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1.0 OBJECTIVE

To provide the guidelines for the organization to effectively manage the identified risks¹ to the functional and operational objectives by prescribing the criteria for consequence² of risks, the likelihood³ of the risks from occurring, means of detecting the cause of the risk and the criteria for action by Management.

2.0 SCOPE

The scope covers the risks that were identified and registered by the process owners/offices concerned.

3.0 GUIDELINES

3.1 RESPONSIBILITY CENTERS

3.1.1 Risk Management Team⁴

The Risk Management Team, shall be responsible for the provision of technical assistance with regard to the implementation of this Guidelines. The Team shall conduct annual review of the Risk Management Guidelines to ensure its relevance.

3.1.2 Process Owner⁵

The process owner shall be responsible for the conduct of the risk management process, reporting, updating of Risk Registry and continual improvement of its risk management process.

3.2 RISK MANAGEMENT PROCESS

All activities of the agency involve risks that should be managed. The risk management process aids decision making by taking account of uncertainty and the possibility of future events or circumstances and their effects on each process owner's objectives.

The risk management process includes risk assessment and a mitigation strategy for those risks. A risk mitigation strategy is designed to eliminate or minimize the impact of the risk events—occurrences that have a negative impact on the objectives.

¹ Risk is the "effect of uncertainty on objectives" and an effect is a positive or negative deviation from what is expected.


² Consequence is the outcome of an event and has an effect on objectives. A single event can generate a range of consequences, which can have both positive and negative effects on objectives. Initial consequences can also escalate through knock-on effects.

³ Likelihood is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively and can be expressed either qualitatively or quantitatively (using mathematics).

⁴ Created through Special Order No. 86 Series of 2018

⁵ Process owner is a person or entity that has been given the authority to manage a particular risk and is accountable for doing so. For purpose of this Guidelines, process owner may also be referred to as risk owner.

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Risk Management Process basically involves the following steps or processes:

- Risk Identification;
- Risk Analysis
- Risk Evaluation
- Risk Treatment; and
- Risk Monitoring and Review

3.2.1 Risk Identification

3.2.1.1 Risk identification is a process that involves finding, recognizing, and describing the risks that could prevent the achievement of an organization's objectives. It is used to identify possible sources of risk in addition to the events and circumstances that could affect the achievement of objectives.

Prior to engaging on Risk Identification, it is important that process owners had already established their respective objectives from which identification will be based.

As soon as the process owners have identified their respective process or functional objectives, it is incumbent upon them to immediately go through the Risk Identification process concerning their Relevant Interested Parties (RIP).

Identified risks or opportunities are to be reflected on the Risks and Opportunities Registry. See Exhibit A for sample registry template.

3.2.1.2 Risk identification could be undertaken through any of the following processes:


- Brainstorming
- Interviews
- Direct Observations
- Analysis

3.2.2 Risk Analysis

Risk analysis is the process of identifying possible causes (triggers) and potential consequences (impact). This can be done through any of the following:

- Historical data;
- Informed opinions;
- Expert advice;
- Stakeholder input (Customer Feedback); and
- Checklists

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3.2.3 Risk Evaluation


3.2.3.1 In the evaluation of risks, the following are adopted for the activity:

Criteria for Consequence

Impact	Rate	Description for Consequence	
		Risk	Opportunity
Insignificant	1	Insignificant or no impact on achieving outcome objectives; Minimal (no customer ⁶ complaint) or no impact	No perceived value for improvement and sustainability
Minor	2	Minor impact on achieving desired results, to the extent that one or more objectives will fall below goals but well above minimum acceptable levels; noticeable effect, minor customer complaint	Pursuing the opportunity will slightly improve QMS and sustainability
Significant	3	Significant impact on achieving desired results, to the extent that one or more stated outcome objectives will fall below goals but above minimum acceptable levels; customer complaints resulting in claim	Pursuing the opportunity will considerably improve QMS and sustainability
Major	4	Major impact on realizing the desired results, to the extent that one or more of its critical objectives to the extent that one or more stated outcome objectives will fall below acceptable levels; catastrophic, recall, fatality, costly compensation, resulting to legal action; viable alternatives available	Pursuing the opportunity will highly improve QMS and sustainability
Catastrophic	5	Catastrophic impact on realizing the desired results, to the extent that one or more of its critical objectives will not be achieved; recall, fatality, costly compensation, legal action, no alternatives available	Pursuing the opportunity will greatly improve QMS and sustainability

⁶ Customer includes all Relevant Interested Parties (RIPs)

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Criteria for Likelihood

Probability	Rate	Description for Likelihood	
		Risk	Opportunity
Rare	1	Not known to happen	No chance of success within the next 12 months
Low	2	Low occurrence of 1 x a year	1-25% chance of success within the next 12 months
Medium	3	Known to happen, occurrence of 1 per quarter	26-50% of success within the next 12 months
High	4	Very likely to happen, occurrence of more than 1 time per quarter	51-75% of success within the next 12 months
Very High	5	Highly likely to happen, occurrence of 1 time per month.	>75% success within the next 12 months

Criteria for Detection

Detection	Description for Detection of Trigger or Cause	Rate	
		Risk	Opportunity
Very Easy	Detection can be done before process is started	1	5
Easy	Can be detected well before occurrence	2	4
Moderately Difficult	Can be detected before occurrence but only has short notice to address	3	3
Difficult	Can be detected but only when trigger event is imminent	4	2
Very Difficult	Cannot be detected until it has happened	5	1


3.2.4 Risk Treatment

3.2.4.1 Criteria for Action

In prioritizing for actions to be taken to address the identified risks, priority is given to those with HIGH Action Priority rating. Should there be multiple HIGH priority ratings identified, the process owners should adhere to hierarchy of priority as follows:

- Risks that are rated the highest numerical value, and

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- b. Risks that may have an effect on,
- LRT System Passengers
 - Internal Process
 - Quality Management System

Risk/ Opportunity Rating	PRIORITY	MANAGEMENT'S DECISION	
		RISK	OPPORTUNITY
51 - 125	HIGH	Take immediate appropriate action to eliminate the risk	Pursue the opportunity
21 - 50	MEDIUM	More frequent monitoring of performance/complaints	May pursue the opportunity
1 - 20	LOW	Maintain existing controls. No additional controls required unless they can be implemented at very low cost (in terms of time, money and effort)	May or may not consider pursuing the opportunity.

3.2.4.2 Risk Strategy

Depending on the type and nature of the risk, a risk strategy may include avoiding risk, taking risk in order to pursue an opportunity, eliminating the risk source, changing the likelihood or consequences, sharing the risk, or retaining the risk by informed decision.

Risk strategy options to address risks and opportunities may include but not limited to the following:


For Negative Risks (or threats)

- Avoid - changing a project objective to eliminate the threat posed by an adverse risk event.
- Transfer - shifting the negative impact of a threat, along with the ownership of the response, to a third party.
- Mitigate - reducing the probability or impact of an adverse risk event (threat) to an acceptable threshold.
- Acceptance - deal with the identified risk and provide workaround

For Positive Risks (or opportunities)

- Exploit - eliminate the uncertainty with an opportunity by changing a project objective to ensure it happens.

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- Share - allocating ownership of the positive risk event to a third party who is best able to capture the opportunity for the project.
- Enhance - increasing the probability and/or positive impact of an opportunity

3.2.5 Risk Monitoring and Review

- 3.2.5.1 Monitoring entails continual checking, assessment and analysis of the identified risks as indicated in the Risk Registry. It requires the review by the process owners of the status of the Action Plan implementation, its effectiveness and if the intended results are achieved.
- 3.2.5.2 A review of the plan and activities is continually carried out in order to determine its relevance, adequacy, and effectiveness in achieving established objectives.
- 3.2.5.3 The process owners conduct the review of the Risk Registry and Action Plans on a monthly basis. Should there be a need to conduct reviews of the Risk Registry and Action Plans more than once, the process owners with their RIPs will convene purposely to discuss and resolve issues at hand.
- 3.2.5.4 The process owners shall ensure that the implementation of this Guidelines is properly documented such as minutes of meeting, reports, etc., in accordance with Clause 7.5 of the ISO 9001:2015 QMS Standards on Documented Information.

3.3 REPORTING


The process owner upon the completion of its risk review, prepares a Risk Monitoring and Review Report to be submitted to the Management Committee as management tool for the conduct of Management Review. The Risk Monitoring and Review Report contains evaluation and recommendations for further improvement and updating of the Risk Registry and Action Plan. The frequency of reviews are as follows:

Category	Frequency
High Risks	Monthly
Medium Risks	Quarterly
Low Risks	Semi-Annual

3.4 RISK REGISTRY UPDATING

- 3.4.1 The process owner is required to update its Risk Registry whenever necessary and inform the Risk Management Team accordingly.

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3.4.2 The Document Controller is required to provide the Risk Management Team with a controlled copy of the approved revised/updated Risk Registry and Improvement Plan.

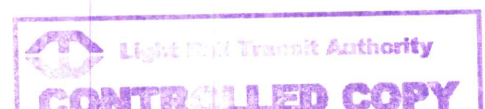
3.5 RISK MANAGEMENT CONTINUAL IMPROVEMENT


LRTA ensures that efforts to continually improve the risk management process, be it incremental or breakthrough, are being pursued (Plan-Do-Check-Act). Further, documented information are established, maintained and retained as evidence of adherence to risk management.

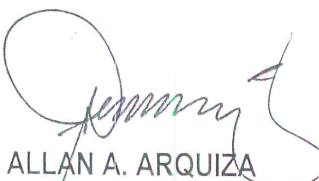

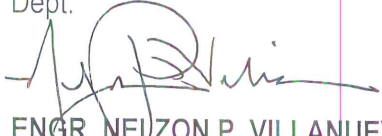
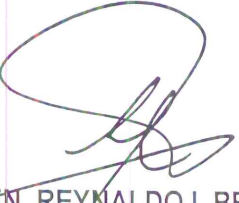
Together with a periodic review, evaluation and reporting, the risk management process will be constantly evaluated and improved in the light of their appropriateness, efficiency, effectiveness and flexibility.

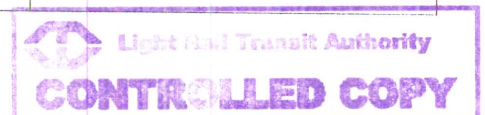
Reports on the effectiveness of actions taken to address risks and opportunities are provided as inputs in the conduct of management review.

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