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1. OBJECTIVE

1.0. To provide a framework for the top management, process owners, and other employees/personnel of LRTA to identify and manage risks and opportunities of the organization and in their respective areas of responsibility.

1.1. To identify and manage:

1.1.1. Risks that could hamper or prevent the delivery of LRTA's mandate.

1.1.2. Opportunities that LRTA can capitalize on to help achieve its' Vision and Goals.

1.2. To promote awareness and encourage risk-based thinking among LRTA officers, and employees to continually improve the services provided to the stakeholders and communities they serve.

2. SCOPE


These guidelines apply to all risk and opportunity identification and management activities within LRTA, including those within its Quality Management System.

3. DEFINITION OF TERMS

3.1	Accept Strategy/Approach	Refers to an adopted strategy that acknowledges the existence of certain risks and decides to tolerate them within defined risk tolerance levels. This is often done for risks with low likelihood or impact, or risks that are deemed too costly to mitigate fully.
3.2	Applicable Procedures, Guidelines, Work Instructions (WIs) or Related Documents	Refers to documents that provide a structured approach to addressing risks and opportunities within LRTA. They serve as references for employees, managers, and stakeholders involved in Risk Management and opportunity exploitation activities, ensuring consistency, accountability, and effective decision-making throughout the process.
3.3	Avoid Strategy/Approach	Refers to an adopted strategy that eliminates or minimizes risks by avoiding certain activities or actions that pose significant risks. This may involve discontinuing certain operations, routes, or services if the risks are deemed too high or not aligned with LRTA's objectives.
3.4	Compliance Risks	Refers to risks that lead to failure to meet regulatory obligations, which

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		may include non-compliance with safety standards, environmental regulations, labor laws, or financial reporting requirements. These can result in legal and financial consequences.
3.5	Consequence	Refers to an outcome or result of a single event affecting objectives that can generate a range of consequences that can have both results; positive and negative effects on objectives.
3.6	Enhance Strategy/Approach	Is a strategy implemented to increase the probability and/or positive impact of an opportunity
3.7	Environmental Risks	Refers to external risks outside LRTA's direct control that can have a negative impact on its operations such as matters concerning the environment and natural resources, pollution, emissions, climate change effects, ecological impacts, and compliance with environmental regulations.
3.8	Event/s	An occurring circumstance or situation that can be identified as a Risk or an Opportunity.
3.9	Existing Control Measures/Risk Treatment	Refers to strategies, actions, and measures already in place to mitigate identified risks and address occurring events or circumstances.
3.10	Exploit Strategy/Approach	This strategy seeks to eliminate the uncertainty by taking full advantage of conditions presented by an identified opportunity which may include actions such as a change in a project's objective.
3.11	External Dependencies	Involve factors beyond LRTA's control which may include disruptions in the supply chain, dependence on third-party vendors or contractors, changes in market conditions, or external economic, social, or geopolitical events that may influence a Risk or Opportunity.
3.12	Financial Impact	Refers to a result of an assessment made in relation to the potential monetary consequences of the risk event. It includes costs related to repairs, replacement of equipment, insurance claims, legal liabilities, fines, penalties, revenue losses, and impacts on budgetary allocations. Financial impact also considers the long-term financial sustainability and viability of LRTA.
3.13	Financial Risks	Refers to factors that can impact LRTA's financial stability and sustainability; may arise from fluctuations in fuel prices, changes in government funding or subsidies, cost overruns in infrastructure projects, inadequate revenue generation, or economic downturns affecting passenger demand.
3.14	Human Resources Risks	Refers to challenges identified in relation to LRTA's workforce, which may include a shortage of skilled personnel, labor disputes, employee

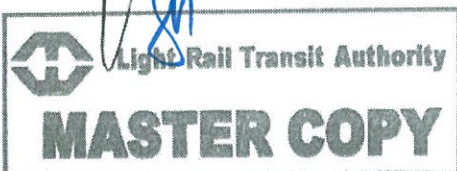
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		misconduct, inadequate training and development, or difficulties in attracting and retaining talent.
3.15	Impact	Refers to the effect or influence a particular event/s that can have on LRTA that represents the overall result/s. It comprises different dimensions, such as financial, people, reputation, legal, or service outputs, and each is measured by a numerical value of 1-5.
3.16	Impact – after the implementation of risk mitigation strategies	Represents the revised potential consequences, severity, and magnitude of the risk event, considering the effectiveness of the implemented controls. The controls aim to reduce the impact of the risk event by implementing protective measures, contingency plans, response strategies, or other mitigation actions. It is also evaluated by a numerical value of 1-5.
3.17	IMS Risk Management Team	<p>Is the team designated by LRTA to be responsible for the provision of technical assistance concerning the implementation of these guidelines.</p> <p>The Team shall conduct periodic reviews of the Risk Management Guidelines to ensure their relevance and shall coordinate with the Planning Department through the Corporate Planning and Research Division (CPRD) in the conduct of its duties and functions per Special Order No. 284, series of 2023 issued on 06 December 2023.</p>
3.18	Institutional Risks and Opportunities Registry	Refers to a registry of identified risks and opportunities and the actions to be taken to address them at the organizational level.
	Issues (Internal/External) (Clauses 4.1)	Refers to internal or external challenges that affect the performance of LRTA, which must be addressed or acted upon to mitigate or capitalize on the potential risks or opportunities, respectively.
3.19	Legal Impact Dimension	LRTA operates within a regulatory framework that sets standards, guidelines, and compliance requirements. As such, this dimension evaluates the consequences of non-compliance, violations, penalties, and potential impacts on licenses, permits, and regulatory relationships. It considers LRTA's ability to meet safety, environmental, security, and other regulatory obligations.
3.20	Legal and Political Risks	Refers to risks that arise from changes in government policies, legislation, or regulations that can impact LRTA's operations, which may include changes in transportation policies, shifts in funding priorities, or legal disputes with stakeholders.
3.21	Likelihood	Refers to the chances of an event having potential or negative events

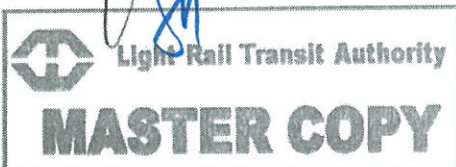
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		that may come across and the consequences they may have on LRTA. This will also help the process owner/s evaluate through probability of event outcomes that occur and bring benefits to LRTA. Likelihood can be expressed quantitatively or qualitatively using mathematics. It can be through qualitative terms, such as almost, certain, likely, possible, unlikely, very unlikely, less, etc., or quantitatively using frequencies or percentages, etc.
3.22	Mitigate Strategy/Approach	Is a strategy adopted by implementing measures to reduce the likelihood and impact of identified risks. This may involve enhancing safety protocols, implementing preventive maintenance programs, improving security measures, or implementing operational controls.
3.23	Needs and Expectations of Interested Parties (Clause 4.2)	Refers to the basic and essential requirements including desires and preferences they have from the LRTA.
3.24	New Control Measures/Risk Treatment	Refers to additional strategies or actions implemented in response to newly identified risks or changes in the risk landscape. These measures aim to mitigate the specific risks associated with the event or circumstance and enhance LRTA's ability to manage them effectively.
3.25	Opportunity	Refers to a set of circumstances that can lead to desirable outcomes or improvements. Opportunities arise from internal or external factors and can have positive effects on LRTA's ability to achieve its quality management system objectives. They can include possibilities for innovation, process improvements, cost reduction, enhanced customer satisfaction, market expansion, or competitive advantage.
3.26	Outcomes (Clause 6.1.2.b)	Refers to the results or effects achieved through the application of Risk Management strategies to mitigate identified risks. It signifies the impact of risk controls on reducing the likelihood and/or consequences of risk events, and the overall improvement in Risk Management effectiveness.
3.27	People Impact Dimension	Refers to an impact dimension that relates to safety, specifically based on assessments of conditions that may pose potential harm or risk to human life, passenger and employee safety, and the overall safety culture within LRTA. It considers the severity and potential consequences of accidents, incidents, derailments, collisions, or other health and safety-related events.
3.28	Planning Team	Is composed of officers and staff from the Planning Department and

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		the CPRD, shall coordinate with the IMS Risk Management Team, and shall facilitate the identification of institutional risks/ opportunities as determined and concurred by the Management during the Corporate Planning sessions or other similar activities as the case may be. The Team shall also collaborate with the IMS Risk Management Team in managing, monitoring, evaluating, and reporting institutional risks and opportunities.
3.29	Process Owner/s	Shall be responsible for conducting the risk management process within their area of responsibility, reporting, updating their Risk Registry, and contributing to the continual improvement of the risk management process.
3.30	Process Risks and Opportunities Registry	Is the registry of identified risks and opportunities and the actions to be taken to address them at the department/division level maintained, monitored, and managed by the Planning Team in coordination with the IMS Risk Management Team.
3.31	Project/Activities	Refers to planned initiatives with specific timelines, focused on producing the outputs needed to achieve the program's objectives. These should be aligned with the institutional Strategic Actions/Strategies and the origins or factors that can give rise to potential risks or opportunities for each process.
3.32	Relevant Interested Parties or RIPs (Clause 4.2)	Refer to customers or stakeholders that have a significant influence on LRTA's ability to achieve its quality objectives or can be affected by LRTA's quality management system.
3.33	Reputation Impact Dimension	Is a dimension that considers the impact an event will have on LRTA's positive reputation in relation to the level of public trust and stakeholder confidence. Reputational impact evaluates the potential harm to LRTA's image, public perception, and customer trust. It considers the consequences of negative media coverage, public criticism, customer dissatisfaction, and the LRTA's ability to attract passengers and stakeholders.
3.34	Reputational Risks	Refers to risks that are associated with LRTA's reputation from the perspective of the stakeholders. This may arise from public perception, customer dissatisfaction, negative media coverage, or stakeholder resistance. These risks can impact LRTA's image, customer trust, and relationships with key stakeholders, including passengers, employees, local communities, and government bodies.
	Residual Risk	Refers to the assessment of the level of risk that remains after

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	Rating (Likelihood x Highest Impact) – after implementation of mitigation measures	implementing risk mitigation measures or controls. It represents the estimated risk level that LRTA will still face despite its efforts to minimize or manage the risk. Like the Risk Rating, it is also gauged by a numerical scale of 1-25.
3.35	Response	Involves a systematic and proactive approach to managing risks and capitalizing on opportunities. It includes a range of actions and strategies aimed at mitigating negative impacts and maximizing positive outcomes.
3.36	Responsible for Response	Refers to an Office or Staff responsible for taking appropriate actions to address the risks and opportunities within LRTA. This may involve implementing specific control measures, allocating resources, and monitoring the performance of risk mitigation initiatives.
3.37	Risks	Refer to potential or recurring events that lead to a deviation from expected results or could have negative consequences on LRTA's ability to achieve its quality management system objectives. Risk can arise from various sources, such as internal or external factors, and can affect different aspects of LRTA's operations, including processes, products, services, customer satisfaction, or compliance with requirements.
3.38	Risk Analysis	Refers to the process of identifying risks that LRTA may encounter and the corresponding causes (triggers) and their potential consequences and impact as may be determined through various sources, such as historical data, expert advice, etc.
3.39	Risk Assessment	Refers to the process of identifying, evaluating, and prioritizing risks that may impact LRTA operations, infrastructure, passengers, employees, other stakeholders, and the environment.
3.40	Risk Evaluation	Refers to a systematic assessment and analysis of identified risks to determine their significance and priority for informed decisions regarding risk management strategies. It involves evaluating the potential impact, likelihood, and interdependencies of risks to support effective risk mitigation and decision-making.
3.41	Risk Identification	Refers to a process that involves finding, recognizing, describing, and determining risks and opportunities based on the external and internal issues that are relevant to its purpose and strategic direction and that could meet the needs and expectations of the relevant interested parties.

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3.42	Risk Management Process	Refers to a process that involves management of risks that take account of the level of uncertainty and the possible occurrence of future events. It is also a strategy that is designed to eliminate or minimize the impact of the risk events - occurrences that have a negative impact on the objectives.
3.43	Risks and Opportunities (R/O) Registry	Refers to a repository of all active risks/opportunities of the Authority and the different process owners. This is a document that records all of the identified risks and opportunities of the organization and its processes, the events' likelihood, consequences of them occurring, their impact, appropriate risk responses or advantages of potential opportunities for continuous improvement, actions that are being taken to reduce those risks and who is responsible for managing them.
3.45	Risk/Opportunity Source (Activities)	Refers to the origins or factors that can give rise to potential risks or opportunities for LRTA, such as operational, safety and security, Financial, technological, environmental, legal and political, compliance, reputational, human resources, or external dependencies.
3.46	Risk Rating (Likelihood x Highest Impact)	Refers to the assessment of the level of significance or severity of an occurring event or circumstance within LRTA. It involves evaluating the potential impact and likelihood of the risk event and determining its relative importance or priority compared to other risks by a numerical scale of 1-25.
3.47	Risk Treatment	Refers to the process of selecting and implementing measures or actions to manage or mitigate identified risks. It involves taking deliberate steps to reduce the likelihood or impact of risks, transfer risks to other parties, or accept risks within acceptable limits.
3.48	Safety and Security Risks	Refers to risks that encompass threats to the well-being of passengers, employees, and infrastructure that may arise from accidents, derailments, fires, natural disasters, terrorist attacks, vandalism, theft, or cybersecurity breaches.
3.49	Service Outputs Impact Dimension	Refers to a dimension that gauges the potential effects on LRTA's operational and service capabilities and efficiency. It includes disruptions to train schedules, delays, service interruptions, reduced capacity, decreased reliability, and impacts on maintenance, administrative, and asset management processes. It also encompasses impacts on critical systems, infrastructure, and rolling stock availability.
3.50	Share Strategy/Approach	Refers to a strategy that considers allocating the ownership of a risk event to a third party who is best able to capture the opportunity for the

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		project.
3.51	Status	Refers to the current condition or progress of the implementation of the New Control Measure/Risk Treatment. It indicates the stage at which the New Control Measure/Risk Treatment stands in terms of its execution and effectiveness. It provides valuable information for monitoring progress, identifying areas that require attention, and informing decision-making processes related to risk mitigation and opportunity exploitation.
3.52	Strategic Actions from Internal/External Issues (Clause 4.1)	Refers to strategic initiatives or action plans that leverage strengths and opportunities while mitigating weaknesses and threats. These are the results derived from the process of analyzing the organization's Strengths, Weaknesses, Opportunities, and Threats (SWOT). Please refer to the list of Strategic Actions in Annex 1.
3.53	Target Date	Refers to the specified timeframe or deadline set for implementing actions and measures to mitigate risks or capitalize on opportunities. It represents the desired timeline within which LRTA aims to achieve specific objectives related to risk management and opportunity exploitation. It is usually established with a sense of urgency.
3.54	Technological Risks	Refers to risks that emerge from reliance on complex systems, equipment, and technology, which may include technological failures, cyber-attacks, system disruptions, data breaches, or inadequate implementation and integration of new technologies.
3.55	Transfer Strategy/Approach	Refers to an adopted strategy wherein the impact of a risk is transferred to an external/ third party along with the ownership of the response. An example would be the transfer of the financial impact of risk to a third party through insurance or contractual arrangements. This can help mitigate financial risks associated with accidents, liability, or damage.

4. RESPONSIBILITIES

4.0. IMS Risk Management Team – is the team designated by LRTA to be responsible for the provision of technical assistance concerning the implementation of these guidelines. The Team shall conduct periodic reviews of the Risk Management Guidelines to ensure their relevance and shall coordinate with the Planning Department through the Corporate Planning and Research Division (CPRD) in the conduct of its duties and functions per Special Order No. 284, series of 2023 issued on 06 December 2023.

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4.1. **Process Owner/s** – shall be responsible for conducting the risk management process within their area of responsibility, reporting, updating their Risk Registry, and contributing to the continual improvement of the risk management process.

4.2. **The Planning Team** – composed of officers and staff from the Planning Department and the CPRD, shall coordinate with the IMS Risk Management Team and shall facilitate the identification of institutional risks/ opportunities as determined and concurred by the Management during the Corporate Planning sessions or other similar activities as the case may be. The Team shall also collaborate with the IMS Risk Management Team in managing, monitoring, evaluating, and reporting institutional risks and opportunities.

5. PROCEDURE DETAILS

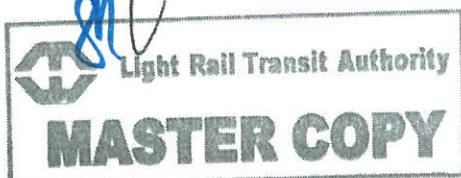
Risk Management Process


All risks identified by LRTA 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 the agency's objectives. It includes risk assessment and a mitigation strategy that is designed to eliminate or minimize the impact of the risk events - occurrences that have a negative impact on the objectives.

5.1 **Conduct of Risk Assessment** -This is a subset of risk management. It is primarily concerned with the identification and evaluation processes and procedures used to define risks and opportunities. These are necessary steps to properly qualify what is considered a risk or hazard and what is not. It involves identifying, evaluating, and prioritizing risks that may impact LRTA operations, infrastructure, passengers, employees, other stakeholders, and the environment. The risks should be identified from the issues and concerns of LRTA, such as the need to provide safe, efficient, and reliable public transportation, as well as from the needs and expectations of interested parties, such as passengers, employees, suppliers, regulatory authorities, and the community.

Effective risk assessment requires a systematic approach to identifying potential hazards, assessing their likelihood and potential impact, and determining appropriate risk responses. It should be proactively identified and managed, to ensure the safety and reliability of railway operations, minimize disruptions, and meet the needs and expectations of all stakeholders.

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5.2 Risk Identification - Before engaging in risk identification at the institutional level, the agency must establish the strategies derived from the internal and external issues through SWOT analysis, the Relevant Interested Parties (RIPs), and the Needs and Expectations of the RIPs from which the risk/opportunity identification will be based. Meanwhile, the process owners shall be able to identify their respective projects/activities anchored with the institutional strategies as the basis in the risk identification at the process level.

5.2.1 As soon as the organization and the process owner identify the strategic actions and the corresponding projects/activities aligned with the needs and expectations of the RIPs, it is incumbent upon all concerned to immediately go through the risk identification process.

5.2.2 The top management with the assistance of the Planning Department and the process owners in coordination with the RMT, shall undertake risk identification, which involves finding, recognizing, describing, and determining risks and opportunities based on the external and internal issues that are relevant to its purpose and its strategic direction and that could meet the needs and expectations of the relevant interested parties.

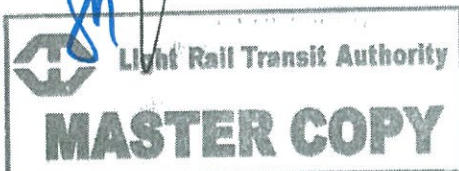
5.2.3 The Risks and Opportunities Registry of the process owners shall serve as one of the inputs in the identification of the institutional risk/opportunities. The top management with the assistance of the Planning Department through the CPRD during the corporate planning session shall review the agency's internal and external issues (SWOT) as well as the strategic actions/strategies based on the result of the risk registry of all process owners to ensure that the identified issues and strategies are still relevant and responsive to the needs and expectation of the relevant interested parties as well as to ensure compliance with requirements of the QMS.


5.2.4 Risks may be identified using activities, such as but not limited to brainstorming, interviews, direct observations, analysis, etc.

5.2.5 Ensure compliance with the Control of Documented Information Procedure. Identified risks and opportunities are to be reflected on the Risks and Opportunities Registry – Institutional and Process levels

5.3 Risk Analysis- Identifying risks that LRTA may encounter and the corresponding causes (triggers) and their potential consequences and impact may be determined through

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historical data, informed opinions, expert advice, stakeholder input customer feedback, and checklists.

5.3.1 Two (2) forms of the Risks and Opportunities Registry shall be used to record active risks and opportunities. They are as follows:

5.3.1.1 **Institutional**-This is the registry of identified risks and opportunities and the actions to be taken to address them at the organizational level.

5.3.1.2 **Process**- This is the registry of identified risks and opportunities and the actions to be taken to address them at the department/division level.

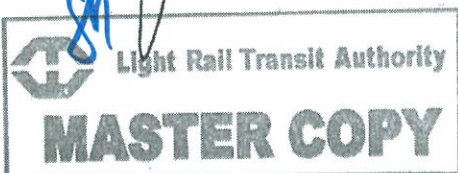
5.3.2 The Risks and Opportunities Registry shall contain/reflect the following measures and actions:


5.3.2.1 **Strategic Actions from Internal/External Issues (Clause 4.1)**- Strategic initiatives or action plans that leverage strengths and opportunities while mitigating weaknesses and threats. These are the results derived from the process of analyzing the organization's Strengths, Weaknesses, Opportunities, and Threats (SWOT).

5.3.2.2 **Project/Activities**– These are planned efforts with specific timelines, focused on producing the outputs needed to achieve the program's objectives. These should be aligned with the institutional Strategic Actions/Strategies and the origins or factors that can give rise to potential risks or opportunities for each process. These sources provide the context or foundation for identifying and assessing risks and opportunities as follows:

- 5.3.2.2.1 Safety and Security
- 5.3.2.2.2 Operational
- 5.3.2.2.3 Compliance
- 5.3.2.2.4 Financial
- 5.3.2.2.5 Reputation
- 5.3.2.2.6 Technological
- 5.3.2.2.7 Environmental
- 5.3.2.2.8 Human Resources
- 5.3.2.2.9 Political and Legal
- 5.3.2.2.10 External Dependencies

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5.3.3 Relevant Interested Parties or RIPs (Clause 4.2)

5.3.4 Needs and Expectations of Interested Parties (Clause 4.2)

5.3.5 Event/s – This occurring circumstance or situation that can be a Risk or an Opportunity.

5.3.6 Risk (R) or Opportunity (O) – Identification of an occurring event or circumstance by marking it as “R” for possible risk and “O” for potential opportunity.

5.3.7 Likelihood–Expressed quantitatively using a numerical scale of 1-5 with the corresponding descriptors:

5.3.7.1 Risk Event: (5) Almost certain, (4) Likely, (3) Possible, (2) Unlikely, (1) Very Unlikely

5.3.7.2 Opportunity Event: (5) Very High, (4) High, (3) Medium, (2) Low, (1) Very Low

5.3.7.3 Consequence – An outcome or result of a single event that affects the objectives and that can generate a range of consequences that can have both results; positive and negative effects on objectives.

5.3.7.4 Impact – It shall reflect the effect or influence in a particular event/s that can have on LRTA that represents the overall result/s. It comprises the following dimensions and each is measured by a numerical value of 1-5.

5.3.7.4.1 Financial

5.3.7.4.2 People

5.3.7.4.3 Reputation

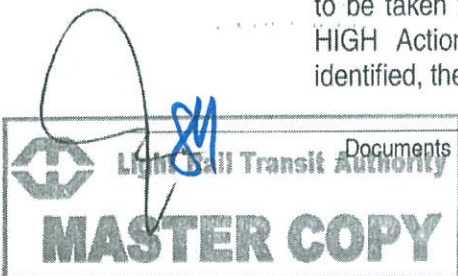
5.3.7.4.4 Service Outputs

5.3.7.4.5 Legal

5.3.8 Risk Rating (Likelihood x Highest Impact) – Reflects the assessment of the level of significance or severity of an occurring event or circumstance within LRTA. It involves evaluating the potential impact and likelihood of the risk event and determining its relative importance or priority compared to other risks by a numerical scale of 1-25.


5.3.9 Existing Control Measures/Risk Treatment - Refer to the strategies, actions, and measures already in place to mitigate identified risks and address occurring events or circumstances.

5.3.10 Actions to Address Risks and Opportunities (Clause 6.1) – In prioritizing actions to be taken to address the identified risks, priority is given to those with a VERY HIGH Action Priority Rating. Should there be multiple HIGH priority ratings identified, the process owners should adhere to a hierarchy of priority as follows:



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5.3.10.1 Risks that are rated with the highest numerical value; and

5.3.10.2 Risks that may affect LRT System Passengers, Internal Processes, and the Integrated Management System.

5.3.11 **Response** – Reflects the systematic and proactive approaches or range of actions and strategies to managing risks and capitalizing on opportunities. Below are the key components of the response process:

Risks/Opportunities	Response Strategy
Risks	<ul style="list-style-type: none"> • Accept • Avoid • Mitigate • Transfer
Opportunities	<ul style="list-style-type: none"> • Exploit • Share • Enhance • Accept

5.3.12 **New Measures/Risk Treatment-** Reflects the additional strategies or actions implemented in response to newly identified risks or changes in the risk landscape to mitigate the specific risks associated with the event or circumstance and enhance LRTA's ability to manage them effectively.

5.3.13 **Responsible for Response** – Reflects the person or entity that is responsible for taking appropriate actions to address the risks and opportunities within LRTA.

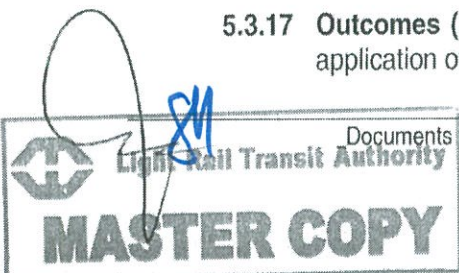
5.3.14 **Target Date** – Reflects the specified timeframe or deadline set for implementing actions and measures to mitigate risks or capitalize on opportunities.


5.3.15 **Applicable Procedures, Guidelines, Work Instructions (WIs), or Related Documents-** Provide a structured approach to addressing risks and opportunities within LRTA. They serve as references for employees, managers, and stakeholders involved in Risk Management and opportunity exploitation activities, ensuring consistency, accountability, and effective decision-making throughout the process.

5.3.16 **Status** – Reflect the current condition or progress of the implementation of the New Control Measure/Risk Treatment.

5.3.17 **Outcomes (Clause 6.1.2.b)** – Reflect the results or effects achieved through the application of Risk Management strategies to mitigate identified risks.

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5.3.18 Likelihood – Embodies the revised probability or chance of the risk event occurring, considering the effectiveness of the implemented controls. It is assessed by a numerical value of **1-5**.

5.3.19 Impact – Represents the revised potential consequences, severity, and magnitude of the risk event, considering the effectiveness of the implemented controls. It is also evaluated by a numerical value of 1-5.

5.3.20 Residual Risk Rating (Likelihood x Highest Impact) – Refers to the assessment of the level of risk that remains after implementing risk mitigation measures or controls. Similar to the Risk Rating, it is also gauged by a numerical scale of 1-25.

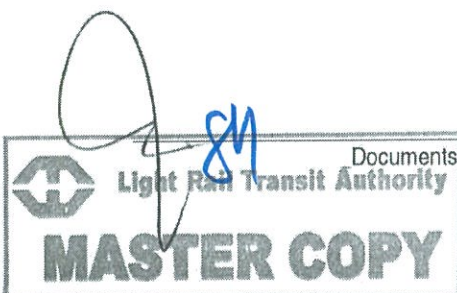
5.3.21 All concerned shall ensure compliance with the Control of Documented Information Procedure. Identified risks and opportunities and their analysis are to be reflected on the Risks and Opportunities Registry – Institutional and Process levels.

5.4 Risk Evaluation

For purposes of risk evaluation, the following risk rating criteria shall be adopted:


5.4.1 Risk Likelihood Rating Scale

Likelihood Rating	Descriptor	Definition	Indicative Frequency
5	Almost certain	The event is expected to occur on an annual basis.	Every year or more frequently
4	Likely	The event has occurred several times or more throughout the history of LRTA.	Every 5 years
3	Possible	The event might occur once in LRTA	Every 10 years
2	Unlikely	The event does occur from time to time	Every 15 years
1	Very Unlikely	Heard of something like that occurring elsewhere	Every 20 years and up



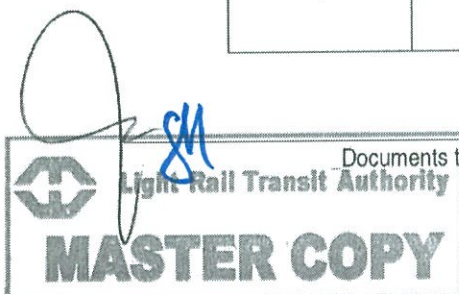
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5.4.2 Risk Consequence Rating Scale

Consequence Rating	Financial Impact	People	Reputation	Service Outputs/Quality	Legal & Compliance
5	>3m	One or more fatalities or severe irreversible disability to one or more people	National media coverage; Significant impact on funding for several years; long-term loss of clients	Total cessation of multiple services for many months	Major litigation costing >3m; Investigation by regulatory body resulting in long-term interruption of operations
4	1m – 3m	Extensive injury or impairment to one or more persons.	National media coverage; Top Mgt. departs affecting funding or causing loss of clients for many months	Disruption of multiple services for several months	Major breach of regulation with punitive fine, and significant litigation involving many weeks of senior management time and up to 3m legal costs
3	300k – 999k	Short-term disability to one or more persons	Local media coverage over several days; senior managers depart; noticeable loss of clients for many months	The total cessation of one service for a few months	Breach of regulation with investigation by authority and possible moderate fine, and litigation and legal costs up to 99k
2	10k – 299k	Significant medical treatment; lost injury time <2 weeks	Local media coverage, and complaints to management	Some service disruption in the area	The reach of regulations; major fine or legal costs' minor litigation.
1	<10k	First aid or minor medical treatment	No media coverage; complaint to employee	Minimal disruption	Minor legal; issues or breaches of regulations



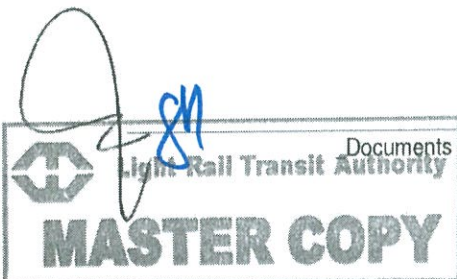
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5.4.3 Risk Likelihood and Consequence Matrix

LIKELIHOOD	5	Medium (5)	High (10)	Very High (15)	Very High (20)	Very High (25)
	4	Low (4)	Medium (8)	High (12)	Very High (16)	Very High (20)
	3	Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	1	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5)
		1	2	3	4	5
		Consequence				


5.4.4 Description of Risk Levels

Risk Level	Description
Very High	Requires ongoing executive-level oversight. The level of risk warrants that all possible high-level risk treatment measures be analyzed to bring a reduction in exposure.
High	High-level risk treatment and resources are required. The level of risk is likely to endanger capability and should be reduced through mitigation strategies where possible.
Medium	This level of risk should not automatically be accepted for high-level risk treatment but rather a cost-benefit analysis is required to determine if treatment is necessary. The risk should be able to manage via existing low-level risk treatments.
Low	Risk Treatment when resources are available. The risk should be able to be managed via existing low-level risk treatments.



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5.4.5 Opportunities Rating Criteria

5.4.5.1 Opportunity Likelihood Rating Scale

Likelihood Rating	Descriptor	Definition	Timeframe
5	Very High	Opportunities with a very high likelihood of occurrence within a short timeframe, typically within a year or less, could include immediate improvements or projects that are already in advanced stages of planning and implementation. These opportunities might involve quick wins, process optimizations, or customer service enhancements that can be realized relatively quickly.	This can be realized within 1 year
4	High	Opportunities with a high likelihood of occurrence within a timeframe of one to three years could include initiatives that are already in progress, with substantial support and resources allocated. These opportunities may involve major upgrades, infrastructure expansions, or service improvements that are actively being pursued or have clear commitments from stakeholders.	This can be realized in 1-3 years
3	Medium	Opportunities with a medium likelihood of occurrence within a timeframe of three to five years may involve initiatives that are under consideration, but further planning and approvals are required. These opportunities might include projects or improvements that are being evaluated, feasibility studies being conducted, or ongoing discussions and negotiations with stakeholders.	This can be realized in 3-5 years
2	Low	Opportunities with a low likelihood of occurrence within a timeframe of five to ten years may involve longer-term initiatives that are subject to significant uncertainties, and regulatory considerations, or require extensive resources and approvals. These opportunities may include large-scale infrastructure projects, collaborations with other transport sectors, or transformative changes that require careful planning and long-term commitment.	This can be realized in 5-10 years
1	Very Low	Opportunities with a very low likelihood of occurrence within a timeframe of more than ten years might involve speculative ideas, emerging trends, or futuristic concepts that have not yet gained significant traction or are currently beyond the scope of immediate plans. These opportunities may require extensive research, technological advancements, or significant shifts in industry dynamics before they can be realized.	This can be realized in more than 10 years



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5.4.5.2 Opportunity Consequence Rating Scale

Consequence Rating	Financial Impact	Health & Safety	Reputation	Service Outputs/Quality	Legal & Compliance
5	May have the potential to result in significant financial gains or savings >10M	May involve critical safety issues, major hazards, or systemic failures that can result in severe injuries, loss of life, or widespread health and safety implications	May involve major initiatives, innovative projects, or transformative changes that result in a substantial improvement in the organization's reputation, public trust, and stakeholder confidence	May involve major improvements, innovations, or transformative changes that result in exceptional customer experiences, enhanced operational efficiency, and superior service reliability.	It involves major changes or initiatives that may require extensive regulatory approvals, compliance with various laws and regulations, and potential legal challenges. Non-compliance or failure to obtain necessary approvals could result in severe penalties, fines, lawsuits, or even the suspension of operations.
4	May have the potential to result in significant financial gains or savings of 7-10M	May involve safety concerns, operational vulnerabilities, or potential incidents that can lead to serious injuries, accidents, or safety breaches	May involve substantial improvements, proactive measures, or initiatives that lead to noticeable enhancements in the organization's reputation, customer satisfaction, and stakeholder perception	May involve substantial enhancements, process improvements, or initiatives that lead to noticeable improvements in passenger experiences, operational effectiveness, and service reliability e services provided.	It involves substantial changes or initiatives that may require compliance with specific regulations and laws relevant to the LRTA's operations. Non-compliance could result in significant penalties, legal disputes, or regulatory interventions.
3	May have the potential to result in significant financial gains or	This may include safety improvements, procedural enhancements, or initiatives that	This may involve initiatives that introduce moderate improvements,	May involve initiatives that introduce moderate improvements, streamline	It involves changes or initiatives that require compliance with applicable laws

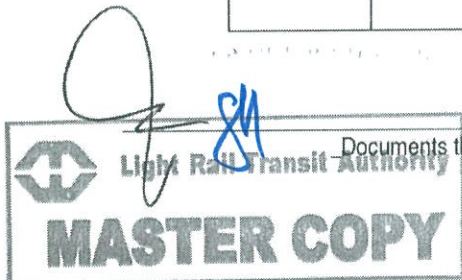


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Consequence Rating	Financial Impact	Health & Safety	Reputation	Service Outputs/Quality	Legal & Compliance
	savings of 4-6M	reduce the risk of accidents, injuries, or health hazards	customer-focused strategies, or measures that address specific reputation-related concerns, resulting in increased stakeholder satisfaction and a more favorable perception of the organization	processes, or address specific customer needs, resulting in increased customer satisfaction and operational efficiency.	and regulations, but the potential consequences of non-compliance may not be as severe as higher levels, of reputational damage.
2	May have the potential to result in significant financial gains or savings of 1-3M	This may involve minor safety enhancements, procedural adjustments, or initiatives that contribute to the overall safety culture within the organization	May involve incremental improvements, minor reputation management efforts, or initiatives that address specific concerns, leading to marginal enhancements in the organization's reputation and stakeholder perception	May involve incremental improvements, minor process optimizations, or initiatives that address specific operational challenges, leading to marginal enhancements in service reliability and customer satisfaction.	It involves changes or initiatives that may have minimal legal implications for the LRTA and are unlikely to pose significant risks or penalties for non-compliance
1	May have the potential to result in significant financial gains or savings >1M	May involve activities that primarily focus on non-critical safety areas or initiatives that have minimal safety implications	May involve activities that primarily focus on non-critical reputation aspects, minor adjustments, or initiatives that have limited implications on the organization's reputation.	May involve activities that primarily focus on minor adjustments, non-critical improvements, or initiatives that have limited implications on service output and quality.	It involves changes or initiatives that do not significantly affect the organization's compliance requirements



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5.4.5.3 Opportunity Likelihood and Consequence Matrix

L I K E L I H O O D	5	Medium (5)	High (10)	Very High (15)	Very High (20)	Very High (25)
	4	Low (4)	Medium (8)	High (12)	Very High (16)	Very High (20)
	3	Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)
		1	2	3	4	5
Consequence						

5.4.5.4 Description of Opportunity Levels

Opportunity Level	Description
Very High	These opportunities have the highest potential impact on LRTA's performance and strategic objectives. They are critical areas that require immediate attention and action. These may include major process improvements, breakthrough innovations, significant cost reductions, or market expansion into new territories. These opportunities often require substantial resources, careful planning, and strong leadership to execute successfully.
High	High-level opportunities are significant areas for improvement that can contribute to LRTA's success. They may involve substantial changes in processes, and services to enhance efficiency, quality, or customer satisfaction. These may include adopting new technologies, implementing best practices, or developing strategic partnerships. While high opportunities require considerable effort and resources, they may be relatively more manageable than very high opportunities.
Medium	Medium-level opportunities represent areas where improvements can lead to noticeable benefits but may not have the same magnitude of impact as very high or high opportunities. These opportunities could involve optimizing existing processes, enhancing employee skills, or implementing targeted quality improvement initiatives. Medium opportunities often require moderate resources and can be addressed through well-defined action plans and effective execution.



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Low	<p>Low-level opportunities are smaller-scale improvements that may not have an immediate significant impact but can still contribute to overall organizational performance. These opportunities could include minor process refinements, minor cost savings, or addressing specific customer feedback. While low opportunities may not require significant resources, they should not be overlooked, as they can accumulate and lead to incremental improvements over time.</p>
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5.5 Risk Treatment

This involves the selection and implementation of measures or actions to manage or mitigate identified risks. Steps shall be taken to reduce the likelihood or impact of risks, transfer risks to other parties, or accept risks within acceptable limits. This is also manifested in the Risks and Opportunities Registry under the "Actions to Address Risks and Opportunities (Clause 6.1)" section.

5.6 Risk Monitoring and Review

5.6.1 Monitoring entails continual checking, assessment, and analysis of the identified risks as indicated in the Risks and Opportunities Registry. It requires the review by the Agency and the Process Owners of the status of the Actions to Address Risks and Opportunities, their effectiveness, and whether the intended results are achieved.

5.6.2 A review of the action plans and activities shall be continually carried out to determine their relevance, adequacy, and effectiveness in achieving established objectives.

5.6.3 The Process Owner/s shall conduct the review of the Risks and Opportunities Registry and Actions to Address the Risks and Opportunities every quarter/semester. Should there be a need to conduct reviews of the Risks and Opportunities Registry and Action Plans more than once, the Process Owner/s with their RIPs will convene purposely to discuss and resolve the issues at hand.

5.7 OTHER DETAILS


5.7.1 Monitoring and Reporting

5.7.1.1 The accomplished Risk Registry as prepared by the concerned offices/units/teams shall be submitted to the IMS-RMT for data processing and consolidation. The IMS-RMT, shall then prepare a Risk Monitoring and Review



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Report for submission and reporting to the Management Committee during the Management Review. The Risk Monitoring and Review Report shall contain evaluation and recommendations for further improvement and updating of the Risks and Opportunities Registry and Action Plans.

5.7.1.2 All concerned shall ensure proper documentation and compliance with the requirements of the Control of Documented Information Procedure.

5.7.2 Risk Registry Updating

5.7.2.1 The Process Owner/s shall update their Risks and Opportunities Registry every quarter/semester or whenever necessary and inform the Risk Management Team accordingly.

5.7.2.2 The Document Controller shall provide the Risk Management Team with a controlled copy of the approved revised/updated Risk Registry and Improvement Plan.

5.7.3 Risk Management Improvement

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

5.7.3.2 Together with a periodic review, evaluation, and reporting, the Risk Management Assessment will be constantly evaluated and improved in the light of their appropriateness, efficiency, effectiveness, and flexibility.

5.7.3.3 Reports on the effectiveness of actions taken to address Risks and Opportunities are provided as inputs in the conduct of the Management Review.

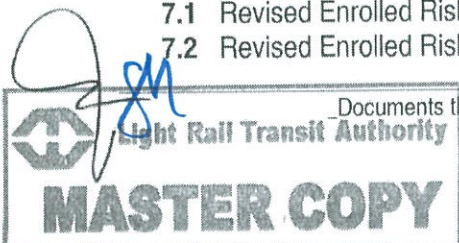
6 REFERENCES


6.1 Special Order No. 284 series of 2023 dated 06 December 2023 on the Improvement of Integrated Management System (IMS) Special Order No. 104 series of 2023

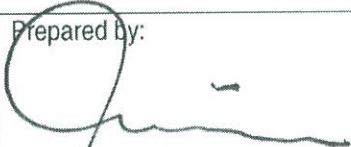

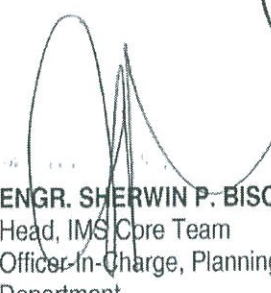
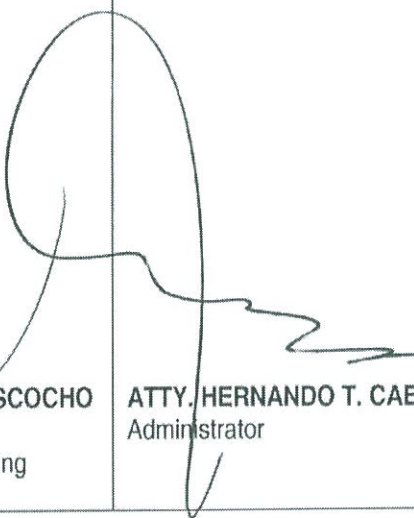
7 QUALITY RECORDS

7.1 Revised Enrolled Risk and Opportunities Registry Form for Institutional Level
7.2 Revised Enrolled Risk and Opportunities Registry Form for Process Level

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