



# RISK AND OPPORTUNITY ASSESSMENT

The simplicity of an assessment

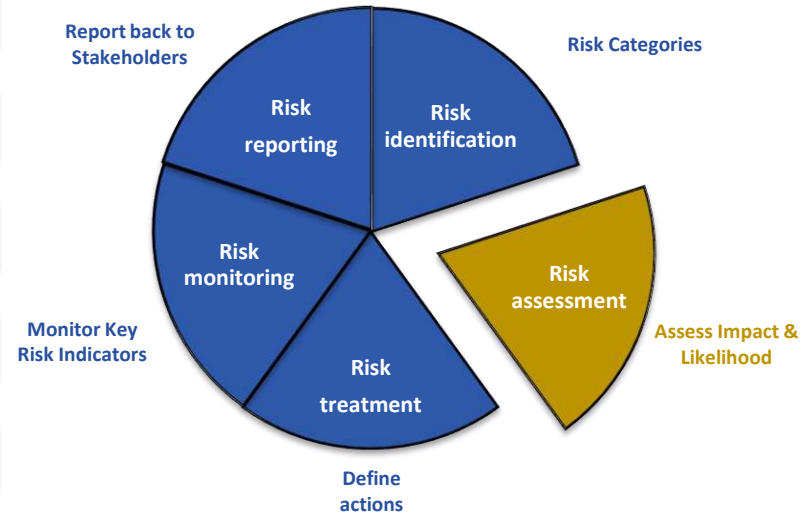


The Advantage of Risk

# A standard Risk Management Cycle

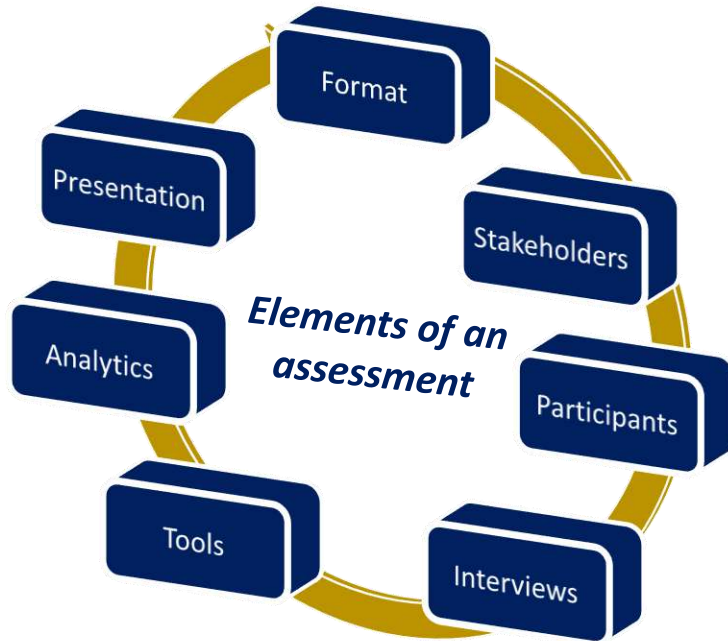


# Risk Assessment



***Rating risks: a vital element in your assessment***

# Organize & facilitate a Risk Assessment



👉 Rating is used to prioritize the actions and justify the resource allocation.

👉 Rate inherent *and* residual risks to make the role of risk response visible.

👉 Utilize data analytics to support your risk assessment

👉 Be realistic not pessimistic

# How to assess risks *and* opportunities

## Risk and Opportunity categories

*What can go wrong?*

*What will be the implication?*

+

*How bad will that be - worst case?*

X

*How likely is it that it will happen?*

With measures

Without measures

**EXPOSURE OF THREATS**

*What can be the opportunity?*

*What will be the result?*

+

*How good will that be - best case?*

X

*How likely is it that it will NOT happen?*

With measures

Without measures

**EXPOSURE OF OPPORTUNITIES**



When determining the impact scales, the connection must be made with the **“risk appetite”** and **“risk capacity”** of the companies

Impact	Level	Assets	Impact horizon	Business objectives	Reputation	Continuity	Health & Safety
5	Significant	> 10% Revenue and/or EBIT	Not recoverable within the year	Business does not deliver on several or all key business objectives	Extensive international media coverage and/or loss of key customers or suppliers	Business disruption longer than a week	Fatality
4	Major	5-10% Revenue and/or EBIT	Recoverable within the year	Business does not deliver on several key business objectives	Limited international media coverage and/or impacting all customers or suppliers	Business disruption from 3-7 days	Major accident, resulting in permanent disabilities
3	Moderate	2.5-5% Revenue and/or EBIT	Recoverable within a period of 6 months	Business does not deliver on more than one key business objective	National media coverage and/or impacting a group of important customers or key suppliers	Business disruption from 1-3 days	Serious accident, resulting in temporary disabilities
2	Minor	1-2,5% revenue and/or EBIT	Recovered within the quarter	Business does not deliver on one key business objective	Local media coverage and/or impacting one or two customers or suppliers	Business disruption less than a day	Accident, resulting in minor injury
1	Insignificant	0-1% Revenue and/or EBIT	Recovered within the current month	Ability to deliver key business objectives impacted	Local incident and/or minor disagreement	Business disruption of max 4 hours	Incident, resulting in first aid

**Example**

*Impact on Revenue and/or EBIT*

*Indicating the impact horizon*

*Delivery of the strategic plan long/short term*

*Impacting the brand name*

*Impacting the ability to source and deliver*

*Impacting the health and safety of people*

When determining the likelihood scales, the connection must be made with the “**time horizon**” of the companies' strategy and organizational goals.

Rating	Likelihood
5	Almost certain 80 – 100 %
4	Likely 60 – 80 %
3	Possible 40 – 60 %
2	Unlikely 20 – 40 %
1	Nearly impossible 0 – 20 %

The likelihood can be expressed in several ways:

- **Qualitative:** The probability of the event and the associated consequences for a specific business goal within the time horizon considered is remote.
- **Quantitative:** The possibility of the event and the associated consequences for a specific business goal within the time horizon considered is > 85%
- **Frequency:** The possibility of the event and the associated consequences for a specific business purpose within the time horizon considered is once every 6 months

*Examples*

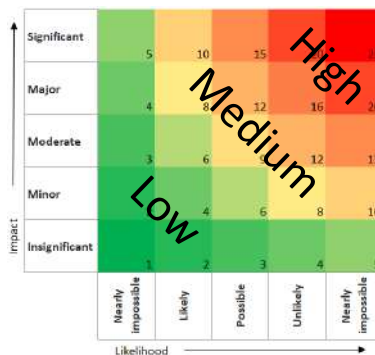
## The combination of the impact rating and the likelihood rating provides the “exposure”

Impact	Level	Assets Impact on Revenue and/or EBIT	Impact horizon Indicating the impact horizon	Business objectives Delivery of the strategic plan long/short term	Reputation Impacting the brand name	Continuity Impacting the ability to source and deliver	Health & Safety Impacting the health and safety of people
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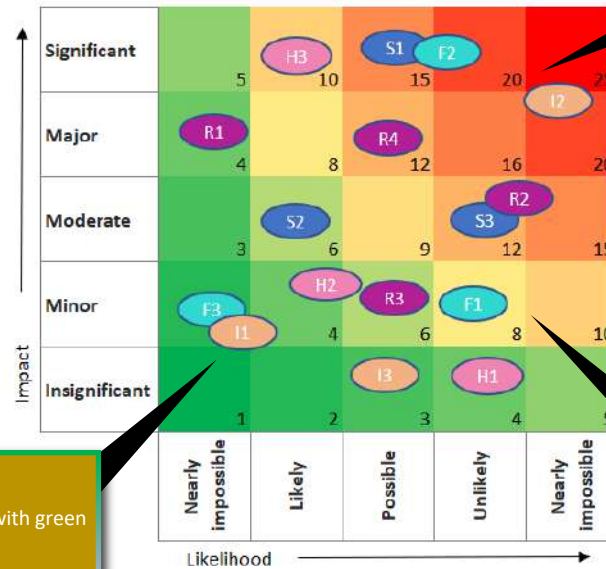
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## A heatmap to **visualize** the prioritized areas of action

- S Strategic
- R Compliance
- F Financial reporting
- I Information Management
- H Human Resources



Risks & opportunities within red band: high priority

Risks & opportunities with green band: low priority

Risks & opportunities within this yellow: evaluate on a case by case basis

## Contact details



More information? Please contact us for an introduction.

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**Contact us to learn more**