

QHSE OPERATIONS

SBG O&M SAFETY DEPARTMENT

INTRODUCTION

- ▶ It is the responsibility of SBG O&M top management to provide direction, authorization and, resources and review for QMS planning.
- ▶ When developing SBG O&M QMS process controls for determining customer requirements, design, development, manufacture, delivery and customer support, SBG O&M focus on meeting customer and regulatory requirements as well as the planned QMS objectives.
- ▶ QMS planning requires to identify all your QMS processes and describe their sequence and interaction.

CATEGORIES OF RISK

STRATEGIC RISKS

- ▶ A possible source of loss that might arise from the pursuit of an unsuccessful business plan. For example, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment. Strategic risk management is a crucial but often overlooked aspect of enterprise risk management.

OPERATIONAL RISKS

Operational risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies.

- ▶ Employee errors
- ▶ Systems failures
- ▶ Fraud or other criminal activity
- ▶ Any event that disrupts business processes

ENVIRONMENTAL RISKS

- ▶ The environment can pose many risks to SBG O&M business, but climate change is perhaps the biggest environmental risk. Climate change refers to the build-up of man-made gases in the atmosphere that trap the sun's heat, causing changes in global weather patterns. It has environmental, economic and social impacts.

LEGAL RISKS

- ▶ Litigation risk
- ▶ Contract risk
- ▶ Regulatory risk
- ▶ Structural risk

SOCIAL RISKS

► Catastrophic vs. non-catastrophic shocks

Some events occur with low frequency, but have severe income effects like old-age, death in the family, and disabling accidents or illnesses, permanent unemployment, and the technological redundancy of skills. These catastrophic events can hit households hard and may require a continuing flow of transfers to the affected household if it cannot acquire sufficient assets. On the other end of the scale are high frequency events with non-severe income effects like transient illness, crop loss, and temporary unemployment.

Idiosyncratic shocks vs. covariant shocks:

- Some sources lead to losses in only some households in a community like noncommunicative illness or frictional unemployment whereas others hit all households at the same time like drought, inflation or financial crisis. The former are known as idiosyncratic (or micro) shocks while the latter are referred to as covariant (or macro) shocks.

FINANCIAL RISKS

- ▶ Financial risk is the possibility that shareholders will lose money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors are repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

