

ASSESSING RISKS

MAGNITUDE

	Net Revenue Impact
	%
Minor	<3%
Moderate	3-6%
Major	6-10%
Critical	>10%

* Estimated by the ERM team at the start of each year and agreed for the forthcoming year

LIKELIHOOD

Unlikely	Less than once every 5 years	0-10%
Possible	Once every 3-5 years	11-60%
Likely	Once every 1-3 years	60-90%
Almost certain	One or more every year	90-100%

RISK ASSESSMENT

	Minor	Moderate	Major	Critical
Almost Certain	Medium	Medium	High	High
Likely	Medium	Medium	Medium	High
Possible	Low	Medium	Medium	Medium
Unlikely	Low	Low	Medium	Medium

RISK RATING

High	Intolerable – business may not recover
Medium	Unacceptable – causes major disruption to the business
Low	Tolerable – effects are felt but do not seriously effect the business

MATERIALITY

Material	Material
-----------------	----------

ASSESSING OPPORTUNITIES

MAGNITUDE

	Net Revenue Impact
	%
Minor	<3%
Moderate	3-6%
Major	6-10%
Critical	>10%

LIKELIHOOD

Unlikely	Less than once every 5 years	0-10%
Possible	Once every 3-5 years	11-60%
Likely	Once every 1-3 years	60-90%
Almost certain	One or more every year	90-100%

OPPORTUNITY ASSESSMENT

	Minor	Moderate	Major	Critical
Almost certain	Medium	Medium	High	High
Likely	Medium	Medium	Medium	High
Possible	Low	Medium	Medium	Medium
Unlikely	Low	Low	Medium	Medium

OPPORTUNITY RATING

High	Intolerable – Must win - business cannot miss this opportunity
Medium	Unacceptable – Nice-to-Win - missing this opportunity would be a significant loss for the business
Low	Tolerable – missing this opportunity would have a negligible impact on the business

MATERIALITY

Material	Material
-----------------	----------

The above framework is used to assess both inherent risks AND residual risks

Inherent risk	The level of risk that exists BEFORE any mitigation or management measures are taken into account These risks are reported to CDP, along with a summary of the key management measures to address the risks
Residual risk	The level of risk that exists after any mitigation or other controls have been accounted for, so it is what remains of the risk to the business.