

1. Purpose

The purpose of this Risk Management Policy is to establish a comprehensive framework for identifying, assessing, mitigating, and monitoring risks within RAK Properties, aligning risk management practices with the company's strategic objectives.

2. Objectives

The objectives of this policy are to:

- Ensure a systematic and proactive approach to identifying and managing risks.
- Protect the interests of stakeholders, including clients, employees, and investors.
- Safeguard the financial, operational, and reputational well-being of RAK Properties.
- Enhance decision-making processes by integrating risk considerations.

3. Governance Structure

The risk management governance structure at RAK Properties includes:

Risk Management Committee: Responsible for overseeing the risk management process, setting risk tolerance levels, and ensuring alignment with strategic goals.

Risk Owners: Individuals responsible for specific risk categories, including identification, assessment, and mitigation strategies.

Executive Leadership Team: Accountable for the overall risk profile and integrating risk considerations into strategic decision-making.

Realizing the vision and mission of RAK Properties, including the delivery of prestigious properties, by implementing risk management principles, plans, framework, processes, and procedures, RAK Properties Risk Management will:

- Be an integral part of the organizational processes of RAK Properties, effectively and efficiently supporting informed decision-making throughout the life cycle of project development, execution, and asset management.
- Promote a risk management culture across the board that seeks to evaluate and anticipate risk (threats and opportunities) throughout the lifecycle of the projects.
- Enhance cross-functional integration of risk management at all organizational levels and promote informed and consistent risk-related decisions.
- Take a structured, and timely approach, benefiting from the best available information such as historical data, experience from lessons learned, feedback from stakeholders, observations, predictions, and expert advice.
- Continue to evolve and advance risk management practices and adapt to the project environment through the implementation of consistent risk management activities, systemic monitoring, and efficient course correction.
- Perform internal controls to ensure compliance and adherence to relevant RAK Properties standards of codes practices and to support best outcomes.
- Implement efficient continual improvement of risk with key and relevant stakeholders.
- Promote transparent communications of risk with key and relevant stakeholders.

The RAK Properties leadership will ensure that the resources required to implement this policy are available and that it remains efficient and relevant through regular reviews and updates.

Projects Risk Management Plan

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Acronyms and Abbreviations

TABLE 0-1 ACRONYMS AND ABBREVIATIONS

Acronym	Full Name
ERM	Enterprise Risk Management
PMBOK	Project Management Book of Knowledge
PMI	Project Management Institute
QRA	Quantitative Risk Analysis
RBS	Risk Breakdown Structure
RMP	Risk Management Plan
SME	Subject Matter Expert

Definitions

For a list of terms and definitions

Term	Definition
Portfolio	A collection of projects, programs, and processes that are managed together and optimized for the financial and strategic goals of an organization.
Program	A group of related projects managed in a coordinated manner to obtain benefits not available from managing them individually.
Project	A temporary endeavor completed to create a unique service, product, or result.
Control Team	Team external to the Project Team that provides expertise in a specific area to support the achievement of the project objectives (e.g., planning, budgeting, contracts).
QRA	A risk management technique entails using quantitative methods and tools to assess the potential impact of risks on a project's cost and schedule while also considering the interactions between different risks.
Risk	An uncertain event, action, or condition may negatively or positively impact the objectives or outcomes of a project, organization, or activity.
Risk Management	A systematic process for identifying, analyzing, assessing, and prioritizing risks and implementing strategies to manage or mitigate those risks.
Risk Owner	The individual/party who has the most knowledge, authority, and resources to manage a specific risk.
Risk Register	A risk management tool used to track identified risks and their details (e.g., nature of the risk, reference and owner, mitigation measures, etc.).
Risk Specialist	A risk engineer, lead, or manager.
Stakeholder	Any individual, group, or organization interested in or may be influenced by the outcomes or decisions of a project, organization, or activity.
Benchmarking	The process of measuring the performance of a process against those of another business or organization that is the best in the industry.

Consequence	A potential impact or outcome of a risk event, action, or condition on the objectives of a project, organization, or activity.
Likelihood	A probability or chance that a risk event, action, or condition will occur and impact the objectives or outcomes of a project, organization, or activity.
Opportunity	An uncertain event, action, or condition that may positively impact the objectives or outcomes of a project, organization, or activity.
Risk Appetite	A level of risk that an organization or individual is willing to accept risk to achieve their objectives or goals.
Risk Control	Actions and strategies that are used to manage or mitigate the potential negative impact of a threat or to maximize the possible positive outcomes of an opportunity on the objectives of a project, organization, or activity.
Risk Event	A specific occurrence or incident that poses a potential threat or opportunity to the objectives or outcomes of a project, organization, or activity.
Risk Response Plan Owner	An individual who is responsible for developing and implementing a specific risk response plan within an organization or project.
Risk Source	Any internal or external factor or condition that contributes to a risk's likelihood or impact.
Risk Tolerance	A level of risk that an organization or individual is willing to tolerate or accept to achieve their objectives or goals.
RMP	A formal document outlining an organization's structured and consistent approach to identifying, assessing, prioritizing, and managing risks.
Stakeholder	Any individual, group, or organization interested in or that may be influenced by the outcomes or decisions of a project, organization, or activity.
Threat	An uncertain event, action, or condition that may negatively impact the objectives or outcomes of a project, organization, or activity.

1. Overview

1.1 Purpose

- The purpose of this document is to outline the project risk management process applicable to all projects within RAKP. Risk on projects is inevitable and needs to be managed effectively to ensure project success. This plan outlines how to effectively manage project risks and describes a fully integrated risk management system where risks are managed using a prescribed approach with involvement from key internal and external stakeholders to allow risk-informed decision-making. This approach utilizes a set of risk management processes, practices and activities that are integrated with all aspects of project and program-level risk management processes. To build this plan, factors that were taken in consideration include but are not limited to:
 1. The process follows a structured, comprehensive, and practical process to facilitate proper and risk-informed decision-making at all project phases (Development, Construction, Handover).
 2. This plan outlines the approach at the project level within RAKP aligned with ERM risk procedures.
 3. ISO Principles and Framework (ref: ISO 31000:2018) are integrated, dynamic, continually improved, inclusive, customizable, structured, and comprehensive thereby empowering stakeholders to utilize risk tools, processes, and best practices for the benefits of following a structured and comprehensive process.
 4. PMI industry best practices and standard risk processes were used to ensure a consistent, proven approach.
 5. This plan is in place to counterpart the *RAKP Risk Management Policy* and the *RAKP Risk Management Framework*.
 - This plan applies to all RAKP projects and provides guidelines for managing risk that may be used to project activities, including decision-making at all project phases.
 - This plan presents a high-level process flow and narrative for all Risk Management activities. These include:
 1. Risk Management Planning (Section 1.4.1),
 2. Risk Identification (Section 1.4.2),
 3. Risk Assessment (Section 1.4.3),
 4. Risk Response (Section 1.4.4), and
 5. Risk Monitoring (Section 1.4.5).
 - This plan provides a risk management strategy that includes a specific approach, a management practice, and resources to be applied to program and project risk management. Procedures, practices, assignment of responsibilities, and the sequence and timing of activities help support all program and project disciplines in managing risk. A comprehensive risk management strategy ensures a proactive and integrated approach to handling risk across the portfolio as opposed to rather than managing risk in silos.
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1.2 Objectives

- The following are the specific objectives of the Risk Management Plan:
 1. To support key internal and external stakeholders in making risk-informed decisions within RAKP.
 2. To provide governance and ensure risk management processes are integrated with core business activities and other Risk & Control functions in the achievement of project objectives.
 3. To ensure the scalability of Risk Management processes across projects.
 4. To ensure industry risk management best practice is utilized throughout the project lifecycle.
 5. To provide risk awareness and engagement.
 6. To provide governance for managing and reporting risk metrics and KPIs.
 7. To promote continuous improvement in the administration of project risk management.

1.3 Scope

- This plan provides risk management guidelines and is applicable to all RAKP projects.
- This plan outlines the general approach to managing project risks and establishes risk management responsibilities.
- This plan is applicable to initial, preliminary, or full business cases.
- Risk management processes are embedded within the program controls governance framework.

1.4 Processes

1.4.1 Risk Management Planning

- Risk Management Planning is the process of defining how to conduct risk management activities for a project. Risk Management Planning involves gathering the relevant assumptions and facts, defining the risk scope and objectives, establishing the risk criteria, risk tools and techniques, and assigning roles and responsibilities, which will allow for effective management of risk. Risks are identified and assessed in relation to the objectives of the organization and the project scope defined at this stage.
 - The following key items are important in the Risk Management Planning process:
 1. External influence - External impacts on projects include, but are not limited to regulatory, financial, economic, technological, cultural, social, political, legal, competitive, and the natural environment at the local, regional, national, and international levels.
 2. Internal influence- Internal impacts include but are not limited to the established roles and responsibilities, governance, contract structure, policies, capabilities, resources, technology and
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information systems, reporting requirements, standards, and relationships with internal stakeholders.

3. Project objectives- A project's objectives must be clearly identified, defined, understood, and communicated before the risk management process can be applied. Some common project objectives include meeting cost, schedule, safety, environmental, quality, operational delivery, reputational, and community benefit and improvement requirements.
4. Project risk criteria:
 - i. Stakeholder consideration and risk tolerance.
 - ii. Nature and types of relevant potential causes, benefits, and consequences that could occur and how they would be measured.
 - iii. Applicable likelihood scale and scoring scheme.
 - iv. Timeframe window of the potential threats and opportunities.
5. Project parameters – Include the project characteristics (e.g., scope, budget, schedule, interface, stakeholders, community, etc.).
6. Risk Control Plan – This plan includes the structure and the frequency of risk review meetings.
7. Risk Response Strategy – outlines how the project will respond to risk in various areas.

1.4.2 Risk Identification

- Risk identification is the process of identifying and documenting the characteristics of the individual project risks as well as sources of overall project risk. Risk identification is an iterative process since new individual project risks may emerge as the project progresses through its lifecycle and the level of overall project risk may also change. The frequency of iteration and participation in each risk identification cycle will vary by situation, and this will be defined in the project management plan.
 - A project risk is an uncertain event or condition that, if it occurs, may have a negative (i.e., threat) or positive (i.e., opportunity) effect on a project's objectives. Both threats and opportunities are included within project risk management and the identification process.
 - Risk identification should capture all the project potential risks at any stage or phase of the project lifecycle. Early identification enables key project decisions to take maximum account of the risk inherent in the project. It also maximizes the time available to develop and implement risk responses, which enhances efficiency since responses taken early are often less costly than later ones.
 - Risk identification activities occur periodically through the project lifecycle depending on the Risk Management Plan and are facilitated by the Risk Specialist. Participants in risk identification activities may include the project leadership team, the project team, SMEs, relevant stakeholders, etc. The project team along with the Risk Specialist will identify, assess, and document potential risks in the Project Risk Register using specialized risk management software. The Risk Specialist is responsible for updating risks as required.
 - Project teams should consider the available project management documents as inputs into the risk identification process. Relevant documents include:
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1. Project Parameters Form: Project parameters include, but are not limited to project type, project phase, project operating model, procurement model, contract gaps, location(s), interface/dependencies, complexity, stakeholders, and community impact.
 2. Project schedule and cost management plan and estimates.
 3. Lessons learned from previous projects, the Risk Library, and benchmarking.
- The risk statements recorded in the risk register should include the following:
 1. CAUSE – The event or circumstance which currently exists or is certain to exist in the future and which might give rise to the risk.
 2. EVENT – The uncertain future event or condition which may or may not occur, but which would matter if it did occur.
 3. IMPACT – The conditional future event or condition which would directly affect one or more project objectives if the associated risk occurs.
 - Risk statements must comply with the *Articulation Standard*.
 - Each project risk should be assigned a risk owner. The risk owner is responsible for ensuring that the risk response is appropriate and effective, and for planning additional risk responses if required.
 - Risk owners should categorize the risk event using the RBS list provided in the risk management software. RBS is an organized and hierarchical depiction of the identified project risks, arranged systematically by categories of the root cause and the effect. It arranges the risks by organizing them according to the stakeholders and the discipline of the root cause, as well as the project stage of the potential impact. This allows for the classification of risks in a project, program, or portfolio which helps to understand common themes and trends.
 - Risk categorization must comply to the *RBS Guide* (Appendix E).
 - Once a risk has been identified it will be classified as a draft risk, with essential information such as the risk description, statement, risk owner, and threat/opportunity recorded. It will remain in draft status until quantified and approved by the risk owner.
 - Risk identification techniques are summarized in Appendix D.

1.4.3 Risk Assessment

- The purpose of Risk Assessment is to comprehend and measure the nature of risk and its characteristics. It is used to gain a better understanding of individual risks, considering a range of characteristics such as the probability of occurrence, degree of impact on project objectives, manageability, the timing of possible impacts, relationships with other risks, common causes, or effects, etc. This section will discuss the assessment of threats. A description of the assessment of opportunities will follow in the Opportunity Management section.
 - Risk Assessment can be performed in two stages: (1) Qualitative Risk Assessment and (2) Quantitative Risk Assessment. Performing Qualitative Risk Analysis is the process of assessing and prioritizing risks. This will be based on assigning ranges to the likelihood and impact of the risk using the Risk Assessment Matrix.
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- When the risk is in draft status, Qualitative Risk Assessment includes the following steps:
 1. Step 1: Rate each risk based on its probability of occurrence and potential impact in accordance with the appropriate scoring scheme. The impact rating should be assessed for cost and schedule and the higher of the two ratings will drive the overall score.
 2. Step 2: Calculate the overall risk score by multiplying the probability rating by the highest impact rating (cost or schedule).
- Performing Quantitative Risk Analysis (e.g., QRA) is the process of understanding the combined effect of identified risks on the project outcome. This process considers probabilistic or project-wide effects, such as the correlation between risks, interdependency, and feedback loops, thereby indicating the degree of overall risk faced by the project. Quantitative Risk Analysis may be performed according to the established Risk Management Plan.
- This exercise may be influenced by any divergence of opinions, biases, perceptions of risk and judgements. Additional influences are the quality of the information used, the assumptions and exclusions made, any limitations of the techniques and how they are executed. These influences should be considered, documented in the risk register, and transparently communicated to decision-makers, as it provides input to the next step (i.e., prioritize risk, and plan risk response). Each risk is assessed on the following:

Likelihood: The objective during the likelihood risk analysis is to develop a well-informed estimate of potential probability. This information is available in historic databases (e.g., Risk Library) if the risk is common or can be gathered by interviews, workshops, project appetite and other means using experts' judgment. The likelihood will be determined as a percentage (i.e. between 5% and 95%). The percentage ranges are defined in the Likelihood Probability Matrix (see Figure 1).

Likelihood (The Probability Matrix)

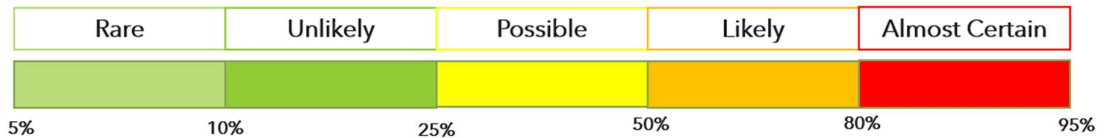


FIGURE 1. LIKELIHOOD

Impact: Two main dimensions are investigated regarding the impact of an individual risk:

- i. Schedule delay impact – The schedule impact refers to a business day delay in a certain activity or milestone of the project, based on the consequence of the risk if it occurs, which could be cumulative or non-cumulative. Here, the rationale needs to be discussed and documented when determining the schedule delay impact of the risk in the risk register.
- ii. Cost impact – In general, the cost impact should account for all relevant components including, but not limited to (1) Capital cost impact and (2) Schedule delay cost impacts. When determining the capital cost impact of the risk, the effort should be supported by Project Team and all related project control functions (e.g., cost estimation). The schedule delay cost can include multiple components (e.g., internal professional service cost, financing cost, and/or external resources cost). These elements need to be identified based on the project's procurement model and other requirements and their contribution must be documented in the Risk Management Plan. Also, the rationale needs to be discussed and documented when determining the cost impact of the risk in the risk register.

Level of the Risk: By gathering information regarding the likelihood and impact of the risk, the Threat and Opportunity Scoring Matrix (*Appendix A*) is used to define the level of the risk. The level of the risk could be Low, Medium, High or Very High which will be determined by using an appropriate Risk Scoring Matrix based on the Project Value.

Materialized Risks: When a risk is realized, the steps outlined in the *Issue Management Guide* should be followed.

1.4.4 Risk Response

- Risk Response is a critical step for enabling RAKP to manage the effects of uncertainty on the project, program, and organizational objectives. For managing threats, the response typically aims to reduce the probability and/or impact of a negative event or condition. For managing opportunities, the response typically aims to increase the probability and/or impact of a positive event or condition. Planning a risk response involves identifying and evaluating the existing controls and systems and providing regular oversight of risk response plans for determining if more actions are required. Conventional risk response strategies are presented in Table 1.

Table 1: Threat Response Strategies

Type	Response Strategy	Description
Threat	Avoid	Eliminating the risk entirely.
Threat	Mitigate	Reducing the likelihood of occurrence and/or impact.
Threat	Transfer	Shifting the impact to a third party to manage the risk.
Threat	Accept	Accepting the risk and its consequences i.e., taking no action.

Requirements:

- A. Risk response requirements summarized in Table 1 are scalable such that effort spent on mitigating a risk depends on the risk threshold/level. The Project Team and Risk Specialist use their discretion and judgement on the time and effort towards mitigating individual risks.
- B. It is required that risk response actions adhere to SMART criteria (*Appendix D*), and are clear, action-orientated, results-orientated, and representative of on-point plans to address the root cause. Ambiguous actions, repetitive tasks, or a “business as usual” approach are to be avoided when formulating a risk response action.
- C. As a rule, all risks require response plans.
- D. Planning and updating risk responses is a continual, repetitive process done on at the same frequency of risk review meetings.

Table 2: Threat Response Strategies

Risk Level	Requirements for Risk Response
Very High, High	<p>Risk Response: "The Plan"</p> <ul style="list-style-type: none"> The individual who is the Risk Response Owner should contribute to the development of the Risk Response Plan. The risk response strategy (Avoid, Mitigate, Transfer, Enhance, Exploit, Share) should be clearly outlined. The Plan must be relevant to eliminate or reduce the root cause(s) of the risk. <p>Risk Response Action(s)</p> <ul style="list-style-type: none"> The agreed upon individual action(s) should be described clearly, adequately and per SMART criteria. The individual who is the Risk Response Action Owner should contribute to the development of the Risk Response Action. A realistic due date to implement the action should be outlined. <p>The risk response plan and action(s) are to be prioritized based on the risk level.</p>
Medium, Low	<p>Risk Response: "The Plan"</p> <ul style="list-style-type: none"> The individual who is the Risk Response Owner should contribute to the development of the Risk Response Plan. The risk response strategy (Avoid, Mitigate, Transfer, Enhance, Exploit, Share) should be clearly outlined. The Plan must be relevant to eliminate or reduce the root cause(s) of the risk. <p>The degree to which the risk response plan shall be defined is based on the preference of the Project Manager / Delivery Director</p>

Risk Response Integration and Communication: The engagement of all stakeholders (internal and external) is essential in ensuring the proper implementation and handling of the risk response actions to maximize the benefit of project risk management.

1.4.5 Risk Monitoring

- Risk Monitoring involves ensuring routine risk reviews are planned and implemented. This includes raising new risks (and response actions), updating existing ones, closing out those that are no longer relevant, and facilitating the escalation of risks. The following steps are completed during the Risk Monitoring Process:
 1. Establish
 - i. Risk Specialist ensures that the project risk register is well-established and can be used to promote the project risk management activities.
 - ii. Project Team and SMEs are planning their risk control activities in accordance with the risk control plan to be reviewed by the Risk Specialist.
 2. Analysis
 - i. Risk Specialist ensures that the Risk Articulation and the RBS are applied to risks, which will allow for the initiation of grouped reporting.

- ii. Risk Specialist generates the risk dashboard that will be shared with the Chief Development Officer, Delivery Director, Project Managers, and Development Managers for their review and comments.
3. Treatment
 - i. As per the Risk Assessment, Treatment section, the process is repeated by Project Team and SMEs to determine if any risks have materialized (including raising new risks).
 - o If a risk has materialized, then it will be transferred to follow the Issues Management Framework.
 - o If a risk has not materialized, then the Risk Specialist will capture any applicable changes and updates (as identified by Project Team and SME's) in the risk management software.

1.5 Opportunity Management

- Opportunity is a positive risk and as such follows the steps described above except for risk assessment and risk response, which are described below.
- Assessment: The Opportunity Scoring Scale is aligned with the *Threat and Opportunity Scoring Scheme* and outlines the scale adopted within RAKP for projects and programs. The Opportunity Scoring Scale provides a way of prioritizing opportunities by generating a score from a combination of the probability and positive impacts (i.e., benefits) assessment.

Response: The treatment strategy will form an overarching plan to achieve opportunities. The detailed plan should include techniques and methods used to exploit, enhance, share, or accept the opportunity. Table 3: Opportunity Response Strategies

Type	Response Strategy	Description
Opportunity	Exploit	Actions aimed at ensuring the opportunity is realized.
Opportunity	Enhance	Actions used to increase the likelihood and/or impact of an opportunity.
Opportunity	Share	Allocating a portion of the opportunity to a third party to carryout part or all the response plan and thus gaining part of the benefit.
Opportunity	Accept	Accepting the opportunity and its consequence without planning or taking any further actions.

1.6 Risk Articulation

1.6.1 Components of Risk Statement

A fully specified risk statement must explain what, when, and why an event may happen, as well as the predicted consequence of the event occurring. This information will describe the risk event and its associated root cause, effect, and consequence.

- Root Cause: The source of the risk event, such as a specific action, event, or circumstance that may lead to the risk event occurring.
- Risk Event: A description of a specific risk event that could occur.
 - Location: The detailed location or area in which the risk event may occur, which could be a physical location, a specific process, or a phase of the project.
- Effect: The immediate action resulting from the materialization of the potential risk.
- Impact: A description of the overall positive or negative impact that may result from the risk event's occurrence, including any potential changes in the cost or schedule, or influence on reputation.

1.6.2 Risk Statement Format:

- Due to [Root Cause], [Risk Event] could/may/might occur in [Location, Package, Contract], resulting in a [Effect], which could lead to [Impact].
- As a result of [Root Cause], [Risk Event] could/may/might occur in [Location, Package, Contract], which could result in [Effect] and ultimately, [Impact] may occur.

1.7 Tools and Techniques

- Software and Systems used for risk management processes include:
 - i. MS Excel: Facilitation tool for Risk Review Workshops.
 - ii. MS PowerPoint: Presentation Tool.
 - iii. MS Teams: Virtual meetings facilitation tool.
 - iv. MS Word: An extract from the risk management software is used for risk updates.
 - v. Power BI: Central Reporting Tool for Risk Dashboards.

Appendix A –Threat and Opportunity Matrix

Ref: Threat and Opportunity Scoring Schemes (XXXX)

THREAT						OPPORTUNITY					
Likelihood/Probability	5	10	15	21	25	25	21	15	10	5	Likelihood/Probability
	4	9	14	19	24	24	19	14	9	4	
	3	8	13	18	23	23	18	13	8	3	
	2	7	12	17	22	22	17	12	7	2	
	1	6	11	16	20	20	16	11	6	1	
	Insignificant 1	Minor 2	Moderate 3	Major 4	Severe 5	Severe 5	Major 4	Moderate 3	Minor 2	Insignificant 1	
Impact					Impact						

Severity Group	Severity Status	Actions
Greater than 21	Very High	Generally unacceptable; priority should be given to develop action plans to reduce risk to a lower level where possible.
14 - 20	High	Risks at this level can only be tolerated where all other reasonable measures have been taken to treat the risk.
8 - 13	Medium	Generally undesirable; action plans should be developed to reduce risk to a lower level if possible.
<7	Low	Risks should be treated to as low a level as possible considering the cost-benefit of the identified mitigation actions

Severity Group	Severity Status	Actions
Greater than 21	Very High	Generally recommended to pursue; priority should be given to develop action plans to achieve opportunity where possible.
14 - 20	High	
8 - 13	Medium	Opportunities at this level can be pursued with reasonable measures put in place.
<7	Low	Opportunities should be treated to as low a level as possible considering the cost-benefit

Appendix C – Projects Risk Register Template

Ref: Projects Risk Register Template

Projects Risk Register														Risk Assessment				Risk Response			Print: 29 May 2024				
Risk ID	Program	Risk Status	Risk Category	Project Name	Risk Title	Risk Description	Owner	Impact Stage	RBS	Related Parties	Root Cause	Potential Impact	Exposure Start Date	Exposure End Date	Updates	Scoring Rational	Risk Level	Risk Score	Probability	Time Impact	Cost Impact	Risk Treatment	Response Strategy	Actions	Due Date
R001	Residential	Active	Threat	Bay Residence I	Regulation Changes Challenges and Impact	Frequent regulatory changes leads to design changes which might lead to rework and schedule delay	Consultant	Design	Infrastructure Work	RAKM	Regulatory changes	Schedule delay and cost impact	14 Mar 2024	24 Sep 2024	A new identified risk	XXX	Very High	20	4	3	5		1. Contractor must complete all remaining work of Engineering Submittals to Avoid any Delay Could Impact on Critical Path 2. NEB to expedite the Pending approvals		14 Mar 2024
R002			Opportunity															4	1	4	3				
R003																		0							
R004																		0							
R005																		0							

Appendix D – Risk Identification Techniques

Risk Identification Techniques include, but are not limited to:

- Interviewing: interviewing experienced project participants, stakeholders, and SMEs helps to identify risks.
 - 5 Why's: used for root cause identification by asking a series of "why" questions to uncover the underlying factors contributing to a risk, allowing for more effective identification and resolution of the root cause.
 - SWOT: used to analyze a project's internal/external factors that could impact success by examining Strengths, Weaknesses, Opportunities and Threats, allowing for proactive risk management planning.
 - SMART: Acronym that stands for specific, measurable, achievable, relevant, and timebound. Is used for risk/mitigation articulation to ensure that each identified risk has a specific, measurable, achievable, relevant, and time-bound mitigation plan, allowing for effective risk response planning and monitoring.
 - Brainstorming: used to identify risks through a creative and open group discussion with stakeholders. allowing for comprehensive risk identification and effective risk management planning.
 - Expert Judgment: Utilize knowledge and experience of subject matter experts to identify potential risks and evaluate their impact, enabling effective risk identification and risk management planning.
 - Periodic Risk Assessment: Continuous risk identification through regular assessments and updating the risk register, allowing for continuous and comprehensive risk identification and management.
 - Scenario Analysis used for risk identification by exploring and evaluating potential future scenarios and their potential impacts on the project, allowing for proactive identification and planning of risk responses to mitigate their potential negative effects.
 - Personal Experience: drawing on past experiences to identify potential risks and inform risk management planning.
 - Shared Lessons Learned: used for risk identification by gathering and sharing knowledge, experiences, and insights from past projects, situations, or processes to identify potential risks and inform effective risk management planning for current and future projects.
 - Project Status Meetings: Continuously identify new or emerging risks through regular project progress discussions, allowing for continuous and comprehensive risk identification and management.
 - Committee Meetings: Risk identification through regular assessments by a group of stakeholders, allowing for continuous and comprehensive risk identification and management.
 - Deep Dive Workshops: used for risk identification by bringing together a focused group of stakeholders for an in-depth analysis of specific areas or issues, allowing for thorough and comprehensive risk identification and risk management planning.
 - Project Documents: used for risk identification by serving as a repository of information about the project, including its objectives, constraints, assumptions, and plans, which can be analyzed and reviewed to identify potential risks and inform effective risk management planning.
 - Risk Library: used for risk identification by serving as a centralized repository of information about risks and risk management, including past risks, lessons learned, and best practices, which can be used to identify potential risks and inform effective risk management planning for current and future projects.
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Appendix E - Risk Breakdown Structure

Safety
Logistics
Design
Scope Gap
PLA (Permits, Licenses, Approvals)
Infrastructure Work
Enabling Work
Mobilization
Earth Works
Concrete Work
Masonry
Waterproofing
MEP Works
T&C (Testing & Commissioning)
Interface

Risk Management Framework

Reference: XXX

Revision 01

Date Approved: XXX

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Authorization

Prepared by:

Head of Risk Management and Control

Reviewed by:

XXX

Approved by:

Chief Executive Officer

Revision	Purpose of Submittal	Date (DD/MM/YYYY)	Comments

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Documents

 TABLE 0-~~1111~~ SUPPORTING DOCUMENTS

Reference	Document Title	Relation
XXXX	Risk Management Policy	Pre-requisite
XXXX	Risk Management Plan	Sub-Process

 TABLE 0-~~2222~~ REFERENCES

Reference	Document Title	Relation
ISO 31000:2018	Risk Management Guidelines	Reference
PMI	A Guide to the Project Management Book of Knowledge PMBOK Guide, Seventh Edition	Reference

Acronyms and Abbreviations

 TABLE 0-~~3333~~ ACRONYMS AND ABBREVIATIONS

Acronym	Full Name
ERM	Enterprise Risk Management

Definitions

For a list of terms and definitions

Term	Definition
Portfolio	A collection of projects, programs, and processes that are managed together and optimized for the financial and strategic goals of an organization.
Program	A group of related projects managed in a coordinated manner to obtain benefits not available from managing them individually.
Project	A temporary endeavor completed to create a unique service, product, or result.
Control Team	Team external to the Project Team that provide expertise in a specific area to support achievement of the project objectives (e.g., scheduling, budgeting, claims).
QRA	A risk management technique entails using quantitative methods and tools to assess the potential impact of risks on a project's cost and schedule while also considering the interactions between different risks.
Risk	An uncertain event, action, or condition may negatively or positively impact the objectives or outcomes of a project, organization, or activity.
Risk Management	A systematic process for identifying, analyzing, assessing, and prioritizing risks and implementing strategies to manage or mitigate those risks.
Risk Owner	The individual who has the most knowledge, authority, and resources to manage a specific risk.
Risk Register	A risk management tool used to track identified risks and their details (e.g., nature of the risk, reference and owner, mitigation measures, etc.).
Risk Specialist	A risk analyst, lead, or manager.
Stakeholder	Any individual, group, or organization interested in or may be influenced by the outcomes or decisions of a project, organization, or activity.

1. General

1.1 Every project/program faces internal and external factors that influence uncertain future events. The effect of these uncertain events on project/program objectives is what we call “risk.” A risk with a negative effect is a “threat” and a risk with a positive effect is described as an “opportunity.” The Risk Management Framework and its complementary elements (e.g., Risk Management Plan, Risk Management Policy) are designed in alignment with Risk Management Principles (see Table 1). The goal of the Risk Management Framework is to support risk management as an integrated process in the organizational objectives delivery. Through the establishment of shared values and risk guidelines, effective and efficient risk management will be practiced across the RAK Properties teams to enhance the practice of a risk-informed decision-making approach.

2. Purpose

2.1 The purpose of this document is to describe the Risk Management Framework and its application to all projects/programs within RAK Properties. Based on risk management principles, the Framework is designed to support risk management as a process and its integration in the RAK Properties processes and procedures. When effectively implemented, the Risk Management Framework will support and enhance risk-informed decision-making, such as, but not limited to:

- Select the appropriate business opportunity,
- Indicate project contingency,
- Reduce budget pressure,
- Engage with stakeholders,
- Respond to early flagging and warnings,
- Proactively address future uncertainties,
- Supports strategic announcements,
- Interact effectively with communities,
- Deal with internal and external interfaces,
- Effectively supports negotiation of potential settlement agreements, and
- Verify the project’s schedule.

The Risk Management Framework is based on the principles listed in Table 1.

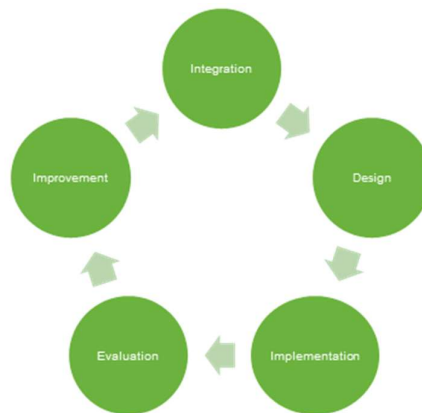
TABLE 1-1 RISK MANAGEMENT PRINCIPLES

Attribute	Description
Integrated	Risk management is incorporated throughout all RAK Properties activities.
Structured and comprehensive	Risk management is completed with a thorough and organized approach to eliminating or minimizing threats and maximizing opportunities.
Customized	While following RAK Properties guidelines, the risk management approach can be extended to align with project/program environments and objectives.
Inclusive	Considering the wide range of internal and external stakeholders in RAK Properties, risk management will enable the timely engagement of all stakeholders at different stages of the project/program to understand different perspectives, enhance knowledge sharing, and ensure that the best responses are in place to address risks.
Dynamic	The project/program environment is continuously changing because of the various needs of a wide range of stakeholders and the technical complexity of each project/program. To ensure the effectiveness of risk management, the risk management approach must enable teams to capture, assess, and respond to uncertainties arising from this dynamic and enhance appropriate and timely responses.
Best available information	Historical and current information, as well as future expectations, play a vital role in creating and protecting value through risk management. As such, risk management must be built based

	on all such resources while explicitly considering gaps, limitations, assumptions, and uncertainties associated with selected information.
Human and cultural factors	Documented data and human knowledge are two resources of risk management. Human knowledge is subject to personal and cultural factors. Consideration for this influencing factor is necessary to enhance engagement and avoid any potential bias in collected data.
Continual improvement	The plan-do-check-act cycle should be fully implemented in risk management practice to enhance proactive and continual improvement through lessons learned.

2.2 The Risk Management Framework involves the Integration, Design, Implementation, Evaluation, and Improvement (see Figure 1) of risk management across the organization. Its implementation supports effective and efficient risk management across projects, programs, and portfolios within RAK Properties. The Framework ensures that program and project management teams understand how to customize their approach based on program/project requirements.

FIGURE 11114 OVERVIEW OF RISK MANAGEMENT FRAMEWORK



3. Leadership and Commitment

3.1 The Risk Management Framework is fully supported by senior management (Reference: Risk Policy [XXX]). They have shown their commitment to (1) customizing and implementing all components of risk management practice, (2) ensuring that the necessary resources are allocated to managing risk, and (3) assigning authority, responsibility, and accountability at appropriate levels.

3.2 Aligned to this commitment, leadership at the program and project level are accountable for managing risks, and the Risk Management Team is accountable for the proper implementation of the risk management plan, processes, and procedures. The Risk Management Team owns the process of risk management, while Project/program Team members own the actual risks items including mitigation actions.

3.3 With the support of the Risk Management Team, program and project leadership are required to:

- Ensure that risks are adequately considered when setting the project objectives,
- Ensure that the risks facing projects in pursuit of its objectives are understood,
- Ensure that the systems, tools, and techniques to manage such risks are implemented and operating effectively,
- Ensure that such risks and respective controls are appropriate in the context of RAK Properties objectives, and
- Ensure that information about such risks and their management reflects the current status of the project and is properly communicated across RAK Properties.

4. Integration

4.1 Integrating risk management in RAK Properties, at the project and program level, is a dynamic and iterative process, and should be customized to the varying project requirements. Risk management should be a part of, and not separate from, established and agreed-upon purposes, governance, leadership and commitment, strategy, objectives, and inter-related practices (e.g., scheduling, cost control, and commercial). This will require an in-depth understanding of structures, perceptions, and context. Full integration of risk management with other functions enhances the likelihood of achieving the desired level of sustainable performance and long-term viability.

4.2 To be most effective, risk management needs to be considered from the onset of all projects and must be continuously applied through all phases of the project lifecycle. To achieve this integration, the Risk Management team is involved in or facilitates the following activities:

- Project Risk Reviews
- Program Risk Review Meetings
- Project Performance Reviews
- ERM Risk Reviews
- Risk Health Checks
- Dashboard Risk Reviews
- Cross Functional Risk Reviews

5. Design

5.1 In alignment with the Risk Management Framework, all risk management plan and complementary documents should be customized at the project level to:

- Align risk management with RAK Properties and project objectives, strategy, and culture,
- Recognize and address all obligations, as well as its voluntary commitments,
- Establish the amount and type of risks that may or may not be taken to guide the development of risk criteria,
- Capture uncertainties and proactively control them, and
- Promote a systemic approach toward risk management.

5.2 When designing their risk management plan and processes, Project/Program Teams should examine and understand their external and internal context. Factors to consider include but are not limited to:

- RAK Properties vision, mission, values, governance, organizational structure, strategy, objectives, policies, standards, guidelines, operating models, capabilities, data, information systems, intended and extended stakeholders;
- The project's contractual relations and commitments, procurement models, interdependencies, and interconnections;
- Any stakeholders that may impact/trigger project's objectives, and
- Any disciplines involved in the project.

6. Implementation

6.1 To ensure that risk management remains appropriate to the context of the project, projects should implement the risk management plan at different stages by:

- Identifying where, when, and how different types of decisions are made across the project, program, and RAK Properties,
- Promoting engagement among stakeholders,
- Identifying required activities to protect and create value,

- Picking an appropriate approach to reflect current and future requirements regarding when/how risks are impacting the project, and
- Modifying applicable decision-making processes where needed.

7. Evaluation

7.1 Regular evaluation and monitoring, for which the frequency and details will be defined and assigned by the central risk team based on project phase and complexity, should result in the identification of gaps and improvement opportunities within the project and across RAK Properties. The provision of necessary data, information, and knowledge regarding risk management practice, inputs, and outcomes complemented by in-depth analysis will help enhance constructive communication within the project and across RAK Properties. Effective and transparent communication in this area will facilitate risk assurance in support of risk-informed decision-making within the project and across RAK Properties.

8. Improvement

8.1 RAK Properties should continually monitor and adapt to risk management frameworks to address external and internal changes. As relevant gaps or improvement opportunities are identified, the organization should develop plans for implementation. Once implemented, these improvements should contribute to the enhancement of the risk management.



Risk Management Awareness

Policy, Framework, Processes

- 01 Why Risk Management
- 02 What is Risk Management
- 03 How we do Risk Management



Why

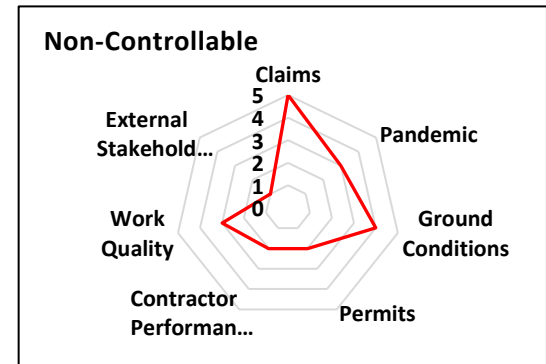
Risk Management is the process of making and carrying out **decisions** that will **minimize** the effects of risk on the organizational objectives.

What

“A **risk** is an **uncertain** event or set of circumstances that, should it occur, will have a **positive (opportunity)** or a **negative (threat)** impact on the achievement of a project or business **objectives**”

How

- Risk Processes
- Risk Control
- Risk Integration



- **Risk Owner:** accountable point of contact who **coordinates** efforts to mitigate and manage the risk with various individuals who own parts of the risk.
- **Stakeholder:** **internal or external** may be directly or indirectly influencing or influenced by risks.
- **Potential Impact:** an estimate of the potential **losses/gain** associated with an identified risk.
- **Consequences:** the **effect** of a risk on the total project or just part of it.
- **Risk Register:** the **record keeping** of all identified risks.
- **Risk Appetite:** the **degree of risk** that an organization is willing to take to meet its strategic goals.
- **Risk Threshold:** the amount beyond which an organization **does not want to tolerate** the risk.
- **Contingency:** the provision for **unforeseen events**.
- **Risk Score:** Statistical calculation to assess the **severity of the risk**.
- **Probability/Likelihood:** the chance of a **risk occurring**.
- **Risk Level:** Low, Medium, High, Very High
- **Residual Risk:** the amount of risk **remaining** after inherent risks have been reduced by **risk controls**.



High Level Governance	Risk Management Policy	Risk Management Framework	Risk Management Plan	Risk Management Processes & RACIs
Procedures	Risk Management Practice Procedure		Issues Management Procedure	
Guides	Risk Escalation Guide	Risk Articulation Guide	Risk Breakdown Structure Guide	Issue Management Guide
Templates	Parameters and Assumptions Form	Risk Register Template		Risk Dashboard Template

Purpose

The purpose of this Risk Management Policy is to establish a comprehensive framework for **identifying, assessing, mitigating, and monitoring risks** within RAK Properties, aligning risk management practices with the **company's strategic objectives**.

Objectives

The objectives of this policy are to:

- Ensure a **systematic** and **proactive** approach to identifying and managing risks.
- Protect the interests of **stakeholders**, including **clients, employees, and investors**.
- Safeguard the **financial, operational, and reputational** well-being of RAK Properties.
- Enhance **decision-making** processes by **integrating** risk considerations.

1. Purpose

The purpose of this Risk Management Policy is to establish a comprehensive framework for identifying, assessing, mitigating, and monitoring risks within RAK Properties, aligning risk management practices with the company's strategic objectives.

2. Objectives

The objectives of this policy are to:

- Ensure a systematic and proactive approach to identifying and managing risks.
- Protect the interests of stakeholders, including clients, employees, and investors.
- Safeguard the financial, operational, and reputational well-being of RAK Properties.
- Enhance decision-making processes by integrating risk considerations.

3. Governance Structure

The risk management governance structure at RAK Properties includes:

Risk Management Committee: Responsible for overseeing the risk management process, setting risk tolerance levels, and ensuring alignment with strategic goals.

Risk Owners: Individuals responsible for specific risk categories, including identification, assessment, and mitigation strategies.

Executive Leadership Team: Accountable for the overall risk profile and integrating risk considerations into strategic decision-making.

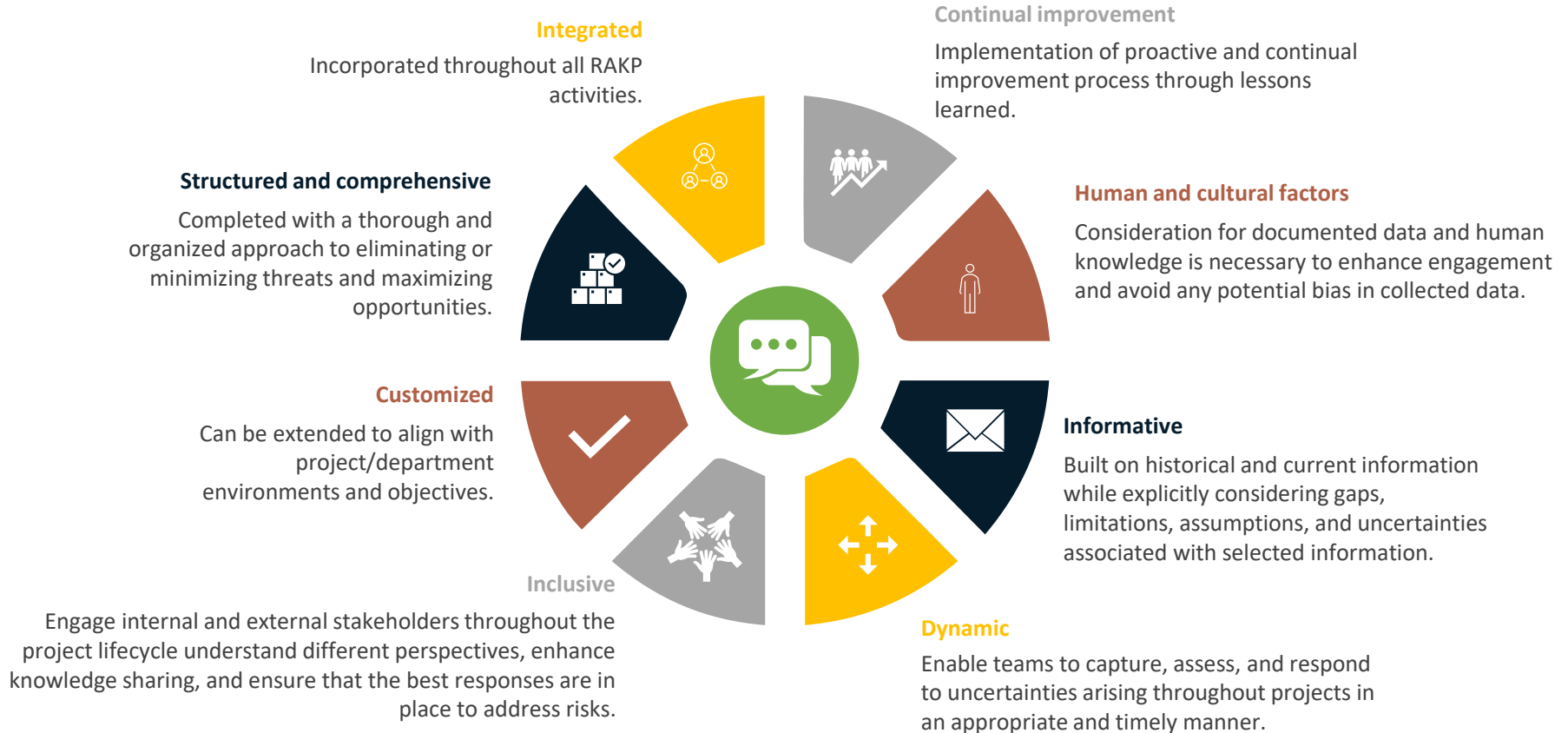
Realizing the vision and mission of RAK Properties, including the delivery of prestigious properties, by implementing risk management principles, plans, framework, processes, and procedures, RAK Properties Risk Management will:

- Be an integral part of the organizational processes of RAK Properties, effectively and efficiently supporting informed decision-making throughout the life cycle of project development, execution, and asset management.
- Promote a risk management culture across the board that seeks to evaluate and anticipate risk (threats and opportunities) throughout the lifecycle of the projects.
- Enhance cross-functional integration of risk management at all organizational levels and promote informed and consistent risk-related decisions.
- Take a structured, and timely approach, benefiting from the best available information such as historical data, experience from lessons learned, feedback from stakeholders, observations, predictions, and expert advice.
- Continue to evolve and advance risk management practices and adapt to the project environment through the implementation of consistent risk management activities, systemic monitoring, and efficient course correction.
- Perform internal controls to ensure compliance and adherence to relevant RAK Properties standards of codes practices and to support best outcomes.
- Implement efficient continual improvement of risk with key and relevant stakeholders.
- Promote transparent communications of risk with key and relevant stakeholders.

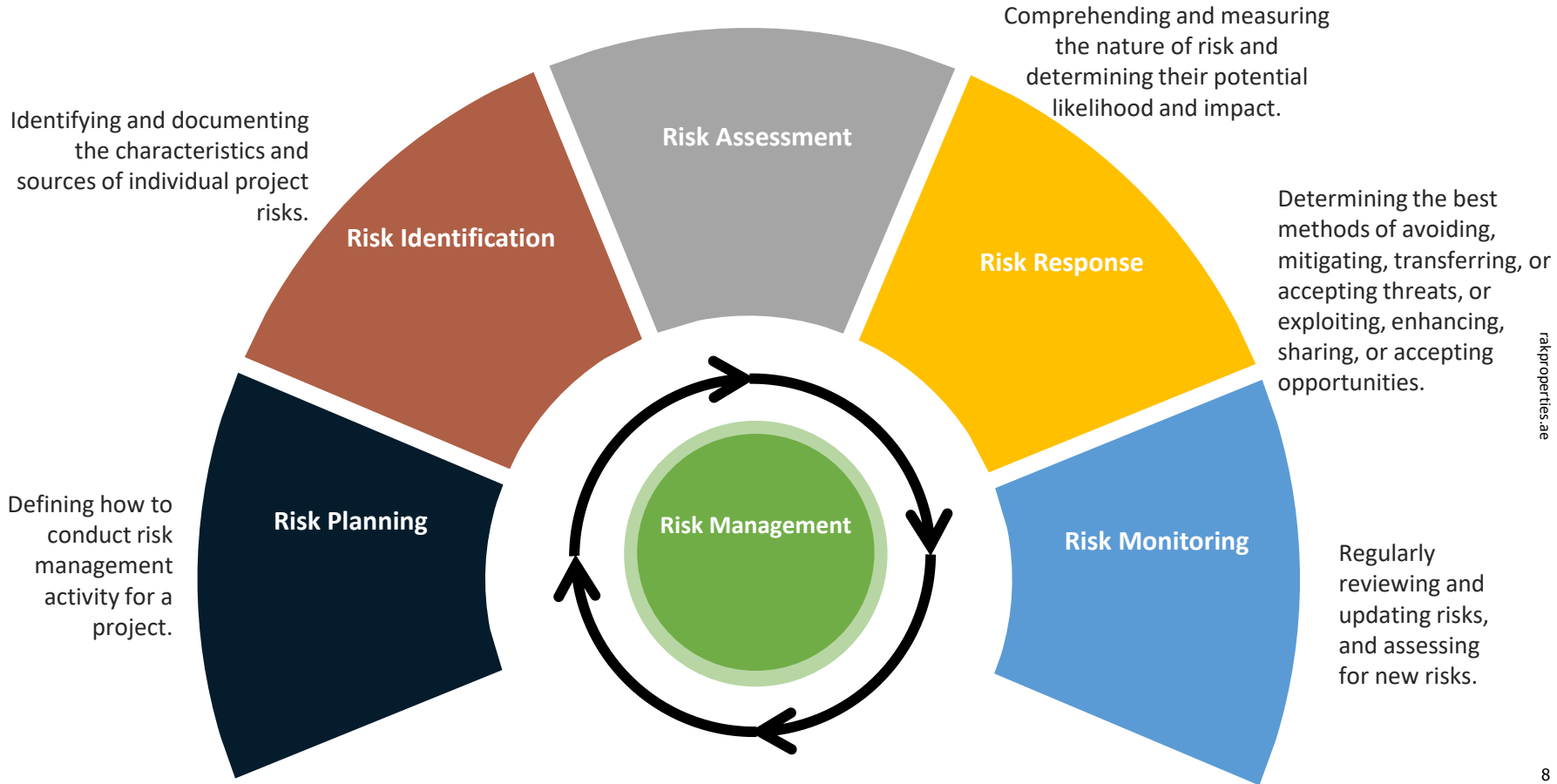
The RAK Properties leadership will ensure that the resources required to implement this policy are available and that it remains efficient and relevant through regular reviews and updates.

Sameh Al Muhtadi
Chief Executive Officer

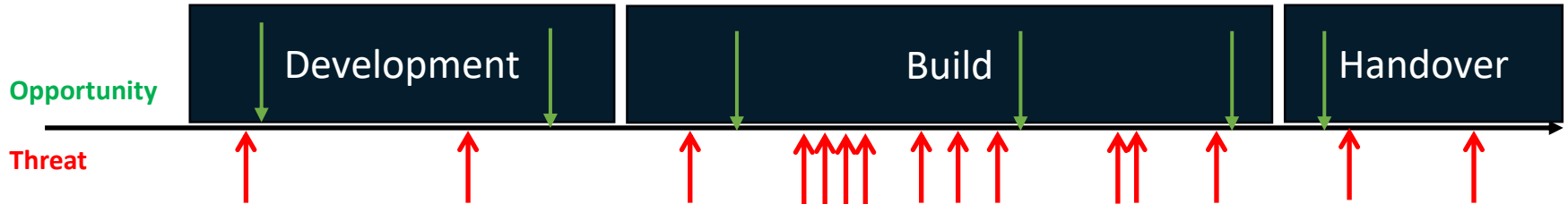
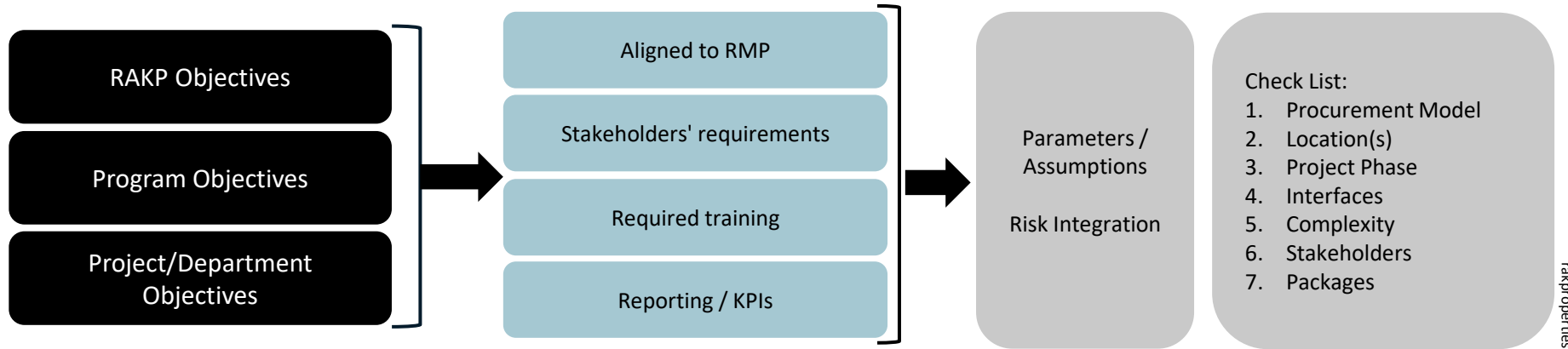
Risk Management Framework - Principles

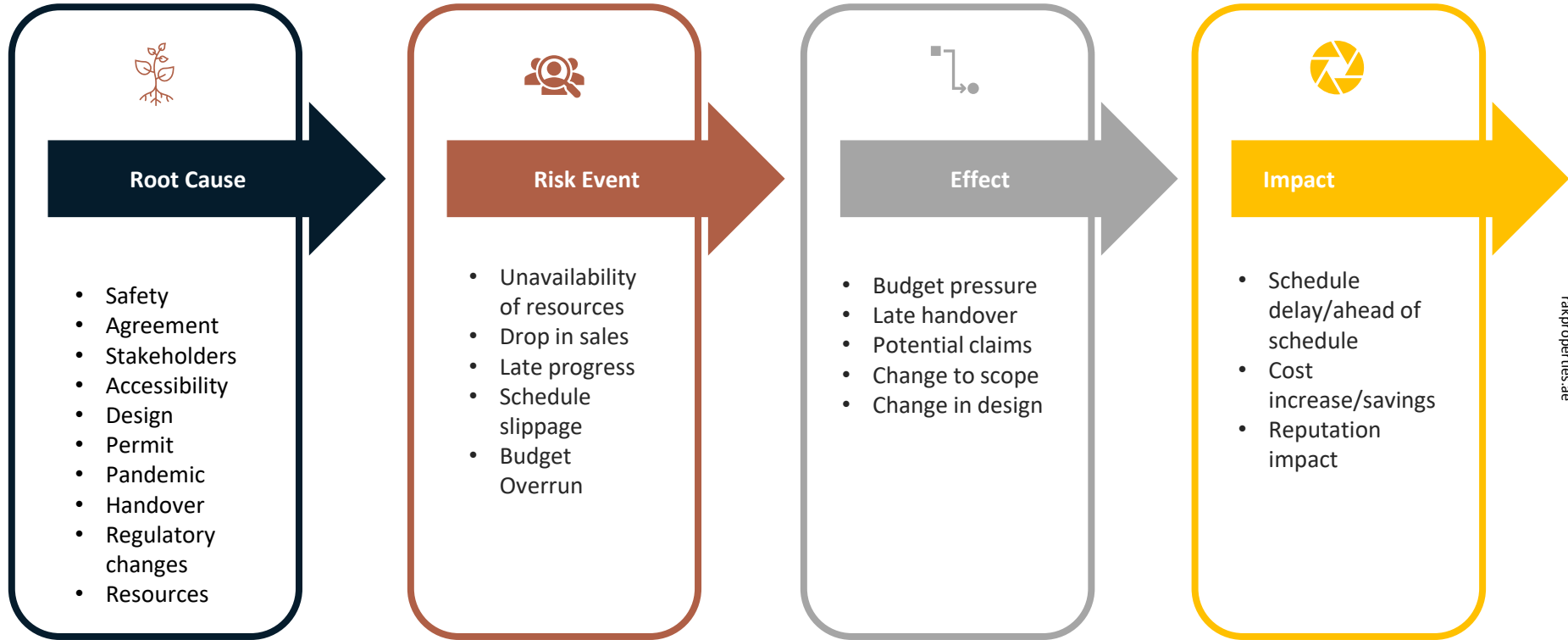


Risk Management Processes



Risk Planning





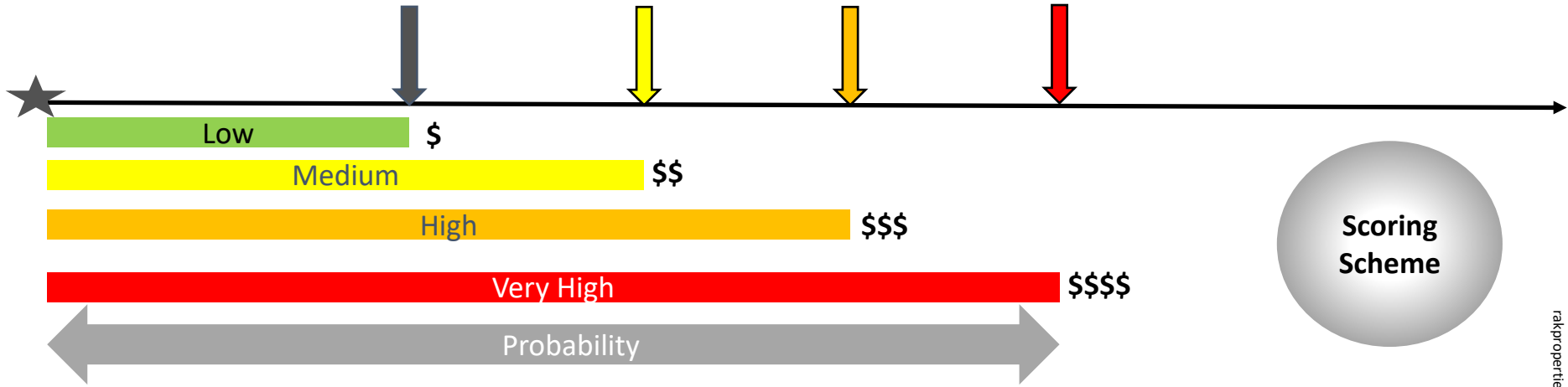
The following formats can be used to correctly articulate a risk.

- "Due to [Root Cause], [Risk Event] **could/may/might** occur in [Location, Package, Contract], resulting in a [Effect], which could **lead to** [Impact]."
- "As a result of [Root Cause], [Risk Event] **could/may/might** occur in [Location, Package, Contract], which could result in [Effect] and ultimately, [Impact] **may** occur."
- "There is a **potential** [Root Cause], which **could/may/might cause** [Effect] in [Location, Package, Contract] during/before (exposure window/date). [Risk Event] **could have** an [Impact] on [milestone, budget, event]."
- "**Inability to** [Root Cause] **could/may/might lead to** [Risk Event] in [Location, Package, Contract], which may result in [Effect] and [Impact]."

Root Cause
Feasibility
Safety
Community
Contract
Permits
Infrastructure Work
Enabling Work
Mobilization
Earth Works
Concrete Work
Finishing
Waterproofing
MEP Works
T&C
Interface
Resources
Regulations

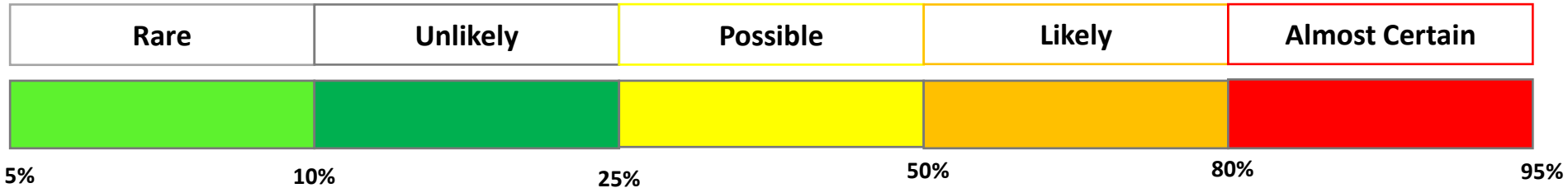


Risk Assessment - Level / Scoring



rakproperties.ae

Likelihood (The Probability Matrix)

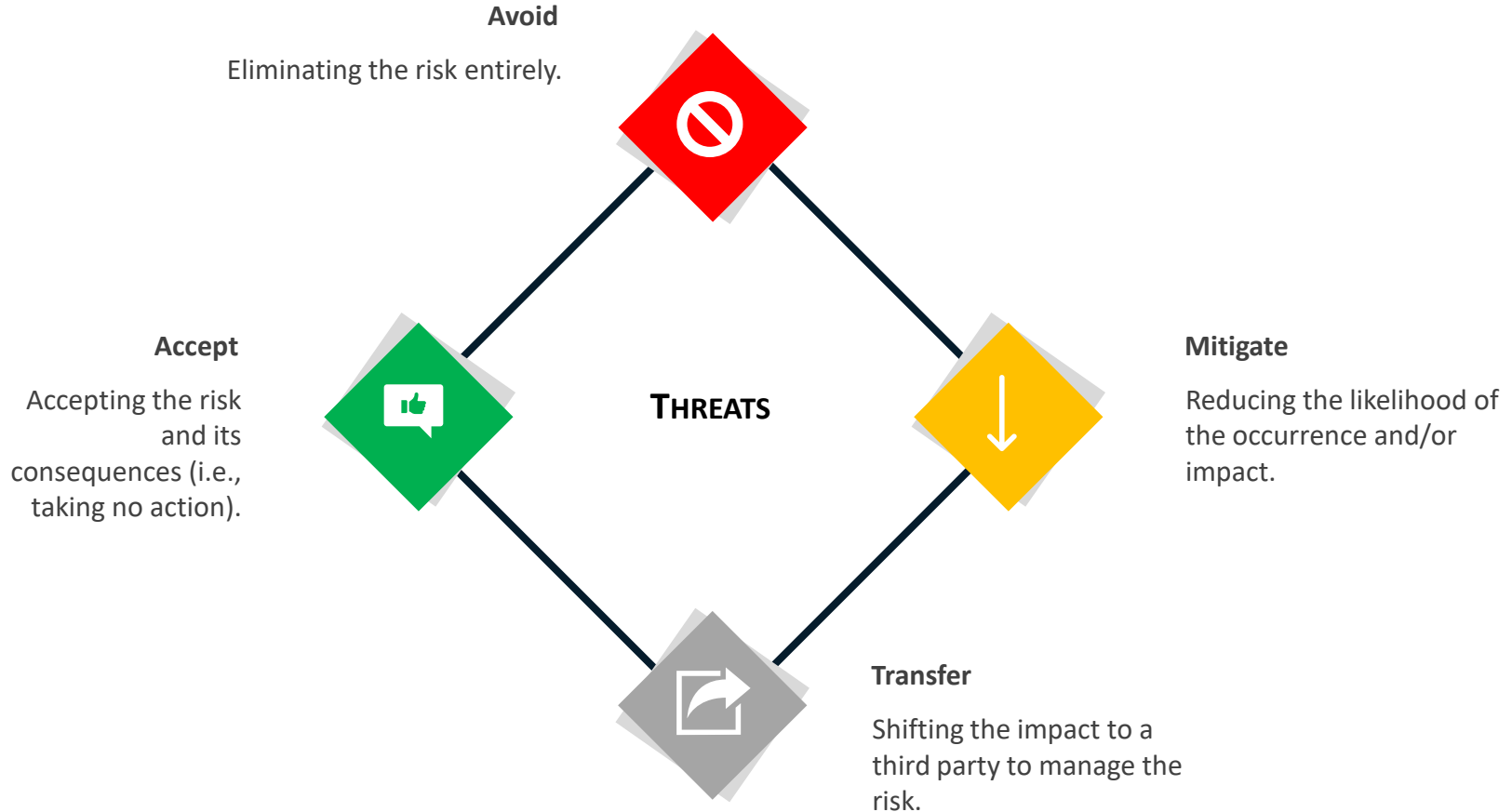


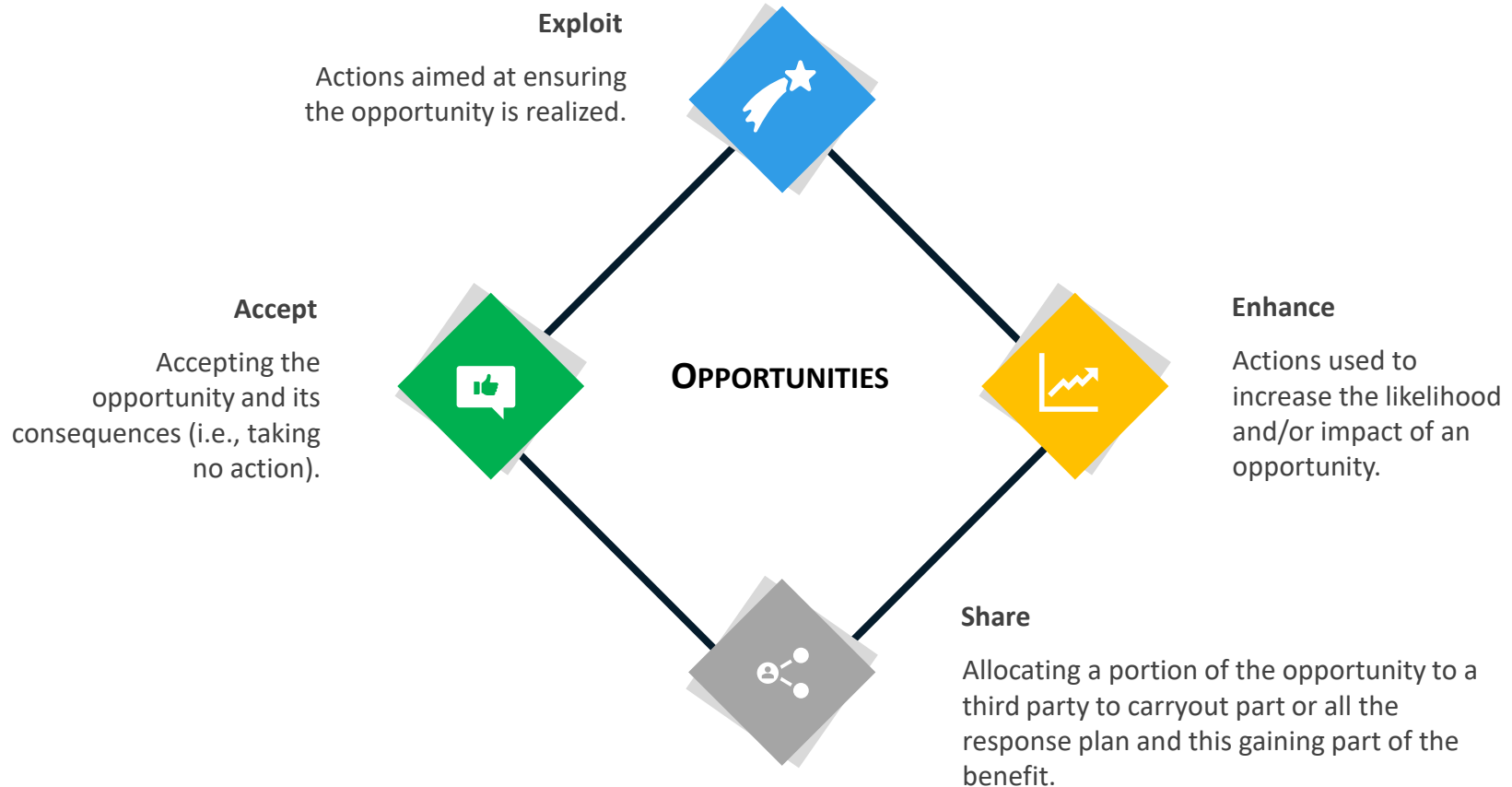
Risk Assessment - Evaluation



Enterprise Risk											
Risk Assessment											Reporting Level
Risk Level	Risk Score	Likelihood	Reputation	Safety	Environment	Customer	Operational	Financial	Schedule	Community	
High	15	5	-	3	3	2	1	-	-	-	RC

Project Risk				
Risk Assessment				
Risk Level	Risk Score	Probability	Schedule Delay	Cost Impact
Very High	20	4	3	5





ERM Risk Register



Enterprise Risk Register															Risk Assessment								Reporting Level		Mitigation Strategy	Mitigation Actions	Mitigation Due Date	
Risk ID	Risk Level	Risk Title	Risk Description	Owner	Department	Related Parties	Root Cause	Potential Impact	Exposure Start Date	Exposure End Date	Updates	Scoring Rational	Risk Level	Risk Score	Likelihood	Reputation	Safety	Environment	Customer	Operational	Financial	Schedule	Community	Reporting Level	Mitigation Strategy	Mitigation Actions	Mitigation Due Date	
1	Project	Potential design conflict	Frequent regulatory changes leads to design changes which might lead to rework and schedule delay	JK			Regulatory changes	Schedule delay and cost impact	14 Mar 2024	24 Sep 2024	A new identified risk	XXX	Very High	15	5	-	3	3	2	1	-	-	-	RC				

Project Risk Register



Risk ID	Program	Risk Title	Risk Description	Owner	Impact Stage	RIS	Related Parties	Root Cause	Potential Impact	Exposure Start Date	Exposure End Date	Updates	Scoring Rational	Risk Assessment					Mitigation Strategy	Mitigation Actions	Mitigation Due Date		
														Risk Level	Risk Score	Probability	Schedule Delay	Cost Impact					
1	Residential	Potential design conflict	Frequent regulatory changes leads to design changes which might lead to rework and schedule delay	JK	Design	Infrastructure Work		Regulatory changes	Schedule delay and cost impact	14 Mar 2024	24 Sep 2024	A new identified risk	XXX	Very High	20	4	3	5			14 Mar 2024		

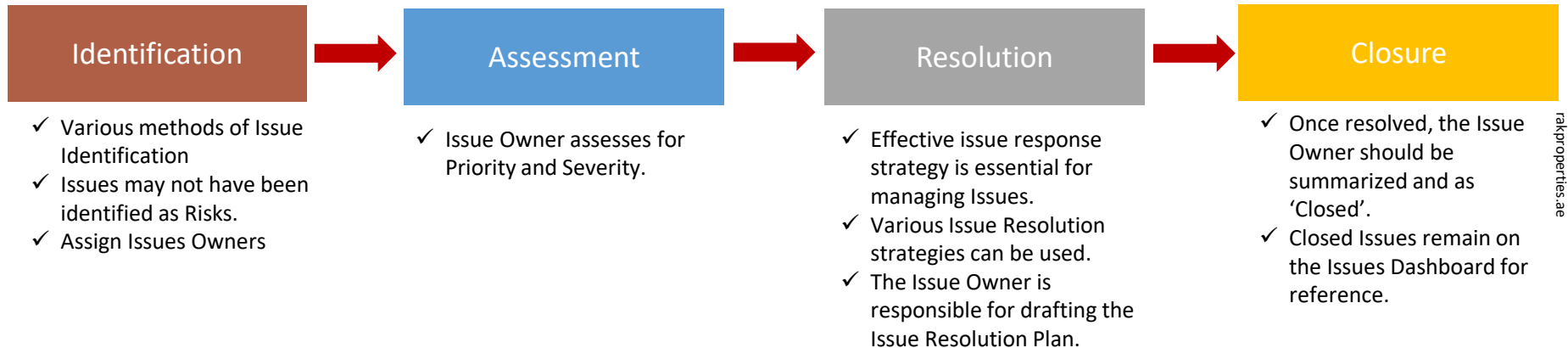
Issues Management



Issue: A certain event or condition (such as a realized risk) that could affect one or more of the Project's and/or Program's objectives in a positive (advantage) or negative (problem) manner.

Issue Management: The process of identifying, assessing, resolving, reporting on, and closing an Issue.

- Issues can be described by the event and the impact.



Thank you