***Impact Scales***

| **Impact Types** | | **Impact Severity** | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **1 – Very Low** | **2 – Low** | **3 – Moderate** | **4 – High** | **5 – Very High** |
| **Economic** | **Expansions & Investments** | <=X Million USD increase in approved budget for expansions / new projects | > X Million USD and <=Y Million increase in approved budget for expansions / new projects | > X Million SAR and <=Y Million increase in approved budget for expansions / new projects | > X Million SAR and <=Y Million increase in approved budget for expansions / new projects | > X Million SAR increase in approved budget for expansions / new projects |
| **Schedule** | Opportunity loss(1) over a period of ½ month resulting from a delay in scheduled project launch  5% delay from targeted product delivery date during non-critical season | Opportunity loss over a period of 1 months resulting from a delay in scheduled project launch  10% delay from targeted product delivery date during non-critical season | Opportunity loss over a period of 2 months resulting from a delay in scheduled project launch  5% delay from targeted product delivery date during critical season | Opportunity loss over a period of 3 months resulting from a delay in scheduled project launch  10% delay from targeted product delivery date during critical season | Opportunity loss over a period of 4 months resulting from a delay in scheduled project launch  15% delay from targeted product delivery date during critical season |
| **Capital and Operating**  **Budget Overrun** | Less than 1% Change in planned capital and operating budget overrun | > 1% and <= 3% change in planned capital and operating budget overrun | > 3% and <= 5% change in planned capital and operating budget overrun | > 5% and <= 10% change in planned capital and operating budget overrun | > 10% change or more in planned capital and operating budget overrun |
| **Production Volumes** | Less than 1% Change in annual production or reserves requirements | > 1% and <= 3% change in annual production or reserves requirements | > 3% and <= 5% change in annual production or reserves requirements | > 5% and <= 10% change in annual production or reserves requirements | > 10% change or more in annual production or reserves requirements |
| **Financial** | Loss of less than 1% of EBIT  \*EBIT= Earnings Before Income Tax (Zakat). | Loss of >1% and <=3% of EBIT | Loss of >3% and <=5% of EBIT | Loss of >5% and <=10% of EBIT | Loss of 10% or greater of EBIT |
| **Life of Mines & Plants** | Less than 1% decrease in life of mines and plants | > 1% and <= 5% decrease in life of mines and plants | > 5% and <= 10% decrease in life of mines and plants | > 10% and <= 15% decrease in life of mines and plants | > 15% decrease in life of mines and plants |
| **Price & Demand** | Less than 1% change in forecasts for commodity prices or demand assumptions | > 1% or less than 3% change in forecasts for commodity prices or demand assumptions | > 3% and <= 5% change in forecasts for commodity prices or demand assumptions | > 5% and <= 10% change in forecasts for commodity prices or demand assumptions | > 10% change or more in forecasts for commodity prices or demand assumptions |
| **Legal and Compliance** | Isolated, quickly remedied noncompliance with regulations or contracts.  Legal claim is less than USD 5M | Repeated, slowly remedied contractual or regulatory noncompliance; minor fines imposed.  Legal claim is > USD 5M and <=10M | Widespread, prolonged contractual or regulatory noncompliance; significant fines  Legal claim is > USD 10M and <=30M | Serious breach of regulation leading to investigation or report to authority with prosecution or major fine possible; major litigation  Legal claim is > USD 30M and <=50M | Significant prosecution and fines; very serious litigation; imprisonment of one or more executives or directors  Legal claim is greater than USD 50M |
| **Non-Economic** | **Health and Safety** | Insignificant injury not requiring medical treatment; | Incident resulting in first aid injury / illness | Incident resulting in medical treatment injury / illness | Incident resulting in lost time injury & restricted duty injury / illness | Incident resulting in Fatality |
| **Environment** | Quickly and easily reversible effects on biological or physical environment | Minor, short-term effects on environment but not affecting ecosystem functions | Serious environmental effects where recovery takes around 1 year | Very serious impairment of ecosystem functions where recovery takes between 1 - 5 years | Very serious widespread impairment of ecosystem functions where recovery takes more than 5 years |
| **Community, Reputation, Government Relations, and Public Relations** | Slight, medium-term social impacts on local population; mostly repairable damage to items of cultural significance; minor, adverse local public and media attention | Ongoing social issues; small, yet repairable damage to items of cultural significance; attention from media; heightened concern by local community | Ongoing serious social issues; significant damage to structures or items of cultural significance; criticism by national government | Serious social issues at national level; irreparable damage to structures of cultural significance; significant adverse national media or public or national government attention | Minor concerns reported by ministry of oil; Very serious social issues at regional level; total destruction of structures of major cultural significance; serious public or media outcry; sustained, negative media coverage |
| **Employees** | Negligible or isolated staff dissatisfaction | General staff morale and attitude problems; increase in staff turnover | Poor reputation as an employer; widespread staff attitude problems; high staff turnover | Some senior managers leave; high turnover of experienced staff; company not perceived as employer of choice; some shortfalls in Saudization targets | A large number of senior managers, VPs or experienced staff leave; significant shortfalls in Saudization targets |
| **Levels of Likelihood** | **Descriptive** | **Inherent Risk Rating** | | | | |
| 5 – Almost Certain | Very likely to occur within the next 1-3 months or is occurring at present | **6 (H)** | **7 (H)** | **8 (Ex)** | **9 (Ex)** | **10 (Ex)** |
| 4 – Likely | Likely to occur within the next 6-12 months | **5 (M)** | **6 (H)** | **7 (H)** | **8 (Ex)** | **9 (Ex)** |
| 3 – Possible | Likely to occur within the next 2 years | **4 (M)** | **5 (M)** | **6 (H)** | **7 (H)** | **8 (Ex)** |
| 2 – Unlikely | Likely to occur and may do so within the next 3 to 4 years | **3 (L)** | **4 (M)** | **5 (M)** | **6 (H)** | **7 (H) \*** |
| 1 – Rare | Extremely unlikely to occur but may do so in at least 5 years | **2 (L)** | **3 (L)** | **4 (M)** | **5 (M) \*\*** | **6 (H) \*** |
| **Interpretation of risk levels** | | | | | | |
| **Rating** | **Risk Level** | **Class Levels** | **Required Action** | | | |
| 8 to 10 | (Ex) – Extreme | Class IV | Requires Immediate treatment and response with monthly progressing reports to Executive Risk Oversight Committee (EROC), respective SBU’s Board of Managers, and Board of Directors. | | | |
| 6 to 7 | (H) – High | Class III | Requires an appropriate treatment and response with progress reporting to the Executive Risk Oversight Committee and respective Board of Managers. | | | |
| 4 to 5 | (M) – Moderate | Class II | Actively manage / monitor at the SBU / BU Level, and Tactical Risk Management Committee (TRMC). | | | |
| 2 to 3 | (L) – Low | Class I | Monitor and manage as required at the SBU / BU Level. | | | |

***Control Ratings***

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Rating \* | Description |
| **ADEQUATE** | **Excellent** | **1** | Effective and efficient systems and processes adequately mitigate the risk.  **Example** – Systems and processes exist to manage the risk and management accountability is assigned. The systems are well documented and regular monitoring / management review indicates high compliance to the process and that the system is effective in mitigating the risk. |
| **Good** | **2, 3 or 4** | Systems and processes exist which adequately mitigate the risk.  **Example** – Some improvement opportunities have been identified but not yet actioned. Formal documentation exists for key systems and processes in place to manage the risk which is reasonably understood by staff. |
| **INADEQUATE** | **Partial** | **5, 6, or 7** | Systems and processes exist which only partially mitigates the risk.  **Example** – Some formal documentation exists and staff have a basic understanding of systems and processes in place to manage the risk. |
| **Poor** | **8 or 9** | Systems and processes exist but do not mitigate the risk.  **Example** – Some informal documentation exists, however staff are not aware or do not understand systems or processes to manage the risk. |
| **Unsatisfactory** | **10** | No systems and processes exist to manage the risk. |

***Residual Risk Ratings & Action Matrix***

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk** | **Mitigating Practices / Control** | **Risk Class** | **Action – Details Below** |
| **Extreme / High** | **Inadequate** | **Class IV -  Active Management** | Requires Immediate treatment and response with monthly progressing reports to Executive Risk Oversight Committee (EROC), respective SBU’s Board of Managers, and Board of Directors. |
| **Extreme / High** | **Adequate** | **Class III –  Control Critical** | Actively manage / monitor at the SBU / BU Level, and Executive Risk Oversight Committee |
| **Moderate / Low** | **Inadequate** | **Class II –  Periodic Monitoring** | Requires an appropriate treatment and response with progress reporting to the Tactical Risk Management Committee and respective Board of Managers. |
| **Moderate / Low** | **Adequate** | **Class I –  No Major Concern** | Monitor and manage as required at the SBU / BU Level. |