

Risk & Opportunity

ISO 14001:2015

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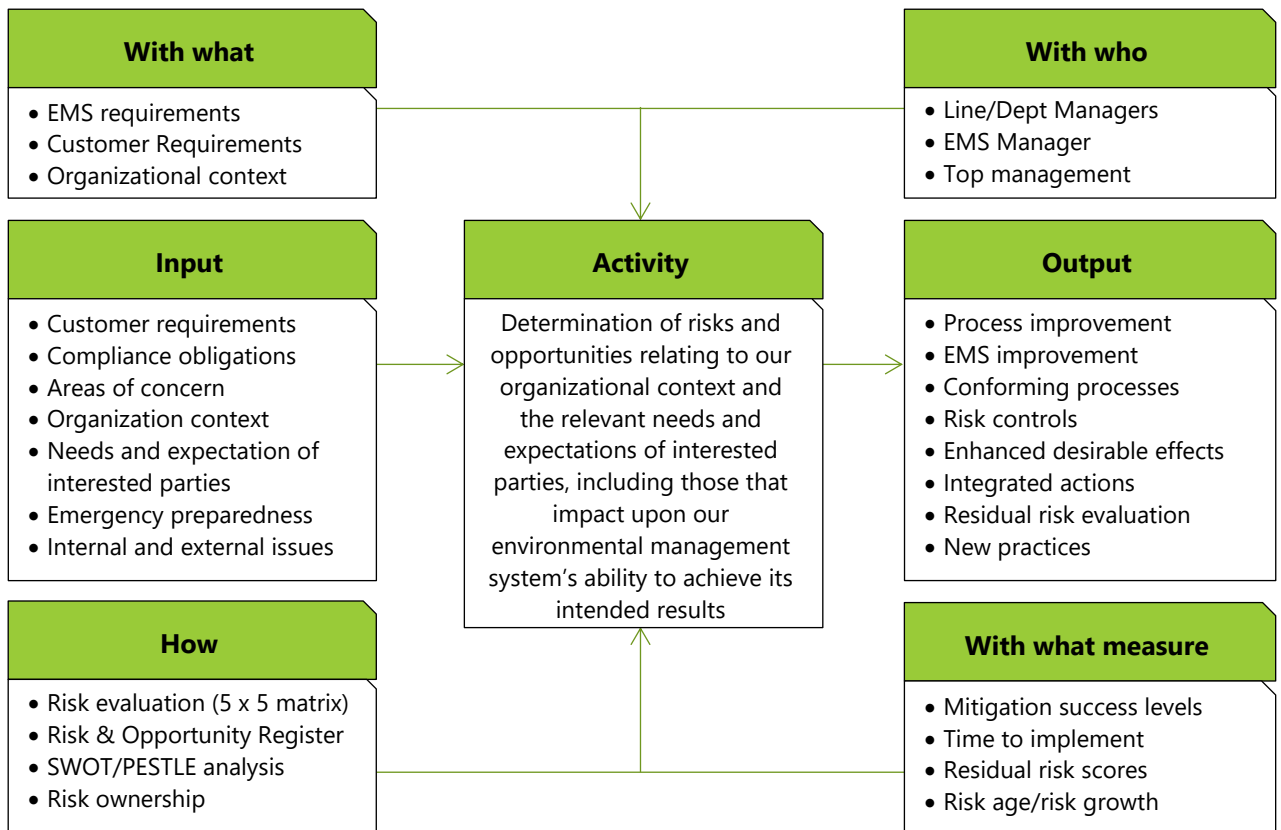
1 Procedure

1.1 Introduction & Purpose

The purpose of this procedure is to outline **your organization's** risk and opportunity management framework and the activities within. The risk and opportunity management framework defines our current risk management process, which includes the definition of risk criteria, the identification, assessment, evaluation prioritization and communication of actions to mitigate risks or to leverage opportunities.

1.1.1 Process Overview

The process overview (turtle diagram) provides internal and external auditors, process owners, and participants an overview of the elements that are required by the risk and opportunity management process:



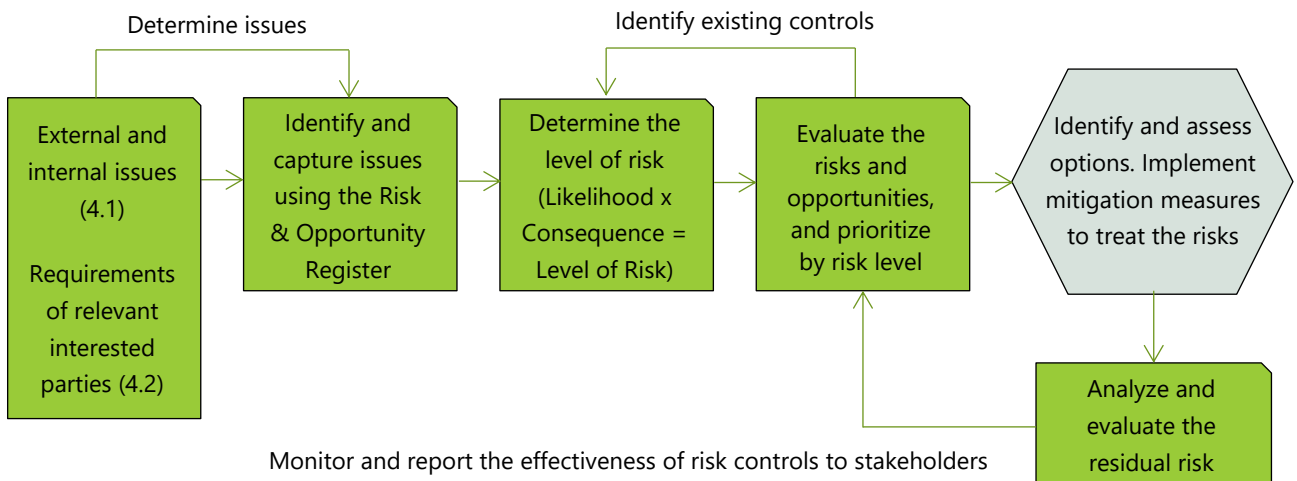
1.1.2 References

Standard	Title	Description
BS EN ISO 14001:2015	Environmental management systems	Requirements
BS EN ISO 14004:2016	Environmental management systems	Guidelines for implementation
BS EN ISO 19011:2018	Auditing management systems	Guidelines for auditing

1.1.3 Terms & Definitions

Term	Definition
Likelihood	The chance of something happening
Consequence	The outcome of an event having a negative effect on objectives
Risk	An undesirable situation likely to occur, with a potentially negative consequence
Opportunity	Opportunities are identified as positive effects of risk
Risk Assessment	The overall process of risk identification, risk analysis, and risk evaluation

The needs and expectations of workers and interested parties are initially captured and analyzed using the Context & Interested Parties Analysis matrix. Issues arising are escalated to the Risk & Opportunity Register for further analysis, evaluation and mitigation.



1.4.2 Identification

Risk and opportunity identification is a critical activity at both a strategic and operational level. It needs to include all significant sources of risk, including those beyond our organization's control. If a risk, threat, or opportunity is not identified, there can be no strategy to address it. Additional risk sources may be identified throughout the operational cycle. Listed below are some typical examples of risk sources:

1. Requirements (i.e., unclear operational needs, attributes, constraints, technology, or design processes; change frequency, etc.);
2. Technical Baseline (infeasible or incomplete design);
3. Schedule (unrealistic schedule estimates and/or allocation, concurrency);
4. Manpower (inadequate staffing and/or skills);
5. Cost/Budget (uncertainty of estimates, funding issues);
6. External Factors (facilities, infrastructure, subject matter expertise, etc.).

Using the information gained from the context, particularly as categorized by the SWOT and PESTLE frameworks, the next step is to identify the risks that are likely to affect the achievement of the goals of the organization, activity or initiative.

The objective of this step is not to create an onerous and lengthy list of all possible risks but to identify all significant risks that could impact our organization. Risks and opportunities are identified through the use of:

1. Workshops and focus groups, using brainstorming approaches;
2. SWOT Analysis Template to identify and analyze strengths, weaknesses, opportunities, and threats relating to internal issues;
3. PESTLE Analysis Template to identify and analyze external context issues from local, regional, national, and international perspectives relating to external issues;
4. Context & Interested Parties Analysis matrix to identify and list the needs and expectations of any relevant interested parties and the risks or opportunities arising;
5. Interviews with respective management by the Risk Administrator;
6. The intranet as a means of reporting incidents or risks for consideration.

The aim is to generate a comprehensive list of sources of possible risks and future events that could impact the objectives of delivering quality product to our customers on schedule, and on budget. Your organization

Risk assessments are undertaken to provide an improved understanding of the risk profile and derive a more detailed understanding of certain cost and time risks. Forecast probability, cost, and time data are assessed for each risk based on the causes and effects described, considering the existing controls and active responses.

Probability or likelihood estimations are established giving due consideration to the effectiveness of existing control measures. The consequence evaluation criteria define the consequence criteria, assessed against potential financial loss, reputation impact, health and safety, legal and regulatory compliance, and management time and effort.

1.4.3.2 Risk Criteria

The *Risk & Opportunity Register* identifies and records the risks facing different areas of business. Identifying risk is a critical step in managing it and the risk and opportunity register allows our organization to assess the risk in context with our overall strategy and help record the controls and treatments of those risks.

Risk criteria are defined in terms of the following two elements; the Likelihood of an event (root-cause) occurring, and the Consequence of that event (root-cause) occurring.

Each risk is evaluated and scored in accordance with the defined risk parameters identified below. The goal is to identify the highest-priority risks and focus risk handling resources on them as the risk management program evolves over time. As risk handling steps are put into place, risk parameters may change over time and therefore frequent adjustments may be required.

Likelihood Criteria

Likelihood is the current estimate of probability that the risk will occur over the impact time frame. It is measured in percent and is based on professional judgment or historical data. The likelihood value will likely change over time as the risk is actively managed.

The likelihood element is determined using the criteria specified in the following criteria, and assigned a score number 1 to 5. The level is determined by evaluating all available information, both current and historical, or by estimating the probability of occurrence using experience and judgment as a guide.

Score	Likelihood	Percentage	Probability	Judgement
1	Very Low	<0.1%	1 in 1,000	Not likely
2	Minor	1%	1 in 100	Low Likelihood
3	Medium	1-49%	1 in 2	Quite likely
4	High	50-94%	0.75 in 1	Highly likely than not
5	Very High	>95%	1 in 1	Almost certain

Consequence Criteria

The consequence element is determined using the criteria specified in the following criteria, and assigned a score number with the risk register. Consequence is an undesirable event or impact which would negatively affect the environmental management system should the risk materialize. Consequence is a subjective ranking made using past experience, historical data or comparison to other systems.

Score	Impact	Health & Safety	Environment	Quality
1	Very Low	Non-reportable accident or injury	No measurable environmental impact or harm. No corrective action required	Non-compliance with standard or procedure that can be managed. Requires minor rework to bring into full conformity