

# RISK MANAGEMENT

## Tenova Risk Committee

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# General Principles

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- **Tenova is very sensitive about contractual risks, both in sale and project execution phases.**
- **The Project Auditing and Risk Assessment department was created in order to minimize these risks, monitoring the actions required for their mitigation.**
- **The people of Project Auditing and Risk Assessment department joined with the lawyer set up the “Tenova Risk Committee” (CRK).**
- **CRK interfaces with all other staff functions such as financial, administration and insurance departments.**



- **CRK mission can be summarized as follows:**
  - Spread sensitivity about contractual risks.
  - Preparation and diffusion of guidelines for detecting and managing risks.
  - Coordinate activities of risk analysis and mitigation.



# CRK Guidelines

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- **Inside each BU, CRK guidelines are applied to any job.**
- **The Director of each BU is responsible for assuring that they are correctly followed.**
- **BU Director must evaluate when a job requires deeper investigation with subsequent intervention of the CRK; in this case the job is defined “Not Standard” due to its risky nature.**
- **Each BU developed a procedure regulating the risk assessment activities for “Standard” jobs, done with the tools of the “Check List” and the “Critical Issues Summary”.**



● **The following Company tools for risk assessment are available (the use of each of them is specified in the relevant Procedure):**

- **Tenova Contract Conditions** ([PRO-CRK-102](#), FORM-CRK-102-002)
- **Check List** (PRO-CRK-102, FORM-CRK102-001)
- **Tenova Offer Conditions** ([PRO-CRK-103](#), FORM-CRK-103-001)
- **Standard Contracts**
- **Forms to assess and summarize risks** ([PRO-CRK-101](#) - [PRO-CRK-104](#))
- **Action Plan** (PRO-CRK-101)



# “Not Standard” criteria

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- **Typical risks that qualify a job as “Not Standard” are:**
  - Technological critical issues.
  - Contract value above 25 Million €.
  - Onerous payment terms.
  - Political situation (dangerous countries).
  - Unsafe payments.



# **“Not Standard” jobs**

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- **When a job is defined “Not Standard” it requires deeper investigation by CRK (individuation as “Not Standard” is under the BU Director’s responsibility)**
- **When a Job is “Not Standard” it requires steps of authorizations to proceed in developing the offer, submit a firm offer and eventually sign the contract.**



# Risk Assessment process for "Not Standard" jobs

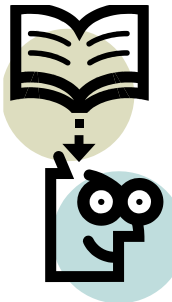
Risk Assessment Documents

## Sales Funnel

Contains all projects foreseen in the future including those that will also not be considered. It highlights which are not standard.



## Bidding documents evaluation



## Check list

Compares Tenova ideally acceptable contract conditions with actual ones (Live document)

## Risk Analysis

Contains all surviving risk issues of the proposal and contract with their mitigation action.

## Post-Order Risk Analysis

## Action plan

Actions to be taken to mitigate the risks during the project execution



Presentation Offer

Contract Signature

Procedures Paperwork

## Proposal Register

Contains not standard jobs forecast and actual dates of CRK procedures paperwork.

## Bid no bid

Top management authorizes starting of a not standard offer (or it is informed about in case of a Foreign Company).



## Offer Approval

(+ attached check list) Minutes to be signed by Tenova officials after meeting



## Contract Approval

Minutes to be signed by Tenova officials after meeting



Dedicated Meeting  
Tele/video/personal meeting with Tenova

Dedicated Meeting  
Tele/video/personal meeting with Tenova





## “Standard” jobs 1/2

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- When a job is “Standard”, if it is not based on a “Standard Tenova Contract” or if the proposal is made not including the “Tenova Offer Conditions”, its risky nature must be verified.
- The verification has to be made checking by means of the “Check List” if the requirements foreseen in the “Tenova Contract Conditions” are complied with.
- Once individuated, the risks are summarized by means of the “Critical Issues Summary” in which the mitigate actions to be taken are also listed.



## **“Standard” jobs 2/2**

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- Risk assessment activities for “Standard” jobs are executed by the BU staff, usually without CRK involvement. Tenova risk assessment safety criteria are the same for “Standard” jobs and “Not Standard” jobs.**
- Auditing is made from time to time by CRK to verify each Company activities.**
- Documents have to be archived according to a standardized system and made available to CRK.**



# “Standard” vs. “Not Standard” jobs

## Standard

**Spread sensitivity to contractual risks and Auditing internal activities**



**BU developed and uses an internal procedure for risk assessment**



## Not Standard

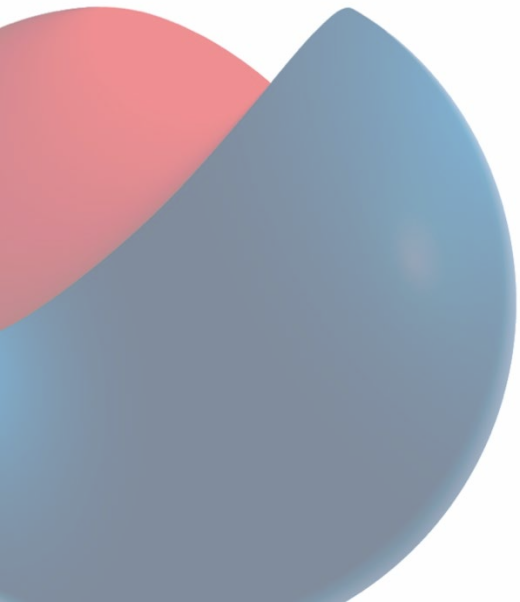
**Coordinate activities of risk analysis and mitigation**



**Top Management & Staff Interface**

**The End**

**Thank you**



# Bid no Bid procedure management

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- The BU individuates a proposal as “Not Standard” and requests intervention of the CRK.
- The CRK’s duty, cooperating with the BU in risk management, is to inform Top Management about all the potential contractual risks.
- Top Management, acknowledging risky issues, gives or denies authorization to proceed.
- In case a bid is authorized with particular risks-mitigation activities, CRK checks that during proposal execution these are properly followed.



# Offer Approval procedure management

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- **CRK collects comments on risky issues also from other Tenova staff, if requested, and coordinates the preparation of risk assessment documents.**
- **Paperwork for Offer Approval is by means of the Minutes of Offer Approval, to which the Check List is attached.**
- **The BU is authorized or is refused to proceed with the offer presentation and receives eventual special recommendations by Top Management.**



# Contract Approval procedure management



- **When negotiations will lead to a probable contract signing, the BU must present results of negotiations and gets authorization for the contract signing by Top Management.**
- **Paperwork for Contract Approval is by means the Minutes of Contract Approval.**
- **In the Contract Approval document are listed the instructions (if any) for the authorised person to sign.**



# Action Plan procedure management

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- **After contract signature, the residual critical items and mitigate actions, if possible, are individuated.**
- **The critical issues, relevant mitigate actions, responsibilities and time schedule are enlisted in Action Plan by BU.**
- **The Action Plan is updated periodically with the coordination of CRK.**

