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Subject:	Identification and Assessment of External and Internal Issues and Risks		

1.0 SCOPE

This procedure covers all activities in the identification of external and internal issues and risks on the attainment of company objectives, in the conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding controls and/or preventive action plans.

2.0 OBJECTIVES


- 2.1 To provide a standard method in drafting and establishing external and internal issues and risks management policies.
- 2.2 To establish policies from where identified issues and risks are mitigated and addressed by current controls in place and additional action plans.

3.0 RESPONSIBILITY AND AUTHORITY

- 3.1 It is the responsibility of the Internal Audit Department to review and ensure the updating of this procedure and other documentation related to issues and risk assessment.
- 3.2 It is the responsibility of all Department Heads to conduct risk assessment within their area of responsibility using the established and approved operational policies, procedures and other relevant documentation.



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President/COO



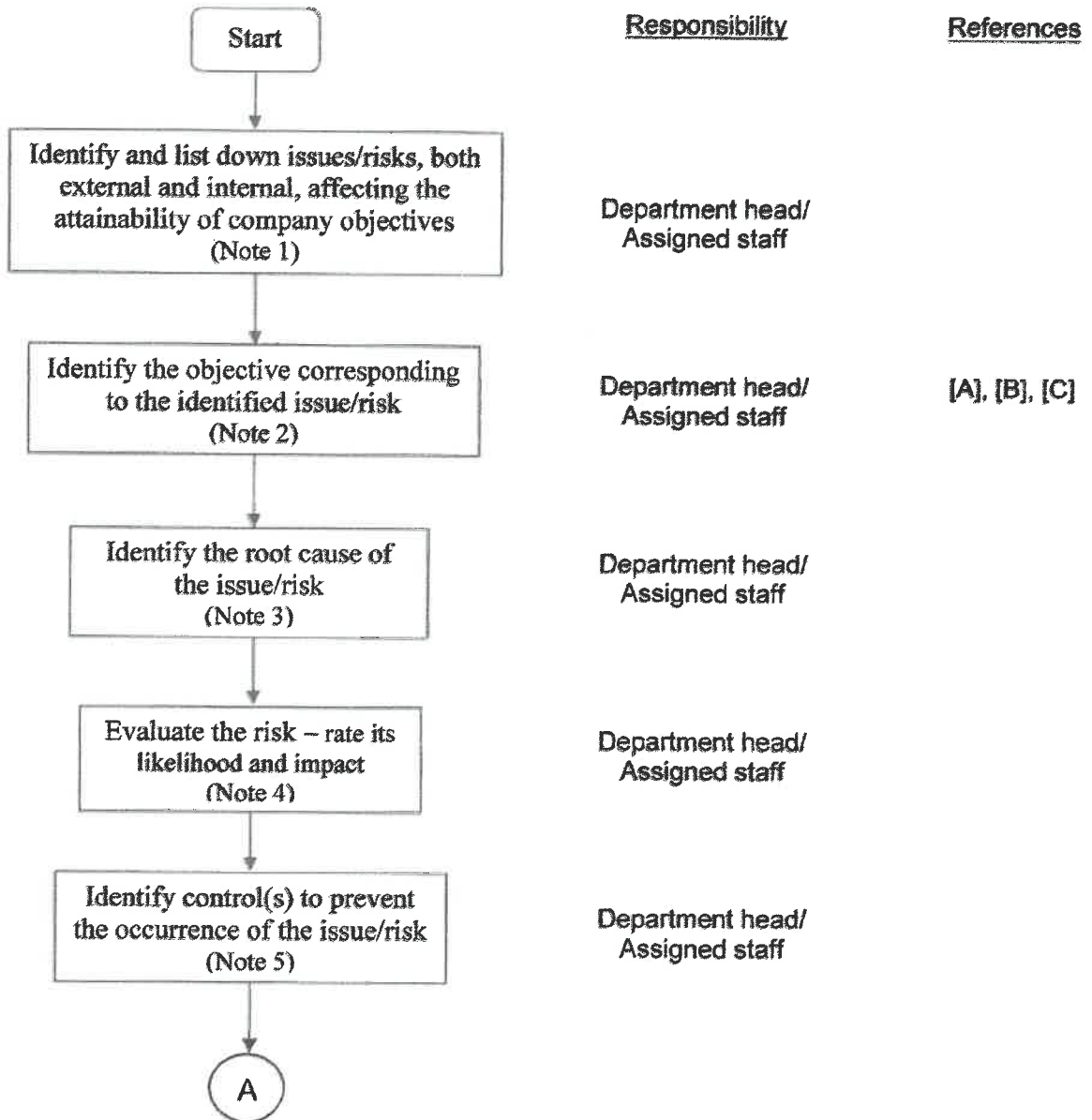
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4.0 PROCEDURE DETAILS



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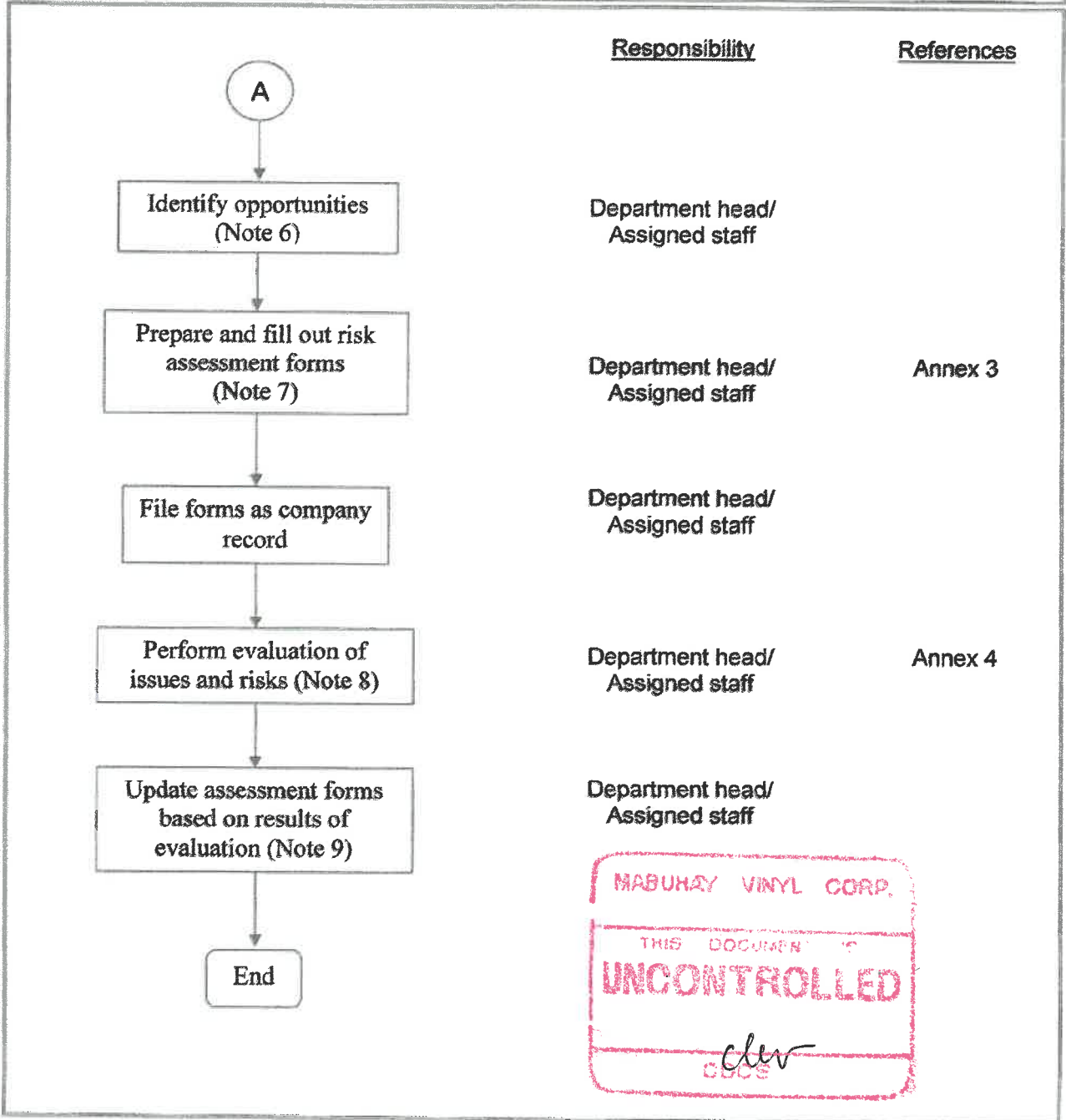
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5.0 PROCEDURE NOTES

Note 1:

Issues or risks are the events or activities that may occur and may prevent the attainment of the different company objectives.

Issues arising from competitive market, legal, technological, social and economic factors, whether international, national, regional or local are considered external issues. Internal issues may be related to values, culture, knowledge, and performance of the organization.

Issues or risks pertaining to the requirements of interested parties shall also be identified.

Risks/issues may be identified using the following references and/or methods:

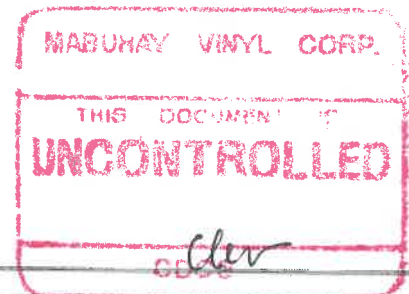
- Output from the use of customer satisfaction survey, after sales service, customer delivery feedback, technical services
- Output from the use of statistics on process and quality control data
- Output of department/section/staff meetings
- Plant improvement activities
- Machine performance data

Note 2:

Management determines the objectives that it aims to attain. These objectives may be based on the key performance indicators and goals of each department and of the Company as a whole, and other factors that may affect the Company operations.

Identification of the factors that will affect the Company objectives may be with the use of, but not limited to, the following references and/or methods:

- Requirements of interested parties (including customers, suppliers, government agencies, the community, etc.)
- Audit results
- Management system review and planning
- Analysis of NCCARs
- Interview with customers and business experts.



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Note 3:

Root cause identification shall be done for risks or issues evaluated to be unacceptable. Identification can be done using, but not limited to, the following methods:

- Fishbone diagram
- Five whys
- Interviews with employees and technical experts

Note 4:

Risks or issues are evaluated by doing the following:

- Determine the likelihood or probability of occurrence according to the criteria indicated in Annex 1.
- Determine the impact or consequence according to the criteria indicated in Annex 1.
- Determine the risk level using the risk assessment matrix in Annex 2.

Note 5:

Risks/issues with a rating of 3 or higher shall be prioritized.

Controls or preventive actions shall be identified and implemented and/or integrated in the Company processes to eliminate or mitigate the risks/issues in order for the Company to achieve its objectives.

These should be identified considering the opportunities identified and according to the capability of the Company in terms of competence, resource and technology availability.

Note 6:

An opportunity is something positive that may result from continually meeting the corresponding objective.

It may also be something that may be the starting point for continuous improvement. It may be improved corporate image, increased market share, loyalty of customers or employees, etc.

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Note 7:

The risk assessment form shall have the format as indicated in Annex 3. This shall serve as an appendix to the MVC Management Systems Manual with document reference number MVC-MS-MACO-07-07.xx, where xx is unique assignment per department. The assignment reference number for each department are as follows:

- 01 : Iligan Plant Manufacturing Department
- 02 : Technical Development and Services Department
- 03 : Materials and Engineering Department
- 04 : MVC Premium Bleach Plant
- 05 : Marketing-nationwide and Distribution-VisMin
- 06 : Human Resources Department
- 07 : Finance and Accounting Department
- 08 : Corporate Planning
- 09 : Management Information System
- 10 : Distribution-Luzon - BBTI

Note 8:

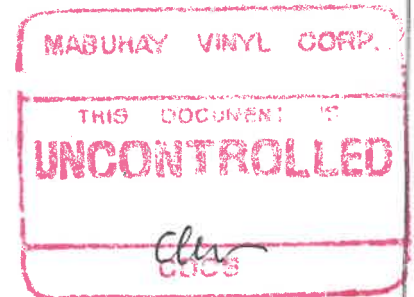
Conduct monitoring regularly – monthly, quarterly, semi-annual – as applicable. Prepare evaluation semi-annually. The issue/risk assessment evaluation reports shall have the format as indicated in Annex 4 and shall be filed as part of the departmental record. Document reference number is MVC-MS-MACO-07-10.xx.

Note 9:

Update likelihood-impact ratings after every evaluation, and/or after a non-conformity (NCCAR) relating to an issue/risk is issued, for example after IQAs or from complaints received. Also, update forms for new issues/risks discovered or encountered. Updating shall be every first quarter of the following year, considering the previous year's evaluation.

6.0 REFERENCES

- [A] MVC-QM-MACO-04-01: Vision, Mission and Quality Policy
- [B] MVC-PL-MACO-001: Quality Objectives, Targets, and Plans
- [C] List of Interested Parties
- [D] Non-conformance and Corrective Action Request (NCCAR)



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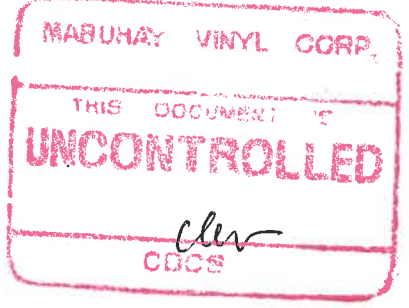
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Annex 1: Risk Assessment Criteria

The ratings for the likelihood or probability of occurrence shall be the following:

Likelihood	Criteria
High:	<ul style="list-style-type: none"> • Very likely to happen • Incident may occur 3x or more • Current/existing threats • Occurrence will be almost routine, every month within the next year, percentage of chance >80%
Medium:	<ul style="list-style-type: none"> • Likely to happen • Incident may occur once but not more than 2 • It happened in the past and may happen within the year • May arise several times or once or twice within the immediate next year; percentage of change 10%-80%
Low:	<ul style="list-style-type: none"> • Unlikely to happen • Zero incidents • Unlikely to happen within the year • May occur once or twice between year 2 (from now) to year 5; not likely, almost impossible to occur between year 2 (from now) to year 5; percentage of change <9%



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Annex 1: Risk Assessment Criteria (cont'd.)

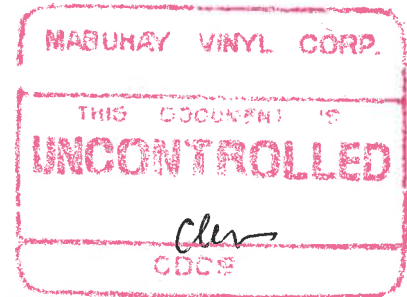
The ratings for the impact or consequence shall be the following:

Impact	Definition
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- Strong:**
- Long term illness or serious injury
 - Loss of >3% of net income
 - Will incur non-conformance to IMS
 - Long-term damage
 - Major business failure, death, huge financial loss

- Moderate:**
- Medical attention and a number of days off work
 - Loss of 1-3% of net income
 - Will incur a finding of "observation" to IMS
 - Short-term damage
 - Moderate disruption to daily activities, requiring medical treatment, high financial loss

- Low:**
- First aid needed
 - No impact to IMS conformance
 - Loss of 0-1% of net income
 - Less damage
 - Minor disruption to day to day activities, requiring basic medical treatment, medium financial loss



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Annex 2: Risk Assessment Rating Matrix

		Impact		
		Strong	Moderate	Low
Likelihood	High	5	4	3
	Medium	4	3	2
	Low	3	2	1

Annex 3: Issue/Risk Assessment Form

External & Internal Issues and Risk Assessment (MVC-MS-MACO-07-07.xx)

	Objectives	Issues/Risk	Causes	Likelihood	Impact	Risk Priority Rating	Current Controls in Place	Opportunities
INTERNAL ISSUES								
1								
2								
EXTERNAL ISSUES								
3								
4								

Annex 4: Issue/Risk Assessment Evaluation Form

(retained as a separate attachment to the Risk Assessment form, annex 3)

Evaluation of External & Internal Issues and Risks (MVC-MS-MACO-07-10.xx)

	Objectives	Issues/Risk	Occurrence and details	Actions taken	Evaluation of actions taken	Corrective action plans
INTERNAL ISSUES						
1						
2						
EXTERNAL ISSUES						
3						
4						

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