



**Plastica Ltd**

## **Risk Assessment Procedure**

*(ISO 14001:2015, Clause 6.1, ISO 45001:2018, Clause 6.1)*

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**HS&E 28**

## **1.0 Introduction**

## **2.0 Purpose of Document**

The purpose of this document is to provide a description of the risk management framework which sets the context for Plastica Ltd's risk assessment methodology. Specifically, this document will cover:

- Risk management framework including the Plastica Ltd's business context, inherent risks, our risk appetite, an established risk policy, responsibilities and authority, the need to assess risks at all levels within Plastica Ltd's risk based decision-making and the criteria for risk acceptance;
- Risk assessment procedure to ensure that Plastica Ltd establishes repeatable assessments and continually improves its processes and procedures for the identification, analysis, evaluation, treatment and residual risk acceptance.

## **3.0 References**

- ISO/IEC 31000 Risk Management – Principles & Guidelines

## **4.0 Executive Summary**

Organisations face inherent risks of doing business, these risks can be internal or external, more often a combination of both. As part of good corporate governance, organisations are required to manage risks at all levels across their business. Organisations should give consideration to the potential for risks to affect the achievement of its strategic objectives and how risks can influence strategic decision making.

From an operational perspective, Plastica Ltd needs to give consideration to risks that have the potential to impact our operational performance and efficiency level, and from a project perspective, risks need to be managed to ensure that they do not affect the project outcomes and business case. Hence, all decision making within the organisation should involve consideration of risk and should be assessed in a consistent and repeatable manner. The risk management approach must be an integrated part of the organisation's governance for the risk management framework to be effective.

The ISO31000 Risk Management standard *"... recommends that organisations develop, implement and continuously improve a framework whose purpose is to integrate the process for managing risk into the organisation's overall governance strategy and planning, management, reporting processes, policies, value and culture"*.

For risk management to be appropriate, it must be set within the context of Plastica Ltd's business context, inherent risks, our risk appetite, an established risk policy and well defined responsibilities and authority (i.e. risk management framework). In order for risk management to be effective, it must be consistent, repeatable, underpinned by well-defined processes and procedures and continually improved (i.e. risk assessment processes and procedures).

## **5.0 Risk Management Framework**

### **5.1 Risk Management Policy**

Plastica Ltd will have a risk management policy which is our statement of intent for managing risks; the policy will include high level statements covering the objectives of risk management, relationship

between risk management and achievement of strategic intent, senior management commitment, performance measurement, reporting, continuous improvement, accountability and responsibilities and scope. The risk management policy is communicated internally and as appropriate, externally to stakeholders, customers and suppliers.

## **5.2 Responsibility, Authority & Stakeholders**

The senior management team has ultimate responsibility for effective risk management across the organisation. The senior management team will delegate authority throughout the organisation but will also retain responsibility. The senior management will be required to endorse and demonstrate commitment to their risk management policy and monitor performance indicators for internal and external stakeholders as well as legal and regulatory compliance.

## **5.3 Integration**

Risk management must operate at all levels within an organisation in an integrated manner in order to be effective. Risk management should be considered at a strategic, operational and project level – and should take into account both internal and external factors (i.e. horizontally and vertically). Risk management processes and procedures must be an integrated part of the organisation's business. Good corporate governance requires effective risk management down and across the organisation.

## **5.4 Risk Evaluation Criteria**

Plastica Ltd define the criteria to be used to evaluate the significance of risks; this should be defined so as to lead to consistent results and be subject to continuous review and improvement. A number of factors will influence the organisation's criteria for evaluating risks (e.g. likelihood, consequence, nature of the impact, reputational damage, revenue impacting, external factors etc.).

## **5.5 Risk Acceptance**

Plastica Ltd may decide to accept risks based on due considerations such as the cost to mitigate is too high, the likelihood is low and the consequences are acceptable, the reward is worth the risk (balancing risk versus reward) or cost of doing entering new markets.

## **5.6 Internal and External Factors**

Plastica Ltd will need to carefully consider the interest of both internal and external factors in our risk management approach. Such factors include customers, suppliers, competitors, stakeholders, shareholders, their products and services, their employees, legislation and regulation. The organisation will need to consider risks to and risk arising from various internal and external factors.

## **5.7 Continuous Improvement**

Continuous improvement must be an integral part of the risk management approach. Our senior management team will typically set high-level targets and goals which will be owned by the operational functions / departments that will capture and report on metrics that contribute to the high-level targets and goals. In order to identify and implement improvements, Plastica Ltd will monitor and measure our achievement of performance targets.

## **5.8 Reporting & Communication**

Plastica Ltd is required to report and communicate internally and often externally on our risk management to demonstrate effective governance, to provide confidence that we are managing risks in accordance with our policy and for legal and regulatory compliance.

## **6.0 Risk Assessment Procedure**

Plastica Ltd performs a review of risks and undertakes risk assessments on a regular basis and when there is a significant change at strategic, operational or project level.

### **6.1 Risk Identification**

During risk identification, Plastica Ltd has considered all eventualities that could have an impact on the achievement of a stated objective or plan. At a strategic level, Plastica Ltd has considered the events that would impact the achievement of its strategic intent (for example; political uncertainty, competitors, labour market skills shortage, delays in product launch, becoming the target of a hostile acquisition, cyber security threats etc.) associated with the loss of confidentiality, integrity and availability for information within the scope of the management system. At an operational level, Plastica Ltd has considered the events that would impact its achievement of production targets, quality sign-off, product launch, new IT system implementation or change programme. At project level, Plastica Ltd has considered the events that would impact the achievement of planned initiatives.

During the risk identification stage, Plastica Ltd has identified and documented a comprehensive list of risks; the Company has defined the most appropriate method to achieve this end. Plastica Ltd has chosen the most appropriate method for identifying risks, although this may vary depending on whether risks are being identified at a strategic, operational or project level.

Plastica Ltd has chosen to identify risks against their assets and to hold risk management workshops with a multi-discipline representation. Plastica Ltd has also identified the owner of any identified risk as part of this process. By whatever means Plastica Ltd decides to go about this process, the output from the risk identification will be a comprehensive set of risks, with associated impact(s), events (or cause) that could give rise to the risk and the consequence. The impact and consequence should be rated (e.g. high, medium, low) or quantified if possible to do so at this stage. The output from the risk identification stage is typically documented in a risk register.

### **6.2 Risk Analysis**

Plastica Ltd's approach for risk analysis is systematic and repeatable so that the relative significance and importance of risks can be assessed. The output from the risk identification stage forms the input to the risk analysis stage. The purpose of the risk analysis is to develop a qualitative and / or quantitative assessment of the risk so that Plastica Ltd can judge the relative significance and priority of risks. During the risk analysis stage, the appropriate persons with the relevant subject matter, process knowledge and authority will be involved. The risk analysis stage involves gaining a more in-depth understanding of the characteristics of the risk, in particular the impact, consequences, likelihood and relationships between risks (i.e. multiply effect). The output from this stage is a risk assessment, whereby risks are scored based on an analysis of their impact, consequence and likelihood.

See the tables 1 and 2 below for more information:

Table 1:

S = Severity Rating	L = Likelihood of Occurrence
1. Negligible	1. Improbable
2. Minor Injury	2. Possible
3. Major Injury (RIDDOR)	3. Even chance of occurring
4. Admitted as in-patient	4. Very likely
5. Fatality or life changing injury	5. Almost guaranteed

Table 2:

	RR = Risk Rating									
Severity	5	5	10	15	20	25		R	Unacceptable risk, plan out or add further controls	
	4	4	8	12	16	20		O	Acceptable only if no other method viable and with high level controls in place	
	3	3	6	9	12	15		Y	Acceptable with suitable controls	
	2	2	4	6	8	10		G	Acceptable, no further action required	
	1	1	2	3	4	5				
		1	2	3	4	5				
Likelihood										

### 6.3 Risk Evaluation

The output from the risk analysis forms the input to the risk evaluation stage. The purpose of the risk evaluation is to consider risks within the context of Plastica Ltd's risk appetite and risk evaluation criteria which are defined as part of the risk management framework. Plastica Ltd will make decisions about whether or not to treat and the priority for treatment of risks. The responsible and or authorised persons will be involved in the risk evaluation decision making.

### 6.4 Risk Treatment

Plastica Ltd's decision on risk treatment should be based on risks versus reward and the business case benefits should also be considered. The output from the risk evaluation provides input to the risk treatment considerations. Depending on the type of risk and its significance to the business, the decision makers may choose to:

- **Avoid** – Plastica Ltd may choose not to implement certain activities or processes that would incur the risk (i.e. eliminate the risk by eliminating the potential cause);
- **Mitigate** – to reduce the likelihood or impact of the risks by implementing appropriate mitigating controls;

- **Transfer** – to share the risk with a partner or transfer via insurance coverage, contractual agreement or other means;
- **Accept** – formally acknowledge and sign-off acceptance of the risks.

## **6.5 Residual Risk**

Even after risk treatment, is mitigated or transferred there may still exist a degree of risk which is known as the residual risk. Decision makers should ensure that they understand the extent of the residual risks remaining after treatment and this should be documented, accepted, monitored and reviewed on a regular basis.

## **6.6 Monitoring and Review**

As an integral part of the risk management process, Plastica Ltd will regularly review, monitor, report and communicate internally and as appropriately externally on the outcomes and effectiveness of the risk management process.

## **6.7 Continuous Improvement**

Plastica Ltd will identify opportunities for improvement, so that the risk assessment outcomes continue to be appropriate, relevant and effective.

## **7.0 Related Documentation**

PD 001 - Risk Assessment Register