

Standard Operating Procedure (SOP)

Supply Chain Risk Assessment and Contingency Planning

This SOP details the process for **supply chain risk assessment and contingency planning**, covering the identification of potential supply chain risks, evaluation of their impact and likelihood, development of risk mitigation strategies, establishment of contingency plans, and continuous monitoring and review. Its purpose is to minimize disruptions, ensure operational continuity, and maintain the reliability and resilience of the supply chain in the face of uncertainties and unforeseen events.

1. Purpose

To outline the methodology for identifying, evaluating, and mitigating supply chain risks, and for establishing and maintaining effective contingency plans.

2. Scope

This SOP applies to all supply chain processes, personnel, and partners involved in sourcing, procurement, logistics, inventory management, and distribution.

3. Responsibilities

- **Supply Chain Manager:** Oversee risk assessment and contingency planning activities.
- **Risk Assessment Team:** Conduct risk identification, evaluation, and develop mitigation strategies.
- **Department Heads:** Participate in risk assessment and ensure team compliance with SOP.
- **All Employees:** Report observed or potential risks to the Risk Assessment Team.

4. Procedures

1. Risk Identification

- Review internal and external supply chain processes.
- Identify potential risks (e.g., supplier failure, transportation disruptions, natural disasters, geopolitical events, cyber threats).
- Document risks in the Supply Chain Risk Register.

2. Risk Evaluation

- Assess each risk for **likelihood** (probability of occurrence) and **impact** (potential effect on operations).
- Assign ratings (e.g., low, medium, high) for each parameter.
- Prioritize risks based on overall risk scores (Likelihood x Impact).

3. Development of Risk Mitigation Strategies

- For each prioritized risk, develop mitigation strategies (e.g., dual sourcing, buffer stocks, alternative logistics providers).
- Assign responsible parties to implement mitigation actions.

4. Establishment of Contingency Plans

- Draft step-by-step response plans for critical risks (e.g., supplier continuity plans, communication protocols, inventory reallocation).
- Test contingency plans through drills or tabletop exercises.
- Update plans based on test results and lessons learned.

5. Continuous Monitoring and Review

- Monitor internal and external supply chain environments for new/emerging risks.
- Review and update the risk register, mitigation strategies, and contingency plans at least annually or after major incidents.
- Report updates to senior management.

5. Documentation

- Supply Chain Risk Register
- Risk Evaluation Matrix
- Mitigation Action Plans
- Contingency Plan Documentation
- Incident and Review Reports

6. Records Retention

All risk assessment and contingency planning documentation must be retained for a minimum of 5 years or as required by regulatory guidelines.

7. Review and Revision

This SOP shall be reviewed annually and updated as necessary to reflect changes in processes, best practices, regulations, or lessons learned from incidents.

8. Appendices

Appendix	Description
Appendix A	Risk Identification Checklist
Appendix B	Risk Evaluation Matrix Example
Appendix C	Contingency Plan Template