophic 4 = Major 3 = Moderate 2 = Minor 1 = Insignificant

When a Likelihood score is multiplied by the Consequence score, the result of the risk score is categorised as follows;

#### Risk Scores

1 to 6 = Acceptable

7 to 12 = Acceptable with strict Control Measures or Short Duration

13 to 25 = UNACCEPTABLE

Example: 5 Almost Certain x 4 Major = initial risk rating of = 20 UNACCAEPTABLE

### 9 CONTROL MEASURES

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Once the risk score has been identified against each item in the project risk assessment, suitable control measures shall be implemented.

As stated previously - the most effective form of risk management is to eliminate the hazard with the least effective method using documentation or personal protective equipment (PPE).

### 10 RESIDUAL RISK SCORE

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The residual risk score is the Likelihood score multiplied by the Consequence score after control measures have been implemented for the initial risk.

Example:

Risk - working in a trench above 1.5m deep which is not benched and has wet and unstable ground conditions.

- Initial risk score –  $4 \times 5 = 20$  UNACCEPTABLE
- Control measure – bench trench walls and install shoring box for workers
- Residual risk score –  $2 \times 4 = 8$  Acceptable with strict Control Measures or Short Duration

### 11 REFERENCED DOCUMENTATION

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- QMS-PRO-033 Project Execution Plan (PEP)
- QMS-PRO-036 Quality Management Plan (QMP)
- QMS-PRO-032 Project Change Management
- QMS-PRO-034 Project Reporting
- QMS-PRO-026 – Authority and Responsibilities Procedure
- **QMS-FRM-070 Project Risk Assessment**

## Project Risk Management

	Insignificant	Minor	Moderate	Major	Catastrophic
<b>People</b>	No injury	First aid treatment, no lost time from work (FAI)	Medical treatment, less than 2 days lost time from work (MTI)	Extensive injuries, more than 2 days lost time from work (LTI)	Permanent sever injuries, disabilities sustained Death
<b>Environment</b>	No impact	On-site release immediately contained	On-site release contained with outside assistance	Off-site release with detrimental effects	Toxic release off-site with detrimental effects
<b>Information</b>	Compromise of information otherwise available in the public domain	Minor compromise of information sensitive to internal or sub-unit interests	Compromise of information sensitive to Company's operations	Compromise of information sensitive to Company's interests	Compromise of information with significant on-going impact
<b>Property</b>	Minor damage or vandalism to asset	Minor damage or loss of Less than 5% of total assets	Damage or loss of less than 20% of total assets	Extensive damage or loss of less than 50% of total assets	Destruction or complete loss of greater than 50% of assets
<b>Commercial</b>	1% of budget (Company, division or project budget as relevant)	2-5% of annual budget	5-10% of annual budget	Greater than 10% of project or Company annual budget	Greater than 30% of project or Company annual budget
<b>Reputation</b>	Local mention only. Quickly forgotten. Freedom to operate unaffected. Self-improvement review required	Scrutiny by Executive, internal committees or internal audit to prevent escalation. Short term local media concern. Some impact on local level activities	Persistent national concern. Scrutiny required by external agencies. Long term 'brand' impact	Persistent intense national public, political and media scrutiny. Long term 'brand' impact. Major operations severely restricted	International concern, Governmental inquiry or sustained adverse national/international media. 'Brand' significantly affects Company's abilities
<b>Capability</b>	Minor skills impact. Minimal impact on non-core operations. The impact can be dealt with by routine operations	Some impact on Company capability in terms of delays, systems quality but able to be dealt with at operational level	Impact on the Company resulting in reduced performance such that targets are not met. Company's existence is Not threatened, but could be subject to significant review	Breakdown of key activities leading to reduction in performance (eg. service delays, revenue loss, client dissatisfaction and legislative breaches)	Protracted unavailability of critical skills/people. Critical failure(s) preventing core activities from being performed. Survival of the project/activity /company is threatened