Risk & Opportunities

Ghantoot Transport & General Contracting L.L.C

Roads & Infrastructure Division

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### REVISION HISTORY

<table>
<thead>
<tr>
<th>Rev</th>
<th>Prepared &amp; Reviewed By:</th>
<th>Approved for Issue:</th>
<th>Comments</th>
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<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Date</td>
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<tr>
<td>0</td>
<td>QHSE Team</td>
<td>07-05-18</td>
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1. **Purpose**

This procedure defines the process required to manage business risk and opportunities within Ghantoot Roads and Infrastructure Division.

2. **Scope**

This procedure will ensure that all relevant business risks and opportunities are identified, assessed and controlled.

*Note:* this procedure has adopted definitions for key terms developed specifically by Ghantoot Roads and Infrastructure Division and determined appropriate for its use within the unique requirements of its management system.

*Note:* the IMS documentation occasionally uses the term “opportunity for improvement” when discussing internal audit findings or management review actions; that term does not have the same context as the term “opportunity” used herein.

3. **Reference and Definitions**

All applicable definitions shall be in accordance with the following international standards;

- **ISO 9001:2015**  Quality Management System – Requirements
- **ISO 14001:2015**  Environmental management system –Requirement
- **ISO 45001: 2018**  Occupational Health and Safety management system - Requirements

**Risk:** A negative effect of uncertainty.

**Opportunity:** A positive effective of uncertainty.

**Uncertainty:** A deficiency of information related to understanding or knowledge of an event, its consequence, or likelihood. (Not to be confused with measurement 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.

Environmental Aspect: Our operational activities, products and services that interact with the environment.

Environmental Impact: Any area of change to the environment, whether adverse or beneficial, wholly, or partially, resulting from our organisation’s environmental aspects.

Significant Environmental Impact: Any area of change to the environment, which causes substantial or unacceptable range of risk.

4. Responsibilities

The following key personnel are identified as having responsibilities within this procedure: -

Projects Manager

Has the responsibility to ensure that this procedure is implemented and adhered to by relevant personnel within the business. To develop, manage and review the overall business risk and opportunities register for Ghantoot Roads & Infrastructure Division and ensure that all relevant risks to the business are identified and managed as far as is practicable.

Heads of department

To identify, review, and mitigate in conjunction with the Projects Manager, the risks and opportunities and give inputs that require a Business Risk and opportunities Register to be developed.

5. Procedure

Ghantoot Roads & Infrastructure Division considers and manages risks and opportunities differently, as Occupational Health and Safety (OHS) risk management deals with operational risk through risk assessment, aspect and impact register, whereas risk and opportunity deals with the overall business risk in relation to quality and environment.
**Note:** for OHS related risk management refer to the HSE manual GTGC-RID-IMS-MAN-02 HSE Manual

Risks are managed with a focus on decreasing their aspect / likelihood, and minimizing their impact if they should occur. Opportunities are managed to increase their likelihood, and to maximize their benefits if they should occur.

Where risks and opportunities overlap, the best appropriate method for managing them shall be ascertained, given the situation at hand. Elements of such “blended” uncertainties may require methods which both address the negative risk and positive opportunity.

### 6. Management of Risks

Risks are identified as part of the “Context of the Organization Exercise”. Additional risks may be identified by any employee at any time.

Each business process is defined in detail through an operational procedure as part of the Integrated Management System. This document includes the identification and mitigation plans for key risks associated with the defined business process. Ghantoot Roads & Infrastructure Division management reviews these risks and takes action to minimize them.

Risks are identified as part of the Context of the Organization exercise, defined in the procedure Context of the Organization (CTO) and logged within the CTO Log. This indicates a rough priority, as well as a selected risk control measures. The methods for risk assessments vary, but should always include a means of identifying the risk under examination, and a description of the result of the risk assessment.

**When using a Risk register/ CTO log, the following steps are to be followed:**

Identifying the risk and identifying the process for which the risk most likely dominates.

Assigning a probability rating to the identified risk; this probability is comprised of two elements: likelihood and previous occurrences. Each element is given a score from 1 (lowest risk) to 5 (highest risk). The final probability rating is the average of the elements.

Assigning a consequence rating if the risk were to be encountered; this consequence is comprised of five elements: eventual loss of contract; negative impact on existing customers; inability to meet contract terms; any violation of statutory regulations or law; impact on [Client Name]’s reputation; and estimated cost of correction. Again, each element is given a score from 1 (lowest
risk) to 5 (highest risk). The final consequence rating is the average of the elements, see table 1: risk matrix.

Calculating a final Risk Factor based on the equation:

\[
\text{PROBABILITY RATING} \times \text{CONSEQUENCE RATING} = \text{RISK FACTOR}
\]

For risks with a final Risk Factor rating equal to or greater than the threshold set (score of 9), in the Risk register/ CTO log, management will decide whether to reject the subject due to the risk, or accept the risks after the development of a risk mitigation plan, see table 2: risk management action.

The mitigation plan must be documented, either in the Risk register/ CTO log or in another document which must be referenced on the form.

Risks with a factor less than the risk threshold (score of 9), may be accepted without a mitigation plan, unless otherwise directed by management.

The Risk register/ CTO log also allows for setting a “warning” threshold range, where risks that have a Risk Factor within that range are flagged as suggesting the need for a mitigation plan, but such a plan is not mandatory.

The final column allows for entry of an estimated risk factor after mitigation, which is an estimate on what the risk should be reduced to if the risk treatment is successful.

\[Table 1: \text{Risk Matrix}\]

<table>
<thead>
<tr>
<th>Probability</th>
<th>Almost Certain</th>
<th>Likely</th>
<th>Probable</th>
<th>Occasional</th>
<th>Unlikely</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Almost Certain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Probability</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Consequence</td>
<td>Very Low</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>Very High</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Table 2: Risk management action

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Descriptor</th>
<th>Risk Level Range</th>
<th>Risk Management Action Required</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>U</td>
<td>Unacceptable</td>
<td>16 to 25</td>
<td>Work should not start or continue until the risk has been reduced. If it is impossible to reduce the risk, the work shall remain prohibited.</td>
<td>Urgent action by Senior management</td>
</tr>
<tr>
<td>S</td>
<td>Substantial</td>
<td>10 to 15</td>
<td>Work should not start or continue until the risk has been reduced. Considerable resources may have to be allocated to reduce the risk. There the risk involves work in progress, urgent action should be taken.</td>
<td>Urgent action by Senior management</td>
</tr>
<tr>
<td>M</td>
<td>Moderate, acceptable with review</td>
<td>6 to 9</td>
<td>Efforts should be made to reduce the risk, but the costs of prevention should be carefully measured &amp; limited. Where the moderate risk is associated with extremely harmful consequences, further assessment may be necessary to establish more precisely the likelihood of harm as a basis for determining the need for improved control measures.</td>
<td>Action by due date, Timely action by line management</td>
</tr>
<tr>
<td>T</td>
<td>Tolerable</td>
<td>3 to 5</td>
<td>No additional controls are required. Consideration may be given to a more cost-effective solution or improvement that imposes no additional cost burden. Monitoring is required to ensure that the controls are maintained.</td>
<td>Action on (if any) By routine procedures, by relevant personnel</td>
</tr>
<tr>
<td>A</td>
<td>Acceptable to trivial</td>
<td>1 to 2</td>
<td>No action is required other than normal task supervision.</td>
<td>None</td>
</tr>
</tbody>
</table>

If a risk includes a potential positive aspect, management may elect to conduct an opportunity pursuit assessment on the positive aspect, as defined below in section 7.

7. **Management of Opportunities**

Ghantoot Roads & Infrastructure Division actively seek out opportunities which could enhance its financial viability and market position. For example:

- obtaining new contracts
- obtaining access to new markets
- identification of new industries which may be served by Ghantoot Roads & Infrastructure Division

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Uncontrolled Document
- development of new offerings that are within the scope of capabilities of Ghantoot Roads & Infrastructure Division
- streamlining existing processes to improve efficiency and reduce costs

Opportunities are identified as part of the “Context of the Organization Exercise” described in Context of the Organization procedure and as part of the corrective action program.

Discussing and analyzing opportunities shall be done by top management. If made part of the management review activities, these shall be recorded in the management review records.

To help determine which opportunities should be pursued, the Opportunity Register within the CTO Log may be used to conduct an “opportunity pursuit assessment.” This ranks potential positive opportunities by their likelihood of success and potential benefit.

**The opportunity pursuit assessment is conducted by:**

- Identifying the opportunity
- identifying the process for which the opportunity most likely falls under.
- Assigning a probability rating to the identified opportunity; this probability that the organization can achieve the opportunity. It is comprised of two elements: likelihood and previous occurrences. Each element is given a score from 1 (lowest probability) to 5 (highest probability). The final probability rating is the average of the elements.
- Assigning a benefit rating to assess potential benefits if the opportunity is won. This is comprised of six elements: potential for new business; potential expansion of current business; potential improvements in the organization’s ability to satisfy regulatory or statutory requirements; potential improvements to the Integrated Management System (IMS); potential enhancements of Ghantoot Roads & Infrastructure Division reputation; and estimated cost of implementation. Again, each element is given a score from 1 (lowest benefit) to 5 (highest benefit). The final benefit rating is the average of the elements.

Calculating a final Opportunity Factor based on the equation:

\[
\text{PROBABILITY RATING} \times \text{BENEFIT RATING} = \text{OPPORTUNITY FACTOR}
\]

For opportunities with a final Opportunity Factor rating equal to or greater than the threshold set in the Opportunity Register (score of 9), management will decide whether to pursue the opportunity through an “opportunity pursuit plan” or to abandon the opportunity altogether.
opportunity pursuit plan must be documented, either in the Opportunity Register or in another document which must be referenced on the form.

Opportunities with a factor less than the opportunity target rating (score of 9) may be abandoned outright, unless otherwise directed by management.

The final column allows for entry of success result, once the opportunity has been closed; this includes entries for abandoning the opportunity, failing to win the opportunity, and three grades of success.

Analysis of any opportunity will generally result in one of the following possible determinations:

1) Take the opportunity
2) Pursue the opportunity
3) Explore the opportunity in greater detail before proceeding
4) Accept the opportunity, but under limited and controlled conditions
5) Decline the opportunity, typically based on a high expected cost or low anticipated benefit

Table 3: opportunity matrix

<table>
<thead>
<tr>
<th>Probability</th>
<th>Consequence</th>
<th>Almost Certain 5</th>
<th>Likely 4</th>
<th>Probable 3</th>
<th>Occasional 2</th>
<th>Unlikely 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15</td>
<td>12</td>
<td>9</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20</td>
<td>16</td>
<td>12</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 4: Opportunity management action

<table>
<thead>
<tr>
<th>Descriptor</th>
<th>Risk Level Range</th>
<th>Opportunity Management Action Required</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>take</td>
<td>16 to 25</td>
<td>Take the opportunity</td>
<td>Immediate action by senior management</td>
</tr>
<tr>
<td>pursue</td>
<td>10 to 15</td>
<td>Pursue the opportunity</td>
<td>Urgent action by Senior management</td>
</tr>
<tr>
<td>Explore</td>
<td>6 to 9</td>
<td>Explore the opportunity in greater detail before proceeding</td>
<td>Action by due date, Timely action by line management.</td>
</tr>
<tr>
<td>Accept</td>
<td>3 to 5</td>
<td>Accept the opportunity, but under limited and controlled conditions</td>
<td>Action by relevant personnel to ensure no negative impact on organisation</td>
</tr>
<tr>
<td>Decline</td>
<td>1 to 2</td>
<td>Decline the opportunity, typically based on a high expected cost or low anticipated benefit</td>
<td>None</td>
</tr>
</tbody>
</table>
If an opportunity includes a negative aspect, management may elect to conduct a risk assessment on the negative aspect, as defined above.

8. **Measurement, Analysis and Improvement**

Internal audits shall be conducted at pre-determined intervals by the QHSE Department to monitor compliance with this procedure. Results shall be discussed during management review meetings and where necessary improvement initiatives and / or non-conformances shall be recorded and analysed to determine trends and areas for improvement.

9. **Related Documents & Records**

1) GTGC-RID-IMS-PRC-06  
   **Context of the Organisation**

2) GTGC-RID-IMS-LOG-01  
   **CTO Log**

Records shall be maintained for the life of the project and for 3 years after project closure.

- - End of Procedure - -