

INTEGRATED RISK MANAGEMENT: SSHE APPROACH

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RISK SOLUTION

INTEGRATED RISK PROFESSIONALS



AAMIG

Australia-Africa Mining Industry Group



INTRODUCTIONS



Pre Planned Risk Management



Objectives and Overview

Learning outcomes:

- Understand the role that an integrated approach to security, safety and risk can play in reducing asset risk and company expenditure – Specific focus on Africa and Security issues
- Understand the realities of on-ground operations and possible solutions.

Workshop content:

- History and rationale behind the Integrated Risk concept and the motivation behind R2S.
- Comparison between the African and the Australian methodology.
- Overview of the compliance and legislative examples.
- Understanding proactive and an intelligence-led approach.
- The business case for integrated risk management.
- Solutions and case examples.



Key Principles:

Acceptance

We must accept that we or our organisations may become victims of crime or violence or be exposed to accidents at any time and that our safety is our own responsibility.

Realistic

We must ensure that we are in touch with what is actually happening and prevent our imaginations from running wild or living in a state of DENIAL.

Integration

We must integrate safety & security practices into our everyday lives and organisational structures.

Flexibility

We must become adaptable to changes that may occur.

Pro-activity

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Logical

Practical application is more important than perception, there should be a sound basis behind any application or practice.

WHAT IS RISK?

***RISK = effect of uncertainty on objectives
(AS/NZ ISO 31000:2009)***

NOTE 1: An effect is a deviation from the expected — positive and/or negative.

NOTE 2: Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process).

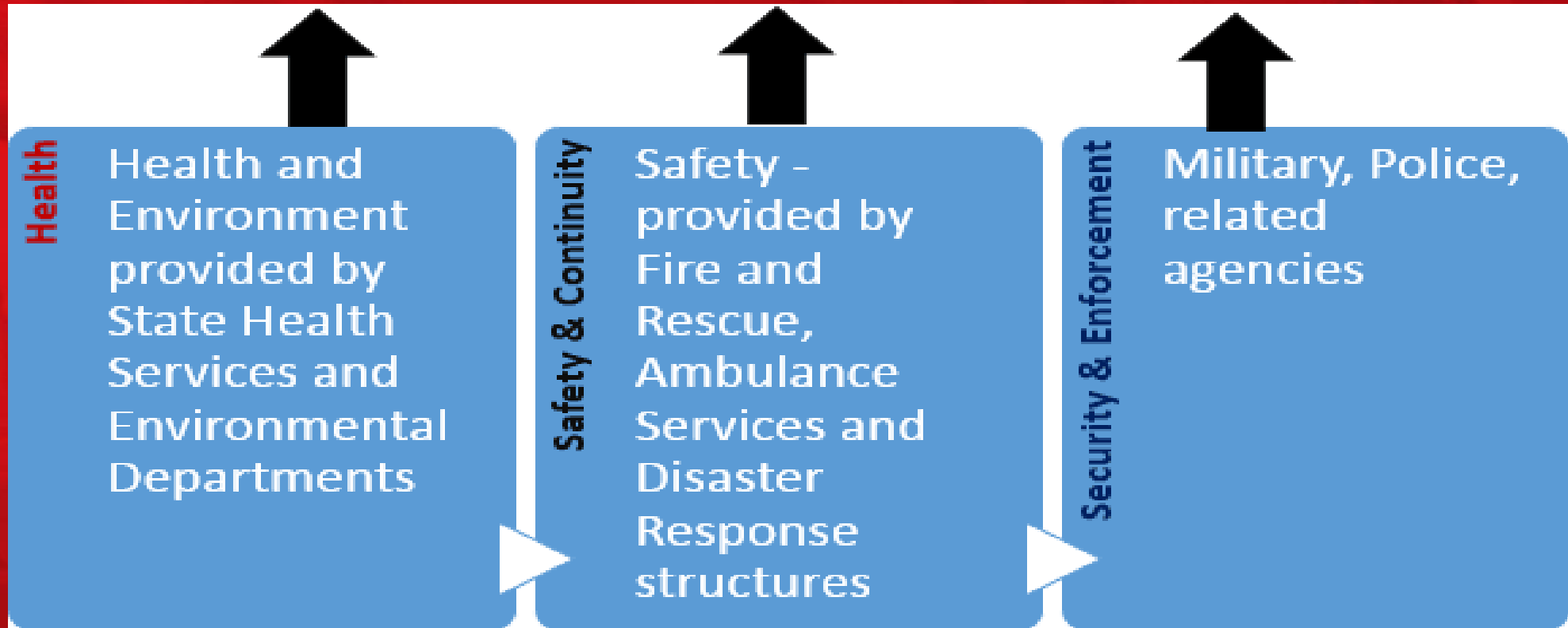
NOTE 3: Risk is often characterized by reference to potential **events** and **consequences** or a combination of these.

NOTE 4: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated **likelihood** of occurrence.

NOTE 5: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of an event, its consequence, or likelihood

WHAT IS INTEGRATED RISK

Model of risk support services provided by governments in most first world environment countries



WHAT IS OUR APPROACH

- Security/Safety
- Accident Exposure
- Fire Risk
- Emergency Response
- Risk Integration



WHAT IS RISK 2 SOLUTION

- ✓ We are **a niche solutions group** made of specialists not a large manpower provider
- ✓ Our long term holistic approach has been **proven to save our clients' money**
- ✓ Arguably one the **most qualified senior management teams** in the world today
- ✓ Our companies have two **decades of proven service delivery** to a blue chip client base and an **extensive list of accreditations**
- ✓ Our deployment methodology includes a **unique quality assurance** process based on integrating information collection and human intelligence modelling
- ✓ Our **flexible manpower deployment model** is based on a bespoke approach which could include:
 - Outsourcing
 - Internal hire
 - Service provider sourcing and management
 - Subcontractor management
 - Hybrid variations
 - Skills development planning
- ✓ Our **extensive experience in hostile and complex environments** provides our clients with tested and proven references and networks in a wide base of locations



CORE PRODUCTS:



SAFER ASSESS



SAFER ACTION



SAFER ASSURE



The Corruption Complication - An African Tale...



SECURITY AND SAFETY

Compliance & Regulatory Overview

- IHL – UN Principles 1990
- Montreux Document and ICOC
- WHS Legislation
- Corporate Manslaughter / Duty of Care (Case Law, ISOS White Papers, etc.)
- ANSI Standard (PSC 1 Standard)
- Accepted Industry Associations (SIA, ASIS, IFPO, ASIAL, SAIS, ISSM, etc.)
- Local country compliance



People		Assets		Information	
Employees	<ul style="list-style-type: none"> Recruitment Termination Continuity Industrial relations OHS Bullying / harassment Workplace violence Trust / ethics / governance Disciplinary measures Evacuations Fraud and loss prevention 	Capital	<ul style="list-style-type: none"> Physical access Integrity Control 	Confidentiality	<ul style="list-style-type: none"> Access Privacy Classification Misuse / release
Visitors	<ul style="list-style-type: none"> Access / site integrity Safety Violent / deranged individual Fraud and loss prevention 	Operating	<ul style="list-style-type: none"> Process capability Disruption Diversion 	Integrity	<ul style="list-style-type: none"> Validation Verification Escrow
Customers and suppliers	<ul style="list-style-type: none"> Interdependencies Conflict of interest Bribery / coercion Fraud and loss prevention 	Investment and financial	<ul style="list-style-type: none"> Governance Prudential Holding and retention Transactions Funds transfer Cash handling 	Availability	<ul style="list-style-type: none"> Access Disclosure Transmission / dispersal Tracking
Other stakeholders	<ul style="list-style-type: none"> Financiers Regulators Owners / shareholders Community Creditors Fraud and loss prevention Relationships 	Intangibles	<ul style="list-style-type: none"> Intellectual property Reputation Goodwill 	IT and electronic	<ul style="list-style-type: none"> Border protection Access control Intruder detection Escrow Continuity / recovery Encryption
				Documents	<ul style="list-style-type: none"> Storage Retention Disposal Tracking

FIGURE 1.2 AN EXAMPLE SECURITY RISK LANDSCAPE FOR AN ORGANISATION

Groupings – Australian National Standard: HB167: 2006 - Security Risk Management

- Protecting People
- Protecting Assets
- Protecting information

= Enhanced Business Operations and Profitability?



READING THE SIGNS



MARKET ANALYSIS:

If SSHE was not an issue why do these things keep happening to good people and businesses?

- Loss of life
- Staff Injury
- Duty of Care and WHS (fines, penalties and worse)
- Civil & Criminal cases
- Damage to business & personal reputation
- Damage to local community relations
- Damage to government and legislator relations
- Impact on employee motivation
- Loss of work time
- Loss of equipment and assets
- Loss of sensitive information and IP
- Loss of competitive advantage
- Impact on business operations
- Impact on shareholder confidence, Etc...

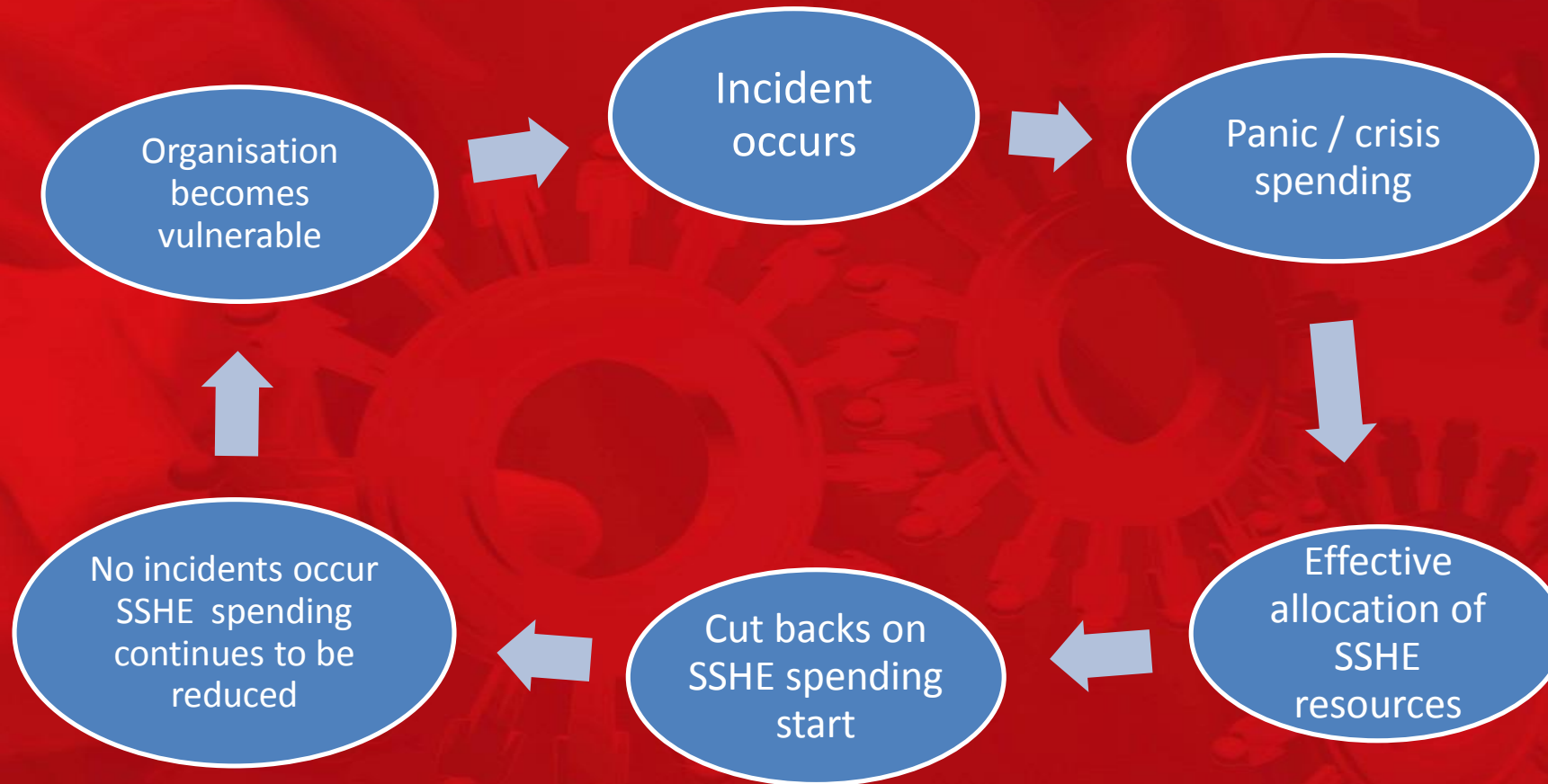


HEADLINE SAMPLES:

- MSHA released its final report on December 6, 2011, concluding that flagrant safety violations contributed to a coal dust explosion. It issued 369 citations at that time, assessing \$10.8 million in penalties. XXXXX, **settled its corporate criminal liabilities** with the U.S. Attorney for **\$209 million**. [8] Investigation of possible personal criminal liability continues
- **Shares in Sundance Resources Ltd plunged after the iron ore explorer emerged from a month-long trading halt entered into due to the death of its entire board in a plane crash in Africa.....** Sundance shares were down two cents, or 15.38 per cent, at 11 cents at 1115 AEST after about 40 million shares changed hands, making it the most traded stock by volume
- Wal-Mart Posts a **\$3 Billion Dollar Loss Due to Theft** According to the National Retail Federation report for 2006, 47 percent of all dollars lost came from employee theft, while shoplifting accounted for about 32 percent, administrative errors account for 14 percent, and supplier fraud accounts for 4 percent. The remaining 3 percent remains unaccounted for
- **Kidnapping for ransom** is big business with an estimated 15,000 kidnaps for ransom each year and **annual ransom payments estimated at over half a billion dollar**
- The International Chamber of Commerce (ICC) estimates that financial **losses incurred by such attacks against this supply chain average US\$8 to US\$16 billion annually**. Losses such as this impact on the economic, financial, political and social aspects of the world community, with impacts lasting many years beyond the actual attacks

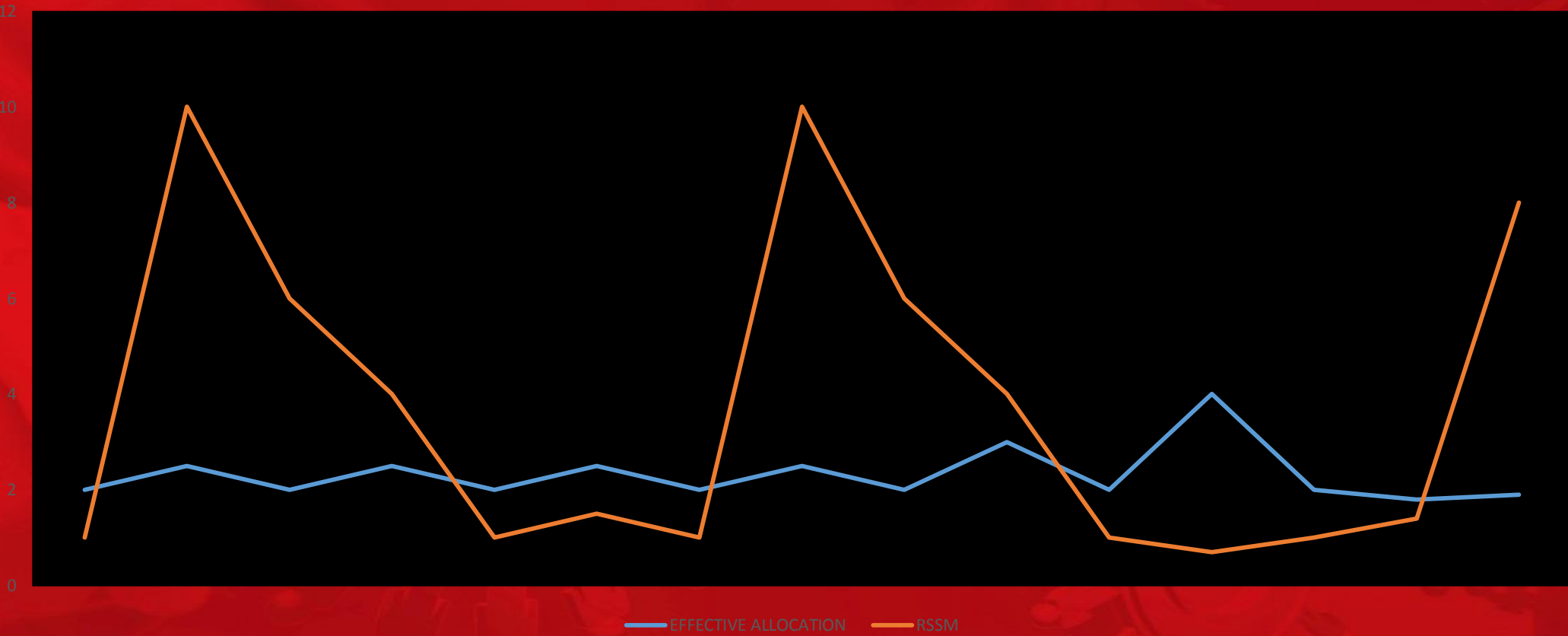


Reactive SSHE Spending Model (RSSM)



RSSM vs SSHE Proactive Allocation

Percentage of Annual Budget Based On low risk environment



Why is this the norm....

- Organisation having *no* internal integrated risk, SSHE or security risk *structures*
- *Persons managing* the SSHE / security functions having *little or no experience*
- Experienced SSHE professionals responsible may have little business experience
- There may have *not been a strategic risk based* approach to SSHE
- SSHE is *not integrated* into the *business operation*
- *SSHE does not contribute* to larger scale *goals and objectives*
- The organisation is in *denial* regarding risk exposure or incidents that have occurred
- *Duty of care and compliance* requirements have *not been identified* and management methodologies developed to meet the required duty of care
- External industry is *not* consulted or utilised to *benchmark and measure* organisational application of SSHE



Starting Point: Information Cycle



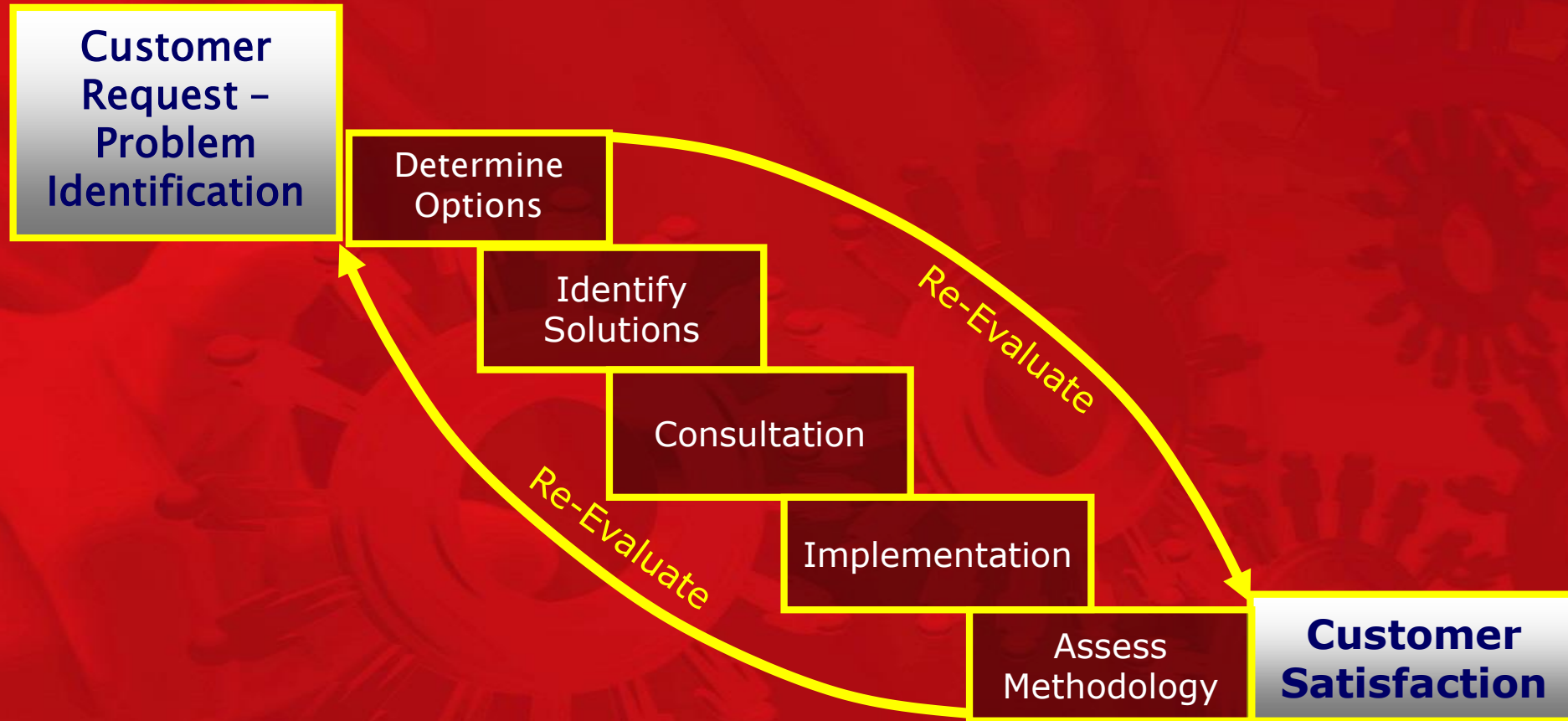
VOLUNTARY PRINCIPLES ON SECURITY + HUMAN RIGHTS

Established in 2000, the Voluntary Principles on Security and Human Rights are a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights.

- Conducting a comprehensive assessment of human rights risks associated with security
- Engaging appropriately with public and private security service providers and surrounding communities in complex environments
- Instituting human rights screenings of and trainings for public and private security forces
- Developing systems for reporting and investigating allegations of human rights abuses



Why is this the norm....



Packages and Projects are designed according to the Customer's Needs.



CASE STUDY DISCUSSIONS

- Sundance
- Labour strikes and violence – Lonmin Platinum
- Toll Remote Logistics DRC
- Anvil DRC Incident
- Green Protestors
- Theft
- Illegal miners
- Other examples?



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THANK YOU FOR YOUR
VALUABLE TIME



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