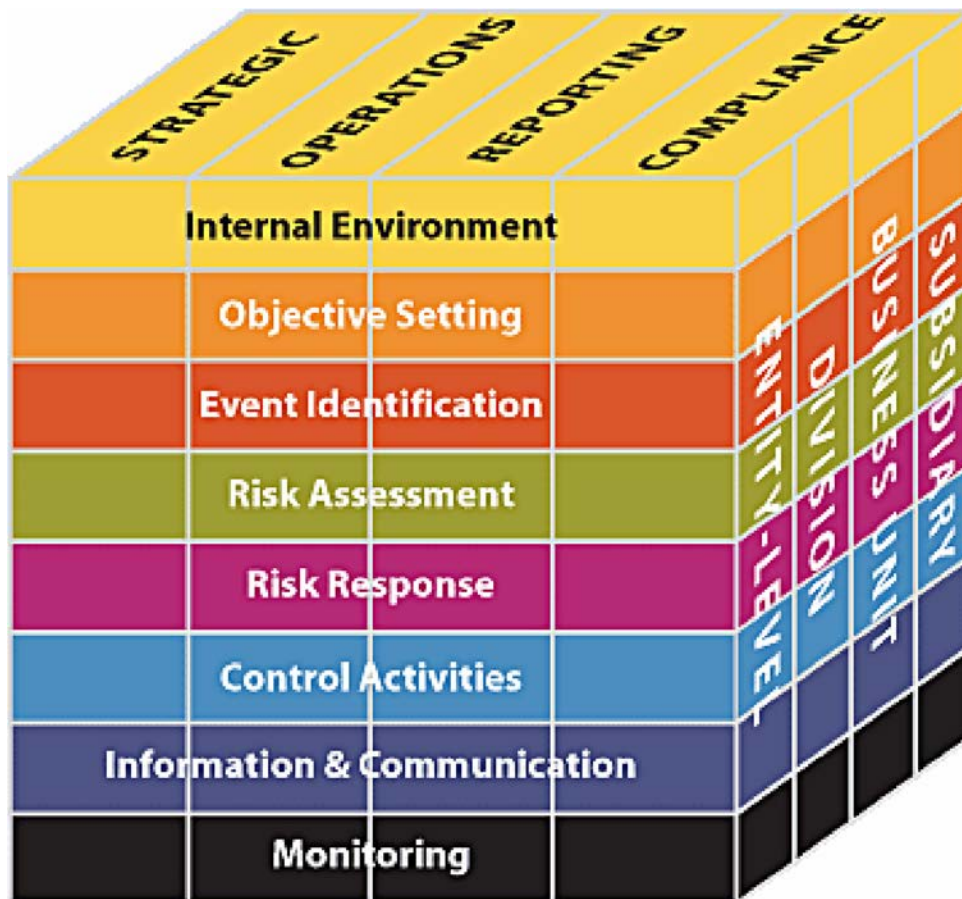


Components of Enterprise Risk Management (COSO)



Risk Impact/ Consequence Table

Risk Category and Rating	Minimal 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Financial	Financial loss less than \$	Financial loss \$ million and over but less than \$ million	Financial loss \$ million and over but less than \$ million	Financial loss \$ million and over but less than \$ million	Financial loss \$ million and over
Reputation	Media coverage	Little media criticism	Moderate media criticism	Extensive media criticism and/or short term loss of support from stakeholders and public	Prolonged media criticism and/or long term loss of support from stakeholders and public
Legislative / Regulatory	Non compliance advised by regulators	Non compliance advised by regulators and minor fines	Non compliance advised by regulators and moderate fines	Regulator threatens loss of license and directors or officers stood down. Substantial fines	Prison sentences for directors or officers and/or loss of license
Customer Service	Individual customer complaint	Multiple customer complaints	Widespread customer complaints or complaints to Consumer Council or Ombudsman	Intervention by Consumer Council or Ombudsman. Potential litigation	Extensive intervention by Consumer Council or Ombudsman. Litigation including class action.

Other risk categories may include operations, employee satisfaction, fraud, environment, organization, health and safety.

Likelihood Table

Rating Code	Likelihood	Description	Probability	Indicative Frequency
A	Almost Certain	Facing it now or expected to occur	90% and above	Occurs at least weekly
B	Likely	Probably will occur	76 – 89 %	Occurs at least monthly
C	Possible	May occur	26 – 75 %	Occurs annually
D	Unlikely	Not likely to occur	6 – 25 %	Unlikely to occur in the foreseeable future
E	Rare	Most unlikely to occur	0 – 5%	A black swan event

Risk Rating Table

Impact / Likelihood	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (A)	Significant	Significant	High	Extreme	Extreme
Likely (B)	Medium	Significant	Significant	High	Extreme
Possible (C)	Medium	Medium	Significant	High	High
Unlikely (D)	Low	Medium	Medium	Significant	High
Rare (E)	Low	Low	Medium	Significant	High

Risk Register

Ref	Objectives	Risk	Inherent Risk			Control Activities	Residual Risk			Response	Risk Owner
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating		
1	To increase sales by 5%	Sales price may not be able to be increased Sales volume may not be increased	Likely	Major	High	Develop marketing strategy Monitor market conditions	Possible	Moderate	Significant	Strengthen sales force	Sales Manager
2	Smooth running of computerised operations system	System may be affected by : No electricity Computer virus	Likely	Catastrophic	Extreme	Alternative power supply Anti-virus software and policy	Unlikely	Minor	Medium	Continue routine testing of power supply and maintaining up-to-date anti-virus pattern	IT Manager
3	Safeguarding money	Money may be stolen	Possible	Catastrophic	High	Receipts banked intact promptly Withdrawal requires dual signature	Unlikely	Insignificant	Low		Finance Manager