RISK MANAGEMENT PLAN

PROJECT NAME

Revision	Date	Description	Prepared	Reviewed	Approved	Owner
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1. INTRODUCTION

Perkins recognise that risk management involves achieving an appropriate balance between realizing opportunities for gains while minimising losses. It is an important part of good management practice and an essential element of good corporate governance.

This Risk Management Plan has been prepared to comply with AS/NZS ISO 31000– Risk Management.

AS/NZS ISO 31000 Risk Management contains a set of principles that organisations must follow to achieve effective risk management. For risk management to be effective, organisations at all levels need to ensure that their risk management program:

- *Creates and protects value;*
- *Is an integral part of all of the organisation's processes;*
- *Forms part of decision making;*
- *Explicitly expresses uncertainty;*
- *Is systematic, structured and timely;*
- *Is based on the best available information;*
- *Is tailored to the organisation;*
- *Takes human and cultural factors into account;*
- *Is transparent and inclusive;*
- *Is dynamic, iterative and responsive to change; and*
- *Facilitates continual improvement of the organisation.*

Essentially, the requirements of AS/NZS ISO 31000 – Risk Management are embedded in the Perkins Management System.

The Perkins Management System is a vital element of our business. The system has been developed to meet customer requirements, reduce business risk, improve profitability and demonstrate responsible management.

The Perkins Management System has been independently certified as meeting the requirements of the following management system standards:

- *AS/NZS ISO 9001- Quality management systems*
- *AS/NZS ISO 14001- Environmental management systems*
- *AS/NZS ISO 45001 - Occupational health and safety management systems.*

This Perkins Management System incorporates the risk management framework (Framework). This Risk Management Plan summarises the framework from the Perkins Management System.

2. PERKINS BUILDERS RISK MANAGEMENT FRAMEWORK

The framework details the requirements for implementing and monitoring risk. It clarifies how risk is considered in strategic / business planning and performance management, and embedded into our culture and practices.

Perkins Framework has been designed to meet the requirements of AS/NZS ISO 31000 "Risk Management – Principles and Guidelines";

The framework is made up of five key elements:

1. *The Risk Management Policy*
2. *The Risk Management Process*
3. *Communicating and Reporting Risk Information*
4. *Risk Accountability throughout the Business*
5. *Monitoring and Review of the Framework*

Perkins is committed to effective corporate governance, and as part of that process has established

management system policies and procedures. Perkins Risk Management Policy frames our commitment to risk management. It is a core element of governance and details the risk objectives, rules and guidelines.

The Risk Management Framework provides a structured, consistent and proactive approach to the management of risk. We aim to eliminate, or appropriately mitigate unforeseen, potentially serious risks and their related consequences.

To achieve this objective, the following controls are to be observed:

- *The Managing Director demonstrate leadership in and actively champions and promotes Risk Management, retaining ultimate responsibility for the risk management within Perkins.*
- *The Risk Management Plan, Risk Management Framework, existing policies and management system documentation are reviewed and improved to ensure comprehensive coverage of operational risk management consistent with Perkins business operations and AS/NZS ISO 31000 "Risk Management – Principles and Guidelines";*
- *Procedures provide a chain of objective evidence through all project phases. This is recognised as being particularly critical through the pre-contract award phases, and from pre-contract to post-contract award;*
- *This Risk Management Policy and associated requirements are clearly communicated to all staff;*
- *Induction training will be given to all new employees;*
- *A structured and regular periodic review to ensure effective management of both risks and opportunities is to be integrated into the existing internal management review program.*

The Risk Management Framework, including the Policy, will be reviewed annually and ratified. This review will assess the adequacy of the framework against agreed performance indicators, the adequacy of tools and practices supporting in the risk management process and achievement of tasks.

3. RISK MANAGEMENT PROCESS

Central to any Risk Management Framework is the process of risk analysis and management. Perkins Builders applies HIRAC (Hazard Identification, Risk Assessment and Control) to all aspects of our Business.

Our Risk Management process includes the following steps:

Step 1. Planning a risk assessment
Step 2. Identifying risks
Step 3. Analysing & Evaluating risks
Step 4. Managing risks
Step 5. Reporting risk
Step 6. Monitoring risk

4.1 Planning a Risk Assessment

The planning stage denotes the extent and frequency of the Risk Management Process.

In order to assess the risk the following needs to be established.

1. *The nature of the topic, and the purpose and scope of the assessment. This information will determine the type of risk methodology to be applied.*
2. *Key internal and external drivers. This will provide an indication of what has changed since the last assessment and combined with the above will assist in identifying who needs to be involved in the process and their roles.*
3. *Review requirements and frequency. This will determine who and when the output will be reviewed and progress monitored.*

4.2 Identifying Risks

Effective Risk Management starts with identification of the valid risks. Risk identification requires the engagement of key stakeholders, facilitation of the workshop by a suitably experienced person and capture of identified risks in the risk register.

To identify risks, the discussion focuses on:

- *What uncertainties exist in achieving the objectives*
- *Possible causes for uncertainty*
- *Potential consequences (both positive and negative) of the uncertainty*

4.3 Analyse and Evaluate the Risks

Risks are evaluated in terms of the how likely the event may occur and its consequence. Risks are analysed and evaluated by team members with relevant experience and expertise who have an overall knowledge of the area being analysed. A risk management analysis is accomplished through the use of discussion in workshops to assess the likelihood and consequence and the results incorporated when developing the risk treatment strategies and actions.

4.4 Managing the Risks

In determining the management strategies and controls to effectively manage the individual critical risks, the following options are considered:

- *Accept the risk and establish appropriate treatment strategies and controls.*
- *Reduce the risk by identifying treatment strategies and controls that will decrease the probability and/or impact of the risk. Typical strategies and controls to reduce the risk can take the form of re-design; more detailed design or further site investigation; different methods of construction; surveillance; applying internal controls; undertaking training; supervision; adequate controls.*

- *Transfer the risk by entering into an agreement with a third party that is better positioned to address the risk or opportunity.*
- *Avoid the risk by taking the treatment strategies and controls required to ensure every attempt is made to eliminate a risk wherever possible by avoiding or eliminating its causes or consequences. This may involve discontinuing an activity, altering plans or specifications, taking a different course of action, etc.*

4.5 Reporting the Risks

Risk registers are developed from each risk workshop and the risk treatment strategies and controls are transferred to the relevant Management and/or Trade Action Plan for implementation. Agreed risk treatment strategies and control are allocated to a single risk owner and appropriate resources made available to ensure that responses are implemented effectively.

This enables each stage of the risk identification, evaluation and management process to be consistently recorded and assessed. It provides an audit trail on how we managed risks and assists us in future risk analysis processes.

4.6 Monitoring the Risks

Given that a risk assessment is a snap shot of time, the ongoing monitoring and management of risk is a critical element of the process.

In the planning phase of conducting a risk assessment, the appropriate business structure and timeframe for routine update of the register is confirmed.

4. COMMUNICATING AND REPORTING RISK INFORMATION

Our approach is integrated into our corporate governance and reporting framework and has demonstrable leadership from Top Management and the Executive Management team. This along with a strong and sustained commitment throughout the Business will enable us to continue to build a robust risk aware culture. The risk information is reviewed, aggregated and consolidated throughout the Business, the outcomes communicated, and the ongoing exposure monitored.

5. RISK ACCOUNTABILITY

Risk Management is the responsibility of all personnel in Perkins. By being risk aware and being alert to the requirements of the framework, all employees assist through the identification of risks and/or breaches and making recommendations for change and improvement.

The Managing Director in consultation with the Executive Management Team identify and authorise resource requirements for risk management to meet business needs.

6. MONITORING AND REVIEW OF THE RISK MANAGEMENT FRAMEWORK

Our framework will be reviewed annually against the key attributes of enhanced risk management as detailed in ISO 31000 "Risk Management – Principles and Guidelines";

The attributes are:

1. *Full accountability for risk allocated throughout the Business*
2. *Application of risk management to all decisions*
3. *Full integration of risk management into the governance framework*
4. *Transparent and open communication*
5. *Continuous improvement*