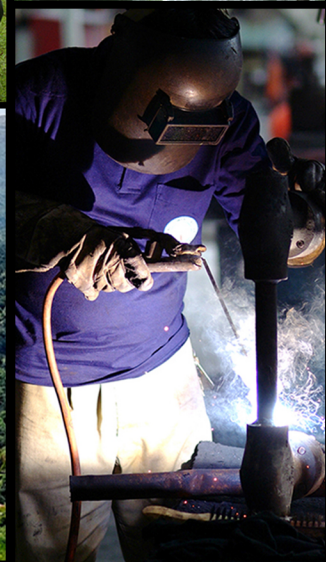
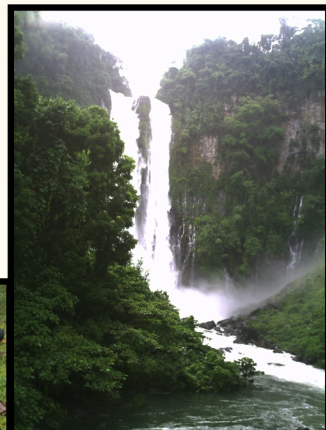





**National Power Corporation**

# RISK MANAGEMENT MANUAL



**April 2015**

	National Power Corporation <b>Risk Assessment and Management Program          (RAMP)</b>	Document Code: <b>NPC-RMM-I-03</b>	
	<b>RISK MANAGEMENT          MANUAL</b>	Revision No.: <b>0</b>	Page <b>1</b> of <b>3</b>
		Effectivity Date: <b>20 JUL 2015</b>	

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Subject : **Table of Contents**

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Section Title : **POLICY AND PRINCIPLES**

Subject : **Risk Management Policy**

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## **RISK MANAGEMENT POLICY**

**NPC** is committed to effectively and efficiently manage risks in all levels of operations to maximize gains from opportunities and minimize or eliminate losses from adverse impacts. We focus on quality service, protection of the environment, safety and reliability of power plants, systems and dams, and the sustainability of watershed areas.

**O**ur risk management framework and policy are reviewed periodically and improved as necessary to address the changes in the external and internal contexts and to keep it consistent with corporate objectives and policies.


**R**esources are provided and managed to support responsibilities, accountabilities and processes to achieve risk management objectives.

**I**mplementation of risk management is consistent, structured, coordinated and responsive to effectively control significant risks in the organizational processes.

**S**takeholders' concerns, determined through employee survey, customer and suppliers' feedback, public perception survey and media commentaries, are properly addressed and communicated.

**K**ey Performance Measures are established and used to monitor and evaluate risk management objectives periodically for continual improvement.

(Original Signed)  
**MA. GLADYS CRUZ-STA. RITA**  
President & CEO

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Section Title : **FRAMEWORK**

Subject : **General Requirement**

### 1.0 General

The risk management framework sets the general strategy and provides the foundations and arrangements that will integrate risk management in all processes and activities. The framework assists in managing risks effectively through the application of the risk management process. It ensures that risk information is adequately reported and reviewed as basis for decision-making and accountability at all relevant levels of the NPC organization.

NPC shall undertake a process of continual improvement of risk management system based on the Plan-Do-Check-Act (PDCA) Cycle, as shown in Figure 1:

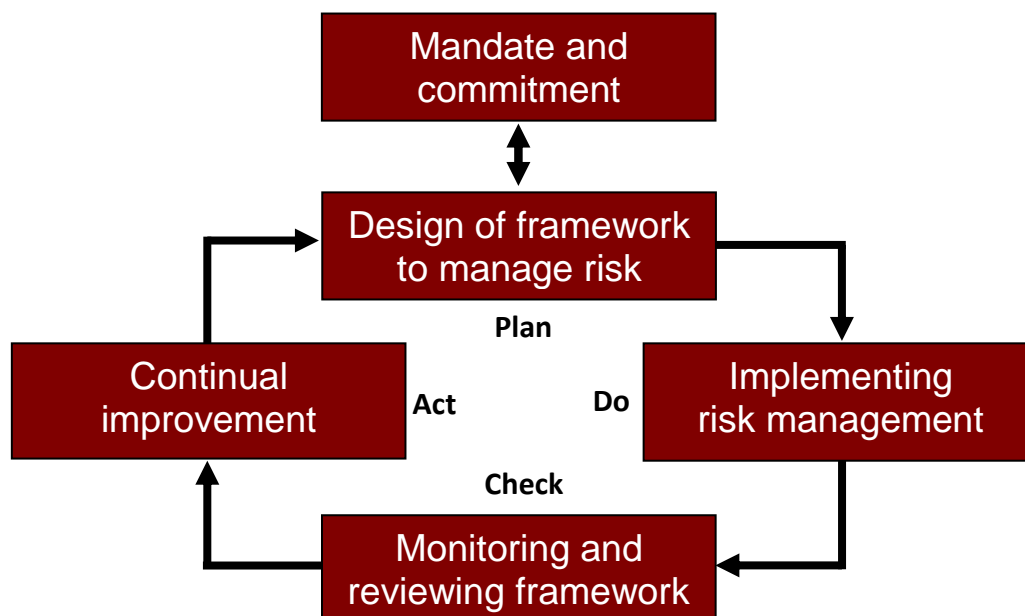



Figure 1: Risk Management PDCA Cycle

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- Plan** - design the risk management framework. It covers organizational context, risk appetite or tolerance, risk management policy, plan and processes, communication strategies, authorities and responsibilities.
- Do** - implement the risk management framework and the processes for risk assessment, risk communication and consultation, and personnel competency development.
- Check** - monitor and review the risk management framework, processes and plan, and business plan using Key Performance Measures (KPM) and targets.
- Act** - revise and improve the risk management framework, processes, plans, KPM and targets.

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Section Title : **FRAMEWORK**

Subject : **Implementing Risk Management**

### 1.0 Implementing the Framework for Managing Risk

In implementing the risk management framework, NPC shall:

- a. define the appropriate timing and strategy for implementing the framework;
- b. apply the risk management policy and process to the organizational processes;
- c. comply with legal and regulatory requirements;
- d. ensure that decision making, including the development and setting of objectives, is aligned with the outcomes of risk management processes;
- e. ensure that the information and training sessions are conducted at all levels of the organization; and
- f. communicate and consult with stakeholders to ensure that its risk management framework remains appropriate.

### 2.0 Implementing the Risk Management Process

NPC's risk management process as shown in Figure 2, is applied through a risk management plan at all levels and functions of NPC as part of its practices and processes. The details are provided in the Risk Management Procedures.

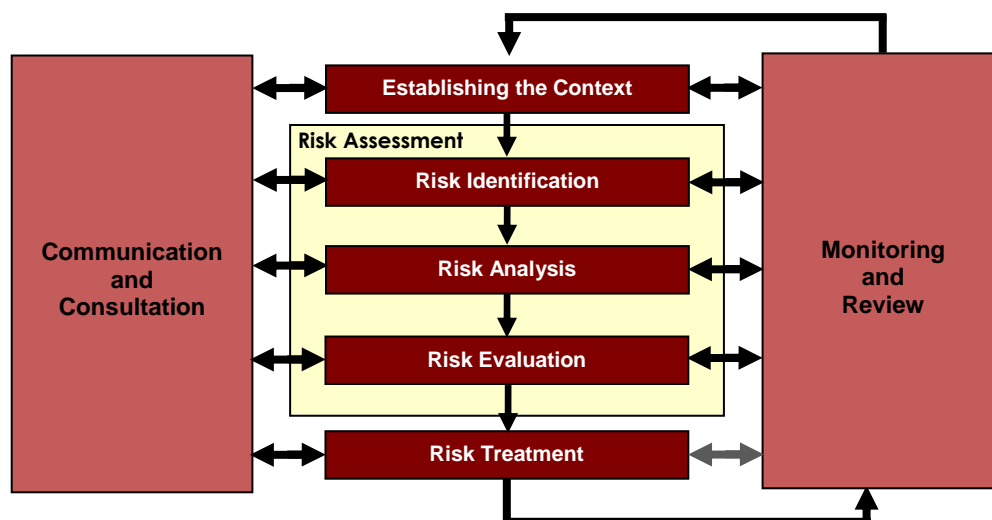


Figure 2: Risk Management Process

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National Power Corporation  
**Risk Assessment and Management Program  
 (RAMP)**

**RISK MANAGEMENT  
 MANUAL**

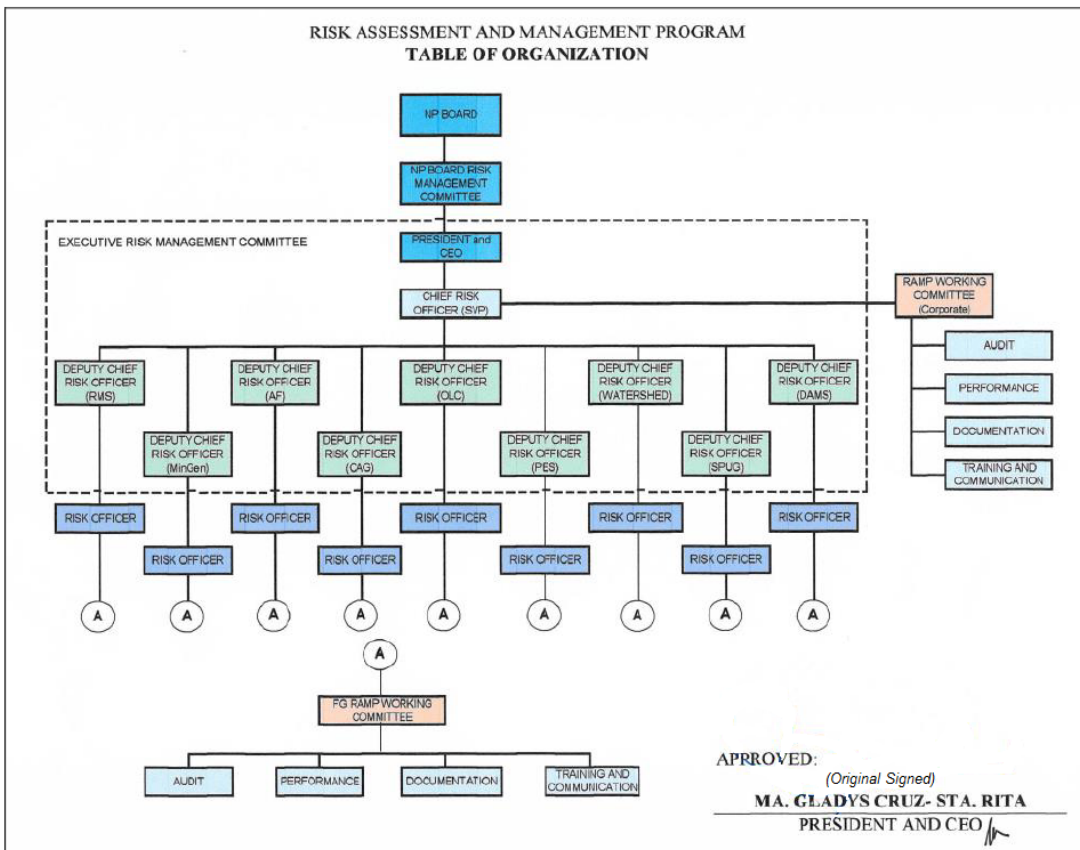
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**20 JUL 2015**

Section Title : **APPENDICES**

Subject : **RAMP Organization**



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# NPC Risk Management Measures and Programs

Risks	Risk Treatment
<b>A. Missionary Electrification</b>	
1. Fuel Supply Shortage	Fuel Management Program/Manual
2. Forced Outages of Plants	Refleeting and Genset Procurement Program
	Plant Preventive Maintenance Program
	Collaboration with Electric Cooperatives regarding clearing of transmission/distribution lines right-of-way
3. Oils Spill	Proper handling, storage & disposal of waste/used oil
	Proper handling and storage of fuel
	Periodic inspection of fuel tanks/lines/pumps/valves
	Oil Spill Contingency Plan
	Insurance Coverage
4. Fuel Pilferage	Environmental Guarantee Fund
4. Fuel Pilferage	Security Plan, fuel sounding/inventory and reporting
<b>B. Dams/Reservoir Operation and Management</b>	
1. Dam Facility Defects/Failures	Dam Safety Inspection & Assessment Procedure
	Periodic dam safety study
2. Flood Inflows	Flood Forecasting & Reservoir Operation Protocols
3. Flood Releases	Flood Warning System & Reservoir Operation Protocols
4. Negative Public Perception	Information, education & communication (IEC) on Flood Forecasting/Warning System & Dam Operation
<b>C. Watershed Management</b>	
1. Reduced forest cover and reduced water inflows/yield in hydropower reservoirs	Reforestation, afforestation, forest protection
	information, education & communication (IEC)
	alternative livelihood programs
	enforcement of laws/regulations
<b>D. Power Project Management</b>	
1. Poor Performance of Contractors	Non Issuance of Certificate of Satisfactory Performance
	Provision for Liquidated Damage & blacklisting,
2. Environmental Impacts of Project	Environmental Impact Assessment (EIA) process and Environmental Management Measures/Plan
<b>E. Human Resource Management</b>	
1. Competency Gaps	Competency Development Program
2. Occupational Health/Safety	Corporate Safety Health & Environment (SHE) Manual
	Personal Protective Equipment
	Personnel Insurance Coverage
3. Loss of Manpower/Brain Drain	Personnel Succession Plan