

LeBLANC Risk Assessment Advisory (LRAA)



Welcome to the LeBLANC Risk Assessment Advisory.

At LeBLANC we take a proactive approach to the management of risk. We manage risk when we make decisions and the act. Risk is defined as the effect of uncertainty on objectives, positive or negative.

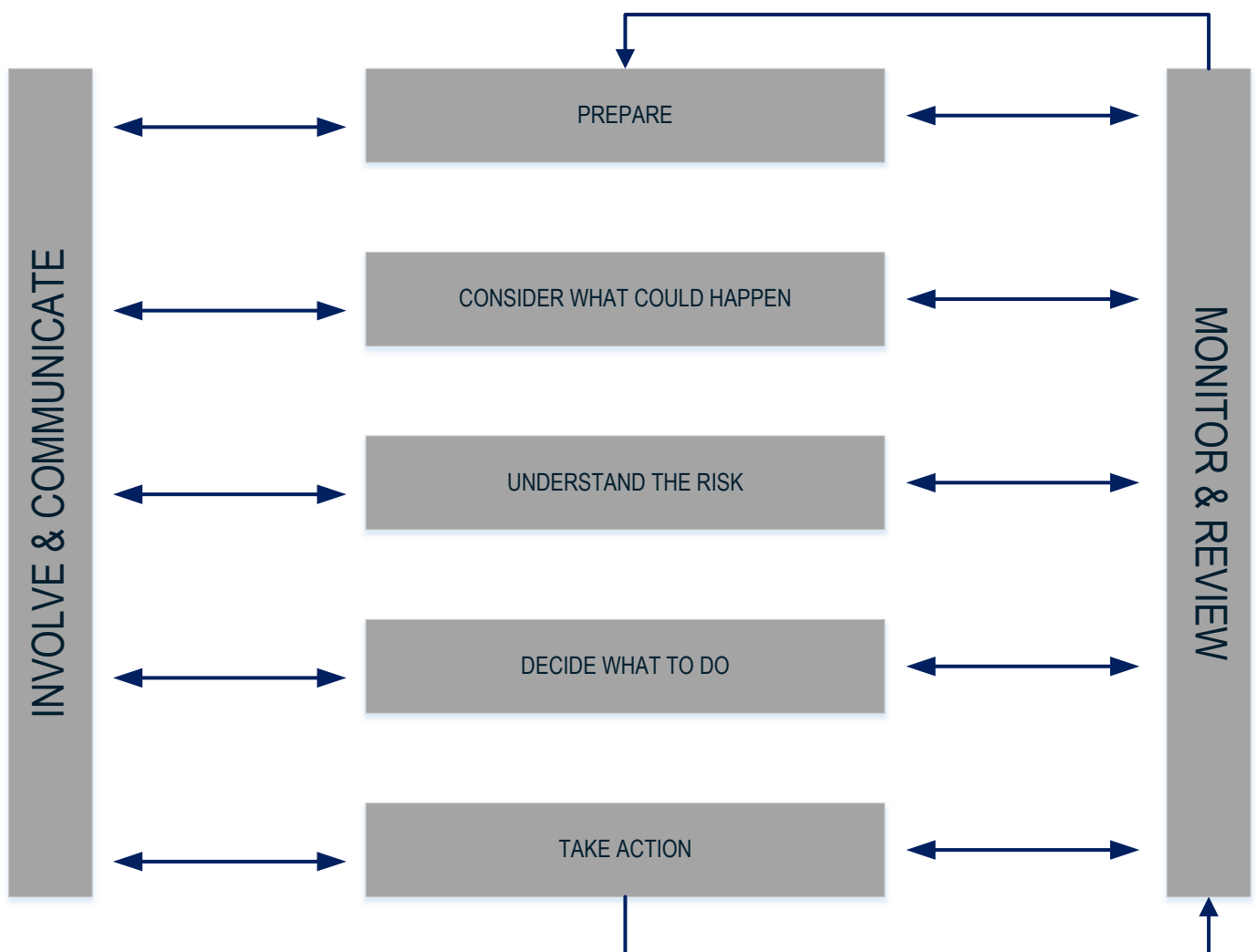
This advisory is designed to assist the natural capability of our people to discover, understand and deal with risk so that the process is reliable, comprehensive and consistent.

By proactively understanding and responding to risk we will provide greater certainty for our employees, clientele and stakeholders.

The LRAA supports the LeBLANC Management System Standard, known as the LeBLANC Management System (LMS) and provides a sound, simple process for the management of risk regardless of the application.

The LeBLANC Risk Management Policy requires the LRAA to be used by all LeBLANC employees to understand and analyse risk.

The LRAA follows a simple continuous cycle. The cycle is presented in a workflow that starts with 'Involve and Communicate'.



INVOLVE & COMMUNICATE

The management of risk starts by thinking about how to involve and communicate with stakeholders. To do this:

- Identify the stakeholders and their objectives;
- Understand their point of view;
- Develop a plan to continue to involve and communicate with stakeholders throughout the process.

The Plan will provide you with information to support:

- Our understanding of risk;
- The promotion of risk ownerships;
- The decisions and plans we make to treat risk.

PREPARE

Prepare to manage risk by:

- Describing what we are trying to achieve and set the scope;
- Describe what is going on around you – the internal & external environment;
- Breaking your scope down into a logical set of elements;
- For safety, those elements may include a list of hazards, concerns & threats.

CONSIDER WHAT COULD HAPPEN

Consider each of the elements in turn. **THINK:**

- What could happen if? Is it possible that? Could somebody ever?
- What would it lead to?
- What would cause it to happen?
- Describe each risk you discover as “Something occurring leading to (consequence)”.

UNDERSTAND THE RISK

There are three (3) parts to building an understanding of the risks we have discovered. Involve *stakeholders* in each one.

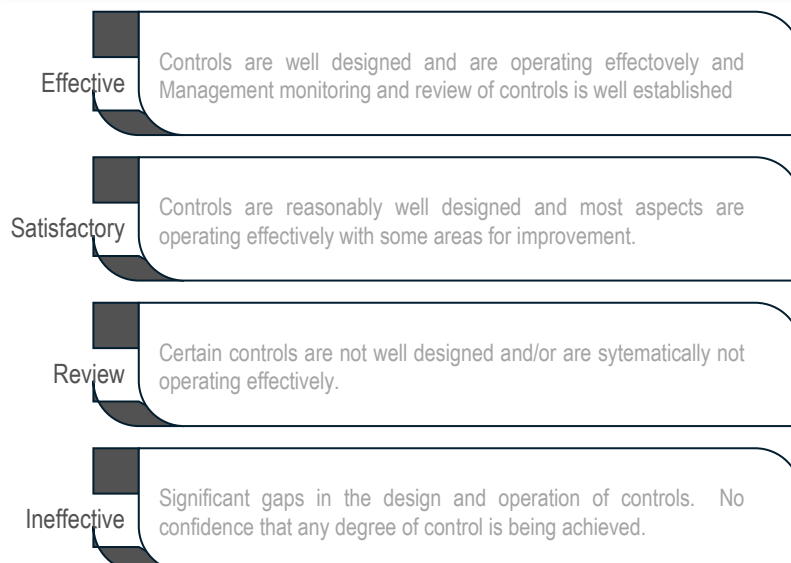
Part 1. What are we doing now (our current controls) and how effective are they?

- For each risk compare the causes and the current controls;
- Describe the effectiveness of the current controls using the scale in **Figure 1.** in terms of what is reasonably achievable for the risk

Challenge the controls to test if they are reducing the risk as low as reasonably practicable by considering:

- | | | |
|-------------------|---|--|
| Control Design | } | ○ Are our controls meeting the applicable laws, regulations and mandatory standards? |
| | | ○ Are our controls comparable with our peers or accepted industry practice? |
| | | ○ Has the environment changed, and if so, are our controls still fit for purpose? |
| Control Operation | } | ○ Do our monitoring activities indicate our controls are working? |
| | | ○ Do we have any action items pending from audits, reviews or investigations? |
| | | ○ In recent occurrences, did our controls work as intended? |

Figure 1. Control Effectiveness



INVOLVE & COMMUNICATE

MONITOR & REVIEW

INVOLVE & COMMUNICATE

Continue to involve and communicate with stakeholders – they will help you decide what actions to take

UNDERSTAND THE RISK

Part 2. What is the level of risk?

- To determine the level of Risk, review **Figure 3.** and select the description of consequences that best fits the expected level of gain, injury, or loss associated with the risk, taking into account the effectiveness of the existing controls in **Part 1.**;
- Where more than one consequence type is possible, look across **Figure 3.** and choose the highest consequence level;
- Using **Figure 4.** choose the definition that best fits the likelihood of the selected consequence occurring taking into account the effectiveness of the existing controls;
- Combine the selected consequence and likelihood in **Figure 5.** for the level of Risk.

Part 3. What will be the consequences if our current controls fail?

- Return to **Figure 3.** and choose a description of the consequences that best fits the plausible highest level of gain, injury or loss associated with the risk if the current controls fail – this represents our potential exposure;
- This information will assist to identify your *critical controls*.

Figure 2. – Priority and Decision maker Guidance

Risk Level	Indicative time to treat Risk	Decide on course of Action or continued Risk Tolerance
Extreme	As soon as Practicable	Managing Director / Board
High	Within 1 Week	Executive Manangement
Medium	Within 1 Month	Direct Report to Management
Low	Reasonable Timeframe	Supervisor

INVOLVE & COMMUNICATE

MONITOR & REVIEW

MONITOR AND REVIEW

For each risk and current control, monitor and review by:

- Check what you are doing – is it working as intended?
- Have our actions introduced new risks?
- If you had a plan to treat risk, is it on track?
- If we have finished the risk treatment actions, does this change control effectiveness (it should) and the level of risk?
- Return to the **'Prepare'** step – has anything changed in the internal or external environment?
- If so, will the changes affect our understanding of the risk?
- Do we need to treat the risk further or differently?

Look back on your decisions and the actions taken:

- What have you learnt?
- Would you have done anything differently?
- Is there knowledge you should share with your colleagues?

Figure 3. – Consequence Rating

CONSEQUENCE CATEGORY		CONSEQUENCE DEFINITIONS					
		People On-site	Fire, Explosion, Plant, Buildings	Chemical Release, Environment	Production, Business Continuity	Legal, Reputation, Local Community	People Off-site
CATASTROPHIC	4	Single / multiple fatalities; & or Numerous serious injuries, or illnesses requiring hospitalisation	Major fire &, or explosion; major structural damage to bays / buildings	Large release; total containment failure; toxic; large area affected; serious long term environmental damage	Total loss of some production capability; serious loss or delays; loss of customers	National news; Major Regulatory / Legal litigation	Moderate to serious injuries, or illness, requiring medical treatment, or hospitalisation
MAJOR	3	Single / multiple serious injuries, or illness, requiring hospitalisation; &, or Multiple LTI's, injuries, or illness with permanent disability	Fire &, or explosion; serious structural damage to plant / building	Release with significant off-site impacts; serious medium term environmental damage	Significant loss, or delay; loss of customers	Wider community complaints; Local news; Moderate Regulatory / Legal issues	Minor injuries, illness
MODERATE	2	Single LTI injury, or illness, temporary disability; &, or Numerous MTT's	Fire &, or explosion; some structural damage to plant / building	Release with significant on-site, but minimal off-site impacts; short term environmental damage	Some loss, or delay	Local complaints; Minor Regulatory / Legal issues	Sustained nuisance
MINOR	1	Medical treatment injury, or illness at Medical Centre, or Hospital (MTI) (No LTI)	Minor fire &, or explosion; negligible plant, or building damage	Contained to small area; minor / temporary harm to environment	Temporary loss, or delay	Local complaints; no legal issues	Minor, short-term nuisance

Figure 4. – Likelihood Rating

LIKELIHOOD CATEGORY		LIKELIHOOD DEFINITIONS
Almost Certain	A	Event is expected to occur in most circumstances.
Likely	B	Event is expected to occur at some time.
Possible	C	Event may occur or it is expected to occur at some time within the lifetime of the plant, or long term operation.
Unlikely	D	Event is unlikely to occur, within the lifetime of the plant, or long term operation, however it could occur.

Figure 5. – Level of Risk

Likelihood Category		MINOR	MODERATE	MAJOR	CATASTROPHIC
		1	2	3	4
Almost Certain	A	High	Extreme	Extreme	Extreme
Likely	B	Medium	High	High	Extreme
Possible	C	Medium	Medium	High	Extreme
Unlikely	D	Low	Medium	Medium	High